

disease which cannot be traced to the employment as a direct and proximate cause and is not recognized as a hazard characteristic of and peculiar to the trade, occupation, process, or employment or which results from a hazard to which the worker would have been equally exposed outside of the employment.

(b) If immediately preceding the date of disablement or death, an employee was employed on active duty with an organized fire or police department of any municipality, as a member of the Minnesota state patrol, conservation officer service, state crime bureau, as a forest officer by the department of natural resources, or sheriff or full time deputy sheriff of any county, and the disease is that of myocarditis, coronary sclerosis, pneumonia or its sequel, and at the time of employment such employee was given a thorough physical examination by a licensed doctor of medicine, and a written report thereof has been made and filed with such organized fire or police department, with the Minnesota state patrol, conservation officer service, state crime bureau, department of natural resources, or sheriff's department of any county, which examination and report negated any evidence of myocarditis, coronary sclerosis, pneumonia or its sequel, the disease is presumptively an occupational disease and shall be presumed to have been due to the nature of employment.

(c) A firefighter on active duty with an organized fire department who is unable to perform duties in the department by reason of a disabling cancer of a type caused by exposure to heat, radiation, or a known or suspected carcinogen, as defined by the International Agency for Research on Cancer, and the carcinogen is reasonably linked to the disabling cancer, is presumed to have an occupational disease under paragraph (a). If a firefighter who enters the service after August 1, 1988, is examined by a physician prior to being hired and the examination discloses the existence of a cancer of a type described in this paragraph, the firefighter is not entitled to the presumption unless a subsequent medical determination is made that the firefighter no longer has the cancer.

Approved May 4, 1988

CHAPTER 718—H.F.No. 2245

An act relating to education; establishing general education revenue; modifying aspects of educational programs for American Indian people; providing for certain levying authority and limitations; modifying certain levies, aid, and grant programs; establishing learning year program sites; providing for revenue for school facilities; authorizing bonding; approving capital loans; offering free admission to secondary school to eligible persons at least 21 years of age; creating education district revenue; providing for the sale of permanent school fund lands; requiring certain changes in the state high school league; creating a task force on education organization; appropriating money; amending Minnesota Statutes 1986, sections 92.06, subdivision 4; 92.14, by adding a subdivision; 92.67, subdivision 5; 120.06, by adding a subdivision; 120.075, subdivision 1a, 3, and by adding a subdivision; 120.0751, subdivision

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1, and by adding a subdivision; 120.0752, subdivision 1, and by adding a subdivision; 120.08, subdivision 2; 120.73, subdivision 1; 120.74, subdivision 1; 121.15; 121.88, by adding subdivisions; 123.35, subdivision 8; 123.351, by adding a subdivision; 123.3514, by adding a subdivision; 124.17, by adding a subdivision; 124.18, subdivision 2; 124.214, subdivision 2; 124.225, by adding a subdivision; 124.245, by adding a subdivision; 124.43, subdivisions 1, 2, 3, and by adding subdivisions; 124.48, subdivision 2; 124A.036, subdivision 2; 125.12, subdivision 3; 125.17, subdivision 2; 126.151; 126.45; 126.46; 126.47; 126.49, subdivision 1; 126.51, subdivisions 1, 2, 4, and by adding a subdivision; 126.52; 126.531; 126.56; subdivision 2; 129.121, subdivision 2, and by adding subdivisions; 129B.20, subdivision 1; 134.351, subdivision 7; 136D.74, by adding subdivisions; 136D.81; 260.015, subdivision 19; and 275.125, by adding subdivisions; Minnesota Statutes 1987 Supplement, sections 92.46, subdivision 1; 92.67, subdivisions 1, 3, and 4; 120.0752, subdivision 3; 120.101, subdivisions 5 and 9; 120.17, subdivisions 1 and 3b; 121.912, subdivision 1; 122.91, by adding a subdivision; 123.3515, subdivisions 1, 2, 3, 5, 6, and 9; 123.39, subdivision 1; 124.17, subdivision 1; 124.214, subdivision 3; 124.223; 124.225, subdivision 8a; 124.244; 124.26, subdivision 1b; 124.494, subdivisions 4, 5, and 6; 124.495; 124A.036, subdivision 5; 124A.22, subdivision 2, and by adding subdivisions; 124A.23, subdivisions 1, 4, and 5; 124A.24; 124A.27, subdivision 1; 124A.28, subdivision 1, and by adding a subdivision; 126.22, subdivisions 2, 3, 4, and by adding a subdivision; 126.23; 126.67, subdivision 2b; 129.121, subdivision 1; 129B.11, subdivision 2, and by adding a subdivision; 129B.53, subdivision 2; 136D.27; 136D.87; 275.125, subdivision 5; and 422A.101, subdivision 2; Laws 1959, chapter 462, section 3, subdivision 4, as amended; Laws 1987, chapter 398, articles 2, section 13, subdivision 2; 3, sections 38 and 39, subdivisions 7 and 8; 5, section 2, subdivision 12; chapter 400, section 59; proposing coding for new law in Minnesota Statutes, chapters 120; 121; 124; 124A; 126; and 129B; repealing Minnesota Statutes 1986, sections 121.9121, subdivision 7; 124.435; 126.51, subdivision 3; Minnesota Statutes 1987 Supplement, sections 123.3515; 123.703, subdivision 3; 124.245, subdivisions 3, 3a, and 3b; 124A.27, subdivision 10; 129B.74; 129B.75; and 275.125, subdivision 11c; Laws 1984, chapter 463, article 7, section 45.

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

ARTICLE 1

GENERAL EDUCATION REVENUE

Section 1. Minnesota Statutes 1987 Supplement, section 124A.22, subdivision 2, is amended to read:

Subd. 2. **BASIC REVENUE.** The basic revenue for each district equals the formula allowance times the actual pupil units for the school year. The formula allowance is ~~\$2,735~~ \$2,755 for the 1988-1989 school year. The formula allowance is \$2,800 for fiscal year 1990.

Sec. 2. Minnesota Statutes 1987 Supplement, section 124A.22, is amended by adding a subdivision to read:

Subd. 7. DEFINITIONS FOR 1988-1989 SUPPLEMENTAL REVENUE.
(a) The definitions in this subdivision apply only to subdivision 8.

New language is indicated by underline, deletions by ~~strikeout~~.

(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;

(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) \$70.

Sec. 3. Minnesota Statutes 1987 Supplement, section 124A.22, is amended by adding a subdivision to read:

Subd. 9. DEFINITIONS FOR SUPPLEMENTAL REVENUE. (a) The definitions in this subdivision apply only to subdivision 8.

New language is indicated by underline, deletions by ~~strikeout~~.

(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;

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

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

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

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

(8) 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) \$105.

Sec. 4. Minnesota Statutes 1987 Supplement, section 124A.23, subdivision 1, is amended to read:

Subdivision 1. **GENERAL EDUCATION MILL RATE.** The commissioner of revenue shall establish the general education mill rate and certify it to the commissioner of education by ~~August~~ September 1 of each year for levies payable in the following year. The general education mill rate shall be a rate, rounded up to the nearest tenth of a mill, that, when applied to the adjusted

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assessed valuation for all districts, raises the amount specified in this subdivision. The general education mill rate for the ~~1989~~ 1990 fiscal year shall be the rate that raises ~~\$1,079,000,000~~ \$1,100,580,000. The general education mill rate certified by the commissioner of revenue ~~must~~ may not be changed due to changes or corrections made to a district's adjusted assessed valuation after the mill rate has been certified.

Sec. 5. 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;

(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; and

(3) shared time aid according to section 124A.02, subdivision 21.

Sec. 6. Minnesota Statutes 1987 Supplement, section 124A.23, subdivision 5, is amended to read:

Subd. 5. **USES OF REVENUE.** (a) General education revenue may be used during the regular school year and the summer for general and special school purposes.

(b) General education revenue may not be used:

(1) for premiums for motor vehicle insurance protecting against injuries or damages arising from the operation of district-owned, leased, or controlled vehicles to transport pupils for which state aid is authorized under section 124.223; or

(2) for any purpose for which the district may levy according to section 275.125, subdivision 5e.

Sec. 7. 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 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

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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 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-third of the difference between clauses (1) and (2); for fiscal year ~~1990~~ 1991, the amount of the deduction shall be one-half of the difference between clauses (1) and (2); and for fiscal year 1992, the amount of the deduction shall be four-sixths of the difference between clauses (1) and (2); and for fiscal year 1993, the amount of the deduction shall be three-fourths ~~five-sixths~~ of the difference between clauses (1) and (2).

Sec. 8. Minnesota Statutes 1987 Supplement, section 124A.27, subdivision 1, is amended to read:

Subdivision 1. **REQUIREMENT.** An amount equal to ~~1.85~~ 2.20 percent of the basic revenue under section 124A.22, subdivision 2, shall be reserved and may be used only to provide one or more of the programs enumerated in this section. The school board shall determine which programs to provide, the manner in which they will be provided, and the extent to which other money may be used for the programs. Except for the requirements of sections 124A.28 and 124A.29, the remaining general education revenue under section 124A.22 and supplemental revenue under section 124A.25 may be used to provide one or more of the programs enumerated in this section.

Sec. 9. Minnesota Statutes 1987 Supplement, section 124A.28, subdivision 1, is amended to read:

Subdivision 1. **USE OF THE REVENUE.** The compensatory education revenue under section 124A.22, subdivision 3, may be used ~~only~~ to meet the ~~special~~ educational needs of pupils whose educational achievement is below the level that is appropriate for pupils of their age. These needs may be met by providing at least some of the following:

(1) remedial instruction in reading, language arts, and mathematics to improve the achievement level of these pupils;

(2) additional teachers and teacher aides to provide more individualized instruction to these pupils;

(3) summer programs that enable these pupils to improve their achievement or that reemphasize material taught during the regular school year;

New language is indicated by underline, deletions by ~~strikeout~~.

(4) in-service education for teachers, teacher aides, principals, and other personnel to improve their ability to recognize these pupils and provide appropriate responses to the pupils' needs;

(5) for ~~instruction of~~ instructional material for these pupils, including: textbooks, workbooks, periodicals, pamphlets, photographs, reproductions, filmstrips, prepared slides, prerecorded video programs, sound recordings, desk charts, games, study prints and pictures, desk maps, models, learning kits, blocks and cubes, flashcards, instructional computer software programs, pencils, pens, crayons, notebooks, duplicating fluids, and papers;

(6) programs to reduce truancy, encourage completion of high school, enhance self-concept, provide health services, provide nutrition services, provide a safe and secure learning environment, provide coordination for pupils receiving services from other governmental agencies, provide psychological services to determine the level of social, emotional, cognitive, and intellectual development, and provide counseling services, guidance services, and social work services; and

(7) bilingual programs, bicultural programs, and programs for pupils of limited English proficiency.

Sec. 10. Minnesota Statutes 1987 Supplement, section 124A.28, is amended by adding a subdivision to read:

Subd. 3. ANNUAL EXPENDITURE REPORT. Each year a district that receives compensatory education revenue shall submit a report identifying the expenditures it incurred in providing compensatory education to the pupils described in subdivision 1. The report must conform to uniform financial and reporting standards established for this purpose.

Sec. 11. COST OF LIVING STUDY.

The legislative audit commission is encouraged to direct the legislative auditor to conduct a study of the differences among the costs of living in communities throughout the state and the effect that these differences have on educational expenditures by school districts. The study shall include an analysis of at least the following factors: food, housing, real estate taxes, utilities, transportation, medical costs, median income of families, median home values, median rental costs, and median monthly salaries for representative occupations.

Sec. 12. INSTRUCTIONS TO THE DEPARTMENT OF EDUCATION FOR 1988 LEVY LIMITATIONS.

Notwithstanding sections 1 and 2, and any other law to the contrary, the department of education shall determine, for the 1988-1989 school year only, levies under chapter 124A as they were authorized under Laws 1987, chapter 398, article 1.

Sec. 13. APPROPRIATIONS.

New language is indicated by underline, deletions by ~~strikeout~~.

There is appropriated from the general fund to the department of education the sum of \$6,903,400 for general education aid for the 1988-1989 school year. This sum is added to the sum appropriated in Laws 1987, chapter 398, article 1, section 26, subdivision 2.

Sec. 14. **REPEALER.**

Notwithstanding any law enacted in 1988 that amends Minnesota Statutes 1987 Supplement, section 124A.27, subdivision 10, Minnesota Statutes 1987 Supplement, section 124A.27, subdivision 10, is repealed. Section 2 is repealed June 30, 1989.

Sec. 15. **EFFECTIVE DATE.**

Section 3 is effective for revenue for the 1989-1990 school year and thereafter.

ARTICLE 2

TRANSPORTATION

Section 1. Minnesota Statutes 1986, section 120.73, subdivision 1, is amended to read:

Subdivision 1. A school board is authorized to require payment of fees in the following areas:

(a) In any program where the resultant product, in excess of minimum requirements and at the pupil's option, becomes the personal property of the pupil;

(b) Admission fees or charges for extra curricular activities, where attendance is optional;

(c) A security deposit for the return of materials, supplies, or equipment;

(d) Personal physical education and athletic equipment and apparel, although any pupil may personally provide it if it meets reasonable requirements and standards relating to health and safety established by the school board;

(e) Items of personal use or products which a student has an option to purchase such as student publications, class rings, annuals, and graduation announcements;

(f) Fees specifically permitted by any other statute, including but not limited to section 171.04, clause (1);

(g) Field trips considered supplementary to a district educational program;

New language is indicated by underline, deletions by ~~strikeout~~.

(h) Any authorized voluntary student health and accident benefit plan;

(i) For the use of musical instruments owned or rented by the district, a reasonable rental fee not to exceed either the rental cost to the district or the annual depreciation plus the actual annual maintenance cost for each instrument;

(j) Transportation of pupils to and from extra curricular activities conducted at locations other than school, where attendance is optional;

(k) Transportation of pupils to and from school for which aid is not authorized under section 124.223, clause (1), and for which levy is not authorized under section 275.125, subdivision 5e, if a district charging fees for transportation of pupils establishes guidelines for that transportation to ensure that no pupil is denied transportation solely because of inability to pay;

(l) Motorcycle classroom education courses conducted outside of regular school hours; provided the charge shall not exceed the actual cost of these courses to the school district.

Sec. 2. Minnesota Statutes 1986, section 120.74, subdivision 1, is amended to read:

Subdivision 1. A school board is not authorized to charge fees in the following areas:

(a) Textbooks, workbooks, art materials, laboratory supplies, towels;

(b) Supplies necessary for participation in any instructional course except as authorized in sections 120.73 and 120.75;

(c) Field trips which are required as a part of a basic education program or course;

(d) Graduation caps, gowns, any specific form of dress necessary for any educational program, and diplomas;

(e) Instructional costs for necessary school personnel employed in any course or educational program required for graduation;

(f) Library books required to be utilized for any educational course or program;

(g) Admission fees, dues, or fees for any activity the pupil is required to attend;

(h) Any admission or examination cost for any required educational course or program;

(i) Locker rentals;

New language is indicated by underline, deletions by ~~strikeout~~.

(j) Transportation of pupils (1) ~~to and from school as authorized pursuant to section 123.39 or (2) for which state transportation aid is authorized pursuant to section 124.223 or (2) for which a levy is authorized under section 275.125, subdivision 5e.~~

Sec. 3. Minnesota Statutes 1987 Supplement, section 123.39, subdivision 1, is amended to read:

Subdivision 1. The board may provide for the free transportation of pupils to and from school, and to schools in other districts for grades and departments not maintained in the district, including high school, at the expense of the district, when funds are available therefor and if agreeable to the district to which it is proposed to transport the pupils, for the whole or a part of the school year, as it may deem advisable, and subject to its rules. Every driver shall possess all the qualifications required by the rules of the state board of education. In any school district, the board shall arrange for the attendance of all pupils living two miles or more from the school through suitable provision for transportation or through the boarding and rooming of the pupils who may be more economically and conveniently provided for by that means. The board shall provide transportation to and from the home of a handicapped child not yet enrolled in kindergarten when special instruction and services under section 120.17 are provided in a location other than in the child's home. When transportation is provided, scheduling of routes, establishment of the location of bus stops, manner and method of transportation, control and discipline of school children and any other matter relating thereto shall be within the sole discretion, control, and management of the school board. The district may provide for the transportation of pupils or expend a reasonable amount for room and board of pupils whose attendance at school can more economically and conveniently be provided for by that means or who attend school in a building rented or leased by a district within the confines of an adjacent district.

Sec. 4. 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:

(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; and from schools the resident pupils attend according to a program approved by the commissioner of education, or between the schools the resident pupils attend ~~pursuant to a program approved by the commissioner of education for instructional classes;~~ 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

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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; transportation of pupils who are custodial parents to and from the provider of child care services for the pupil's child, within the attendance area of the school the pupil attends;

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 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;

New language is indicated by underline, deletions by ~~strikeout~~.

(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;

(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. 5. Minnesota Statutes 1987 Supplement, section 124.225, subdivision 8a, is amended to read:

Subd. 8a. **AID.** (a) ~~For the 1986-1987 and 1987-1988 school years, a district's transportation aid shall equal the sum of its basic transportation aid pursuant to subdivision 8b, its nonregular transportation aid pursuant to subdivision 8i, and its nonregular transportation levy equalization aid pursuant to subdivision 8j, minus its contracted services aid reduction pursuant to subdivision 8k, minus the amount raised by 2.25 mills times the adjusted assessed valuation which is used to compute the transportation levy limitation for the levy attributable to that school year. A district may levy less than the amount raised by 2.25 mills. Transportation aid shall be computed as if the district had levied the amount raised by 2.25 mills.~~

(b) For the 1988-1989 school year and thereafter, a district's transportation aid is equal to the sum of its basic transportation aid under subdivision 8b, its nonregular transportation aid under subdivision 8i, and its nonregular transportation levy equalization aid under subdivision 8j, minus its contracted services aid reduction under subdivision 8k; and minus its basic transportation levy limitation for the levy attributable to that school year under section 275.125, subdivision 5.

(c) (b) If the total appropriation for transportation aid for any fiscal year is insufficient to pay all districts the full amount of aid earned, the department of education shall reduce each district's aid in proportion to the number of resident pupils in average daily membership in the district to the state total average daily membership, and shall reduce the aid ~~entitlement~~ transportation levy of off-formula districts in the same proportion.

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 6. Minnesota Statutes 1987 Supplement, section 275.125, subdivision 5, is amended to read:

Subd. 5. **BASIC TRANSPORTATION LEVY.** Each year, a school district may levy for school transportation services an amount not to exceed the amount raised by the basic transportation mill rate times the adjusted assessed valuation of the district for the preceding year. The commissioner of revenue shall establish the basic transportation mill rate and certify it to the commissioner of education by ~~August~~ September 1 of each year for levies payable in the following year. The basic transportation mill rate shall be a rate, rounded up to the nearest hundredth of a mill, that, when applied to the adjusted assessed valuation of taxable property for all districts, raises the amount specified in this subdivision. The basic transportation mill rate ~~for the 1987 payable 1988 levies and for transportation aid for the 1988-1989 school~~ 1990 fiscal year shall be the rate that raises ~~\$71,256,100~~ \$72,681,200. The basic transportation mill rate certified by the commissioner of revenue must not be changed due to changes or corrections made to a district's adjusted assessed valuation after the mill rate has been certified.

Sec. 7. Laws 1987, chapter 398, article 2, section 13, subdivision 2, is amended to read:

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

\$90,477,000 1988,

~~\$87,334,800~~ \$87,419,800 1989.

The appropriation for aid for fiscal year 1988 includes \$12,194,300 for aid for fiscal year 1987 payable in fiscal year 1988 and \$78,282,700 for fiscal year 1988 payable in fiscal year 1988.

The appropriation for aid for fiscal year 1989 includes \$13,814,600 for aid for fiscal year 1988 payable in fiscal year 1989 and ~~\$73,520,200~~ \$73,605,200 for fiscal year 1989 payable in fiscal year 1989.

The appropriations are based on aid entitlements of \$92,097,200 for fiscal year 1988 and ~~\$86,494,300~~ \$86,594,300 for fiscal year 1989.

Sec. 8. APPROPRIATIONS.

Subdivision 1. DEPARTMENT OF EDUCATION. There is appropriated from the general fund to the department of education the sum indicated in this section for the fiscal year ending June 30 in the year designated.

Subd. 2. TRANSPORTATION AID FOR OPEN ENROLLMENT. For transportation of pupils attending nonresident districts according to Minnesota Statutes 1987 Supplement, section 123.3515, there is appropriated:

New language is indicated by underline, deletions by ~~strikeout~~.

\$50,000 1988.

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

Sec. 9. **EFFECTIVE DATE.**

Section 8 is effective the day following final enactment.

ARTICLE 3

SPECIAL PROGRAMS

Section 1. Minnesota Statutes 1987 Supplement, section 120.17, subdivision 3b, is amended to read:

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

(a) Parents and guardians shall receive prior written notice of:

(1) any proposed formal educational assessment or proposed denial of a formal educational assessment of their child;

(2) a proposed placement of their child in, transfer from or to, or denial of placement in a special education program; or

(3) the proposed provision, addition, denial or removal of special education services for their child;

(b) The district shall not proceed with the initial formal assessment of a child, the initial placement of a child in a special education program, or the initial provision of special education services for a child without the prior written consent of the child's parent or guardian. The refusal of a parent or guardian to consent may be overridden by the decision in a hearing held pursuant to clause (d) at the district's initiative;

(c) Parents and guardians shall have an opportunity to meet with appropriate district staff in at least one conciliation conference if they object to any proposal of which they are notified pursuant to clause (a). The conciliation process shall not be used to deny or delay a parent or guardian's right to a due process hearing. If the parent or guardian refuses efforts by the district to conciliate the dispute with the school district, the requirement of an opportunity for conciliation shall be deemed to be satisfied;

(d) Parents, guardians, and the district shall have an opportunity to obtain an impartial due process hearing initiated and conducted in the school district where the child resides, if the parent or guardian continues to object to:

New language is indicated by underline, deletions by ~~strikeout~~.

- (1) a proposed formal educational assessment or proposed denial of a formal educational assessment of their child;
- (2) the proposed placement of their child in, or transfer of their child to a special education program;
- (3) the proposed denial of placement of their child in a special education program or the transfer of their child from a special education program;
- (4) the proposed provision or addition of special education services for their child; or
- (5) the proposed denial or removal of special education services for their child.

At least five calendar days before the hearing, the objecting party shall provide the other party with a brief written statement of the objection and the reasons for the objection.

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

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

The local decision shall:

- (1) be in writing;
- (2) state the controlling facts upon which the decision is made in sufficient detail to apprise the parties and the hearing review officer of the basis and reason for the decision;

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

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

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

(f) Any local decision issued pursuant to clauses (d) and (e) may be appealed to the hearing review officer within ~~15~~ 30 calendar days of receipt of that written decision, by the parent, guardian, or the school board of the district where the child resides.

If the decision is appealed, a written transcript of the hearing shall be made by the school district and shall be accessible to the parties involved within five calendar days of the filing of the appeal. The hearing review officer shall issue a final decision based on an impartial review of the local decision and the entire record within 30 calendar days after the filing of the appeal. The hearing review officer shall seek additional evidence if necessary and may afford the parties an opportunity for written or oral argument; provided any hearing held to seek additional evidence shall be an impartial due process hearing but shall be deemed not to be a contested case hearing for purposes of chapter 14. The hearing review officer may grant specific extensions of time beyond the 30-day period at the request of any party.

The final decision shall:

(1) be in writing;

(2) include findings and conclusions; and

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

(g) The decision of the hearing review officer shall be final unless appealed by the parent or guardian or school board to the court of appeals. The judicial review shall be in accordance with chapter 14.

(h) The commissioner of education, having delegated general supervision of special education to the appropriate staff, shall be the hearing review officer except for appeals in which:

(1) the commissioner has a personal interest in or specific involvement with the student who is a party to the hearing;

(2) the commissioner has been employed as an administrator by the district that is a party to the hearing;

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(3) the commissioner has been involved in the selection of the administrators of the district that is a party to the hearing;

(4) the commissioner has a personal, economic, or professional interest in the outcome of the hearing other than the proper administration of the federal and state laws, rules, and policies;

(5) the appeal challenges a state or local policy which was developed with substantial involvement of the commissioner; or

(6) the appeal challenges the actions of a department employee or official.

For any appeal to which the above exceptions apply, the state board of education shall name an impartial and competent hearing review officer.

In all appeals, the parent or guardian of the handicapped student or the district that is a party to the hearing may challenge the impartiality or competence of the proposed hearing review officer by applying to the state board of education.

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

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

Sec. 2. 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 fiscal year in a program approved by the commissioner and has an individual education plan that requires up to 437 hours of assessment and education services in the school fiscal 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 fiscal 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 fiscal year by the pupil's individual education program plan to 875, but not more than one.

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(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 fiscal 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. 3. Minnesota Statutes 1986, section 124.48, subdivision 2, is amended to read:

Subd. 2. **REPORT TO LEGISLATURE.** By December 1 of each even-numbered year, the state board of education shall report to the education committees of the legislature about the status of Indian scholarships ~~and the recipients, and the status of academic programs and student services for American Indian people in post-secondary institutions that enroll recipients of American Indian scholarships.~~

Sec. 4. Minnesota Statutes 1986, section 126.151, is amended to read:

126.151 VOCATIONAL EDUCATION STUDENT ORGANIZATIONS.

Subdivision 1. ACTIVITIES OF THE ORGANIZATION. Any ~~pupil student~~ enrolled in a vocational technical education program approved by the state board boards of education and vocational technical education may belong to a vocational student organization ~~which that~~ is operated as an integral part of the vocational program. The commissioner of education and the state director of vocational technical education may provide necessary technical assistance and leadership to these organizations at the state level for administration of approved vocational student organizations and fiscal accounts, including administration of state and national conferences.

Subd. 2. ACCOUNTS OF THE ORGANIZATION. The state boards of education and vocational technical education may retain dues and other money collected on behalf of students participating in approved vocational student organizations and may deposit the money in separate accounts. The money in these accounts shall be available for expenditures for state and national activities related to specific organizations. Administration of money collected under this section is not subject to the provisions of chapters 15, 16A, and 16B, and may be deposited outside the state treasury. Money shall be administered under the policies of the applicable state board or agency relating to post-secondary

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vocational student organizations and is subject to audit by the legislative auditor. Any unexpended money shall not cancel but may be carried forward to the next fiscal year.

Sec. 5. Minnesota Statutes 1986, section 126.45, is amended to read:

126.45 CITATION.

Sections 126.45 to 126.55 may be cited as the American Indian ~~language and culture~~ education act of 1988.

Sec. 6. Minnesota Statutes 1986, section 126.46, is amended to read:

126.46 DECLARATION OF POLICY.

The legislature finds that a more adequate education is needed for American Indian ~~pupils~~ people in the state of Minnesota. The legislature recognizes the unique educational and culturally-related academic needs of American Indian people. The legislature also is concerned about the lack of American Indian teachers in the state. Therefore, pursuant to the policy of the state to ensure equal educational opportunity to every individual, it is the purpose of sections 126.45 to 126.55 to provide for ~~the establishment of American Indian language and culture~~ education programs specially designed to meet these unique educational or culturally-related academic needs or both.

Sec. 7. Minnesota Statutes 1986, section 126.47, is amended to read:

126.47 DEFINITIONS.

Subdivision 1. For the purposes of sections 126.45 to 126.55, the ~~words, phrases, and~~ terms defined in this section ~~shall~~ have the meanings given ~~to~~ them.

Subd. 2. "American Indian child" means any child, living on or off a reservation, who is enrolled or eligible for enrollment in a federally recognized tribe.

Subd. 3. "Advisory task force" means the state advisory task force on American Indian ~~language and culture~~ education programs.

Subd. 4. "Participating school" ~~means any nonsectarian nonpublic, tribal, or alternative school offering a curriculum reflective of American Indian culture which is funded by and participates in the programs in sections 126.45 to 126.55 and~~ "American Indian school" mean a school that:

(1) is not operated by a school district; and

(2) is eligible for a grant under Title IV of the Indian Education Act for the education of American Indian children.

Sec. 8. Minnesota Statutes 1986, section 126.49, subdivision 1, is amended to read:

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Subdivision 1. **AMERICAN INDIAN LANGUAGE AND CULTURE EDUCATION LICENSES.** The board of teaching shall grant initial and continuing teaching licenses in American Indian language and culture education that bear the same duration as other initial and continuing licenses. The board shall grant licenses to persons who present satisfactory evidence that they:

(a) Possess competence in an American Indian language or possess unique qualifications relative to or knowledge and understanding of American Indian history and culture; or

(b) Possess a bachelor's degree or other academic degree approved by the board or meet such requirements as to course of study and training as the board may prescribe, or possess such relevant experience as the board may prescribe.

This evidence may be presented by affidavits, resolutions, or by such other methods as the board may prescribe. Individuals may present applications for licensure on their own behalf or these applications may be submitted by the superintendent or other authorized official of a school district ~~or a nonsectarian nonpublic, tribal, or alternative school offering a curriculum reflective of, participating school, or an~~ American Indian culture school.

Sec. 9. [126.501] RECRUITING AND RETAINING INDIAN TEACHERS.

This section applies to a school board of a school district in which there are at least ten American Indian children enrolled. The school board shall actively recruit teacher applicants who are American Indian from the time it is reasonably expected that a position will become available until the position is filled or September 1, whichever is earlier. Notwithstanding section 125.12, subdivisions 4, 6a, or 6b, 125.17, subdivisions 3 and 11, any other law to the contrary, or any provision of a contract entered into after the effective date of this section to the contrary, when placing a teacher on unrequested leave of absence, the board may retain a probationary teacher or a teacher with less seniority in order to retain an American Indian teacher.

Sec. 10. Minnesota Statutes 1986, section 126.51, subdivision 1, is amended to read:

Subdivision 1. **PARENT COMMITTEE.** School boards and ~~participating~~ American Indian schools shall provide for the maximum involvement of parents of children enrolled in ~~American Indian language and culture education programs pursuant to sections 126.45 to 126.55, including language and culture education programs, programs for elementary and secondary grades, special education programs, and support services.~~ Accordingly, ~~before implementing a program, each the school district and participating board of a school district in which there are ten or more American Indian children enrolled and each American Indian school shall establish a parent advisory committee for that program. If a committee of parents of American Indian children has been or is established according to federal, tribal, or other state law, that committee shall serve as the~~

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committee required by this section and shall be subject to, at least, the requirements of this section.

The parent committee shall develop its recommendations in consultation with the curriculum advisory committee required by section 126.666, subdivision 2. This committee shall afford parents the necessary information and the opportunity effectively to express their views concerning all aspects of the American Indian language and culture education program and the educational needs of the American Indian children ~~residing within the district's or school's attendance boundaries~~ enrolled in the school or program. The committee shall also address the need for adult education programs for American Indian people in the community. ~~The district school board or participating American Indian school shall ensure that the program is~~ programs are planned, operated, and evaluated with the involvement of and in consultation with parents of children ~~eligible to be served by the program programs.~~

Sec. 11. Minnesota Statutes 1986, section 126.51, is amended by adding a subdivision to read:

Subd. 1a. RESOLUTION OF CONCURRENCE. By September 15 and June 15 of each school year, the school board or American Indian school shall submit to the department of education a copy of a resolution adopted by the parent committee. The copy must be signed by the chair of the committee and must state whether the committee concurs with the educational programs for American Indian children offered by the school board or American Indian school. If the committee does not concur with the educational programs, the reasons for nonconcurrence and recommendations shall be submitted with the resolution.

Sec. 12. Minnesota Statutes 1986, section 126.51, subdivision 2, is amended to read:

Subd. 2. MEMBERSHIP. The committees committee shall be composed solely of parents of children eligible to be enrolled in American Indian language and culture education programs; secondary students eligible to be served; American Indian language and culture education teachers and aides; American Indian teachers; counselors; adult American Indian people enrolled in educational programs; and representatives from community groups; provided, however, that A majority of each committee shall be parents of children enrolled or eligible to be enrolled in the ~~corresponding program, and that programs.~~ The number of parents of American Indian and non-American Indian children shall reflect approximately the proportion of children of those groups enrolled in the ~~pre-program programs.~~

Sec. 13. Minnesota Statutes 1986, section 126.51, subdivision 4, is amended to read:

Subd. 4. ALTERNATE COMMITTEE. If the organizational membership or the board of directors of a participating an American Indian school consists solely of parents of children attending the school whose children are eligible to

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be enrolled in American Indian language and culture education programs, that membership or board may serve also as the parent advisory committee.

Sec. 14. Minnesota Statutes 1986, section 126.52, is amended to read:

126.52 STATE BOARD OF EDUCATION DUTIES.

Subd. 5. **COMMUNITY INVOLVEMENT.** The state board shall provide for the maximum involvement of the state ~~advisory task force~~ committees on American Indian language and culture education, parents of American Indian children, secondary students eligible to be served, American Indian language and culture education teachers, American Indian teachers, teachers' aides, representatives of community groups, and persons knowledgeable in the field of American Indian language and culture education, in the formulation of policy and procedures relating to the administration of sections 126.45 to 126.55.

Subd. 8. **TECHNICAL ASSISTANCE.** The state board shall provide technical assistance to school districts, ~~participating schools and post secondary~~ post-secondary institutions for preservice and in-service training for American Indian language and culture education teachers and teacher's aides, teaching methods, curriculum development, testing and testing mechanisms, and the development of materials for American Indian language and culture education programs.

Subd. 9. **APPLICATION FOR FUNDS.** The state board shall apply for ~~grants or funds~~ money which are, or may become, be available under federal programs for American Indian language and culture education, including funds for administration, demonstration projects, training, technical assistance, planning and evaluation.

Subd. 11. **RULES.** The state board, upon the receipt of recommendations by the ~~advisory task force~~ appropriate state committees, may promulgate rules providing for standards and procedures appropriate for the implementation of and within the limitations of sections 126.45 to 126.55.

Sec. 15. Minnesota Statutes 1986, section 126.531, is amended to read:

126.531 ADVISORY TASK FORCE COMMITTEES ON AMERICAN INDIAN LANGUAGE AND CULTURE EDUCATION PROGRAMS.

Subdivision 1. The state board of education ~~may~~ shall create ~~an~~ one or more American Indian language and culture education ~~advisory task force~~ committees. ~~If created,~~ Members shall include representatives of tribal bodies, community groups, parents of children eligible to be served by the programs, American Indian administrators and teachers, persons experienced in the training of teachers for American Indian language and culture education programs, persons involved in programs for American Indian children in ~~nonsectarian nonpublic, urban, community, tribal or alternative~~ American Indian schools, and persons knowledgeable in the field of American Indian language and culture

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education. Members shall be appointed so as to be representative of significant segments of the population of American Indians.

Subd. 2. ~~The advisory task force~~ Each committee on American Indian language and culture education programs shall advise the state board in the administration of its duties under sections 126.45 to 126.55 and other programs for the education of American Indian people, as determined by the state board.

Subd. 3. ~~The advisory task force~~ Each committee shall ~~expire and the terms; compensation and removal of members shall be as provided for in be reimbursed for expenses according to~~ section 15.059, subdivision 6. The state board shall determine the membership terms and the duration of each committee.

Sec. 16. Laws 1987, chapter 398, article 3, section 39, subdivision 7, is amended to read:

Subd. 7. **AMERICAN INDIAN SCHOLARSHIPS.** For American Indian scholarships, according to Minnesota Statutes, section 124.48, there is appropriated:

\$1,581,800 1988,

\$1,581,800 1989.

At least \$50,000 of the appropriation for fiscal year 1989 must be used for scholarships for students who are enrolled in teacher preparation programs.

The state board of education, with the advice of the Minnesota Indian scholarship committee, shall develop a scholarship program for American Indian people to become teachers. The program may involve incentives for students, such as loans that are forgiven, in part, upon completing three years of teaching. If requested, the higher education coordinating board shall assist the state board or the committee in developing the program. The program plan shall be reported to the education committees of the legislature by January 1, 1989.

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

Sec. 17. Laws 1987, chapter 398, article 3, section 39, subdivision 8, is amended to read:

Subd. 8. **AMERICAN INDIAN POST-SECONDARY PREPARATION GRANTS.** For Indian post-secondary preparation grants, according to Minnesota Statutes, section 124.481, there is appropriated:

\$781,400 1988,

~~\$781,400~~ \$856,400 1989.

Sec. 18. **INDIAN SCHOOL COUNCIL.**

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Subdivision 1. INTENTION. It is the intention of the legislature to establish opportunities for American Indian control of Indian education through Indian public schools, an urban Indian school district or districts, or other means.

Subd. 2. INDIAN SCHOOL COUNCIL. (a) An Indian school council composed of 15 members is established to develop recommendations for Indian public schools, an urban Indian school district or districts, or other means of achieving Indian control of Indian education. The state board of education shall appoint two of its members to serve on the council. The board of independent school district No. 625, St. Paul, and the board of special school district No. 1, Minneapolis, shall each appoint one of its members to serve on the council. The remaining members must be appointed by the governor, with the assistance of the Indian affairs council, as provided in section 3.922, subdivision 6, clause (6).

(b) The council chair must be elected by the members of the council. Minnesota Statutes, section 15.059, subdivisions 3 and 4, apply to compensation and removal of members of the council. The council terminates on June 1, 1989. If requested by the council, the department of education and the Indian affairs council must provide assistance.

Subd. 3. RECOMMENDATIONS. (a) The council shall make recommendations about each of the items in this subdivision. It may make recommendations about additional options or issues.

(b) It shall consider the governance and administration of schools or programs for Indian education, including participation by Minnesota tribal governments in the governance and administration.

(c) It shall consider methods of forming schools or programs, including, but not limited to:

(1) forming a school within an existing school district with a separate governing board, similar to Minnesota Statutes, chapter 128B;

(2) forming a school district by dividing an existing district;

(3) forming a special purpose school district superimposed on one or more existing school districts, similar to Minnesota Statutes, chapter 136D; or

(4) forming a state school, similar to Minnesota Statutes, chapter 128A or 129C.

The structure may be similar to but different from any other existing school or school district.

(d) It shall consider a governing board or boards that may be appointed or elected, but which, in any case, shall include significant democratic participation by tribal governments and parents or guardians. The appointing authority or authorities must be specified for appointed members. The election process,

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including the qualification of voters, must be specified for elected members. The initial board members may be selected by a different method than subsequent board members.

(e) It shall consider financing, including:

(1) property taxes that may be levied by a school district, if formed; distributed on an equitable basis by the school district in which the school is located; or distributed on an equitable basis by each of the school districts in which the enrolled pupils reside;

(2) state aid for general education, special education, transportation, capital expenditures, community education, adult basic and continuing education, grants, and other special programs; and

(3) federal sources of funding.

(f) The council shall consider the educational programs to be offered and specify particular state aids that would be necessary. It shall specify from whom and to whom property taxes and state aid are to be paid.

(g) It shall consider ways to acquire and maintain facilities and equipment, including leasing existing facilities and equipment.

(h) It shall consider administration and staffing needs.

(i) It shall consider curriculum needs, including serving as a state resource center for Indian education.

(j) It shall consider student admission requirements, policies, and procedures.

(k) It shall consider how and where to provide transportation.

Subd. 4. COUNCIL STAFF AND FACILITIES. The department of education shall provide space within its facilities for council meetings. The department of education, through the Indian education section, shall provide support services. The council may contract for or employ professional and nonprofessional staff. The professional staff may be individuals currently employed by the state or on leave of absence from a school district. A current employee of a school district who contracts with, or is employed by, the council may request an extended leave of absence under section 125.60. The school board must grant the leave and Minnesota Statutes, section 125.60, governs the rights and duties of the employee and school board. The council may contract with consultants and for legal services, as needed.

Subd. 5. REPORT TO LEGISLATURE. By December 1, 1988, the council shall report its recommendations to the state board of education and the education committees of the legislature.

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Sec. 19. APPROPRIATION FOR INDIAN SCHOOL COUNCIL.

There is appropriated from the general fund to the Indian school council, \$100,000 for fiscal year 1989 for the council to perform its duties.

For fiscal year 1989 only, a complement of two is authorized for the council. The complement may include one full-time professional, one half-time professional, and one half-time support staff.

Sec. 20. APPROPRIATION FOR GRANTS FOR INDIAN TEACHERS.

There is appropriated \$71,000 from the general fund to the state board of education for fiscal year 1989 for a grant to assist American Indian people to become teachers and to provide additional education for American Indian teachers. The state board may award a joint grant to the University of Minnesota, Duluth, and independent school district No. 709, Duluth, for a cooperative program. To obtain the joint grant, a joint application must be submitted to the state board of education. The application must be developed with the participation of the district parent advisory committee, established according to Minnesota Statutes, section 126.51, and the Indian advisory committee at the University of Minnesota, Duluth.

The application must set forth the in-kind services to be provided by the University of Minnesota, Duluth. The coordination and mentorship services to be provided by grants to the University of Minnesota, Duluth, and independent school district No. 709 must also be set forth in the application. It must contain recommended criteria for selecting individual scholarship recipients and criteria for scholarship amounts, that may include tuition, fees, books, and living expenses for ten months. The portion of the scholarship attributable to living expenses may be in the form of a loan to be forgiven if the recipient teaches in independent school district No. 709, Duluth, for five years. If, however, the recipient is placed on unrequested leave of absence by independent school district No. 709, Duluth, the loan may be forgiven if the recipient teaches in another Minnesota school district for an amount of time that, when added to the amount of time taught in Duluth, equals five years. The loan forgiveness program must be developed in consultation with the higher education coordinating board.

Only the following American Indian people may receive scholarships:

(1) students entering the University of Minnesota, Duluth, who intend to become teachers in Minnesota;

(2) teacher aides who are employees of independent school district No. 709, Duluth, and who intend to obtain a teaching license; and

(3) licensed employees of independent school district No. 709 who begin a master of education program.

The joint application shall be submitted to the Minnesota Indian scholarship committee for review and comment.

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The state board may award a joint grant in the amount it determines appropriate. Scholarship money shall be included in the amount of the joint grant.

Sec. 21. [1987 SPECIAL EDUCATION DEFICIENCY.]

\$6,000,000 is appropriated from the general fund to the department of education for fiscal year 1988 for the deficiency in the amount appropriated for special education for fiscal year 1987 by Laws 1985, First Special Session chapter 12, article 3, section 28, subdivision 2. The department of education shall reduce the amount of the levy certified by 1988 each school district, according to Minnesota Statutes, section 275.125, subdivision 8c, for special education by the amount that the district will receive as a result of this appropriation. The department of education must not consider this appropriation when allocating excess appropriations for fiscal year 1987 under Minnesota Statutes, section 124.17, subdivision 7.

Sec. 22. REPEALER.

Minnesota Statutes 1986, section 126.51, subdivision 3, is repealed.

Sec. 23. EFFECTIVE DATE.

Section 9 and 21 are effective the day following final enactment. The provisions of section 9 relating to placing a teacher on unrequested leave of absence apply to contracts entered into after the effective date of section 9.

ARTICLE 4

COMMUNITY EDUCATION

Section 1. Minnesota Statutes 1986, section 121.88, is amended by adding a subdivision to read:

Subd. 9. COMMUNITY SERVICE PROGRAMS. A school board may offer, as part of a community education program, a community service program for public school pupils for the purpose of promoting active citizenship and addressing community needs through youth service. The community education advisory council shall design the service program in cooperation with the district planning, evaluating and reporting committee and local organizations that train volunteers or need volunteers' services. Programs must include:

(1) preliminary training for pupil volunteers conducted, when possible, by organizations experienced in such training;

(2) supervision of the pupil volunteers to ensure appropriate placement and adequate learning opportunity;

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(3) sufficient opportunity for pupil volunteers to give genuine service to their community; and

(4) integration of academic learning with the service experience.

Examples of appropriate pupil service placements include: child care, Head Start, early childhood education, and extended day programs; tutoring programs involving older pupils tutoring younger pupils; environmental beautification projects; and regular visits for shut-in senior citizens.

Sec. 2. Minnesota Statutes 1986, section 121.88, is amended by adding a subdivision to read:

Subd. 10. EXTENDED DAY PROGRAMS. A school board may offer, as part of a community education program, an extended day program for children from kindergarten through grade six for the purpose of expanding students' learning opportunities. A program must include the following:

(1) adult supervised programs while school is not in session;

(2) parental involvement in program design and direction;

(3) partnerships with the K-12 system, and other public, private, or non-profit entities; and

(4) opportunities for trained secondary school pupils to work with younger children in a supervised setting as part of a community service program.

The district may charge a sliding fee based upon family income for extended day programs. The district may receive money from other public or private sources for the extended day program. The board shall develop standards for school age child care programs.

Sec. 3. [129B.48] PREKINDERGARTEN CHILD DEVELOPMENT GRANTS.

Subdivision 1. ESTABLISHMENT. A grant program is established for prekindergarten child development programs.

Subd. 2. ELIGIBLE CHILD. An eligible child is a child who:

(1) is at least three years old but has not entered kindergarten;

(2) resides in a family having a pre-tax income, for the 12 months before enrollment in the program, at or below the poverty level as determined by the federal government; and

(3) has a significant delay in the development of any of the following areas: emotional, cognitive, language, physical-motor, or social.

Subd. 3. ELIGIBLE PROGRAMS. A project head start agency, school

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district, group of districts, and nonprofit organizations are eligible for grants. To be eligible for a grant, all children in the program must meet the requirements of subdivision 2, clause (1), and at least 90 percent must meet the requirements of subdivision 2.

Subd. 4. CRITERIA AND PROCEDURES. The state board of education shall establish criteria and procedures to select recipients of grants. Criteria for recipients, other than head start agencies, must include at least the following:

(1) adequate procedures to assess the developmental delay of children, according to subdivision 2, clause (3);

(2) conformance to the federal guidelines for project head start agencies, to the extent practicable;

(3) substantial involvement and education of the parents of the children;

(4) a plan for coordination with local organizations that serve young children;

(5) a local advisory board; and

(6) an evaluation plan.

Subd. 5. GRANT AWARDS. The state board may award grants for programs that meet the requirements of this section. Grants must be awarded to applicants located in different parts of the state. The board shall give priority in awarding grants to those applicants located in areas where no service is available within 30 minutes of eligible children's residences. A recipient must not use the grant money to supplant money or services available from other sources.

Sec. 4. APPROPRIATION; PREKINDERGARTEN CHILD DEVELOPMENT PROGRAM GRANTS.

There is appropriated from the general fund to the department of education for grants for prekindergarten child development programs \$500,000 for the fiscal year ending June 30, 1989.

ARTICLE 5

EDUCATION AGENCIES'

APPROPRIATIONS

Section 1. [121.203] HEALTH-RELATED PROGRAMS.

Subdivision 1. AIDS PROGRAM. The commissioner of education, in consultation with the commissioner of health, shall assist districts in developing

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and implementing a program to prevent and reduce the risk of acquired immune deficiency syndrome. Each district shall have a program that includes at least:

- (1) planning materials, guidelines and other technically accurate and updated information;
- (2) a comprehensive, technically accurate and updated curriculum;
- (3) cooperation and coordination among districts and ECSUs;
- (4) a targeting of adolescents, especially those who may be at high risk of contracting AIDS, for prevention efforts;
- (5) involvement of parents and other community members;
- (6) in-service training for appropriate district staff and school board members;
- (7) collaboration with state agencies and organizations having an AIDS prevention or AIDS risk reduction program;
- (8) collaboration with local community health services, agencies and organizations having an AIDS prevention or AIDS risk reduction program; and
- (9) participation by state and local student organizations.

The department may provide assistance at a neutral site to a nonpublic school participating in a district's program. District programs must not conflict with the health and wellness curriculum developed under Laws 1987, chapter 398, article 5, section 2, subdivision 7.

If a district fails to develop and implement a program to prevent and reduce the risk of AIDS, the department shall assist the ECSU in the region serving that district to develop or implement the program.

Subd. 2. FUNDING SOURCES. Districts may accept funds for AIDS programs developed and implemented under this section from public and private sources including public health funds and foundations, department professional development funds, federal block grants or other federal or state grants.

Sec. 2. Laws 1987, chapter 398, article 5, section 2, subdivision 12, is amended to read:

Subd. 12. **COMPREHENSIVE ARTS PLANNING PROGRAM.** For technical assistance for the comprehensive arts planning program according to Minnesota Statutes, section 129B.21, there is appropriated:

\$37,500 1988,

\$37,500 1989.

New language is indicated by underline, deletions by ~~strikeout~~.

Any unexpended fund balance remaining from the appropriations in this subdivision for 1988 does not cancel and is available for the second year of the biennium.

Sec. 3. REGIONAL PUBLIC LIBRARY DISTRICT RECOMMENDATIONS.

By December 1, 1988, the department of education, in consultation with the department of revenue, shall make recommendations to the governor and the legislature about the organization, financing, and formation of regional public library districts.

Sec. 4. MINNESOTA ACADEMIC EXCELLENCE FOUNDATION.

Beginning in fiscal year 1990, the Minnesota academic excellence foundation shall arrange funding for the unreimbursed travel expenses of school districts participating in the national portion of the bicentennial competition on the constitution and bill of rights.

Sec. 5. INFORMATION ON CATEGORICAL PROGRAMS.

By January 15, 1989, the department of education shall provide to the education committees of the legislature information on how school districts have allocated the revenue reserved for categorical programs under Minnesota Statutes 1987 Supplement, section 124A.27. This information is to include a list of categorical programs that have been funded and the amount of additional resources that have been allocated for categorical programs compared to funding for these categorical programs in previous years.

Sec. 6. CARRYOVER FOR MINNESOTA SCHOOL AND RESOURCE CENTER FOR THE ARTS.

An unexpended balance from the appropriation for the Minnesota school and resource center for the arts in Laws 1987, chapter 398, article 10, section 4, for fiscal year 1988 does not cancel but is available for fiscal year 1989.

Sec. 7. EDUCATIONAL EFFECTIVENESS.

The department of education shall allocate from its available state, federal, and other funding sources \$250,000 for staff and support to increase services for educational effectiveness programs according to Minnesota Statutes, sections 121.608 and 121.609. The department complement in the staff development unit of the division of instruction is increased by one professional position and one clerical position for these purposes. The department shall report on the funding sources used for this program to the chairs of the education committees of the house and senate and to the department of finance by November 1, 1988.

Sec. 8. HIGHER EDUCATION COORDINATING BOARD; APPROPRIATION.

New language is indicated by underline, deletions by ~~strikeout~~.

\$30,000 is appropriated from the general fund to the higher education coordinating board for fiscal year 1989 to support the activities of the task force on instructional technology established in Laws 1987, chapter 401, section 35.

This appropriation is in addition to the amount appropriated by Laws 1987, chapter 401, section 2, subdivision 2.

Sec. 9. DEPARTMENT OF EDUCATION; APPROPRIATION.

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

Subd. 2. SECONDARY VOCATIONAL RESTRUCTURING. For developing a restructured secondary vocational model, there is appropriated:

\$100,000 1988.

This appropriation is in addition to the amount appropriated by Laws 1987, chapter 398, article 10, section 2, subdivision 2 and is available until June 30, 1989.

The commissioner of education, in consultation with the state director of vocational technical education, the executive director of the state council on vocational technical education, the chair of the University of Minnesota department of vocational and technical education, and the joint council of vocational teacher educators, shall develop a restructured model for the delivery of secondary vocational education. The model must designate various forms of curriculum that will incorporate basic skills education and instruction in higher order thinking skills into secondary vocational programs. The model must insure articulation of programs between secondary and post-secondary programs.

The commissioner may contract for temporary staff to develop the restructured model. The contracts are not subject to the contract approval procedures of the commissioner of administration or Minnesota Statutes, chapter 16B. In developing the model, the commissioner shall provide for active participation by secondary and post-secondary vocational technical teachers, vocational teacher educators, special needs staff, general education teachers, school counselors, school administrators, and representatives of business, industry, and labor. By December 1, 1988, the commissioner shall report to the governor and the education committees of the legislature about the model and the plans and recommendations for implementation.

Subd. 3. EMERGING USES OF TECHNOLOGY. For collection and dissemination of information on emerging uses of technologies in education, there is appropriated:

\$20,000 1989.

Subd. 4. COMPUTER USE BY TEACHERS. For collection and dissemination of information on usage of computers by teachers, there is appropriated:

New language is indicated by underline, deletions by ~~strikeout~~.

\$30,000 1989.

Subd. 5. PER ASSISTANCE. For assistance to regions and districts with their planning, evaluating and reporting process under Minnesota Statutes, section 126.664, there is appropriated:

\$60,000 1989.

Subd. 6. AIDS PROGRAM. For a program to prevent and reduce the risk of AIDS, there is appropriated:

\$900,000 1989.

The appropriation is in addition to the amount appropriated by Laws 1987, chapter 398, article 10, section 2, subdivision 2.

Up to \$50,000 of this appropriation is for an independent evaluation of the AIDS program.

The department may use a portion of the appropriation for technology programs that provide individualized instruction about AIDS.

The complement of the department is increased by one professional and one clerical position until June 30, 1991.

The department may contract for noncomplement unclassified staff for the period of time necessary to implement the AIDS program.

Subd. 7. TEACHER LICENSING. For teacher licensing, according to Minnesota Statutes, section 125.08, there is appropriated:

\$80,000 1988.

The \$80,000 is available to reimburse costs in both years of the biennium.

This sum is added to the sum appropriated in Laws 1987, chapter 398, article 10, section 2, subdivision 2.

Subd. 8. EDUCATIONAL SERVICES. For educational services, there is appropriated:

\$250,000 1989.

This sum is added to the sum appropriated in Laws 1987, chapter 398, article 10, section 2, subdivision 2.

Subd. 9. BASIC SKILLS EVALUATION. To begin a comprehensive outside evaluation of literacy systems, there is appropriated:

\$75,000 1989.

This appropriation is contingent upon the department's receipt of \$1 from

New language is indicated by underline, deletions by ~~strikeout~~.

private sources for each \$2 of this appropriation. The commissioner of education must certify receipt of the private matching funds. The appropriation shall be used to begin developing a comprehensive evaluation system for basic skills programs. The department must contract with an entity that is not connected to a delivery system.

Subd. 10. GED ON TV. For statewide purchase of broadcast costs, publicity, and coordination of the GED on TV series, there is appropriated:

\$100,000 1989.

Subd. 11. METROPOLITAN OPEN ENROLLMENT. For implementation of open enrollment in the metropolitan area, there is appropriated:

\$150,000 1989.

The complement of the department of education is increased by one professional and .5 clerical position for this purpose.

The department of education shall ensure that information about opportunities for families under the open enrollment program is made available to families residing in urban and suburban school districts. The information must include at least: opportunities to enroll in urban and suburban districts; programs that are available; procedures and timelines to enroll in nonresident districts; and policies of the districts. To educate and encourage families to the maximum extent possible, the department may disseminate information, provide assistance to individual families, provide supportive services for pupils and families, and provide assistance to districts and district staff.

Sec. 10. STATE BOARD; APPROPRIATION.

For a comprehensive study of desegregation and integration costs, there is appropriated from the general fund to the state board of education:

\$75,000 1988.

An unencumbered balance in fiscal year 1988 does not cancel and is available for fiscal year 1989.

The state board shall contract for a comprehensive study on the desegregation and integration costs for fiscal years 1988 and 1989 and for the estimated costs for future years. The board must contract with outside consultants experienced in program and financial auditing related to desegregation and integration.

The integration study must identify at least: (1) the costs attributable to implementing each district's desegregation plan; (2) the minimum costs necessary to comply with state board desegregation rules; and (3) the costs that would occur if the district were not required to comply with state board desegregation rules. The study must determine the overlap in revenues and expenditures among desegregation revenue, integration revenue, and state and federal com-

New language is indicated by underline, deletions by ~~strikeout~~.

pensatory education revenue. The study must include district and building level analysis, with per student costs and staffing ratios provided where appropriate.

Selection of a consultant and determination of methodology must occur by June 1, 1988, in consultation with the Duluth, Minneapolis, and St. Paul school districts.

The state board shall submit recommendations for financing desegregation and integration costs and programs, including options for a uniform allocation method or formula as opposed to a program budgeting approach. The board shall report to the governor, the three districts, and the education committees of the legislature by November 30, 1988.

Sec. 11. EFFECTIVE DATE.

Sections 2, 6, 9, and 10 are effective the day following final enactment.

ARTICLE 6

OTHER EDUCATIONAL FUNDING

Section 1. Minnesota Statutes 1986, section 120.06, is amended by adding a subdivision to read:

Subd. 3. PUPILS, AT LEAST 21 YEARS OF AGE. In addition to those admitted under subdivision 1, admission to a public secondary school is free to a person who is eligible under this subdivision. In order to be eligible, a person must be:

- (1) at least 21 years of age;
- (2) a resident of the district where the secondary school is located; and
- (3) eligible under section 126.22, subdivision 2.

Free admission is limited to two school years or the equivalent, or until the pupil completes the courses required to graduate, whichever is less.

Sec. 2. Minnesota Statutes 1987 Supplement, section 120.17, subdivision 1, is amended to read:

Subdivision 1. SPECIAL INSTRUCTION FOR HANDICAPPED CHILDREN. Every district shall provide special instruction and services, either within the district or in another district, for handicapped children who are residents of the district and who are handicapped as set forth in section 120.03. Special instruction and services must be provided from birth until September 1 after the handicapped child becomes 21 years old but shall not extend beyond secondary school or its equivalent, except as provided in section 126.22, subdivision 2.

New language is indicated by underline, deletions by ~~strikeout~~.

Local health, education, and social service agencies shall refer children under age five who are known to need or suspected of needing special instruction and services to the school district. Districts with less than the minimum number of eligible handicapped children as determined by the state board shall cooperate with other districts to maintain a full range of programs for education and services for handicapped children. This subdivision does not alter the compulsory attendance requirements of section 120.10.

Sec. 3. Minnesota Statutes 1987 Supplement, section 122.91, is amended by adding a subdivision to read:

Subd. 7. REVENUE. An education district may be eligible for revenue under section 10.

Sec. 4. Minnesota Statutes 1986, section 123.351, is amended by adding a subdivision to read:

Subd. 10. REVENUE. A secondary vocational cooperative may be eligible for revenue under section 11.

Sec. 5. Minnesota Statutes 1986, section 123.3514, is amended by adding a subdivision to read:

Subd. 6b. FINANCIAL ARRANGEMENTS, PUPILS AGE 21 OR OVER. At the end of each school year, the department of education shall pay the tuition reimbursement amount to the post-secondary institutions for courses taken to fulfill high school graduation requirements by pupils eligible for adult high school graduation aid. The amount of the tuition reimbursement equals the lesser of:

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

(2) an amount equal to the difference between the adult high school graduation aid attributable to that pupil and an amount computed by multiplying the adult high school graduation aid by the ratio of 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 of tuition reimbursement paid for each pupil shall be subtracted from the adult high school graduation aid paid to the pupil's resident district. If a pupil is enrolled in a course for post-secondary credit, the school district shall include the pupil in average daily membership as computed under section 120.17, subdivision 1 only for the portion of time during which the pupil is enrolled in courses at the secondary school and enrolled in courses at the post-secondary institution for secondary credit.

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

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 6. Minnesota Statutes 1986, section 124.17, is amended by adding a subdivision to read:

Subd. 2e. AVERAGE DAILY MEMBERSHIP, PUPILS AGE 21 OR OVER. The average daily membership for pupils age 21 or over, is equal to the ratio of the number of yearly hours that the pupil is in membership to the number of instructional hours in the district's regular school year.

Sec. 7. Minnesota Statutes 1986, section 124.214, subdivision 2, is amended to read:

Subd. 2. **ABATEMENTS.** Whenever by virtue of chapter 278, sections 270.07, 375.192, or otherwise, the assessed valuation of any school district for any taxable year is changed after the taxes for that year have been spread by the county auditor and the mill rate as determined by the county auditor based upon the original assessed valuation is applied upon the changed valuations, the county auditor shall, prior to February 1 of each year, certify to the commissioner of education the amount of any resulting net revenue loss that accrued to the school district during the preceding year. ~~In August of~~ Each year, the commissioner shall pay an abatement adjustment to the district in an amount calculated according to the provisions of this subdivision. This amount shall be deducted from the amount of the levy authorized by section 275.48. The abatement adjustment shall be recognized as revenue in the fiscal year in which it is received. The amount of the abatement adjustment shall be the product of:

(1) the net revenue loss as certified by the county auditor, times

(2) the ratio of:

(a) the sum of the amounts of the district's certified levy in the preceding October according to the following:

(i) ~~sections 124A.03, subdivision 1, 124A.06, subdivision 3a, and 124A.08, subdivision 3a, section 124A.23~~ if the district is entitled to basic foundation receives general education aid according to that section 124A.02;

(ii) ~~section 124A.10, subdivision 3a, if the district is entitled to third tier aid according to section 124A.10, subdivision 4;~~

(iii) ~~sections 124A.12, subdivision 3a, and 124A.14, subdivision 5a, if the district is eligible for fourth tier aid according to section 124A.12, subdivision 4;~~

(iv) ~~sections 124A.03, subdivision 4, and 275.125, subdivision 2j, if the district is entitled to summer school aid according to section 124.20j; and~~

(v) (ii) ~~section 275.125, subdivisions 5 and 5c, if the district is entitled to receives transportation aid according to section 124.225, subdivision 8a;~~

(iii) section 124.244, if the district receives capital expenditure aid according to that section;

New language is indicated by underline, deletions by ~~strikeout~~.

(iv) section 275.125, subdivision 11c, if the district receives hazardous substance aid according to section 124.245;

(v) section 275.125, subdivision 8, clauses (a) and (b), if the district receives community education aid according to section 124.271;

(vi) section 275.125, subdivision 8b, if the district receives early childhood family education aid according to section 124.2711; and

(vii) section 275.125, subdivision 6f, if the district receives exceptional need aid according to section 124.217;

(b) to the total amount of the district's certified levy in the preceding October pursuant to ~~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,~~ plus or minus auditor's adjustments.

Sec. 8. Minnesota Statutes 1987 Supplement, section 124.214, subdivision 3, is amended to read:

Subd. 3. **EXCESS TAX INCREMENT.** If a return of excess tax increment is made to a school district pursuant to section 469.176, subdivision 2, or upon decertification of a tax increment district, the school district's aid entitlements and levy limitations must be adjusted for the fiscal year in which the excess tax increment is paid under the provisions of this subdivision.

(a) An amount must be subtracted from the school district's aid for the current fiscal year equal to the product of:

(1) the amount of the payment of excess tax increment to the school district, times

(2) the ratio of:

(A) the sum of the amounts of the school district's certified levy for the fiscal year in which the excess tax increment is paid according to the following:

(i) ~~sections 124A.03, subdivision 1, 124A.06, subdivision 3a, and 124A.08, subdivision 3a, section 124A.23~~ if the school district is entitled to basic foundation receives general education aid according to that section 124A.02;

(ii) ~~sections 124A.10, subdivision 3a, and 124A.20, subdivision 2;~~ if the school district is entitled to third-tier aid according to section 124A.10, subdivision 4;

(iii) ~~sections 124A.12, subdivision 3a, and 124A.14, subdivision 5a;~~ if the school district is eligible for fourth-tier aid according to section 124A.12, subdivision 4;

(iv) ~~section 124A.03, subdivision 4;~~ if the school district is entitled to summer school aid according to section 124.201; and

New language is indicated by underline, deletions by ~~strikeout~~.

(v) (ii) section 275.125, subdivisions 5 and 5c, if the school district is entitled to receives transportation aid according to section 124.225; subdivision 8a;

(iii) section 124.244, if the district receives capital expenditure aid according to that section;

(iv) section 275.125, subdivision 11c, if the district receives hazardous substance aid according to section 124.245;

(v) section 275.125, subdivision 8, clauses (a) and (b), if the district receives community education aid according to section 124.271;

(vi) section 275.125, subdivision 8b, if the district receives early childhood family education aid according to section 124.2711; and

(vii) section 275.125, subdivision 6f, if the district receives exceptional need aid according to section 124.217;

(B) to the total amount of the school district's certified levy for the fiscal year pursuant to sections ~~124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, 124A.20, subdivision 2, and 275.125~~, plus or minus auditor's adjustments.

(b) An amount must be subtracted from the school district's levy limitation for the next levy certified equal to the difference between:

- (1) the amount of the distribution of excess increment, and
- (2) the amount subtracted from aid pursuant to clause (a).

If the aid and levy reductions required by this subdivision cannot be made to the aid for the fiscal year specified or to the levy specified, the reductions must be made from aid for subsequent fiscal years, and from subsequent levies. The school district shall use the payment of excess tax increment to replace the aid and levy revenue reduced under this subdivision.

This subdivision applies only to the total amount of excess increments received by a school district for a calendar year that exceeds \$25,000.

Sec. 9. [124.261] ADULT HIGH SCHOOL GRADUATION AID.

Adult high school graduation aid for eligible pupils age 21 or over, equals an allowance of 65 percent of the general education formula allowance times the average daily membership under section 124.17, subdivision 2e. Adult high school graduation aid must be paid in addition to any other aid to the district. Average daily membership of eligible pupils must not be used in the computation of pupil units under section 124.17, subdivision 1, for any purpose other than the computation of adult high school graduation aid.

Sec. 10. [124.2721] EDUCATION DISTRICT REVENUE.

New language is indicated by underline, deletions by ~~strikeout~~.

Subdivision 1. ELIGIBILITY. An education district is eligible for education district revenue if the department certifies that it meets the requirements of section 122.91, subdivisions 3 and 4. The pupil units of a district that is a member of intermediate district No. 287, 916, or 917 may not be used to obtain revenue under this section. The pupil units of a district may not be used to obtain revenue under this section and section 11.

Subd. 2. REVENUE. Education district revenue is \$60 per actual pupil unit in each district that is a member of an education district.

Subd. 3. LEVY. To obtain education district revenue, an eligible education district may levy the lesser of its education district revenue or the amount raised by 1.3 mills times the adjusted assessed valuation of each participating district for the preceding year. Each year, the education district board shall certify to the county auditor or county auditors the amount of taxes to be levied under this section.

Subd. 4. AID. The aid for an education district equals its education district revenue minus its education district levy, times the ratio of the actual amount levied to the permitted levy.

Subd. 5. USES OF REVENUE. Education district revenue must be used by the education district board to provide educational programs according to the agreement adopted by the education district board, as required by section 122.94.

Sec. 11. [124.575] SECONDARY VOCATIONAL COOPERATIVE REVENUE.

Subdivision 1. ELIGIBILITY. A secondary vocational cooperative established under section 123.351 is eligible for secondary vocational cooperative revenue if it meets the size requirements specified in section 122.96, subdivision 3, and the cooperative offers programs authorized under section 123.351, subdivision 4, paragraph (b), clause (1), and clause (2) or (3). The pupil units of a district that is a member of intermediate school district No. 287, 916, or 917 may not be used to obtain revenue under this section. The pupil units of a district may not be used to obtain revenue under this section and section 10.

Subd. 2. REVENUE. Secondary vocational cooperative revenue is \$20 per actual pupil unit in the participating school districts of a secondary vocational cooperative.

Subd. 3. LEVY. To obtain secondary vocational cooperative revenue, an eligible secondary vocational cooperative may levy the lesser of its secondary vocational cooperative revenue or the amount raised by .4 mills times the adjusted assessed valuation of each member district for the preceding year. Each year, the secondary vocational cooperative board must certify the amount of taxes to be levied under this section to the county auditor or county auditors.

Subd. 4. AID. The aid for a secondary vocational cooperative equals its

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secondary vocational cooperative revenue minus its secondary vocational cooperative levy, times the ratio of the actual amount levied to the permitted levy.

Sec. 12. Minnesota Statutes 1987 Supplement, section 126.22, subdivision 2, is amended to read:

Subd. 2. **ELIGIBLE STUDENTS PUPILS.** The following ~~students~~ pupils are eligible to participate in the high school graduation incentives program:

(a) any ~~student~~ pupil who is between the ages of 12 and 16 and who:

(1) is at least two grade levels below the performance level for ~~students~~ pupils of the same age in a locally determined achievement test; or

(2) is at least one year behind in obtaining credits for graduation; or

(3) is pregnant or is a parent; or

(4) has been assessed as chemically dependent; or

(5) has been absent from attendance at school without lawful excuse for ~~one or more class periods on~~ more than 15 consecutive school days in the preceding or current school year;

(b) any ~~student~~ pupil who is between the ages of 16 and 19 who is attending school, and who is at least two grade levels below the performance level for ~~students~~ pupils of the same age in a locally determined achievement test, or is at least one year behind in obtaining credits for graduation, or is pregnant or is a parent, or has been assessed as chemically dependent; or

(c) any person between 16 and 21 years of age who has not attended a high school program for at least 15 consecutive school days, excluding those days when school is not in session, and who is at least two grade levels below the performance level for ~~students~~ pupils of the same age in a locally determined achievement test, or is at least one year behind in obtaining credits for graduation, or has been assessed as chemically dependent; or

(d) any person who is at least 21 years of age and who:

(1) has received less than 14 years of public or nonpublic education, beginning at age 5;

(2) has already completed the studies ordinarily required in the 10th grade but has not completed the requirements for a high school diploma or the equivalent; and

(3) at the time of application, (i) is eligible for unemployment compensation benefits or has exhausted the benefits, (ii) is eligible for or is receiving income maintenance and support services, as defined in section 268.0111, subdivision 5, or (iii) is eligible for services under the displaced homemaker program, state wage-subsidy program, or any programs under the federal Jobs Training Partnership Act or its successor.

New language is indicated by underline, deletions by ~~strikeout~~.

Notwithstanding section 127.27, subdivision 7, the provisions of section 127.29, subdivision 1, do not apply to pupils age 17 and older who participate in the high school graduation incentives program.

Sec. 13. Minnesota Statutes 1987 Supplement, section 126.22, subdivision 3, is amended to read:

Subd. 3. **ELIGIBLE PROGRAMS.** ~~Students~~ Pupils who are eligible to participate under subdivision 2 may enroll in the following programs:

(a) Any program approved by the state board of education under Minnesota Rules, part 3500.3500, including area learning centers under sections 129B.52 to 129B.55, or according to section 121.11, subdivision 12, may enroll ~~students~~ pupils who are eligible to participate under subdivision 2, clause (a), (b) ~~or~~, (c), or (d);

(b) ~~Students~~ Pupils eligible to participate under subdivision 2, clause (b) ~~or~~, (c), or (d) may enroll in secondary school courses upon a resolution passed by a school board approving enrollment, or may enroll in post-secondary courses under section 123.3514; and

(c) Any public secondary education program may enroll any ~~student~~ pupil who is eligible to participate under subdivision 2, clause (a), (b) ~~or~~, (c), or (d).

An eligible institution providing eligible programs as defined in this subdivision may contract with an entity providing adult basic education programs under the community education program contained in section 121.88 for actual program costs.

Sec. 14. Minnesota Statutes 1986, section 129B.20, subdivision 1, is amended to read:

Subdivision 1. **FUNDING.** Each site shall receive \$1,250 each year for two years. If fewer than 30 sites are selected, each site shall receive an additional proportionate share of money appropriated and not used. Before receiving money for the second year, a long-range plan for arts education must be submitted to the department.

Sec. 15. Minnesota Statutes 1987 Supplement, section 129B.53, subdivision 2, is amended to read:

Subd. 2. **PEOPLE TO BE SERVED.** A center shall provide programs for secondary pupils and adults, giving priority to serving persons between 16 and 21 years of age. Secondary pupils to be served are those who are chemically dependent, not likely to graduate from high school, need assistance in vocational and basic skills, can benefit from employment experiences, and need assistance in transition from school to employment. Adults to be served are dislocated homemakers and workers and others who need basic educational and social services. In addition to offering programs, the center shall coordinate the use of other available educational services, social services, and post-secondary institu-

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tions in the community. The center may also provide programs for elementary and secondary pupils who are not attending the center to assist them in completing high school.

Sec. 16. Minnesota Statutes 1987 Supplement, section 136D.27, is amended to read:

136D.27 TAX STATE AIDS AND LEVIES, CERTIFICATES OF INDEBTEDNESS.

Subdivision 1. LEVIES FOR CERTAIN PROGRAMS. 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~~ these 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~~ These 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~~ these 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.

Subd. 2. PROHIBITED LEVIES. Notwithstanding section 136D.24 or any other law to the contrary, the joint school board may not certify, either itself, to any participating district, or to any cooperating school district, any levies for any purpose, except the levies authorized by subdivision 1, sections 127.05, 275.125, subdivisions 8c and 14a, 275.48, and 475.61, and for the joint school board's obligations under section 268.06, subdivision 25, for which a levy is authorized by section 275.125, subdivision 4.

Subd. 3. PROHIBITED STATE AIDS. Notwithstanding section 136D.24 or any law to the contrary, the department of education shall not pay, unless explicitly authorized by statute, any state aid, grant, credit, or other money to the joint school board, except the aid, credit, or money authorized by sections 121.201, 123.3514, 124.2137, 124.252, 124.32, 124.573, 124.574, and 124.646, and chapter 273.

Sec. 17. Minnesota Statutes 1986, section 136D.74, is amended by adding a subdivision to read:

Subd. 2a. PROHIBITED LEVIES. Notwithstanding subdivisions 2 and 4, section 136D.73, subdivision 3, or any other law to the contrary, the intermediate school board may not certify, either itself, to any participating district, or to any cooperating school district, any levies for any purpose, except the levies authorized by subdivision 1, sections 127.05, 275.125, subdivisions 8c and 14a, 275.48, and 475.61, and for the intermediate school board's obligations under

New language is indicated by underline, deletions by ~~strikeout~~.

section 268.06, subdivision 25, for which a levy is authorized by section 275.125, subdivision 4.

Sec. 18. Minnesota Statutes 1986, section 136D.74, is amended by adding a subdivision to read:

Subd. 2b. PROHIBITED STATE AIDS. Notwithstanding subdivision 4 or any law to the contrary, the department of education shall not pay, unless explicitly authorized, any state aid, grant, credit, or other money to the intermediate school board, except the aid, credit, or money authorized by sections 121.201, 123.3514, 124.2137, 124.252, 124.32, 124.573, 124.574, and 124.646, and chapter 273.

Sec. 19. Minnesota Statutes 1987 Supplement, section 136D.87, is amended to read:

136D.87 TAX LEVIES, CERTIFICATES OF INDEBTEDNESS.

Subdivision 1. LEVIES FOR CERTAIN PROGRAMS. 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~~ these tax levies in the next tax roll which it shall certify to the county auditor or auditors and shall remit the collections of ~~such~~ these levies to the board promptly when received. ~~Such~~ These 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~~ these 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 that~~ that will not exceed the portion of the levies which is then not collected and not delinquent.

Subd. 2. PROHIBITED LEVIES. Notwithstanding section 136D.84 or any other law to the contrary, the joint school board may not certify, either itself, to any participating district, or to any cooperating school district, any levies for any purpose, except the levies authorized by subdivision 1, sections 127.05, 275.125, subdivisions 8c and 14a, 275.48, and 475.61, and for the joint school board's obligations under section 268.06, subdivision 25, for which a levy is authorized by section 275.125, subdivision 4.

Subd. 3. PROHIBITED STATE AIDS. Notwithstanding section 136D.24 or any law to the contrary, the department of education shall not pay, unless explicitly authorized, any state aid, grant, credit, or other money to the joint school board, except for aid, credit, or money authorized by sections 121.201, 123.3514, 124.2137, 124.252, 124.32, 124.573, 124.574, and 124.646, and chapter 273.

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Sec. 20. Minnesota Statutes 1986, section 275.125, is amended by adding a subdivision to read:

Subd. 6i. RULE COMPLIANCE LEVY. Each year a district that is required to implement a plan according to the requirements of Minnesota Rules, parts 3535.0200 to 3535.2200, may levy an amount not to exceed one mill times the adjusted assessed valuation of the district. Independent school district No. 625, St. Paul, may levy according to this subdivision and subdivision 6e. 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.

Sec. 21. Minnesota Statutes 1986, section 275.125, is amended by adding a subdivision to read:

Subd. 8e. INTERDISTRICT COOPERATION LEVY. This subdivision does not apply to special school district No. 1, independent school district No. 11, 625, or 709, or to a district that is a member of intermediate school district No. 287, 916, or 917. A district may levy each year under this subdivision if it:

(1) is a member of an education district, under sections 122.91 to 122.96; and the education district of which the district is a member does not receive revenue under section 10; or

(2) has a cooperation agreement with other districts to expand curricular offerings in mathematics in grades 10 to 12, science in grades 10 to 12, foreign languages for two years, computer usage, or other programs recommended by the state board.

The levy must not exceed the amount raised by one mill times the adjusted assessed valuation of the district for the preceding year. A district that is a member of a secondary vocational cooperative that levies under section 11, may levy the difference between the amount raised by one mill times the adjusted valuation of the district for the preceding year and the amount levied under section 11. The proceeds of the levy may be used only to pay for instructional and administrative costs incurred in providing the curricular offerings under this section. A district may not spend more than five percent of the amount of the levy for administration.

Sec. 22. Laws 1987, chapter 398, article 3, section 38, is amended to read:

Sec. 38. COMMISSION ~~SPECIAL EDUCATION STUDY STUDIES.~~

The sum of ~~\$100,000~~ \$250,000 is appropriated for fiscal year 1988 from the general fund to the legislative commission on public education for the commission to conduct: (1) a comprehensive qualitative and quantitative evaluation and analytical study of special education, financing, and related services; (2) a study of education accountability measures; and (3) an education organization study that includes findings about learning opportunities for learners, financial

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considerations, and alternative patterns of educational organization. The sum is available until June 30, 1989.

Sec. 23. **TASK FORCE ON EDUCATION ORGANIZATION.**

Subdivision 1. ESTABLISHED. There is established a task force on education organization that is composed of 24 members. It shall be an advisory task force to the legislative commission on public education.

Subd. 2. MEMBERSHIP. The legislative commission on public education shall appoint 18 members who represent various sizes of school districts and geographical areas of the state. Each member shall be a person who has knowledge of:

- (1) the group selecting the person;
- (2) the day-to-day operations of schools; and
- (3) the items to be considered by the task force.

A person selected by a group is not required to be a member of the group.

By June 1, 1988, each group shall submit to the chair of the legislative commission the names of two people and the commission shall select, at random, one of the two people to serve on the task force. Each of the following groups shall be represented on the task force:

- (1) state board of education;
- (2) state curriculum advisory committee;
- (3) Minnesota school boards association;
- (4) association of stable or growing school districts;
- (5) association of metropolitan school districts;
- (6) Minnesota rural education association;
- (7) Minnesota community education association;
- (8) Minnesota association of school administrators;
- (9) Minnesota association of secondary vocational administrators;
- (10) Minnesota administrators of special education;
- (11) Minnesota association of secondary school principals;
- (12) Minnesota elementary school principals' association;
- (13) Minnesota education association;

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- (14) Minnesota federation of teachers;
- (15) Minnesota congress of parents, teachers, and students;
- (16) independent school district Nos. 11 and 625 and special school district No. 1;
- (17) the business community; and
- (18) associations representing nonpublic education.

In addition, six members of the legislature shall be appointed to the task force. The subcommittee on committees of the committee on rules and administration of the senate shall appoint three members of the senate. The speaker of the house of representatives shall appoint three members of the house.

The commissioner of education, or a designee, shall be an ex officio nonvoting member of the task force.

The chair of the legislative commission shall convene the first meeting of the task force by July 1, 1988. The task force members shall elect the chair of the task force.

Subd. 3. ITEMS FOR CONSIDERATION. In considering education organization, the task force shall consider and make findings about the following:

- (1) learning opportunities, including, but not limited to:
 - (i) minimum and maximum curricular offerings;
 - (ii) alternatives to traditional instructional time or learning year;
 - (iii) state board of education rules;
 - (iv) learning and teaching options; and
 - (v) community education and its implications;
- (2) financial considerations, including, but not limited to:
 - (i) funding and tax equity;
 - (ii) the relationship between educational expenditures and student achievement;
 - (iii) implications for employees, including salaries, fringe benefits, and collective bargaining;
 - (iv) facility needs, uses, and alternatives, including construction of duplicative facilities by adjacent districts; and
 - (v) community education and its implications;

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(3) alternative patterns of organization, including, but not limited to:

(i) various management organizational structures;

(ii) technology use;

(iii) incentives to reorganize;

(iv) research on education organization; and

(v) community education and its implications.

Subd. 4. SUBCOMMITTEES. The task force shall appoint at least two subcommittees. One subcommittee shall address curriculum and learning opportunities. One subcommittee shall address organizational structures and finance. The members of both subcommittees shall be representative of various sizes of school districts and geographical areas of the state.

Subd. 5. EXPENSES AND EXPIRATION. The task force shall be governed by Minnesota Statutes, section 15.059, subdivision 6.

Subd. 6. STAFF ASSISTANCE. The education committees of the legislature and the department of education shall provide staff assistance to the task force and subcommittees.

Subd. 7. FINDINGS. The task force shall report its findings to the legislative commission by December 1, 1988.

Sec. 24. APPROPRIATIONS.

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

Subd. 2. HUTCHINSON SCHOOL DISTRICT. To reimburse independent school district No. 423, Hutchinson, for expenses actually incurred in participating in the national bicentennial competition on the Constitution and Bill of Rights, there is appropriated:

\$12,000 1988.

Subd. 3. ADULT HIGH SCHOOL GRADUATION AID. For adult high school graduation aid, there is appropriated:

\$1,000,000 1989.

If the appropriation is insufficient, the aid must be prorated.

Subd. 4. INTEGRATION GRANTS. For grants for integration expenditures, there is appropriated:

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\$12,013,600 1989.

Grant amounts may not exceed \$981,900 for independent school district No. 709, Duluth, \$5,950,300 for special school district No. 1, Minneapolis, and \$5,081,400 for independent school district No. 625, St. Paul. As a condition of receiving a grant, each district must continue to report its costs according to the uniform financial accounting and reporting system and must provide the information requested for the state board of education study of integration costs. As a further condition of receiving a grant, each district must submit a report to the chairs of the education committees of the legislature about the actual expenditures it made for integration using the grant money.

Subd. 5. CHISHOLM SCHOOL DISTRICT. For a grant for a leadership program in independent school district No. 695, Chisholm, there is appropriated:

\$20,000 1989.

Subd. 6. NORTHEAST MINNESOTA TECHNOLOGY CONSORTIUM. For a grant to the northeast Minnesota technology and education consortium to develop a pilot computer technology program, there is appropriated:

\$50,000 1989.

Subd. 7. NORTHWEST EDUCATIONAL TECHNOLOGY COOPERATIVE. For a grant to independent school district Nos. 351, 354, 436, 437, 442, 443, and 446 to develop a cooperative educational technology program, there is appropriated:

\$100,000 1988.

Any unexpended amount does not cancel and is available until June 30, 1989.

Sec. 26. EFFECTIVE DATE.

Sections 22, 23, and 24 are effective the day following final enactment.

Sections 10, subdivision 4, and 11, subdivision 4, are effective for the 1989-1990 school year.

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ARTICLE 7

MISCELLANEOUS

Section 1. Minnesota Statutes 1986, section 92.06, subdivision 4, is amended to read:

Subd. 4. **IMPROVEMENTS, WHEN PAYMENT NOT NECESSARY.** If a person has made improvements to the land and if the commissioner believes that person settled the land in good faith as homestead land under the laws of the United States before it was certified to the state, or if the improvements were lawfully made by that person as a lessee of the state, then the value of the improvements must be separately appraised and, if the settler or lessee purchases the land, the settler or lessee is not required to pay for the improvements. If another person purchases the land, that person must pay the state at the time of sale the owner of the improvements, in addition to all other required payments, the appraised amount for the improvements. ~~The amount received by the state for the improvements must be paid to the settler or lessee or heirs, representatives, or assigns of the settler or lessee. Payment must be made by warrant drawn by the commissioner of finance upon the state treasurer. Amounts received for the improvements are appropriated for making the payments~~ Payment for improvements must be made within 15 days of the auction sale, either in cash or upon terms and conditions agreeable to the owner of the improvements. If payment for improvements is not made in cash, and if there is no agreement between the parties within 15 days of the auction sale, the commissioner may:

(1) sell the property to the second highest qualified bidder if that bidder submitted to the commissioner's representative, at the auction sale, a written request to buy the property at a specified price; or

(2) void the sale and reoffer the property at a subsequent sale.

This subdivision does not apply unless the ~~person seeking its benefit~~ owner of the improvements makes a verified application to the commissioner showing entitlement to ~~the improvements~~ before the first state public sale at which the land is offered for sale. The applicant must appear at the sale and offer to purchase the land for at least its appraised value including all timber on it, and make the purchase if no higher bid is received. Actions or other proceedings involving the land in question begun before the sale must have been completed.

Sec. 2. Minnesota Statutes 1986, section 92.14, is amended by adding a subdivision to read:

Subd. 3. **ADDITIONAL ADVERTISING OF LAND SALES.** In addition to posted notice of land sales required by subdivisions 1 and 2, the commissioner shall publicize land sales in Minnesota and elsewhere to the greatest extent possible, consistent with appropriations available for that purpose.

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Sec. 3. Minnesota Statutes 1987 Supplement, section 92.46, subdivision 1, is amended to read:

Subdivision 1. **PUBLIC CAMPGROUNDS.** (a) The director may designate suitable portions of the state lands withdrawn from sale and not reserved, as provided in section 92.45, as permanent state public campgrounds. The director may have the land surveyed and platted into lots of convenient size, and lease them for cottage and camp purposes under terms and conditions the director prescribes, subject to the provisions of this section.

(b) A lease may not be made for a term more than 20 years. The lease may allow renewal, from time to time, for additional terms of no longer than 20 years each. The lease may be canceled by the commissioner 90 days after giving the person leasing the land written notice of violation of lease conditions. The lease rate shall be based on the appraised value of leased land as determined by the commissioner of natural resources. The appraised value shall be the value of the leased land without any private improvements and must be comparable to similar land without any improvements within the same county.

(c) By July 1, 1986, the commissioner of natural resources shall adopt rules under chapter 14 to establish procedures for leasing land under this section. The rules shall be subject to review and approval by the commissioners of revenue and administration prior to the initial publication pursuant to chapter 14 and prior to their final adoption. The rules must address at least the following:

- (1) method of appraising the property;
- (2) determination of lease rates; and
- (3) an appeal procedure for both the appraised values and lease rates.

(d) All money received from these leases must be credited to the fund to which the proceeds of the land belong.

Notwithstanding section 16A.125 or any other law to the contrary, 50 percent of the money received from the lease of permanent school fund lands leased pursuant to this subdivision shall be deposited into the permanent school trust fund. However, in fiscal years 1987, 1988, 1989, 1990, 1991, and 1992, the money received from the lease of permanent school fund lands that would otherwise be deposited into the permanent school fund is hereby appropriated to survey, appraise, and pay associated selling costs of lots as required in section 92.67, subdivision 3. The money appropriated may not be used to pay the cost of surveying lots not scheduled for sale. Any money designated for deposit in the permanent school fund that is not needed to survey, appraise, and pay associated selling costs of lots, as required in section 92.67, shall be deposited in the permanent school fund. The commissioner shall add to the appraised value of any lot offered for sale the costs of surveying, appraising, and selling the lot, and shall first deposit the costs recovered in into the permanent school fund and an amount equal to the costs of surveying, appraising, and selling any lot paid

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out of the permanent school fund. Any remaining money shall be deposited into any other contributing funds in proportion to the contribution from each fund. In no case may the commissioner add to the appraised value of any lot offered for sale an amount more than \$700 for the costs of surveying and appraising the lot. Notwithstanding section 92.67, subdivision 4, as to requests for sale of lakeshore lots received before January 1, 1987, the commissioner shall hold the sale before October 31, 1987, if possible, and, if not possible, the lots shall be offered for sale at the next sale in the succeeding year.

Sec. 4. Minnesota Statutes 1987 Supplement, section 92.67, subdivision 1, is amended to read:

Subdivision 1. **SALE REQUIREMENT.** Notwithstanding section 92.45 or any other law, at the request of a lessee or as otherwise provided in this section, the commissioner of natural resources shall sell state property bordering public waters that is leased for the purpose of a private cabin under section 92.46. Requests for sale must be made prior to July 1, 1991 December 31, 1992, and the commissioner shall complete all requested sales and sales arising from those requests by July 1, 1992. The lessee making the request may designate the lesser of \$500 or the lease payment in the year the request is made to be used as part of the down payment December 31, 1993, subject to section 92.67, subdivision 3, clause (d). The sale shall be made in accordance with laws providing for the sale of trust fund land except as modified by the provisions of this section.

Sec. 5. Minnesota Statutes 1987 Supplement, section 92.67, subdivision 3, is amended to read:

Subd. 3. **APPRAISERS; ALLOCATION OF APPRAISAL AND SURVEY COSTS.** (a) The For an appraisal conducted before the effective date of this section, a lessee requesting the sale may select a person who meets the minimum appraisal standards established by the federal Farmers Home Administration or the federal Veterans Administration to appraise the property to be sold. If more than one lessee of a cabin site lot leased by the commissioner under section 92.46 within a platted area requests the sale of a leased lot, all requesting lessees may jointly agree upon an appraiser. If the lessee or lessees do not select an appraiser, the commissioner of natural resources shall select the appraiser. An appraisal prepared by a person who meets the minimum appraisal standards established by the Farmers Home Administration or the federal Veterans Administration, but who is not included on the list of appraisers approved by the commissioner of administration for the appraisal of state property, must be reviewed by an appraiser selected by the commissioner of natural resources from the commissioner of administration's list of approved appraisers. If, upon conclusion of this review, the commissioner of natural resources determines that the appraisal under review does not meet state appraisal standards, the commissioner shall reject the appraisal and have the property reappraised by an appraiser selected from the list approved by the commissioner of administration.

For appraisals conducted on and after the effective date of this section, all appraisals of lots offered for sale shall be performed by persons selected by the

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commissioner who are included on the list of appraisers approved by the commissioner of administration for the appraisal of state property. A lessee requesting a sale may recommend to the commissioner a person from the approved list to appraise the property to be sold. The commissioner shall supply the approved list to any lessee upon request.

(b) The costs of appraisal shall be allocated by the commissioner to the lots offered for sale and the successful bidder on each lot shall reimburse the commissioner for the appraisal costs allocated to the lot bid upon up to \$700 for each lot appraised. If there are no successful bidders on a lot, the commissioner is responsible for the appraisal cost allocated to that lot.

(c) The commissioner shall survey a lot prior to offering it for sale. The commissioner is responsible for the survey cost.

(d) ~~The lessee may stop the sale process after the appraisal but before the sale. The lessee must reimburse the commissioner for the cost of the appraisal if the sale is stopped~~ If a lessee disagrees with the appraised value of the lessee's improvements, the lessee may select an appraiser from the approved list of appraisers to reappraise the improvements. The lessee is responsible for the cost of this reappraisal. If the commissioner and the lessee fail to agree on the value of the improvements within 180 days of the date an appraisal is performed, the commissioner shall offer the lot for sale at a price that incorporates the county assessor's estimated market value of the improvements adjusted by the assessment/sales ratio as determined by the department of revenue.

Sec. 6. Minnesota Statutes 1987 Supplement, section 92.67, subdivision 4, is amended to read:

Subd. 4. **TIMING OF SALES.** (a) The commissioner shall offer lakeshore cabin site lots for sale pursuant to written request and in accordance with the following schedule:

(1) as to requests received before January 1, ~~1987~~ 1988, the sale shall be held not later than by October 31, ~~1987~~ 1988, if possible. However, if a lot is not offered for sale by that date, the lot shall be offered for sale at the next sale in the next year;

(2) as to requests received each calendar year after December 31, ~~1986~~ 1987, the sale shall be held in June, July, or August of the year after the request is received;

(3) notwithstanding clause (2), the commissioner may offer a lot for sale in the year the request is received if the commissioner will offer for sale in that year other lots platted with the late requested lot;

(4) notwithstanding clause (2), if more than 50 percent of the lessees in a platted area request by December 31 of a calendar year that their lots be offered for sale, the commissioner shall offer for sale at one time during June, July, or August of the following year all lots in a platted area. If a lessee, whose lot is

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located in a plat where more than 50 percent of the lessees request that their lots be offered for sale, requests in writing that the lessee's lot not be offered for sale, the commissioner may not offer the lot for sale until 1993; and

(5) lots that are unsold for any reason at the end of 1993 shall be offered for sale in increments over a period of five years beginning in 1994. Lots that are unsold for any reason at the end of 1998 shall be offered for sale in 1999 and each year thereafter until sold.

(b) ~~The last sales shall be held in 1992.~~ Lots not sold the first year offered may be reoffered in a succeeding year, following reappraisal if it is determined necessary by the commissioner.

(c) If a person other than the lessee purchases the leased lakeshore cabin site, the purchaser must make payment in full to the lessee ~~at the time of the sale, in the manner provided in section 92.06, subdivision 4,~~ for the appraised value of any improvements. Failure of a successful bidder to comply with this provision voids the sale and the property ~~must be rebid, if possible, at the same sale may be reoffered for sale as provided in section 92.06, subdivision 4.~~

Sec. 7. Minnesota Statutes 1986, section 92.67, subdivision 5, is amended to read:

Subd. 5. **TERMS OF SALE.** For the sale of the public lands under this section, the purchaser shall pay the state ten percent of the purchase price at the time of the sale. The balance must be paid in no more than 20 equal annual installments. The interest rate on the remaining balance shall be ~~eight percent per year at the rate in effect at the time of the sale under section 549.09.~~

Sec. 8. [120.062] ENROLLMENT OPTIONS PROGRAM.

Subdivision 1. CERTAIN DISTRICTS EXCLUDED. For the 1989-1990 school year only, this section applies to a district that has more than 1,000 actual pupil units in kindergarten through grade 12.

Subd. 2. ESTABLISHMENT. An enrollment options program is established to enable any pupil to attend a school or program in a district in which the pupil does not reside, subject to the limitations in this section.

Subd. 3. CLOSED DISTRICTS. A school board may, by resolution, determine that nonresident pupils may not attend any of its schools or programs according to this section.

Subd. 4. PUPIL APPLICATION PROCEDURES. In order that a pupil may attend a school or program in a nonresident district, the pupil's parent or guardian must submit an application to the nonresident district. The parent or guardian of a pupil residing in a district that does not have a desegregation plan approved by the state board of education must submit an application by January 1 for enrollment during the following school year. The parent or guardian of a pupil residing in a district that has a desegregation plan approved by the state

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board of education may apply to a district at any time. The application shall be on a form provided by the department of education. A particular school or program may be requested by the parent.

Subd. 5. DESEGREGATION PLANS. A district that has a desegregation plan approved by the state board of education may limit the number of pupils who transfer into or out of the district. To remain in compliance with its desegregation plan, the district may establish the number of majority and minority group pupils who may transfer into or out of the district. The district may accept or reject applications in a manner that will enable compliance with the desegregation plan. The district shall notify the parent or guardian and the resident district according to the requirements of subdivision 6.

Subd. 6. NONRESIDENT DISTRICT PROCEDURES. Within 60 days of receiving an application, a district that does not exclude nonresident pupils, according to subdivision 3, shall notify the parent or guardian and the resident district in writing whether the application has been accepted or rejected. If an application is rejected, the district must state in the notification the reason for rejection.

Subd. 7. BASIS FOR DECISIONS. The school board must adopt, by resolution, specific standards for acceptance and rejection of applications. Standards may include the capacity of a program, class, grade level, or school building. Standards may not include previous academic achievement, athletic or other extracurricular ability, handicapping conditions, proficiency in the English language, or previous disciplinary proceedings.

Subd. 8. WAIVER OF DEADLINES. Upon agreement of the resident and nonresident school boards, if applicable, the deadlines in subdivisions 4 and 6 may be waived.

Subd. 9. TRANSPORTATION. If requested by the parent of a pupil, the nonresident district shall provide transportation within the district. The state shall pay transportation aid to the district according to section 124.225.

The resident district is not required to provide or pay for transportation between the pupil's residence and the border of the nonresident district. A parent may be reimbursed by the nonresident district for the costs of transportation from the pupil's residence to the border of the nonresident district if the pupil is from a family whose income is at or below the poverty level, as determined by the federal government.

Subd. 10. CREDITS TOWARD GRADUATION. A nonresident district shall accept credits toward graduation that were awarded by another district. The nonresident district shall award a diploma to a nonresident pupil if the pupil meets its graduation requirements.

Subd. 11. INFORMATION. A district that does not exclude nonresident pupils according to subdivision 3 shall make information about the district, schools, programs, policies, and procedures available to all interested people.

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Subd. 12. GENERAL EDUCATION AID. Adjustments to general education aid for the resident and nonresident districts shall be made according to section 124A.036, subdivision 5.

Sec. 9. Minnesota Statutes 1986, section 120.075, subdivision 1a, is amended to read:

Subd. 1a. Any pupil who, pursuant to section 123.39, subdivision 5, has continuously been enrolled since January 1, 1977 in a school district of which the pupil was not a resident may continue in enrollment in that district; ~~and that district shall be considered the pupil's district of residence.~~

Sec. 10. Minnesota Statutes 1986, section 120.075, subdivision 3, is amended to read:

Subd. 3. Any pupil enrolled on either January 1, 1978, or April 5, 1978, in a nonpublic school, as defined in section 123.932, subdivision 3, located in a district of which the pupil was not a resident who would otherwise have qualified for enrollment in that district as a resident pursuant to subdivision 1 may attend the public schools of that district ~~as a resident.~~

Sec. 11. Minnesota Statutes 1986, section 120.075, is amended by adding a subdivision to read:

Subd. 5. General education aid, capital expenditure aid, and transportation aid attributable to pupils covered by programs under this section must be paid according to sections 33, 30, and 29, respectively.

Sec. 12. Minnesota Statutes 1986, section 120.0751, subdivision 1, is amended to read:

Subdivision 1. The state board of education may permit a pupil ~~who enrolls to enroll~~ in a school district of which the pupil is not a resident ~~to be deemed a resident pupil of that district pursuant to~~ under this section.

Sec. 13. Minnesota Statutes 1986, section 120.0751, is amended by adding a subdivision to read:

Subd. 6. AID. General education aid, capital expenditure aid, and transportation aid for pupils covered by programs under this section must be paid according to sections 33, 30, and 29, respectively.

Sec. 14. Minnesota Statutes 1986, section 120.0752, subdivision 1, is amended to read:

Subdivision 1. A pupil may enroll in a school district of which the pupil is not a resident ~~and be deemed a resident pupil of that district pursuant to~~ under this section.

Sec. 15. Minnesota Statutes 1987 Supplement, section 120.0752, subdivision 3, is amended to read:

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Subd. 3. ~~[11TH AND 12TH GRADE STUDENTS.] Notwithstanding subdivision 2, an 11th or 12th grade pupil who has been enrolled in a district for at least three consecutive years and whose parent or guardian moves to another district, may continue to enroll in the nonresident district upon the approval of the school board of the nonresident district. The approval of the school board of the pupil's resident district is not required. The pupil shall be considered a resident of the district in which that student is enrolled.~~

Sec. 16. Minnesota Statutes 1986, section 120.0752, is amended by adding a subdivision to read:

Subd. 4. General education aid, capital expenditure aid, and transportation aid for pupils covered by programs under this section must be paid according to sections 33, 30, and 29, respectively.

Sec. 17. Minnesota Statutes 1986, section 120.08, subdivision 2, is amended to read:

Subd. 2. A school board ~~in~~ of a district maintaining a secondary school may by a majority vote provide for the instruction of any resident pupil in a school district in an adjoining state ~~nearer to the pupil's place of residence than the school of the resident district, the distances being measured by the usual traveled routes.~~ Any charge for tuition or transportation, by the district ~~so attended or for transportation in the adjoining state,~~ shall be paid by the ~~pupil's~~ resident district ~~provided that such.~~ The pupil shall continue to be considered a pupil of the resident district of residence for the payment purposes of apportionment and other state aids aid.

Sec. 18. [120.105] EDUCATION STATEMENT.

Subdivision 1. STATEMENT CONTENTS. Each year every school, as defined in section 120.101, subdivision 4, offering a kindergarten program must ensure that the school principal, kindergarten teacher, or other professional, discusses and distributes the following statement to every parent, guardian, or other person enrolling a child in kindergarten:

"The state of Minnesota requires that every child entering kindergarten this school year must graduate from high school or remain in high school or in an alternative program until age 18. Only those who have been accepted in the military or an institution of higher learning can leave school before they are 18 years old."

The department of education must make appropriate provisions to accommodate those children who newly enroll in a public school after kindergarten. All other schools must make similar provisions.

Sec. 19. Minnesota Statutes 1987 Supplement, section 120.101, subdivision 5, is amended to read:

Subd. 5. AGES AND TERMS. For the 1988-1989 school year and the

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school years thereafter, every child between seven and 16 years of age shall receive instruction for at least 170 days each year. For the 2000-2001 school year and later school years, every child between seven and 18 years of age shall receive instruction for at least 170 days each year. Every child under the age of seven who is enrolled in a half-day kindergarten, or a full-day kindergarten program on alternate days, or other kindergarten programs shall receive instruction at least equivalent to 170 half days. A parent may withdraw a child under the age of seven from enrollment at any time.

Sec. 20. Minnesota Statutes 1987 Supplement, section 120.101, subdivision 9, is amended to read:

Subd. 9. **LEGITIMATE EXEMPTIONS.** A parent, guardian, or other person having control of a child may apply to a school district to have the child excused from attendance for the whole or any part of the time school is in session during any school year. Application may be made to any member of the board, a truant officer, a principal, or the superintendent. The school board of the district in which the child resides may approve the application upon the following being demonstrated to the satisfaction of that board:

(1) That the child's bodily or mental condition is such as to prevent attendance at school or application to study for the period required; or

(2) That for the school years 1988-1989 through 1999-2000 the child has already completed the studies ordinarily required in the tenth grade and that for the school years beginning with the 2000-2001 school year the child has already completed the studies ordinarily required to graduate from high school; or

(3) That it is the wish of the parent, guardian, or other person having control of the child, that the child attend for a period or periods not exceeding in the aggregate three hours in any week, a school for religious instruction conducted and maintained by some church, or association of churches, or any Sunday school association incorporated under the laws of this state, or any auxiliary thereof. This school for religious instruction shall be conducted and maintained in a place other than a public school building, and in no event, in whole or in part, shall be conducted and maintained at public expense. However, a child may be absent from school on such days as the child attends upon instruction according to the ordinances of some church.

Sec. 21. Minnesota Statutes 1986, section 123.35, subdivision 8, is amended to read:

Subd. 8. The board may establish and maintain public evening schools and adult and continuing education programs and such evening schools and adult and continuing education programs when so maintained shall be available to all persons over 16 years of age through the 1999-2000 school year and over 18 years of age beginning with the 2000-2001 school year who, from any cause, are unable to attend the full-time elementary or secondary schools of such district.

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Sec. 22. Minnesota Statutes 1987 Supplement, section 123.3515, subdivision 1, is amended to read:

Subdivision 1. **ESTABLISHMENT.** (a) An enrollment options program for school districts, in which a school district may voluntarily participate, is established under this section, and includes those districts not participating in the enrollment options program under section 8. A participating district must include all grade levels offered by the district. By formal resolution, a participating district must agree to:

- (1) allow its resident pupils to enroll in other participating districts;
- (2) accept nonresident pupils from other participating districts; and
- (3) follow the procedures in this section.

(b) A nonparticipating district shall notify the commissioner ~~each year by September 15 whether it will participate~~ 30 of its participation in the program during the following school year. ~~For the 1987-1988 school year, a district must notify the commissioner by July 1, 1987.~~

Sec. 23. Minnesota Statutes 1987 Supplement, section 123.3515, subdivision 2, is amended to read:

Subd. 2. **PUPIL APPLICATION.** A pupil who resides in a participating district may enroll according to this section in a participating nonresident district. The pupil's parent or guardian must apply to the nonresident district on a form provided by the department of education. The application must be submitted to the nonresident district by ~~December~~ January 1 for enrollment during the following school year. ~~For the 1987-1988 school year, an application must be submitted by August 1, 1987.~~

Sec. 24. Minnesota Statutes 1987 Supplement, section 123.3515, subdivision 3, is amended to read:

Subd. 3. **NONRESIDENT DISTRICT PROCEDURES.** Within ten days of receiving an application, a nonresident district shall notify the resident district that it has received the application. The nonresident district shall notify the parent or guardian and the resident district by February 1 whether the pupil's application has been approved or disapproved. ~~For the 1987-1988 school year, notification must occur by August 10, 1987.~~

Sec. 25. Minnesota Statutes 1987 Supplement, section 123.3515, subdivision 5, is amended to read:

Subd. 5. **RACIAL BALANCE.** A school district that has a desegregation plan may limit the number of pupils who transfer into or out of the district. An application to transfer into or out of a desegregation district shall be submitted to that district by ~~November~~ December 1 of each year for enrollment during the following school year. ~~For the 1987-1988 school year, an application must be~~

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~~submitted by August 1, 1987.~~ If approval of all of the applications would result in the district being out of compliance with its desegregation plan, the district shall establish the number of majority and minority group pupils who may transfer into or out of the district. The district may approve or disapprove the applications in a manner that will enable compliance with the desegregation plan. The district shall notify the parent or guardian by ~~November~~ December 20 whether the pupil's application has been approved or disapproved. ~~For the 1987-1988 school year, notification must occur by August 10, 1987.~~

Sec. 26. Minnesota Statutes 1987 Supplement, section 123.3515, subdivision 6, is amended to read:

~~Subd. 6. TRANSPORTATION. The nonresident district shall provide transportation within that district for nonresident pupils enrolled under this section. The state shall pay transportation aid to the district according to section 124.225. The resident district is not required to provide or pay for transportation between a pupil's residence and the border of the nonresident district.~~

A parent or guardian may apply to the nonresident district for reimbursement for transportation costs between the pupil's residence and the border of the nonresident district. The state board shall establish guidelines for reimbursing the transportation costs based on financial need. Chapter 14 does not apply to the guidelines.

Sec. 27. 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 General education aid, capital expenditure aid, and transportation aid attributable to pupils covered by programs under this section must be paid according to sections 33, 30, and 29, respectively.~~

Sec. 28. Minnesota Statutes 1986, section 124.18, subdivision 2, is amended to read:

~~Subd. 2. TUITION. Except as otherwise provided in law, every district which provides instruction in other districts and which receives foundation program aid shall pay to the district furnishing this elementary and secondary school instruction the actual cost thereof chargeable to maintenance exclusive of transportation costs.~~

There shall also be paid for capital outlay and debt service to the district providing such instruction \$10 per pupil unit in average daily membership for each nonresident pupil unit, except that every district educating nonresident pupils may charge and include in its tuition, for capital outlay and debt service, an amount per pupil unit in average daily membership based on the amount that the average expenditure for capital outlay and debt service determined by dividing such annual expenditure by the total number of pupil units in average

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daily membership in the district exceeds \$10 per pupil unit. If the district has no capital outlay or debt service the district receiving such funds may use them 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. 29. Minnesota Statutes 1986, section 124.225, is amended by adding a subdivision to read:

Subd. 81. ALTERNATIVE ATTENDANCE PROGRAMS. A district that serves nonresident pupils in programs under sections 8, 120.075, 120.0751, 120.0752, 123.3515, 126.22, and 129B.52 to 129B.55 shall provide authorized transportation to the pupil within the attendance area for the school that the pupil attends. The state shall pay transportation aid attributable to the pupil to the serving district according to this section. The district of the pupil's residence need not provide or pay for transportation between the pupil's residence and the district's border.

Sec. 30. Minnesota Statutes 1986, section 124.245, is amended by adding a subdivision to read:

Subd. 6. ALTERNATIVE ATTENDANCE PROGRAMS. The capital expenditure aid for districts must be adjusted for each pupil, excluding a handicapped pupil as defined in section 120.03, attending a nonresident district under sections 8, 120.075, 120.0751, 120.0752, 123.3515, 126.22, and 129B.52 to 129B.55. The adjustments must be made according to this subdivision.

(a) Capital expenditure aid paid to a district of the pupil's residence must be reduced by an amount equal to the revenue amount per actual pupil unit of the resident district times the number of pupil units of pupils enrolled in nonresident districts.

(b) Capital expenditure aid paid to a district serving nonresidents in programs listed in subdivision 1 must be increased by an amount equal to the revenue amount per actual pupil unit of the nonresident district times the number of pupil units of nonresident pupils enrolled in the district.

(c) If the amount of the reduction to be made from the capital expenditure aid of a district is greater than the amount of capital expenditure aid otherwise due the district, the excess reduction must be made from other state aids due the district.

Sec. 31. Minnesota Statutes 1987 Supplement, section 124.26, subdivision 1b, is amended to read:

Subd. 1b. PROGRAM REQUIREMENTS. An adult basic and continuing education program is a day or evening program offered by a district that is for people over 16 years of age through the 1999-2000 school year and over 18 years of age beginning with the 2000-2001 school year who do not attend an elementa-

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ry or secondary school. The program offers academic instruction necessary to earn a high school diploma or equivalency certificate. Tuition and fees may not be charged for instruction subsidized under this section, except for a security deposit to assure return of materials, supplies, and equipment.

Sec. 32. Minnesota Statutes 1986, section 124A.036, subdivision 2, is amended to read:

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

Sec. 33. Minnesota Statutes 1987 Supplement, section 124A.036, subdivision 5, is amended to read:

Subd. 5. **~~CERTAIN NONRESIDENTS~~ ALTERNATIVE ATTENDANCE PROGRAMS.** ~~The foundation general education aid for districts must be adjusted for each pupil, excluding a handicapped pupil as defined in section 120.03, attending a nonresident district under sections 8, 120.075, 120.0751, 120.0752, 123.3515, 126.22, and 129B.52 to 129B.55.~~ The adjustments must be made according to this subdivision.

(a) ~~Foundation General education aid paid to a resident district must be reduced by an amount equal to the formula allowance plus the total tier revenue per actual pupil unit of the resident district times the number of pupil units of pupils enrolled in a nonresident general education revenue exclusive of compensatory revenue attributable to the pupil in the resident district.~~

(b) ~~Foundation General education aid paid to a nonresident district serving a pupil in programs listed in this subdivision shall be increased by an amount equal to the formula allowance plus the total tier revenue per actual pupil unit of the nonresident district times the number of pupil units of nonresident pupils enrolled in that general education revenue exclusive of compensatory revenue attributable to the pupil in the nonresident district.~~

(c) ~~If the amount of the reduction to be made from the foundation general education aid of the resident district is greater than the amount of foundation general education aid otherwise due the district, the excess reduction must be made from other state aids due the district.~~

(d) The district of residence shall pay tuition to a district providing special instruction and services to a handicapped pupil, as defined in section 120.03, who is enrolled in a program listed in this subdivision. The tuition shall be equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for debt service and for capital expenditure facilities and equipment, and debt service but not including any amount

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for transportation, minus (2) the amount of special education aid, attributable to that pupil, that is received by the district providing special instruction and services.

Sec. 34. [124A.31] EQUITABLE COMPENSATION PENALTY.

Subdivision 1. IMPLEMENTATION. A school district subject to sections 471.991 to 471.999 shall implement the plan to establish equitable compensation relationships set forth in its report to the commissioner of employee relations. The plan shall be implemented by December 31, 1991, unless a later date is approved by the commissioner. If a report was filed before October 1, 1987, and had an implementation date after December 31, 1991, the date in the report shall be approved by the commissioner.

Subd. 2. AID REDUCTION FOR ADMINISTRATION COSTS. By October 1, 1992, 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 general education aid for fiscal year 1993 by an amount equal to five percent of the district's administration costs for the 1990-1991 school year. If the reduction exceeds the district's general education aid, the reduction shall be made from other aids paid to the district.

Subd. 3. ADJUSTMENT OF YEARS. The commissioners of employee relations and education shall adjust the years designated in subdivision 2 for school districts with implementation dates after December 31, 1991.

Subd. 4. EXTENSIONS. The commissioner of employee relations must extend an implementation date upon a finding that failure to implement was attributable to severe hardship or to circumstances beyond the control of the district.

Sec. 35. Minnesota Statutes 1986, section 125.12, subdivision 3, is amended to read:

Subd. 3. PROBATIONARY PERIOD. The first three consecutive years of a teacher's first teaching experience in Minnesota in a single school district shall be deemed to be a probationary period of employment, and after completion thereof, the probationary period in each school district in which the teacher is thereafter employed shall be one year. The school board shall adopt a plan for written evaluation of teachers during the probationary period. Effective July 1, 1988, evaluation shall occur ~~not less than~~ at least three times each year for a teacher performing services on 120 or more school days, at least two times each year for a teacher performing services on 60 to 119 school days, and at least one time each year for a teacher performing services on fewer than 60 school days. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school shall not be included in determining the number of school days on which a teacher performs services. During the probationary period any annual contract

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with any teacher may or may not be renewed as the school board shall see fit; provided, however, that the school board shall give any such teacher whose contract it declines to renew for the following school year written notice to that effect before June 1. If the teacher requests reasons for any nonrenewal of a teaching contract, the school board shall give the teacher its reason in writing, including a statement that appropriate supervision was furnished describing the nature and the extent of such supervision furnished the teacher during the employment by the board, within ten days after receiving such request. The school board may, after a hearing held upon due notice, discharge a teacher during the probationary period for cause, effective immediately, under section 123.35, subdivision 5.

Sec. 36. Minnesota Statutes 1986, section 125.17, subdivision 2, is amended to read:

Subd. 2. **PROBATIONARY PERIOD; DISCHARGE OR DEMOTION.** All teachers in the public schools in cities of the first class during the first three years of consecutive employment shall be deemed to be in a probationary period of employment during which period any annual contract with any teacher may, or may not, be renewed as the school board shall see fit. The school board shall adopt a plan for a written evaluation of teachers during the probationary period. Effective July 1, 1988, evaluation shall occur ~~not less than~~ at least three times each year for a teacher performing services on 120 or more school days, at least two times each year for a teacher performing services on 60 to 119 school days, and at least one time each year for a teacher performing services on fewer than 60 school days. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school shall not be included in determining the number of school days on which a teacher performs services. The school board may, during such probationary period, discharge or demote a teacher for any of the causes as specified in this code. A written statement of the cause of such discharge or demotion shall be given to the teacher by the school board at least 30 days before such removal or demotion shall become effective, and the teacher so notified shall have no right of appeal therefrom.

Sec. 37. Minnesota Statutes 1987 Supplement, section 126.22, subdivision 2, is amended to read:

Subd. 2. **ELIGIBLE STUDENTS PUPILS.** The following ~~students~~ pupils are eligible to participate in the high school graduation incentives program:

(a) any ~~student~~ pupil who is between the ages of 12 and 16 and who:

- (1) is at least two grade levels below the performance level for ~~students~~ pupils of the same age in a locally determined achievement test; or
- (2) is at least one year behind in obtaining credits for graduation; or
- (3) is pregnant or is a parent; or

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(4) has been assessed as chemically dependent; or

(5) has been absent from attendance at school without lawful excuse for ~~one or more class periods on~~ more than 15 consecutive school days in the preceding or current school year;

(b) any ~~student~~ pupil who is between the ages of 16 and 19 who is attending school, and who is at least two grade levels below the performance level for ~~students~~ pupils of the same age in a locally determined achievement test, or is at least one year behind in obtaining credits for graduation, or is pregnant or is a parent, or has been assessed as chemically dependent; or

(c) any person between 16 and 21 years of age who has not attended a high school program for at least 15 consecutive school days, excluding those days when school is not in session, and who is at least two grade levels below the performance level for ~~students~~ pupils of the same age in a locally determined achievement test, or is at least one year behind in obtaining credits for graduation, or has been assessed as chemically dependent.

Sec. 38. Minnesota Statutes 1987 Supplement, section 126.22, subdivision 3, is amended to read:

Subd. 3. **ELIGIBLE PROGRAMS.** ~~Students who are eligible to participate under subdivision 2 may enroll in the following programs:~~ (a) A pupil who is eligible according to subdivision 2, clause (a), (b), or (c), may enroll in any program approved by the state board of education under Minnesota Rules, part 3500.3500 or according to section 121.11, subdivision 12; ~~may enroll students who are eligible to participate under subdivision 2, clause (a), (b) or (c);~~

(b) ~~Students~~ A pupil who is eligible to participate under ~~according to~~ subdivision 2, clause (b) or (c), may enroll in post-secondary courses under section 123.3514; and,

(c) ~~Any public secondary education program may enroll any student~~ A pupil who is eligible ~~to participate~~ under subdivision 2, clause (a), (b), or (c), may enroll in any public secondary education program.

Sec. 39. Minnesota Statutes 1987 Supplement, section 126.22, subdivision 4, is amended to read:

Subd. 4. **STUDENT PUPIL ENROLLMENT.** Any eligible ~~student~~ pupil under subdivision 2 may apply to enroll in an eligible program under subdivision 3, using the form specified in section 120.0752, subdivision 2. Notwithstanding section 120.0752, approval of the resident district is not required for an eligible ~~student~~ pupil under subdivision 2 to enroll in a nonresident district ~~which that~~ has an eligible program under subdivision 3 or an area learning center established under section 129B.52. ~~A student enrolling in a program in a nonresident district under this section shall be considered a resident of that district.~~

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Sec. 40. Minnesota Statutes 1987 Supplement, section 126.22, is amended by adding a subdivision to read:

Subd. 7. AID ADJUSTMENTS. General education aid, capital expenditure aid, and transportation aid attributable to a pupil covered by programs under this section must be paid according to sections 33, 30, and 29, respectively.

Sec. 41. 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. Pupils for whom a district provides reimbursement may not be counted by the district for any purpose other than computation of basic revenue, according to section 124A.22, subdivision 2.

Sec. 42. [126.235] EDUCATIONAL PROGRAM FOR PREGNANT MINORS AND MINOR PARENTS.

Upon request, a school district must make available to a pregnant minor or a minor custodial parent an educational program to enable the minor to earn a high school diploma. The department of education shall develop program designs and provide districts with technical assistance. A district's educational program must use appropriate community services and must recognize each pupil's individual needs and parental responsibilities. The district shall designate at least one person to review quarterly each pupil's progress in the program.

If a pupil receives social services according to section 257.33 or employment and training services according to section 256.736, the district shall develop the pupil's educational program in consultation with the providers of the services and shall provide a liaison when necessary. The pupil may request that an adult, selected by the pupil, assist in developing the educational program.

Sec. 43. Minnesota Statutes 1986, section 126.56, subdivision 2, is amended to read:

Subd. 2. **ELIGIBLE STUDENT.** To be eligible for a scholarship, a student shall:

- (1) be a United States citizen or permanent resident of the United States;
- (2) be a resident of Minnesota;

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(2) (3) attend an eligible program;

(3) (4) have completed at least one year of secondary school but not have graduated from high school;

(4) (5) have earned at least a B average during the semester or quarter prior to application, or have earned at least a B average during the semester or quarter prior to application in the academic subject area applicable to the summer program the student wishes to attend; and

(5) (6) demonstrate need for financial assistance.

Sec. 44. Minnesota Statutes 1987 Supplement, section 126.67, subdivision 2b, is amended to read:

Subd. 2b. **DISTRICT ASSESSMENTS.** As part of the PER process, each year a district shall, in at least three grades, conduct assessments among at least a sample of pupils for each subject area in that year of the curriculum review cycle. The district's curriculum review cycle ~~for communication, mathematics, science, and social studies~~ shall not exceed ~~five~~ six years. Assessments may not be conducted in the same curriculum area for two consecutive years. The district may use tests from the assessment item bank, the local assessment program developed by the department, or other tests. As they become available, districts shall use state developed measures to assure state progress toward the state core curriculum. Funds are provided for districts that choose to use the local assessment program or the assessment item bank.

Sec. 45. Minnesota Statutes 1987 Supplement, section 129.121, subdivision 1, is amended to read:

Subdivision 1. The governing board of any high school may delegate the control, supervision and regulation of interscholastic athletics and other extracurricular activities referred to in section 123.38 to the Minnesota state high school league, a nonprofit incorporated voluntary association. Membership in said Minnesota state high school league shall be composed of such Minnesota high schools whose governing boards have certified in writing to the state commissioner of education that they have elected to delegate the control, supervision and regulation of their interscholastic athletic events and other extracurricular activities to said league. The Minnesota state high school league is hereby empowered to exercise the control, supervision and regulation of interscholastic athletics, musical, dramatic and other contests by and between pupils of the Minnesota high schools, delegated to it pursuant to this section. The Minnesota high school league may establish a policy or guidelines for the guidance of member high schools in the formation or alteration of athletic or other extracurricular conferences. Except as otherwise provided by subdivision 1a, the formation or alteration of conferences is voluntary.

The commissioner of education, or the commissioner's representative, shall be an ex officio nonvoting member of the governing body of the Minnesota state high school league, ~~with the same rights and privileges as other members of its~~

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governing body. The governing board must include the following members: four members of the public, at least one of whom must be an American Indian, Asian, Black, or Hispanic, and all of whom must be parents, appointed by the governor under section 15.0597; two members of the Minnesota association of secondary school principals selected by the association; and 14 members selected according to league bylaws. The board shall establish and adopt policies, make decisions on behalf of the league, and establish advisory committees necessary to carry out board functions. The terms, compensation, removal of members, and the filling of membership vacancies are governed by section 15.0575. Members of advisory committees shall be reimbursed only for expenses in the same manner as board members. The rules of ~~said~~ the league shall be exempt from the provisions of sections 14.02, 14.04 to 14.36, 14.38, 14.44 to 14.45, and 14.57 to 14.62.

Employees of the league shall be reimbursed only for expenses as authorized by the commissioner's plan for state employees adopted under section 43A.18, subdivision 2.

The league is specifically prohibited from having credit cards.

The executive director of the league shall have a department head expense account subject to the same limits and guidelines as those provided for the commissioner of education. The executive director shall expend money for entertainment or reimbursement of expenses of guests of the league only from this account.

The board shall establish a policy on the use of automobiles by league staff and shall show annually how league policy on the use of automobiles is the most cost-effective alternative available.

Sec. 46. Minnesota Statutes 1986, section 129.121, subdivision 2, is amended to read:

Subd. 2. Any school board is hereby authorized to expend moneys for and pay dues to the Minnesota state high school league and all moneys paid to such league, as well as moneys derived from any contest or other event sponsored by said league, shall be subject to an annual examination and audit by a ~~certified public accountant~~ or the state auditor.

Each year by September 1, the state auditor shall provide a financial and compliance audit to the legislature detailing the general financial condition and general status of the league as of July 31 of the year preceding the filing of the audit. Copies of the audit report must be filed with the commissioner of education, the chairs of the house and senate education committees and the director of the legislative reference library. The audit report must include the aggregate totals for all revenues and expenditures for the three preceding years and the current year and the percent and dollar difference in each of these four years. The following items must be audited in each instance: revenues from student activities, membership dues, publications, registration of officials and

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judges, interest, automobile sales, and other revenues including medals, refunds and reimbursements; and expenditures related to staff, the board of directors, student activities, capital outlay, office and other expenditures including membership services. The league must pay the state auditor for the costs of the audit.

Sec. 47. Minnesota Statutes 1986, section 129.121, is amended by adding a subdivision to read:

Subd. 2a. EMPLOYMENT. The league must adopt an affirmative action policy to ensure that employment positions within the league are equally accessible to all qualified persons and to eliminate the underutilization of protected groups as defined in section 43A.02, subdivision 33.

The league shall actively and publicly recruit qualified people to become employees of the league. It shall give special emphasis to recruiting members of protected groups. The league shall advertise available positions in newspapers of general circulation. The advertisement must contain a deadline for submitting applications that is at least 14 days after the date of the last advertisement. The league shall keep each application for at least six months and shall notify an applicant when a position, for which the applicant is qualified, becomes available.

Sec. 48. Minnesota Statutes 1986, section 129.121, is amended by adding a subdivision to read:

Subd. 2b. EQUITABLE COMPENSATION RELATIONSHIPS. The league shall be treated as a political subdivision for purposes of sections 471.992 to 471.999, except that the league must report to the commissioner of employee relations by February 1, 1989, on its implementation plan. No cause of action against the league arises before August 1, 1989, for failure to comply with the requirements of sections 471.992 to 471.999.

Sec. 49. Minnesota Statutes 1986, section 129.121, is amended by adding a subdivision to read:

Subd. 2c. DATA PRACTICES. The collection, creation, receipt, maintenance, dissemination, or use of information by the league is subject to the provisions of chapter 13.

Sec. 50. Minnesota Statutes 1987 Supplement, section 129B.11, subdivision 2, is amended to read:

Subd. 2. **ELIGIBILITY.** To be eligible for a grant, a group of districts must meet one of the following criteria:

- (1) create a consolidated district according to section 122.23, with the consolidated school district having at least 600 pupils in average daily membership;
- (2) establish an education district according to section 122.91;

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(3) form a group of districts that has an agreement under section 122.535 or 122.541 for discontinuing grades when the districts entering into the agreement have a total of at least 240 pupils in average daily membership in grades ten, 11, and 12; or

(4) enter into a joint powers agreement for a technology cooperative ~~where~~. The school districts in the cooperative are must be contiguous ~~but are significant distances apart so that other forms of cooperation are not practical and either of the following:~~

(i) there is a significant distance between buildings in the district so that other forms of cooperation are not practical, or

(ii) the districts have a combined area of at least 500 square miles.

Sec. 51. Minnesota Statutes 1987 Supplement, section 129B.11, is amended by adding a subdivision to read:

Subd. 2a. INTENTION TO CONSOLIDATE. A group of districts is eligible for a grant if each school board has adopted a resolution of intention to consolidate with the other districts in the group. If a grant is awarded to a group of districts under this subdivision, and if the group does not actually consolidate within 24 months of receiving the grant, the department of education shall withhold payment of all state aids until the amount of the grant has been recovered.

The state board of education may establish additional conditions to a grant awarded under this subdivision.

Sec. 52. **[129B.56] DESIGNATION AS CENTER.**

The commissioner of education, in cooperation with the state board of education, shall establish a process for state designation and approval of area learning centers that meet the provisions of Minnesota Statutes, sections 129B.52 to 129B.55.

The four area learning centers designated in 1988 as exemplary shall be subject to the state approval process beginning July 1, 1990.

Area learning center designation shall begin July 1, 1988.

Sec. 53. Minnesota Statutes 1986, section 134.351, subdivision 7, is amended to read:

Subd. 7. REPORTS. Each multicounty, multitype system receiving a grant pursuant to section 134.353 or section 134.354 shall provide an annual progress report to the department of education. The department shall report before November 15 of each even-numbered year to the legislature on all projects funded under section 134.353 and section 134.354.

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Sec. 54. Minnesota Statutes 1986, section 136D.81, is amended to read:

136D.81 DAKOTA AND GOODHUE COUNTY DISTRICTS, JOINT VOCATIONAL SCHOOL.

Subdivision 1. **AGREEMENTS.** Two or more of the special school district numbered 6 and the independent school districts numbered 191, 192, 194, 195, 196, 197, 199 ~~and~~ 200, 252, and 256, located wholly or partly in the ~~county~~ counties of Dakota or Goodhue, whether or not contiguous, may enter into agreements to accomplish jointly and cooperatively the acquisition, betterment, construction, maintenance, and operation of area vocational technical schools. Each school district which becomes a party to such an agreement is hereinafter referred to as a "participating school district." The agreement may provide for the exercise of such powers by the school board of one of the school districts on behalf of and for the benefit of other school districts, or by a joint school board created as set forth in sections 136D.81 to 136D.92. If the powers are to be carried out by one of the school districts, it shall in doing so have the same powers and duties and be subject to the same limitations as are herein provided for joint school boards.

Subd. 2. **HECB REVIEW.** No area vocational technical school shall be constructed pursuant to sections 136D.81 to 136D.92 until the location of such school and its program is first submitted for review and recommendation by the Minnesota higher education coordinating board.

Sec. 55. Minnesota Statutes 1986, section 260.015, subdivision 19, is amended to read:

Subd. 19. **HABITUAL TRUANT.** "Habitual truant" means a child under the age of 16 years through the 1999-2000 school year and under the age of 18 beginning with the 2000-2001 school year who is absent from attendance at school without lawful excuse for seven school days if the child is in elementary school or for one or more class periods on seven school days if the child is in middle school, junior high school, or high school.

Sec. 56. Minnesota Statutes 1987 Supplement, section 422A.101, subdivision 2, is amended to read:

Subd. 2. **CONTRIBUTIONS BY OR FOR CITY-OWNED PUBLIC UTILITIES, IMPROVEMENTS, OR MUNICIPAL ACTIVITIES.** Contributions by or for any city-owned public utility, improvement project and other municipal activities supported in whole or in part by revenues other than real estate taxes, any public corporation, any employing unit of metropolitan government, special school district No. 1 or Hennepin county, on account of any employee covered by the fund shall be calculated as follows:

(a) a regular employer contribution of an amount equal to the percentage rounded to the nearest two decimal places of the salaries and wages of all employees of the employing unit covered by the retirement fund which equals

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the difference between the level normal cost plus administrative cost reported in the annual actuarial valuation prepared by the commission-retained actuary and the employee contributions provided for in section 422A.10;

(b) an additional employer contribution of an amount equal to the percent specified in section 353.27, subdivision 3a, clause (a), multiplied by the salaries and wages of all employees of the employing unit covered by the retirement fund;

(c) a proportional share of an additional employer amortization contribution of an amount equal to \$3,900,000 annually until June 30, 2017, based upon the share of the fund's unfunded actuarial accrued liability attributed to the employer as disclosed in the annual actuarial valuation prepared by the commission-retained actuary.

The city council or any board or commission may, by proper action, provide for the inclusion of the cost of the retirement contributions for employees of any city-owned public utility or for persons employed in any improvement project or other municipal activity supported in whole or in part by revenues other than taxes who are covered by the retirement fund in the cost of operating the utility, improvement project or municipal activity. The cost of retirement contributions for these employees shall be determined by the retirement board and the respective governing bodies having jurisdiction over the financing of these operating costs.

The cost of the employer contributions on behalf of employees of special school district No. 1 who are covered by the retirement fund shall be the obligation of the school district. Contributions by the school district to the retirement fund or any other public pension or retirement fund of which its employees are members must be remitted to the fund each month. An amount due and not transmitted begins to accrue interest at the rate of six percent compounded annually 15 days after the date due. If the amount due plus interest is not paid 30 days after interest begins to accrue, a penalty equal to ten percent of the amount due is added, and interest then accrues on the penalty as well as the amount originally due. The retirement board shall prepare an itemized statement of the financial requirements of the fund payable by the school district, which shall be submitted prior to September 15. Contributions by the school district shall be made at times designated by the retirement board. The school district may levy for its contribution to the retirement fund only to the extent permitted pursuant to section 275.125, subdivision 6a.

The cost of the employer contributions on behalf of elective officers or other employees of Hennepin county who are covered by the retirement fund pursuant to section 422A.09, subdivision 3, clause (2), 422A.22, subdivision 2, or 488A.115, or Laws 1973, chapter 380, section 3, Laws 1975, chapter 402, section 2, or any other applicable law shall be the obligation of Hennepin county. The retirement board shall prepare an itemized statement of the financial requirements of the fund payable by Hennepin county, which shall be submitted prior to September

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15. Contributions by Hennepin county shall be made at times designated by the retirement board. Hennepin county may levy for its contribution to the retirement fund.

Sec. 57. Laws 1959, chapter 462, section 3, subdivision 4, as amended by Laws 1963, chapter 645, section 3, and Laws 1967, chapter 661, section 3, is amended to read:

Subd. 4. Not later than the ~~15th last day of the last month~~ of each fiscal year the board shall adopt and cause to be published two separate budgets, an operating budget and a capital budget for the subsequent fiscal year. The board shall adopt and publish standards governing the content of its budgets and of its annual report.

Sec. 58. HIGH SCHOOL LEAGUE SALARY REPORT.

The commissioner of employee relations shall report by January 15, 1989, to the chairs of the house and senate education committees and to the governing board of the Minnesota state high school league on the appropriate salary rate or range for the league director and the director's staff as if the positions were to be established in the state classified service.

Sec. 59. INITIAL APPOINTMENTS TO HIGH SCHOOL LEAGUE BOARD.

The governor shall make the initial appointments to the Minnesota state high school league's governing board before August 15, 1988. The governing board shall be fully constituted by August 30, 1988. The governor must begin the process of appointing four public members under Minnesota Statutes, section 15.0597, as soon as practicable after the effective date of this section to ensure that the governor's initial appointees are appointed to the board before August 15, 1988.

Sec. 60. BINDING ARBITRATION FOR SCHOOL DISTRICTS.

Notwithstanding Minnesota Statutes, section 179A.16, subdivision 1, if five years or more have elapsed since the expiration of the last collective bargaining agreement between a school board and the exclusive representative of the teachers, and if no successor agreement has been ratified by both parties, and if a request for binding interest arbitration is made by either the school board or the exclusive representative of the teachers, the director of the bureau of mediation services shall certify the request for binding interest arbitration within 15 days of the request. For each two-year contract term for which there has been no ratified successor agreement, including the contract term covering the date on which the request is made, the director shall certify, according to Minnesota Statutes, section 179A.16, subdivision 3, the matters as to which the parties have not reached agreement. Notwithstanding Minnesota Statutes, section 179A.16, subdivision 7, the arbitration panel shall be restricted to selecting between the final offer of one party or the other party in its entirety. Unless otherwise provided in this section, Minnesota Statutes, section 179A.16, applies to the interest arbitration.

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Sec. 61. LEARNING YEAR PROGRAM SITES.

Subdivision 1. PROGRAM ESTABLISHED FOR TWO YEARS. A program is established to designate learning year program sites for providing instruction throughout the entire year. The learning year programs may begin June 9, 1988, and end June 9, 1990. The programs must permit students in grades 9 through 12 to receive instruction throughout the entire year.

Students may participate in the program if they reside in:

(1) a district that has been designated a learning year program site under subdivision 2;

(2) a district that is a member of the same education district as a program site; or

(3) a district that participates in the same area learning center program as a program site.

Subd. 2. STATE BOARD DESIGNATION. Up to five districts may be designated learning year program sites by the state board of education. To be designated, a district must demonstrate to the commissioner of education that the district will:

(1) provide a program of instruction that permits students in grades 9 through 12 to receive instruction throughout the entire year; and

(2) maintain a record system that, for purposes of section 124.17, permits identification of membership attributable to students participating in the program. The purpose for identifying this membership is to ensure that a district will not be able to increase the total number of pupil units attributable to an individual student by providing a learning year program. The commissioner of education shall consult with the director of the education aids and levies section of the department of education when determining whether the record system of a participating district is adequate for this purpose.

Subd. 3. HOURS OF INSTRUCTION. Students participating in a program must be able to receive 4,200 hours of instruction so that they are able to complete the requirements of grades 9 through 12. If a student has not completed the graduation requirements of the district after completing 4,200 hours of instruction, the student may continue to enroll in courses needed for graduation until either the student meets the graduation requirements or the student is 21 years old, whichever occurs first.

For the purposes of Minnesota Statutes, section 120.101, subdivision 5, 1,020 hours of instruction shall constitute 170 days of instruction. Hours of instruction that occur between June 9 and June 30 shall be attributed to the fiscal year following the days of actual instruction.

Subd. 4. STUDENT PLANNING. A district must inform all junior and

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senior high school students and their parents about the learning year program. A continual learning plan for the 4,200 hours of education must be developed for each student with the participation of the student, parent or guardian, teachers, and other staff. The plan must identify the learning experiences needed for graduation and must specify the learning experiences that will occur each year. The student or district may modify the plan according to district schedule changes. The district may not modify the plan if the modification would result in delaying the student's time of graduation.

Subd. 5. TRANSPORTATION. Summer transportation expenditures for this program must be included in nonregular transportation according to Minnesota Statutes, sections 124.225, subdivision 8; and 275.125, subdivision 5c.

Subd. 6. CONTRACTS. A district may contract with a licensed employee to provide services in a learning year program that are in addition to the services provided according to the master contract of employment for teachers, entered into under chapter 179A, or an equivalent contract for licensed employees who are not teachers. These additional services and compensation, if any, for the services shall not become a part of the employee's continuing contract rights under Minnesota Statutes, section 125.12 or 125.17. The duration of a contract is negotiable, but may not extend beyond June 9, 1990.

Subd. 7. REVENUE COMPUTATION AND REPORTING. Aid and levy revenue computations shall be based on the total number of hours of education programs for pupils in average daily membership for each fiscal year. For purposes of section 124.17, average daily membership shall be computed by dividing the total number of hours of participation for the fiscal year by 1,050. Hours of participation that occur between June 9 and June 30 shall be attributed to the fiscal year following the hours of actual participation. Thirty hours may be used for teacher workshops, staff development, or parent-teacher conferences. As part of each pilot program, the department of education, the commissioner of education, and each district must report and evaluate the changes needed to adjust the dates of the fiscal year for aid and levy computation and fiscal reporting. For revenue computation purposes, the learning year program shall generate revenue based on the formulas for the fiscal year in which the services are provided.

State aid and levy revenue computation for the learning year programs begins July 1, 1988, for fiscal year 1989.

Subd. 8. EXEMPTION. To operate the pilot program, the state board of education may exempt the district from specific rules relating to student and financial accounting, reporting, and revenue computation.

Sec. 62. HIBBING, TOWER, VIRGINIA, GRAND RAPIDS SCHOOL DISTRICT BONDS.

Subdivision 1. AUTHORIZATION. Independent school district No. 701, Hibbing, may issue bonds in an aggregate principal amount not exceeding

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\$3,500,000, and independent school district No. 708, Tower, may issue bonds in an aggregate principal amount not exceeding \$1,000,000, and independent school district No. 706, Virginia, may issue bonds in an aggregate principal amount not exceeding \$2,500,000, and independent school district No. 318, Grand Rapids, may issue bonds in an aggregate principal amount not exceeding \$1,000,000, in addition to any bonds already issued or authorized, to provide funds to construct, equip, furnish, remodel, rehabilitate, and acquire land for school facilities and buildings. They may spend the proceeds of the bond sale for those purposes and any architects', engineers', and legal fees incidental to those purposes or the sale. Except as permitted by this section, the bonds shall be authorized, issued, sold, executed, and delivered in the manner provided by Minnesota Statutes, chapter 475. A resolution of the board levying taxes for the payment of the bonds and interest on them as authorized by this section and pledging the proceeds of the levies for the payment of the bonds and interest on them shall be deemed to be in compliance with the provisions of chapter 475 with respect to the levying of taxes for their payment.

Subd. 2. APPROPRIATION. There is annually appropriated from the distribution of taconite production tax revenues to the taconite environmental protection fund pursuant to section 298.28, subdivision 11, and to the northeast Minnesota economic protection trust pursuant to section 298.28, subdivisions 9 and 11, in equal shares, an amount sufficient to pay when due 80 percent of the principal and interest on the bonds issued pursuant to subdivision 1. If the annual distribution to the northeast Minnesota economic protection trust is insufficient to pay its share after fulfilling any obligations of the trust under section 298.225 or 298.293, the deficiency shall be appropriated from the taconite environmental protection fund.

Subd. 3. DISTRICT OBLIGATIONS. Bonds issued under authority of this section shall be the general obligations of the school district, for which its full faith and credit and unlimited taxing powers shall be pledged. If there are any deficiencies in the amount received pursuant to subdivision 2, they shall be made good by general levies, not subject to limit, on all taxable properties in the district in accordance with Minnesota Statutes, section 475.74. If any deficiency levies are necessary, the school board may effect a temporary loan or loans on certificates of indebtedness issued in anticipation of them to meet payments of principal or interest on the bonds due or about to become due.

Subd. 4. DISTRICT LEVY. The school board shall by resolution levy on all property in the school district subject to the general ad valorem school tax levies, and not subject to taxation under Minnesota Statutes, sections 298.23 to 298.28, a direct annual ad valorem tax for each year of the term of the bonds in amounts that, if collected in full, will produce the amounts needed to meet when due 20 percent of the principal and interest payments on the bonds. A copy of the resolution shall be filed, and the necessary taxes shall be extended, assessed, collected, and remitted in accordance with Minnesota Statutes, section 475.61.

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Subd. 5. LEVY LIMITATIONS. Taxes levied pursuant to this section shall be disregarded in the calculation of any other tax levies or limits on tax levies provided by other law.

Subd. 6. BONDING LIMITATIONS. Bonds may be issued under authority of this section notwithstanding any limitations upon the indebtedness of a district, and their amounts shall not be included in computing the indebtedness of a district for any purpose, including the issuance of subsequent bonds and the incurring of subsequent indebtedness.

Subd. 7. TERMINATION OF APPROPRIATION. The appropriation authorized in subdivision 2 shall terminate upon payment or maturity of the last of those bonds.

Subd. 8. LOCAL APPROVAL. This section is effective for independent school district No. 701 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3, and for independent school district No. 708 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3, and for independent school district No. 706 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3, and for independent school district No. 318 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 63. SCHOOL DISTRICT NO. 710 BONDS.

Subdivision 1. AUTHORIZATION. Independent school district No. 710, St. Louis county, may issue bonds in an aggregate principal amount not exceeding \$1,000,000, in addition to any bonds already issued or authorized, to provide funds to construct, equip, furnish, remodel, rehabilitate, and acquire land for school facilities and buildings. The district may spend the proceeds of the bond sale for those purposes and any architects', engineers', and legal fees incidental to those purposes or the sale. Except as permitted by this section, the bonds shall be authorized, issued, sold, executed, and delivered in the manner provided by Minnesota Statutes, chapter 475. A resolution of the board levying taxes for the payment of the bonds and interest on them as authorized by this section and pledging the proceeds of the levies for the payment of the bonds and interest on them shall be deemed to be in compliance with the provisions of chapter 475 with respect to the levying of taxes for their payment.

Subd. 2. APPROPRIATION. There is annually appropriated from the distribution of taconite production tax revenues to the taconite environmental protection fund pursuant to section 298.28, subdivision 11, and to the northeast Minnesota economic protection trust pursuant to section 298.28, subdivisions 9 and 11, in equal shares, an amount sufficient to pay when due 100 percent of the principal and interest on the bonds issued pursuant to subdivision 1. If the annual distribution to the northeast Minnesota economic protection trust is insufficient to pay its share after fulfilling any obligations of the trust under section 298.225 or 298.293, the deficiency shall be appropriated from the taconite environmental protection fund.

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Subd. 3. DISTRICT OBLIGATIONS. Bonds issued under authority of this section shall be the general obligations of the school district, for which its full faith and credit and unlimited taxing powers shall be pledged. If there are any deficiencies in the amount received pursuant to subdivision 2, they shall be made good by general levies, not subject to limit, on all taxable properties in the district in accordance with Minnesota Statutes, section 475.74. If any deficiency levies are necessary, the school board may effect a temporary loan or loans on certificates of indebtedness issued in anticipation of them to meet payments of principal or interest on the bonds due or about to become due.

Subd. 4. LEVY LIMITATIONS. Taxes levied pursuant to this section shall be disregarded in the calculation of any other tax levies or limits on tax levies provided by other law.

Subd. 5. BONDING LIMITATIONS. Bonds may be issued under authority of this section notwithstanding any limitations upon the indebtedness of a district, and their amounts shall not be included in computing the indebtedness of a district for any purpose, including the issuance of subsequent bonds and the incurring of subsequent indebtedness.

Subd. 6. TERMINATION OF APPROPRIATION. The appropriation authorized in subdivision 2 shall terminate upon payment or maturity of the last of those bonds.

Subd. 7. LOCAL APPROVAL. This section is effective for independent school district No. 710 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 64. ENVIRONMENTAL LEARNING CENTER.

Notwithstanding any law to the contrary, a county in which a facility is located that qualifies for a tax credit pursuant to section 298.24, subdivision 4, is authorized to issue general obligation bonds in a principal amount up to \$1,700,000. The bonds shall be issued pursuant to chapter 475 except the requirements of section 475.58 shall not apply and the amount of the bonds shall not be counted in computing any net debt limitation imposed by chapter 475, or any other law. The proceeds of the bond issue may be expended for the purchase of land and construction of facilities for an environmental learning center. The environmental learning center shall annually make payment in a sum sufficient to repay the annual principal and interest due on the bonds and reimburse the county for any costs incurred in the issuance of the bonds; provided that the county and the environmental learning center may negotiate a payment schedule based on level periodic payments which, in total, would be sufficient to amortize the principal and interest of the bonds over their entire term and compensate the county for the difference in the timing of the payments and the actual amortization requirements of the bonds' repayment schedule. If the environmental learning center fails to make the payments required, there is appropriated from the Northeast Minnesota Economic Protection Trust an amount sufficient to repay any remaining interest and principal due on the bonds. The amount of any payment from the Northeast Minnesota Economic Protection Trust is a lien against the property that is purchased and improved with the proceeds of the bond.

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Sec. 65. REPEALER.

Minnesota Statutes 1986, section 121.9121, subdivision 7; Minnesota Statutes 1987 Supplement, sections 123.703, subdivision 3; 129B.74; and 129B.75; and Laws 1984, chapter 463, article 7, section 45, are repealed effective July 1, 1988. Section 60 is repealed July 1, 1989. Section 8, subdivision 1, and Minnesota Statutes 1987 Supplement, section 123.3515, are repealed June 30, 1990.

Sec. 66. EFFECTIVE DATE.

Sections 1, 2, 3, 4, 5, 6, 7, 43, 56, 57, and 59 are effective the day following final enactment.

Section 54 is effective the day following final enactment. A district specified in section 54 located wholly or partly in Goodhue county may become a participating district upon adoption of an approving resolution by its school board and the board of intermediate school district No. 917, upon compliance with Minnesota Statutes, section 136D.85, and upon execution of an agreement with the board of intermediate school district No. 917.

Section 8 is effective for the 1989-1990 school year and thereafter.

After December 31, 1993, the provisions of Minnesota Statutes, section 92.67, subdivisions 1 and 3, apply only to sales made under section 6, subdivision 4, clause (a)(5).

ARTICLE 8**EDUCATION FACILITIES****Section 1. [121.148] SCHOOL DISTRICT CONSTRUCTION.**

Subdivision 1. POSITIVE REVIEW AND COMMENT. If the commissioner submits a positive review and comment for a proposal according to section 121.15, the school board may proceed with the construction according to the requirements of applicable laws.

Subd. 2. NEGATIVE REVIEW AND COMMENT. If the commissioner submits a negative review and comment for a proposal according to section 121.15, the school board, by resolution of the board, shall reconsider construction. If, upon reconsideration, the school board decides to proceed with construction, it may initiate proceedings for issuing bonds to finance construction under sections 475.51 to 475.76. Unless 60 percent of the voters at the election approve of issuing the obligations, the board is not authorized to issue the obligations.

Sec. 2. Minnesota Statutes 1986, section 121.15, is amended to read:

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121.15 REVIEW AND COMMENT FOR SCHOOL DISTRICT CONSTRUCTION.

Subdivision 1. **CONSULTATION.** A school district shall consult with the ~~department commissioner~~ of education before developing any plans and specifications to construct, remodel, or improve the building or site of an educational facility, other than an area vocational technical institute, for which the estimated cost exceeds \$100,000. This consultation shall occur before a referendum for bonds, solicitation for bids, or use of capital funds expenditure facilities revenue according to section ~~275.125, subdivision 11a, clause (e), is initiated section 4, subdivision 6, clause (2).~~

Subd. 2. **PLAN SUBMITTAL.** The ~~department of education commissioner~~, after the consultation required in subdivision 1, may require a school district ~~engaging in a construction, remodeling, or site improvement project~~ to submit the following for approval:

(a) two sets of preliminary plans for each new building or addition, and

(b) one set of final plans for each construction, remodeling, or site improvement project. The ~~department of education commissioner~~ shall approve or disapprove the plans within 60 days after submission. ~~A school district shall not award contracts before the department approves the plans.~~

Final plans shall meet all applicable state laws, rules, and codes concerning public buildings, including sections 16B.59 to 16B.73. ~~The department of education's approval shall be limited to compliance with applicable state laws, rules, and codes and shall reasonably conform to the recommended educational standards established by the department of education.~~ The department may furnish to a school district plans and specifications for temporary school buildings containing two classrooms or less.

Subd. 3. **FINAL PLANS.** If ~~no a~~ construction contract has not been awarded within two years of approval, the approval shall ~~no longer not~~ be valid. After approval, final plans and the approval shall be filed with the ~~department commissioner~~ of education. If substantial changes are made to approved plans after final approval, documents reflecting the changes shall be submitted to the ~~department of education commissioner~~ for approval. Upon completing a project, the school board shall certify to the ~~department commissioner~~ that the project was completed according to the approved plans.

Subd. 4. **CONDEMNATION OF SCHOOL BUILDINGS.** The ~~department of education commissioner~~ may condemn school buildings and sites ~~which~~ that the state board of education determines are unfit or unsafe for that use.

Subd. 5. **RULEMAKING.** The state board of education may adopt rules for public school buildings.

Subd. 6. **REVIEW AND COMMENT.** No referendum for bonds or solici-

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tation of bids for new construction, expansion, or remodeling of an educational facility ~~which that~~ requires a ~~capital an~~ expenditure in excess of \$400,000 per school site shall be initiated prior to review and comment by the commissioner. A school board shall not separate portions of a single project into components to avoid the requirements of this subdivision.

Subd. 7. **INFORMATION REQUIRED.** A school board proposing to construct a facility described in subdivision 6 shall submit to the commissioner a proposal containing information including at least the following:

(a) the geographic area proposed to be served, whether within or outside the boundaries of the school district;

(b) the ~~population~~ people proposed to be served, including census findings and projections for the next ten years of the number of preschool and school-aged people in the area;

(c) the reasonably anticipated need for the facility or service to be provided;

(d) a description of the construction in reasonable detail, including: the ~~capital~~ expenditures contemplated; the estimated annual operating cost, including the anticipated salary and number of new staff necessitated by the proposal; and an evaluation of the energy efficiency and effectiveness of the construction, including estimated annual energy costs;

(e) ~~so far as is known, a description of~~ a description of existing facilities within the area to be served ~~that offer the same or similar service and within school districts adjacent to the area to be served;~~ the extent to which existing facilities or services are used; the extent to which alternate space is available from other sources, including other school districts, post-secondary institutions for higher education, or other public buildings; and the anticipated effect that the ~~proposal~~ facility will have on existing facilities and services;

(f) the anticipated benefit of the facility to the area ~~that will result from the facility;~~

(g) if known, the relationship of the proposed construction to any priorities ~~which that~~ have been established for the area to be served;

(h) the availability and manner of financing the facility and the estimated date to begin and complete the facility; ~~and~~

(i) desegregation requirements that cannot be met by any other reasonable means; and

(j) the relationship of the proposed facility to the cooperative integrated learning needs of the area.

Subd. 8. **REVIEW OF PROPOSALS.** In reviewing each proposal, the commissioner shall submit to the school board, within 60 days of receiving the

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proposal, the review and comment about the educational and economic advisability of the project. The review and comment shall be based on information submitted with the proposal and other information the commissioner determines is necessary. If the commissioner submits a negative review and comment for a portion of a proposal, the review and comment shall clearly specify which portion of the proposal received a negative review and comment and which portion of the proposal received a positive review and comment.

Subd. 9. **PUBLICATION.** At least 20 days but not more than 60 days before a referendum for bonds or solicitation of bids to construct a facility described in subdivision 6, the school board shall publish the commissioner's review and comment in a the legal newspaper of general circulation in the area the district. Supplementary information shall be available to the public.

Subd. 10. **REPORT.** Before January 15 of each year, the commissioner shall report to the legislature about the number and nature of proposals for projects submitted according to this section, the nature of the review and comment on the educational and economic advisability of the project, and any recommendations.

Sec. 3. 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, 4, 475.61, and 475.65, a school district may not permanently transfer money from (1) an operating fund to a nonoperating fund; (2) a 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 4~~ section 41a 4, 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. 4. **[124.243] CAPITAL EXPENDITURE; FACILITIES.**

Subdivision 1. A school board shall, by resolution adopted by a two-thirds vote of its governing body and after notice and hearing, adopt a capital expenditure facilities program. The district shall publish notice of the hearing in its

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official newspaper at least 20 days before the hearing. The program shall include plans for repair and restoration of existing district-owned facilities and plans for new construction. The program shall include specific provisions to correct any existing health and safety hazards. The program must set forth the facilities to be improved, a schedule of work not more than five years from the adoption or amendment of the program, the estimated cost of the improvements to be made, and the proposed methods of financing the program. The program must be reviewed by the district biennially before July 1 of each odd-numbered year, after notice and hearing. After the review, the program may be amended to include the ensuing five-year period.

Subd. 2. CAPITAL EXPENDITURE FACILITIES REVENUE. Capital expenditure facilities revenue for a district equals the lesser of:

(1) \$137 times its actual pupil units for the school year; or

(2) the difference between \$400 times the actual pupil units for the school year and the unreserved balance in the capital expenditure facilities account on June 30 of the second prior school year. For the purpose of determining revenue for the 1989-1990 and the 1990-1991 school years, the unreserved balance in the capital expenditure facilities account on June 30 of the second prior school year is zero.

Subd. 3. CAPITAL EXPENDITURE FACILITIES LEVY. To obtain capital expenditure facilities revenue, a district may levy an amount not to exceed the capital expenditure facilities revenue determined in subdivision 2 multiplied by the lesser of one, or the ratio of:

(1) the quotient derived by dividing the adjusted assessed valuation of the district for the year preceding the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable, to

(2) 75 percent of the equalizing factor for the school year to which the levy is attributable.

Subd. 4. ALTERNATE LEVY. If a district's capital expenditure facilities revenue is less than \$137 times the actual pupil units for the school year, the levy shall be the following amount:

(1) the levy determined in subdivision 3, times

(2) the ratio of the capital expenditure facilities revenue to an amount equal to \$137 times the actual pupil units.

Subd. 5. CAPITAL EXPENDITURE FACILITIES AID. A district's capital expenditure facilities aid is the difference between the capital expenditure facilities revenue and the capital expenditure facilities levy. If the district does not levy the entire amount permitted, the aid is reduced in proportion to the actual amount levied. Capital expenditure facilities aid must not be reduced as a result of the reduction in capital expenditure facilities levy under section 3.

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Subd. 6. USES OF REVENUE. Capital expenditure facilities revenue may be used only for the following purposes:

- (1) to acquire land for school purposes;
- (2) to acquire or construct buildings for school purposes, if approved by the commissioner of education according to applicable statutes and rules;
- (3) to rent or lease buildings, including the costs of building repair or improvement that are part of a lease agreement;
- (4) to equip, reequip, improve, and repair school sites, buildings, and permanent attached fixtures;
- (5) for a surplus school building that is used substantially for a public nonschool purpose;
- (6) to eliminate barriers or increase access to school buildings by handicapped individuals;
- (7) to bring school buildings into compliance with the uniform fire code adopted according to chapter 299F;
- (8) to remove asbestos from school buildings, encapsulate asbestos, or make asbestos-related repairs;
- (9) to clean up and dispose of polychlorinated biphenyls found in school buildings;
- (10) to clean up, remove, dispose of, and make repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296.01;
- (11) for energy audits for school buildings and to modify buildings if the audit indicates the cost of the modification can be recovered within ten years;
- (12) to improve buildings that are leased according to section 123.36, subdivision 10;
- (13) to pay special assessments levied against school property but not to pay assessments for service charges;
- (14) to pay principal and interest on state loans for energy conservation according to section 116J.37 or loans made under the northeast Minnesota economic protection trust fund act according to sections 298.292 to 298.298; and
- (15) to purchase or lease interactive telecommunications equipment.

Subd. 7. SEPARATE ACCOUNT. Capital expenditure facilities revenue must be placed in a separate account within the capital expenditure fund.

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Subd. 8. FUND TRANSFERS. Money in the account for capital expenditure facilities revenue must not be transferred into any other account or fund, except that the school board may, by resolution, transfer money into the debt redemption fund to pay the amounts needed to meet, when due, principal and interest payments on certain obligations issued according to chapter 475.

Subd. 9. FUND ALLOCATION. Capital expenditure facilities revenue may be allocated to the capital expenditure fund or the debt redemption fund. Each year a district shall notify the department about the amount of the capital expenditure facilities revenue to be allocated to each fund. The department shall calculate the aid and levy for each fund and reduce the debt service levy of the district by the amount of the levy allocated to the debt redemption fund.

Subd. 10. INTEREST INCOME. All interest income attributable to the capital expenditure facilities revenue account must be credited to the account.

Sec. 5. Minnesota Statutes 1987 Supplement, section 124.244, is amended to read:

124.244 CAPITAL EXPENDITURE EQUIPMENT REVENUE.

Subdivision 1. REVENUE AMOUNT. The capital expenditure equipment revenue for each district equals ~~\$153~~ \$70 times its actual pupil units counted according to section 124.17, subdivision 1, for the school year.

Subd. 2. CAPITAL EXPENDITURE EQUIPMENT LEVY. To obtain capital expenditure equipment revenue, a district may levy an amount not to exceed ~~three mills times the adjusted assessed valuation of the district for the preceding year~~ the district's capital expenditure equipment revenue as determined in subdivision 1 multiplied by the lesser of one, or the ratio of:

(1) the quotient derived by dividing the adjusted assessed valuation of the district for the year preceding the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable, to

(2) 75 percent of the equalizing factor for the school year to which the levy is attributable.

Subd. 3. CAPITAL EXPENDITURE EQUIPMENT AID. A district's capital expenditure equipment aid is the difference between the capital expenditure equipment revenue and the capital expenditure equipment levy. If a district does not levy the entire amount permitted, capital expenditure equipment aid must be reduced in proportion to the actual amount levied. Capital expenditure equipment aid must not be reduced as a result of a reduction of its capital expenditure equipment levy under section 6.

Subd. 4. USES OF REVENUE. Capital expenditure equipment revenue may be used only for the following purposes:

(1) to acquire land for school purposes;

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(2) to acquire or construct buildings for school purposes, if approved by the commissioner of education according to applicable statutes and rules;

(3) to rent or lease buildings for school purposes;

(4) to equip, reequip, improve, and repair school sites, buildings and permanent attached fixtures;

(5) to eliminate barriers or increase access to school buildings by handicapped individuals;

(6) to bring school buildings into compliance with the uniform fire code adopted according to chapter 299F;

(7) to remove asbestos from school buildings, encapsulate asbestos, or make asbestos-related repairs;

(8) to clean up and dispose of polychlorinated biphenyls found in school buildings;

(9) to clean up, remove, dispose of, and make repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296.01;

(10) for energy audits for school buildings and to make modifications if the audit indicates the costs can be recovered within ten years;

(11) to improve buildings that are leased according to section 123.36, subdivision 10;

(12) to pay special assessments levied against school property but not to pay assessments for service charges;

(13) to pay capital expenditure equipment related assessments of an educational cooperative service unit any entity formed under a cooperative agreement between two or more districts;

(14) to pay principal and interest on state loans for energy conservation according to section 116J.37 or loans made under the northeast Minnesota economic protection trust fund act according to sections 298.292 to 298.298;

(15) (2) to purchase or lease computers and related materials, copying machines, and telecommunications equipment, and other noninstructional equipment;

(16) (3) to purchase or lease equipment for secondary vocational education programs or senior secondary industrial arts instructional programs; and

(17) (4) to purchase textbooks;

(5) to purchase library books; and

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(6) to purchase vehicles except those for which a levy is authorized under section 275.125, subdivision 5f.

Sec. 6. **[124.2445] PURCHASE OF CERTAIN EQUIPMENT.**

The board of a school district may issue certificates of indebtedness or capital notes subject to the school district debt limits to purchase vehicles other than school buses, computers, telephone systems, cable equipment, photocopy and office equipment, technological equipment for instruction, and other capital equipment having an expected useful life at least as long as the terms of the certificates or notes. The certificates or notes must be payable in not more than five years and must be issued on the terms and in the manner determined by the board. A tax levy must be made for the payment of the principal and interest on the certificates or notes, in accordance with section 475.61, as in the case of bonds. That tax levy for each year must not exceed the amount of the district's capital expenditure equipment levy under section 124.244 for the year the initial debt service levies are certified. The district's capital expenditure levy under section 124.244 for each year must be reduced by the amount of the tax levies for debt service certified for each year for payment of the principal and interest on the certificates or notes as required by section 475.61.

Sec. 7. Minnesota Statutes 1986, section 124.43, subdivision 1, is amended to read:

Subdivision 1. **REVIEW BY COMMISSIONER.** ~~(a) To the extent moneys are from time to time available hereunder,~~ The commissioner may, after review and a favorable recommendation by the state board of education, recommend to the legislature capital loans to school districts. Proceeds of the loans shall be used only for sites for school buildings and for acquiring, bettering, furnishing, or equipping school buildings under contracts to be entered into within 12 months from and after the date on which each loan is granted. ~~Applications with the accompanying data specified in subdivision 2 shall be filed between October 1 of any year and the following June 1.~~

(b) Any school board ~~which~~ that intends to submit an application for a capital loan shall submit a proposal to the commissioner for review and comment pursuant to section 121.15 by September 1 of any year, and the commissioner shall prepare a review and comment on the proposed facility, regardless of the amount of the capital expenditure required to construct the facility. The state board shall not make a favorable recommendation on an application for a capital loan for any facility unless:

(1) the facility receives a ~~favorable~~ positive review and comment pursuant to section 121.15; and

(2) the state board determines that

(A) the facilities are needed to replace facilities dangerous to the health and safety of pupils, or to provide for pupils for whom no adequate facilities exist;

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(B) the facilities could not be made available through dissolution and attachment of the district to another district or through pairing, interdistrict cooperation, or consolidation with another district, or through the purchase or lease of facilities from existing institutions within the area. The preference of the school district regarding reorganization shall not be a criterion used by the state board in determining whether the facilities could be made available through reorganization;

(C) the facilities are comparable in size and quality to facilities recently constructed in other districts of similar enrollment; and

(D) the district's need for the facilities is comparable to needs ~~which~~ that comparable districts are meeting through local bond issues.

The state board may recommend that the loan be approved in a reduced amount in order to meet the foregoing criteria. If the state board recommends that a loan not be approved, the commissioner shall not recommend approval of the loan. If the state board recommends that the loan be approved in a reduced amount, the commissioner shall not recommend approval of a loan larger than that recommended by the state board.

(c) As part of reviewing an application for a capital loan, the commissioner of education shall prepare estimated yearly repayments by the school district and the estimated amount of principal and interest that may be forgiven after the term of the loan. These estimates shall assume no growth in assessed valuation over the term of the loan, shall assume a ~~16 mill~~ levy equal to 16 mills times the adjusted assessed value, and shall be prepared using a methodology approved by the commissioner of finance. The commissioner of education shall use a discount factor provided by the commissioner of finance in determining the present value of the estimated amount of interest and principal which may be forgiven after the term of the loan.

(d) No loan shall be recommended for approval for any district exceeding an amount computed as follows:

(1) The amount ~~would~~ requested by the district under subdivision 2;

(2) Plus the aggregate principal amount of general obligation bonds of the district outstanding on the date of approval June 30 of the year following the year the application was received, not exceeding the limitation on net debt of the district in section 475.53, subdivision 4, or 24 percent of the adjusted assessed value, whichever is less;

(3) Less the maximum net debt permissible for the district ~~on the date of approval~~ on December 1 of the year the application is received, under the limitation in section 475.53, subdivision 4, or 24 percent of the most recent adjusted assessed value available at the time of application, whichever is less; and

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(4) Less any amount by which the amount voted exceeds the total cost of the facilities for which the loan is granted, as estimated in accordance with subdivision 4, provided that the loan may be approved in an amount computed as provided in clauses (1) to (3), subject to subsequent reduction in accordance with this clause.

Sec. 8. Minnesota Statutes 1986, section 124.43, subdivision 2, is amended to read:

Subd. 2. **DISTRICT PROCEDURES.** The school board of any district desiring a capital loan shall adopt a resolution stating the amount proposed to be borrowed, the purpose for which the debt is to be incurred, and an estimate of the dates when the facilities for which the loan is requested will be contracted for and completed. ~~The question of authorizing the borrowing of funds for the facilities shall be submitted to the voters of the district at a regular or special election. The question submitted shall state the total amount to be borrowed from all sources. A majority of those voting on the question shall be sufficient to authorize the district to effect the state loan application and also to issue the bonds on public sale in accordance with chapter 475.~~ Applications for loans shall be accompanied by (a) a copy of the resolution, and (b) a certificate by the clerk showing the vote at the election, (c) a certificate by the clerk and treasurer showing the then outstanding indebtedness of the district; and (d) a certificate by the county auditor of each county in which a portion of the district lies showing the information in the auditor's official records which is required to be used in computing the debt limit of the district under section 475.53, subdivision 4. The clerk's and treasurer's certificate shall show, as to each outstanding bond issue, the amount originally issued, the purpose for which issued, the date of issue, the amount remaining unpaid as of the date of the resolution, and the interest rates and due dates and amounts of principal thereon. Applications shall be in the form and accompanied by the additional data which the commissioner and state board of education prescribe. Applications must be received by the commissioner by December 1 of any year. When an application is received, the commissioner shall obtain from the commissioner of revenue, and from the public utilities commission when required, the information in their official records which is required to be used in computing the debt limit of the district under section 475.53, subdivision 4.

Sec. 9. Minnesota Statutes 1986, section 124.43, subdivision 3, is amended to read:

Subd. 3. **AWARD OF LOANS RECOMMENDATIONS OF THE COMMISSIONER.** The commissioner shall examine and consider all applications for capital loans which have been recommended by the state board of education, and ~~if any applicant district is promptly notify any district found not qualified it shall be promptly notified thereof by the state board of the state board's decision.~~ The commissioner shall make recommendations concerning each capital loan to the education committees of both houses of the legislature by February 1 of each year. The commissioner shall also report on the funds remaining in

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the capital loan account, and if necessary, request that another bond issue be authorized. On January 1 and July 1 of each year, the commissioner shall make a determination on all pending applications which have been on file with the commissioner more than one month. If an applicant is qualified in the opinion of the commissioner and the aggregate of the amounts applied for does not exceed the amount available or which can be made available in the capital loan account, all loans so applied for shall be granted, subject to acceptance by the respective districts as specified below. If the aggregate exceeds the amount which is or can be made available, the commissioner shall allot the available amount among the qualified applicant districts, or any of them, according to the commissioner's judgment and discretion based upon their respective needs. The commissioner shall promptly certify to each qualified applicant district the amount, if any, of the capital loan granted to it, subject to adjustment under subdivision 1, clause (4).

Sec. 10. Minnesota Statutes 1986, section 124.43, is amended by adding a subdivision to read:

Subd. 3a. LEGISLATIVE ACTION. Each capital loan must be approved in law.

If the aggregate amount of the capital loans exceeds the amount that is or can be made available, the commissioner shall allot the available amount among any number of qualified applicant districts, according to the commissioner's judgment and discretion, based upon the districts' respective needs.

Sec. 11. Minnesota Statutes 1986, section 124.43, is amended by adding a subdivision to read:

Subd. 3b. DISTRICT REFERENDUM. Upon receipt of the review and comment on the project, the question authorizing the borrowing of funds for the facilities must be submitted by the school board to the voters of the district at a regular or special election. The question submitted shall state the total amount to be borrowed from all sources. Approval of a majority of those voting on the question is sufficient to authorize the issuance of the obligations on public sale in accordance with chapter 475. However, no capital loan is available to the district until the capital loan is approved in law and the question is approved by a majority of the voters of the district at a regular or special election. The district shall mail to the commissioner of education a certificate by the clerk showing the vote at the election.

Sec. 12. [124.477] BOND ISSUE; MAXIMUM EFFORT SCHOOL LOANS; 1988.

To provide money to be loaned to school districts as agencies and political subdivisions of the state to acquire and to better public land and buildings and other public improvements of a capital nature, in the manner provided by the maximum effort school aid law, the commissioner of finance shall issue and sell school loan bonds of the state of Minnesota in the maximum amount of

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\$20,000,000, in addition to the bonds already authorized for this purpose. The same amount is appropriated to the maximum effort school loan fund and must be spent under the direction of the commissioner of education to make debt service loans and capital loans to school districts as provided in sections 124.36 to 124.47. The bonds must be issued and sold and provision for their payment must be made according to section 124.46. Enough money to pay interest on the bonds to and including July 1 in the second year after the date of issue must be credited from the bond proceeds to the school loan bond account in the state bond fund. Expenses incidental to the sale, printing, execution, and delivery of the bonds, including, but without limitation, actual and necessary travel and subsistence expenses of state officers and employees for those purposes, must be paid from the maximum effort school loan fund, and the money necessary for the expenses is appropriated from that fund.

Sec. 13. Minnesota Statutes 1987 Supplement, section 124.494, subdivision 4, is amended to read:

Subd. 4. **AWARD OF GRANTS.** The commissioner shall examine and consider all applications for grants, and if any joint powers district is found not qualified, the commissioner shall promptly notify that joint powers board. On ~~January 1 and~~ July 1 of each year 1988, the commissioner shall make a ~~determination on all pending applications that awards to no more than two qualified applicants whose applications~~ have been on file with the commissioner more than one month. ~~If the applicants are determined to be qualified by the commissioner and the total amount of the grants applied for does not exceed the amount available or that can be made available in the incentive grant account, all grants so applied for shall be approved; A grant award is~~ subject to verification by the joint powers districts as specified in subdivision 6. If the total amount of the approved applications exceeds the amount that is or can be made available, the commissioner shall allot the available amount among equally between the qualified approved applicant districts; ~~according to the commissioner's judgment and discretion based upon their respective needs.~~ The commissioner shall promptly certify to each qualified joint powers district the amount, if any, of the grant awarded to it.

Sec. 14. Minnesota Statutes 1987 Supplement, section 124.494, subdivision 5, is amended to read:

Subd. 5. **REFERENDUM; BOND ISSUE.** Within 90 days after being awarded a grant under subdivision 4, the joint powers board shall submit the question of authorizing the borrowing of funds for the secondary facility to the voters of the joint powers district at a special election, which may be held in conjunction with the annual election of the school board members of the member districts. The question submitted shall state the total amount of funding needed from all sources. A majority of those voting in the affirmative on the question is sufficient to authorize the joint powers board to accept the grant and to issue the bonds on public sale in accordance with chapter 475. The clerk of the joint powers board must certify the vote of the bond election to the commis-

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sioner of education. If the ~~bonds are authorized~~ question is approved by the voters, the commissioner shall notify the ~~county auditor of each county in which the joint powers district is located~~ approved applicant districts that the grant amount certified under subdivision 4 is available and appropriated for payment of principal and interest on the bonds issued under this subdivision, and the ~~auditor shall reduce the joint powers district's debt service levies accordingly under this subdivision.~~ If a majority of those voting on the question do not vote in the affirmative, the grant must be canceled.

Sec. 15. Minnesota Statutes 1987 Supplement, section 124.494, subdivision 6, is amended to read:

Subd. 6. **CONTRACT.** Each grant must be evidenced by a contract between the joint powers board and the state acting through the commissioner. ~~If The contract~~ obligates the state to pay to the joint powers board an amount computed according to subdivision 4, upon receipt by the commissioner of a certified resolution of the joint powers board verifying that contracts have been entered into for construction or remodeling of the facilities for which the grant is awarded and that bonds of the joint powers district have been issued and sold in the amount necessary to pay all project costs in excess of the amount of the grant, and estimating the costs and according to a schedule, and terms and conditions acceptable to the commissioner of finance.

Sec. 16. **[124.4945] LEVY FOR SEVERANCE PAY.**

A joint powers board established under section 124.494 may make a levy to provide severance pay and early retirement incentives under section 125.611, for any teacher as defined under section 125.12, subdivision 1, who is placed on unrequested leave as a result of the cooperative secondary facility agreement. A joint powers board making a levy shall certify to each participating district tax levies sufficient to raise the amount necessary to provide the district's portion of severance pay and early retirement incentives. The tax levy certified to each district must be expressed as a mill rate, that, when applied to the adjusted assessed valuation of all of the participating districts raises the amount necessary to provide severance pay and early retirement incentives. Each participating school district shall include the levy in the next tax roll which it shall certify to the county auditor, and shall remit the collections of the levy to the joint powers board.

Sec. 17. Minnesota Statutes 1987 Supplement, section 124.495, is amended to read:

124.495 STATE BOND AUTHORIZATION.

To provide money for the cooperative secondary facilities grant program, the commissioner of finance, upon the request of the commissioner of education, shall issue and sell bonds of the state up to the amount of ~~\$8,000,000~~ \$16,000,000 in the manner, upon the terms and with the effect prescribed by sections 16A.631 to 16A.675 and the Minnesota Constitution, article XI, sections 4 to 7.

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Sec. 18. [124.82] BUILDING CONSTRUCTION DOWN PAYMENT PROGRAM.

Subdivision 1. CREATION OF A DOWN PAYMENT ACCOUNT. A school district may create a down payment account as a separate account in its construction fund. All proceeds from the down payment levy must be deposited in the capital expenditure fund and transferred to this account. Interest income attributable to the down payment account must be credited to the account.

Subd. 2. USES OF THE ACCOUNT. Money in the down payment account must be used as a down payment for the future costs of acquisition and betterment for a project that has been reviewed under section 121.15 and has been approved according to subdivision 3.

Subd. 3. FACILITIES DOWN PAYMENT LEVY REFERENDUM. A district may levy the millage approved by a majority of the electors voting on the question to provide funds for a down payment for an approved project. The election must take place no more than five years before the estimated date of commencement of the project. The referendum must be held on a date set by the school board. A referendum for a project not receiving a positive review and comment by the commissioner under section 121.15 must be approved by at least 60 percent of the voters at the election. The referendum may be called by the school board and may be held:

(1) separately, before an election for the issuance of obligations for the project under chapter 475; or

(2) in conjunction with an election for the issuance of obligations for the project under chapter 475; or

(3) notwithstanding section 475.59, as a conjunctive question authorizing both the down payment levy and the issuance of obligations for the project under chapter 475. Any obligations authorized for a project may be issued within five years of the date of the election.

The ballot must provide a general description of the proposed project, state the estimated total cost of the project, state whether the project has received a positive or negative review and comment from the commissioner of education, state the maximum amount of the down payment levy in mills, state the amount that will be raised by that millage in the first year it is to be levied, and state the maximum number of years that the levy authorization will apply.

The ballot must contain a textual portion with the information required in this section and a question stating substantially the following:

"Shall the down payment levy proposed by the board of School District No. be approved?"

If approved, the amount provided by the approved millage applied to each year's taxable valuation may be certified for the number of years approved.

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In the event a conjunctive question proposes to authorize both the down payment levy and the issuance of obligations for the project, appropriate language authorizing the issuance of obligations must also be included in the question.

The district must notify the commissioner of education of the results of the referendum.

Subd. 4. EXCESS BUILDING CONSTRUCTION FUND LEVY PROCEEDS. Any funds remaining in the down payment account that are not applied to the payment of the costs of the approved project before its final completion must be transferred to the district's debt redemption fund.

Sec. 19. [124.83] CAPITAL EXPENDITURE; HEALTH AND SAFETY.

Subdivision 1. HEALTH AND SAFETY PROGRAM. To receive health and safety revenue a district must submit to the commissioner of education an application for aid and levy by August 15 in the previous school year. The application may be for hazardous substance removal, fire code compliance, or life safety repairs. The application must include a health and safety program adopted by the school district board. The program must include the estimated cost of the program by fiscal year.

Subd. 2. CONTENTS OF PROGRAM. A district may adopt a health and safety program. The program may include plans for hazardous substance removal, fire code compliance, or life safety repairs.

A hazardous substance plan must contain provisions for the removal or encapsulation of asbestos from school buildings or property, asbestos-related repairs, cleanup and disposal of polychlorinated biphenyls found in school buildings or property, and cleanup, removal, disposal, and repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel, oil, and special fuel, as defined in section 296.01. If a district has already developed a plan for the removal or encapsulation of asbestos, a new plan is not necessary for purposes of this section.

A fire safety plan must contain a description of the current fire code violation, a plan for the removal or repair of the fire hazard, and a description of safety preparation and awareness procedures to be followed until the hazard is fully corrected.

A life safety plan must contain a description of the life safety hazard and a plan for its removal or repair.

Subd. 3. HEALTH AND SAFETY REVENUE. A district's health and safety revenue equals the approved cost of the health and safety program 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.

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Subd. 4. HEALTH AND SAFETY LEVY. To receive health and safety revenue, a district may levy an amount equal to the district's health and safety revenue as defined in subdivision 3 multiplied by the lessor of one, or the ratio of:

(1) the quotient derived by dividing the adjusted assessed valuation of the district for the year preceding the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable, to

(2) 75 percent of the equalizing factor for the school year to which the levy is attributable.

Subd. 5. HEALTH AND SAFETY AID. A district's health and safety aid is the difference between its health and safety revenue and its health and safety levy. If a district does not levy the entire amount permitted, health and safety aid must be reduced in proportion to the actual amount levied.

Subd. 6. USES OF HEALTH AND SAFETY REVENUE. Health and safety revenue may be used only for expenditures necessary to correct fire safety hazards, life safety hazards, or for the removal or encapsulation of asbestos from school buildings or property, asbestos-related repairs, cleanup and disposal of polychlorinated biphenyls found in school buildings or property, or the cleanup, removal, disposal, and repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296.01.

Subd. 7. PRORATION. In the event that the health and safety 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. 20. Minnesota Statutes 1986, section 275.125, is amended by adding a subdivision to read:

Subd. 4a. DOWN PAYMENT LEVY. A school district may levy the amount authorized for a down payment levy according to section 18.

Sec. 21. Minnesota Statutes 1986, section 275.125, is amended by adding a subdivision to read:

Subd. 11d. EXTRA CAPITAL EXPENDITURE LEVY FOR LEASING BUILDINGS. When a district finds it economically advantageous to rent or lease a building for a secondary vocational cooperative program and it determines that the capital expenditure facilities revenues authorized under section 4 are insufficient for this purpose, it may apply to the commissioner for permission to make an additional capital expenditure levy for this purpose. An application for permission to levy under this subdivision must contain financial justification for the proposed levy, the terms and conditions of the proposed lease, and a description of the space to be leased and its proposed use. The criteria for approval of applications to levy under this subdivision must include:

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the reasonableness of the price, the appropriateness of the space to the proposed activity, the feasibility of transporting pupils to the leased building, conformity of the lease to the laws and rules of the state of Minnesota, and the appropriateness of the proposed lease to the space needs and the financial condition of the district. The commissioner must not authorize a levy under this subdivision in an amount greater than the cost to the district of renting or leasing a building for approved purposes. The proceeds of this levy must not be used for leasing or renting a facility owned by a district or for custodial or other maintenance services.

Sec. 22. Laws 1987, chapter 400, section 59, is amended to read:

Sec. 59. **REPEALER.**

Sections 33 to ~~35~~ 36 are repealed June 30, 1989.

Sec. 23. **CAPITAL LOANS.**

Subdivision 1. LOAN TO MILACA SCHOOL DISTRICT. A capital loan in an amount not to exceed \$4,791,000 to independent school district No. 912, Milaca, is approved.

Subd. 2. LOAN TO HOLDINGFORD SCHOOL DISTRICT. A capital loan in an amount not to exceed \$1,087,000 to independent school district No. 738, Holdingford, is approved.

Subd. 3. LOAN TO REDWOOD FALLS SCHOOL DISTRICT. A capital loan in an amount not to exceed \$5,838,000 to independent school district No. 637, Redwood Falls, is approved.

Sec. 24. **DEBT SERVICE.**

The legislature estimates that the amount that will need to be transferred from the general fund to the state bond fund to pay principal and interest due and to become due on state general obligation bonds issued for the cooperative secondary facilities grant program authorized by the amendment to Minnesota Statutes, section 124.495, contained in this article will be \$608,900 for the fiscal year ending June 30, 1989.

Sec. 25. **[1988 LEVY FOR LEASING BUILDINGS.]**

A district may levy in 1988 the amount the district would have been authorized to levy in 1987 for the cost of renting or leasing buildings according to Minnesota Statutes, section 275.125, subdivision 12, had the authority to levy for this purpose not been repealed.

Sec. 26. **APPROPRIATION.**

\$8,000,000 is appropriated from the state building fund to the commissioner of education for fiscal year 1988 for grants to districts under the cooperative

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secondary facilities grant program according to Minnesota Statutes, section 124.494. This appropriation is in addition to the amount appropriated by Laws 1987, chapter 400, section 16, subdivision 4.

Sec. 27. **REPEALER.**

Minnesota Statutes 1986, section 124.435; Minnesota Statutes 1987 Supplement, sections 124.245, subdivisions 3, 3a, and 3b; and 275.125, subdivision 11c, are repealed effective for the 1989-1990 school year.

Sec. 28. **EFFECTIVE DATES.**

Sections 1 and 2 are effective the day following final enactment for projects that have not been submitted to the department for review and comment under Minnesota Statutes 1986, section 121.15. Sections 6 to 18, 20, 23, 24, and 26, are effective the day following final enactment. Sections 4, 5, and 19 are effective for revenue for the 1989-1990 school year and thereafter.

Approved May 6, 1988

CHAPTER 719—H.F.No. 2590

An act relating to the financing of government in Minnesota; changing tax rates and bases; modifying the administration, collection, and enforcement of taxes; imposing taxes; changing the computation, administration, and payment of aids, credits, and refunds; limiting taxing powers; transferring and imposing governmental powers and duties; making technical corrections and clarifications; providing bonding authority to Hennepin county, Ramsey county, the city of Little Falls, and the city of Shafer; authorizing establishment of special service districts in the cities of Robbinsdale, Minneapolis, and White Bear Lake; imposing penalties; appropriating money and reducing appropriations; amending Minnesota Statutes 1986, sections 62E.13, by adding a subdivision; 69.031, subdivision 3; 183.411, subdivisions 1, 3, and by adding a subdivision; 183.466; 183.51, subdivisions 4, 7, and 10; 237.075, subdivision 8; 256.72; 256.81; 256.82, subdivision 1; 256.863; 256.871, subdivision 6; 256.935, subdivision 1; 256.991; 256B.041, subdivisions 5 and 7; 256B.05, subdivision 1; 256B.19, subdivision 2; 256D.03, subdivision 6; 256D.04; 256D.36, subdivision 1; 270.075, subdivision 2; 270.41; 270.70, subdivision 1; 271.01, subdivision 5; 273.01; 273.05, subdivision 1; 273.061, subdivision 2; 273.112, subdivisions 3 and 6; 273.121; 273.124, subdivisions 1 and 6; 273.13, by adding a subdivision; 273.1315; 273.40; 275.07, by adding a subdivision; 275.08, by adding subdivisions; 275.51, subdivision 3f, and by adding a subdivision; 277.05; 277.06; 279.01, subdivision 3; 287.21, by adding a subdivision; 290.01, by adding subdivisions; 290.06, by adding a subdivision; 290.067, subdivision 1; 290.39, by adding a subdivision; 290.50, subdivision 3; 290.92, subdivision 21; 290.931, subdivision 1; 290.934, subdivisions 1, 3, and by adding a subdivision; 290A.03, subdivision 7; 290A.04, by adding a subdivision; 297.01, by adding a subdivision; 297.03, subdivision 12, and by adding a subdivision; 297.041, subdivision 1; 297.06, subdivisions 1, 2, 3, and by adding a subdivision; 297.08, subdivision 1; 297.12, subdivision 1; 297.35, by adding a subdivision; 297A.15, subdivisions 1 and 5;

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