

completion of the draft annual housing impact report. The notice must include a request for comments on the draft annual housing impact report within the 30 days following the notice, and the date, time, and location of the public hearing on the draft annual housing impact report, to be held within 15 to 30 days following the date of notice. Copies of the notice must be sent to the neighborhood and citizen participation organizations, district planning councils, housing referral and information services, shelters, homeless and tenants advocacy groups, and legal aid offices in the city where the displaced low-income housing was located. Copies of the notice and the draft annual housing impact report must be submitted to the state planning agency and the Minnesota housing finance agency.

Subd. 6. FINAL ANNUAL HOUSING IMPACT REPORT. In preparing and approving a final annual housing impact report, a government unit subject to this section must consider comments received during the comment period and at the public hearing on the draft report. The final report shall be prepared within 30 days following the deadline for receipt of comments on the draft annual housing impact report. The government unit shall publish notice of the final annual housing impact report in a newspaper of general circulation in the city. Copies of the notice must be sent to neighborhood and citizen participation organizations, district planning councils, housing referral and information services, shelters, homeless and tenants advocacy groups, and legal aid offices in the city where the displaced low-income housing was located. Copies of the notice and the draft annual housing impact report must be submitted to the state planning agency and the Minnesota housing finance agency.

Sec. 3. [504.35] REPLACEMENT HOUSING REQUIRED.

A government unit which displaces ten or more units of low-income housing in a city of the first class as defined in section 410.01 and is subject to section 2 must provide the replacement housing within 36 months following the date of the final annual housing impact report, unless there is an adequate supply of available and unoccupied low-income housing units to meet the demand for the replacement housing in the city where housing has been displaced by the government unit.

Presented to the governor May 30, 1989

Signed by the governor June 2, 1989, 12:10 p.m.

CHAPTER 329—H.F.No. 654

An act relating to education; providing for general education revenue, transportation, special programs, community education, school facilities and equipment, education organization and cooperation, access to education excellence, school breakfast programs, sexual harassment and violence policies, libraries, state education agencies, education agency serv-

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

ices, Faribault academies, center for arts education, providing for limits on open enrollment; appropriating money; amending Minnesota Statutes 1988, sections 16A.1541; 16B.60, subdivision 6; 43A.08, subdivision 1a; 120.06, by adding a subdivision; 120.062, subdivisions 4, 5, and 6; 120.17, subdivisions 3, 3b, and 11a; 121.11, subdivisions 7, 12, and 14; 121.15, subdivision 2; 121.612; 121.88, subdivisions 8, 9, and 10; 121.882, subdivision 2; 121.904, subdivision 4a, and by adding a subdivision; 121.908, subdivision 5; 121.912, by adding a subdivision; 121.931, subdivisions 3, 4, and 7; 121.934, subdivision 2; 121.935, subdivision 6; 121.936, subdivision 4a; 122.23, by adding a subdivision; 122.41; 122.43, subdivision 1; 122.532, subdivisions 3 and 4, and by adding a subdivision; 122.541; 122.91, subdivisions 1, 3, 5, and by adding subdivisions; 122.92; 122.93, subdivision 2, and by adding subdivisions; 122.94, subdivision 1, and by adding a subdivision; 122.95, subdivision 2, and by adding a subdivision; 123.33, subdivision 7; 123.3514, subdivisions 4c, 5, 7, 10, and by adding a subdivision; 123.36, subdivisions 1 and 13, as amended; 123.39, by adding a subdivision; 123.58, subdivisions 4 and 9; 124.155, subdivisions 1 and 2; 124.19, subdivision 5, and by adding a subdivision; 124.195, subdivisions 8 and 9; 124.2131, subdivision 1; 124.223; 124.225; 124.243, subdivisions 2, 3, and by adding a subdivision; 124.244, subdivisions 1 and 2; 124.245, subdivision 3b; 124.252, subdivision 3; 124.26, subdivisions 1c and 7, and by adding a subdivision; 124.2711, subdivision 1 and 3; 124.2721; 124.273, subdivisions 4 and 5; 124.32, subdivision 1b; 124.38, subdivision 7; 124.43, subdivision 1; 124.494, subdivision 2; 124.573, subdivisions 2 and 2b, and by adding subdivisions; 124.574, subdivisions 2b, 4, and 5; 124.575, subdivisions 2 and 3, and by adding a subdivision; 124.82, subdivision 3; 124.83, subdivisions 3, 4, and 6; 124A.03, subdivision 2; 124A.036, by adding a subdivision; 124A.22, subdivisions 1, 2, 5, 6, 8, and 9, and by adding subdivisions; 124A.23, subdivision 1; 124A.28, subdivision 1; 124A.29; 126.151, subdivision 2; 126.22, subdivisions 2 and 3, and by adding a subdivision; 126.23; 126.56, subdivision 4, and by adding a subdivision; 126.661, by adding a subdivision; 126.663, subdivisions 2 and 3; 126.67, subdivisions 5 and 8; 128A.09; 129.121, by adding subdivisions; 129B.41; 129B.42; 129B.44; 129B.45; 129B.46; 129C.10; 134.31, by adding a subdivision; 134.33, subdivision 1; 134.34, subdivisions 1, 2, and 3; 136D.22, subdivision 1; 136D.27, subdivision 1; 136D.72, subdivision 1; 136D.74, subdivision 2; 136D.82, subdivision 1; 136D.87, subdivision 1; 141.25, subdivision 8; 141.26, subdivision 5; 171.29, subdivision 2; 273.1102, subdivision 3; 273.1398, subdivision 6; 275.011, subdivision 1; 275.125, subdivisions 5, 5b, 5c, 5e, 6e, 6h, 6i, 8b, 8e, 9, 9a, 9b, 9c, 11d, 14a, and by adding a subdivision; 275.14; 297A.25, subdivision 11; 326.03, subdivision 2; 354.094, subdivision 1 and 2; 354.66, subdivision 4; 354A.091, subdivision 1 and 2; 354A.094, subdivision 4; 363.01, by adding a subdivision; 363.06, subdivision 3; 363.073, subdivision 1; 422A.101, subdivision 2; 465.71; 471.38, subdivision 3; Laws 1959, chapter 462, section 3, subdivision 10, as amended; Laws 1965, chapter 705, as amended; Laws 1976, chapter 20, section 4; Laws 1988, chapter 719, article 5, section 84; proposing coding for new law in Minnesota Statutes, chapters 121; 122; 123; 124; 124A; 126; 127; 129B; repealing Minnesota Statutes 1988, sections 120.05, subdivision 1; 120.062, subdivision 8; 120.13; 120.15; 120.16; 120.77; 121.09; 121.12; 121.151; 121.35, subdivision 5; 121.496, subdivision 1; 121.83; 121.84; 121.843; 121.844; 121.845; 121.86; 121.882, subdivision 10; 121.902, subdivision 2; 121.9121, subdivision 6; 121.914, subdivisions 9 and 10; 122.86; 122.87; 122.88; 122.96; 123.3511; 123.3512; 123.581, subdivisions 1 and 6; 123.60; 123.601; 123.68; 123.702; 123.703; 123.704; 123.705; 124.12, subdivision 1; 124.2138, subdivisions 3 and 4; 124.217; 124.243, subdivision 4; 124.271, subdivisions 2b, 3, 4, and 7; 124.496; 124A.27, subdivision 7; 125.241, subdivision 3; 125.60, subdivision 7; 126.03; 126.07; 126.10; 126.11; 126.39, subdivision 11; 126.52, subdivi-

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

sion 11; 126.70, subdivision 3; 126.80; 126.81; 129B.11; 129B.47; 129B.48; 134.33, subdivision 1; 134.34, subdivision 5; 275.125, subdivisions 6f and 8; and 275.128; and Laws 1988, chapter 718, article 5, section 4; and article 7, section 61.

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

ARTICLE 1

GENERAL EDUCATION REVENUE

Section 1. Minnesota Statutes 1988, section 16A.1541, is amended to read:

16A.1541 **ADDITIONAL REVENUES; PRIORITY.**

If on the basis of a forecast of general fund revenues and expenditures the commissioner of finance determines that there will be a positive unrestricted budgetary general fund balance at the close of the biennium, the commissioner of finance must allocate money to the budget and cash flow reserve account until the total amount in the account equals \$550,000,000 five percent of total general fund appropriations for the current biennium as established by the most recent legislative session after reducing the property tax levy recognition percent under section 121.904, subdivision 4a to 27 percent.

The amounts necessary to meet the requirements of this section are appropriated from the general fund.

Sec. 2. Minnesota Statutes 1988, section 124.19, subdivision 5, is amended to read:

Subd. 5. **SCHEDULE ADJUSTMENTS.** (a) It is the intention of the legislature to encourage efficient and effective use of staff and facilities by school districts. School districts are encouraged to consider both cost and energy saving measures.

(b) Notwithstanding the provisions of subdivision 1 or 4, any district, ~~including a district~~ operating a program pursuant to sections 120.59 to 120.67 or 129B.42 to 129B.47, or operating a commissioner-designated area learning center program under section 129B.56, or that otherwise receives the approval of the commissioner to operate its instructional program to avoid an aid reduction in any year, may adjust the annual school schedule for that program throughout the calendar year so long as the number of instructional hours in the year is not less than the number of instructional hours per day specified in the rules of the state board multiplied by the minimum number of instructional days required by subdivision 1.

Sec. 3. Minnesota Statutes 1988, section 124.19, is amended by adding a subdivision to read:

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

Subd. 7. ALTERNATIVE PROGRAMS. (a) This subdivision applies to an alternative program that has been approved by the state board of education pursuant to Minnesota Rules, part 3500.3500, as exempt from Minnesota Rules, part 3500.1500, requiring a school day to be at least six hours in duration.

(b) To receive general education revenue for a pupil in an alternative program, a school district must meet the requirements in this paragraph. The program must be approved by the commissioner of education. In approving a program, the commissioner may use the process used for approving state designated area learning centers under section 129B.56.

(c) In addition to the requirements in paragraph (b), to receive general education revenue for a pupil in an alternative program that has an independent study component, a school district must meet the requirements in this paragraph.

For a course having an independent study component, the pupil must complete coursework and receive credit for each course for which the aid is claimed.

The school district must develop with the pupil a continual learning plan for the pupil. A district must allow a minor pupil's parent or guardian to participate in developing the plan, if the parent or guardian wants to participate. The plan must identify the learning experiences and expected outcomes needed for satisfactory credit for the year and for graduation. The plan must be updated each year.

General education revenue for a pupil in an approved alternative program without an independent study component must be prorated for a pupil participating for less than a full school year, or its equivalent.

General education revenue for a pupil in an approved alternative program that has an independent study component must be prorated for a pupil receiving fewer than six credits in a year.

For an alternative program having an independent study component, the commissioner shall require a description of the courses in the program, the kinds of independent study involved, the expected learning outcomes of the courses, and the means of measuring student performance against the expected outcomes.

A credit for a year in an approved alternative program shall, for the purposes of audit, be considered to be 170 hours of teacher contact time and independent study time.

Sec. 4. Minnesota Statutes 1988, section 124A.03, subdivision 2, is amended to read:

Subd. 2. **REFERENDUM LEVY.** (†) (a) The levy authorized by section 124A.23, subdivision 2, may be increased in ~~any~~ the amount ~~that is~~ approved by the voters of the district at a referendum called for the purpose. The referen-

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

dum may be called by the school board or shall be called by the school board upon written petition of qualified voters of the district. ~~The referendum shall be held on a date set by the school board. Only two elections may be held to approve a levy increase that will commence in a specific school year. The referendum must be held on the first Tuesday after the first Monday in November.~~ The ballot shall state the maximum amount of the increased levy ~~in mills as a percentage of net tax capacity~~, the amount that will be raised by that tax capacity rate in the first year it is to be levied, and that the tax capacity rate shall be used to finance school operations. The ballot may designate a specific number of years for which the referendum authorization shall apply. The ballot may contain a textual portion with the information required in this subdivision and a question stating substantially the following:

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

If approved, the amount provided by the approved tax capacity rate applied to ~~each year's gross~~ the net tax capacity for the year preceding the year the levy is certified shall be authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the district at a subsequent referendum.

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

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

(4) ~~(c)~~ A petition authorized by ~~clause (2) paragraph (a) or (b)~~ paragraph (a) or (b) shall be effective if signed by a number of qualified voters in excess of ~~five~~ 15 percent of the ~~residents~~ registered voters of the school district ~~as determined by the most recent census on the day the petition is filed with the school board.~~ A ~~revocation or reduction~~ referendum invoked by petition shall be held ~~within three months of submission of the petition to the school board on the date specified in paragraph (a).~~

(5) ~~(d)~~ Notwithstanding any law to the contrary, The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this subdivision.

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

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

Sec. 5. Minnesota Statutes 1988, section 124A.22, subdivision 1, is amended to read:

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

Sec. 6. Minnesota Statutes 1988, 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 \$2,755 for the 1988-1989 school year. The formula allowance is \$2,800~~ \$2,838 for fiscal year 1990. The formula allowance for subsequent fiscal years is \$2,953.

Sec. 7. Minnesota Statutes 1988, section 124A.22, is amended by adding a subdivision to read:

Subd. 2a. ELIGIBILITY FOR INCREASE. Notwithstanding subdivision 2 or any other law to the contrary, if a school board and the bargaining unit of the teachers in a school district have not ratified a contract by January 15, 1990, for the two-year period ending June 30, 1991, the district is no longer eligible for \$25 of the formula allowance for fiscal year 1990. The total amount of money that would have been paid to districts that are not eligible according to this subdivision shall be allocated to eligible districts according to the number of actual pupil units in all of the eligible districts.

Sec. 8. Minnesota Statutes 1988, section 124A.22, subdivision 5, is amended to read:

Subd. 5. **DEFINITIONS.** The definitions in this subdivision apply only to subdivision 6.

(a) "High school" means a secondary school that has pupils enrolled in at least the 10th, 11th, and 12th grades. If there is no secondary school in the district that has pupils enrolled in at least the 10th, 11th, and 12th grades, the commissioner shall designate one school in the district as a high school for the purposes of this section.

(b) "Secondary average daily membership" means, for a district that has only one high school, the average daily membership of resident pupils in grades 7 through 12. For a district that has more than one high school, "secondary average daily membership" for each high school means the product of the average daily membership of resident pupils in grades 7 through 12 in the high school, times the ratio of six to the number of grades in the high school.

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

(c) "Attendance area" means the total surface area of the district, in square miles, divided by the number of high schools in the district.

(d) "Isolation index" for a high school means the square root of one-half the attendance area plus the distance in miles, according to the usually traveled routes, between the high school and the nearest high school.

(e) "Qualifying high school" means a high school that has an isolation index greater than 23 and that has secondary average daily membership of less than 400.

(f) "Qualifying elementary school" means an elementary school that is located 20 miles or more from the nearest elementary school or from the nearest elementary school within the district and, in either case, has an elementary average daily membership of an average of 20 or fewer per grade.

(g) "Elementary average daily membership" means, for a district that has only one elementary school, the average daily membership of resident pupils in kindergarten through grade 6. For a district that has more than one elementary school, "average daily membership" for each school means the average daily membership of kindergarten through grade 6 multiplied by the ratio of seven to the number of grades in the elementary school.

Sec. 9. Minnesota Statutes 1988, section 124A.22, subdivision 6, is amended to read:

Subd. 6. **SECONDARY SPARSITY REVENUE.** A district's secondary sparsity revenue for a school year equals the sum of the results of the following calculation for each qualifying high school in the district:

- (1) the formula allowance for the school year, multiplied by
- (2) the secondary average daily membership of the high school, multiplied by
- (3) the quotient obtained by dividing 400 minus the secondary average daily membership by 400 plus the secondary daily membership, multiplied by
- (4) the lesser of one or the quotient obtained by dividing the isolation index minus 23 by ten.

Sec. 10. Minnesota Statutes 1988, section 124A.22, is amended by adding a subdivision to read:

Subd. 6a. ELEMENTARY SPARSITY REVENUE. A district's elementary sparsity revenue equals the sum of the following amounts for each qualifying elementary school in the district:

- (1) the formula allowance for the year, multiplied by
- (2) the elementary average daily membership of the school, multiplied by

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

(3) the quotient obtained by dividing 140 minus the elementary average daily membership by 140 plus the average daily membership.

Sec. 11. Minnesota Statutes 1988, section 124A.22, subdivision 8, is amended to read:

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

Sec. 12. Minnesota Statutes 1988, section 124A.22, subdivision 9, is amended to read:

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

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

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

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

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

(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.

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

(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~~ \$143 for fiscal year 1990 and \$258 for subsequent fiscal years.

Sec. 13. Minnesota Statutes 1988, section 124A.23, subdivision 1, is amended to read:

Subdivision 1. **GENERAL EDUCATION TAX CAPACITY RATE.** The commissioner of revenue shall establish the general education tax capacity rate and certify it to the commissioner of education by September 1 of each year for levies payable in the following year. The general education tax capacity rate shall be a rate, rounded up to the nearest tenth of a ~~mill percent~~, that, when applied to the adjusted gross tax capacity for all districts, raises the amount specified in this subdivision. The general education tax capacity rate ~~for the 1990 fiscal year~~ shall be the rate that raises ~~\$1,100,580,000~~ \$1,156,000,000 for fiscal year 1991 and \$1,213,800,000 for subsequent fiscal years. The general education tax capacity rate certified by the commissioner of revenue may not be changed due to changes or corrections made to a district's adjusted gross tax capacity after the tax capacity rate has been certified.

Sec. 14. INSTRUCTIONS TO THE DEPARTMENT OF EDUCATION FOR 1989 LEVY LIMITS.

Notwithstanding sections 2, 6, 8, 10, and 12, or any other law to the contrary, the department shall determine for the 1989-1990 school year only, levies under Minnesota Statutes, chapter 124A as they were authorized before the enactment of this article.

Sec. 15. CONVERSION OF EXISTING REFERENDUM LEVIES.

The department of education shall convert the referendum levy authority existing under Minnesota Statutes, section 124A.03, for 1988 taxes payable in 1989, for future years, as follows:

The tax capacity rate equals the rate determined by dividing the district's maximum levy under Minnesota Statutes, section 124A.03, for 1988 taxes payable in 1989 by the district's 1987 net tax capacity. A district's maximum levy for all subsequent years for which the levy is authorized equals the amount provided by the tax capacity rate applied to the net tax capacity for the year preceding the year the levy is certified.

However, if a district's levy is limited to a dollar amount, the maximum levy under Minnesota Statutes, section 124A.03, must not exceed the dollar amount.

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

Sec. 16. ADDITIONAL CONVERSION PROCEDURES.

For a referendum levy authorized after December 1, 1988, and before the effective date of section 4, the department of education shall convert the approved levy amount to the appropriate net tax capacity rate. Levy amounts approved prior to the effective date of this act are validated.

Sec. 17. APPROPRIATIONS.

Subdivision 1. DEPARTMENT OF EDUCATION. The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. GENERAL AND SUPPLEMENTAL EDUCATION AID. For general and supplemental education aid:

\$1,222,815,000 1990

\$1,293,366,000 1991

The 1990 appropriation includes \$174,824,000 for 1989 and \$1,047,991,000 for 1990.

The 1991 appropriation includes \$177,889,000 for 1990 and \$1,115,477,000 for 1991.

Subd. 3. EXCEPTIONAL NEED AID. For exceptional need aid according to Minnesota Statutes, section 124.217:

\$420,000 1990

\$ 70,000 1991

The 1990 appropriation includes \$23,000 for 1989 and \$397,000 for 1990.

The 1991 appropriation includes \$70,000 for 1990 and \$0 for 1991.

Sec. 18. REPEALER.

Minnesota Statutes 1988, section 124.217 is repealed July 1, 1990, and section 275.125, subdivision 6f, is repealed July 1, 1989.

ARTICLE 2

PUPIL TRANSPORTATION

Section 1. Minnesota Statutes 1988, section 123.39, is amended by adding a subdivision to read:

Subd. 14. The board may provide transportation for a pupil who is a custodial parent and that pupil's child between the pupil's home and a child care provider and between the provider and the school. The board shall establish criteria for transportation it provides according to this subdivision.

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

Sec. 2. Minnesota Statutes 1988, 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: listed in this section.

(1) **TO AND FROM SCHOOL; BETWEEN SCHOOLS.** (a) State transportation aid is authorized for 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 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 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~~ a pupil who are is a custodial parents to and from parent and that pupil's child between the pupil's home and the child care provider of child care services for the pupil's child and between the provider and the school, if the home and provider are within the attendance area of the school the pupil attends;

(b) For the purposes of ~~this~~ clause (1), a district may designate a licensed day care facility ~~or~~, respite care facility, the residence of a relative, or the residence of a person chosen by the pupil's parent or guardian 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;

(c) State transportation aid is authorized for transportation to and from school of an elementary pupil who moves during the school year within an area designated by the district as a mobility zone, but only for the remainder of the school year. The attendance areas of schools in a mobility zone must be contiguous. To be in a mobility zone, a school must meet both of the following requirements:

(i) more than 50 percent of the pupils enrolled in the school are eligible for free or reduced school lunch; and

(ii) the pupil withdrawal rate for the last year is more than 12 percent.

(d) A pupil withdrawal rate is determined by dividing:

(i) the sum of the number of pupils who withdraw from the school, during the school year, and the number of pupils enrolled in the school as a result of transportation provided under this paragraph, by

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

(ii) the number of pupils enrolled in the school.

(e) The district may establish eligibility requirements for individual pupils to receive transportation in the mobility zone.

(2) **OUTSIDE DISTRICT.** State transportation aid is authorized for 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.** State transportation aid is authorized for 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.** State transportation aid is authorized for 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 or a respite care facility 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 or a respite care facility 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.** State transportation aid is authorized for, when necessary, board and lodging for nonresident handicapped pupils in a district maintaining special classes_;

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

(7) **FARIBAULT STATE ACADEMIES.** State transportation aid is authorized for 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.** State transportation aid

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

is authorized for services described in clauses (1) to (7), (9), and (10) when provided in conjunction with a summer program that meets the requirements of section 124A.27, subdivision 9;

(9) **COOPERATIVE ACADEMIC AND VOCATIONAL.** State transportation aid is authorized for transportation to, from or between educational facilities located in any of two or more school districts jointly offering academic classes or secondary vocational classes not provided at a secondary vocational center for resident pupils of any of these districts; ~~and~~.

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

Sec. 3. Minnesota Statutes 1988, section 124.225, is amended to read:

124.225 TRANSPORTATION AID ENTITLEMENT.

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

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

(b) "Authorized cost for regular transportation" means the sum of:

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

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

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

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

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

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

(d) "Aid entitlement per FTE Regular transportation allowance" for the 1989-1990 school year means the adjusted authorized predicted cost per FTE, inflated pursuant to subdivision 7b.

(e) For purposes of this section, "transportation category" means a category of transportation service provided to pupils:

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

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

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

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

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

(ii) (2) nonregular transportation is transportation services provided under section 124.223, clause (1), that are excluded from the regular category, and transportation services provided under section 124.223, clauses (3), (4), (5), (6), (7), (8), (9), and (10);

(3) excess transportation is transportation to and from school for secondary pupils residing at least one mile but less than two miles from the public school they could attend or from the nonpublic school actually attended, and transportation to and from school for pupils residing less than one mile from school who are transported because of extraordinary traffic hazards; and

(4) desegregation transportation is transportation of pupils to and from schools located outside their normal attendance areas under a plan for desegregation mandated by the state board or under court order.

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

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

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

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

(i) "~~Base cost~~" ~~for the 1984-1985 and 1985-1986 base years~~ means the authorized regular transportation cost per FTE in the base year in the regular transportation category; ~~excluding summer school transportation.~~ ~~Base cost for the 1986-1987 and 1987-1988 base year and after years~~ means the ratio of:

(1) the sum of:

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

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

(iii) the actual cost in the base year for transportation costs which are necessary because of extraordinary traffic hazards as defined in paragraph (e), clause (3),

(2) to the sum of:

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

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

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

(j) Base cost for the 1988-1989 base year and later years means the ratio of:

(1) the sum of the authorized cost in the base year for regular transportation as defined in clause (b) plus the actual cost in the base year for excess transportation as defined in clause (e);

(2) to the sum of the number of weighted FTE pupils transported in the regular and excess categories in the base year.

(k) "Predicted base cost" for the 1986-1987 and 1987-1988 base years means the base cost as predicted by subdivision 3.

(l) "Predicted base cost" for the 1988-1989 base year and later years means the predicted base cost as computed in subdivision 3a.

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

(m) "Pupil weighting factor" for the excess transportation category for a school district means the lesser of one, or the result of the following computation:

(1) divide the square mile area of the school district by the number of FTE pupils transported in the regular and excess categories in the base year;

(2) raise the result in clause (1) to the one-fifth power;

(3) divide four-tenths by the result in clause (2).

The pupil weighting factor for the regular transportation category is one.

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

(o) "Sparsity index" for a school district means the greater of .005 or the ratio of the square mile area of the school district to the sum of the number of weighted FTE's transported by the district in the regular and excess categories in the base year.

(p) "Density index" for a school district means the greater of one or the result obtained by subtracting the product of the district's sparsity index times 20 from two.

(q) "Contract transportation index" for a school district means the greater of one or the result of the following computation:

(1) multiply the district's sparsity index by 20;

(2) select the greater of one or the result in clause (1);

(3) multiply the district's percentage of regular FTE's transported using vehicles that are not owned by the school district by the result in clause (2).

(r) "Adjusted predicted base cost" for the 1988-1989 base year and after means the predicted base cost as computed in subdivision 3a as adjusted under subdivision 7a.

(s) "Regular transportation allowance" for the 1990-1991 school year and after means the adjusted predicted base cost, inflated and adjusted under subdivision 7b.

(t) "Minimum regular transportation allowance" for the 1990-1991 school year and after means the result of the following computation:

(1) compute the sum of the district's basic transportation aid for the 1989-1990 school year according to subdivision 8a and the district's excess transportation levy for the 1989-1990 school year according to section 275.125, subdivision 5e, clause (a);

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

(2) divide the result in clause (1) by the sum of the number of weighted FTE's transported by the district in the regular and excess transportation categories in the 1989-1990 school year;

(3) select the lesser of the result in clause (2) or the district's base cost for the 1989-1990 base year according to paragraph (j).

Subd. 3. **FORMULA.** For each school year, the state shall pay to each school district for all pupil transportation and related services for which the district is authorized by law to receive state aid an amount determined according to this section. The department of education shall conduct multiple regression analysis using the terms specified in subdivision 4b for each school year the 1986-1987 and 1987-1988 base years to predict the base cost for each district. Each year The department shall use a formula shall be derived based upon the regression analysis, and shall be used to determine a predicted base cost for each district. The amount determined for each district shall be adjusted according to the provisions of subdivisions 7a and 7b.

Subd. 3a. PREDICTED BASE COST. A district's predicted base cost for the 1988-1989 base year and later years equals the result of the following computation:

(a) Multiply the transportation formula allowance by the district's sparsity index raised to the one-fourth power. The transportation formula allowance is \$406 for the 1988-1989 base year.

(b) Multiply the result in clause (a) by the district's density index raised to the 35/100 power.

(c) Multiply the result in clause (b) by the district's contract transportation index raised to the 1/20 power.

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

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

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

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

~~(b) To predict the logarithm of the base cost for each district according to subdivision 3 for the 1986-1987 and 1987-1988 base year and thereafter, years the multiple regression formula shall use the following terms for each district:~~

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

(1) the logarithm of the lesser of:

(A) 200; or

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

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

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

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

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

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

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

Subd. 7a. **BASE YEAR SOFTENING FORMULA.** Each district's predicted base cost determined for ~~each school year~~ the 1986-1987 and 1987-1988 base years according to subdivision 3 shall be adjusted as provided in this ~~clause~~ subdivision to determine the district's adjusted authorized predicted cost per FTE for that year.

(a) If the base cost of the district is within five percent of the predicted base cost, the district's adjusted authorized predicted cost per FTE shall be equal to the base cost.

(b) If the base cost of the district is more than five percent greater than the predicted base cost, the district's adjusted authorized predicted cost per FTE shall be equal to 105 percent of the predicted base cost, plus 40 percent of the difference between (i) the base cost, and (ii) 105 percent of the predicted base cost. However, in no case shall a district's adjusted authorized predicted cost per FTE be less than 80 percent of base cost.

(c) If the base cost of the district is more than five percent less than the predicted base cost, the district's adjusted authorized predicted cost per FTE shall be equal to 95 percent of the predicted base cost, minus 40 percent of the difference between (i) 95 percent of predicted base cost, and (ii) the base cost. However, in no case shall a district's adjusted authorized predicted cost per FTE be more than 120 percent of base cost.

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

(d) For the 1988-1989 base year and later years, each district's predicted base cost determined according to subdivision 3a must be adjusted as provided in this subdivision to determine the district's adjusted predicted base cost for that year. The adjusted predicted base cost equals 50 percent of the district's base cost plus 50 percent of the district's predicted base cost, but the adjusted predicted base cost cannot be less than 80 percent, nor more than 110 percent, of the base cost.

Subd. 7b. **INFLATION FACTORS.** The adjusted authorized predicted cost per FTE determined for a district under subdivision 7a for the base year shall be increased by ~~6.0 percent to determine the district's aid entitlement per FTE for the 1986-1987 school year, by 4.9 percent to determine the district's aid entitlement per FTE for the 1987-1988 school year, and by 4.1 percent to determine the district's aid entitlement per FTE for the 1988-1989 school year, and by 5.8 percent to determine the district's regular transportation allowance for the 1989-1990 school year.~~ The adjusted predicted base cost determined for a district under subdivision 7a for the base year must be increased by 5.4 percent to determine the district's regular transportation allowance for the 1990-1991 school year, but the regular transportation allowance for a district cannot be less than the district's minimum regular transportation allowance according to subdivision 1, paragraph (t).

Subd. 7c. **TRANSPORTATION REVENUE.** Beginning in the 1990-1991 school year, the transportation revenue for each district equals the sum of the district's regular transportation revenue and the district's nonregular transportation revenue.

(a) The regular transportation revenue for each district equals the district's regular transportation allowance according to subdivision 7b times the sum of the number of FTE's transported by the district in the regular and desegregation categories in the current school year.

(b) The nonregular transportation revenue for each district equals the district's actual cost in the current school year for nonregular transportation services, minus the amount of regular transportation revenue attributable to FTE's transported in the desegregation category in the current school year.

Subd. 8a. **TRANSPORTATION AID.** (a) For the 1988-1989 school year and thereafter 1989-1990 school years, 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.

(b) For 1990-1991 and later school years, a district's transportation aid equals the product of:

(1) the difference between the transportation revenue and the sum of:

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

(i) the maximum basic transportation levy for that school year under section 275.125, subdivision 5, plus

(ii) the maximum nonregular transportation levy for that school year under section 275.125, subdivision 5c, plus

(iii) the contracted services aid reduction under subdivision 8k,

(2) times the ratio of the sum of the actual amounts levied under section 275.125, subdivisions 5 and 5c, to the sum of the maximum levies under section 275.125, subdivisions 5 and 5c.

(c) 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 transportation levy of off-formula districts in the same proportion.

Subd. 8b. **BASIC AID COMPUTATION.** A district's basic transportation aid pursuant to this section for ~~each school year the 1988-1989 and 1989-1990 school years~~ shall equal the district's aid entitlement per FTE determined according to subdivision 7b, times the total number of authorized FTE's transported in the regular category in the district in the ~~current~~ school year.

Subd. 8i. **NONREGULAR TRANSPORTATION AID.** (a) A district's nonregular transportation aid shall be determined according to this subdivision.

(b) ~~For the 1986-1987 and 1987-1988 school years, nonregular transportation aid shall equal (1) 20 percent of the first \$10 of actual cost in the current year for nonregular transportation services per total pupil unit, plus 40 percent of the next \$10 of actual cost in the current year for nonregular transportation services per total pupil unit, plus 60 percent of the actual cost in the current year for nonregular transportation services per total pupil unit which exceeds \$20, times (2) the number of total pupil units in the district in the current year.~~

(e) For the 1988-1989 and 1989-1990 school year and thereafter years, nonregular transportation aid equals (1) 60 percent of the actual cost in the current year for nonregular transportation services per total pupil unit which exceeds \$30, times (2) the number of total pupil units in the district in the current year.

Subd. 8j. **NONREGULAR TRANSPORTATION LEVY EQUALIZATION AID.** ~~For the 1984-1985 school year and each year thereafter 1988-1989 and 1989-1990 school years,~~ a district's nonregular transportation levy equalization aid shall be determined pursuant to this subdivision.

(a) Unreimbursed nonregular transportation revenue shall equal the actual cost in the ~~current school~~ year for nonregular transportation services, minus the district's nonregular transportation aid computed pursuant to subdivision 8i.

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

(b) The nonregular transportation levy is the levy authorized by section 275.125, subdivision 5c.

(c) Nonregular transportation levy equalization aid for a district shall equal the product of (1) its unreimbursed nonregular transportation revenue, minus the nonregular transportation levy limitation for that year, times (2) the ratio of the district's actual nonregular transportation levy to its nonregular transportation levy limitation.

Subd. 8k. **CONTRACTED SERVICES AID REDUCTION.** (a) For the 1984-1985 school year and each year thereafter, each district's transportation aid shall be reduced according to the provisions of this subdivision, if the district contracted for some or all of the transportation services provided in the regular category.

(b) For the 1988-1989 and 1989-1990 school years, the department of education shall compute this subtraction by conducting the multiple regression analysis specified in subdivision 3 and computing the district's aid under two circumstances, once including the coefficient of the factor specified in subdivision 4b, clause (3), and once excluding the coefficient of that factor. The aid subtraction shall equal the difference between the district's aid computed under these two circumstances.

(c) For 1990-1991 and later school years, the department of education shall determine the subtraction by computing the district's regular transportation revenue under two circumstances, once including the factor specified in subdivision 3a, clause (c), and once excluding the factor. The aid subtraction equals the difference between the district's revenue computed under the two circumstances.

Subd. 8l. **ALTERNATIVE ATTENDANCE PROGRAMS.** A district that serves enrolls nonresident pupils in programs under sections 120.062, 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 servicing nonresident district according to this section. ~~The resident district of the pupil's residence~~ need not provide or pay for transportation between the pupil's residence and the district's border.

Subd. 9. **DISTRICT REPORTS.** Each district shall report data to the department as required by the department to implement the transportation aid formula. If a district's final transportation aid payment is adjusted after the final aid payment has been made to all districts, the adjustment shall be made by increasing or decreasing the district's aid for the next fiscal year.

Subd. 10. **DEPRECIATION.** Any school district ~~which~~ that owns school buses or mobile units shall transfer annually from the undesignated fund balance account in its transportation fund to the reserved fund balance account for bus purchases in its transportation fund at least an amount equal to 12-1/2 percent of the original cost of each type one or type two bus or mobile unit until the

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

original cost of each type one or type two bus or mobile unit is fully amortized, plus 20 percent of the original cost of each type three bus included in the district's authorized cost under the provisions of subdivision 1, ~~clause~~ paragraph (b), clause (4), until the original cost of each type three bus is fully amortized, plus 33-1/3 percent of the cost to the district as of July 1 of each year for school bus reconditioning done by the department of corrections until the cost of the reconditioning is fully amortized; provided, if the district's transportation aid or levy is reduced pursuant to subdivision 8a because the appropriation for that year is insufficient, this amount shall be reduced in proportion to the reduction pursuant to subdivision 8a as a percentage of the ~~sum of~~

(1) ~~the district's total transportation aid without the reduction pursuant to subdivision 8a, plus~~

(2) ~~the district's basic transportation levy limitation under section 275.125, subdivision 5, plus~~

(3) ~~the district's contract services aid reduction under subdivision 8k, plus~~

(4) ~~the district's nonregular transportation levy limitation under section 275.125, subdivision 5e~~ district's transportation revenue under subdivision 7c.

Sec. 4. Minnesota Statutes 1988, 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 tax capacity rate times the adjusted gross tax capacity of the district for the preceding year. The commissioner of revenue shall establish the basic transportation tax capacity rate and certify it to the commissioner of education by September 1 of each year for levies payable in the following year. The basic transportation tax capacity rate shall be a rate, rounded up to the nearest hundredth of a ~~mill percent~~, that, when applied to the adjusted gross tax capacity of taxable property for all districts, raises the amount specified in this subdivision. The basic transportation tax capacity rate for transportation ~~for the 1990 fiscal year shall be the rate that raises \$72,681,200~~ \$82,063,200 for fiscal year 1991 and \$86,166,400 for subsequent fiscal years. The basic transportation tax capacity rate certified by the commissioner of revenue must not be changed due to changes or corrections made to a district's adjusted gross tax capacity after the tax capacity rate has been certified.

Sec. 5. Minnesota Statutes 1988, section 275.125, subdivision 5b, is amended to read:

Subd. 5b. **TRANSPORTATION LEVY OFF-FORMULA ADJUSTMENT.** (a) ~~In any the 1989 and 1990 fiscal year years,~~ if the basic transportation levy under subdivision 5 in a district attributable to ~~a particular~~ the fiscal year exceeds the transportation aid computation under section 124.225, subdivisions 8b, 8i, 8j, and 8k, the district's levy limitation shall be adjusted as provid-

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

ed in this subdivision. In the year following each next fiscal year, the district's transportation levy shall be reduced by an amount equal to the difference between (1) the amount of the basic transportation levy under subdivision 5, and (2) the sum of the district's transportation aid computation pursuant to section 124.225, subdivisions 8b, 8i, 8j, and 8k, and the amount of any subtraction made from special state aids pursuant to section 124.2138, subdivision 2, less the amount of any aid reduction due to an insufficient appropriation as provided in section 124.225, subdivision 8a.

(b) For 1991 and later fiscal years, in a district if the basic transportation levy under subdivision 5 attributable to that fiscal year is more than the difference between (1) the district's transportation revenue under section 124.225, subdivision 7c, and (2) the sum of the district's maximum nonregular levy under subdivision 5c and the district's contracted services aid reduction under section 124.225, subdivision 8k, and the amount of any reduction due to insufficient appropriation under section 124.225, subdivision 8a, the district's transportation levy in the next fiscal year must be reduced by the amount of the excess.

Sec. 6. Minnesota Statutes 1988, section 275.125, subdivision 5c, is amended to read:

Subd. 5c. **NONREGULAR TRANSPORTATION LEVY.** A school district may also make a levy for unreimbursed nonregular transportation costs pursuant to this subdivision. The amount of the levy shall ~~not exceed the product of:~~

~~(a) the district's unreimbursed nonregular transportation revenue determined pursuant to section 124.225, subdivision 8j, clause (a); times~~

~~(b) the lesser of~~

~~(i) one; or~~

~~(ii) the ratio of the district's adjusted gross tax capacity for the preceding year per total pupil unit in the school year to which the levy is attributable; to \$83,800; be the result of the following computation:~~

(a) multiply

(1) the amount of the district's nonregular transportation revenue under section 124.225, subdivision 7c that is more than the product of \$30 times the district's actual pupil units, by

(2) 60 percent;

(b) subtract the result in clause (a) from the district's total nonregular transportation revenue;

(c) multiply the result in clause (b) by the lesser of one or the ratio of (i) the quotient derived by dividing the adjusted gross tax capacity of the district for the year before 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 (ii) \$9,722.

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

Sec. 7. Minnesota Statutes 1988, section 275.125, subdivision 5e, is amended to read:

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

(a) Multiply the lesser of (1) the regular transportation allowance for the fiscal year to which the levy is attributable, or (2) the base cost computed using data for the current school fiscal year according to section 124.225, subdivision 1, paragraph (i) to which the levy is attributable, by the sum of the number of secondary FTE pupils transported to and from school in the current year who live more than one mile but less than two miles from the public school which they could attend or the nonpublic school actually attended; plus the number of FTE pupils residing less than one mile from school who were transported to and from school in the current year due to extraordinary traffic hazards number of weighted FTE pupils transported in the excess category in the district in the current school year.

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

Sec. 8. **APPROPRIATIONS.**

Subdivision 1. DEPARTMENT OF EDUCATION. The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. TRANSPORTATION AID. For transportation aid under Minnesota Statutes, section 124.225:

\$91,979,000 1990

\$99,265,000 1991

The 1990 appropriation includes \$12,773,000 for 1989 and \$79,206,000 for 1990.

The 1991 appropriation includes \$13,978,000 for 1990 and \$85,287,000 for 1991.

Subd. 3. TRANSPORTATION AID FOR POST-SECONDARY ENROLLMENT OPTIONS. For transportation of pupils attending post-secondary institutions according to Minnesota Statutes, section 123.3514:

\$50,000 1990

\$50,000 1991

Subd. 4. TRANSPORTATION AID FOR ENROLLMENT OPTIONS. For transportation of pupils attending nonresident districts according to Minnesota Statutes, section 120.0621 or section 123.3515:

\$50,000 1990

\$50,000 1991

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

Sec. 9. SECTIONS NOT EFFECTIVE.

The amendments to Minnesota Statutes 1988, section 124.225, made by Laws 1989, chapter 222, section 14, if enacted, are not effective.

The amendments to Minnesota Statutes 1988, section 275.125, subdivision 5b, made by Laws 1989, chapter 222, section 32, if enacted, are not effective.

The amendments to Minnesota Statutes 1988, section 275.125, subdivision 5c, made by Laws 1989, chapter 222, section 33, if enacted, are not effective.

The amendments to Minnesota Statutes 1988, section 275.125, subdivision 5e, made by Laws 1989, chapter 222, section 34, if enacted, are not effective.

ARTICLE 3

SPECIAL PROGRAMS

Section 1. Minnesota Statutes 1988, section 120.17, subdivision 3, is amended to read:

Subd. 3. **RULES OF THE STATE BOARD.** The state board shall promulgate rules relative to qualifications of essential personnel, courses of study, methods of instruction, pupil eligibility, size of classes, rooms, equipment, supervision, parent consultation, and any other rules it deems necessary for instruction of handicapped children. These rules shall provide standards and procedures appropriate for the implementation of and within the limitations of subdivisions 3a and 3b. These rules shall also provide standards for the discipline, control, management and protection of handicapped children. The state board shall not adopt rules for pupils served in level 1, 2, or 3, as defined in Minnesota Rules, part 3525.2340, establishing either case loads or the maximum number of pupils that may be assigned to special education teachers. The state board, in consultation with the departments of health and human services, shall adopt permanent rules for instruction and services for children under age five and their families. ~~Until June 30, 1988, a developmental achievement center under contract to a school district to provide special instruction and services is eligible for variance from rules relating to personnel licensure. Until June 30, 1988, the licensure variance for a developmental achievement center shall be granted according to the same procedures and criteria used for granting a variance to a school district.~~ The state board shall adopt rules to determine eligibility for special education services. The rules shall include procedures and standards by which to grant variances for experimental eligibility criteria. The state board shall, according to section 14.05, subdivision 4, notify a district applying for a variance from the rules within 45 calendar days of receiving the request whether the request for the variance has been granted or denied. If a request is denied, the board shall specify the program standards used to evaluate the request and the reasons for denying the request.

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

Sec. 2. Minnesota Statutes 1988, 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 by and in the school district ~~where the child resides~~ responsible for assuring that an appropriate program is provided in accordance with state board rules, if the parent or guardian continues to object to:

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

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

(3) the proposed denial of placement of their child in a special education program or the transfer of their child from a special education program;

(4) the proposed provision or addition of special education services for their child; or

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

(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;

(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 30 calendar days of receipt of that written decision, by the parent, guardian, or the school board of the district ~~where the~~

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

child resides responsible for assuring that an appropriate program is provided in accordance with state board rules.

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;
- (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.

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

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,~~ a resident district, and providing district shall receive notice of and may be a party to any hearings or appeals ~~pursuant to~~ under this subdivision.

Sec. 3. Minnesota Statutes 1988, section 120.17, subdivision 11a, is amended to read:

Subd. 11a. **STATE INTERAGENCY COORDINATING COUNCIL.** An interagency coordinating council of 15 members is established. The members and the chair shall be appointed by the governor. The council shall be composed of at least three parents of ~~handicapped~~ children under age seven with handicaps, ~~a representative of each of the commissioners of education, health, and human services;~~ three representatives of public or private providers of services for ~~handicapped~~ children under age five with handicaps, one member of the senate, one member of the house of representatives, one representative of teacher preparation programs in early childhood-special education, at least one representative of advocacy organizations for ~~handicapped~~ children with handicaps, at least one representative of a school district or a school district cooperative, and other members knowledgeable about ~~handicapped~~ children under age five with handicaps. Section 15.059, subdivisions 2 to 5, apply to the council. The council shall meet at least quarterly. A representative of each of the commissioners of education, health, and human services shall attend council meetings as a nonvoting member of the council.

The council shall address methods of implementing the state policy of developing and implementing comprehensive, coordinated, multidisciplinary interagency programs of early intervention services for ~~handicapped~~ children with handicaps and their families.

The duties of the council include recommending policies to ensure a comprehensive and coordinated system of all state and local agency services for ~~handicapped~~ children under age five with handicaps and their families. The policies must address how to incorporate each agency's services into a unified state and local system of multidisciplinary assessment practices, individual intervention plans, comprehensive systems to find children in need of services, methods to improve public awareness, and assistance in determining the role of interagency early intervention committees.

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

It is the joint responsibility of county boards and school districts to coordinate, provide, and pay for appropriate services, and to facilitate payment for services from public and private sources. Appropriate services must be determined in consultation with parents, physicians, and other educational, medical, health, and human services providers. Appropriate services include family education and counseling, home visits, occupational and physical therapy, speech pathology, audiology, psychological services, case management, medical services for diagnostic and evaluation purposes, early identification, and screening, assessment, and health services necessary to enable handicapped children with handicaps to benefit from early intervention services. School districts must be the primary agency in this cooperative effort.

Each year by January 15 the council shall submit its recommendations to the education committees of the legislature, the governor, and the commissioners of education, health, and human services.

Sec. 4. Minnesota Statutes 1988, section 124.273, subdivision 4, is amended to read:

Subd. 4. **APPLICATION DATES.** ~~(a) To obtain aid for limited English proficiency programs,~~ a district shall submit an initial application for aid by October 15 and shall submit an amended application by February 15 or by June 15 if the number of enrolled pupils of limited English proficiency has changed since filing a previous application. ~~Distriets which do not submit an initial application by October 15 but enroll pupils of limited English profieciency after that date may submit an initial application by February 15 or by June 15. A final report with actual salary and enrollment information shall be submitted by August 15 for calculation of the final payment~~ information required by the department to implement this section.

(b) All applications shall be submitted to the department in the manner prescribed by the commissioner. Each application shall include (1) the number of pupils or additional pupils enrolled who meet the criteria in section 126.262, subdivision 2; (2) the number, dates of hire, full time equivalency, and salaries of essential licensed personnel or additional essential licensed personnel employed in the district's educational program for pupils of limited English proficiency who meet the criteria in section 126.262, subdivision 3; and (3) any other information deemed necessary by the commissioner to implement this section. School districts may submit joint applications for aid pursuant to this section and may share essential instructional personnel employed in educational programs for pupils of limited English proficiency.

Sec. 5. Minnesota Statutes 1988, section 124.273, subdivision 5, is amended to read:

Subd. 5. **NOTIFICATION; AID PAYMENTS.** The department shall must promptly inform each applicant district of the amount of aid it will receive pursuant to this section ~~within a month after the application deadline.~~

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

Sec. 6. [124.311] ASSURANCE OF MASTERY REVENUE.

Subdivision 1. INSTRUCTION IN REGULAR CLASSROOM. A school district may receive assurance of mastery revenue to provide direct instructional services to eligible pupils in the pupils' regular classroom.

Subd. 2. ELIGIBLE DISTRICTS. To be eligible to receive assurance of mastery revenue, a district must have a policy adopted according to section 126.67, subdivision 3a, that identifies the direct instructional services to be used to assure that individual pupils master the learner outcomes in communications and mathematics.

Subd. 3. ELIGIBLE PUPILS. A pupil is eligible to receive services provided with assurance of mastery revenue if the pupil has not demonstrated mastery of learner outcomes in communications or mathematics, or both, after receiving instruction that was designed to enable the pupil to master the learner outcomes in a regular classroom setting. To determine pupil eligibility, a district must use the learner outcomes and the evaluation process, adopted by the school board under section 126.666, subdivision 1, clauses (2) and (3), for the subjects and at the grade level at which the district uses the revenue.

Subd. 4. ELIGIBLE SERVICES. Assurance of mastery revenue must be used to provide direct instructional services to an eligible pupil, or group of eligible pupils, under the following conditions:

(a) Instruction may be provided at one or more grade levels from kindergarten through grade eight.

(b) Instruction must be provided in the usual and customary classroom of the eligible pupil.

(c) Instruction must be provided under the supervision of the eligible pupil's regular classroom teacher. Instruction may be provided by the eligible pupil's classroom teacher, by another teacher, by a team of teachers, or by an education assistant or aide. A special education teacher may provide instruction, but instruction that is provided under this section is not eligible for aid under section 124.32.

(d) The instruction that is provided must differ from the initial instruction the pupil received in the regular classroom setting. The instruction may differ by presenting different curriculum than was initially presented in the regular classroom, or by presenting the same curriculum:

(1) at a different rate or in a different sequence than it was initially presented;

(2) using different teaching methods or techniques than were used initially;
or

(3) using different instructional materials than were used initially.

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

Subd. 5. REVENUE AMOUNT. Assurance of mastery revenue is the sum of state and district money. The sum may equal up to \$45 for fiscal year 1991 and thereafter times the number of actual pupil units in kindergarten through grade eight in the district. The district shall determine the amount of money it will provide and the state shall provide an equal amount of money.

Subd. 6. USES OF REVENUE. Assurance of mastery revenue may be used only to provide eligible services to eligible pupils.

Subd. 7. DISTRICT REPORT. A district that receives assurance of mastery revenue shall include the following in the report required by section 126.666, subdivision 4:

(a) A summary of initial assessment results used to determine pupil eligibility to receive instructional services must be included. The summary must include:

(1) a description of the assessment device used;

(2) the number of pupils who were assessed; and

(3) the number of pupils who were determined to be eligible to receive services.

(b) A description of the services provided to eligible pupils must be included.

(c) A summary of assessment results for eligible pupils obtained after providing the services must be included.

Sec. 7. Minnesota Statutes 1988, section 124.32, subdivision 1b, is amended to read:

Subd. 1b. **TEACHERS SALARIES.** Each year the state shall pay to a district a portion of the salary of each essential person employed in the district's program for handicapped children during the regular school year, whether the person is employed by one or more districts. The portion for a full-time person shall be an amount not to exceed the lesser of ~~66~~ 60 percent of the salary or ~~\$18,400~~ \$16,727. The portion for a part-time or limited-time person shall be an amount not to exceed the lesser of ~~66~~ 60 percent of the salary or the product of ~~\$18,400~~ \$16,727 times the ratio of the person's actual employment to full-time employment.

Sec. 8. Minnesota Statutes 1988, section 124.573, subdivision 2, is amended to read:

Subd. 2. **SALARIES AND TRAVEL LIMIT.** The eligible expenses for secondary vocational aid are: ~~(1) the salaries paid to essential, licensed personnel in that school year for services rendered in that district's or center's approved secondary vocational education programs; (2) the costs of necessary travel between instructional sites by secondary vocational education teachers; and (3) the costs of necessary travel by secondary vocational education teachers accompanying students to and from vocational student organization meetings held within the~~

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

state for educational purposes. The state shall pay to any district or cooperative center ~~41.5 percent of the eligible expenses incurred in an approved secondary vocational program for the 1986-1987 school year. The state shall pay to any district or cooperative center 39 percent of the eligible expenses incurred in an approved secondary vocational program for the 1987-1988 school year.~~ The commissioner may withhold all or any portion of this the aid paid under this section for a secondary vocational education program which receives funds from any other source. In no event shall a district or center receive a total amount of state aid pursuant to this section which, when added to funds from other sources, will provide the program an amount for salaries and travel which exceeds 100 percent of the amount of its expenditures for salaries and travel in the program.

Sec. 9. Minnesota Statutes 1988, section 124.573, subdivision 2b, is amended to read:

Subd. 2b. **SECONDARY VOCATIONAL AID.** For ~~1988-1989~~ 1989-1990 and later school years, a district's or cooperative center's "secondary vocational aid" for secondary vocational education programs for a school year equals the sum of the following amounts for each program:

(a) the greater of zero, or 75 percent of the difference between:

(1) the salaries paid to essential, licensed personnel in that school year for services rendered in that ~~district's or cooperative center's approved secondary vocational education programs~~ program, and

(2) 50 percent of the general education revenue attributable to secondary pupils for the number of hours that the pupils are enrolled in ~~secondary vocational courses~~ that program; and

(b) 30 percent of approved expenditures for the following:

(1) contracted services provided by a public or private agency other than a Minnesota school district or cooperative center under section 124.573, subdivision 3a;

(2) necessary travel between instructional sites by licensed secondary vocational education personnel;

(3) necessary travel by licensed secondary vocational education personnel for vocational student organization activities held within the state for instructional purposes;

(4) curriculum development activities that are part of a five-year plan for improvement based on program assessment;

(5) necessary travel by licensed secondary vocational education personnel for noncollegiate credit bearing professional development; and

(6) specialized vocational instructional supplies.

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

Sec. 10. Minnesota Statutes 1988, section 124.573, is amended by adding a subdivision to read:

Subd. 2d. ADMINISTRATION. In making the computation in subdivision 2b, paragraph (a), clause (1), the salaries of the administrator and support service facilitator must be apportioned among programs based on the number of full-time-equivalent instructors in each program.

Sec. 11. Minnesota Statutes 1988, section 124.573, is amended by adding a subdivision to read:

Subd. 5a. DISTRICT REPORTS. Each district or cooperative center shall report data to the department for all secondary vocational education programs as required by the department to implement the secondary vocational aid formula.

Sec. 12. Minnesota Statutes 1988, section 124.574, subdivision 2b, is amended to read:

Subd. 2b. SALARIES. Each year the state shall pay to any district or cooperative center a portion of the salary of each essential licensed person employed during that school year for services rendered in that district or center's secondary vocational education programs for handicapped children. The portion for a full-time person shall be an amount not to exceed the lesser of ~~66~~ 60 percent of the salary or ~~\$18,400~~ \$16,727. The portion for a part-time or limited-time person shall be the lesser of ~~66~~ 60 percent of the salary or the product of ~~\$18,400~~ \$16,727 times the ratio of the person's actual employment to full-time employment.

Sec. 13. Minnesota Statutes 1988, section 124.574, subdivision 4, is amended to read:

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

Sec. 14. Minnesota Statutes 1988, section 124.574, subdivision 5, is amended to read:

Subd. 5. The aid provided pursuant to this section shall be paid only for services rendered as designated in subdivision 2 or for the costs designated in subdivision 3 which are incurred in secondary vocational education programs

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

for handicapped children which are approved by the commissioner of education and operated in accordance with rules promulgated by the state board. These rules shall be subject to the restrictions provided in section 124.573, subdivision 3. The procedure for application for approval of these programs shall be as provided in section 124.32, subdivisions 7 and 10 and the application review process shall be conducted jointly by the ~~division of special and compensatory education and the division of vocational technical education~~ section of the state department.

Sec. 15. [124.86] STATE REVENUE FOR AMERICAN INDIAN SCHOOLS.

Subdivision 1. AUTHORIZATION. Each year each American Indian-controlled contract school authorized by the United States Code, title 25, section 450f that is located on a reservation within the state is eligible to receive tribal contract school aid subject to the requirements in this subdivision.

(a) The school must plan, conduct, and administer an education program that complies with the requirements of chapters 120, 121, 122, 123, 124, 124A, 125, 126, 129, 129A, and 129B.

(b) The school must comply with all other state statutes governing independent school districts.

(c) The state tribal contract school aid must be used to supplement, and not to replace, the money for American Indian education programs provided by the federal government.

Subd. 2. REVENUE AMOUNT. For 1989-1990 and later school years, an American Indian-controlled contract school that is located on a reservation within the state and that complies with the requirements in subdivision 1 is eligible to receive tribal contract school aid. The amount of aid is derived by:

(1) multiplying the formula allowance under section 124A.22, subdivision 2, times the actual pupil units as defined in section 124A.02, subdivision 19, in attendance during the fall count week, but not including pupil units for which the school has received reimbursement under sections 123.933 and 126.23 for the school for the current school year;

(2) subtracting from the result in clause (1) the amount of money allotted to the school by the federal government through the Indian School Equalization Program of the Bureau of Indian Affairs, according to Code of Federal Regulations, title 25, part 39, subparts A to E, for the basic program as defined by section 39, 11, b but not money allotted through subparts F to L for contingency funds, school board training, student training, interim maintenance and minor repair, interim administration cost, prekindergarten, and operation and maintenance, and the amount of money that is received according to section 126.23;

(3) dividing the result in clause (2) by the actual pupil units; and

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

(4) multiplying the actual pupil units by the lesser of \$1,500 or the result in clause (3).

Subd. 3. LAW WAIVER. Notwithstanding subdivision 1, paragraphs (a) and (b), a contract school:

(1) is not subject to the Minnesota election law;

(2) has no authority under this section to levy for property taxes, issue and sell bonds, or incur debt; and

(3) may request through its managing tribal organization a recommendation of the state board of education, for consideration of the legislature, that a contract school not be subject to specified statutes related to independent school districts.

Sec. 16. [124.331] REVENUE FOR INDIVIDUALIZED LEARNING AND DEVELOPMENT.

Subdivision 1. PURPOSE. The purpose of sections 16 to 18 is to improve the education of public school pupils by:

(1) working toward reducing instructor-learner ratios and increasing the amount of individual attention given each learner in kindergarten and grade one to help each learner develop socially and emotionally and in knowledge, skills, and attitudes; and

(2) improving program offerings.

Subd. 2. DEFINITION. "Instructor" in this section means a public employee licensed by the board of teaching whose duties are full-time instruction or the equivalent, excluding a teacher for whom categorical aids are received pursuant to sections 124.273 and 124.32. Instruction may be provided by a learner's instructor, by another instructor, by a team of instructors, or by an education assistant or aide supervised by a learner's regular instructor. In this section, instructor does not include supervisory and support personnel, as defined in section 125.03. An instructor whose duties are less than full-time instruction must be included as an equivalent only for the number of hours of instruction.

Subd. 3. STATE REVENUE CRITERIA. Revenue available under section 17 is to enable a district to work to achieve the district's instructor-learner ratios in kindergarten and grade one established by the curriculum advisory committee in each district, and to prepare and use an individualized learning plan for each learner in kindergarten and grade one. A district must not increase the districtwide instructor-learner ratios in grades two through eight as a result of reducing instructor-learner ratios in kindergarten and grade one.

A district's curriculum advisory committee, as part of the policy under section 126.666, must develop a districtwide plan to work to achieve the instructor-learner ratios in kindergarten and grade one adopted by the school board of the district, and to prepare and use an individualized learning plan for each learner in kindergarten and grade one. If the school board of a school district

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

determines that the district has achieved and is maintaining the instructor-learner ratios specified by the district's curriculum advisory committee, and has prepared and is using individualized learning plans, the school board must direct the school district to use the aid it receives under section 17 to work to improve program offerings throughout the district, or the education district of which the district is a member, based upon a plan developed by the district's curriculum advisory committee.

Sec. 17. [124.332] INDIVIDUALIZED LEARNING AND DEVELOPMENT AID.

Subdivision 1. ELIGIBILITY. A district is eligible for individualized learning and development aid if the school board of the district has adopted a district instructor-learner ratio specified by the district's curriculum advisory committee and submits its ratio to the department of education by April 15, 1990.

Subd. 2. AID AMOUNT. An eligible district shall receive individualized learning and development aid in an amount equal to \$62.25 times the district's average daily membership in kindergarten and grade one. Aid received under this subdivision must be used only to achieve the district's instructor-learner ratios and prepare and use individualized learning plans for learners in kindergarten and grade one. If the district has achieved and is maintaining the district's instructor-learner ratios, then the district may use the aid to work to improve program offerings throughout the district.

Subd. 3. WITHHOLDING. The commissioner must withhold individualized learning and development aid from any district that fails to make a good faith effort to achieve its instructor-learner ratios.

Sec. 18. [124.333] REPORT.

The commissioner of education shall monitor and evaluate the effectiveness of districts' reduced instructor-learner ratios, individualized learning plans, and efforts to improve program offerings and shall report to the education committees in the legislature before March 1 of each school year.

Sec. 19. Minnesota Statutes 1988, 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 to provide eligible services to eligible pupils according to section 6, subdivisions 3 and 4. It also may be used to meet the 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;

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

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

(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 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. 20. Minnesota Statutes 1988, section 126.151, subdivision 2, is amended to read:

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 and secondary 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. 21. **[126.237] ALTERNATE INSTRUCTION REQUIRED.**

Before a pupil is referred for a special education assessment, the district must conduct and document at least two instructional strategies, alternatives, or interventions while the pupil is in the regular classroom. The pupil's teacher must provide the documentation. A special education assessment team may waive this requirement when they determine the pupil's need for the assessment is urgent. This section may not be used to deny a pupil's right to a special education assessment.

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

Sec. 22. GRANTS FOR INDIAN TEACHERS.

Subdivision 1. ESTABLISHMENT. A grant program is established during the biennium 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 each of the following: (1) the University of Minnesota, Duluth, and independent school district No. 709, Duluth; (2) Bemidji state university and independent school district No. 38, Red Lake; and (3) Moorhead state university and one of the school districts located within the White Earth reservation. To obtain a 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 post-secondary institution.

Subd. 2. GRANT APPLICATION. The application must set forth the in-kind services to be provided by the post-secondary institution. The coordination and mentorship services to be provided by the post-secondary institution and the school district must also be set forth in the application.

Subd. 3. LOAN FORGIVENESS. The portion of the scholarship attributable to living expenses and additional needs, according to subdivision 4, clause (4), shall be in the form of a loan to be forgiven if the recipient teaches in a school district in Minnesota. One-fifth of the principal of the outstanding loan amount must be forgiven for each year of teaching. The loan forgiveness program and procedures to administer the program shall be approved by the higher education coordinating board.

Subd. 4. ELIGIBILITY FOR SCHOLARSHIPS. The following American Indian people are eligible for scholarships:

(1) a student who intends to become a teacher and who is enrolled in a post-secondary institution receiving a joint grant;

(2) a teacher aide who intends to become a teacher and who is employed by a district receiving a joint grant;

(3) a licensed employee of a district receiving a joint grant who is enrolled in a master of education degree program; and

(4) a student who, after receiving federal and state financial aid and an Indian scholarship according to Minnesota Statutes, section 124.48, has financial needs that remain unmet. Financial need shall be determined according to the uniform methodology for needs determination. Additional needs attributable to living expenses may be included in the forgivable loan.

Subd. 5. REVIEW AND COMMENT. The joint application shall be submitted to the Minnesota Indian scholarship committee for review and comment.

Subd. 6. GRANT AMOUNT. The state board may award a joint grant in the amount it determines appropriate. Scholarship money shall be included in the joint grant.

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

Sec. 23. **LEVY ADJUSTMENT.**

The department of education shall adjust the 1989 levy for each school district by the amount of the increase in the district's special education levy for fiscal year 1990 according to Minnesota Statutes, section 275.125, subdivision 8c, resulting from the changes to special education aid under sections 7 and 12. Notwithstanding Minnesota Statutes, section 121.904, the entire amount of this levy shall be recognized as revenue for fiscal year 1990.

Sec. 24. **HANDICAPPED CHILDREN UNDER AGE 5; REPORT.**

The department of education, the state interagency coordinating council, and the association of Minnesota counties shall jointly prepare a report describing the responsibilities of county boards and school districts to provide services for handicapped children under age five and their families.

The report shall include at least the following:

(1) a description of current procedures used to determine county and school district responsibilities;

(2) a summary of problems of the current delivery system;

(3) recommendations for improving the efficiency and quality of services;

(4) recommendations for funding services; and

(5) an accounting of current expenditures that includes a list of financing sources.

Sec. 25. **APPROPRIATIONS.**

Subdivision 1. DEPARTMENT OF EDUCATION. The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. SPECIAL EDUCATION AID. For special education aid:

\$160,331,000 1990

\$165,870,000 1991

The 1990 appropriation includes \$23,074,000 for 1989 and \$137,257,000 for 1990.

The 1991 appropriation includes \$24,222,000 for 1990 and \$141,648,000 for 1991.

Subd. 3. SPECIAL PUPIL AID. For special education aid under Minnesota Statutes, section 124.32, subdivision 6, for pupils with handicaps placed in residential facilities within the district boundaries for whom no district of residence can be determined:

\$284,000 1990

\$158,000 1991

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

If the appropriation for either year is insufficient, the appropriation for the other year is available. If the appropriations for both years are insufficient, the appropriation for special education aid may be used to meet the special pupil obligations.

Subd. 4. SUMMER SPECIAL EDUCATION AID. For special education summer school aid according to Minnesota Statutes, section 124.32, subdivision 10:

\$5,836,000 1990

\$5,766,000 1991

The 1990 appropriation is for 1989 summer school programs.

The 1991 appropriation is for 1990 summer school programs.

Subd. 5. TRAVEL FOR HOME-BASED SERVICES. For aid for teacher travel for home-based services according to Minnesota Statutes, section 124.32, subdivision 2b:

\$51,000 1990

\$51,000 1991

The 1990 appropriation includes \$8,000 for 1989 and \$43,000 for 1990.

The 1991 appropriation includes \$8,000 for 1990 and \$43,000 for 1991.

Subd. 6. RESIDENTIAL FACILITIES AID. For residential facilities aid under aid according to Minnesota Statutes, section 124.32, subdivision 5:

\$1,398,000 1990

\$1,374,000 1991

Subd. 7. LIMITED ENGLISH PROFICIENCY PUPILS PROGRAM AID. For aid to educational programs for pupils of limited English proficiency according to Minnesota Statutes, section 124.273:

\$3,270,000 1990

\$3,403,000 1991

The 1990 appropriation includes \$454,000 for 1989 and \$2,816,000 for 1990.

The 1991 appropriation includes \$497,000 for 1990 and \$2,906,000 for 1991.

Subd. 8. AMERICAN INDIAN SCHOLARSHIPS. For American Indian scholarships under Minnesota Statutes, section 124.48:

\$1,582,000 1990

\$1,582,000 1991

Any unexpended balance remaining in the first year does not cancel but is available for fiscal year 1991.

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

Subd. 9. AMERICAN INDIAN POST-SECONDARY PREPARATION GRANTS. For American Indian post-secondary preparation grants according to Minnesota Statutes, section 124.481:

\$857,000 1990

\$857,000 1991

Subd. 10. AMERICAN INDIAN LANGUAGE AND CULTURE PROGRAMS. For grants to American Indian language and culture education programs according to Minnesota Statutes, section 126.54, subdivision 1:

\$590,000 1990

\$590,000 1991

The 1990 appropriation includes \$89,000 for 1989 and \$501,000 for 1990.

The 1991 appropriation includes \$89,000 for 1990 and \$501,000 for 1991.

Subd. 11. AMERICAN INDIAN EDUCATION. For certain American Indian education programs in school districts there is appropriated:

\$176,000 1990

\$176,000 1991

The 1990 appropriation includes \$27,000 for 1989 and \$149,000 for 1990.

The 1991 appropriation includes \$27,000 for 1990 and \$149,000 for 1991.

These appropriations are available for expenditure with the approval of the commissioner of education.

The commissioner must not approve the payment of any amount to a school district under this subdivision unless that school district is in compliance with all applicable laws of this state.

Up to the following amounts may be distributed to the following school districts for each fiscal year: \$54,800 to independent school district No. 309, Pine Point School; \$9,700 to independent school district No. 166; \$14,900 to independent school district No. 432; \$14,100 to independent school district No. 435; \$42,200 to independent school district No. 707; and \$39,100 to independent school district No. 38. These amounts shall be spent only for the benefit of American Indian pupils and to meet established state educational standards or statewide requirements.

Before a district can receive money under to this subdivision, the district must submit to the commissioner of education evidence that it has:

(1) complied with the uniform financial accounting and reporting standards act, Minnesota Statutes, sections 121.90 to 121.917. For each school year, compliance with Minnesota Statutes, section 121.908, subdivision 3a, shall require the school district to prepare one budget including the amount available to the district under this subdivision and one budget that does not include the available amount. The budget of that school district for the 1989-1990 school year

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

prepared according to Minnesota Statutes, section 121.908, subdivision 3a, shall be submitted to the commissioner of education at the same time as 1988-1989 budgets and shall not include money appropriated in this subdivision; and

(2) compiled accurate daily pupil attendance records.

Subd. 12. SECONDARY VOCATIONAL EDUCATION AID. For secondary vocational education aid according to Minnesota Statutes, section 124.573:

\$11,471,000 1990

\$11,720,000 1991

The 1990 appropriation includes \$1,525,000 for 1989 and \$9,946,000 for 1990.

The 1991 appropriation includes \$1,755,000 for 1990 and \$9,965,000 for 1991.

Subd. 13. SECONDARY VOCATIONAL HANDICAPPED. For aid for secondary vocational education for handicapped pupils according to Minnesota Statutes, section 124.574:

\$5,294,000 1990

\$6,224,000 1991

The 1990 appropriation includes \$645,000 for 1989 and \$4,649,000 for 1990.

The 1991 appropriation includes \$821,000 for 1990 and \$5,403,000 for 1991.

Subd. 14. TRIBAL CONTRACT SCHOOLS.

For tribal contract school aid:

\$200,000 1990

\$200,000 1991

Subd. 15. AMERICAN INDIAN TEACHER GRANTS. For joint grants to assist American Indian people to become teachers:

\$150,000 1990

\$150,000 1991

Up to \$70,000 each year is for a joint grant to the University of Minnesota-Duluth and the Duluth school district.

Up to \$40,000 each year is for a joint grant to Bemidji state university and Red Lake school district.

Up to \$40,000 each year is for a joint grant to Moorhead state university and a school district located within the White Earth reservation.

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

Subd. 16. ASSURANCE OF MASTERY. For assurance of mastery aid: \$10,582,000 1991

The 1991 appropriation includes \$0 for 1990 and \$10,582,000 for 1991.

The 1991 appropriation is based on a formula entitlement of \$12,449,000.

Subd. 17. INDIVIDUALIZED LEARNING AND DEVELOPMENT AID. For individualized learning and development aid under section 17:

\$6,400,000 1991

The 1991 appropriation includes \$6,400,000 for 1991.

This appropriation is based on a formula entitlement of \$7,550,000.

Sec. 26. EFFECTIVE DATE.

Section 4 is effective the day following final enactment. Sections 6, 16, 17, and 18 are effective for the 1990-1991 school year.

ARTICLE 4

COMMUNITY AND ADULT EDUCATION

Section 1. Minnesota Statutes 1988, section 121.88, subdivision 8, is amended to read:

Subd. 8. YOUTH DEVELOPMENT PLANS. A district advisory council may prepare a youth development plan. The council is encouraged to use the state model plan developed under section 121.87, subdivision 1a, when developing the local plan. If the school board approves may approve the youth development plan and the district makes a community education levy, the district is eligible for additional community education revenue under section 124.271, subdivision 2b.

Sec. 2. Minnesota Statutes 1988, section 121.88, subdivision 9, is amended to read:

Subd. 9. COMMUNITY YOUTH SERVICE PROGRAMS. A school board may offer, as part of a community education program with a youth development program, a community youth service program for public school pupils for the purpose of promoting to promote active citizenship and addressing to address community needs through youth service. The school board may award up to one credit, or the equivalent, toward graduation for a pupil who completes the youth service requirements of the district. The community education advisory council shall design the ~~service~~ program in cooperation with the district plan-

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

ning, 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;

(3) sufficient opportunity, in a positive setting for human development, for pupil volunteers to develop general skills in preparation for employment, to enhance self esteem and self worth, and 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.

Youth service projects include, but are not limited to, the following:

(1) human services for the elderly, including home care and related services;

(2) tutoring and mentoring;

(3) training for and providing emergency services;

(4) services at extended day programs; and

(5) environmental services.

The commissioner shall maintain a list of acceptable projects with a description of each project. A project that is not on the list must be approved by the commissioner.

A youth service project must have a community sponsor that may be a governmental unit or nonprofit organization. To assure that pupils provide additional services, each sponsor must assure that pupil services do not displace employees or reduce the workload of any employee.

The commissioner must assist districts in planning youth service programs, implementing programs, and developing recommendations for obtaining community sponsors.

Sec. 3. Minnesota Statutes 1988, section 121.882, subdivision 2, is amended to read:

Subd. 2. **PROGRAM CHARACTERISTICS.** Early childhood family education programs are programs for children in the period of life from birth to

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

kindergarten, for the parents of such children, and for expectant parents. The programs may include the following:

- (1) programs to educate parents about the physical, mental, and emotional development of children;
- (2) programs to enhance the skills of parents in providing for their children's learning and development;
- (3) learning experiences for children and parents;
- (4) activities designed to detect children's physical, mental, emotional, or behavioral problems that may cause learning problems;
- (5) activities and materials designed to encourage self-esteem, skills, and behavior that prevent sexual and other interpersonal violence;
- (6) educational materials which may be borrowed for home use;
- ~~(6)~~ (7) information on related community resources; or
- ~~(7)~~ (8) other programs or activities.

The programs shall not include activities for children that do not require substantial involvement of the children's parents. The programs shall be reviewed periodically to assure the instruction and materials are not racially, culturally, or sexually biased. The programs shall encourage parents to be aware of practices that may affect equitable development of children.

Sec. 4. Minnesota Statutes 1988, section 121.912, is amended by adding a subdivision to read:

Subd. 1b. TRA AND FICA TRANSFER. Notwithstanding subdivision 1, a district shall transfer money from the general fund to the community education fund for teacher retirement and FICA obligations attributable to community education programs.

Sec. 5. [123.706] **EARLY CHILDHOOD SCREENING.**

Subdivision 1. OBJECTIVES. The objectives of an early childhood screening program are to:

- (1) detect health and developmental conditions that may impede learning;
- (2) encourage further assessment, if needed; and
- (3) refer children to appropriate programs.

Subd. 2. SCREENING. Early childhood screening is a program for making a preliminary determination whether a child has a health or developmental condition that may impede learning. After screening, a child who may have such a condition is referred to a qualified individual or organization for assessment.

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

Subd. 3. PROGRAM AVAILABLE. Beginning in fiscal year 1994, a school district shall make a screening program available to children who are three years old and older but who have not entered kindergarten. No child may be required to be screened. A district shall follow up on referrals to determine whether a child needs or has obtained additional services. To the extent possible, a district shall cooperate with public and private organizations in the community to deliver, finance, and provide volunteer and in-kind services.

Subd. 3a. DISTRICT OPTIONS DURING INTERIM YEARS. During fiscal years 1990, 1991, 1992, and 1993, a school district must conduct a screening program either according to this section or according to sections 123.702 and 123.704.

Subd. 4. REQUIREMENTS FOR ALL CHILDREN. The following must be available for all children who are screened:

- (1) developmental screening;
- (2) vision and hearing screening;
- (3) height and weight assessment;
- (4) immunization review and immunizations;
- (5) review of health and family history;
- (6) identification of additional risk factors that may influence learning;
- (7) a summary interview with the parent;
- (8) referral for assessment when potential needs are identified; and
- (9) referral to a qualified health, developmental, education, or social service provider.

Subd. 5. REQUIREMENTS FOR CERTAIN CHILDREN. (a) Additional services must be offered to children:

- (1) who have not had a physical examination within one year; or
- (2) for whom information from a physical examination conducted within one year cannot be provided by the parent.

(b) The following must be available for the children described in paragraph (a):

- (1) nutrition assessment;
- (2) physical examination;
- (3) laboratory tests;

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

(4) oral inspection and dental referral; and

(5) any other service required by medical assistance rules set forth in Minnesota Rules, parts 9505.0275 and 9505.1693 to 9505.1748.

Services in this subdivision may be offered in conjunction with the screening program or provided by a public or private individual or health care organization within 30 days before the screening program.

Subd. 6. DEVELOPMENTAL SCREENING. Developmental screening, according to subdivision 4, clause (1), must be conducted by an individual who is licensed as, or has the equivalent training of, a special education teacher, school psychologist, kindergarten teacher, prekindergarten teacher, school nurse, public health nurse, registered nurse, or physician. The individual may be a volunteer.

Subd. 7. DATA PRIVACY. Data on individuals collected in a screening program is private, as defined in section 13.02, subdivision 12. Summary data shall be reported by the health provider who performs the screening to the school district for the purposes of developing educational and health programs. If the child's parent or guardian consents in writing, individual data shall also be reported.

Subd. 8. STATE AGENCY COOPERATION. The commissioner of education shall consult regularly with the commissioners of human services, health, and jobs and training, about the development of effective policies, practices, and cooperative arrangements to maximize the participation of preschool children and in follow-up services to enhance their health, preparation for formal education, and family nurturing. The commissioners of education and human services shall assist school districts in identifying children eligible for medical assistance or the children's health plan, providing outreach, and providing or paying for services with medical assistance or other available money, including private insurance.

Sec. 6. [123.707] HEALTH AND DEVELOPMENTAL SCREENING.

Subdivision 1. AID AVAILABILITY. Screening aid shall be paid to a district meeting the requirements of section 123.702 or 5.

Subd. 2. AID FOR THREE YEAR OLD CHILDREN. Health and developmental screening aid for a three year old screened is the following:

(a) for a child who is enrolled in the medical assistance program or the children's health plan, \$4;

(b) for a child who is covered by a private medical insurance plan that will reimburse the district for some or all of the cost of screening the child, the difference between the amount of eligible reimbursement and \$30, plus \$4; and

(c) for all others, \$30.

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

Subd. 3. AID FOR OTHER CHILDREN. Health and developmental screening aid for a child who is over the age of three, but not yet enrolled in kindergarten, is the following:

(a) for a child who is enrolled in the medical assistance program or the children's health plan, \$4;

(b) for a child who is covered by a private medical insurance plan that will reimburse the district for some or all of the cost of screening the child, and the reimbursement totals less than \$8.15, the difference between the amount of reimbursement and \$8.15, plus \$4; and

(c) for all others, \$8.15.

Sec. 7. Minnesota Statutes 1988, section 124.26, subdivision 1c, is amended to read:

Subd. 1c. **PROGRAM APPROVAL.** ~~A district receiving~~ To receive aid under this section, a district must have its program submit an application by June 1 describing the program, on a form provided by the department. The program must be approved by the commissioner according to the following criteria:

- (1) how the needs of ~~all~~ different levels of ~~learners~~ learning will be met;
- (2) for continuing programs, an evaluation of results;
- (3) anticipated number and education level of participants;
- (4) coordination with other resources and services;
- (5) participation in a consortium, if any, and ~~funds~~ money available from other participants;
- (6) management and program design;
- (7) volunteer training and use of volunteers;
- (8) staff development services;
- (9) program sites and schedules; and
- (10) program expenditures that qualify for aid.

The commissioner may contract with a private, nonprofit organization to provide services that are not offered by a district or that are supplemental to a district's program. The program provided under a contract must be approved according to the same criteria used for district programs.

Sec. 8. Minnesota Statutes 1988, section 124.26, subdivision 7, is amended to read:

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

Subd. 7. **ADULT BASIC AND CONTINUING EDUCATION AID.** Each district shall receive aid for approved adult basic ~~and continuing~~ education programs equal to 75 percent of the salary for each teacher, counselor, coordinator of volunteers, and nonlicensed instructional staff. In addition, the state shall pay aid equal to 75 percent of the expenditures for benefits, contracted services, supplies, and materials. Expenditures for which the district receives federal aid shall not qualify for state aid. Up to five percent of the combined state and federal aid may be for the administrative costs of coordinating services with human services, employment, training, corrections, or other agencies providing educational services to adult learners.

Sec. 9. Minnesota Statutes 1988, section 124.26, is amended by adding a subdivision to read:

Subd. 8. ADULT BASIC EDUCATION LEVY. To obtain adult basic education aid, a district may levy an amount not to exceed the amount raised by a gross tax capacity rate of .16 percent times the adjusted gross tax capacity of the district for the preceding year for taxes payable in 1990 or a net tax capacity rate of .20 percent times the adjusted net tax capacity of the district for the preceding year for taxes payable in 1991 and thereafter.

Sec. 10. Minnesota Statutes 1988, section 124.2711, subdivision 1, is amended to read:

Subdivision 1. **MAXIMUM REVENUE.** (a) The maximum revenue for early childhood family education programs for ~~a school year~~ the 1989 and 1990 fiscal years for a school district is the amount of revenue derived by multiplying \$84.50 times the greater of 150 or the number of people under five years of age residing in the school district on September 1 of the preceding school year.

(b) For 1991 and later fiscal years, the maximum revenue for early childhood family education programs for a school district is the amount of revenue earned by multiplying \$87.75 times the greater of:

(1) 150; or

(2) the number of people under five years of age residing in the school district on September 1 of the last school year.

Sec. 11. Minnesota Statutes 1988, section 124.2711, subdivision 3, is amended to read:

Subd. 3. **AID.** If a district complies with the provisions of section 121.882, it shall receive early childhood family education aid equal to:

(a) the difference between the maximum revenue, according to subdivision 1, and the permitted levy attributable to the same school year, according to section 275.125, subdivision 8b, times

(b) the ratio of the district's actual levy to its permitted levy attributable to the same school year, according to section 275.125, subdivision 8b.

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

In fiscal year 1990 only, a district receiving early childhood family education aid under this subdivision or levy under section 275.125, subdivision 8b, shall receive an additional amount of aid equal to \$.95 times the greater of 150 or the number of people under five years of age residing in the district on September 1 of the last school year.

Sec. 12. [124.2713] COMMUNITY EDUCATION REVENUE.

Subdivision 1. TOTAL COMMUNITY EDUCATION REVENUE. Community education revenue equals the sum of a district's general community education revenue, youth development plan revenue, and youth service program revenue.

Subd. 2. ELIGIBILITY. To be eligible for community education revenue, a district must:

(1) operate a community education program that complies with section 121.88; and

(2) file a certificate of compliance with the commissioner of education. The certificate of compliance shall certify that a meeting was held to discuss methods of increasing cooperation among the governing boards of each county, city, and township in which the district, or any part of the district, is located, and that each governing board was sent a written notice of the meeting at least 15 working days before the meeting. The failure of a governing board to attend the meeting shall not affect the authority of the district to obtain community education revenue.

Subd. 3. GENERAL COMMUNITY EDUCATION REVENUE. For fiscal year 1991 and thereafter, the general community education revenue for a district equals \$.95 times the greater of 1,335 or the population of the district. The population of the district is determined according to section 275.14.

Subd. 3a. [1990 GENERAL COMMUNITY EDUCATION REVENUE.] For fiscal year 1990, the general community education revenue for each district equals \$.75 times the greater of 1,335 or the population of the district.

Subd. 4. YOUTH DEVELOPMENT PLAN REVENUE. Youth development plan revenue for a district with a plan approved by the school board equals 50 cents times the greater of 1,335 or the population of the district.

Subd. 5. YOUTH SERVICE REVENUE. Youth service program revenue is available to a district that has implemented a youth development plan and a youth service program. Youth service revenue equals 25 cents times the greater of 1,335 or the population of the district.

Subd. 6. COMMUNITY EDUCATION LEVY. To obtain community education revenue, a district may levy the amount raised by a gross tax capacity rate of 0.8 percent times the adjusted gross tax capacity of the district for taxes payable in 1990 or a net tax capacity rate of 1.0 percent times the adjusted net tax capacity of the district for taxes payable in 1991 and thereafter. If the

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

amount of the community education levy would exceed the community education revenue, the community education levy shall equal the community education revenue.

Subd. 7. COMMUNITY EDUCATION AID. A district's community education aid is the difference between its community education revenue and the community education levy. If the district does not levy the entire amount permitted, the community education aid shall be reduced in proportion to the actual amount levied.

Subd. 8. USES OF GENERAL REVENUE. General community education revenue may be used for:

- (1) nonvocational, recreational, and leisure time activities and programs;
- (2) handicapped adult programs, if the programs and budgets are approved by the department of education;
- (3) adult basic education programs, according to section 124.26;
- (4) summer programs for elementary and secondary pupils;
- (5) implementation of a youth development plan;
- (6) implementation of a youth service program;
- (7) early childhood family education programs, according to section 121.882;
and
- (8) extended day programs, according to section 121.88, subdivision 10.
- (9) In addition to money from other sources, a district may use up to ten percent of its community education revenue for equipment that is used exclusively in community education programs. This revenue may be used only for the following purposes:
 - (i) to purchase or lease computers and related materials;
 - (ii) to purchase or lease equipment for instructional programs; and
 - (iii) to purchase textbooks and library books.

Subd. 9. USE OF YOUTH REVENUE. Youth development revenue may be used only to implement the youth development plan approved by the school board. Youth service revenue may be used only to provide a youth service program according to section 121.88, subdivision 9.

Sec. 13. [124.2714] ADDITIONAL COMMUNITY EDUCATION REVENUE.

A district that is eligible under section 12, subdivision 2, may levy an

New language is indicated by underline, deletions by strikeout.

amount up to the amount authorized by Minnesota Statutes 1986, section 275.125, subdivision 8, clause (2). The proceeds of the levy may be used for the purposes set forth in section 12, subdivision 8.

Sec. 14. [124.2715] **HANDICAPPED ADULT REVENUE.**

Subdivision 1. REVENUE AMOUNT. A district that is eligible according to section 12, subdivision 2, may receive revenue for a handicapped adult program. Handicapped adult program revenue for a district or a group of districts equals the lesser of:

- (1) the actual expenditures for approved programs and budgets; or
- (2) \$60,000.

Subd. 2. AID. Handicapped adult program aid equals the lesser of:

- (1) one-half of the actual expenditures for approved programs and budgets;
or
- (2) \$30,000.

Subd. 3. LEVY. A district may levy for a handicapped adult program an amount up to the amount designated in subdivision 2. In the case of a program offered by a group of districts, the levy amount shall be apportioned among the districts according to the agreement submitted to the department of education.

Subd. 4. OUTSIDE REVENUE. A district may receive money from public or private sources to supplement handicapped adult program revenue. Aid may not be reduced as a result of receiving money from these sources.

Subd. 5. USE OF REVENUE. Handicapped adult program revenue may be used only to provide handicapped adult programs.

Sec. 15. [129B.13] **INTERAGENCY ADULT LEARNING ADVISORY COUNCIL AND GRANTS.**

Subdivision 1. SPECIFIC GOALS. The interagency adult learning initiative is intended to:

- (1) increase the number of adults improving their basic skills and completing general educational development, high school diploma, and technical skills training programs;
- (2) reduce the dropout rate in adult programs by ensuring that transportation, child care, and other barriers to learning are addressed;
- (3) be a catalyst to upgrade existing adult education programs;
- (4) expand cooperation among education, human services, and job training agencies; and

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

(5) support employer, labor union, or other initiatives to improve employed workers' basic skills.

Subd. 2. MEMBERS; MEETINGS; OFFICERS. The interagency adult learning advisory council shall have 16 to 18 members. Members must have experience in educating adults or in programs addressing welfare recipients and incarcerated, unemployed, and underemployed people.

The members of the interagency adult learning advisory council are appointed as follows:

(1) one member appointed by the commissioner of the state planning agency;

(2) one member appointed by the commissioner of jobs and training;

(3) one member appointed by the commissioner of human services;

(4) one member appointed by the director of the refugee and immigrant assistance division of the department of human services;

(5) one member appointed by the commissioner of corrections;

(6) one member appointed by the commissioner of education;

(7) one member appointed by the director of the state board of vocational technical education;

(8) one member appointed by the chancellor of community colleges;

(9) one member appointed by the Minnesota adult literacy campaign or by another nonprofit literacy organization, as designated by the commissioner of the state planning agency;

(10) one member appointed by the council on Black Minnesotans;

(11) one member appointed by the Spanish-speaking affairs council;

(12) one member appointed by the council on Asian-Pacific Minnesotans;

(13) one member appointed by the Indian affairs council; and

(14) one member appointed by the disability council.

Up to four additional members of the council may be nominated by the participating agencies. Based on the council's recommendations, commissioner of the state planning agency must appoint at least two, but not more than four, additional members. Nominees shall include, but are not limited to, representatives of local education, government, nonprofit agencies, employers, labor organizations, and libraries.

The council shall elect its officers.

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

Subd. 3. STAFF. The commissioner of the state planning agency shall provide space and administrative services to the council. The commissioner may contract for staff for the council.

Subd. 4. COMPENSATION. Compensation of members is governed by section 15.059, subdivision 6.

Subd. 5. EXPIRATION DATE. The advisory council expires on June 30, 1995.

Subd. 6. COUNCIL RESPONSIBILITIES. The responsibilities of the council are to make recommendations to:

- (1) coordinate planning and activities of participating agencies;
- (2) assist program coordination at the local level;
- (3) develop policy recommendations on adult literacy for the state, and make recommendations to the participating commissioners and the legislature;
- (4) establish standards for effective programs and promote statewide implementation of such standards;
- (5) award grant funds;
- (6) evaluate programs funded by the state; and
- (7) provide technical assistance and staff development services, in coordination with participating agencies.

Subd. 7. TARGETED ADULT LITERACY GRANTS. The council may make recommendations to award grants to qualified programs to serve people who are on public assistance, are unemployed, or underemployed and who:

- (1) are functioning below the eighth grade level;
- (2) have not completed high school or a GED program;
- (3) need basic skills remediation for employment, occupational training, or post-secondary education; or
- (4) do not speak English.

The council may prioritize funding for services for people described in clause (1) or to persons with learning disabilities.

Priority must be given to qualified programs for the recipients of aid to families with dependent children who are identified for self-sufficiency services under section 256.736, and qualified programs for recipients of general assistance or work readiness assistance.

Subd. 8. STANDARDS FOR QUALIFIED PROGRAMS. (a) Except as

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

provided in paragraph (b) and subdivision 9, a program qualifying for a grant must:

(1) be directed to the unemployed, the underemployed, the incarcerated, public assistance recipients, or to non-English speaking immigrants;

(2) integrate learning and support services such as child care, transportation, and counseling;

(3) have intensive learning that maximizes the weekly hours available to learners;

(4) be accessible year-round and during daytime or evening hours as needed, except where otherwise appropriate to learners' needs;

(5) have individualized learning plans and outcome based learning;

(6) provide instruction in transferable basic skills;

(7) have context based learning linked to individual occupational or self-sufficiency goals;

(8) provide for reporting and evaluation;

(9) have appropriate coordination and differentiation of services among adult literacy services and agencies in the local area;

(10) be coordinated with human services and employment and training agencies, as appropriate to the target population; and

(11) maximize use of available local resources.

(b) The commissioner of the state planning agency may waive a standard because of client need or local conditions. The reason for the waiver must be documented.

Subd. 9. INNOVATION GRANTS. The commissioner of the state planning agency may award grants for innovative programs. An innovation grant need not comply with the standards in subdivision 8. The nature and extent of the proposed innovation must be described in the award.

Subd. 10. NO FUNDING REQUIRED. The commissioner of the state planning agency need not award a grant for any proposal that, in the determination of the commissioner does not meet the standards in subdivision 8.

Subd. 11. ELIGIBLE GRANTEES. To be eligible for a grant, one or more public agencies, or public or private nonprofit organizations, must submit a plan to create or maintain a qualified program. A profit-making organization cannot receive a grant but may be a subcontractor on a grant.

Grantees may not reduce existing expenditure levels for the target population.

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

Subd. 12. GEOGRAPHIC DISTRIBUTION. The commissioner of the state planning agency shall seek to award grants throughout the state, taking into account the incidence of the target population. It shall provide technical assistance to local agencies to enhance fulfillment of this subdivision.

Subd. 13. SUPPLEMENTAL GRANTS. A grant may supplement existing local programs by financing additional services or hours of instruction.

Subd. 14. GRANT SCHEDULE. The commissioner of the state planning agency must award initial grants by April 1, 1990. Beginning in 1991, grants must be awarded by July 1 of each year. Grants may be awarded for a period not to exceed 24 months.

Subd. 15. LOCAL AND REGIONAL JOINT PLANNING. The commissioner of the state planning agency may require grant applicants and existing adult basic education providers in a locality to present a joint services plan as a condition of receiving a grant under this section.

Subd. 16. REPORTING AND EVALUATION. The commissioner of the state planning agency shall evaluate the performance of the grantees and report to the legislature by November 15 of each year, except that a preliminary report may be submitted by February 15, 1991.

Sec. 16. Minnesota Statutes 1988, section 275.14, is amended to read:

275.14 CENSUS.

For the purposes of sections 12 and 275.11 to 275.16, the population of a city shall be that established by the last federal census, by a special census taken by the United States Bureau of the Census, by an estimate made by the metropolitan council, or by the state demographer made according to section 116K.04, subdivision 4, whichever has the latest stated date of count or estimate, before July 2 of the current levy year. The population of a school district must be determined by as certified by the department of education from the most recent federal census.

In any year in which no federal census is taken pursuant to law in any school district affected by sections 275.11 to 275.16 a population estimate may be made and submitted to the state demographer for approval as hereinafter provided. The school board of a school district, in case it desires a population estimate, shall pass a resolution by September 1 containing a current estimate of the population of the school district and shall submit the resolution to the state demographer. The resolution shall describe the criteria on which the estimate is based and shall be in a form and accompanied by the data prescribed by the state demographer. The state demographer shall determine whether or not the criteria and process described in the resolution provide a reasonable basis for the population estimate and shall inform the school district of that determination within 30 days of receipt of the resolution. If the state demographer determines that the criteria and process described in the resolution do not

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

provide a reasonable basis for the population estimate, the resolution shall be of no effect. If the state demographer determines that the criteria and process do provide a reasonable basis for the population estimate, the estimate shall be treated as the population of the school district for the purposes of sections 275.11 to 275.16 until the population of the school district has been established by the next federal census or until a more current population estimate is prepared and approved as provided herein, whichever occurs first. The state demographer shall establish guidelines for acceptable population estimation criteria and processes. The state demographer shall issue advisory opinions upon request in writing to cities or school districts as to proposed criteria and processes prior to their implementation in an estimation. The advisory opinion shall be final and binding upon the demographer unless the demographer can show cause why it should not be final and binding.

In the event that a census tract employed in taking a federal or local census overlaps two or more school districts, the county auditor shall, on the basis of the best information available, allocate the population of said census tract to the school districts involved.

The term "council," as used in sections 275.11 to 275.16, means any board or body, whether composed of one or more branches, authorized to make ordinances for the government of a city within this state.

Sec. 17. CONVENING THE INTERAGENCY ADULT LEARNING COUNCIL.

The commissioner of the state planning agency shall convene the state agency members of the interagency adult learning council on an interim basis by August 1, 1989, and the full council by September 1, 1989.

Sec. 18. SCREENING AVAILABILITY.

Subdivision 1. PLANNING PROCESS. Beginning in the 1989-1990 school year, districts must begin a process to make screening readily available to all three year old children, targeting those at-risk and unlikely to be served by other programs. After July 1, 1993, a district shall make available voluntary health and developmental screening to all three year old children in the district. Districts shall collaborate with public and private community-based resources to deliver and finance early childhood screening.

Subd. 2. GUIDELINES. The commissioner of education shall establish guidelines to assist school districts in expanding the early childhood screening program to all three year old children.

Sec. 19. APPROPRIATIONS.

Subdivision 1. DEPARTMENT OF EDUCATION. Except as otherwise provided, the sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

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

Subd. 2. ADULT BASIC EDUCATION AID. For adult basic education aid according to Minnesota Statutes, section 124.26:

\$4,780,000 1990

\$5,043,000 1991

The 1990 appropriation includes \$638,000 for 1989 and \$4,142,000 for 1990.

The 1991 appropriation includes \$731,000 for 1990 and \$4,312,000 for 1991.

Up to \$235,000 in 1990 and \$250,000 in 1991 may be used for contracts with private, nonprofit organizations for approved programs.

Subd. 3. ADULT HANDICAPPED PROGRAM AID. For handicapped adult programs according to section 14:

\$610,000 1990

\$670,000 1991

Any unexpended balance from the appropriations in this subdivision for 1990 does not cancel and is available for the second year of the biennium.

Subd. 4. COMMUNITY EDUCATION AID. For community education aid according to section 12:

\$4,853,000 1990

\$3,591,000 1991

The 1990 appropriation includes \$516,000 for 1989 and \$4,337,000 for 1990.

The 1991 appropriation includes \$766,000 for 1990 and \$2,825,000 for 1991.

Subd. 5. EARLY CHILDHOOD FAMILY EDUCATION AID. For early childhood family education aid according to Minnesota Statutes, section 124.2711:

\$9,635,900 1990

\$10,262,000 1991

The 1990 appropriation includes \$1,235,000 for 1989 and \$8,400,000 for 1990.

The 1991 appropriation includes \$1,484,000 for 1990 and \$8,778,000 for 1991.

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

Subd. 6. HEALTH AND DEVELOPMENTAL SCREENING AID. For health and developmental screening aid according to section 6:

\$881,000 1990

\$1,357,000 1991

The 1990 appropriation includes \$60,000 for 1989 and \$821,000 for 1990.

The 1991 appropriation includes \$145,000 for 1990 and \$1,212,000 for 1991.

Any unexpended balance for fiscal year 1990 does not cancel but is available for fiscal year 1991.

Up to \$25,000 of the appropriation available in fiscal year 1990 may be used for start-up training and technical assistance.

Subd. 7. EVALUATION OF BASIC SKILLS PROGRAMS. For continuing an independent statewide evaluation of basic skills programs:

\$75,000 1990

\$75,000 1991

This appropriation is contingent upon the department's receipt of \$1 from private sources for each \$2 of this appropriation. The commissioner of education must certify the receipt of the private matching funds. The commissioner shall contract with an organization that is not connected with the delivery system.

Subd. 8. EVALUATION OF ECFE PROGRAMS. To develop outcome measures and evaluate district ECFE programs:

\$ 25,000 1990

Any unexpended balance for fiscal year 1990 does not cancel but is available for fiscal year 1991.

Subd. 9. GED AND LEARN TO READ ON TV. For statewide purchase of broadcast costs, publicity, and coordination of the GED on TV series and the learn to read on TV series:

\$100,000 1990

\$100,000 1991

The department may contract for these services.

Subd. 10. HEARING IMPAIRED ADULTS. For programs for hearing impaired adults according to Minnesota Statutes, section 121.201:

\$70,000 1990

\$70,000 1991

Subd. 11. ADULT LITERACY GRANTS. To the state planning agency for grants and duties of the interagency adult literacy council:

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

\$400,000 1990

\$500,000 1991

Up to \$25,000 each year is to provide technical assistance to employers. Up to \$20,000 each year is for the commissioner to contract for staff to the council.

The appropriation includes \$200,000 each year for programs to assist inmates in state correctional institutions in obtaining a high school diploma or its equivalent.

Sec. 20. **REPEALER.**

Minnesota Statutes 1988, sections 123.703; 123.705; 124.271, subdivisions 2b, 3, 4, and 7; 129B.48; and 275.125, subdivision 8, are repealed July 1, 1989. Section 12, subdivision 3a, is repealed July 1, 1990. Minnesota Statutes, sections 123.702 and 123.704, and section 5, subdivision 3a, are repealed July 1, 1993. Section 15 is repealed June 30, 1995.

Sec. 21. **EFFECTIVE DATE.**

Section 4 is effective the day following final enactment.

ARTICLE 5

FACILITIES AND EQUIPMENT

Section 1. Minnesota Statutes 1988, section 16B.60, subdivision 6, is amended to read:

Subd. 6. **PUBLIC BUILDING.** "Public building" means a building and its grounds, the cost of which is paid for by the state; or a state agency; or a school district.

Sec. 2. Minnesota Statutes 1988, section 121.15, subdivision 2, is amended to read:

Subd. 2. **PLAN SUBMITTAL.** For a project for which consultation is required under subdivision 1, the commissioner, after the consultation required in subdivision 1, may require a school district 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 commissioner shall approve or disapprove the plans within 60 days after submission.

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

Final plans shall meet all applicable state laws, rules, and codes concerning public buildings, including sections 16B.59 to 16B.73. The department may furnish to a school district plans and specifications for temporary school buildings containing two classrooms or less.

Sec. 3. Minnesota Statutes 1988, section 123.36, subdivision 1, is amended to read:

Subdivision 1. According to section 14 or 16, when funds are available therefor, the board may locate and acquire necessary sites of schoolhouses or enlargements, or additions to existing schoolhouse sites by lease, purchase or condemnation under the right of eminent domain; it may erect schoolhouses thereon; it may erect or purchase garages for district-owned school buses. When property is taken by eminent domain by authority of this subdivision when needed by the school district for such purposes, the fact that the property so needed has been acquired by the owner under the power of eminent domain or is already devoted to public use, shall not prevent its acquisition by the school district. The board may sell or exchange schoolhouses or sites, and execute deeds of conveyance thereof.

Sec. 4. Minnesota Statutes 1988, section 123.36, subdivision 13, as amended by Laws 1989, chapter 222, section 10, if enacted, is amended to read:

Subd. 13. **PROCEEDS OF SALE OR EXCHANGE.** Proceeds of the sale or exchange of school buildings or real property of the school district shall be used as provided in this subdivision.

(1) (a) In districts with outstanding bonds, the proceeds of the sale or exchange shall first be deposited in the debt retirement fund of the district in an amount sufficient to meet when due that percentage of the principal and interest payments for outstanding bonds which is ascribable to the payment of expenses necessary and incidental to the construction or purchase of the particular building or property which is sold.

(2) (b) After satisfying the requirements of ~~clause (1) paragraph (a)~~, a district with outstanding bonds may deposit proceeds of the sale or exchange in its capital expenditure fund if the amount deposited is used for the following:

(a) ~~for expenditures for the removal of asbestos from school buildings or property or for asbestos encapsulation, if the method for asbestos removal or encapsulation is approved by the department of education;~~

(b) (1) for expenditures for the cleanup of polychlorinated biphenyls, if the method for cleanup is approved by the department of education;

(c) (2) for capital expenditures for the betterment, as defined in section 475.51, subdivision 8, of district-owned school buildings; ~~other than as provided in clause (a);~~ or

(d) (3) to replace the building or property sold.

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

The amount of the proceeds used for the purposes specified in clauses (a) and (b) shall be deducted from the levy limitation computed for the levy authorized in section 124.83, subdivision 4, in the first year after the deposit and from levy limitations computed for this levy in succeeding years until the entire amount is deducted.

(3) (c) In a district with outstanding bonds, the amount of the proceeds of the sale or exchange remaining after the application of clauses (1) and (2) paragraphs (a) and (b), which is sufficient to meet when due that percentage of the principal and interest payments for the district's outstanding bonds which is not governed by clause (1) paragraph (a), shall be deposited in the debt retirement fund.

(4) (d) Any proceeds of the sale or exchange remaining in districts with outstanding bonds after the application of clauses (1), (2), and (3) paragraphs (a), (b), and (c), and all proceeds of the sale or exchange in districts without outstanding bonds shall be deposited in the capital expenditure fund of the district.

(5) (e) Notwithstanding clauses (2) and (3) paragraphs (b) and (c), a district with outstanding bonds may deposit in its capital expenditure fund and use for any lawful capital expenditure without the reduction of any levy limitation the same percentage of the proceeds of the sale or exchange of a building or property as the percentage of the initial cost of purchasing or constructing the building or property which was paid using revenue from the capital expenditure fund.

(6) Every district which sells or exchanges a building or property shall report to the commissioner in the form and at the time the commissioner prescribes on the disposition of the proceeds of the sale or exchange.

Sec. 5. Minnesota Statutes 1988, section 124.243, subdivision 2, is amended to read:

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

- (1) ~~\$137~~ \$130 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.

Sec. 6. Minnesota Statutes 1988, section 124.243, subdivision 3, is amended to read:

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:

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

(1) the quotient derived by dividing the adjusted gross tax capacity 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~~ 70 percent of the equalizing factor for the school year to which the levy is attributable.

Sec. 7. Minnesota Statutes 1988, section 124.243, is amended by adding a subdivision to read:

Subd. 11. INSTALLMENT PURCHASE CONTRACTS. An installment contract to purchase a facility in excess of \$400,000 is subject to the review and comment provisions of section 121.15.

Sec. 8. Minnesota Statutes 1988, section 124.244, subdivision 1, is amended to read:

Subdivision 1. **REVENUE AMOUNT.** The capital expenditure equipment revenue for each district equals \$~~70~~ \$65 times its actual pupil units counted according to section 124.17, subdivision 1, for the school year.

Sec. 9. Minnesota Statutes 1988, section 124.244, subdivision 2, is amended to read:

Subd. 2. **CAPITAL EXPENDITURE EQUIPMENT LEVY.** To obtain capital expenditure equipment revenue, a district may levy an amount not to exceed 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 gross tax capacity 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~~ 70 percent of the equalizing factor for the school year to which the levy is attributable.

Sec. 10. Minnesota Statutes 1988, section 124.245, subdivision 3b, is amended to read:

Subd. 3b. **HAZARDOUS SUBSTANCE REVENUE AND AID.** (a) A district's "hazardous substance revenue" for fiscal year 1989 equals the approved cost of the hazardous substance plan for the ~~school~~ fiscal year to which the levy is attributable, minus the unexpended portion of levies certified and aids earned by the district in earlier years under ~~section~~ sections 124.245, subdivision 3, and 275.125, subdivision 11c.

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

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

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

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

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

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

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

Sec. 11. Minnesota Statutes 1988, section 124.83, subdivision 3, is amended to read:

Subd. 3. **HEALTH AND SAFETY REVENUE.** A district's health and safety revenue ~~for a fiscal year 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.~~

(1) the sum of (a) the total approved cost of the district's hazardous substance plan for fiscal years 1985 through 1989, plus (b) the total approved cost of the district's health and safety program for fiscal year 1990 through the fiscal year to which the levy is attributable, minus

(2) the sum of (a) the district's total hazardous substance aid and levy for fiscal years 1985 through 1989 under sections 124.245 and 275.125, subdivision 11c, plus (b) the district's health and safety revenue under this subdivision, for years before the fiscal year to which the levy is attributable, plus (c) the amount of other federal, state, or local receipts for the district's hazardous substance or health and safety programs for fiscal year 1985 through the fiscal year to which the levy is attributable.

Sec. 12. Minnesota Statutes 1988, section 124.83, subdivision 4, is amended to read:

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 gross tax capacity 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~~ 70 percent of the equalizing factor for the school year to which the levy is attributable.

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

Sec. 13. Minnesota Statutes 1988, section 124.83, subdivision 6, is amended to read:

Subd. 6. **USES OF HEALTH AND SAFETY REVENUE.** Health and safety revenue may be used only for approved 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.

Sec. 14. Minnesota Statutes 1988, section 275.125, subdivision 11d, is amended to read:

Subd. 11d. **EXTRA CAPITAL EXPENDITURE LEVY FOR LEASING BUILDINGS.** When a district finds it economically advantageous to rent or lease a building, or to purchase a building and site under an installment purchase agreement, lease purchase agreement, or any other deferred payment agreement authorized under section 465.71, ~~for a secondary vocational cooperative program~~ any instructional purposes and it determines that the capital expenditure facilities revenues authorized under section 124.243 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 or agreement, and a description of the space to be leased or purchased according to any type of deferred payment agreement, and its proposed use. The criteria for approval of applications to levy under this subdivision must include: 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 or agreement to the laws and rules of the state of Minnesota, and the appropriateness of the proposed lease or agreement 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 or purchasing 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 or to purchase a building newly constructed under an installment purchase agreement, lease purchase agreement, or any other deferred payment agreement authorized under section 465.71.~~

Sec. 15. Minnesota Statutes 1988, section 326.03, subdivision 2, is amended to read:

Subd. 2. Nothing contained in sections 326.02 to 326.15 shall prevent persons from advertising and performing services such as consultation, investigation, or evaluation in connection with, or from making plans and specifications for, or from supervising, the erection, enlargement, or alteration of any of the following buildings:

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

(a) Dwellings for single families, and outbuildings in connection therewith, such as barns and private garages;

(b) Two family dwellings;

(c) Any farm building or accessory thereto; ~~or~~

(d) Temporary buildings or sheds used exclusively for construction purposes, not exceeding two stories in height, and not used for living quarters; or

(e) Any public work or public improvement done by a public body in this state where the cost of the work or improvement does not exceed \$100,000.

Sec. 16. Minnesota Statutes 1988, section 465.71, is amended to read:

465.71 INSTALLMENT AND LEASE PURCHASES; CITIES; COUNTIES; SCHOOL DISTRICTS.

A home rule charter city, statutory city, county, town, or school district may purchase real or personal property under an installment contract, or lease real or personal property with an option to purchase under a lease purchase agreement, by which contract or agreement title is retained by the seller or vendor or assigned to a third party as security for the purchase price, including interest, if any, but such purchases are subject to statutory and charter provisions applicable to the purchase of real or personal property. For purposes of the bid requirements contained in section 471.345, "the amount of the contract" shall include the total of all lease payments for the entire term of the lease under a lease-purchase agreement. The obligation created by a lease purchase agreement or installment contract shall not be included in the calculation of net debt for purposes of section 475.53, shall be deemed to constitute the issuance of an obligation under section 475.58, subdivision 1, clause (6), and shall not constitute debt under any other statutory provision. No election shall be required in connection with the execution of a lease purchase agreement or installment contract authorized by this section. The city, county, town, or school district ~~shall~~ must have the right to terminate a lease purchase agreement at the end of any fiscal year during its term.

Sec. 17. Laws 1959, chapter 462, section 3, subdivision 10, as renumbered, as amended by Laws 1963, chapter 645, section 3, Laws 1967, chapter 661, section 3, Laws 1969, chapter 994, section 1, Laws 1975, chapter 320, section 1, and Laws 1980, chapter 525, section 2, is amended to read:

Subd. 10. **SPECIAL SCHOOL DISTRICT NO. 1; MINNEAPOLIS, CITY OF; EXTENDING BONDING AUTHORITY.** As used in this act the word "project" shall mean any proposed new or enlarged school building site, any proposed new school building or any proposed new addition to a school building, and "undertaking" shall mean any other purpose for which bonds may be issued as authorized in this subdivision. Subject to the limitations of subdivision 11, the special independent school district of Minneapolis may issue and

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

sell bonds with the approval of 53 percent of the electors voting on the question at a general school district election or at a school district election held at the same time and place within the district as a state general or primary election, as determined by the board of education. Subject to the provisions of subdivision 11, the school district may also by a two-thirds majority vote of all the members of its board of education and without any election by the voters of the district, issue and sell in each calendar year bonds of the district in an amount not to exceed one-half of one percent of the assessed value of the taxable property in the district (plus, for each of the calendar years ~~1980 through 1984~~ year 1990, an amount not to exceed 50 percent of the amount of indebtedness to be retired during the calendar year \$7,500,000; with an additional provision that any amount of bonds so authorized for sale in a specific year and not sold can be carried forward and sold in the year immediately following); provided, however, that the board shall submit the list of projects and undertakings to be financed by a proposed issue to the city planning commission as provided in subdivision 11(c). All bonds of the school district shall be payable in not more than ~~20~~ 30 years. The proceeds of the sale of the bonds shall be used only for the rehabilitating, remodeling, expanding and equipping of existing school buildings and for the acquisition of sites, construction and equipping of new school buildings, and for acquisition and betterment purposes, and no part of the proceeds shall be used for maintenance. The provisions of this act shall apply to the issuance and sale of the bonds and to the purposes for which the bonds may be issued notwithstanding any provisions to the contrary in any other existing law relating thereto:

Sec. 18. HANDICAPPED ACCESSIBILITY LEVY: INDEPENDENT SCHOOL DISTRICT NO. 228.

For handicapped accessibility improvements, independent school district No. 228, Harmony, may levy an amount not more than the lesser of \$100,000 or the costs of the handicapped accessibility improvements. This levy is authorized for taxes payable in 1990, 1991, or 1992. In no case may the sum of the levies exceed \$100,000.

Sec. 19. INSTRUCTIONS TO THE DEPARTMENT.

The department of education shall make adjustments to the capital expenditure facilities levy, the capital expenditure equipment levy, and the health and safety levy certified for fiscal year 1991, according to sections 5, 6, 8, 9, and 12, for revenue for fiscal year 1990.

Sec. 20. 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

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

incidental to those purposes or the sale. Bonds may be issued under this section without a referendum. 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. An election on the question of issuing the bonds is not required. 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 Minnesota Statutes, 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 Minnesota Statutes, section 298.28, subdivision 11, and to the northeast Minnesota economic protection trust pursuant to Minnesota Statutes, 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 Minnesota Statutes, 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. 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.

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

Sec. 21. **APPROPRIATIONS.**

Subdivision 1. DEPARTMENT OF EDUCATION. The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. CAPITAL EXPENDITURE FACILITIES AID. For capital expenditure facilities aid according to Minnesota Statutes, section 124.243, subdivision 5:

\$33,800,000 1990

\$41,039,000 1991

The 1990 appropriation includes \$33,800,000 for 1990.

The 1991 appropriation includes \$5,965,000 for 1990 and \$35,074,000 for 1991.

Subd. 3. CAPITAL EXPENDITURE EQUIPMENT AID. For capital expenditure equipment aid according to Minnesota Statutes, section 124.244, subdivision 3:

\$16,900,000 1990

\$20,520,000 1991

The 1990 appropriation includes \$16,900,000 for 1990.

The 1991 appropriation includes \$2,983,000 for 1990 and \$17,537,000 for 1991.

Subd. 4. HEALTH AND SAFETY AID. For health and safety aid according to Minnesota Statutes, section 124.83, subdivision 5:

\$8,168,000 1990

\$10,796,000 1991

The 1990 appropriation includes \$8,168,000 for 1990.

The 1991 appropriation includes \$1,442,000 for 1990 and \$9,354,000 for 1991.

Subd. 8. MAXIMUM EFFORT SCHOOL LOAN FUND. For the maximum effort school loan fund:

\$855,500 1990

\$2,100,000 1991

These appropriations shall be placed in the loan repayment account of the maximum effort school loan fund for the payment of the principal and interest

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

on school loan bonds, as provided in Minnesota Statutes, section 124.46, to the extent that money in the fund is not sufficient to pay when due the full amount of principal and interest due on school loan bonds. The purpose of these appropriations is to ensure that sufficient money is available in the fund to prevent a statewide property tax levy as would otherwise be required pursuant to Minnesota Statutes, section 124.46, subdivision 3. Notwithstanding the provisions of Minnesota Statutes, section 124.39, subdivision 5, any amount of the appropriation made in this section which is not needed to pay when due the principal and interest due on school loan bonds shall not be transferred to the debt service loan account of the maximum effort school loan fund but instead shall cancel and revert to the general fund.

The 1990 appropriation does not cancel and is available until July 1, 1991.

Subd. 6. HAZARDOUS SUBSTANCE AID. For the final adjustment payment of hazardous substance aid under Minnesota Statutes 1987 Supplement, section 124.245, subdivision 3b:

\$9,000 1990

The 1990 appropriation includes \$9,000 for 1989.

Subd. 5. CAPITAL EXPENDITURE AID. For the final adjustment payment of capital expenditure aid according to Minnesota Statutes 1987 Supplement, section 124.244, subdivision 3:

\$5,628,000 1990

The 1990 appropriation includes \$5,628,000 for 1989.

Sec. 22. **REPEALER.**

Minnesota Statutes 1988, section 124.243, subdivision 4, is repealed.

Sec. 23. **EFFECTIVE DATE.**

Section 10 is effective the day following final enactment.

ARTICLE 6 EDUCATION ORGANIZATION AND COOPERATION

Section 1. Minnesota Statutes 1988, section 121.904, subdivision 4a, is amended to read:

Subd. 4a. **LEVY RECOGNITION.** (a) "School district tax settlement revenue" means the current, delinquent, and manufactured home property tax receipts collected by the county and distributed to the school district, including distributions made pursuant to section 279.37, subdivision 7, and excluding the amount levied pursuant to ~~section~~ sections 124.2721, subdivision 3; 124.575, subdivision 3; and 275.125, subdivision 9a; and Laws 1976, chapter 20, section 4.

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

(b) In June of each year, the school district shall recognize as revenue, in the fund for which the levy was made, the lesser of:

(1) the June and July school district tax settlement revenue received in that calendar year; or

(2) the sum of the state aids and credits enumerated in section 124.155, subdivision 2, which are for the fiscal year payable in that fiscal year plus ~~27~~ 27.8 percent of the amount of the levy certified in the prior calendar year according to section 124A.03, subdivision 2, plus or minus auditor's adjustments, not including levy portions that are assumed by the state; or

(3) ~~27~~ 27.8 percent of the amount of the levy certified in the prior calendar year, plus or minus auditor's adjustments, not including levy portions that are assumed by the state, which remains after subtracting, by fund, the amounts levied for the following purposes:

(i) reducing or eliminating projected deficits in the reserved fund balance accounts for unemployment insurance and bus purchases;

(ii) statutory operating debt pursuant to section 275.125, subdivision 9a, and Laws 1976, chapter 20, section 4; and

(iii) retirement and severance pay pursuant to ~~section~~ sections 124.4945 and 275.125, subdivision 6a, and Laws 1975, chapter 261, section 4; and

(iv) amounts levied for bonds issued and interest thereon, amounts levied for debt service loans and capital loans, and amounts levied pursuant to section 275.125, subdivision 14a.

(c) In July of each year, the school district shall recognize as revenue that portion of the school district tax settlement revenue received in that calendar year and not recognized as revenue for the previous fiscal year pursuant to clause (b).

(d) All other school district tax settlement revenue shall be recognized as revenue in the fiscal year of the settlement. Portions of the school district levy assumed by the state, including prior year adjustments and the amount to fund the school portion of the reimbursement made pursuant to section 273.425, shall be recognized as revenue in the fiscal year beginning in the calendar year for which the levy is payable.

Sec. 2. Minnesota Statutes 1988, section 121.904, is amended by adding a subdivision to read:

Subd. 4e. COOPERATION LEVY RECOGNITION. (a) A cooperative district is a district or cooperative that receives revenue according to section 124.2721 or 124.575.

(b) In June of each year, the cooperative district shall recognize as revenue, in the fund for which the levy was made, the lesser of:

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

(1) the sum of the state aids and credits enumerated in section 124.155, subdivision 2, that are for the fiscal year payable in that fiscal year; or

(2) 27.8 percent of the difference between

(i) the sum of the amount of levies certified in the prior year according to sections 124.2721, subdivision 3, and 124.575, subdivision 3; and

(ii) the amount of transition aid paid to the cooperative unit according to section 273.1392 for the fiscal year to which the levy is attributable.

Sec. 3. Minnesota Statutes 1988, section 121.908, subdivision 5, is amended to read:

Subd. 5. All governmental units formed by joint powers agreements entered into by districts pursuant to section 120.17, 123.351, 471.59, or any other law and all educational cooperative service units and education districts shall be subject to the provisions of this section.

Sec. 4. Minnesota Statutes 1988, section 122.23, is amended by adding a subdivision to read:

Subd. 13a. CONSOLIDATION IN AN EVEN-NUMBERED YEAR. Notwithstanding subdivision 13, school districts may consolidate during an even-numbered year if the school board and the exclusive bargaining representative of the teachers in each affected district agree to the effective date of the consolidation. The agreement must be in writing and submitted to the commissioner of education.

Sec. 5. [122.241] COOPERATION AND COMBINATION.

Subdivision 1. SCOPE. Sections 5 to 12 establish procedures for school boards that adopt, by resolution, a five-year written agreement:

(1) to provide at least secondary instruction cooperatively for at least two years; and

(2) to combine into one district after cooperating.

Subd. 2. COOPERATION REQUIREMENTS. Cooperating districts shall:

(1) have a written agreement according to section 122.541;

(2) all be members of one education district, if any one of the districts is a member; and

(3) all be members of one ECSU, if any one of the districts is a member.

Subd. 3. COMBINATION REQUIREMENTS. Combining districts must be contiguous and meet one of the following requirements at the time of combination:

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

(1) at least two districts with at least 400 resident pupils enrolled in grades 7 through 12 in the combined district and projections, approved by the department of education, of enrollment at least at that level for five years;

(2) at least two districts, both of which qualify for sparsity revenue under section 124A.22, subdivision 6, and have an average isolation index over 23; or

(3) at least three districts with fewer than 420 resident pupils enrolled in grades 7 through 12 in the combined district.

A combination under clause (3) must be approved by the state board of education. The state board shall disapprove a combination under clause (3) if the combination is educationally unsound or would not reasonably enable the districts to fulfill statutory and rule requirements.

Sec. 6. [122.242] COOPERATION AND COMBINATION PLAN.

Subdivision 1. ADOPTION AND STATE BOARD REVIEW. Each school board must adopt, by resolution, a plan for cooperation and combination. The plan must address each item in this section. The plan must be specific for any item that will occur within three years and may be general or set forth alternative resolutions for an item that will occur in more than three years. The plan must be submitted to the state board of education for review and comment. Significant modifications and specific resolutions of items must be submitted to the state board for review and comment. In the official newspaper of each district proposed for combination, the school board must publish at least a summary of the adopted plans, each significant modification and resolution of items, and each state board review and comment.

Subd. 2. RULE EXEMPTIONS. The plan must identify the rules of the state board of education from which the district intends to request exemption, according to Minnesota Rules, part 3500.1000. The plan may provide information about state laws that deter or impair cooperation or combination.

Subd. 3. BOARD FORMATION. The plan must state:

(1) whether the new district would have one elected school board or whether it would have one elected school board and one elected board for each elementary school exercising powers and duties delegated to it by the school board of the entire district;

(2) how many of the existing members of each district would become members of the school board of the combined district and, if so, a method to gradually reduce the membership to six or seven; and

(3) if desired, election districts that include the establishment of separate areas from each of the combining districts from which school board members will be elected, the boundaries of these election districts, and the initial term of the member elected from each of these election districts.

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

Subd. 4. ADMINISTRATION. The plan must provide for:

(1) selection of one superintendent for the combined district at a specified time, according to section 123.34, subdivision 9; and

(2) alterations, if any, in administrative personnel and duties.

Subd. 5. EMPLOYEES. The plan must state:

(1) procedures needed, at the time of combination, to combine teachers into one bargaining unit, with the exclusive representative determined according to section 122.532;

(2) procedures needed, at the time of combination, to combine other bargaining units;

(3) procedures to negotiate, with the assistance of the bureau of mediation services, an employment plan for licensed employees affected by the agreement;

(4) procedures to negotiate, with the assistance of the bureau of mediation services, an employment plan for nonlicensed employees affected by the agreement; and

(5) incentives that may be offered to superintendents, principals, teachers, and other licensed and nonlicensed employees, such as early retirement, severance pay, and health insurance benefits.

Subd. 6. ACADEMIC PROGRAMS. The plan must set forth:

(1) elementary curriculum and programs;

(2) improvements in secondary course offerings in at least communications, mathematics, science, social studies, foreign languages, physical education, health, and career education;

(3) procedures for involving parents, teachers, and other interested people in developing learner outcomes in curricular areas;

(4) procedures for involving teachers in determining levels of learner outcomes;

(5) implications for special education cooperatives, secondary vocational cooperatives, joint powers agreements, education districts, and other cooperative arrangements if the districts combined and if they did not; and

(6) a description of the long-range educational services of the combined district and of the individual districts if the combination is not achieved.

Subd. 7. PUPIL ACTIVITIES. The plan must provide for combining extracurricular and cocurricular activities.

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

Subd. 8. REFERENDUM. The plan must set forth:

(1) procedures for a referendum, held prior to the year of the proposed combination, to approve combining the school districts; and

(2) whether a majority of those voting in each district proposed for combination or a majority of those voting on the question in the entire area proposed for combination would be needed to pass the referendum.

Subd. 9. FINANCES. The plan must state:

(1) whether debt service for the bonds outstanding at the time of combination remains solely with the district that issued the bonds or whether the debt service for the bonds will be assumed by the combined district and paid by the combined district on behalf of the district that issued the bonds;

(2) the treatment of debt service levies and referendum levies;

(3) two-, five-, and ten-year projections, prepared by the department of education upon the request of any district, of revenues, expenditures, and property taxes for each district if it cooperated and combined and if it did not.

Subd. 10. BUILDING SITES. The plan must provide for:

(1) locations for elementary schools which need not be altered and may contain assurances that, to the extent feasible, elementary schools will be retained for at least the number of years specified in the plan; and

(2) one location, if possible, for a secondary school.

Subd. 11. TIMING. The plan must contain a time schedule for implementation.

Sec. 7. [122.243] STATE BOARD AND VOTER APPROVAL.

Subdivision 1. STATE BOARD APPROVAL. Before submitting the question of combining school districts to the voters at a referendum, the cooperating districts shall submit the proposed combination to the state board of education. The state board shall determine the date for submission and may require any information it determines necessary. The state board shall disapprove the proposed combination if it is educationally unsound, will not reasonably enable the combined district to fulfill statutory and rule requirements, or if the plan or modifications are incomplete. If disapproved by the state board, the referendum shall be postponed, but not canceled, by the school boards.

Subd. 2. VOTER APPROVAL. During the second year of cooperation, a referendum on the question of combination shall be conducted. The referendum shall be on a date called by the school boards. The referendum shall be conducted by the school boards according to the Minnesota election law, as defined in section 200.01. If the referendum fails, the same question or a modified question may be submitted the following school year. If a question is

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

submitted, the second referendum must be conducted on a date before October 1. If the referendum fails again, the same question may not be submitted. A different question may be submitted on any date before October 1. Referendums shall be conducted on the same date in all districts.

Sec. 8. [122.244] EFFECTIVE DATE OF COMBINATION.

The effective date for combination of districts shall be July 1.

Sec. 9. [122.245] EMPLOYEES OF COOPERATING AND COMBINING DISTRICTS.

Subdivision 1. COMBINED SENIORITY LIST. During the school year before the cooperation begins and during the school years of cooperation, the districts shall comply with section 122.541, subdivision 5, unless compatible plans are negotiated according to section 122.541, subdivision 4. The districts shall comply with section 122.532.

Subd. 2. NONLICENSED EMPLOYEES TERMINATION. If compatible plans are not negotiated according to section 6, subdivision 5, the school boards shall comply with this subdivision with respect to nonlicensed employees. Nonlicensed employees whose positions are discontinued as a result of cooperation or combination, as applicable, shall be:

- (1) employed by a cooperating board or the combined board, if possible;
- (2) assigned to work in a cooperating district or the combined district, if possible; or
- (3) terminated in the inverse order in which they were employed in a district, according to a combined seniority list of nonlicensed employees in the cooperating or combined district, as applicable.

Subd. 3. EMPLOYMENT LAWS. Unless otherwise explicitly provided, chapter 179A governs the rights and duties of employers and employees. Either party may promptly submit questions of procedure, interpretation, or application to the commissioner of mediation services.

Sec. 10. [122.246] COUNTY AUDITOR PLAT.

Upon the request of two or more districts that have adopted a resolution to cooperate and combine, the county auditor shall prepare a plat. If the proposed combined district is located in more than one county, the request shall be submitted to the county auditor of the county that has the greatest land area in the proposed district. The plat shall show:

- (1) the boundaries of each of the present districts;
- (2) the boundaries of the proposed district;
- (3) the boundaries of proposed election districts, if requested; and

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

(4) other information deemed pertinent by the school boards or the county auditor.

Sec. 11. [122.247] LEVIES FOR DISTRICTS AT THE TIME OF COMBINATION.

Subdivision 1. REFERENDUM LEVIES. The referendum levy authorization of the combined district shall be one of the methods set forth in section 122.531, subdivision 2a, 2b, or 2c, and must be consistent with the plan adopted according to section 6, and any subsequent modifications.

Subd. 2. BONDED DEBT. Debt service for bonds outstanding at the time of the combination may be levied by the combined school board consistent with the plan adopted according to section 6, and any subsequent modifications, subject to section 475.61. The primary obligation to pay the bonded indebtedness that is outstanding on the effective date of combination remains with the district that issued the bonds. However, the combined district may make debt service payments on behalf of a preexisting district.

Subd. 3. TRANSITIONAL LEVY. The board of the combined district may levy for the expenses of negotiation, administrative expenses directly related to the transition from cooperation to combination, and the cost of necessary new athletic and music uniforms. The board may levy this amount over three or fewer years. All expenses must be approved by the state board of education.

Sec. 12. [122.248] REPORTS TO DEPARTMENT OF EDUCATION.

Cooperating districts may submit joint reports and jointly provide information required by the department of education. The joint reports must allow information to be attributed to each district. A combined district must report and provide information as a single unit.

Sec. 13. Minnesota Statutes 1988, section 122.41, is amended to read:

122.41 POLICY.

The policy of the state is to encourage organization of school districts into units of administration to afford better educational opportunities for all pupils, make possible more economical and efficient operation of the schools, and insure more equitable distribution of public school revenue. To this end all area of the state shall be included in an independent or special school district maintaining classified elementary and secondary schools, grades 1 through 12, unless a district has made an agreement with another district or districts as provided in ~~section~~ sections 122.535 ~~or~~, 122.541, or sections 5 to 12, or 27, or has received a grant under sections 124.492 to 124.495.

Sec. 14. Minnesota Statutes 1988, section 122.43, subdivision 1, is amended to read:

Subdivision 1. Any organized school district not a part of an independent

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

A school district maintaining classified shall maintain elementary and secondary schools, grades 1 through 12 is dissolved, unless the district has made an agreement with another district or districts as provided in section sections 122.535 or, 122.541, 5 to 12, or 27, or has received a grant under sections 124.492 to 124.495.

Sec. 15. Minnesota Statutes 1988, section 122.532, subdivision 3, is amended to read:

Subd. 3. The organization certified as the exclusive bargaining representative for the teachers in the particular preexisting district which employed the largest proportion of the teachers who are assigned to a new employing district according to subdivision 2 shall be certified as the exclusive bargaining representative for the teachers assigned to that new employing district, until that organization is decertified or another organization is certified in its place pursuant to sections 179A.01 to 179A.25. ~~If no new contract has been executed as of the effective date of the consolidation or dissolution and attachment, the terms and conditions of employment of teachers assigned to the new employing district shall be temporarily governed by the contract executed by that exclusive bargaining representative and that particular preexisting district, until a new contract is executed between the newly elected board or the board of the district to which a dissolved district is attached and the exclusive bargaining representative.~~ For purposes of negotiation of a new contract with the board of the new employing district and the certification of an exclusive bargaining representative for purposes of that negotiation, the teachers assigned to that district shall be considered an appropriate unit of employees of that district as of the date the county board orders its interlocutory order of dissolution and attachment to be final and effective or as of the date the commissioner assigns an identification number to a new district created by consolidation. During the school year before the consolidation becomes effective, the newly elected board or the board of the district to which a dissolved district is attached, may place teachers assigned to it on unrequested leave of absence as provided in section 125.12 according to: (a) a plan negotiated in a new master contract between it and the exclusive bargaining representative of the teachers assigned to it, or (b) if no such plan exists, an applicable plan negotiated in the contract which according to this subdivision will temporarily govern the terms and conditions of employment of teachers assigned to it, or (c) if no plan exists pursuant to either (a) or (b), the provisions of section 125.12, subdivision 6b, on the basis of a combined seniority list of all teachers assigned to it.

Sec. 16. Minnesota Statutes 1988, section 122.532, is amended by adding a subdivision to read:

Subd. 3a. INTERIM CONTRACTUAL AGREEMENTS. (a) Until a successor contract is executed between the new school board and the exclusive representative of the teachers of the new district, the school boards of both districts and the exclusive representatives of the teachers of both districts may agree:

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

(1) to comply with the contract of either district with respect to all of the teachers assigned to the new district; or

(2) that each of the contracts shall apply to the teachers previously subject to the respective contract.

(b) In the absence of an agreement according to paragraph (a), the following shall apply:

(1) if the effective date is July 1 of an even-numbered year, each of the contracts shall apply to the teachers previously subject to the respective contract and shall be binding on the new school board; or

(2) if the effective date is July 1 of an odd-numbered year, the contract of the district that previously employed the largest proportion of teachers assigned to the new district applies to all of the teachers assigned to the new district and shall be binding on the new school board.

Sec. 17. Minnesota Statutes 1988, section 122.532, subdivision 4, is amended to read:

Subd. 4. Except as provided in this section, the provisions of section 125.12 or 125.17 shall apply to the employment of each teacher by the new employing district on the same basis as they would have applied to the employment if the teacher had been employed by that new district before the effective date of the consolidation or dissolution and attachment. For the purpose of applying the provisions of subdivision 3, clause ~~(b)~~ (c), and the provisions of section 125.12, subdivision 6b, ~~pursuant to this section;~~ a teacher's date of first employment shall be the date of beginning continuous employment in the ~~preexisting district which employed the teacher~~ each school district must be considered to have started school each year on the same date.

Sec. 18. Minnesota Statutes 1988, section 122.541, is amended to read:

122.541 INTERDISTRICT COOPERATION.

Subdivision 1. **DISTRICT REQUIREMENTS.** The school boards of two or more ~~school~~ districts may, after consultation with the department of education, enter into an agreement providing for the:

(1) discontinuance by a district all districts except one of any of at least the 10th, 11th, and 12th grades kindergarten through 12 or portions of those grades; and the

(2) instruction in a cooperating district of the pupils in the discontinued grades or portions of grades; provided, the board of a district discontinuing a grade pursuant to the agreement in one of the cooperating districts. Each district shall continue to maintain operate a school enrolling pupils in with at least three grades. Before making entering into a final an agreement permitted by this subdivision, the boards shall provide a copy of this agreement to the commissioner of education.

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

Subd. 2. **AID; TRANSPORTATION.** A (a) Each district entering into an agreement permitted in subdivision 1 shall:

(1) continue to count its resident pupils who are educated in a cooperating district as resident pupils in the calculation of pupil units for all purposes, including the calculation of state aids and levy limitations. Notwithstanding section 124.18, subdivision 2, ~~an~~ The agreement permitted by subdivision 1 shall provide for the tuition payments between or among the cooperating districts determine are necessary and equitable to compensate each district for the instruction of nonresident pupils; and.

(2) (b) Each district shall continue to provide transportation and collect transportation aid for its resident pupils pursuant to sections 123.39, 124.223, and 124.225. ~~This clause shall not be construed to prohibit~~ A district from providing may provide some or all transportation to its resident pupils by contracting with a cooperating district that has entered the agreement. For purposes of aid calculations pursuant to section 124.225, the commissioner may adjust the base cost per eligible pupil transported to reflect changes in costs resulting from an agreement which provides for a district to discontinue at least one grade.

Subd. 3. **TEACHER DEFINED.** As used in this section, the term "teacher" shall have has the meaning given it in section 125.12, subdivision 1.

Subd. 4. **NEGOTIATED PLAN FOR DISCONTINUED TEACHERS.** The school board and exclusive bargaining representative of the teachers in each district discontinuing grades pursuant to an agreement permitted by subdivision 1 may negotiate a plan for the assignment to assign or employment employ in a cooperating district or the placement to place on unrequested leave of absence of all teachers whose positions are discontinued as a result of the agreement. The school board and exclusive bargaining representative of the teachers in each district providing instruction to nonresident pupils pursuant to an agreement permitted by subdivision 1 may negotiate a plan for the employment of to employ teachers from a cooperating district whose positions are discontinued as a result of the agreement. If such plans are negotiated in cooperating districts and if the boards determine the plans are compatible with one another, the boards of the districts shall include the plans in their agreement.

Subd. 5. **COMBINED SENIORITY LIST.** If compatible plans are not negotiated pursuant to subdivision 4 before the March 1 preceding any year of the agreement permitted by subdivision 1, the cooperating districts shall be governed by the provisions of this subdivision. Insofar as possible, teachers who have acquired continuing contract rights and whose positions are discontinued as a result of the agreement shall be employed by a cooperating district or assigned to teach in a cooperating district as exchange teachers pursuant to section 125.13. If necessary, teachers whose positions are discontinued as a result of the agreement and who have acquired continuing contract rights shall be placed on unrequested leave of absence in fields in which they are licensed in

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

the inverse order in which they were employed by a cooperating district, according to a combined seniority list of teachers in the cooperating districts. For the purpose of establishing a combined seniority list, each school district must be considered to have started school each year on the same date.

Subd. 6. **NOTICE AND HEARING.** Prior to ~~making~~ entering into an agreement ~~permitted by subdivision 1,~~ the school board ~~of a district participating in the agreement~~ shall consult with the community at an informational meeting. The board shall publish notice of the meeting in the official newspaper of the district and may send written notice of the meeting to parents of pupils who would be affected ~~by the plan.~~

Subd. 7. **MEETING LOCATION.** Notwithstanding any law to the contrary, ~~the school boards of districts with that have an agreement under this section~~ may hold a valid joint meeting at any location that would be permissible for one of the school boards participating in the meeting.

Sec. 19. Minnesota Statutes 1988, section 122.91, subdivision 1, is amended to read:

122.91 EDUCATION DISTRICT ESTABLISHMENT.

Subdivision 1. **PURPOSE.** The purpose of an education district is to increase educational opportunities for ~~pupils~~ learners by increasing cooperation and coordination among school districts and post-secondary institutions.

Sec. 20. Minnesota Statutes 1988, section 122.91, is amended by adding a subdivision to read:

Subd. 2a. AGREEMENT; SPECIAL PROVISIONS. The education district agreement may contain a special provision adopted by the vote of a majority of the full membership of each of the boards of the member school districts to allow a post-secondary institution to become a member of the education district.

Sec. 21. Minnesota Statutes 1988, section 122.91, subdivision 3, is amended to read:

Subd. 3. **REQUIREMENTS FOR FORMATION.** An education district must have one of the following at the time of formation:

- (1) at least five districts;
- (2) at least four districts with a total of at least 5,000 pupils in average daily membership; or
- (3) at least four districts with a total of at least 2,000 square miles.

Members of an education district must be contiguous. Districts with a cooperation agreement according to section 18 may belong to an education district only as a unit.

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

A noncontiguous district may be a member of an education district if the state board of education determines that:

(1) a district between the education district and the noncontiguous district has considered and is unwilling to become a member; or

(2) a noncontiguous configuration of member districts has sufficient technological or other resources to offer effective levels of programs and services required under sections 122.94, subdivision 2, and 122.945.

Sec. 22. Minnesota Statutes 1988, section 122.91, is amended by adding a subdivision to read:

Subd. 3a. MEETING WITH REPRESENTATIVES. Before entering into an agreement, the school board of each member district must meet and confer with the exclusive representatives of the teachers of each school district proposing to enter the education district.

Sec. 23. Minnesota Statutes 1988, section 122.91, subdivision 5, is amended to read:

Subd. 5. JOINDER AND WITHDRAWAL. A process for a district to join or withdraw from an education district shall be included in the education district agreement.

If a school district withdraws from an education district that receives revenue under section 124.2721 before the end of the fiscal year for which a levy under section 124.2721 has been certified, a reduction in the school district's general education aid for the fiscal year to which the levy is attributable must be made. The amount of aid reduction equals the amount that the school district certified for that year under section 124.2721 minus transition aid allocated for that levy according to section 273.1398, subdivision 6. The amount of the aid reduction shall be paid to the education district. The school district need not transfer the revenue required under section 36, subdivision 3a.

Sec. 24. Minnesota Statutes 1988, section 122.92, is amended to read:

122.92 EDUCATION DISTRICT BOARD.

Subdivision 1. SCHOOL DISTRICT REPRESENTATION. The education district board shall be composed of at least one representative appointed by the school board of each member district. ~~The Each~~ representative shall reside in the school district must be a member of the appointing school board. ~~The Each~~ representative shall serve at the pleasure of the appointing school board and may be recalled by a majority vote of the appointing school board. Each representative shall serve for the term that is specified in the agreement. The board shall select its officers from among its members and shall determine the terms of the officers. The board shall adopt bylaws for the conduct of its business.

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

Subd. 2. POST-SECONDARY REPRESENTATION. The education district board may appoint, with the approval of the member post-secondary institution, a representative from one or more member post-secondary institutions as a member of the education district board. Each post-secondary representative shall serve at the pleasure of the education district board and may be recalled by a majority vote of the education district board. The education district agreement may specify issues on which a post-secondary representative may vote.

Sec. 25. Minnesota Statutes 1988, section 122.93, subdivision 2, is amended to read:

Subd. 2. PERSONNEL. The board may employ personnel as necessary to provide and support the programs and services of the education district. Education district staff shall participate in retirement programs. Notwithstanding section 123.34, subdivision 9, a member district of an education district may contract with the education district to obtain the services of a superintendent. The person to provide the services need not be employed by the education district or a member district at the time the contract is entered into.

Sec. 26. Minnesota Statutes 1988, section 122.93, is amended by adding a subdivision to read:

Subd. 7. BUDGET. The education district board must adopt a budget for the expenditure of revenue received by the education district. The budget must be included in the five-year plan required under section 30.

Sec. 27. Minnesota Statutes 1988, section 122.93, is amended by adding a subdivision to read:

Subd. 8. DISCONTINUING GRADES. The board of a school district that is a member of an education district may discontinue any of kindergarten through grade 12 or part of those grades and provide instruction for those grades or parts of grades within the education district.

Sec. 28. Minnesota Statutes 1988, section 122.94, subdivision 1, is amended to read:

Subdivision 1. ESTABLISHMENT. An education district board shall adopt a comprehensive agreement for continuous learning. The agreement must address methods to improve the educational opportunities available in the education district. It must be submitted for review by all the educational cooperative service units serving unit within which the majority of the education district membership lies. The education district board shall review the agreement annually and propose necessary amendments to the member districts.

Sec. 29. Minnesota Statutes 1988, section 122.94, is amended by adding a subdivision to read:

Subd. 6. COMMON ACADEMIC CALENDAR. For 1990-1991 and later school years, the agreement must require a common academic calendar for all member districts of an education district. For purposes of this subdivision, a common academic calendar must include at least the following:

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

- (1) the number of days of instruction;
- (2) the first and last days of instruction in a school year; and
- (3) the specific days reserved for staff development.

Before the 1990-1991 school year, each education district must report to the state board of education on ways that other components of the academic calendar in each member district will affect the implementation of the five-year plan described in section 30. Other components include the length of the school day, the time the school day begins and ends, and the number of periods in the day.

Sec. 30. [122.945] EDUCATION DISTRICT PLAN.

Subdivision 1. FIVE-YEAR PLAN. Each education district must develop a five-year plan to increase educational opportunities for all learners. The plan must give priority to the mandated programs and services under section 122.94, subdivision 2, with an emphasis on new, improved, or expanded programs or services. The plan must emphasize the integration of all aspects of education, including community education. Teachers must be involved in developing the plan. The plan must include at least the following components:

- (1) a detailed description of the proposed increased educational opportunities for pupils resulting from the new, improved, or expanded programs or services;
- (2) a budget for the current fiscal year and an estimated budget for the next fiscal year;
- (3) an estimate of the number of school districts and pupils affected by program and service expenditures; and
- (4) any other information required by the state board.

Subd. 2. SUBMISSION AND APPROVAL OF FIVE-YEAR PLAN. Each education district must submit a five-year plan developed according to subdivision 1 to the state board of education. An education district established before January 1, 1990, must submit a plan to the state board by April 1, 1990. An education district established after December 31, 1989, must submit a plan to the state board by April 1 of the first year that the education district will certify the amount of education district revenue to be raised under section 36. The board must approve or disapprove the plan within 60 days of receiving it from the education district.

Subd. 3. UPDATING EDUCATION DISTRICT PLAN. The state board of education may require education districts to submit updated five-year plans.

Subd. 4. EDUCATION DISTRICT REVENUE. An education district must receive state board of education approval of its five-year plan to be eligible for education district revenue under section 124.2721, subdivision 6, for fiscal year 1991 and thereafter.

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

Subd. 5. EVALUATION OF FIVE-YEAR PLAN. The state board of education must annually evaluate the programs and services in a selected number of education districts to determine compliance with the five-year plan and any updated plans submitted to the board under this section.

Sec. 31. Minnesota Statutes 1988, section 122.95, is amended by adding a subdivision to read:

Subd. 1a. FILLING POSITIONS; NEGOTIATED AGREEMENTS. The school boards in all member districts and exclusive bargaining representatives of the teachers in all member districts may negotiate a plan for filling positions resulting from implementation of the education district agreement. If the plan is negotiated among the member school districts and the exclusive bargaining representative of each member school district and unanimously agreed upon, in writing, the education district shall include the plan in the education district agreement. If a plan is not negotiated, the education district is governed by subdivision 2.

Sec. 32. Minnesota Statutes 1988, section 122.95, subdivision 2, is amended to read:

Subd. 2. FILLING POSITIONS. (a) When an education district board or a member board is filling a position resulting from implementation of the agreement, the board may offer the position to a teacher currently employed by a member district according to the exchange teacher provisions of section 125.13.

(b) If the position is not filled by a currently employed teacher, the board shall offer the position to an available teacher in the order of seniority in fields of licensure on a combined seniority list of all available teachers in the member districts. For the purpose of establishing a combined seniority list, each school district must be considered to have started school each year on the same date. An available teacher is a teacher in a member district who:

(1) was placed on unrequested leave of absence by a member district, according to section 125.12, subdivision 6a or 6b, or was terminated according to section 125.17, subdivision 11, not more than one year before the initial formation of an education district as a result of an intention to enter into an education district agreement;

(2) was placed on unrequested leave of absence by a member district, according to section 125.12, subdivision 6a or 6b, or was terminated according to section 125.17, subdivision 11, as a result of implementing the education district agreement, after the formation of the education district; or

(3) is placed on unrequested leave of absence by a member district, according to section 125.12, subdivision 6a or 6b, or is terminated according to section 125.17, subdivision 11, as a result of implementing the education district, in the same year the position is filled.

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

(c) If no currently employed teacher or available teacher accepts the position, the board may fill the position with any other teacher.

(d) Any teacher who has been placed on unrequested leave of absence or who has been terminated has a right to a position only as long as the teacher has a right to reinstatement in a member district under section 125.12, subdivision 6a or 6b, or 125.17, subdivision 11.

Sec. 33. Minnesota Statutes 1988, section 123.58, subdivision 4, is amended to read:

Subd. 4. **MEMBERSHIP AND PARTICIPATION.** Full membership in an ECSU shall be limited to public school districts of the state but nonvoting associate memberships shall be available to nonpublic school administrative units within the ECSU. Participation in programs and services provided by the ECSU shall be discretionary ~~and~~. No school district shall be compelled to participate in these services under authority of this section; ~~except that~~. However, all school districts whose central administrative offices are within that ECSU whose boundaries coincide with those of development region 11 shall participate in the planning and planning research functions of that ECSU. All of the members of an education district shall belong to the same ECSU, if any members belong to an ECSU. No planning or planning research decision of that ECSU shall be binding on these region 11 districts. Nonpublic school students and personnel are encouraged to participate in programs and services to the extent allowed by law.

Sec. 34. Minnesota Statutes 1988, section 124.155, subdivision 1, is amended to read:

Subdivision 1. **AMOUNT OF ADJUSTMENT.** ~~In fiscal year 1984 and~~ Each year ~~thereafter~~, state aids and credits enumerated in subdivision 2 payable to any school district, education district, or secondary vocational cooperative for that fiscal year shall be adjusted, in the order listed, by an amount equal to (1) the amount the district, education district, or secondary vocational cooperative recognized as revenue for the prior fiscal year pursuant to section 121.904, subdivision 4a, clause (b), plus revenue recognized according to section 2, minus (2) the amount the district recognizes as revenue for the current fiscal year pursuant to section 121.904, subdivision 4a, clause (b), plus revenue recognized according to section 2. For the purposes of making the aid adjustment under this subdivision, the amount the district recognizes as revenue for either the prior fiscal year or the current fiscal year pursuant to section 121.904, subdivision 4a, clause (b), plus revenue recognized according to section 2, shall not include any amount levied pursuant to section 124A.03, subdivision 2. Payment from the permanent school fund shall not be adjusted pursuant to this section. The school district shall be notified of the amount of the adjustment made to each payment pursuant to this section.

Sec. 35. Minnesota Statutes 1988, section 124.155, subdivision 2, is amended to read:

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

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

- (a) general education aid authorized in section 124A.23;
- (b) secondary vocational aid authorized in section 124.573;
- (c) special education aid authorized in section 124.32;
- (d) secondary vocational aid for handicapped children authorized in section 124.574;
- (e) aid for pupils of limited English proficiency authorized in section 124.273;
- (f) transportation aid authorized in section 124.225;
- (g) community education programs aid authorized in section 124.271;
- (h) adult education aid authorized in section 124.26;
- (i) early childhood family education aid authorized in section 124.2711;
- (j) capital expenditure aid authorized in sections 124.244 and 124.245;
- (k) education district aid according to section 124.2721;
- (l) secondary vocational cooperative aid according to section 124.575;
- (m) homestead credit under section 273.13 for taxes payable in 1989 and under section 273.1398 for taxes payable in 1990 and thereafter;
- (n) agricultural credit under section 273.132 for taxes payable in 1989 and under section 273.1398 for taxes payable in 1990 and thereafter; and
- (o) transition aid and disparity reduction aid authorized in section 273.1398;
- (p) attached machinery aid authorized in section 273.138, subdivision 3.

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

Sec. 36. Minnesota Statutes 1988, section 124.2721, is amended to read:

124.2721 EDUCATION DISTRICT REVENUE.

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, and section 30. The pupil units of a school 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 school district may not be used to obtain revenue under this section and section 124.575.

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

Subd. 2. **REVENUE.** Education district revenue is \$60 per actual pupil unit in each district that is a member of an education district. Each year the education district board shall certify to the department of education the amount of revenue to be raised. Revenue for the education district shall be the lesser of:

- (1) \$60 times the actual pupil units in the education district, or
- (2) the amount certified by the education district board.

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 gross tax capacity 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. The education district levy is equal to the following:

- (1) the education district revenue according to subdivision 2, times
- (2) the lesser of
 - (a) one, or

(b) the ratio of the adjusted gross tax capacity for taxes payable in 1990 and adjusted net tax capacity for taxes payable in 1991 and thereafter of the education district divided by the number of actual pupil units in the education district to an amount equal to \$60 divided by 1.5 percent for taxes payable in 1990 and 1.87 percent for taxes payable in 1991 and thereafter.

The department of education shall allocate the levy amount proportionately among the member districts based on adjusted tax capacity. The member districts shall levy the amount allocated.

Subd. 3a. **REVENUE TRANSFER.** Each year a member district shall transfer revenue to the education district board according to this subdivision. By June 20 and November 30 of each year, an amount shall be transferred equal to:

- (1) 50 percent times
- (2) the amount certified in subdivision 3 minus transition aid allocated for that levy according to section 273.1398, subdivision 6.

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 is under the control of the education district board. 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.

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

The education district board may pay to member school districts a part of the education district revenue received by the education district under this section only for programs that are (1) available to all member districts, and (2) included in the five-year plan under section 30.

Subd. 6. CONSOLIDATION. If all member districts of an education district receiving revenue under this section or a group of member districts of an education district receiving revenue under this section that would qualify as an education district under section 122.91, subdivision 3, consolidate into a single independent school district by proceedings taken in accordance with section 122.23, that consolidated district may continue to receive education district revenue according to this section.

Sec. 37. [124.2725] COOPERATION AND COMBINATION REVENUE.

Subdivision 1. ELIGIBILITY. A school district is eligible for cooperation and combination revenue if it has a plan approved by the state board of education according to section 7.

Subd. 2. COOPERATION AND COMBINATION REVENUE. Cooperation and combination revenue equals, for each resident and nonresident pupil receiving instruction in a cooperating or combined district, \$100 times the actual pupil units. A district may not receive revenue under this section if it levies under section 275.125, subdivision 8e.

Subd. 3. COOPERATION AND COMBINATION LEVY. To obtain cooperation and combination revenue, a district may levy an amount equal to the cooperation and combination revenue multiplied by the lesser of one or the following ratio:

(1) the quotient derived by dividing the adjusted gross tax capacity for the district in the year preceding the year the levy is certified by the actual pupil units in the district for the year to which the levy is attributable, to

(2) the percentage, specified in subdivision 4, of the equalizing factor for the school year to which the levy is attributable.

Subd. 4. INCREASING LEVY. The percentage in subdivision 3, clause (2), shall be:

- (1) 100 percent for the first year of cooperation;
- (2) 75 percent for the second year of cooperation;
- (3) 50 percent for the first year of combination; and
- (4) 25 percent for the second year of combination.

Subd. 5. COOPERATION AND COMBINATION AID. For the first two years of cooperation and the first two years of combination, cooperation and

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

combination aid is equal to the difference between the cooperation and combination revenue and cooperation and combination levy. Aid shall not be paid after two years of combining.

Subd. 6. ADDITIONAL AID. In addition to the aid in subdivision 5, districts shall receive aid under this subdivision. For the first year of cooperation, a district shall receive, for each resident and nonresident pupil receiving instruction in a cooperating district, \$100 times the actual pupil units. For the first year of combination, the combined district shall receive, for each resident and nonresident pupil receiving instruction in the combined district, \$100 times the actual pupil units.

Subd. 7. PROPORTIONAL AID. If a district does not levy the entire amount permitted under subdivision 3, the aid in subdivisions 5 and 6 must be reduced in proportion to the actual amount levied.

Subd. 8. PERMANENT REVENUE. For the third year of combination and thereafter, a combined district may levy an amount equal to the cooperation and combination revenue, defined in subdivision 2.

Subd. 9. SUBSEQUENT DISTRICTS. If a district subsequently cooperates or combines with districts that have previously received revenue under this section, the new district shall receive revenue, according to subdivision 4 or 6, as though it had been a party to the initial agreement. The previously cooperating or combined districts may not receive revenue, according to subdivision 6 or 10, as though parties to a new agreement.

Subd. 10. REVENUE LIMIT. Revenue under this section shall not exceed the revenue received by cooperating districts or a combined district with 2,000 actual pupil units.

Subd. 11. USE OF REVENUE. Revenue under this section shall be used for expenses of cooperating and combining school districts, including, but not limited to:

(1) secondary course offerings in communications, mathematics, science, social studies, foreign languages, physical education, health, and career education if the courses have specific learner outcomes;

(2) participation by teachers in determining the learner outcomes;

(3) staff in-service related to cooperation and combination;

(4) any of the purposes set forth in section 124.243, subdivision 6, clauses (3), (4), and (15), and section 124.244, subdivision 4, clauses (2), (3), (4), (5), and (6), if the purposes are related to courses offered cooperatively; and

(5) incentives for superintendents, principals, teachers, and other licensed and nonlicensed employees, such as early retirement, severance pay, and health insurance benefits.

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

Subd. 12. JOINT PURPOSES. Cooperating district revenue may only be used for purposes of joint efforts between cooperating districts. The revenue shall be in a separate account. School boards shall mutually determine cooperative expenditures.

Subd. 13. REVENUE FOR EXTENDED COOPERATION. If the state board disapproves of the plan according to section 7, subdivision 1, or if a second referendum fails under section 7, subdivision 2, cooperation and combination revenue shall equal \$60 times the actual pupil units. Cooperation and combination aid must be reduced by an amount equal to the aid paid under subdivision 6 plus the difference between the aid paid under subdivision 5 for the first two years of the agreement and the aid that would have been paid if the revenue had been \$60 times the actual pupil units. If the aid is insufficient to recover the entire amount, the department of education shall reduce other aids due the district to recover the entire amount. The cooperation and combination levy shall be reduced by an amount equal to the difference between the levy for the first two years of the agreement and the levy that would have been authorized if the revenue had been \$60 times the actual pupil units. A district that receives revenue under this subdivision may not also receive revenue according to sections 124.2721 and 124.575.

Subd. 14. CESSATION OF REVENUE. At any time the districts cease cooperating, aid shall not be paid and the authority to levy ceases.

Subd. 15. RETIREMENT AND SEVERANCE LEVY. A cooperating or combined district may levy for severance pay or early retirement incentives for licensed and nonlicensed employees who retire early as a result of the cooperation or combination.

Sec. 38. Minnesota Statutes 1988, section 124.494, subdivision 2, is amended to read:

Subd. 2. REVIEW BY COMMISSIONER. (a) Any group of districts that submits an application for a grant shall submit a proposal to the commissioner for review and comment under section 121.15, and the commissioner shall prepare a review and comment on the proposed facility, regardless of the amount of the capital expenditure required to acquire, construct, remodel or improve the secondary facility. The commissioner must not approve an application for an incentive grant for any secondary facility unless the facility receives a favorable review and comment under section 121.15 and the following criteria are met:

(1) a minimum of three or more districts, with kindergarten to grade 12 enrollments in each district of no more than 1,000 pupils, enter into a joint powers agreement;

(2) a joint powers board representing all participating districts is established under section 471.59 to govern the cooperative secondary facility;

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

(3) the planned secondary facility will result in the joint powers district meeting the requirements of Minnesota Rules, parts 3500.2010 and 3500.2110;

(4) at least 240 pupils would be served in grades 10 to 12, 320 pupils would be served in grades 9 to 12, or 480 pupils would be served in grades 7 to 12;

(5) no more than one superintendent is employed by the joint powers board as a result of the cooperative secondary facility agreement;

(6) a statement of need is submitted, that may include reasons why the current secondary facilities are inadequate, unsafe or inaccessible to the handicapped;

(7) an educational plan is prepared, that includes input from both community and professional staff;

(8) a combined seniority list for all participating districts is developed by the joint powers board;

(9) an education program is developed that provides for more learning opportunities and course offerings for students than is currently available in any single member district; and

(10) a plan is developed for providing instruction of any resident students in other districts when distance to the secondary education facility makes attendance at the facility unreasonably difficult or impractical.

(b) To the extent possible, the joint powers board is encouraged to provide for severance pay or for early retirement incentives under section 125.611, for any teacher or administrator, as defined under section 125.12, subdivision 1, who is placed on unrequested leave as a result of the cooperative secondary facility agreement.

(c) For the purpose of paragraph (a), clause (8), each school district must be considered to have started school each year on the same date.

Sec. 39. [124.4946] TRANSPORTATION.

The joint powers board representing the districts that have entered into a joint powers agreement under section 124.494, subdivision 2, or the boards of the districts that are contiguous to the districts that have entered into a joint powers agreement, may transport nonresident pupils without charge between a school within the district and a point within a district that has entered into a joint powers agreement chosen by the pupil on a route traveled by a bus from the district.

Sec. 40. Minnesota Statutes 1988, section 124.575, subdivision 2, is amended to read:

Subd. 2. **REVENUE.** Secondary vocational cooperative revenue is \$20 per

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

actual pupil unit in the participating school districts of a secondary vocational cooperative. Each year the secondary vocational cooperative board shall certify to the department of education the amount of revenue to be raised. Revenue for the secondary vocational cooperative shall be the lesser of:

- (1) \$20 times the actual pupil units in the secondary vocational cooperative,
or
- (2) the amount certified by the secondary vocational cooperative board.

Sec. 41. Minnesota Statutes 1988, section 124.575, subdivision 3, is amended to read:

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 gross tax capacity 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. The secondary vocational cooperative levy is equal to the following:

(1) the secondary vocational cooperative revenue according to subdivision 2, times

(2) the lesser of

(a) one, or

(b) the ratio of the adjusted gross tax capacity for taxes payable in 1990 and adjusted net tax capacity for taxes payable in 1991 and thereafter of the secondary vocational cooperative divided by the number of actual pupil units in the secondary vocational cooperative to an amount equal to \$20 divided by .6 percent for taxes payable in 1990 and .74 percent for taxes payable in 1991 and thereafter.

The department of education shall allocate the levy amount proportionately among the member districts based on adjusted tax capacity. The member districts shall levy the amount allocated.

Sec. 42. Minnesota Statutes 1988, section 124.575, is amended by adding a subdivision to read:

Subd. 3a. REVENUE TRANSFER. Each year a member district shall transfer revenue to the secondary vocational cooperative according to this subdivision. By June 20 and November 30 of each year, an amount shall be transferred equal to:

(1) 50 percent times

(2) the amount certified in subdivision 3 minus transition aid allocated for that levy according to section 273.1398, subdivision 6.

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

Sec. 43. **[129B.12] GRANTS FOR COOPERATION AND COMBINATION.**

Subdivision 1. ELIGIBILITY. Two or more districts that have adopted a plan according to section 6 may apply for a grant under this section. The grant shall be awarded after the districts combine according to sections 5 to 12.

Subd. 2. PROCEDURES. The state board shall establish procedures and deadlines for the grants. The state board shall review each application for a grant and may require modifications consistent with sections 5 to 12.

Subd. 3. GRANT AMOUNT. The state board shall determine the amount of a grant according to the needs of the districts to effectuate combination. A grant may not exceed \$250,000.

Subd. 4. USE OF GRANT MONEY. The grant money may be used for any purpose related to combining school districts, including, but not limited to:

(1) secondary course offerings in communications, mathematics, science, social studies, foreign languages, physical education, health, and career education if the courses have specific learner outcomes;

(2) staff development related to cooperation; and

(3) any of the purposes set forth in section 124.243, subdivision 6, clauses (3), (4), and (15), and section 124.244, subdivision 4, clauses (2), (3), (4), (5), and (6), in all cases only if related to courses offered cooperatively.

Sec. 44. Minnesota Statutes 1988, section 136D.27, subdivision 1, is amended to read:

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 gross tax capacity for special education and .7 mills on each dollar of adjusted gross tax capacity for expenses for secondary vocational education; the greater of:~~

(a) the amount of levy certified for taxes payable in 1989; or

(b) the lesser of (1) \$60 times the actual pupil units in the participating district for the fiscal year to which the levy is attributable, or (2) 1.1 percent of adjusted gross tax capacity. Each participating school district shall include 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. These levies shall not be included in computing the limitations upon the levy of any participating district. The board may, any time after 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.

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

Five-elevenths of the proceeds of the levy must be used for special education and six-elevenths of the proceeds of the levy must be used for secondary vocational education.

Sec. 45. Minnesota Statutes 1988, section 136D.74, subdivision 2, is amended to read:

Subd. 2. **TAX LEVY.** Each year the intermediate school board may certify to each county auditor of each county in which said intermediate school district shall lie, as a single taxing district, tax levies that shall not in any year exceed ~~.6 mills on each dollar of adjusted gross tax capacity for expenses for special education and .7 mills on each dollar of adjusted gross tax capacity for expenses for secondary vocational education.~~ the greater of:

(a) the amount of levy certified for taxes payable in 1989; or

(b) the lesser of (1) \$60 times the actual pupil units in the participating district for the fiscal year to which the levy is attributable, or (2) 1.1 percent of adjusted gross tax capacity. Said annual tax levies shall be certified pursuant to section 275.07. Upon such certification the county auditor or auditors and other appropriate county officials shall levy and collect such levies and remit the proceeds of collection thereof to the intermediate school district as in the case with independent school districts. Such levies shall not be included in computing the limitations upon the levy of any of the participating districts.

Five-elevenths of the proceeds of the levy must be used for special education and six-elevenths of the proceeds of the levy must be used for secondary vocational education.

Sec. 46. Minnesota Statutes 1988, section 136D.87, subdivision 1, is amended to read:

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 gross tax capacity for expenses for special education and .7 mills on each dollar of adjusted gross tax capacity for expenses for secondary vocational education.~~ the greater of:

(a) the amount of levy certified for taxes payable in 1989; or

(b) the lesser of (1) \$60 times the actual pupil units in the participating district for the fiscal year to which the levy is attributable, or (2) 1.1 percent of adjusted gross tax capacity. Each participating school district shall include these tax levies in the next tax roll which it shall certify to the county auditor or auditors and shall remit the collections of these levies to the board promptly when received. These levies shall not be included in computing the limitations upon the levy of any participating district. The board may, any time after these levies have been certified to the participating school districts, issue and sell certificates of indebtedness in anticipation of the collection of levies, but in

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

aggregate amounts that will not exceed the portion of the levies which is then not collected and not delinquent.

Five-elevenths of the proceeds of the levy must be used for special education and six-elevenths of the proceeds of the levy must be used for secondary vocational education.

Sec. 47. Minnesota Statutes 1988, section 273.1398, subdivision 6, is amended to read:

Subd. 6. **PAYMENT.** The commissioner shall certify the aids provided in subdivisions 2 and 3 before September 30 of the year preceding the distribution year to the county auditor of the affected local government and pay them and the credit reimbursements to local governments other than school districts at the times provided in section 477A.015 for payment of local government aid to taxing jurisdictions. Aids and credit reimbursements to school districts must be certified to the commissioner of education and paid under section 273.1392. Except for education districts and secondary cooperatives that receive revenue according to section 124.2721 or 124.575, payment shall not be made to any taxing jurisdiction that has ceased to levy a property tax nor shall transition aid be payable on the part of a levy to which transition aid was separately allocated under subdivision 2, paragraph (b), clause (2), which is no longer levied.

Sec. 48. Minnesota Statutes 1988, section 275.125, subdivision 8e, is amended to read:

Subd. 8e. **INTERDISTRICT COOPERATION LEVY.** (a) 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.

(b) 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 124.2721; or

(2) has a written 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.

(c) The levy must not exceed ~~the amount raised by one mill times the adjusted gross tax capacity of the district for the preceding year~~ \$50 times the actual pupil units, the cost of the agreement to expand curricular offerings, or \$50,000, whichever is the smallest.

(d) A district that is a member of a secondary vocational cooperative that levies under section 124.575, may levy the difference between (1) the smallest amount raised by one mill times the adjusted gross tax capacity of the district

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

for the preceding year and under paragraph (c), and (2) the amount levied under section 124.575.

(e) 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. 49. Minnesota Statutes 1988, section 275.125, is amended by adding a subdivision to read:

Subd. 11e. EXTRA CAPITAL EXPENDITURE LEVY FOR COOPERATING DISTRICTS. A district that has an agreement according to section 122.535 or 122.541 may levy for the repair costs, as approved by the department of education, of a building located in another district that is a party to the agreement.

Sec. 50. 1988-1989 INTERDISTRICT COOPERATION AGREEMENTS.

Notwithstanding section 18, independent school district Nos. 424, Lester Prairie; 427, Winsted; and 880, Howard Lake, may renew or continue an agreement according to Minnesota Statutes 1988, section 122.541, providing for instruction of pupils in 10th, 11th, and 12th grades in two districts.

Sec. 51. BOARD OF CONSOLIDATED DISTRICT.

Subdivision 1. SCHOOL BOARD COMPOSITION. Notwithstanding any other law to the contrary, independent school districts Nos. 232, Peterson, and 234, Rushford, may elect a seven-member school board in the first election after consolidation in the following manner:

(1) two members elected from the Peterson school district, one member for a one-year term and one member for a two-year term;

(2) two members elected from the Rushford school district, one member for a one-year term and one member for a two-year term; and

(3) three members elected at large, each for a three-year term.

Subsequent elections must comply with the general provisions of law governing the election of school board members.

Subd. 2. LOCAL APPROVAL. Subdivision 1 is effective upon approval of the board of independent school district No. 232 and the board of independent school district No. 234 the day following compliance with Minnesota Statutes, section 645.021, subdivision 3, by the board of independent school district No. 232 and the board of independent school district No. 234.

Sec. 52. TECHNOLOGY REPORT.

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

Subdivision 1. Between July 1, 1989 and February 15, 1990, each school district, education district, intermediate district, ECSU, and school district that is party to a cooperative agreement must submit a report to the information policy office in the department of administration for review and comment before purchasing, contracting for, or otherwise committing to new two-way interactive television equipment, or to a system or service agreement other than a maintenance agreement, that expands the capacity of two-way interactive television.

Subd. 2. Between July 1, 1989 and February 15, 1990, a school district must file a report as specified in subdivision 1 of this section before receiving grant funds received under section 53, subdivisions 5, 6, and 7.

Sec. 53. APPROPRIATIONS.

Subdivision 1. DEPARTMENT OF EDUCATION. The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. EDUCATION DISTRICT AID. For education district aid:

\$4,653,000 1990

\$3,967,000 1991

The 1990 appropriation includes \$0 for 1989 and \$4,652,000 for 1990.

The 1991 appropriation includes \$822,000 for 1990 and \$3,145,000 for 1991.

Subd. 3. COOPERATION AND COMBINATION AID. For aid for districts that cooperate and combine there is appropriated:

\$75,000 1991.

Subd. 4. SECONDARY VOCATIONAL COOPERATIVE AID. For secondary vocational cooperative aid:

\$495,000 1990

\$224,000 1991

The 1990 appropriation includes \$0 for 1989 and \$495,000 for 1990.

The 1991 appropriation includes \$88,000 for 1990 and \$136,000 for 1991.

Subd. 5. TELECOMMUNICATIONS GRANT. For a grant to the Wasioja cooperative, involving independent school district Nos. 201, Claremont; 202, Dodge Center; 205, West Concord; 253, Goodhue; 254, Kenyon; 255, Pine Island; 258, Wanamingo; and 260, Zumbrota, to support the cooperative educational technology program:

\$150,000 1990.

Subd. 6. TELECOMMUNICATIONS GRANT. For a grant to independent school districts Nos. 356, 353, 444, 441, 524, 564, 592, 440, 678, 676, 682,

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

690, 390, 593, 595, 630, and 600 to support a cooperative educational technology program:

\$340,000 1990.

Subd. 7. COMMUNICATIONS LINK GRANT. For a grant to independent school district No. 240, Blue Earth, to pay for the cost of a communications link between the Blue Earth school district and Mankato:

\$4,500 1990.

The appropriation does not cancel but is available until June 30, 1991.

Sec. 54. TIME OF EFFECT.

The changes in the composition of an education district board required by section 122.92 must be made as soon as possible after the effective date of section 122.92 as vacancies occur or terms of members expire.

Sec. 55. REPEALERS.

Minnesota Statutes 1988, sections 122.96 and 129B.11, are repealed.

Sec. 56. EFFECTIVE DATE.

Section 37 is effective for revenue for fiscal year 1991 and thereafter.

ARTICLE 7

ACCESS TO EXCELLENCE

Section 1. Minnesota Statutes 1988, section 120.06, is amended by adding a subdivision to read:

Subd. 2a. EDUCATION OF HOMELESS. Notwithstanding subdivision 1, a school district must not deny free admission to a homeless person of school age solely because the school district cannot determine that the person is a resident of the school district.

Sec. 2. Minnesota Statutes 1988, section 121.11, subdivision 7, is amended to read:

Subd. 7. GENERAL SUPERVISION OVER EDUCATIONAL AGENCIES. The state board of education shall adopt goals for and exercise general supervision over public schools and public educational agencies in the state, classify and standardize public elementary and secondary schools, and prepare for them outlines and suggestive suggested courses of study. The board shall develop a plan to attain the adopted goals. At the board's request, the commissioner may assign department of education staff to assist the board in attaining

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

its goals. The commissioner shall explain to the board in writing any reason for refusing or delaying a request for staff assistance. The board shall establish rules relating to examinations, reports, acceptances of schools, courses of study, and other proceedings in connection with elementary and secondary schools applying for special state aid. The state board may recognize educational accrediting agencies for the sole purposes of sections 120.101, 120.102, and 120.103.

Sec. 3. [121.111] OFFICE OF EDUCATIONAL LEADERSHIP.

Subdivision 1. ESTABLISHMENT. The office of educational leadership is established within the department of education. The purpose of the office is to assist school districts, education districts, and other education organizations in developing education policies that maximize the learning of all pupils.

Subd. 2. OFFICE STRUCTURE. The assistant commissioner of instructional effectiveness, in consultation with the assistant commissioner of development and partnership effectiveness, shall administer the office of educational leadership. A director in the unclassified service appointed by the assistant commissioner of instructional effectiveness shall manage the office.

Subd. 3. RESEARCH PROJECT ON LEARNER OUTCOMES. The office shall develop a plan for a two-year research project to determine the effectiveness of a learner outcome-based system of education in improving pupils' learning. The plan shall include:

(1) specific educational goals to be attained;

(2) various options for achieving the goals;

(3) the development of a hierarchy of learner outcomes composed of state learner goals, integrated learner outcomes and program learner outcomes, and course, unit, and lesson learner outcomes;

(4) mechanisms for communicating the progress and the results of the research;

(5) an objective process for evaluating the progress and results of the research that is performed by an independent evaluator;

(6) alternatives for evaluating pupils' progress at the classroom level; and

(7) methods of assessing pupils' thinking and problem-solving skills.

Subd. 4. RESEARCH ADVISORY COMMITTEE. The state board of education shall appoint an advisory committee of seven members to assist the office in developing its two year plan. Committee members shall solicit and obtain information and ideas from school districts, education districts, and other education organizations. Committee members, or their designees, shall include the chairs of the task force on education organization, the state curriculum advisory committee, the state board of education, the Minnesota association of colleges of teacher education, the education effectiveness council, the

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

council on vocational technical education, and the minority education partnership.

Sec. 4. [124.276] CAREER TEACHER AID.

Subdivision 1. ELIGIBILITY. A school district that has a career teacher program, according to sections 129B.41 to 129B.46, for one or more of its teachers is eligible for aid to extend the teaching contract of a career teacher.

Subd. 2. STATE SHARE OF EXTENDED CONTRACT. The state shall pay two-thirds of the portion of the teaching contract, excluding fringe benefits, that is in addition to the standard teaching contract of the district. The district shall pay the remaining portion.

Subd. 3. STATE BOARD APPROVAL. The state board may approve plans and applications for districts throughout the state for career teacher aid. Application procedures and deadlines shall be established by the state board.

Subd. 4. USE OF AID. Career teacher aid may be used only to implement a career teacher program.

Sec. 5. Minnesota Statutes 1988, section 124A.036, is amended by adding a subdivision to read:

Subd. 1a. REPORTING; REVENUE FOR HOMELESS. For all school purposes, unless otherwise specifically provided by law, a homeless pupil must be considered a resident of the school district that enrolls the pupil.

Sec. 6. Minnesota Statutes 1988, section 124A.29, is amended to read:

124A.29 RESERVED REVENUE FOR STAFF DEVELOPMENT.

Subdivision 1. GENERAL STAFF DEVELOPMENT PROGRAMS. Of a district's basic revenue under section 124A.22, subdivision 2, an amount equal to \$10 times the number of actual pupil units shall be reserved and may be used only to provide staff development programs, according to section 126.70, subdivisions 1 and 2a. 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.

Subd. 2. CAREER TEACHER STAFF DEVELOPMENT. Of a district's basic revenue under section 124A.22, subdivision 2, an amount equal to \$5 times the number of actual pupil units shall be reserved by a district operating a career teacher program according to sections 129B.42 to 129B.46. The revenue may be used only to provide staff development for the career teacher program.

Sec. 7. [124A.291] RESERVED REVENUE FOR CAREER TEACHER PROGRAM.

A district that has a career teacher program may reserve part of the basic

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

revenue under section 124A.22, subdivision 2, for the district's share, according to section 4, of the portion of the teaching contract that is in addition to the standard teaching contract of the district.

Sec. 8. Minnesota Statutes 1988, section 126.22, subdivision 3, is amended to read:

Subd. 3. **ELIGIBLE PROGRAMS.** (a) A pupil who is eligible according to subdivision 2, clause (a), (b), (c), or (d), may enroll in 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.

(b) A pupil who is eligible according to subdivision 2, clause (b), (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.

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

(d) A pupil who is eligible under subdivision 2, clause (a), (b), or (c), may enroll in any nonprofit, nonpublic, nonsectarian school that has contracted with the school district of residence to provide educational services.

(e) 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. 9. Minnesota Statutes 1988, section 126.22, is amended by adding a subdivision to read:

Subd. 8. ENROLLMENT VERIFICATION. For eligible programs under subdivision 3, paragraph (d), the department of education shall pay 85 percent of the basic revenue of the district to the eligible program and 15 percent of the basic revenue to the resident district within 30 days after enrollment verification. The department of education shall provide a form for the eligible program to use for enrollment verification.

Sec. 10. Minnesota Statutes 1988, 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 dropouts or other eligible students under section 126.22, subdivision 2, the resident district must reimburse the provider an amount equal to at least ~~50~~ 85 percent of the basic revenue of the district for each pupil. Pupils for whom a district provides reimbursement may not be

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

counted by the district for any purpose other than computation of basic revenue, according to section 124A.22, subdivision 2.

Sec. 11. Minnesota Statutes 1988, section 126.661, is amended by adding a subdivision to read:

Subd. 3a. STATE LEARNER GOALS. "State learner goals" means the knowledge, skills, processes, values, and attitudes pupils can expect to attain.

Sec. 12. Minnesota Statutes 1988, section 126.663, subdivision 2, is amended to read:

~~Subd. 2. MODEL STATE CORE CURRICULUM LEARNER OUTCOMES. The state board of education, with the assistance of the state curriculum advisory committee and the office on educational leadership shall identify and adopt a set of learner outcomes that it considers to be goals, essential for each subject area learner outcomes, and integrated learner outcomes for curriculum areas, under section 120.101, subdivision 6, and for career vocational curricula. Learner outcomes shall include thinking and problem solving skills. The department of education, in cooperation with the state curriculum advisory committee, shall develop a validated research-based process to identify a set of learner outcomes that are essential for each subject area.~~

Sec. 13. Minnesota Statutes 1988, section 126.663, subdivision 3, is amended to read:

~~Subd. 3. MODEL LEARNER OUTCOMES. The department shall develop and maintain sets of model learner outcomes in state board identified subject areas that it considers to be model learner outcomes, including career vocational learner outcomes. The department shall make the sets learner outcomes available for use by a district at the option of the districts upon request by a district. The sets Learner outcomes shall be for pupils in kindergarten to grade 12. The department shall consult with each of the public post-secondary systems and with the higher education coordinating board in developing model learner outcomes appropriate for entry into post-secondary institutions. Learner outcomes shall include thinking and problem solving skills.~~

Sec. 14. Minnesota Statutes 1988, section 126.67, subdivision 5, is amended to read:

~~Subd. 5. ASSESSMENT ITEM BANK. The department shall maintain an assessment item bank to provide assessment programs items that are tailored designed to measure pupils' attainment of state essential learner outcomes and specific educational objectives learner outcomes of an individual school or district. The department shall develop an item bank for at least two curriculum areas each year. The department shall develop and maintain an item bank for at least ten different curriculum areas.~~

Sec. 15. Minnesota Statutes 1988, section 129B.41, is amended to read:

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

129B.41 CITATION.

Sections ~~129B.41~~ 129B.42 to ~~129B.47~~ 129B.46 may be cited as the "Minnesota ~~improved learning and principal teacher, counselor teacher, and career teacher act.~~"

Sec. 16. Minnesota Statutes 1988, section 129B.42, is amended to read:

129B.42 PURPOSE OF THE CAREER TEACHER ACT.

The legislature recognizes the unique and lifelong learning and development process of all human beings. The legislature is committed to the goal of maximizing the individual growth potential of all ~~students through the secondary schools~~ learners. The purposes of ~~sections 129B.41 to 129B.47~~ the career teacher act are:

(a) ~~(1)~~ (1) to offer ~~improved learning career teacher~~ career teacher programs which emphasize ~~basic and applied learning skills and the liberal arts~~ learning and development based on learner outcomes;

~~(b)~~ (2) to recognize and utilize the unique skills that teachers, students, family, and the community have in both the teaching process and the learning and development process; and

~~(c)~~ (3) to provide an opportunity for maximum use of ~~principals and teachers,~~ principals, and counselors.

Sec. 17. Minnesota Statutes 1988, section 129B.44, is amended to read:

129B.44 ADVISORY COUNCIL.

The school board of a district providing ~~an improved learning a career teacher~~ an improved learning a career teacher program shall appoint an advisory council. Council members shall be selected from the school attendance area in which programs are provided. Members of the council may include students, teachers, principals, administrators and community members. A majority of the members shall be parents with children participating in the local program. The local advisory council shall advise the school board in the development, coordination, supervision, and review of the ~~improved learning career teacher~~ improved learning career teacher program. The council shall meet at least two times each year with any established community education advisory council in the district. Members of the council may be members of the community education advisory council. The council shall report to the school board.

Sec. 18. Minnesota Statutes 1988, section 129B.45, is amended to read:

129B.45 CAREER TEACHER PROGRAM COMPONENTS.

Subdivision 1. **MANDATORY COMPONENTS.** ~~An improved learning A~~ A career teacher program shall include:

(a) (1) participation by a designated individual as a career teacher, princi-

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

pal-teacher, ~~career or counselor teacher; or counselor-teacher; as defined in sections 129B.46 and 129B.47;~~

~~(b) a plan~~ (2) an emphasis on each individual child's unique learning and development needs;

(3) procedures to give the career teacher a major responsibility for leadership of the instructional and noninstructional activities of each child beginning with early childhood family education;

(4) procedures to involve parents in planning the educational learning and development experiences of their children;

~~(e) an annual plan for the district to evaluate program goals and objectives;~~

~~(d) a plan~~ (5) procedures to implement outcome based education by focusing on the needs of the learner;

(6) procedures to coordinate and integrate the instructional program with all community education programs;

(7) procedures to concentrate career teacher programs at sites that provide early childhood family education and subsequent learning and development programs; and

(8) procedures for the district to fund the program after the third year of the program.

Subd. 2. **OPTIONAL COMPONENTS.** ~~An improved learning~~ A career teacher program may include:

~~(a)~~ (1) efforts to improve curricula strategies, instructional strategies, and use of materials ~~which~~ that respond to the individual educational needs and learning styles of each pupil in order to enable each pupil to make continuous progress and to learn at a rate appropriate to that pupil's abilities;

~~(b)~~ (2) efforts to develop student abilities in basic skills; applied learning skills; and, when appropriate, arts; humanities; physical, natural, and social sciences; multicultural education; physical, emotional, and mental health; consumer economics; and career education;

~~(e)~~ (3) use of community resources and communications media to pursue ~~improved learning and development~~ opportunities for pupils;

~~(d)~~ (4) staff development for teachers and other school personnel;

~~(e)~~ (5) improvements to the learning and development environment, including use of the community in general, to enhance the learning and development process;

~~(f)~~ (6) cooperative efforts with other agencies involved with human services

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

or child development and development of alternative community based learning and development experiences;

~~(g)~~ apprenticeship (7) post-secondary education components for pupils who are able to accelerate or programs for pupils with special abilities and interests who are given advanced learning and development opportunities within existing programs;

~~(h)~~ (8) use of volunteers in the learning and development program;

~~(i)~~ (9) flexible attendance schedules for pupils;

~~(j)~~ (10) adult education component;

~~(k)~~ (11) coordination with early childhood ~~and~~ family education and community education programs;

~~(l)~~ (12) variable student/faculty ratios for special education students to provide for special programming;

~~(m)~~ (13) inclusion of nonpublic pupils as part of the ratio in the career teacher, principal-teacher, and ~~career~~ counselor teacher component;

~~(n)~~ (14) application of educational research findings;

~~(o)~~ (15) summer learning and development experiences for students as recommended by the career teacher, principal-teacher, and ~~career~~ counselor teacher;

~~(p)~~ (16) use of educational education assistants, teacher aides, or paraprofessionals as part of the ~~improved learning~~ career teacher program;

~~(q)~~ (17) establishment of alternative criteria for high school graduation; and

~~(r)~~ (18) variable age and class learning size groupings of students.

Sec. 19. Minnesota Statutes 1988, section 129B.46, is amended to read:

129B.46 ~~PRINCIPAL-TEACHER AND CAREER TEACHER COMPONENT.~~

Subdivision 1. **STATUS.** ~~An improved learning~~ A career teacher program may include a career teacher, principal-teacher ~~and career teacher~~, and counselor teacher component. The career teacher, principal-teacher, and ~~career~~ counselor teacher shall not be the exclusive teacher for students assigned to them but shall serve as a primary teacher and perform the function of developing and implementing a student's overall learning and development program. The career teacher, principal-teacher, and ~~career~~ counselor teacher may be responsible for regular ~~classroom~~ assignments as well as learning and development programs for other assigned students.

Subd. 2. **QUALIFICATIONS.** (a) ~~An individual employed as a principal-~~

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

teacher must be licensed as a principal by the state board of education and shall be considered a principal as defined in section 179A.03, subdivision 12, for purposes of the public employment labor relations act.

(b) An individual employed as a career teacher must be licensed as a teacher by the state board of teaching and shall be considered a teacher as defined in section 179A.03, subdivision 18, for purposes of the public employment labor relations act chapter 179A.

(b) An individual employed as a principal teacher must be licensed as a teacher and shall be considered a principal, as defined in section 179A.03, subdivision 12, for purposes of chapter 179A.

(c) An individual employed as a counselor teacher must be licensed as a counselor and shall be considered a teacher, as defined in section 179A.03, subdivision 18, for purposes of chapter 179A.

Subd. 3. **STAFF/STUDENT RATIO.** (a) Except as provided in clause (b), one career teacher, principal-teacher, or career counselor teacher shall be assigned for every 125 students. For each special education student included in the assignment, the 1:125 ratio shall be reduced by one.

(b) One principal-teacher shall be assigned for every 50 students when the principal-teacher is also the principal of the school.

Subd. 4. **SELECTION; RENEWAL.** (a) The school board shall establish procedures for teachers and, principals, and counselors to apply for the position of career teacher, principal-teacher and career, or counselor teacher. The authority for selection of career teachers, principal-teachers, and career counselor teachers shall be vested in the board and no individual shall have a right to employment as a career teacher, principal-teacher, or career counselor teacher based on seniority or order of employment in the district.

(b) Employment of the career teacher, principal-teacher, and career counselor or teacher ~~shall~~ may be on a 12-month basis with vacation time negotiated individually with the board. The annual contract of a career teacher, principal-teacher, or career counselor teacher may not be renewed, as the board shall see fit; provided, however, the board shall give any such teacher whose contract as a career teacher, principal-teacher, or career counselor teacher it declines to renew for the following year written notice to that effect before April 15. If the board fails to renew the contract of a career teacher, principal-teacher, or career counselor teacher, that individual shall be reinstated to another position in the district if eligible pursuant to section 125.12 or 125.17.

Subd. 5. **DUTIES.** The career teacher, principal-teacher, and career counselor teacher shall be responsible for:

(a) (1) the overall education and, learning, and development plan of assigned students. This plan shall be designed by the career teacher, principal-teacher,

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

and ~~career~~ counselor teacher with the student, parents, and other faculty, and shall seek to maximize the learning and development potential and maturation level of each pupil;

(~~b~~) (2) measuring the proficiency of the assigned students and assisting other staff in identifying pupil needs and making appropriate educational and subject groupings;

(~~e~~) (3) when part of the district's plan, taking responsibility for the parent and early childhood education of assigned students;

(~~d~~) (4) designing and being responsible for program components which meet special learning needs of high potential and talented students; ~~and~~

(~~e~~) (5) coordinating the ongoing, year-to-year learning and development program for assigned students; and

(6) developing learning and development portfolios.

Sec. 20. MINORITY TEACHER INCENTIVES.

During the biennium, a school district that has a minority enrollment of more than ten percent or that has a desegregation plan approved by the state board shall be reimbursed if it employs a minority teacher who has not taught in a Minnesota school district during the school year before the year the teacher is employed according to this section. The reimbursement shall equal one-half of the salary and fringe benefits, but not more than \$20,000. The district shall receive reimbursement for each year during the biennium that a minority teacher is employed.

The department of education shall contract with an outside agency, school district, or group of districts to assist in recruiting minority teachers from outside the state.

The department of education shall establish application or other procedures for districts to obtain the entire reimbursement amount. The department shall not prorate the reimbursement amount.

For the purposes of this section, a minority person is an African American, American Indian, Asian Pacific American, or an American of Mexican, Puerto Rican, or Spanish origin or ancestry.

Sec. 21. RESEARCH AND DEVELOPMENT SITES.

Subdivision 1. SITE CHARACTERISTICS. The state board of education shall select up to ten sites, including public schools or classrooms, school districts, and education districts, to serve as research and development sites to examine and implement learner outcome-based education policies.

The office of educational leadership shall coordinate the learner outcome-

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

based education efforts of each research and development site and shall provide technical assistance upon request.

The educational activities and policies of each site must conform with the research plan of the office developed under section 121.111, subdivision 3. The sites must be located in different geographical areas of the state, and include school populations of various sizes and schools at various stages of implementing a learner outcome-based system of education. The sites must establish and maintain an affiliation with a teacher preparation institution that incorporates a learner outcome-based system of education in training beginning teachers. The sites may have been pilot or demonstration sites for other education improvement programs. Sites may be chosen to demonstrate how vocational outcomes can be integrated into a comprehensive education curriculum.

Subd. 2. SELECTION CRITERIA. The office of educational leadership, in consultation with the research advisory committee, shall develop criteria the state board shall use to award two year grants. The office shall determine the form and manner by which to apply for grants. The office may consider the following in developing selection criteria, including:

(1) building upon the PER process for curriculum development under sections 126.661 to 126.67;

(2) identifying or developing district resources and management policies under section 126.666, subdivision 1;

(3) developing policies for involving teachers in identifying and integrating learner outcomes and establishing levels of attainment of learner outcomes by classroom, by school and by district;

(4) incorporating alternative technology-based learning models and administrative practices that promote individualized learning;

(5) incorporating staffing alternatives, including a career teacher program and teacher mentors;

(6) developing and using multiple assessment indicators;

(7) identifying and incorporating into district or site-based education programs the career vocational learner outcomes that ensure the articulation of secondary and post-secondary vocational programs;

(8) examining state board of education and state board of teaching rules that affect learner outcome-based education;

(9) developing site-based management and collaborative decision making;

(10) identifying the professional needs of education staff and designing staff programs to implement outcome based education; and

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

(11) developing alternative models for grouping pupils according to their attainment of learner outcomes.

Sites may use staff development revenue under section 126.70 to accomplish clauses (3) and (10).

Subd. 3. REQUIREMENTS OF SITES. To be considered for selection as a site by the state board, an applicant must develop a written proposal that describes the activities to be conducted at the site. The site proposal must include:

- (1) plans for a two-year project;
- (2) specific goals to be achieved in the first and second years;
- (3) documentation that will allow other districts to replicate the activities of the proposed site;
- (4) procedures to involve the community in the project; and
- (5) a budget.

The state board, in consultation with the office, shall select the sites and determine the amount of the grant to be awarded to each site by October 1, 1989.

Sec. 22. REPORT OF OFFICE OF EDUCATIONAL LEADERSHIP.

By January 15, 1991, the office of educational leadership shall submit to the education committees of the legislature an interim evaluation of the progress of the ten sites in implementing their plans. By January 15, 1992, the office shall submit a final evaluation of the efforts of the ten sites to implement learner outcome-based education.

Sec. 23. APPROPRIATIONS FOR THE OFFICE OF EDUCATIONAL LEADERSHIP.

Subdivision 1. DEPARTMENT OF EDUCATION. The sums indicated in this section are appropriated from the general fund to the department of education for the office of educational leadership for the fiscal years indicated.

Subd. 2. RESEARCH AND DEVELOPMENT GRANTS. For grants for research and development sites:

\$1,050,000 1990

Up to \$50,000 may be used for administration and evaluation.

Any unexpended balance remaining from fiscal year 1990 does not cancel and is available for fiscal year 1991.

New language is indicated by underline, deletions by strikeout.

Subd. 3. TECHNICAL ASSISTANCE; RESEARCH AND DEVELOPMENT SITES. For technical assistance to research and development sites:

\$250,000 1990

\$250,000 1991

Sec. 24. APPROPRIATIONS.

Subdivision 1. DEPARTMENT OF EDUCATION. The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. ADULT GRADUATION AID. For adult graduation aid:

\$1,238,000 1990

\$1,573,000 1991

The 1990 appropriation includes \$0 for 1989 and \$1,238,000 for 1990.

The 1991 appropriation includes \$219,000 for 1990 and \$1,354,000 for 1991.

Subd. 3. AREA LEARNING CENTER GRANTS. For grants to area learning centers:

\$150,000 1990

\$150,000 1991

Subd. 4. ARTS PLANNING GRANTS. For grants for arts planning according to Minnesota Statutes, section 129B.20:

\$38,000 1990.

\$38,000 1991.

Any unexpended balance in the first year does not cancel but is available for fiscal year 1991.

Subd. 5. PER PROCESS AID. For the planning, evaluating, and reporting process according to Minnesota Statutes, section 124.274:

\$1,038,000 1990

\$1,046,000 1991

Subd. 6. CAREER TEACHER AID. For career teacher aid:

\$1,000,000 1990

This appropriation is available until June 30, 1991.

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

Subd. 7. MINORITY TEACHER INCENTIVES. For minority teacher incentives:

\$1,000,000 1990

This appropriation is available until June 30, 1991.

Sec. 25. REPEALER.

Minnesota Statutes 1988, section 129B.47, is repealed.

ARTICLE 8

OTHER EDUCATION PROGRAMS

Section 1. Minnesota Statutes 1988, section 121.11, subdivision 14, is amended to read:

Subd. 14. **SCHOOL LUNCH PROGRAM, REVOLVING FUND.** The commissioner of finance shall establish for the state board a revolving fund for deposit of storage and handling charges paid by recipients of donated foods shipped by the school lunch section of the department of education. These funds are to be used only to pay storage and related charges as they are incurred for United States Department of Agriculture foods.

The commissioner of finance shall also establish a revolving fund for the department of education to deposit charges paid by recipients of processed commodities and for any authorized appropriation transfers for the purpose of this subdivision. These funds are to be used only to pay for commodity processing and related charges as they are incurred using United States Department of Agriculture donated commodities.

Sec. 2. Minnesota Statutes 1988, section 124.195, subdivision 8, is amended to read:

Subd. 8. **PAYMENT PERCENTAGE FOR REIMBURSEMENT AIDS.** One hundred percent of the aid for the last fiscal year must be paid for the following aids: ~~abatement aid according to section 124.214, subdivision 2;~~ special education residential aid according to section 124.32, subdivision 5; special education pupil aid according to section 124.32, subdivision 6; special education summer school aid, according to section 124.32, subdivision 10; and planning, evaluating, and reporting process aid according to section 124.274.

Sec. 3. Minnesota Statutes 1988, section 124.195, subdivision 9, is amended to read:

Subd. 9. **PAYMENT PERCENTAGE FOR CERTAIN AIDS.** One hundred percent of the aid for the current fiscal year must be paid for the following aids:

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

management information center subsidies, according to section 121.935; reimbursement for transportation to post-secondary institutions, according to section 123.3514, subdivision 8; handicapped adult program aid, according to section 124.271, subdivision 7; school lunch aid, according to section 124.646; tribal contract school aid, according to article 3, section 15; hearing impaired support services aid, according to section 121.201; Indian post-secondary preparation grants according to section 124.481; and ~~desegregation~~ integration grants according to ~~Laws 1987, chapter 398, article 6, section 18~~ section 14, subdivision 3.

Sec. 4. Minnesota Statutes 1988, section 124.252, subdivision 3, is amended to read:

Subd. 3. **DISTRICT AID.** An eligible district shall receive 54 cents ~~in fiscal year 1987 and~~ each year thereafter for each pupil, in average daily membership enrolled in a public elementary, secondary, or technical institute or nonpublic elementary or secondary school. Aid for nonpublic school pupils shall be paid to the district upon request by or on behalf of the pupils. No school district shall receive less than \$1,040 ~~in fiscal year 1987 and~~ each year thereafter.

Sec. 5. [124.6472] **SCHOOL BREAKFAST PROGRAM**

Subdivision 1. BREAKFAST REQUIRED. A school district shall offer a school breakfast program in every school building in which:

(1) at least 40 percent of the school lunches served during the 1989-1990 school year were served free or at a reduced price; or

(2) at least 15 percent of the children in the school would take part in the program, as indicated by a survey of the parents in the school.

Subd. 2. EXEMPTION. Subdivision 1 does not apply to a school in which fewer than 25 pupils are expected to take part in the program.

Sec. 6. **SCHOOL BREAKFAST SURVEY.**

Subdivision 1. SURVEY REQUIRED. By October 1, 1990, a school district shall complete a survey of parents of pupils enrolled in each school to determine the number of parents who are interested in having their children participate in a school breakfast program.

Subd. 2. APPLICABILITY. This section does not apply to a school building:

(1) that has a school breakfast program; or

(2) that is subject to section 5, subdivision 1, clause (1).

Subd. 3. REPORTS. Each school district shall report the survey results, including anticipated costs of providing the program, to the commissioner of education by November 1, 1990.

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

Sec. 7. [127.46] SEXUAL HARASSMENT AND VIOLENCE POLICY.

Each school board shall adopt a written sexual harassment and sexual violence policy that conforms with sections 363.01 to 363.15. The policy shall apply to pupils, teachers, administrators, and other school personnel, include reporting procedures, and set forth disciplinary actions that will be taken for violation of the policy. Disciplinary actions must conform with collective bargaining agreements and sections 127.27 to 127.39. The policy must be conspicuously posted in each school building and included in each school's student handbook on school policies.

Sec. 8. [127.455] MODEL POLICY.

The commissioner of education shall maintain and make available to school boards a model sexual harassment and violence policy. The model policy shall address the requirements of section 127.45.

Each school board shall submit to the commissioner of education a copy of the sexual harassment and sexual violence policy the board has adopted.

Sec. 9. Minnesota Statutes 1988, section 129.121, is amended by adding a subdivision to read:

Subd. 6. SEXUAL HARASSMENT AND VIOLENCE POLICY AND RULES. The board of the league shall adopt a policy, rules, penalties, and recommendations addressing sexual harassment and sexual violence toward and by participants in league activities.

Sec. 10. Minnesota Statutes 1988, section 171.29, subdivision 2, is amended to read:

Subd. 2. (a) A person whose drivers license has been revoked as provided in subdivision 1, except under section 169.121 or 169.123, shall pay a \$30 fee before the person's drivers license is reinstated.

(b) A person whose drivers license has been revoked as provided in subdivision 1 under section 169.121 or 169.123 shall pay a \$200 fee before the person's drivers license is reinstated to be credited as follows:

(1) 25 percent shall be credited to the trunk highway fund;

(2) 50 percent shall be credited to a separate account to be known as the county probation reimbursement account. Money in this account may be appropriated to the commissioner of corrections for the costs that counties assume under Laws 1959, chapter 698, of providing probation and parole services to wards of the commissioner of corrections. This money is provided in addition to any money which the counties currently receive under section 260.311, subdivision 5;

(3) ten percent shall be credited to a separate account to be known as the

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

bureau of criminal apprehension account. Money in this account may be appropriated to the commissioner of public safety and shall be divided as follows: eight percent for laboratory costs; two percent for carrying out the provisions of section 299C.065;

(4) 15 percent shall be credited to a separate account to be known as the ~~alcohol impaired~~ alcohol-impaired driver education account. Money in the account may be appropriated to the commissioner of education for grants to develop ~~alcohol impaired~~ alcohol-impaired driver education programs in elementary, secondary, and post-secondary schools. The state board of education shall establish guidelines for the distribution of the grants. ~~The commissioner of education shall report to the legislature by January 15, 1988, on the expenditure of grant funds under this clause.~~ Each year the commissioner may use \$100,000 to administer the grant program and other traffic safety education programs.

Sec. 11. Minnesota Statutes 1988, section 363.06, subdivision 3, is amended to read:

Subd. 3. **TIME FOR FILING CLAIM.** A claim of an unfair discriminatory practice must be brought as a civil action pursuant to section 363.14, subdivision 1, clause (a), filed in a charge with a local commission pursuant to section 363.116, or filed in a charge with the commissioner within one year after the occurrence of the practice. The running of the one-year limitation period is suspended during the time a potential charging party and respondent are voluntarily engaged in a dispute resolution process involving a claim of unlawful discrimination under this chapter, including arbitration, conciliation, mediation or grievance procedures pursuant to a collective bargaining agreement or statutory, charter, or ordinance provisions for a civil service or other employment system or a school board sexual harassment or sexual violence policy. A potential respondent who participates in such a process with a potential charging party before a charge is filed or a civil action is brought shall notify the department and the charging party in writing of the participation in the process and the date the process commenced and shall also notify the department and the charging party of the ending date of the process. A respondent who fails to provide this notification is barred from raising the defense that the statute of limitations has run unless one year plus a period of time equal to the suspension period has passed.

Sec. 12. **SPECIAL LEVY.**

Independent school district No. 232, Peterson, may levy an amount not more than \$100,000 for purposes of retiring operating debt. This levy is authorized for taxes payable in 1990, 1991, or 1992. In no case may the sum of the levies exceed \$100,000.

Sec. 13. **[1989 RULE COMPLIANCE LEVY.]**

In 1989, special school district No. 1, Minneapolis, and independent school district No. 709, Duluth, may each levy an amount up to a gross tax capacity

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

rate of .80 percent times the adjusted gross tax capacity of the district for taxes payable in 1990. Each district may levy according to Minnesota Statutes, section 275.125, subdivision 6i, and this section. Notwithstanding Minnesota Statutes, 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 Minnesota Statutes, section 124.155.

Sec. 14. APPROPRIATIONS.

Subdivision 1. DEPARTMENT OF EDUCATION. The sums in this section are appropriated, unless otherwise indicated, from the general fund to the department of education for the fiscal years designated.

Subd. 2. ABATEMENT AID. For abatement aid according to Minnesota Statutes, section 124.214:

\$5,111,000 1990

\$6,018,000 1991

The 1990 appropriation includes \$0 for 1989 and \$5,111,000 for 1990.

The 1991 appropriation includes \$902,000 for 1990 and \$5,116,000 for 1991.

Subd. 3. INTEGRATION GRANTS. For grants to districts implementing desegregation plans mandated by the state board:

\$14,944,000 1990

\$14,944,000 1991

\$1,285,200 each year shall be allocated to independent school district No. 709, Duluth; \$7,382,300 each year shall be allocated to special school district No. 1, Minneapolis; and \$6,276,500 each year shall be allocated to 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. 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. These grants may be used to transport students attending a nonresident district under Minnesota Statutes, section 120.062 or 123.3515, to the border of the resident district. A district may allocate a portion of the grant to the transportation fund for this purpose.

Subd. 4. NONPUBLIC PUPIL AID. For nonpublic pupil education aid according to Minnesota Statutes, sections 123.931 to 123.947:

\$8,524,000 1990

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

\$8,847,000 1991

The 1990 appropriation includes \$1,229,000 for 1989 and \$7,295,000 for 1990.

The 1991 appropriation includes \$1,288,000 for 1990 and \$7,559,000 for 1991.

Subd. 5. SCHOOL LUNCH AND FOOD STORAGE AID. For school lunch aid according to Minnesota Statutes, section 124.646, and for food storage and transportation costs for USDA donated commodities; and for a temporary transfer to the commodity processing revolving fund to provide cash flow to permit schools and other recipients of donated commodities to take advantage of volume processing rates:

\$4,625,000 1990

\$4,625,000 1991

Any unexpended balance remaining from the appropriations in this subdivision shall be prorated among participating schools based on the number of fully paid lunches served during that school year in order to meet the state revenue matching requirement of the USDA National School Lunch Program.

If the appropriation amount attributable to either year is insufficient, the rate of payment for each fully paid student lunch shall be reduced and the aid for that year shall be prorated among participating schools so as not to exceed the total authorized appropriation for that year.

Any temporary transfer processed in accordance with this subdivision to the commodity processing fund will be returned by June 30 in each year so that school lunch aid and food storage costs can be fully paid as scheduled.

Subd. 6. SCHOOL MILK AID. For school milk aid according to Minnesota Statutes, section 124.648:

\$800,000 1990

\$800,000 1991

Subd. 7. TOBACCO USE PREVENTION. For tobacco use prevention aid according to Minnesota Statutes, section 124.252:

\$565,000 1990

\$672,000 1991

The 1990 appropriation includes \$0 for 1989 and \$565,000 for 1990.

The 1991 appropriation includes \$100,000 for 1990 and \$572,000 for 1991.

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

Subd. 8. WEST ST. PAUL. For a grant to independent school district No. 197, West St. Paul:

\$500,000 1990

The proceeds of this grant must be deposited in the district's debt redemption fund.

Subd. 9. ALCOHOL-IMPAIRED DRIVER EDUCATION GRANTS. For grants for alcohol-impaired driver education according to Minnesota Statutes, section 171.29, subdivision 2, paragraph (b), clause (4):

\$620,000 1990

\$620,000 1991

This appropriation is from the special revenue fund.

Subd. 10. NETT LAKE LIABILITY INSURANCE. For a grant to independent school district No. 707, Nett Lake, to pay insurance premiums under Minnesota Statutes, section 466.06:

\$40,000 1990

This sum is available until June 30, 1991.

Subd. 11. NETT LAKE UNEMPLOYMENT COMPENSATION. For payment of the obligation of independent school district No. 707, Nett Lake, for transfer to the appropriate state agency for unemployment compensation:

\$40,000 1990

This sum is available until June 30, 1991.

Subd. 12. PETERSON OPERATING DEBT. For a grant to independent school district No. 232, Peterson to retire operating debt.

\$50,000 1990

Sec. 15. EFFECTIVE DATE.

Subdivision 1. Section 5 is effective September 1, 1991.

Subd. 2. Each school board shall adopt a written sexual harassment and sexual violence policy required under section 127.45 before September 1, 1991. Each school board shall submit a copy of its adopted sexual harassment and sexual violence policy required under section 127.455 to the education commissioner by September 1, 1991.

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

ARTICLE 9

MISCELLANEOUS

Section 1. Minnesota Statutes 1988, section 120.062, subdivision 4, is amended to read:

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. Before submitting an application, the pupil and the pupil's parent or guardian must explore with a school guidance counselor, or other appropriate staff member employed by the district the pupil is currently attending, the pupil's academic or other reason for applying to enroll in a nonresident district. The pupil's application must identify the reason for enrolling in 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 initial enrollment during beginning the following school year. ~~The parent or guardian of a pupil residing in a district that has a desegregation plan approved by the state 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. Once enrolled in a nonresident district, the pupil may remain enrolled and is not required to submit annual or periodic applications. To return to the resident district or to transfer to a different nonresident district, the parent or guardian of the pupil must provide notice to the resident district or apply to a different nonresident district by January 1 for enrollment beginning the following school year.

Sec. 2. Minnesota Statutes 1988, section 120.062, subdivision 5, is amended to read:

Subd. 5. **DESEGREGATION PLANS DISTRICT TRANSFERS.** (a) This subdivision applies to a transfer into or out of a district that has a desegregation plan approved by the state board of education.

(b) An application to transfer may be submitted at any time for enrollment beginning at any time.

(c) The parent or guardian of a pupil who is a resident of a district that has a desegregation plan must submit an application to the resident district. If the district accepts the application, it must forward the application to the nonresident district.

(d) The parent or guardian of a pupil who applies for enrollment in a nonresident district that has a desegregation plan must submit an application to the nonresident district.

(e) Each district must accept or reject an application it receives and notify the parent or guardian in writing within 30 calendar days of receiving the

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

application. A notification of acceptance must include the date enrollment can begin.

(f) If an application is rejected, the district must state the reason for rejection in the notification. If a district that has a desegregation plan rejects an application for a reason related to the desegregation plan, the district must state with specificity how acceptance of the application would result in noncompliance with state board rules with respect to the school or program for which application was made.

(g) If an application is accepted, the parent or guardian must notify the nonresident district in writing within 15 calendar days of receiving the acceptance whether the pupil intends to enroll in the nonresident district. Notice of intention to enroll obligates the pupil to enroll in the nonresident district, unless the school boards of the resident and nonresident districts agree otherwise. If a parent or guardian does not notify the nonresident district, the pupil may not enroll in that nonresident district at that time, unless the school boards of the resident and nonresident district agree otherwise.

(h) Within 15 calendar days of receiving the notice from the parent or guardian, the nonresident district shall notify the resident district in writing of the pupil's intention to enroll in the nonresident district.

(i) A pupil enrolled in a nonresident district under this subdivision is not required to make annual or periodic application for enrollment but may remain enrolled in the same district. A pupil may transfer to the resident district at any time.

(j) A pupil enrolled in a nonresident district and applying to transfer into or out of a district that has a desegregation plan must follow the procedures of this subdivision. For the purposes of this type of transfer, "resident district" means the nonresident district in which the pupil is enrolled at the time of application.

(k) 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 must accept or reject applications each individual application in a manner that will enable compliance with the its desegregation plan. The district shall notify the parent or guardian and the resident district according to the requirements of subdivision 6.

Sec. 3. Minnesota Statutes 1988, section 120.062, subdivision 6, is amended to read:

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 by February 1 whether the application has been accepted or

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

rejected. If an application is rejected, the district must state in the notification the reason for rejection. The parent or guardian shall notify the nonresident district by February 15 whether the pupil intends to enroll in the nonresident district. Notice of intent to enroll in the nonresident district obligates the pupil to attend the nonresident district during the following school year, unless the school boards of the resident and the nonresident districts agree in writing to allow the pupil to transfer back to the resident district, or the pupil's parents or guardians change residence to another district. If a parent or guardian does not notify the nonresident district, the pupil may not enroll in that nonresident district during the following school year, unless the school boards of the resident and nonresident district agree otherwise. The nonresident district shall notify the resident district by March 1 of the pupil's intent to enroll in the nonresident district. The same procedures apply to a pupil who applies to transfer from one participating nonresident district to another participating nonresident district.

Sec. 4. Minnesota Statutes 1988, section 121.11, subdivision 12, is amended to read:

Subd. 12. **ADMINISTRATIVE RULES.** The state board ~~shall~~ may adopt ~~and enforce~~ rules, ~~consistent with this code, appropriate for the administration and enforcement thereof~~ only upon specific authority other than under this subdivision. Notwithstanding the provisions of section 14.05, subdivision 4, the state board may grant a variance to its rules upon application by a school district for purposes of implementing experimental programs in learning or school management ~~which that~~ attempt to make better use of community resources or available technology.

Sec. 5. **[121.585] LEARNING YEAR PROGRAMS.**

Subdivision 1. PROGRAM ESTABLISHED. A learning year program provides instruction throughout the year. A pupil may participate in the program and accelerate attainment of grade level requirements or graduation requirements. A learning year program may begin after the close of the regular school year in June. The program may be for students in one or more grade levels from kindergarten through twelfth grade.

Students may participate in the program if they reside in:

- (1) a district that has been designated a learning year site under subdivision 2;
- (2) a district that is a member of the same education district as a site; or
- (3) a district that participates in the same area learning center program as a site.

Subd. 2. STATE BOARD DESIGNATION. An area learning center designated by the state must be a site. Up to an additional ten learning year sites may be designated by the state board of education. To be designated, a district or center must demonstrate to the commissioner of education that it will:

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

(1) provide a program of instruction that permits pupils 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 pupils participating in the program. The record system and identification must ensure that the program will not have the effect of increasing the total number of pupil units attributable to an individual pupil as a result of a learning year program.

Subd. 3. HOURS OF INSTRUCTION. Pupils participating in a program must be able to receive the same total number of hours of instruction they would receive if they were not in the program. If a pupil has not completed the graduation requirements of the district after completing the minimum number of secondary school hours of instruction, the district may allow the pupil to continue to enroll in courses needed for graduation.

For the purposes of section 120.101, subdivision 5, the minimum number of hours for a year determined for the appropriate grade level of instruction shall constitute 170 days of instruction. Hours of instruction that occur after the close of the instructional year in June shall be attributed to the following fiscal year.

Subd. 4. STUDENT PLANNING. A district must inform all pupils and their parents about the learning year program. A continual learning plan must be developed for each pupil with the participation of the pupil, parent or guardian, teachers, and other staff. The plan must specify the learning experiences that must occur each year and, for secondary students, for graduation. The plan may be modified to conform 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 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 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 section 125.12 or 125.17.

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 the minimum number of hours for a year determined for the appropriate grade level. Hours of participation that occur after the close of the regular instruction-

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

al year and before July 1 shall be attributed to the following fiscal year. Thirty hours may be used for teacher workshops, staff development, or parent-teacher conferences. As part of each pilot program, the department 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 year 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. 6. Minnesota Statutes 1988, section 121.88, subdivision 10, is amended 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 6 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 school board of the district shall develop standards for school age child care programs. The state board of education may not adopt rules for extended day programs.

Sec. 7. Minnesota Statutes 1988, section 123.33, subdivision 7, is amended to read:

Subd. 7. The board shall superintend and manage the schools of the district; ~~adopt, modify, or repeal~~ rules for their organization, government, and instruction ~~and for the keeping of~~ keep registers; and prescribe textbooks and courses of study. The board may arrange for courses for secondary pupils that are offered by a post-secondary institution.

Sec. 8. Minnesota Statutes 1988, section 123.3514, subdivision 4c, is amended to read:

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

Subd. 4c. **LIMIT ON PARTICIPATION.** A pupil who first enrolls in grade 11 may not enroll in post-secondary courses under this section for secondary credit for more than the equivalent of two academic years. A pupil who first enrolls in grade 12 may not enroll in post-secondary courses under this section for secondary credit for more than the equivalent of one academic year. If a pupil in grade 11 or 12 first enrolls in a post-secondary course for secondary credit during the school year, the time of participation shall be reduced proportionately. A pupil who has graduated from high school cannot participate in a program under this section. A pupil who has completed course requirements for graduation but who has not received a diploma may participate in the program under this section.

Sec. 9. Minnesota Statutes 1988, section 123.3514, subdivision 5, is amended to read:

Subd. 5. **CREDITS.** A pupil may enroll in a course under this section for either secondary credit or post-secondary credit. At the time a pupil enrolls in a course, the pupil shall designate whether the course is for secondary or post-secondary credit. A pupil taking several courses may designate some for secondary credit and some for post-secondary credit. A pupil must not audit a course under this section.

A school district shall grant academic credit to a pupil enrolled in a course for secondary credit if the pupil successfully completes the course. Nine quarter or six semester college credits equal at least one full year of high school credit. Fewer college credits may be prorated. A school district shall also grant academic credit to a pupil enrolled in a course for post-secondary credit if secondary credit is requested by a pupil. If no comparable course is offered by the district, the district shall, as soon as possible, notify the state board of education, which shall determine the number of credits that shall be granted to a pupil who successfully completes a course. If a comparable course is offered by the district, the school board shall grant a comparable number of credits to the pupil. If there is a dispute between the district and the pupil regarding the number of credits granted for a particular course, the pupil may appeal the school board's decision to the state board of education. The state board's decision regarding the number of credits shall be final.

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

If a pupil enrolls in a post-secondary institution after leaving secondary

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

school, the post-secondary institution shall award post-secondary credit for any course successfully completed for secondary credit at that institution. Other post-secondary institutions may award, after a pupil leaves secondary school, post-secondary credit for any courses successfully completed under this section. An institution may not charge a pupil for the award of credit.

Sec. 10. Minnesota Statutes 1988, section 123.3514, subdivision 7, is amended to read:

Subd. 7. **FEES; TEXTBOOKS; MATERIALS.** A post-secondary institution that receives reimbursement for a pupil under subdivision 6 may not charge that pupil for fees, textbooks, materials, or other necessary costs of the course or program in which the pupil is enrolled if the charge would be prohibited under section 120.74, except for equipment purchased by the pupil that becomes the property of the pupil. An institution may require the pupil to pay for fees, textbooks, and materials for a course taken for post-secondary credit.

Sec. 11. Minnesota Statutes 1988, section 123.3514, is amended by adding a subdivision to read:

Subd. 7a. **TEXTBOOKS; MATERIALS.** All textbooks and equipment provided to a pupil, and paid for under subdivision 6, are the property of the pupil's school district of residence. Each pupil is required to return all textbooks and equipment to the school district after the course has ended.

Sec. 12. Minnesota Statutes 1988, section 123.3514, subdivision 10, is amended to read:

Subd. 10. **LIMIT; STATE OBLIGATION.** The provisions of subdivisions 6, 7, 8, and 9 shall not apply for any post-secondary courses in which a pupil is enrolled in addition to being enrolled full time in that pupil's district or for any post-secondary course in which a pupil is enrolled for post-secondary credit. The pupil is enrolled full time if the pupil attends credit-bearing classes in the high school or high school program for all of the available hours of instruction.

Sec. 13. **[126.1995] SAFETY REQUIREMENT GUIDELINES.**

The department of education, in cooperation with the Minnesota fire marshal's division, shall develop guidelines for school lab safety. The guidelines shall include a list of safety requirements and an explanation of the minimum state and national laws, codes, and standards affecting school lab safety the Minnesota fire marshal considers necessary for schools to implement. The district superintendent must ensure that every school lab within the district complies with the school lab safety requirements. Lack of funding is not an excuse for noncompliance.

Sec. 14. Minnesota Statutes 1988, section 126.22, subdivision 2, is amended to read:

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

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

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

(1) is at least two grade levels below the performance level for 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 more than 15 consecutive school days in the preceding or current school year excluded or expelled according to sections 127.26 to 127.39; or~~

(6) has been referred by a school district for enrollment in an eligible program or a program pursuant to section 126.23;

(b) any 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 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 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

(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.

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.

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

Sec. 15. Minnesota Statutes 1988, section 126.67, subdivision 8, is amended to read:

Subd. 8. **CAREER INFORMATION; APPROPRIATION.** The department of education may provide career information to school districts and other educational systems organizations, employment and training services, human service agencies, libraries, and families. The department ~~may~~ shall collect reasonable fees for subscriptions to necessary to recover all expenditures related to the operation of the Minnesota career information service. Grants may be accepted and used for the improvement or operation of the program.

Sec. 16. Minnesota Statutes 1988, section 129.121, is amended by adding a subdivision to read:

Subd. 7. The Minnesota state high school league shall establish, conduct and regulate championship high school tournament activities. The league shall determine the number of classes in all interscholastic athletic activities under its jurisdiction. The league shall adopt league rules and regulations governing the athletic participation of pupils attending school in a nonresident district under section 120.062.

Notwithstanding the date and time of day of final enactment, this section supersedes any inconsistent provision of H.F. 372.

Sec. 17. Minnesota Statutes 1988, section 136D.22, subdivision 1, is amended to read:

Subdivision 1. **BOARD.** The agreement ~~may~~ shall provide for a joint school board ~~which shall represent representing~~ the parties to the agreement; ~~and.~~ The agreement shall specify the name of the board, the number and manner of election or appointment of its members, their terms and qualifications, and other necessary and desirable provisions; ~~provided; that.~~ Each member of the board shall be a ~~voter of one school board member of the a school districts which district that~~ is a party to the agreement.

Sec. 18. Minnesota Statutes 1988, section 136D.72, subdivision 1, is amended to read:

Subdivision 1. **MEMBERS.** The district shall be operated by a school board of not less than six nor more than 12 members ~~which.~~ The board shall consist of at least one member from each of the school districts within the special intermediate school district ~~created.~~ Board members shall be ~~residents of the respective school districts represented; may be~~ members of the school boards of the respective school districts and shall be appointed by their respective school boards. Members ~~so appointed~~ shall serve at the pleasure of their respective school ~~districts boards~~ and may be subject to recall by a majority vote of the ~~participating school district board.~~ They shall report at least quarterly to their ~~appointing~~ boards on the activities of the intermediate district ~~and shall attend no less than one meeting of their respective appointing boards each month.~~

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

Sec. 19. Minnesota Statutes 1988, section 136D.82, subdivision 1, is amended to read:

Subdivision 1. **BOARD.** The agreement ~~may shall~~ provide for a joint school board ~~which shall represent~~ representing the parties to the agreement; ~~and. The agreement~~ shall specify the name of the board, the number and manner of election or appointment of its members, their terms and qualifications, and other necessary and desirable provisions; ~~provided, that.~~ Each member of the board shall be a ~~voter of one school board member~~ member of the a school ~~districts~~ district that is a party to the agreement.

Sec. 20. Minnesota Statutes 1988, section 354.094, subdivision 1, is amended to read:

Subdivision 1. **SERVICE CREDIT CONTRIBUTIONS.** A member granted an extended leave of absence pursuant to section 125.60 or 136.88; ~~except as provided in subdivision 1a or 1b;~~ may pay employee contributions and receive allowable service credit toward annuities and other benefits under this chapter, for each year of the leave provided the member and the employing board make the required employer contribution in any proportion they may agree upon, during the period of the leave which shall not exceed five years. ~~Except as provided in subdivision 1a or 1b;~~ The state shall not pay employer contributions into the fund for any year for which a member is on extended leave. The employee and employer contributions shall be based upon the rates of contribution prescribed by section 354.42 for the salary received during the year immediately preceding the extended leave. Payments for the years for which a member is receiving service credit while on extended leave shall be made on or before the later of June 30 of each fiscal year for which service credit is received or within 30 days after first notification of the amount due, if requested by the member, is given by the association. No payment is permitted after the following September 30. Payments received after June 30 must include six percent interest from June 30 through the end of the month in which payment is received.

Sec. 21. Minnesota Statutes 1988, section 354.094, subdivision 2, is amended to read:

Subd. 2. **MEMBERSHIP; RETENTION.** Notwithstanding section 354.49, subdivision 4, clause (3), a member on extended leave whose employee and employer contributions are paid into the fund pursuant to ~~subdivisions~~ subdivision 1 and 1a shall retain membership in the association for as long as the contributions are paid, under the same terms and conditions as if the member had continued to teach in the district, the community college system or the state university system.

Sec. 22. Minnesota Statutes 1988, section 354.66, subdivision 4, is amended to read:

Subd. 4. **RETIREMENT CONTRIBUTIONS.** Notwithstanding any provi-

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

sion to the contrary in this chapter relating to the salary figure to be used for the determination of contributions or the accrual of service credit, a teacher assigned to a part-time position pursuant to this section shall continue to make employee contributions to and to accrue allowable service credit in the retirement fund during the period of part-time employment on the same basis and in the same amounts as would have been paid and accrued if the teacher had been employed on a full-time basis provided that, ~~except as provided in subdivision 4a,~~ prior to June 30 each year, or within 30 days after notification by the association of the amount due, whichever is later, the member and the employing board make that portion of the required employer contribution to the retirement fund, in any proportion which they may agree upon, that is based on the difference between the amount of compensation that would have been paid if the teacher had been employed on a full-time basis and the amount of compensation actually received by the teacher for the services rendered in the part-time assignment. The employing unit shall make that portion of the required employer contributions to the retirement fund on behalf of the teacher that is based on the amount of compensation actually received by the teacher for the services rendered in the part-time assignment in the manner described in section 354.43, subdivision 3. The employee and employer contributions shall be based upon the rates of contribution prescribed by section 354.42. Full accrual of allowable service credit and employee contributions for part-time teaching service pursuant to this section and section 354A.094 shall not continue for a period longer than ten years.

Sec. 23. Minnesota Statutes 1988, section 354A.091, subdivision 1, is amended to read:

Subdivision 1. **RETIREMENT CONTRIBUTIONS.** Notwithstanding any provision to the contrary of this chapter or the articles of incorporation or bylaws of an association relating to the salary figure to be used for the determination of contributions or the accrual of service credit, ~~except as provided in subdivision 1a or 1b;~~ an elementary, secondary or technical institute teacher in the public schools of a city of the first class who is granted an extended leave of absence pursuant to section 125.60, may pay employee contributions to the applicable association and shall be entitled to receive allowable service credit in that association for each year of leave, provided the member and the employing board make the required employer contributions, in any proportion they may agree upon, to that association during the period of leave which shall not exceed five years. ~~Except as provided in subdivision 1a or 1b~~ The state shall not make an employer contribution on behalf of the teacher. The employee and employer contributions shall be based upon the rates of contribution prescribed by section 354A.12 as applied to a salary figure equal to the teacher's actual covered salary for the plan year immediately preceding the leave. Payment of the employee and employer contributions authorized pursuant to this section shall be made on or before June 30 of the fiscal year for which service credit is to be received. No allowable service with respect to a year of extended leave of absence shall be credited to a teacher until payment of the required employee and employer contributions has been received by the association.

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

Sec. 24. Minnesota Statutes 1988, section 354A.091, subdivision 2, is amended to read:

Subd. 2. **MEMBERSHIP RETENTION.** A teacher on extended leave pursuant to section 125.60 whose employee and employer contributions are made to the applicable teachers retirement fund association pursuant to ~~subdivisions~~ subdivision 1 ~~and 4a~~ shall retain membership in the association for each year during which the contributions are made, under the same terms and conditions as if the teacher had continued to teach in the district.

Sec. 25. Minnesota Statutes 1988, section 354A.094, subdivision 4, is amended to read:

Subd. 4. **RETIREMENT CONTRIBUTIONS.** Notwithstanding any provision to the contrary in this chapter or the articles of incorporation or bylaws of an association relating to the salary figure to be used for the determination of contributions or the accrual of service credit, a teacher assigned to a part-time position pursuant to this section shall continue to make employee contributions to and to accrue allowable service credit in the applicable association during the period of part-time employment on the same basis and in the same amounts as would have been paid and accrued if the teacher had been employed on a full-time basis provided that, ~~except as provided in subdivision 4a,~~ prior to June 30 each year the member and the employing board make that portion of the required employer contribution to the applicable association in any proportion which they may agree upon, that is based on the difference between the amount of compensation that would have been paid if the teacher had been employed on a full-time basis and the amount of compensation actually received by the teacher for services rendered in the part-time assignment. The employer contributions to the applicable association on behalf of the teacher shall be based on the amount of compensation actually received by the teacher for the services rendered in the part-time assignment in the manner described in section 354.43, subdivisions 1 and 5. The employee and employer contributions shall be based upon the rates of contribution prescribed by section 354A.12. Full membership, accrual of allowable service credit and employee contributions for part-time teaching service by a teacher pursuant to this section and section 354.66 shall not continue for a period longer than ten years.

Sec. 26. Minnesota Statutes 1988, section 363.01, is amended by adding a subdivision to read:

Subd. 41. BUSINESS. The term "business" includes any partnership, association, corporation, legal representative, trustee, trustee in bankruptcy, or receiver, but excludes the state and its departments, agencies, and political subdivisions.

Sec. 27. Minnesota Statutes 1988, section 363.073, subdivision 1, is amended to read:

Subdivision 1. **SCOPE OF APPLICATION.** No department or agency of

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

the state shall ~~receive, enter into, or~~ accept any bid or proposal for a contract ~~nor or agreement or~~ execute any contract or agreement for goods, ~~or services; or~~ the performance of any function; ~~or any agreement to transfer funds for any reason~~ in excess of \$50,000 with any ~~person~~ business having more than 20 full-time employees ~~in Minnesota~~ at any time during the previous 12 months, unless the ~~person~~ firm or business has an affirmative action plan for the employment of minority persons, women, and the disabled that has been approved by the commissioner of human rights. Receipt of a certificate of compliance issued by the commissioner shall signify that a ~~person~~ firm or business has an affirmative action plan that has been approved by the commissioner. A certificate shall be valid for a period of two years. A municipality as defined in section 466.01, subdivision 1, that receives state funds for any reason is encouraged to prepare and implement an affirmative action plan for the employment of minority persons, women, and the disabled and submit the plan to the commissioner of human rights.

Sec. 28. Minnesota Statutes 1988, 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 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

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

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 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. 29. Minnesota Statutes 1988, section 471.38, subdivision 3, is amended to read:

Subd. 3. **ELECTRONIC FUNDS TRANSFER.** Electronic funds transfer is the process of value exchange via mechanical means without the use of checks, drafts or similar negotiable instruments. A school district may make an electronic funds transfer for the following:

(1) for a claim for a payment from an imprest payroll bank account or investment of excess money;

(2) for a payment of tax or aid anticipation certificates;

(3) for a payment of contributions to pension or retirement fund;

(4) for vendor payments; and

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

(5) for payment of bond principal, bond interest and a fiscal agent service charge from the debt redemption fund. ~~This~~

Subd. 3a. SCHOOL DISTRICT ELIGIBILITY. The authorization in subdivision 3 extends only to a school district ~~which~~ that has enacted all of the following policy controls:

(a) The school board shall annually delegate the authority to make electronic funds transfers to a designated business administrator;

(b) The dispersing bank shall keep on file a certified copy of the delegation of authority;

(c) The initiator of the electronic transfer shall be identified;

(d) The initiator shall document the request and obtain an approval from the designated business administrator before initiating the transfer;

(e) A written confirmation of the transaction shall be made no later than one business day after the transaction and shall be used in lieu of a check, order check or warrant required to support the transaction;

(f) A list of all transactions made by electronic funds transfer shall be submitted to the school board at its next regular meeting after the transaction.

Sec. 30. STAFF EXCHANGE PROGRAM.

Subdivision 1. ESTABLISHMENT. A staff exchange program for the 1989-1990 and 1990-1991 school years is established to allow local school districts to arrange temporary and voluntary exchanges between members of their kindergarten through grade 12 instructional and administrative staffs. The purpose of the program is to provide participants with an understanding of the educational concerns of other local school districts, including concerns of class organization, curriculum development, instructional practices, and characteristics of the student population.

The educational needs and interests of the host school district and the training, experience, and interests of the participants shall determine the assignment of the participants in the host district. Participants may teach courses, provide counseling and tutorial services, work with teachers to better prepare students for future educational experiences, serve an underserved population in the district, or assist with administrative functions. The assignments participants perform for the host district must be comparable to the assignments the participants perform for the district employing the participants. Participation in the exchange program need not be limited to one school or one school district and may involve other education organizations including education districts and ECSUs.

Subd. 2. PROGRAM REQUIREMENTS. All staff exchanges made under this section are subject to the requirements in this subdivision.

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

(a) A school district employing a participating staff member must not adversely affect the staff member's salary, seniority, or other employment benefits, or otherwise penalize the staff member for participating in the program.

(b) Upon completion or termination of an exchange, a school district employing a participating staff member must permit the staff member to return to the same assignment the staff member performed in the district before the exchange, if available, or, if not, a similar assignment.

(c) A school district employing a participating staff member must continue to provide the staff member's salary and other employment benefits during the period of the exchange.

(d) A participant must be licensed and tenured.

(e) Participation in the program must be voluntary.

(f) The length of participation in the program must be no less than one-half of a school year and no more than one school year, and any premature termination of participation must be upon the mutual agreement of the participant and the participating school districts.

(g) A participant is responsible for transportation to and from the host school district.

This subdivision does not abrogate or change rights of staff members participating in the staff exchange program or the terms of an agreement between the exclusive representative of the school district employees and the school district. Participating school districts may enter into supplementary agreements with the exclusive representative of the school district employees to accomplish the purpose of this section.

Subd. 3. APPLICATION PROCEDURES. The school board of a school district must decide by resolution to participate in the staff exchange program. A staff member wishing to participate in the exchange program must submit an application to the school district employing the staff member. The district must, in a timely and appropriate manner, provide to the exclusive bargaining representatives of teachers in the state the number and names of prospective participants within the district, the assignments available within the district, and the length of time for each exchange. The exclusive bargaining representatives are requested to cooperatively participate in the coordination of exchanges to facilitate exchanges across all geographical regions of the state. Prospective participants must contact teachers and districts with whom they are interested in making an exchange. The prospective participants must make all arrangements to accomplish their exchange and the superintendents of the participating districts must approve the arrangements for the exchange in writing.

Subd. 4. REPORT. By January 1, 1991, the school districts participating in the staff exchange program shall report to the commissioner of education on the

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

number and location of staff members participating in the exchange, the assignments of the participants, and other matters of interest, including the advisability of continuing the exchange.

Sec. 31. APPLICABILITY.

Section 4 applies to rules for which the intention to adopt rules is published in the State Register after August 1, 1989.

Sec. 32. LAB SAFETY TIMELINES.

The state department of education shall send the guidelines on school lab safety to district superintendents before September 1, 1989. Each district superintendent must inform the department by January 1, 1990, of its efforts to comply with the safety requirements.

Sec. 33. REPEALER.

Minnesota Statutes 1988, section 120.062, subdivision 8, is repealed effective for the 1989-1990 school year.

Sec. 34. REPEALER.

Minnesota Statutes 1988, sections 120.05, subdivision 1; 120.13; 120.15; 120.16; 120.77; 121.09; 121.12; 121.151; 121.35, subdivision 5; 121.496, subdivision 1; 121.83; 121.84; 121.843; 121.844; 121.845; 121.86; 121.882, subdivision 10; 121.902, subdivision 2; 121.9121, subdivision 6; 121.914, subdivisions 9 and 10; 122.86; 122.87; 122.88; 123.3511; 123.3512; 123.581, subdivisions 1 and 6; 123.60; 123.601; 123.68; 124.12, subdivision 1; 124.2138, subdivisions 3 and 4; 124.496; 124A.27, subdivision 7; 125.241, subdivision 3; 125.60, subdivision 7; 126.03; 126.07; 126.10; 126.11; 126.39, subdivision 11; 126.52, subdivision 11; 126.70, subdivision 3; 126.80; 275.128; and Laws 1988, chapter 718, article 7, section 61, are repealed July 1, 1989.

Sec. 35. EFFECTIVE DATE.

Sections 17, 18, and 19 are effective July 1, 1992. Section 28 is effective retroactively to May 7, 1988.

Section 30 is effective for the 1989-1990 school year.

Sections 1 and 3 are effective for the 1990-1991 school year and thereafter.

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

**ARTICLE 10
LIBRARIES**

Section 1. Minnesota Statutes 1988, section 134.31, is amended by adding a subdivision to read:

Subd. 5. ADVISORY COMMITTEE. The commissioner shall appoint an advisory committee of five members to advise the staff of the Minnesota library for the blind and physically handicapped on long-range plans and library services. Members shall be people who use the library. Section 15.059 governs this committee.

Sec. 2. Minnesota Statutes 1988, section 134.34, subdivision 2, is amended to read:

Subd. 2. REQUIRED INCREASES; LIMIT. Notwithstanding the provisions of section 134.33 and subdivision 1 of this section, after the second year of participation by a city or county, the dollar amount of the minimum level of support for that city or county shall not be required to increase by more than ten percent over the dollar amount of the minimum level of support required of it in the previous year. ~~If a participating city or county which has been providing for public library service support in an amount equivalent to .67 mill times the gross tax capacity of the taxable property of that city or county for the year preceding that calendar year would be required to increase the dollar amount of such support by more than ten percent to reach the equivalent of .4 mill times the adjusted gross tax capacity of the taxable property of that participating city or county as determined by the commissioner of revenue for the second year preceding that calendar year or the per capita amount calculated under the provisions of subdivision 1, it shall only be required to increase the dollar amount of such support by ten percent per year until such time as it reaches an amount equivalent to .4 mill times the adjusted gross tax capacity of that taxable property as determined by the commissioner of revenue for the second year preceding that calendar year or the per capita amount calculated under the provisions of subdivision 1.~~

Sec. 3. Minnesota Statutes 1988, section 134.34, subdivision 3, is amended to read:

Subd. 3. REGIONAL DESIGNATION. Regional library basic system support grants shall be made only to those regional public library systems officially designated by the state board of education as the appropriate agency to strengthen, improve and promote public library services in the participating areas. The state board of education shall designate no more than one such regional public library system located entirely within any single development region existing under sections 462.381 to ~~462.396~~ 462.398 or chapter 473.

Sec. 4. **APPROPRIATIONS.**

Subdivision 1. DEPARTMENT OF EDUCATION. The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

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

Subd. 2. BASIC SUPPORT GRANTS. For basic support grants according to Minnesota Statutes, sections 134.32 to 134.35:

\$5,801,000 1990

\$6,093,000 1991

The 1990 appropriation includes \$747,000 for 1989 and \$5,054,000 for 1990.

The 1991 appropriation includes \$892,000 for 1990 and \$5,201,000 for 1991.

Subd. 3. MULTICOUNTY, MULTITYPE LIBRARY SYSTEMS. For grants according to Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

\$247,000 1990

\$256,000 1991

The 1990 appropriation includes \$34,000 for 1989 and \$213,000 for 1990.

The 1991 appropriation includes \$38,000 for 1990 and \$218,000 for 1991.

Subd. 4. STATE AGENCY ON-LINE SYSTEM. For the ongoing cost of operating a computer library catalog system in state agency libraries:

\$43,000 1990

\$43,000 1991

Subd. 5. MATERIALS FOR LIBRARIANS. To update materials on library information and services available to librarians through the department of education:

\$20,000 1990

This appropriation is available until June 30, 1991.

Subd. 6. AUTOMATED LIBRARY SYSTEM. For a computer system to support operations of the Minnesota library for the blind and physically handicapped and for an advisory committee:

\$222,000 1990

\$21,000 1991

Up to \$4,000 each year may be used for the advisory committee for the Minnesota library for the blind and physically handicapped.

Sec. 5. REPEALERS.

Subdivision 1. JULY 1, 1989. Minnesota Statutes, section 134.34, subdivision 5, is repealed July 1, 1989.

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

Subd. 2, JULY 1, 1991. Minnesota Statutes, section 134.33, subdivision 1, is repealed July 1, 1991.

ARTICLE 11

EDUCATION AGENCY SERVICES

Section 1. Minnesota Statutes 1988, section 121.612, is amended to read:

121.612 ~~CITATION~~ MINNESOTA ACADEMIC EXCELLENCE FOUNDATION.

Subdivision 1. **CITATION.** This section may be cited as the "Minnesota academic excellence act."

Subd. ~~1a~~ 2. **CREATION OF FOUNDATION.** There is created the Minnesota academic excellence foundation. The purpose of the foundation shall be to promote academic excellence in Minnesota public schools through a public-private ~~partnership~~ partnerships. The foundation shall be a nonprofit organization. The board of directors of the foundation and foundation activities are under the direction of the state board of education.

Subd. ~~2~~ 3. **BOARD OF DIRECTORS.** The board of directors of the foundation shall consist of ~~the governor or the governor's designee; the chairs of the education committee and education finance division in the house of representatives and the chairs of the education committee and education subcommittee on education aids in the senate; a minority member of the house of representatives to be appointed by the house minority leader; a minority member of the senate; to be appointed by the senate minority leader; the commissioner of education; a member of the state board of education selected by the state board who shall serve as chair~~ and 15 members to be appointed by the governor. Of the 15 members appointed by the governor, six shall represent various education groups and nine shall represent various business groups. ~~The board of directors shall meet as soon as possible after the effective date of this section.~~ The commissioner of education shall serve as secretary for the board of directors and provide administrative support to the foundation. An executive committee of the foundation board composed of the board officers and chairs of board committees, may only advise and make recommendations to the foundation board.

Subd. ~~3~~ 4. **FOUNDATION PROGRAMS.** The foundation shall ~~plan for~~ may develop programs which ~~that~~ advance the concept of educational excellence. These may include, but are not limited to:

(a) recognition programs and awards for students demonstrating academic excellence;

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

- (b) summer institute programs for students with special talents;
- (c) recognition programs for teachers, administrators, and others who contribute to academic excellence;
- (d) summer mentorship programs with business and industry for students with special career interests and high academic achievements; and
- (e) governor's awards ceremonies to promote academic competition; and
- (f) an academic league to provide organized challenges requiring cooperation and competition for public and nonpublic pupils in elementary and secondary schools.

To the extent possible, the foundation shall make these programs available to students in all parts of the state.

~~Subd. 3a. ACADEMIC LEAGUE PLANS. The academic excellence foundation shall develop a plan for an academic league to promote academic excellence through organized challenges requiring both cooperation and competition for public and nonpublic pupils in elementary and secondary schools. The foundation shall develop the plan in consultation with administrators of existing programs of academic competition and cooperation; the Minnesota state high school league; and the Minnesota association of secondary school principals. The foundation shall submit the plans to the education committees of the legislature by January 15, 1989.~~

Subd. 5. POWERS AND DUTIES. The foundation may:

- (1) establish and collect membership fees;
- (2) publish brochures or booklets relating to the purposes of the foundation and collect reasonable fees for the publications;
- (3) receive money and grants from nonstate sources for the purposes of the foundation;
- (4) contract with consultants; and
- (5) expend money for awards and other forms of recognition and appreciation.

Subd. 6. CONTRACTS. The foundation board shall review and approve each contract of the board. Each contract of the foundation board shall be subject to the same review and approval procedures as a contract of the state board of education.

Subd. 7. FOUNDATION STAFF. The state board shall appoint the executive director and other staff who shall perform duties and have responsibilities solely related to the foundation.

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

Subd. 4 ~~8~~. **PRIVATE FUNDING.** The foundation shall seek private resources to supplement the available public money. Individuals, businesses, and other organizations may contribute to the foundation in any manner specified by the board of directors. All money received shall be administered by the board of directors.

Subd. 5 ~~9~~. **REPORT.** The board of directors of the foundation shall submit an annual report to the education committees of the legislature on the progress of its activities ~~made pursuant to the provisions of this section~~. The annual report shall contain a financial report for the preceding year, including all receipts and expenditures of the foundation.

~~Subd. 6. **FOUNDATION PUBLICATIONS.** The foundation may publish brochures or booklets relating to the purposes of the foundation. The foundation may collect reasonable fees for the publications.~~

Subd. 7 ~~10~~. **APPROPRIATION.** There is annually appropriated to the academic excellence foundation ~~any~~ and all amounts received by the foundation pursuant to ~~subdivision 6~~ this section.

Sec. 2. Minnesota Statutes 1988, section 121.931, subdivision 3, is amended to read:

Subd. 3: **SYSTEMS ARCHITECTURE PLAN.** The state board, with the advice and assistance of the ESV computer council, shall develop a systems architecture plan for providing administrative data processing to school districts, the department of education, and the legislature. In developing the plan, the state board shall consider at least the following: user needs; systems design factors; telecommunication requirements; computer hardware technology; and alternative hardware purchase and lease arrangements. ~~The plan shall be completed by September 1, 1981.~~

Sec. 3. Minnesota Statutes 1988, section 121.931, subdivision 4, is amended to read:

Subd. 4. **LONG-RANGE PLAN.** The state board, with the advice and assistance of the ESV computer council and the information policy office, shall develop a long-range plan for providing administrative data processing to ~~elementary, secondary, and technical institute~~ school districts, the department of education, and the legislature. In developing the plan, the state board shall consider at least the following: desirable major enhancements to the ESV-IS and SDE-IS; new system development proposals; new or modified approaches to provide support services to districts; the responsibility of regional management information centers to provide reports to the department on behalf of affiliated districts; and related development and implementation time schedules. The long-range plan shall address the feasibility and practicability of utilizing microcomputers, minicomputers, and larger computer systems. ~~The preliminary plan shall be prepared by November 1, 1981, and the plan shall be completed by January 1, 1982.~~ The plan shall be updated by September 15 of each even-numbered

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

year. The long-range plan shall consist of one document and shall incorporate the systems architecture plan and all relevant portions of previous documents which have been referred to as the state computing plan.

Sec. 4. Minnesota Statutes 1988, section 121.931, subdivision 7, is amended to read:

Subd. 7. **APPROVAL POWERS.** The state board, with the advice and assistance of the ESV computer council and the information policy office of the department of administration, shall approve or disapprove the following, according to the criteria in section 121.937 and rules adopted pursuant to subdivision 8:

(a) the creation of regional management information centers pursuant to section 121.935;

(b) the transfer by a district of its affiliation from one regional management information center to another;

(c) the use by a district of a management information system other than the ESV-IS subsystem through the regional management information center or a state board approved alternative system pursuant to section 121.936, subdivisions 2 to 4; and

(d) annual and biennial plans and budgets submitted by regional management information centers pursuant to section 121.935, subdivisions 3 and 4.

Sec. 5. Minnesota Statutes 1988, section 121.934, subdivision 2, is amended to read:

Subd. 2. **MEMBERSHIP.** The council shall be composed of:

(a) ~~four~~ six representatives of school districts, including one school district administrator from a rural school district, one school district administrator from an urban school district, one school board member from a rural school district, and one school board member from an urban school district, one teacher from a rural school district, and one teacher from an urban school district;

(b) three persons employed in management positions in the private sector, at least two of whom are data processing managers or hold an equivalent position in the private sector;

(c) three persons employed in management positions in the public sector other than elementary, secondary, or vocational education, at least two of whom are data processing managers or hold an equivalent position in the public sector;

(d) ~~one person from the general public~~;

(e) one person representing post-secondary vocational technical education;

and

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

(F) (c) one person from the department of education.

Members selected pursuant to clauses (b) and (c) shall not be employees or board members of ~~local~~ school districts or the department of education. The council shall include at least one resident of each congressional district.

Sec. 6. Minnesota Statutes 1988, section 121.935, subdivision 6, is amended to read:

Subd. 6. **FEES.** Regional management information centers may charge fees to affiliated districts for the cost of services provided to the district and the district's proportionate share of outstanding regional debt. If a district uses a state approved alternative finance system for processing its detailed transactions or transfers to another region, the district is liable for its contracted proportionate share of the outstanding regional debt. The district is not liable for any additional outstanding regional debt that occurs after written notice is given to transfer or use an alternative finance system. ~~In no event shall the annual fee of a district participating in a state pilot program of an alternative financial management information system exceed the annual fee chargeable to the district in the absence of the pilot program.~~ A regional management information center must not charge a district for transferring the district's summary financial data and essential data elements to the state. The regional management information center may charge the district for any service it provides to, or performs on behalf of, a district to render the data in the proper format for reporting to the state.

Sec. 7. Minnesota Statutes 1988, section 121.936, subdivision 4a, is amended to read:

Subd. 4a. ~~By July 1, 1984,~~ The department of education shall develop and implement an alternative reporting system for submission of financial data in summary form. This system shall accommodate the use of a microcomputer finance system to be developed and maintained by the department of education. The alternative reporting system must comply with sections 121.90 to 121.917. The provisions of this subdivision shall not be construed to require the department to purchase computer hardware nor to prohibit the department from purchasing services from any regional management information center or the Minnesota educational computing consortium.

Sec. 8. Minnesota Statutes 1988, section 123.58, subdivision 9, is amended to read:

Subd. 9. **FINANCIAL SUPPORT FOR THE EDUCATIONAL COOPERATIVE SERVICE UNITS.** (a) Financial support for ECSU programs and services shall be provided by participating local school districts and nonpublic school administrative units with private, state and federal financial support supplementing as available. The ECSU board of directors may, in each year, for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred, assess and certify to each participating school district

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

and nonpublic school administrative unit its proportionate share of any and all expenses. This share shall be based upon the extent of participation by each district or nonpublic school administrative unit and shall be in the form of a service fee. Each participating district and nonpublic school administrative unit shall remit its assessment to the ECSU board as provided in the ECSU bylaws. The assessments shall be paid within the maximum levy limitations of each participating district. No participating school district or nonpublic school administrative unit shall have any additional liability for the debts or obligations of the ECSU except that assessment which has been certified as its proportionate share or any other liability the school district or nonpublic school administrative unit agrees to assume.

(b) Any property acquired by the ECSU board is public property to be used for essential public and governmental purposes which shall be exempt from all taxes and special assessments levied by a city, county, state or political subdivision thereof. If the ECSU is dissolved, its property must be distributed to the member public school districts at the time of the dissolution.

(c) A school district or nonpublic school administrative unit may elect to withdraw from participation in the ECSU by a majority vote of its full board membership and upon compliance with the applicable withdrawal provisions of the ECSU organizational agreement. Upon receipt of the withdrawal resolution reciting the necessary facts, the ECSU board shall file a certified copy with the state board of education. The withdrawal shall be effective on the June 30 following receipt by the board of directors of written notification of the withdrawal at least six months prior to June 30. Notwithstanding the withdrawal, the proportionate share of any expenses already certified to the withdrawing school district or nonpublic school administrative unit for the ECSU shall be paid to the ECSU board.

(d) The ECSU is a public corporation and agency and its board of directors may make application for, accept and expend private, state and federal funds that are available for programs of educational benefit approved by the state board of education in accordance with rules adopted by the state board of education pursuant to chapter 14. The state board of education shall not distribute special state aid or federal aid directly to an ECSU in lieu of distribution to a school district within the ECSU which would otherwise qualify for and be entitled to this aid without the consent of the school board of that district.

(e) The ECSU is a public corporation and agency and as such, no earnings or interests of the ECSU may inure to the benefit of an individual or private entity.

Sec. 9. Minnesota Statutes 1988, section 126.56, subdivision 4, is amended to read:

Subd. 4. **ELIGIBLE PROGRAMS INSTITUTIONS.** A scholarship may be used only for an eligible program. An eligible program shall be approved by the state board of education. An eligible program shall be sponsored by at an eligible institution. A Minnesota public post-secondary institution is an eligible institution. A private post-secondary institution that is eligible if it:

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

- (1) is accredited by the North Central Association of Colleges;
- (2) offers at least an associate or baccalaureate degree program approved under section 136A.65, subdivision 1; and
- (3) is located in Minnesota.

An eligible program shall, as its primary purpose, provide academic instruction for student enrichment in curricular areas including, but not limited to, communications, humanities, social studies, social science, science, mathematics, art, or foreign language. The program shall not be offered for credit to post-secondary students. It shall not provide remedial instruction. Additional requirements for eligibility may be established by the state board of education and the higher education coordinating board.

Sec. 10. Minnesota Statutes 1988, section 126.56, is amended by adding a subdivision to read:

Subd. 4a. ELIGIBLE PROGRAMS. A scholarship may be used only for an eligible program. To be eligible, a program must:

(1) provide, as its primary purpose, academic instruction for student enrichment in curricular areas including, but not limited to, communications, humanities, social studies, social science, science, mathematics, art, or foreign languages;

(2) not be offered for credit to post-secondary students;

(3) not provide remedial instruction;

(4) meet any other program requirements established by the state board of education and the higher education coordinating board; and

(5) be approved by the state board of education.

Sec. 11. [129B.481] **TEACHER CENTER GRANTS.**

Subdivision 1. DEFINITION. For the purposes of this section, "teacher" has the meaning given it in section 179A.03, subdivision 18.

Subd. 2. ESTABLISHMENT. A teacher center may be established by one or more school boards and the exclusive representatives of the teachers. The teacher center shall serve at least ten districts or 3,000 teachers.

Subd. 3. POLICY BOARD MEMBERSHIP. Representatives of exclusive representatives and representatives of the school boards shall mutually determine the composition of the policy board according to the guidelines in this subdivision. A majority of the policy board must be teachers. The number of policy board members from each participating district must be in proportion to the number of teachers in each district. The board shall be composed of elementary teachers, secondary teachers, and other teachers, parents, and representatives of school boards, post-secondary education, business, and labor. At least one teacher from each participating district shall be a member of the board.

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

Subd. 4. BOARD POWERS AND DUTIES. The board shall develop policy, designate a fiscal agent, adopt a budget, expend funds to accomplish the purposes of the center, contract for technical and other assistance, and perform other managerial or supervisory activities consistent with the rules of the state board of education. The board may employ staff or contract with consultants for services.

Subd. 5. CENTER FUNCTIONS. A teacher center shall perform functions according to this subdivision. The center shall assist teachers, diagnose learning needs, experiment with the use of multiple instructional approaches, assess pupil outcomes, assess staff development needs and plans, and teach school personnel about effective pedagogical approaches. The center shall develop and produce curricula and curricular materials designed to meet the educational needs of pupils being served, by applying educational research and new and improved methods, practices, and techniques. The center shall provide programs to improve the skills of teachers to meet the special educational needs of pupils. The center shall provide programs to familiarize teachers with developments in curriculum formulation and educational research, including how research can be used to improve teaching skills. The center shall facilitate sharing of resources, ideas, methods, and approaches directly related to classroom instruction and improve teachers' familiarity with current teaching materials and products for use in their classrooms. The center shall provide in-service programs.

Subd. 6. TASK FORCE. An advisory task force is established to assist the board of teaching in various aspects of teacher centers. The advisory task force consists of 14 persons appointed by the board of teaching as follows: (1) two elementary, two secondary, and one special area teacher recommended by the Minnesota federation of teachers; (2) two elementary, two secondary, and one special area teacher recommended by the Minnesota education association; (3) one member recommended by the Minnesota school boards association; (4) one member representing the faculty of post-secondary colleges of education recommended by the higher education coordinating board; (5) one member recommended by the commissioner of education; and (6) one member recommended by the state board of education.

Subd. 7. GRANT APPLICATIONS AND AWARDS. The board of teaching, through the advisory task force, shall prescribe the form and manner of applications for grants for teacher centers. Each application must include the approval of the teachers' exclusive representatives and the school boards of all participating districts.

Upon approval of an application by the advisory task force, the board of teaching shall award a planning grant of not more than \$75,000 for a teacher center. The grant shall be used to develop a final plan of operation for a teacher center. The advisory task force shall recommend the amount of a planning grant based on the number of teachers to be served by the center.

Each grant recipient shall provide information to the board of teaching about how the proceeds of the grant were used.

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

Sec. 12. LOANS TO ECSUs.

Subdivision 1. ACCOUNT ESTABLISHED. During the biennium, an account in the state treasury shall be established to loan money to an educational cooperative service unit to the extent a loan is necessary to meet cash flow needs.

Subd. 2. LOANS AND REPAYMENT. The commissioner of education, in consultation with the commissioner of finance, shall establish criteria for determining cash flow needs and conditions and procedures for a loan. The commissioner of education, in consultation with the commissioner of finance, shall approve or disapprove each loan application according to the demonstrated need of the ECSU. An ECSU shall repay the loan, with interest at the average monthly rate on invested treasurer's cash, by June 30 of the fiscal year in which the money was loaned. If the ECSU does not repay the loan according to the terms of the loan, the commissioner of education shall withhold state payments to the ECSU and aid to the school districts that are members of the ECSU, in proportion to the number of pupil units in each district, in an amount equal to the outstanding loan amount.

Sec. 13. APPROPRIATION.

Subdivision 1. HIGHER EDUCATION COORDINATING BOARD. The sums indicated in this section are appropriated from the general fund to the higher education coordinating board for the fiscal years designated.

Subd. 2. SUMMER PROGRAM SCHOLARSHIPS. To the higher education coordinating board, for scholarship awards for summer programs according to Minnesota Statutes, section 126.56:

\$214,000 1990,

\$214,000 1991.

Of this appropriation, any amount required by the higher education coordinating board may be used for the board's costs of administering the program.

Sec. 14. APPROPRIATIONS.

Subdivision 1. BOARD OF TEACHING. The sums indicated in this section are appropriated from the general fund to the board of teaching for the fiscal years designated. Any unexpended balance from the appropriations in this section in the first year does not cancel and is available for the second year.

Subd. 2. TEACHER CENTER GRANTS. To the board of teaching for grants to teacher centers according to section 11:

\$150,000 1990

\$150,000 1991

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

A grant must be awarded to each existing teacher center under Laws 1987, chapter 398, article 8, section 43.

Sec. 15. APPROPRIATIONS.

Subdivision 1. DEPARTMENT OF EDUCATION. The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. TEACHER MENTORSHIP. For grants to develop mentoring programs in school districts according to Minnesota Statutes, section 125.231:

\$250,000 1990

\$250,000 1991

Any unexpended balance in the first year does not cancel and is available for the second year.

Subd. 3. ADMINISTRATOR'S ACADEMY. For the administrator's academy:

\$168,000 1990

\$168,000 1991

\$24,000 must be used each year for the school management assessment center at the University of Minnesota.

Subd. 4. OFFICE ON TRANSITION SERVICES. For the interagency office on transition services according to Minnesota Statutes, section 120.183:

\$80,000 1990

\$80,000 1991

Subd. 5. EDUCATIONAL COOPERATIVE SERVICE UNITS. For educational cooperative service units:

\$749,000 1990

\$749,000 1991

The 1990 appropriation includes \$113,000 for 1989 and \$636,000 for 1990.

The 1991 appropriation includes \$113,000 for 1990 and \$636,000 for 1991.

Money from this appropriation may be transmitted to ECSU boards of directors for general operations in amounts of up to \$68,000 per ECSU for each fiscal year. The ECSU whose boundaries coincide with the boundaries of development region 11 and the ECSU whose boundaries encompass development regions six and eight may receive up to \$136,000 for each fiscal year.

Before releasing money to the ECSUs, the department of education shall assure that the annual plan of each ECSU explicitly addresses the specific educational services that can be better provided by an ECSU than by a member district. The annual plan must include methods to increase direct services to school districts in cooperation with the state department of education. The department may withhold all or a portion of the money for an ECSU if the

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

department determines that the ECSU has not been providing services according to its annual plan.

Subd. 6. MANAGEMENT INFORMATION CENTERS. For management information centers according to Minnesota Statutes, section 121.935, subdivision 5:

\$3,411,000 1990

\$3,411,000 1991

Subd. 7. LEGISLATIVE COMMISSION ON PUBLIC EDUCATION. To the legislative commission on public education:

\$250,000 1990.

The appropriation for fiscal year 1990 does not cancel and is available until June 30, 1991.

Subd. 8. STATE PER ASSISTANCE. For state assistance for planning, evaluating, and reporting:

\$601,000 1990

\$601,000 1991

At least \$45,000 each year shall be used for assisting districts with the assurance of mastery program.

Subd. 9. EDUCATIONAL EFFECTIVENESS. For educational effectiveness programs according to Minnesota Statutes, sections 121.608 and 121.609:

\$600,000 1990

\$600,000 1991

Subd. 10. CURRICULUM AND TECHNOLOGY INTEGRATION. For curriculum and technology services:

\$600,000 1990.

\$600,000 1991.

Up to \$355,000 each year shall be used for courseware integration centers.

Up to \$215,000 each year shall be used for technology services.

Up to \$30,000 each year may be used for disseminating information about technology innovations identified in the technology demonstration sites.

Subd. 11. ARTS PLANNING PROGRAM ASSISTANCE. For technical assistance for the comprehensive arts planning program according to Minnesota Statutes, section 129B.21:

\$38,000 1990.

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

\$38,000 1991.

The appropriation for 1990 does not cancel but is available for fiscal year 1991.

Subd. 12. ACADEMIC EXCELLENCE FOUNDATION. For the academic excellence foundation according to Minnesota Statutes, section 121.612:

\$160,000 1990

\$160,000 1991

Up to \$50,000 each year is contingent upon the department's receipt of \$1 from private sources for each \$1 of the appropriation. The commissioner of education must certify receipt of the private matching funds.

Subd. 13. HEALTH AND WELLNESS CURRICULUM. For the development and dissemination of the comprehensive health and wellness curriculum:

\$30,000 1990

The appropriation is available until June 30, 1991.

Subd. 14. ECSU LOANS. For loans to ECSUs:

\$500,000 1990

\$500,000 1991

It is anticipated that loans of not more than the amount appropriated will be repaid or otherwise recovered by June 30 each fiscal year.

Sec. 16. APPROPRIATION.

Subdivision 1. STATE UNIVERSITY BOARD. The sums indicated in this section are appropriated from the general fund to the state university board for the fiscal years designated.

Subd. 2. FACULTY EXCHANGE. For expenses incurred by elementary and secondary teachers participating in the faculty education exchange:

\$25,000 1990

The appropriation is available until June 30, 1991.

Sec. 17. APPROPRIATION.

Subdivision 1. BOARD OF REGENTS. The sums indicated in this section are appropriated from the general fund to the board of regents of the University of Minnesota for the fiscal years designated.

Subd. 2. FACULTY EXCHANGE. For expenses incurred by elementary and secondary teachers participating in the faculty education exchange:

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

\$25,000 1990

The appropriation is available until June 30, 1991.

Sec. 18. **REPEALER.**

Minnesota Statutes 1988, section 126.81, is repealed. Laws 1988, chapter 718, article 5, section 4, is repealed.

Sec. 19. **EFFECTIVE DATE.**

Section 5 is effective the day following final enactment. The changes in the composition of the ESV computer council shall occur as vacancies occur or the terms of members expire.

ARTICLE 12

STATE AGENCIES'

APPROPRIATIONS FOR EDUCATION

Section 1. Minnesota Statutes 1988, section 43A.08, subdivision 1a, is amended to read:

Subd. 1a. **ADDITIONAL UNCLASSIFIED POSITIONS.** Appointing authorities for the following agencies may designate additional unclassified positions according to this subdivision: the departments of administration; agriculture; commerce; corrections; jobs and training; education; employee relations; trade and economic development; finance; health; human rights; labor and industry; natural resources; office of administrative hearings; public safety; public service; human services; revenue; transportation; and veterans affairs; the housing finance, state planning, and pollution control agencies; the state board of investment; the waste management board; the offices of the secretary of state, state auditor, and state treasurer; the state board of vocational technical education; the ~~school and resource~~ Minnesota center for the arts education; and the Minnesota zoological board.

A position designated by an appointing authority according to this subdivision must meet the following standards and criteria:

- (1) the designation of the position would not be contrary to other law relating specifically to that agency;
- (2) the person occupying the position would report directly to the agency head or deputy agency head and would be designated as part of the agency head's management team;
- (3) the duties of the position would involve significant discretion and sub-

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

stantial involvement in the development, interpretation, and implementation of agency policy;

(4) the duties of the position would not require primarily personnel, accounting, or other technical expertise where continuity in the position would be important;

(5) there would be a need for the person occupying the position to be accountable to, loyal to, and compatible with the governor and the agency head, or the employing constitutional officer;

(6) the position would be at the level of division or bureau director or assistant to the agency head; and

(7) the commissioner has approved the designation as being consistent with the standards and criteria in this subdivision.

Sec. 2. Minnesota Statutes 1988, section 128A.09, is amended to read:

128A.09 SERVICE, SEMINAR, AND CONFERENCE FEES.

Subdivision 1. ~~DEPOSIT; CREDIT RENTAL INCOME; APPROPRIATION.~~ Fees and Rental income, excluding rent for land and living residences, collected by the academies for services, seminars, and conferences must be deposited in the state treasury and credited to ~~the a~~ revolving fund of the academies. Money in the revolving fund for rental income is annually appropriated to the academies for staff development purposes. Payment from the revolving fund for rental income may be made only according to vouchers authorized by the administrator of the academies.

Subd. 2. ~~ADMINISTRATOR'S VOUCHERS FEES; APPROPRIATION.~~ Payment may be made from the revolving fund only according to vouchers authorized by the administrator of the academies. Income from fees for conferences, seminars, nondistrict technical assistance, and production of instructionally-related materials must be deposited in the state treasury and credited to a revolving fund of the academies. Money in the revolving fund for fees from conferences, seminars, nondistrict technical assistance, and production of instructionally-related materials is annually appropriated to the academies to defray expenses of the services conferences, seminars, technical assistance, and conferences production of materials. Payment from the revolving fund for conferences and other fees may be made only according to vouchers authorized by the administrator of the academies.

Sec. 3. Minnesota Statutes 1988, section 129C.10, is amended to read:

129C.10 MINNESOTA SCHOOL AND RESOURCE CENTER FOR THE ARTS EDUCATION.

Subdivision 1. **GOVERNANCE.** The board of the Minnesota ~~school and resource center for the arts~~ education shall consist of 15 persons. The members

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

of the board shall be appointed by the governor with the advice and consent of the senate. At least one member must be appointed from each congressional district.

Subd. 2. **TERMS, COMPENSATION, AND OTHER.** The membership terms, compensation, removal of members, and filling of vacancies shall be as provided for in section 15.0575. A member may serve not more than two consecutive terms.

Subd. 3. **POWERS AND DUTIES OF BOARD.** (a) The board has the powers necessary for the care, management, and control of the Minnesota ~~school~~ and resource center for the arts education and all its real and personal property. The powers shall include, but are not limited to, those listed in this subdivision.

(b) The board may employ and discharge necessary employees, and contract for other services to ensure the efficient operation of the ~~school and resource center~~ for arts education.

(c) The board may receive and award grants. The board may establish a charitable foundation and accept, in trust or otherwise, any gift, grant, bequest, or devise for educational purposes and hold, manage, invest, and dispose of them and the proceeds and income of them according to the terms and conditions of the gift, grant, bequest, or devise and its acceptance.

(d) The board may establish or coordinate evening, continuing education, extension, and summer programs ~~through the resource center~~ for teachers and pupils.

(e) The board may identify pupils in grades 9 to 12 who have artistic talent, either demonstrated or potential, in dance, literary arts, media arts, music, theater, and visual arts, or in more than one art form.

(f) The board shall educate pupils with artistic talent by providing:

(1) a pilot interdisciplinary academic and arts program for pupils in the 11th and 12th grades, beginning with 135 pupils in the 11th grade in September 1989, and 135 pupils in the 11th grade and 135 pupils in the 12th grade in September 1990;

(2) intensive arts seminars for one or two weeks for ~~9th and 10th grade~~ pupils in grades 9 to 12;

(3) summer arts institutes for pupils in grades 9 to 12;

(4) artist mentor and extension programs in regional sites; and

(5) teacher education programs for indirect curriculum delivery.

(g) The board may determine the location for the Minnesota ~~school and resource center for the arts education~~ and any additional facilities related to the ~~school center~~, including the authority to lease a temporary facility.

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

(h) The board must plan for the enrollment of pupils on an equal basis from each congressional district.

(i) The board may establish task forces as needed to advise the board on policies and issues. The task forces expire as provided in section 15.059, subdivision 6.

(j) The board may request the commissioner of education for assistance and services.

(k) The board may enter into contracts with other public and private agencies and institutions for residential and building maintenance services if it determines that these services could be provided more efficiently and less expensively by a contractor than by the board itself. The board may also enter into contracts with public or private agencies and institutions, school districts or combinations of school districts, or educational cooperative service units to provide supplemental educational instruction and services.

(l) The board may provide or contract for services and programs by and for the arts high school center for arts education, including a school store, operating in connection with the school center; theatrical events; and other programs and services that, in the determination of the board, serve the purposes of the arts high school center.

(m) The board may provide for transportation of pupils to and from the school and resource center for the arts education for all or part of the school year, as the board considers advisable and subject to its rules. Notwithstanding any other law to the contrary, the board may charge a reasonable fee for transportation of pupils. Every driver providing transportation of pupils under this paragraph must possess all qualifications required by the state board of education. The board may contract for furnishing authorized transportation under rules established by the commissioner of education and may purchase and furnish gasoline to a contract carrier for use in the performance of a contract with the board for transportation of pupils to and from the school and resource center for the arts education. When transportation is provided, scheduling of routes, establishment of the location of bus stops, the manner and method of transportation, the control and discipline of pupils, and any other related matter is within the sole discretion, control, and management of the board.

(n) The board may provide room and board for its pupils.

(o) The board may establish and set fees for services and programs without regard to chapter 14. If the board sets fees not authorized or prohibited by the Minnesota public school fee law, it may do so without complying with the requirements of section 120.75, subdivision 1.

Subd. 3a. **ARTS HIGH SCHOOL CENTER FUND APPROPRIATION.** There is established in the state treasury an a center for arts high school education fund. All money collected by the board shall be deposited in the fund.

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

Money in the fund, including interest earned, is annually appropriated to the board for the operation of its services and programs.

Subd. 4. **EMPLOYEES.** (a) (1) The board shall appoint a director of the ~~school and resource~~ center for the arts education who shall serve in the unclassified service.

(2) The board shall employ, upon recommendation of the director, a coordinator of the ~~resource center~~ programs who shall serve in the unclassified service.

(3) The board shall employ, upon recommendation of the director, up to six department chairs who shall serve in the unclassified service. The chairs shall be licensed teachers unless no licensure exists for the subject area or discipline for which the chair is hired.

(4) The board may employ other necessary employees, upon recommendation of the director.

(5) The board shall employ, upon recommendation of the director, an executive secretary for the director, who shall serve in the unclassified service.

(b) The employees hired under this subdivision and other necessary employees hired by the board shall be state employees in the executive branch.

Subd. 4a. **ADMISSION AND CURRICULUM REQUIREMENTS GENERALLY.** (a) The board may adopt rules for admission to and discharge from the ~~school~~ full-time programs for talented pupils and rules regarding the operation of the ~~school and resource~~ center, including transportation of its pupils. Rules covering admission ~~and discharge~~ are governed by chapter 14. Rules covering discharge from the full-time program for talented pupils must be consistent with sections 127.26 to 127.39, the pupil fair dismissal act. Rules regarding discharge and the operation of the ~~school center~~ are not governed by chapter 14.

(b) Proceedings concerning the full-time program for talented pupils, including admission to or, discharge from the school, a pupil's program at the school, and a pupil's progress at the school, are governed by the rules adopted by the board and are not contested cases governed by chapter 14.

Subd. 5. **RESOURCE CENTER PROGRAMS.** ~~The Resource center shall offer programs that are~~ must be directed at improving arts education in elementary and secondary schools throughout the state. The programs offered shall include at least summer institutes offered to pupils in various regions of the state, in-service workshops for teachers, and leadership development programs for teachers. The board shall establish a resource ~~center~~ programs advisory council composed of elementary and secondary arts educators, representatives from post-secondary educational institutions, department of education, state arts board, regional arts councils, educational cooperative service units, school district administrators, parents, and other organizations involved in arts education.

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

The advisory council shall include representatives from a variety of arts disciplines and from various areas of the state. The advisory council shall advise the board about the activities of the center resource programs. ~~Programs offered through the Resource center~~ programs shall promote and develop arts education ~~programs~~ offered by school districts and arts organizations and shall assist school districts and arts organizations in developing innovative ~~programs~~ programming. The board may contract with arts organizations to provide resource programs ~~through the resource center~~. The advisory council shall advise the board on contracts and ~~programs~~ grants related to the operation of the resource center programs.

Subd. 6. PUBLIC POST-SECONDARY INSTITUTIONS; PROVIDING SPACE. Public post-secondary institutions shall provide space for programs offered by the Minnesota ~~school and resource center for the arts~~ education at no cost to the ~~Minnesota school and resource center for the arts~~ to the extent that space is available at the public post-secondary institutions.

Sec. 4. Minnesota Statutes 1988, section 141.25, subdivision 8, is amended to read:

Subd. 8. FEES AND TERMS OF LICENSE. (a) Applications for initial license under sections 141.21 to 141.36 shall be accompanied by \$440 \$510 as a nonrefundable application fee.

(b) All licenses shall expire on December 31 of each year. Each renewal application shall be accompanied by a nonrefundable renewal fee of \$330 \$380.

(c) Application for renewal of license shall be made on or before October 1 of each calendar year. Each renewal form shall be supplied by the commissioner. It shall not be necessary for an applicant to supply all information required in the initial application at the time of renewal unless requested by the commissioner.

Sec. 5. Minnesota Statutes 1988, section 141.26, subdivision 5, is amended to read:

Subd. 5. FEE. The initial and renewal application for each permit shall be accompanied by a nonrefundable fee of \$465 \$190.

Sec. 6. Minnesota Statutes 1988, section 297A.25, subdivision 11, is amended to read:

Subd. 11. SALES TO GOVERNMENT. The gross receipts from all sales, including sales in which title is retained by a seller or a vendor or is assigned to a third party under an installment sale or lease purchase agreement under section 465.71, of tangible personal property to, and all storage, use or consumption of such property by, the United States and its agencies and instrumentalities, the University of Minnesota, state universities, community colleges, technical institutes, state academies, the Minnesota center for arts education, and political

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

subdivisions of the state are exempt. Sales exempted by this subdivision include sales under section 297A.01, subdivision 3, clause (f). This exemption shall not apply to building, construction or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration or repair of a building or facility. This exemption does not apply to construction materials purchased by tax exempt entities or their contractors to be used in constructing buildings or facilities which will not be used principally by the tax exempt entities.

Sec. 7. INSTRUCTION TO REVISOR.

The revisor of statutes is requested to change the name of Minnesota Statutes, chapter 129C, from "Minnesota School and Resource Center for the Arts" to "Minnesota Center for Arts Education."

Sec. 8. MAGNET ARTS PROGRAMS.

The center shall identify at least one school district in each congressional district with the interest and potential to offer magnet arts programs using the curriculum developed by the Minnesota center for arts education. A report on legislative action needed to implement magnet arts programs shall be submitted to the education committees of the legislature by February 1, 1990.

Sec. 9. APPROPRIATIONS.

Subdivision 1. DEPARTMENT OF EDUCATION. The sums indicated in this section are appropriated from the general fund, unless otherwise indicated, to the department of education for the fiscal years designated.

The amounts that may be spent for each program are specified in the following subdivisions.

The approved complement is:

	1990	1991
<u>General Fund</u>	<u>262.5</u>	<u>262.5</u>
<u>Federal</u>	<u>128.4</u>	<u>129.4</u>
<u>Other</u>	<u>28.1</u>	<u>28.1</u>
<u>Total</u>	<u>419.0</u>	<u>420.0</u>

The commissioner of education, with the approval of the commissioner of finance, may transfer unencumbered balances among the programs during the biennium. Transfers must be reported immediately to the house education finance division and the senate education funding division. During the biennium, the commissioner may transfer money among the various objects of expenditure categories and activities within each program, unless restricted by executive order.

The commissioner of education, with the approval of the commissioner of finance, may transfer complement among funds if necessary. The commissioner must report material changes to the

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

house education finance division and the senate education funding division.

Subd. 2. EDUCATIONAL SERVICES.

\$8,302,000 1990

\$7,571,000 1991

\$21,000 each year is from the trunk highway fund.

\$100,000 each year is from the alcohol-impaired driver education account in the special revenue fund.

The federal complement of the community education section is increased by 3.0.

The base in the learner support section is reduced by \$691,000 in 1991.

\$1,191,000 in 1990 and \$500,000 in 1991 are for the learner support section. Any unexpended balance remaining in the first year is available for the second year. For the purpose of developing the fiscal years 1992-1993 biennial budget, the base for the learner support section is \$220,000 each year plus allowable statewide department of finance base adjustments.

The state complement in the institutional approval section is increased by 1.0.

The state complement in the equal opportunities section is increased by 1.0.

The state complement of the Indian education section is increased by 4.0.

\$47,000 is added to the vocational student organization base in 1990 only.

The state complement of the assessment and program evaluation section is increased by 4.5. \$495,000 each year is for 2.0 of the 4.5 complement and for continued development of the assessment item bank and for technical assistance to districts in the use of assessment measures including the item bank.

One complement in the curriculum services section is transferred from the public health fund to the general fund.

\$450,000 each year may be used for the identification and integration of learner outcomes. Of these amounts, \$175,000 in fiscal year 1990 is for the identification and development of vocational career learner outcomes.

The federal complement of the curriculum services section is increased by 2.0.

The federal complement of the special education section is increased by 1.0 in 1991.

The state complement includes 1.0 for the office of educational leadership and the federal complement includes 3.0 for the office of educational leadership.

Subd. 3. ADMINISTRATION AND FINANCIAL SERVICES.

\$8,851,700 1990

\$8,906,700 1991

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

The state complement of the education finance and analysis section is increased by 2.0 for processing pupil enrollment transfers. The base in the education finance and analysis section is reduced by \$30,000 each year for program cost analysis.

School districts shall report information on salary schedules to the department of education in a manner prescribed by the department.

\$25,000 each year is for the development and distribution of training videos for school bus drivers.

The state complement of the education data systems section is increased by 6.0.

\$1,267,000 in 1990 and \$1,420,000 in 1991 are for the education data systems section. \$15,000 each year of these amounts are for the expenses of the ESV computer council. Any unexpended balance remaining in the first year does not cancel and is available for the second year.

The ESV computer council shall study and evaluate the current structure of regional management information centers. The study shall include at least the following:

- (1) the number and location of regional data processing centers;
- (2) the number, location, and administrative structure of regional service centers;
- (3) the relationship of regional computing centers to the departments of administration and education;
- (4) the administrative relationship of regional processing or service centers to other regional administrative units, including educational cooperative service units;
- (5) the relationship of the development of regional processing to state telecommunications networks; and
- (6) other administrative or related issues, as determined by the council.

The council shall report to the education committees of the legislature by February 1, 1990, its recommendations for changes. The report shall also include recommendations about the role of the council in implementing the recommendations.

\$50,000 in 1990 is for the ESV computer council to contract with the information policy office in the department of administration for this study.

The child nutrition section is reduced by \$30,000 each year.

\$14,000 each year is for internal auditing of the department. The auditing shall include analysis of the payment of credits and aids by the department to school districts.

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

The commissioner shall maintain no more than six total complement in the categories of commissioner, deputy commissioner, assistant commissioner, assistant to the commissioner, or executive assistant.

\$50,000 in 1990 is for development of an information management policy within the department of education to analyze the purpose and use of the integrated data base and other data gathered by the department from school districts. The policy shall consider uses of the information by the department of education, other state departments, the public, and the legislature. The department may contract with an independent consultant to design an information management policy.

The state complement for the administrative support section is increased by 2.5 including 0.5 for affirmative action and 2.0 for publications.

The state complement of the Minnesota academic excellence foundation is increased by 0.5.

\$168,000 each year is for the state board of education. The state complement for the state board is increased by 1.0.

\$179,700 in fiscal year 1990 and \$179,700 in fiscal year 1991 are for expenses incurred for litigation of a challenge to the constitutionality of the education financing system. Any unencumbered balances must not be transferred to other programs.

Sec. 10. FARIBAULT ACADEMIES APPROPRIATION.

The sums indicated in this section are appropriated to the department of education for the Faribault Academies:

\$7,139,000 1990

\$7,139,000 1991

\$115,000 each year is for an extended year program.

\$16,000 each year is for the resource center.

Any unexpended balance in the first year does not cancel and is available for the second year.

The approved complement is:

	1990	1991
<u>General fund</u>	<u>185.6</u>	<u>185.6</u>
<u>Federal</u>	<u>8.0</u>	<u>8.0</u>
<u>Total</u>	<u>193.6</u>	<u>193.6</u>

The state board of education, with the approval of the commissioner of finance, may transfer complement among funds if necessary. The state board must report material changes to the house education finance division and the senate education funding division.

Sec. 11. MINNESOTA CENTER FOR ARTS EDUCATION

Total Appropriations \$ 5,800,000 \$ 6,200,000

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

Approved Complement -	1990	1991
General Fund -	39.0	49.0
Total -	39.0	49.0

The state complement for the Minnesota center for arts education is increased by 18.0 for the first year and 28.0 the second year.

Any unexpended balance from the appropriation in this section in 1990 does not cancel but is available in 1991.

ARTICLE 13

TECHNICAL CHANGES

FOR SCHOOL DISTRICT PROPERTY TAXES

Section 1. Minnesota Statutes 1988, section 124.2131, subdivision 1, is amended to read:

Subdivision 1. **ADJUSTED GROSS TAX CAPACITY.** (a) **COMPUTATION.** The department of revenue shall annually conduct an assessment/sales ratio study of the taxable property in each school district in accordance with the procedures ~~referenced~~ in paragraphs (b) and (c). Based upon the results of this assessment/sales ratio study, the department of revenue shall determine an aggregate equalized gross tax capacity and an aggregate equalized net tax capacity for the various ~~strata~~ classes of taxable property in each school district, which tax capacity shall be designated as the adjusted gross tax capacity and the adjusted net tax capacity, respectively. The department of revenue ~~shall take such steps as are necessary in the performance of that duty and~~ may incur such the expense as is necessary ~~therefor to make the determinations.~~ The commissioner of revenue is ~~authorized to~~ may reimburse any county or governmental official for requested services performed in ascertaining ~~such the~~ adjusted gross tax capacity and the adjusted net tax capacity. On or before March 15 annually, the department of revenue shall file with the chair of the tax committee of the house of representatives and the chair of the committee on taxes and tax laws of the senate a report of adjusted gross tax capacities and adjusted net tax capacities. On or before June 15, annually, the department of revenue shall file its final report on the adjusted gross tax capacities and adjusted net tax capacities established by the previous year's assessment with the commissioner of education and each county auditor for those school districts for which the auditor has the responsibility for determination of ~~mill tax capacity~~ rates. A copy of the adjusted gross tax capacity report so filed shall be ~~forthwith~~ mailed to the clerk of each district involved and to the county assessor or supervisor of assessments of the county or counties in which each district is located.

(b) **METHODOLOGY.** In making its annual assessment/sales ratio studies, the department of revenue shall use a methodology consistent with the most

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

recent Standard on Assessment Ratio Studies published by the assessment standards committee of the International Association of Assessing Officers. The commissioner of revenue shall supplement this general methodology with specific procedures necessary for proper execution of the study in accordance with other Minnesota laws impacting the assessment/sales ratio study. The commissioner shall document these specific procedures in writing and shall publish the procedures in the State Register, but these procedures will not be considered "rules" pursuant to the Minnesota administrative procedure act. ~~By January 15, 1985, the commissioner shall report to the chairs of the house tax committee and the senate committee on taxes and tax laws the results of a study which the commissioner shall prepare comparing the 1983 sales ratio study based upon the original 1983 assessment/sales ratio study methodology with the new methodology as provided in clause (b). The 1984 adjusted assessed values which are certified to the commissioner of education shall be computed using the 1983 assessment/sales ratio study methodology unless the 1985 legislature directs otherwise.~~

(c) **AGRICULTURAL LANDS.** For purposes of determining the adjusted gross tax capacity and adjusted net tax capacity of agricultural lands for the calculation of 1987 adjusted gross tax capacities and thereafter adjusted net tax capacities, the market value of agricultural lands shall be the price for which the property would sell in an arms length transaction.

Sec. 2. Minnesota Statutes 1988, section 124.38, subdivision 7, is amended to read:

Subd. 7. **MAXIMUM EFFORT DEBT SERVICE LEVY.** "Maximum effort debt service levy" means the lesser of:

(1) A levy in whichever of the following amounts is applicable:

(a) In any school district granted a debt service loan after July 31, 1981 or granted a capital loan which is approved after July 31, 1981, a levy in a total dollar amount computed as ~~46 mills~~ a gross tax capacity rate of 13.08 percent on the adjusted gross tax capacity for taxes payable in 1990 or a net tax capacity rate of 16.27 percent on the adjusted net tax capacity for taxes payable in 1991 and thereafter;

(b) In any school district granted a debt service loan before August 1, 1981 or granted a capital loan which was approved before August 1, 1981, a levy in a total dollar amount computed as ~~45 mills~~ a gross tax capacity rate of 12.26 percent on the adjusted gross tax capacity for taxes payable in 1990 or a net tax capacity rate of 15.26 percent on the net tax capacity for taxes payable in 1991 and thereafter, until and unless the district receives an additional loan; or

(2) A levy in whichever of the following amounts is applicable:

(a) In any school district which received a debt service or capital loan from the state before January 1, 1965, a levy in a total dollar amount computed as 4.10 mills on the market value in each year, unless the district applies or has

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

applied for an additional loan subsequent to January 1, 1965, or issues or has issued bonds on the public market, other than bonds refunding state loans, subsequent to January 1, 1967;

(b) In any school district granted a debt service or capital loan between January 1, 1965, and July 1, 1969, a levy in a total dollar amount computed as 5-1/2 mills on the market value in each year, until and unless the district receives an additional loan;

(c) In any school district granted a debt service or capital loan between July 1, 1969 and July 1, 1975, a levy in a total dollar amount computed as 6.3 mills on market value in each year until and unless the district has received an additional loan;

(d) In any school district for which a capital loan was approved prior to August 1, 1981, a levy in a total dollar amount equal to the sum of the amount of the required debt service levy and an amount which when levied annually will in the opinion of the commissioner be sufficient to retire the remaining interest and principal on any outstanding loans from the state within 30 years of the original date when the capital loan was granted; provided, that the school board in any district affected by the provisions of clause (2)(d) may elect instead to determine the amount of its levy according to the provisions of clause (1); provided further that if a district's capital loan is not paid within 30 years because it elects to determine the amount of its levy according to the provisions of clause (2)(d), the liability of the district for the amount of the difference between the amount it levied under clause (2)(d) and the amount it would have levied under clause (1), and for interest on the amount of that difference, shall not be satisfied and discharged pursuant to section 124.43, subdivision 4.

Sec. 3. Minnesota Statutes 1988, section 124.43, subdivision 1, is amended to read:

Subdivision 1. **REVIEW BY COMMISSIONER.** (a) 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.

(b) Any school board 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 positive review and comment pursuant to section 121.15; and

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

(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;

(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 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 gross tax capacity over the term of the loan, shall assume a levy equal to ~~16 mills~~ a gross tax capacity rate of 13.08 percent times the adjusted gross tax capacity for taxes payable in 1990 or a net tax capacity rate of 16.27 percent for taxes payable in 1991 and thereafter, 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 requested by the district under subdivision 2;

(2) Plus the aggregate principal amount of general obligation bonds of the district outstanding on 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 gross tax capacity~~, the following amount:

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

(i) for the period October 1, 1988, to September 30, 1989, 197 percent of its adjusted gross tax capacity,

(ii) for any 12-month period beginning October 1 of any year after 1988, 245 percent of its adjusted net tax capacity as most recently determined, whichever is less;

(3) Less the maximum net debt permissible for the district 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 gross tax capacity available at the time of application;~~ the following amount:

(i) for the period October 1, 1988, to September 30, 1989, 197 percent of its adjusted gross tax capacity,

(ii) for any 12-month period beginning October 1 of any year after 1988, 245 percent of its adjusted net tax capacity as most recently determined, whichever is less; and

(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. 4. Minnesota Statutes 1988, section 124.82, subdivision 3, is amended to read:

Subd. 3. **FACILITIES DOWN PAYMENT LEVY REFERENDUM.** A district may levy the tax capacity rate 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

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

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 as a percentage of net tax capacity~~, state the amount that will be raised by that tax capacity rate 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 tax capacity rate applied to ~~each year's gross~~ the net tax capacity for the year preceding the year the levy is certified may be certified for the number of years approved.

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.

Sec. 5. Minnesota Statutes 1988, section 134.33, subdivision 1, is amended to read:

Subdivision 1. An establishment grant as described in section 134.32, subdivision 2, shall be made to any regional public library system for the first two state fiscal years after a board of county commissioners has contracted to join that system and has agreed that the county will provide the levels of support for public library service specified in this section. ~~In the first year of participation 1990~~, the county shall provide an amount of support equivalent to ~~3 mill times 0.25 percent~~ of the adjusted gross tax capacity of the taxable property of the county as determined by the commissioner of revenue for the second year preceding that calendar year or two-thirds of the per capita amount established under the provisions of section 134.34, subdivision 1, whichever amount is less. ~~In the second year of participation 1991~~ and in each year thereafter, the county shall provide an amount of support equivalent to ~~4 mill times 0.41 percent~~ of the adjusted ~~gross~~ net tax capacity of the taxable property of the county as determined by the commissioner of revenue for the second year preceding that calendar year or the per capita amount established under the provisions of section 134.34, subdivision 1, whichever is less. The minimum level of support shall be certified annually to the county by the department of education. In no event shall the department of education require any county to provide a higher level of support than the level of support specified in this section in order for a system to qualify for an establishment grant. This section shall not be construed to prohibit any county from providing a higher level of support for public libraries than the level of support specified in this section.

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

Sec. 6. Minnesota Statutes 1988, section 134.34, subdivision 1, is amended to read:

Subdivision 1. **LOCAL SUPPORT LEVELS.** A regional library basic system support grant shall be made to any regional public library system where there are at least three participating counties and where each participating city and county, except in the first year of participation as provided in section 134.33, is providing for public library service support the lesser of (a) an amount equivalent to ~~.4 mill times~~ 0.33 percent of the adjusted gross tax capacity of the taxable property of that city or county, as determined by the commissioner of revenue for the second year preceding that calendar year in 1990 and an amount equivalent to .41 percent of the net tax capacity of the taxable property of that city or county, as determined by the commissioner of revenue for the second year preceding that calendar year in 1991 and later years or (b) a per capita amount calculated under the provisions of this subdivision. The per capita amount is established for calendar year ~~1980~~ 1990 as ~~\$3~~ \$3.62. In succeeding calendar years, the per capita amount shall be increased by a percentage equal to one-half of the percentage by which the total state adjusted ~~gross net~~ tax capacity of property as determined by the commissioner of revenue for the second year preceding that calendar year increases over that total adjusted ~~gross net~~ tax capacity for the third year preceding that calendar year. The minimum level of support shall be certified annually to the participating cities and counties by the department of education. A city which is a part of a regional public library system shall not be required to provide this level of support if the property of that city is already taxable by the county for the support of that regional public library system. In no event shall the department of education require any city or county to provide a higher level of support than the level of support specified in this section in order for a system to qualify for a regional library basic system support grant. This section shall not be construed to prohibit a city or county from providing a higher level of support for public libraries than the level of support specified in this section.

Sec. 7. Minnesota Statutes 1988, section 273.1102, subdivision 3, is amended to read:

Subd. 3. **1988 ADJUSTMENT.** ~~For School districts~~ district levy limitations or authorities expressed in terms of mills and adjusted assessed value, ~~their levy limitations in any special law that is not codified in Minnesota Statutes~~ shall be converted by the department of education to "equalized gross tax capacity rates." for taxes payable in 1989 and 1990 and equalized net tax capacity rates for taxes payable in 1991 and thereafter. For purposes of this calculation, the 1987 adjusted assessed values of the district shall be converted to "adjusted gross tax capacities" by multiplying the equalized market values by class of property by the gross tax capacity rates provided in section 273.13. Each county assessor and the city assessors of Minneapolis, Duluth, and St. Cloud shall furnish the commissioner of revenue the 1987 market value for taxes payable in 1988 for any new classes of property established in this article. The commissioner shall use those values, and estimate values where needed, in developing

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

the 1987 tax capacity for each school district under this section. The requirements of section 124.2131, subdivisions 1, paragraph (c), and 2 and 3, shall remain in effect.

Sec. 8. Minnesota Statutes 1988, section 275.011, subdivision 1, is amended to read:

Subdivision 1. The property tax levied for any purpose under a special law that is not codified in Minnesota Statutes or a city charter provision and that is subject to a mill rate limitation imposed by statute or the special law, excluding levies subject to mill rate limitations that use adjusted assessed values determined by the commissioner of revenue under section 124.2131, must not exceed the following amount for the years specified:

(a) for taxes payable in 1988, the product of the applicable mill rate limitation imposed by statute or special law multiplied by the total assessed valuation of all taxable property subject to the tax as adjusted by the provisions of Minnesota Statutes 1986, sections 272.64; 273.13, subdivision 7a; and 275.49;

(b) for taxes payable in 1989, the product of (1) the property tax levy limitation for the taxes payable year 1988 determined under clause (a) multiplied by (2) an index for market valuation changes equal to the assessment year 1988 total market valuation of all taxable property subject to the tax divided by the assessment year 1987 total market valuation of all taxable property subject to the tax; and

(c) for taxes payable in 1990 and subsequent years, the product of (1) the property tax levy limitation for the previous year determined pursuant to this subdivision multiplied by (2) an index for market valuation changes equal to the total market valuation of all taxable property subject to the tax for the current assessment year divided by the total market valuation of all taxable property subject to the tax for the previous assessment year.

For the purpose of determining the property tax levy limitation for the taxes payable year 1988 and subsequent years under this subdivision, "total market valuation" means the total market valuation of all taxable property subject to the tax without valuation adjustments for fiscal disparities (chapter 473F), tax increment financing (sections 469.174 to 469.179), and high voltage transmission lines (section 273.425).

Sec. 9. Minnesota Statutes 1988, section 275.125, subdivision 6e, is amended to read:

Subd. 6e. **DESEGREGATION LEVY.** Each year, independent school district No. 625, St. Paul, may levy an amount not to exceed ~~one mill~~ a gross tax capacity rate of .80 percent times the adjusted gross tax capacity of the district for taxes payable in 1990 or a net tax capacity rate of 1.0 percent times the adjusted net tax capacity of the district for taxes payable in 1991 and thereafter. Notwithstanding section 121.904, the entire amount of this levy shall be recog-

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

nized 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. 10. Minnesota Statutes 1988, section 275.125, subdivision 6h, is amended to read:

Subd. 6h. **MINNEAPOLIS HEALTH INSURANCE SUBSIDY LEVY.** Each year special school district No. 1, Minneapolis, may make an additional levy not to exceed the amount raised by ~~1 mill~~ a gross tax capacity rate of .08 percent times the adjusted gross tax capacity for taxes payable in 1990 or a net tax capacity rate of .11 percent times the adjusted net tax capacity for taxes payable in 1991 and thereafter of the property in the district for the preceding year. ~~In addition, in 1987 the district may levy an amount not to exceed the amount raised by 1 mill times the adjusted gross tax capacity of the property in the district for the preceding year for health insurance subsidies for fiscal year 1988.~~ The proceeds may be used only to subsidize health insurance costs for eligible teachers as provided in this section.

"Eligible teacher" means a retired teacher who was a basic member of the Minneapolis teachers retirement fund association, who retired before May 1, 1974, and who is not eligible to receive the hospital insurance benefits of the federal Medicare program of the Social Security Act without payment of a monthly premium. The district shall notify eligible teachers that a subsidy is available. An eligible teacher may submit to the school district a copy of receipts for health insurance premiums paid during the previous 12-month period. The school district shall disburse the health insurance premium subsidy to each eligible teacher in a timely and efficient manner. An eligible teacher may receive a subsidy up to an amount equal to the lesser of 90 percent of the cost of the eligible teacher's health insurance or up to 90 percent of the cost of the number two qualified plan of health coverage for individual policies made available by the Minnesota comprehensive health association under chapter 62E.

If funds remaining from the previous year's health insurance subsidy levy, minus the previous year's required subsidy amount, are sufficient to pay the estimated current year subsidy, the levy must be discontinued until the remaining funds are estimated by the school board to be insufficient to pay the subsidy.

Sec. 11. Minnesota Statutes 1988, section 275.125, subdivision 6i, is amended 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~~ a gross tax capacity rate of .80 percent times the adjusted gross tax capacity of the district for taxes payable in 1990 or a net tax capacity rate of 1.0 percent times the adjusted net tax capacity of the district for taxes payable in 1991 and thereafter. 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

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

certified. This levy shall not be considered in computing the aid reduction under section 124.155.

Sec. 12. Minnesota Statutes 1988, section 275.125, subdivision 8b, is amended to read:

Subd. 8b. **EARLY CHILDHOOD FAMILY EDUCATION LEVY.** A district may levy for its early childhood family education program. The amount levied shall not exceed the lesser of:

(a) ~~.5 mill~~ a gross tax capacity rate of .4 percent times the adjusted gross tax capacity for taxes payable in 1990 or a net tax capacity rate of .49 percent times the adjusted net tax capacity for taxes payable in 1991 and thereafter of the district for the year preceding the year the levy is certified, or

(b) the maximum revenue as defined in section 124.2711, subdivision 1, for the school year for which the levy is attributable.

Sec. 13. Minnesota Statutes 1988, section 275.125, subdivision 9, is amended to read:

Subd. 9. **LEVY REDUCTIONS; TACONITE.** (1) Reductions in levies pursuant to subdivision 10, and section 273.138, shall be made prior to the reductions in clause (2).

(2) Notwithstanding any other law to the contrary, districts which received payments pursuant to sections 298.018; 298.23 to 298.28, except an amount distributed under section 298.28, subdivision 4, paragraph (c), clause (ii); 298.34 to 298.39; 298.391 to 298.396; 298.405; and any law imposing a tax upon severed mineral values, or recognized revenue pursuant to section 477A.15; shall not include a portion of these aids in their permissible levies pursuant to those sections, but instead shall reduce the permissible levies authorized by this section and chapters 124 and 124A by the greater of the following:

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

(b) an amount equal to the total dollar amount of the payments received pursuant to those sections or revenue recognized pursuant to section 477A.15 in the previous fiscal year less the product of the same dollar amount of payments or revenue times the ratio of the maximum levy allowed the district under Minnesota Statutes 1986, sections 124A.03, subdivision 2, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, and 124A.14, subdivision 5a, to the total levy allowed the district under this section and Minnesota Statutes 1986, sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 124A.20, subdivision 2, for levies certified in 1986.

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

(3) No reduction pursuant to this subdivision shall reduce the levy made by the district pursuant to section 124A.23, to an amount less than the amount raised by a levy of ~~12.5 mills~~ a gross tax capacity rate of 10.22 percent times the adjusted gross tax capacity for taxes payable in 1990 or a net tax capacity rate of 12.71 percent times the adjusted net tax capacity for taxes payable in 1991 and thereafter of that district for the preceding year as determined by the commissioner. The amount of any increased levy authorized by referendum pursuant to section 124A.03, subdivision 2, shall not be reduced pursuant to this subdivision. The amount of any levy authorized by subdivision 4, to make payments for bonds issued and for interest thereon, shall not be reduced pursuant to this subdivision.

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

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

Sec. 14. Minnesota Statutes 1988, section 275.125, subdivision 9a, is amended to read:

Subd. 9a. **STATUTORY OPERATING DEBT LEVY.** (1) In ~~1978 and~~ each year ~~thereafter~~ in which so required by this subdivision, a district shall make an additional levy to eliminate its statutory operating debt, determined as of June 30, 1977 and certified and adjusted by the commissioner. This levy shall not be made in more than 20 successive years and each year before it is made, it must be approved by the commissioner and the approval shall specify its amount. This levy shall ~~in each year~~ be an amount which is equal to the amount raised by a levy of ~~1.5 mills~~ a gross tax capacity rate of 1.20 percent times the adjusted gross tax capacity of the district for the preceding year for taxes payable in 1990 or a net tax capacity rate of 1.50 percent times the

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

adjusted net tax capacity of the district for the preceding year for taxes payable in 1991 and thereafter; provided that in the last year in which the district is required to make this levy, it shall levy an amount not to exceed the amount raised by a levy of ~~1.5 mills~~ a gross tax capacity rate of 1.20 percent times the adjusted gross tax capacity of the district for the preceding year for taxes payable in 1990 or a net tax capacity rate of 1.50 percent times the adjusted net tax capacity of the district for the preceding year for taxes payable in 1991 and thereafter. When the sum of the cumulative levies made pursuant to this subdivision and transfers made according to section 121.912, subdivision 4 equals an amount equal to the statutory operating debt of the district, the levy shall be discontinued.

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

(3) Any district which is required to levy pursuant to this subdivision shall certify the maximum levy allowable under section 124A.23, subdivision 2 in that same year.

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

Sec. 15. Minnesota Statutes 1988, section 275.125, subdivision 9b, is amended to read:

Subd. 9b. **OPERATING DEBT LEVY.** (1) Each year, a district may make an additional levy to eliminate a deficit in the net unappropriated operating funds of the district, determined as of June 30, 1983, and certified and adjusted by the commissioner. This levy may in each year be an amount not to exceed the amount raised by a levy of ~~1.5 mills~~ a gross tax capacity rate of 1.20 percent times the adjusted gross tax capacity for taxes payable in 1990 or a net tax capacity rate of 1.50 percent times the adjusted net tax capacity for taxes payable in 1991 and thereafter of the district for the preceding year as determined by the commissioner. However, the total amount of this levy for all years it is made shall not exceed the lesser of (a) the amount of the deficit in the net unappropriated operating funds of the district as of June 30, 1983, or (b) the amount of the aid reduction, according to Laws 1981, Third Special Session chapter 2, article 2, section 2, but excluding clauses (l), (m), (n), (o), and (p), and Laws 1982, Third Special Session chapter 1, article 3, section 6, to the district in fiscal year 1983. When the cumulative levies made pursuant to this subdivision equal the total amount permitted by this subdivision, the levy shall be discontinued.

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

(2) The proceeds of this levy shall be used only for cash flow requirements and shall not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.

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

Sec. 16. Minnesota Statutes 1988, section 275.125, subdivision 9c, is amended to read:

Subd. 9c. **1985 OPERATING DEBT LEVY.** (1) Each year, a district may levy to eliminate a deficit in the net unappropriated balance in the general fund of the district, determined as of June 30, 1985, and certified and adjusted by the commissioner. Each year this levy may be an amount not to exceed the amount raised by a levy of ~~4.5 mills~~ a gross tax capacity rate of 1.20 percent times the adjusted gross tax capacity for taxes payable in 1990 or a net tax capacity rate of 1.50 percent times the adjusted net tax capacity for taxes payable in 1991 and thereafter of the district for the preceding year. However, the total amount of this levy for all years it is made shall not exceed the amount of the deficit in the net unappropriated balance in the general fund of the district as of June 30, 1985. When the cumulative levies made pursuant to this subdivision equal the total amount permitted by this subdivision, the levy shall be discontinued.

(2) A district, if eligible, may levy under this subdivision or subdivision 9b but not both.

(3) The proceeds of this levy shall be used only for cash flow requirements and shall not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.

(4) Any district that levies pursuant to this subdivision shall certify the maximum levy allowable under section 124A.23, subdivision 2 in that same year.

Sec. 17. Minnesota Statutes 1988, section 275.125, subdivision 14a, is amended to read:

Subd. 14a. **LEVY FOR LOCAL SHARE OF TECHNICAL INSTITUTE CONSTRUCTION.** (a) The definitions in section 136C.02 apply to this subdivision.

(b) A district maintaining a technical institute may levy for its local share of the cost of construction of facilities for the technical institute as provided in this subdivision.

(c) The construction must be authorized by a specific legislative act pursuant to section 136C.07, subdivision 5, after January 1, 1980. The specific legislative act must require that part of the cost of construction for post-secondary vocational purposes shall be financed by the state and that part of the cost of

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

construction for post-secondary vocational purposes shall be financed by the school district operating the technical institute.

(d) The district may levy an amount equal to the local share of the cost of construction for post-secondary vocational purposes, minus the amount of any unappropriated net balance in the district's post-secondary vocational technical building construction fund. A district may levy the total amount authorized by this subdivision in one year, or a proportionate amount of the total authorized amount each year for up to three successive years.

(e) By the July 1 before a district certifies the first levy pursuant to this subdivision for the local share of any construction project, at least three weeks published notice of the proposed levy shall be given in the legal newspaper with the largest circulation in the district. The notice shall state the purpose of the proposed levy, the duration of the proposed levy and the amount of the proposed levy in dollars and ~~mills~~ in terms of the tax capacity rate. Upon petition within 20 days after the notice of the greater of (a) 50 voters, or (b) 15 percent of the number of voters who voted in the district at the most recent regular school board election, the board shall call a referendum on the proposed levy. The referendum shall be held on a date set by the school board, but no later than the August 20 before the levy is certified. The question on the ballot shall state the amount of the proposed levy in ~~mills on the district's adjusted gross tax capacity~~ terms of the tax capacity rate and in dollars in the first year of the proposed levy.

(f) For the purposes of this subdivision, "construction" includes the acquisition and betterment of land, buildings and capital improvements for technical institutes.

(g) A district may not levy for the cost of a construction project pursuant to this subdivision if it issues any bonds to finance any costs of the project.

Sec. 18. Laws 1965, chapter 705, as amended by Laws 1975, chapter 261, section 4, and Laws 1980, chapter 609, article 6, section 37, is amended to read:

Sec. 6. The school board, for the purpose of providing moneys for the payment of its severance pay obligations under a plan approved by resolution of the district, in addition to all other powers possessed by the school district and in addition to and in excess of any existing limitation upon the amount it is otherwise authorized by law to levy as taxes, is authorized to levy taxes annually not exceeding in any one year an amount equal to ~~two tenths of one mill upon each dollar of the assessed valuation thereof~~ a gross tax capacity rate of .17 percent for taxes payable in 1990 or a net tax capacity rate of .21 percent for taxes payable in 1991 and thereafter upon all taxable property within the school district which taxes as levied shall be spread upon the tax rolls, and all corrections thereof shall be held by the school district, and allocated therefor to be disbursed and expended by the school district in payment of any public school severance pay obligations and for no other purpose. Disbursements and expenditures previously authorized on behalf of the school district for payment of

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

severance pay obligations shall not be deemed to constitute any part of the cost of the operation and maintenance of the school district within the meaning of any statutory limitation of any school district expenditures.

The amount of such severance pay allowable or to become payable in respect of any such employment or to any such employee shall not exceed the amount permitted by Minnesota Statutes, Section 465.72.

Sec. 19. Laws 1976, chapter 20, section 4, is amended to read:

Sec. 4. **EXCESS LEVY.** In addition to all other levies permitted by law, in 1976 and each year thereafter, Independent School District No. 625 shall make an additional levy to eliminate its statutory operating debt for the school year ending June 30, 1976 as certified by the legislative auditor pursuant to section 3. Each year the commissioner of education shall certify to the county auditor and Independent School District No. 625 the correct amount of this levy. This levy shall in each year be an amount which is equal to the amount raised by a levy of ~~1.5 mills a gross tax capacity rate of 1.20 percent~~ times the adjusted assessed valuation gross tax capacity for taxes payable in 1990 or a net tax capacity rate of 1.50 percent times the adjusted net tax capacity for taxes payable in 1991 and thereafter of the district for the preceding year as determined by the equalization aid review committee, less any amount necessary for the payment of principal and interest on bonds sold pursuant to section 1. When the cumulative receipts from the levies made pursuant to this section and the earnings in the reserve account established under section 5 equal an amount equal to the statutory operating debt, the levy shall be discontinued.

Sec. 20. Laws 1988, chapter 719, article 5, section 84, is amended to read:

Sec. 84. **INSTRUCTION TO REVISOR.**

The revisor of statutes shall change the words "assessed value" or "assessed valuation" wherever they appear in Minnesota Statutes to "gross tax capacity" in Minnesota Statutes 1988 and "net tax capacity" in Minnesota Statutes 1989 Supplement and subsequent editions of the statutes except section 275.011, and except in sections of Minnesota Statutes amended in this act. The revisor of statutes shall change the words "mill rate" wherever they appear in Minnesota Statutes to "tax capacity rate" in Minnesota Statutes 1988 and subsequent editions of the statutes except section 275.011.

Sec. 21. **EFFECTIVE DATE.**

Sections 1 to 20 are effective the day following final enactment.

Presented to the governor May 30, 1989

Signed by the governor June 1, 1989, 10:18 p.m.

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