

Sec. 15. **APPROPRIATION.**

\$60,000 is appropriated to the commissioner of agriculture from the general fund to be available until June 30, 1991, for administration and enforcement of sections 2 to 11. The approved complement of the department of agriculture is increased by one.

Sec. 16. **EFFECTIVE DATE.**

This act is effective January 1, 1991.

Presented to the governor April 26, 1990

Signed by the governor May 4, 1990, 11:23 p.m.

**CHAPTER 562—H.F.No. 2200**

*An act relating to education; establishing, modifying, and clarifying elementary, secondary and related education programs and services, such as, general education, transportation, special programs, drug prevention and other community programs, facilities, programs of cooperation, other aids and levies, rural health care, and the department of education and other education related state entities; providing for technical tax rate changes; authorizing tax levies; appropriating money; amending Minnesota Statutes 1988, sections 120.062, subdivision 9, and by adding a subdivision; 120.73, subdivision 1; 121.148; 121.15, subdivisions 1 and 7; 121.88, subdivision 6; 121.882, subdivision 9; 121.908, subdivision 3; 121.917, subdivision 4; 121.931, subdivision 6, and by adding a subdivision; 121.935, subdivisions 2, 5, and by adding a subdivision; 121.936, subdivisions 2 and 3; 122.23, subdivisions 9, 11, 12, and 13; 122.535, by adding a subdivision; 122.94, subdivision 5; 123.33, subdivision 1; 123.34, subdivisions 9 and 10; 123.3514, subdivisions 6 and 6b; 123.36, subdivisions 5 and 10; 123.37, subdivision 1; 123.38, subdivision 2b; 123.39, subdivisions 1, 6, and by adding a subdivision; 123.58, subdivision 2; 123.9361; 123.947; 124.17, subdivision 1b; 124.195, subdivision 10, and by adding subdivisions; 124.261; 124.39, subdivisions 3 and 4; 124.494, by adding a subdivision; 124A.036, subdivision 5; 125.12, subdivision 1; 125.185, by adding a subdivision; 125.231, subdivision 6; 125.60, subdivision 2; 126.12, subdivision 2; 126.70, subdivision 2a; 141.25, subdivisions 7 and 9; 275.125, subdivision 4, and by adding subdivisions; 475.51, subdivision 4; Minnesota Statutes 1989 Supplement, sections 6.65; 10A.01, subdivision 18; 119.04, subdivision 3; 121.111, subdivisions 1 and 2; 121.15, subdivision 2; 121.612, subdivisions 3 and 5; 121.912, subdivisions 1 and 1b; 122.241, subdivision 2; 122.243, subdivision 2; 122.91, subdivisions 1 and 5; 122.94, subdivision 6; 122.945, subdivision 2; 123.33, subdivision 7; 123.58, subdivision 9; 124.10, subdivision 2; 124.155, subdivision 2; 124.19, subdivision 7; 124.223; 124.225, subdivisions 1, 3a, and 8k; 124.243, subdivision 2; 124.26, subdivision 8; 124.2713, subdivision 6; 124.2721; 124.2725, subdivisions 3, 4, 5, 8, and by adding a subdivision; 124.38, subdivision 7; 124.573, subdivision 2d; 124.575, subdivision 3; 124.6472, subdivision 2; 124.83, subdivision 6; 124.86, subdivisions 1 and 2; 124.90, by adding a subdivision; 124A.22, subdivision 2a; 126.22, subdivisions 2, 3, and 8; 126.23;*

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128B.03, subdivision 4; 129.128; 129C.10, by adding a subdivision; 141.35; 275.125, subdivisions 5c, 5e, 6h, 6i, 8b, 9a, 9b, 9c, and 11d; 298.28, subdivision 4; 326.03, subdivision 2; 465.71; 475.62; Minnesota Statutes Second 1989 Supplement, sections 121.904, subdivision 4a; 124.2442, subdivision 1; 124.83, subdivision 4; 124A.03, subdivision 2; 124A.23, subdivision 1; 124A.26, subdivision 1; and 275.125, subdivision 18; Laws 1984, chapter 463, article 6, section 15, subdivision 2; Laws 1989, chapter 202, section 6, subdivisions 7 and 8; Laws 1989, chapter 329, article 4, section 19, subdivisions 2 and 5; article 6, section 53, subdivisions 3 and 6; article 7, section 24, subdivision 6; article 11, sections 15, subdivisions 2 and 12; 16, subdivision 2; and 17, subdivision 2; article 12, section 11; proposing coding for new law in Minnesota Statutes, chapters 121, 122, 124, 125, 126, 129B, and 237; proposing coding for new law as Minnesota Statutes, chapter 124B; repealing Minnesota Statutes 1988, sections 124.43, subdivisions 2, 3, 3a, 3b, 4, 5, and 6; Minnesota Statutes 1989 Supplement, section 124.43, subdivision 1.

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

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## ARTICLE 1

### GENERAL EDUCATION

Section 1. Minnesota Statutes 1988, section 124.17, subdivision 1b, is amended to read:

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

Sec. 2. Minnesota Statutes 1988, section 124.195, is amended by adding a subdivision to read:

Subd. 13. AID ADJUSTMENT FOR TRA CONTRIBUTION RATE CHANGE. (a) The department of education shall reduce general education aid or any other aid paid in a fiscal year to school districts, intermediate school districts, education districts, education cooperative service units, special education cooperatives, secondary vocational cooperatives, regional management information centers, or another district or unit providing elementary or secondary education services. The reduction shall equal the following percent of salaries

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paid in a fiscal year by the entity to members of the teachers retirement association established in chapter 354. However, salaries paid to members of the association who are employed by a technical college shall be excluded from this calculation:

(1) in fiscal year 1991, 0.84 percent,

(2) in fiscal year 1992 and later years, the greater of

(i) zero, or

(ii) 4.48 percent less the additional employer contribution rate established under section 354.42, subdivision 5.

(b) In fiscal year 1991, this reduction is estimated to equal \$14,260,000.

Sec. 3. Minnesota Statutes Second 1989 Supplement, 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 the amount approved by the voters of the district at a referendum called for the purpose. The referendum may be called by the school board or shall be called by the school board upon written petition of qualified voters of the district. The referendum must be held on the first Tuesday after the first Monday in November. The ballot shall state the maximum amount of the increased levy 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 shall designate the 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 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.

(b) The school board shall prepare and deliver by first class mail at least 15 days but no more than 30 days prior to the day of the ~~election~~ referendum to each taxpayer at the address listed on the school district's current year's assessment roll, a notice of the referendum and the proposed levy increase. For the purpose of giving mailed notice under this subdivision, owners shall be those shown to be owners on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county

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treasurer. Every property owner whose name does not appear on the records of the county auditor or the county treasurer shall be deemed to have waived this mailed notice unless the owner has requested in writing that the county auditor or county treasurer, as the case may be, include the name on the records for this purpose. The notice must project the anticipated amount of increase in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the school district.

The notice must include the following statement: "In 1989 the legislature reduced property taxes for education by increasing the state share of funding for education. However, state aid for cities and townships was reduced by a corresponding amount. As a result, property taxes for cities and townships may increase. Passage of this referendum will result in an increase in your property taxes."

(c) A referendum on the question of revoking or reducing the increased levy amount authorized pursuant to 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 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 revocation or reduction ~~election~~ referendum may be held to revoke or reduce a levy for any specific year and for years thereafter.

(d) A petition authorized by paragraph (a) or (c) shall be effective if signed by a number of qualified voters in excess of 15 percent of the registered voters of the school district on the day the petition is filed with the school board. A referendum invoked by petition shall be held on the date specified in paragraph (a).

(e) The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this subdivision.

(f) At least 15 days prior to the day of the referendum, the district shall submit a copy of the notice required under paragraph (b) to the commissioner of education. Within ~~30~~ 15 days after the ~~district holds a referendum pursuant to this clause~~ results of the referendum have been certified by the school board, or in the case of a recount, the certification of the results of the recount by the canvassing board, the district shall notify the commissioner of education of the results of the referendum.

Sec. 4. Minnesota Statutes Second 1989 Supplement, section 124A.23, subdivision 1, is amended to read:

Subdivision 1. **GENERAL EDUCATION TAX CAPACITY RATE.** The general education tax capacity rate for fiscal year 1991 is 26.3 percent. Beginning in 1990, the commissioner of revenue shall establish the general education

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tax capacity rate and certify it to the commissioner of education by July 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 percent, that, when applied to the adjusted net tax capacity for all districts, raises the amount specified in this subdivision. The general education tax capacity rate shall be the rate that raises \$845,000,000 for fiscal year 1992 and \$887,000,000 for fiscal year 1993 and 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 net tax capacity after the tax capacity rate has been certified.

Sec. 5. Minnesota Statutes Second 1989 Supplement, section 124A.26, subdivision 1, is amended to read:

Subdivision 1. **REVENUE REDUCTION.** A district's general education revenue for a school year shall be reduced if the estimated net unappropriated operating fund balance as of June 30 in the ~~second~~ prior school year exceeds \$600 times the actual fund balance pupil units in the prior year. For purposes of this subdivision only, fund balance pupil units means the number of pupil units in average daily membership enrolled in the district, including shared time pupils, according to section 124A.02, subdivision 20, and excluding pupils for whom payment is made according to section 126.22, subdivision 8, or 126.23. The amount of the reduction shall equal the lesser of:

- (1) the amount of the excess, or
- (2) \$150 times the actual pupil units for the school year.

The final adjustment payments made under section 124.195, subdivision 6, must be adjusted to reflect actual net operating fund balances as of June 30 of the prior school year.

Sec. 6. **APPROPRIATION CANCELLATION.**

Any excess in the general education appropriation for fiscal years 1990 and 1991 shall cancel to the general fund. Any amount canceled shall not be included in the transfer of excess appropriations under Minnesota Statutes, section 124.14, subdivision 7.

Sec. 7. **SCHOOL DISTRICT LEVY REFERENDUM.**

Notwithstanding Minnesota Statutes, section 124A.03, subdivision 2, independent school districts Nos. 118, Remer, 622, North St. Paul-Maplewood, and 656, Faribault, may conduct one levy referendum authorized by that section before November 1990. Only one levy referendum may be conducted in 1990 by each district.

Sec. 8. **INSTRUCTIONS TO THE DEPARTMENT.**

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The department of education shall adjust levies certified in 1990 for the change in the fund balance pupil units in section 5.

Sec. 9. EFFECTIVE DATE.

Section 6 is effective the day following final enactment. Section 7 is effective the day after the governing bodies of independent school districts Nos. 118, Remer, 622, North St. Paul-Maplewood, and 656, Faribault, comply with Minnesota Statutes, section 645.021, subdivision 3.

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ARTICLE 2

TRANSPORTATION

Section 1. Minnesota Statutes 1988, section 120.73, subdivision 1, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

(k) Transportation of pupils to and from school for which aid is not authorized under section 124.223, ~~clause (4)~~ subdivision 1, and for which levy is not authorized under section 275.125, subdivision 5e, if a district charging fees for transportation of pupils establishes guidelines for that transportation to ensure that no pupil is denied transportation solely because of inability to pay;

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

Sec. 2. Minnesota Statutes 1988, section 123.39, subdivision 1, is amended to read:

Subdivision 1. The board may provide for the transportation of pupils to and from school; and for any other purpose for which aid is authorized under section 124.223 or for which levies are authorized under section 275.125. The board may also provide for the transportation of pupils to schools in other districts for grades and departments not maintained in the district, including high school, at the expense of the district, when funds are available therefor and if agreeable to the district to which it is proposed to transport the pupils, for the whole or a part of the school year, as it may deem advisable, and subject to its rules. Every driver shall possess all the qualifications required by the rules of the state board of education. In any school district, the board shall arrange for the attendance of all pupils living two miles or more from the school through suitable provision for transportation or through the boarding and rooming of the pupils who may be more economically and conveniently provided for by that means. The board shall provide transportation to and from the home of a handicapped child not yet enrolled in kindergarten when special instruction and services under section 120.17 are provided in a location other than in the child's home. When transportation is provided, scheduling of routes, establishment of the location of bus stops, manner and method of transportation, control and discipline of school children and any other matter relating thereto shall be within the sole discretion, control, and management of the school board. The district may provide for the transportation of pupils or expend a reasonable amount for room and board of pupils whose attendance at school can more economically and conveniently be provided for by that means or who attend school in a building rented or leased by a district within the confines of an adjacent district.

Sec. 3. Minnesota Statutes 1988, section 123.39, is amended by adding a subdivision to read:

Subd. 8e. School districts may provide bus transportation along school bus routes established to provide nonregular transportation as defined in section 124.225, subdivision 1, paragraph (c)(2)(ii), when space is available, for pupils

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attending programs at an area learning center. The transportation is only permitted between schools and if it does not increase the district's expenditures for transportation. The cost of these services shall be considered part of the authorized cost for nonregular transportation for the purpose of section 124.225.

Sec. 4. Minnesota Statutes 1989 Supplement, section 124.223, is amended to read:

#### 124.223 TRANSPORTATION AID AUTHORIZATION.

School transportation and related services for which state transportation aid is authorized are listed in this section:

##### (+) Subdivision 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 a pupil who is a custodial parent and that pupil's child between the pupil's home and the child care provider and between the provider and the school, if the home and provider are within the attendance area of the school.

(b) For the purposes of ~~clause (1) this subdivision~~, a district may designate a licensed day care facility, 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.

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(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

(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)~~ Subd. 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)~~ Subd. 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)~~ Subd. 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 (4) subdivision 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)~~ Subd. 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)~~ Subd. 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

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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) Subd. 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) Subd. 8. SUMMER INSTRUCTIONAL PROGRAMS. State transportation aid is authorized for services described in ~~clauses (1) to (7); (9); and (10)~~ subdivisions 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) Subd. 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.

(10) Subd. 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. 5. Minnesota Statutes 1989 Supplement, section 124.225, subdivision 1, is amended to read:

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

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

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

(1) all expenditures for transportation in the regular category, as defined in 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

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after July 1, 1982, for authorized transportation of pupils, with the prior approval of the commissioner, computed on a straight line basis at the rate of 20 percent per year of the cost of the type three school buses.

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

(d) "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) regular transportation is transportation services provided during the regular school year under section 124.223, ~~clauses (1) subdivisions 1 and (2) 2,~~ excluding the following transportation services provided under section 124.223, ~~clause (1) subdivision 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;

(2) nonregular transportation is transportation services provided under section 124.223, ~~clause (1) subdivision 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) subdivisions 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, drug, or crime 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.

(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.

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(i) "Base cost" for the 1986-1987 and 1987-1988 base 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 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 FTE pupils transported 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.

(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

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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~~ lesser 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);

(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).

Sec. 6. Minnesota Statutes 1989 Supplement, section 124.225, subdivision 3a, is amended to read:

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 and \$421 for the 1989-1990 base year.

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(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.

Sec. 7. Minnesota Statutes 1989 Supplement, section 124.225, subdivision 8k, is amended to read:

Subd. 8k. **CONTRACTED SERVICES AID REDUCTION.** (a) Each year, a 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, excluding revenue based on the minimum regular transportation allowance, 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.

Sec. 8. Minnesota Statutes 1989 Supplement, section 275.125, subdivision 5e, is amended to read:

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

(a) Multiply the lesser of (1) the regular transportation allowance for the fiscal year to which the levy is attributable, or (2) the base cost for the fiscal year to which the levy is attributable, by the 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 fiscal year to which the levy is attributable of other related services that are necessary because of extraordinary traffic, drug, or crime hazards.

Sec. 9. Minnesota Statutes 1988, section 275.125, is amended by adding a subdivision to read:

Subd. 5h. TRANSPORTATION LEVY FOR POST-SECONDARY AGREEMENTS. A school district may levy an amount equal to the actual cost of

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transportation of secondary pupils enrolled in courses provided under an agreement authorized by section 123.33, subdivision 7, to and from a pupil's home and a secondary school or a post-secondary institution, between a secondary school and a post-secondary institution, or between post-secondary institutions.

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### ARTICLE 3

#### SPECIAL PROGRAMS

Section 1. Minnesota Statutes 1988, section 121.88, subdivision 6, is amended to read:

Subd. 6. **PROGRAMS FOR HANDICAPPED ADULTS WITH DISABILITIES.** A school board may offer, as part of a community education program, a program for ~~handicapped~~ adults with disabilities. Boards are encouraged to offer programs cooperatively with other districts and organizations. Programs may not be limited to district residents. Programs may include:

(1) services enabling the adults to participate in community activities or community education classes;

(2) classes specifically for ~~handicapped~~ adults with disabilities;

(3) outreach activities to identify adults needing service;

(4) activities to increase public awareness of the roles of ~~handicapped~~ people with disabilities;

(5) activities to enhance the role of ~~handicapped~~ people with disabilities in the community; and

(6) other direct and indirect services and activities benefiting ~~handicapped~~ adults with disabilities.

Sec. 2. Minnesota Statutes 1989 Supplement, section 124.19, subdivision 7, is amended to read:

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.

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(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~~ paid for each hour of teacher contact time and each hour of independent study time completed toward a credit necessary for graduation. Average daily membership for a pupil shall equal the number of hours of teacher contact time and independent study time divided by 1,020 hours, but not more than one, except as otherwise provided in section 121.585.

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. 3. Minnesota Statutes 1989 Supplement, section 124.573, subdivision 2d, is amended to read:

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

Sec. 4. Minnesota Statutes 1989 Supplement, section 124.86, subdivision 1, is amended to read:

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Subdivision 1. **AUTHORIZATION.** Each year each American Indian-controlled contract or grant 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 or grant school aid must be used to supplement, and not to replace, the money for American Indian education programs provided by the federal government.

Sec. 5. Minnesota Statutes 1989 Supplement, section 124.86, subdivision 2, is amended to read:

Subd. 2. **REVENUE AMOUNT.** ~~For 1989-1990 and later school years, An~~ American Indian-controlled contract or grant 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 or grant school aid. The amount of aid is derived by:

(1) multiplying the formula allowance under section 124A.22, subdivision 2, times the difference between (a) the actual pupil units as defined in section 124A.02, subdivision 49 15, 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 and (b) the number of pupils for the current school year, weighted according to section 124.17, subdivision 1, receiving benefits under section 123.933 or 123.935 or for which the school is receiving reimbursement under section 126.23;

(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 for the base rate as applied to kindergarten through twelfth grade, excluding additional weighting, 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

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

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Sec. 6. Minnesota Statutes 1989 Supplement, section 124.90, is amended by adding a subdivision to read:

Subd 4. PRIVATE INSURERS. A school district may enroll as a provider for insurance companies to provide covered special education services to eligible persons. To receive payments, the district must comply with relevant state and federal statutes. A district may contract for services, and may contract with a third party agency to assist in administering and billing for these services.

Sec. 7. Minnesota Statutes 1988, section 124A.036, subdivision 5, is amended to read:

Subd. 5. **ALTERNATIVE ATTENDANCE PROGRAMS.** The general education aid for districts must be adjusted for each pupil, excluding a handicapped pupil as defined in section 120.03 or a nonhandicapped pupil as defined by section 120.181, attending a nonresident district under sections 120.062, 120.075, 120.0751, 120.0752, 123.3515, 126.22, and 129B.52 to 129B.55. The adjustments must be made according to this subdivision.

(a) General education aid paid to a resident district must be reduced by an amount equal to the general education revenue exclusive of compensatory revenue attributable to the pupil in the resident district.

(b) General education aid paid to a district serving a pupil in programs listed in this subdivision shall be increased by an amount equal to the general education revenue exclusive of compensatory revenue attributable to the pupil in the nonresident district.

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

(d) The district of residence shall pay tuition to a district providing special instruction and services to a handicapped pupil, as defined in section 120.03, who is enrolled in a program listed in this subdivision. The tuition shall be equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for debt service and for capital expenditure facilities and equipment, and debt service but not including any amount for transportation, minus (2) the amount of special education aid, attributable to that pupil, that is received by the district providing special instruction and services.

(e) An area learning center operated by an educational cooperative service unit, intermediate district, education district, or a joint powers cooperative may elect through the action of the constituent boards to charge tuition for nonhandicapped pupils rather than to calculate general education aid adjustments under clause (a), (b), or (c). The tuition must be equal to the average general education

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revenue per pupil unit attributable to the student, or the average per pupil cost of operating the area learning center, whichever is less.

Sec. 8. Minnesota Statutes 1989 Supplement, section 128B.03, subdivision 4, is amended to read:

Subd. 4. **DISTRICT 309 FEDERAL AID.** (a) The school board of independent school district No. 309 must transfer to the council, to the extent permissible, any federal aids or grants which the school district is eligible for or entitled to because of:

- (1) the population in the experimental school attendance area;
- (2) the pupils actually attending the experimental school;
- (3) the program of the experimental school;
- (4) the boundaries of the attendance area of the experimental school; or
- (5) a related reason.

(b) For the sole purpose of receiving federal impact aid, the experimental school on the land comprising the former independent school district No. 25 is a local education agency, according to Code of Federal Regulations, title 34, section 222.80. The school and the land must not be included, for the purpose of determining federal impact aid, in independent school district No. 309.

Sec. 9. Minnesota Statutes 1988, section 141.25, subdivision 7, is amended to read:

Subd. 7. **MINIMUM STANDARDS.** No license shall be issued unless the commissioner first determines:

(a) That the applicant has a sound financial condition with sufficient resources available to meet the school's financial obligations; to refund all tuition and other charges, within a reasonable period of time, in the event of dissolution of the school or in the event of any justifiable claims for refund against the school by the student body; to provide adequate service to its students and prospective students; and for the proper use and support of the school to be maintained;

(b) That the applicant has satisfactory training facilities with sufficient tools and equipment and the necessary number of work stations to train adequately the students currently enrolled, and those proposed to be enrolled;

(c) That the applicant employs a sufficient number of qualified instructors trained by experience and education to give the training contemplated;

(d) That the premises and conditions under which the students work and study are sanitary, healthful, and safe, according to modern standards;

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(e) That each occupational course or program of instruction or study shall be of such quality and content as to provide education and training which will adequately prepare enrolled students for entry level positions in the occupation for which trained;

(f) That the living quarters which are owned, maintained, or approved by the applicant for students are sanitary and safe;

(g) That the contract or enrollment agreement used by the school complies with the following provisions:

(1) The name and address of the school must be clearly stated;

(2) Inclusion of a clear and conspicuous disclosure that such agreement becomes a legally binding instrument upon written acceptance of the student by the school unless canceled pursuant to section 141.271;

(3) Must contain the school's cancellation and refund policy which shall be clearly and conspicuously entitled, "Buyer's Right to Cancel";

(4) The total cost of the course including tuition and all other charges shall be clearly stated;

(5) The name and description of the course, including the number of hours or credits of classroom instruction and/or home study lessons shall be included;

(6) No contract or agreement shall contain a wage assignment provision and/or a confession of judgment clause;

(7) Each contract or enrollment agreement shall contain a clear and conspicuous explanation of the form and means of notice the student should use in the event the student elects to cancel the contract or sale, the effective date of cancellation, and the name and address of the seller to which the notice should be sent or delivered.

Sec. 10. Minnesota Statutes 1988, section 141.25, subdivision 9, is amended to read:

Subd. 9. **CATALOG OR BROCHURE.** Before a license is issued to a school, other than one which offers exclusively a correspondence course of instruction, the school shall furnish to the commissioner a catalog or brochure containing the following:

(1) identifying data, such as volume number and date of publication;

(2) name and address of the school and its governing body and officials;

(3) a calendar of the school showing legal holidays, beginning and ending dates of each course quarter, term, or semester, and other important dates;

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(4) school policy and regulations on enrollment including dates and specific entrance requirements for each course;

(5) school policy and regulations about leave, absences, class cuts, make-up work, tardiness, and interruptions for unsatisfactory attendance;

(6) school policy and regulations about standards of progress for the student including the grading system of the school, the minimum grades considered satisfactory, conditions for interruption for unsatisfactory grades or progress, a description of any probationary period allowed by the school, and conditions of reentrance for those dismissed for unsatisfactory progress;

(7) school policy and regulations about student conduct and conditions for dismissal for unsatisfactory conduct;

(8) detailed schedule of fees, charges for tuition, books, supplies, tools, student activities, laboratory fees, service charges, rentals, deposits, and all other charges;

(9) policy and regulations, including an explanation of section 141.271, about refunding tuition, fees, and other charges if the student does not enter the course, withdraws, or is discontinued;

(10) a description of the available facilities and equipment;

(11) a course outline for each course offered showing course objectives, subjects or units in the course, type of work or skill to be learned, and approximate time, hours, or credits to be spent on each subject or unit; and

(12) policy and regulations about granting credit for previous education and training.

Sec. 11. Minnesota Statutes 1989 Supplement, section 141.35, is amended to read:

#### 141.35 EXEMPTIONS.

None of the provisions of sections 141.21 to 141.36 shall apply to the following:

(a) Colleges authorized by the laws of Minnesota or of any other state or foreign country to grant degrees;

(b) Schools of nursing accredited by the state board of nursing or an equivalent public board of another state or foreign country;

(c) Public schools as defined in section 120.05;

(d) Private schools complying with the requirements of section 120.10, subdivision 2;

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(e) Private and parochial nonprofit schools exempt from taxation under the constitution of Minnesota;

(f) Courses taught to students in a valid apprenticeship program taught by or required by a trade union;

(g) Schools exclusively engaged in training physically or mentally handicapped persons for the state of Minnesota;

(h) Schools now or hereafter licensed by boards authorized under Minnesota law to issue such licenses;

(i) Schools and educational programs, or training programs, conducted by persons, firms, corporations, or associations, for the training of their own employees, for which no fee is charged the employee;

(j) Schools engaged exclusively in the teaching of purely avocational or recreational, or remedial subjects as determined by the commissioner. Private schools teaching a method or procedure to increase the speed with which a student reads are not within this exemption;

(k) Driver training schools and instructors as defined in section 171.33, subdivisions 1 and 2;

(l) Classes, courses, or programs conducted by a bona fide trade, professional, or fraternal organization, solely for that organization's membership;

(m) Courses of instruction in the fine arts provided by organizations exempt from taxation pursuant to section 290.05 and registered with the attorney general pursuant to chapter 309. "Fine arts" means activities resulting in artistic creation or artistic performance of works of the imagination which are engaged in for the primary purpose of creative expression rather than commercial sale or employment. In making this determination the commissioner may seek the advice and recommendation of the Minnesota board of the arts;

(n) Classes, courses, or programs intended to fulfill the continuing education requirements for licensure or certification in a profession, which classes, courses, or programs have been approved by a legislatively or judicially established board or agency responsible for regulating the practice of the profession, and which are offered primarily to a person who currently practices the profession;

(o) Classes, courses, or programs intended to prepare students to sit for undergraduate, graduate, postgraduate, or occupational licensing and occupational entrance examinations;

(p) Classes, courses, or programs of a seminar nature providing 16 or fewer hours of instruction that are not part of the curriculum for an occupation or are not intended to prepare a person for entry level employment;

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(g) Classes, courses, or programs of a seminar nature providing instruction in personal development, modeling, or acting; and

(r) Training or instructional programs, in which one instructor teaches an individual student, that are not part of the curriculum for an occupation or are not intended to prepare a person for entry level employment.

**Sec. 12. ALTERNATIVE DELIVERY OF SPECIALIZED INSTRUCTIONAL SERVICES.**

Subdivision 1. COMMISSIONER APPROVAL. The commissioner of education may approve education proposals from independent school district No. 625, St. Paul, and up to nine additional school districts to provide prevention services as an alternative to special education and other compensatory programs during the 1990-1991, 1991-1992, and 1992-1993 school years. A district with an approved program may, on a pilot basis, provide instruction and services in the regular education classroom to eligible pupils. Pupils eligible to participate in the program are those low-performing pupils who, based on documented experience or the professional judgment of a classroom teacher or a team of licensed professionals, would eventually qualify for special education instruction or related services under Minnesota Statutes, section 120.17 if the intervention services authorized by this section were unavailable. Pupils may be provided services during extended school days and throughout the entire year.

Subd. 2. PROPOSAL CONTENTS. The proposal must set forth:

(1) the instructional services available to eligible pupils under Minnesota Statutes, section 124.311, subdivision 3, and handicapped pupils under Minnesota Statutes, section 120.03;

(2) the criteria to select pupils for the program and the assessment procedures to determine eligibility;

(3) the methods to involve parents or guardians of pupils and parent or community special education advocates in the program;

(4) the accounting procedures to document that federal special education money is used to supplement or increase the level of special education instruction and related services provided with state and local revenue, but in no case to supplant that state and local revenue, and that districts are expending at least the amount for special education instruction and related services required by federal law;

(5) the role of regular and special education teachers in planning and implementing the program;

(6) the review and evaluation procedures to be used by the district to address at least the following:

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- (i) the number of handicapped and nonhandicapped pupils served;
- (ii) the impact of the program on the academic progress and social adjustment of the pupils;
- (iii) the level of satisfaction teachers, parents, and pupils have with the program;
- (iv) the effect of the program on the number of referrals for special education, chapter 1, and other categorical programs;
- (v) the amount of time spent by teachers on procedural activities;
- (vi) the increase in the amount of time the pupil is in a regular education classroom; and
- (vii) cost implications; and
- (7) any other information requested by the commissioner.

Subd. 3. REVIEW FOR EXCESS EXPENDITURES. The commissioner shall review each proposal to determine whether the personnel, equipment, supplies, residential aid, and summer school are necessary to meet the district's obligation to provide special instruction and services to handicapped children according to Minnesota Statutes, section 120.17. The commissioner shall not approve aid for any expenditures determined to be unnecessary.

Subd. 4. ANNUAL REPORT. Each year the district must submit to the commissioner a report containing the information described in Minnesota Statutes, section 124.311, subdivision 7, and in subdivision 2, clause (6).

Subd. 5. RULE WAIVER. The commissioner shall report to the education committees of the legislature any rule the state board of education is requested to waive and the disposition of the request.

Subd. 6. PUPILS' RIGHTS. Any pupil participating in this program must be individually evaluated based upon the pupil's actual abilities and needs. A pupil who is eligible for services under Minnesota Statutes, section 120.17 is entitled to procedural protections similar to those procedural protections provided under Public Law Number 94-142 in any matter that affects the identification, evaluation, placement, or change in placement of a pupil. A participating district must ensure the protection of a pupil's civil rights, provide equal educational opportunities, and prohibit discrimination. Failure to comply with this subdivision will at least cause a district to become ineligible to participate in this program. Notwithstanding Minnesota Statutes, section 121.11, subdivision 12, a pupil's rights under this section cannot be waived by the state board of education.

Subd. 7. REVENUE AVAILABLE. For fiscal year 1991, a district with an

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approved program shall receive the sum of the revenue it received for fiscal year 1990 for its special education program under Minnesota Statutes, sections 124.32, subdivisions 1b, 2, 5, and 10, and 275.125, subdivision 8c, multiplied by 1.03. For each of fiscal years 1992 and 1993, the amount to be paid to a district with an approved program shall be the amount paid for the previous fiscal year multiplied by 1.03.

For fiscal years 1991, 1992, and 1993, the ratio of aid payments for special education under Minnesota Statutes, section 124.32, subdivisions 1b, 2, 5, and 10, to the levy for special education salaries under Minnesota Statutes, section 275.125, subdivision 8c, shall be equal to the ratio for fiscal year 1990.

For fiscal year 1991, aid for a district with an approved program shall not be prorated.

For fiscal years 1991, 1992, and 1993, the state shall not pay a district with an approved program any aid under Minnesota Statutes, section 124.32, subdivisions 1b, 2, 5, and 10, and the district may not levy under Minnesota Statutes, section 275.125, subdivision 8c, except for secondary vocational handicapped teacher salaries, limited English proficiency teacher salaries, deficiencies, and other adjustments.

Revenue under this subdivision shall be available only for the purposes of this section.

#### Sec. 13. INSTRUCTION TO REVISOR.

The revisor of statutes is directed to change the phrase "handicapped adults" wherever it appears in the education code to "adults with disabilities."

#### Sec. 14. EFFECTIVE DATES.

Sections 2, 4, and 8 are retroactively effective July 1, 1989. Sections 6, 9, 10, 11, and 12 are effective the day following final enactment. Section 5 is effective the day following final enactment, except that the subtraction in clause (1)(b), is effective July 1, 1990.

### ARTICLE 4

#### DRUG PREVENTION AND OTHER COMMUNITY PROGRAMS

Section 1. Minnesota Statutes 1988, section 121.882, subdivision 9, is amended to read:

Subd. 9. ASSISTANCE. The department of education shall provide assistance to districts with programs described in this section. The department must establish guidelines that list barriers to learning and development affecting children served by early childhood family education programs.

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Sec. 2. Minnesota Statutes 1989 Supplement, section 121.912, subdivision 1b, is amended to read:

Subd. 1b. **TRA AND FICA TRANSFER.** (a) Notwithstanding subdivision 1, a district shall transfer money from the general fund to the community education service fund for the employer contributions for teacher retirement and FICA obligations attributable to community education programs for employees who are members of a teacher retirement association and who are paid from the community service fund.

(b) A district shall not transfer money under paragraph (a) for employees who are paid with money other than normal operating funds, as defined in section 354.05, subdivision 27.

Sec. 3. Minnesota Statutes 1988, section 124.261, is amended to read:

**124.261 ADULT HIGH SCHOOL GRADUATION AID.**

Adult high school graduation aid for eligible pupils age 21 or over, equals ~~an allowance of~~ 65 percent of the general education formula allowance ~~times~~ 1.35 times the average daily membership under section 124.17, subdivision 2e. Adult high school graduation aid must be paid in addition to any other aid to the district. ~~Average daily membership of eligible Pupils must age 21 or over may not be used in the computation of pupil units under section 124.17, subdivision 4, counted by the district for any purpose other than the computation of~~ adult high school graduation aid.

Sec. 4. Minnesota Statutes 1989 Supplement, 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:

(a) any pupil who is between the ages of 12 and 16, except as indicated in clause (6), 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 satisfactorily completing coursework or obtaining credits for graduation; or

(3) is pregnant or is a parent; or

(4) has been assessed as chemically dependent; or

(5) has been excluded or expelled according to sections 127.26 to 127.39; or

(6) is between the ages of 12 and 21 and has been referred by a school district for enrollment in an eligible program or a program pursuant to section 126.23; or

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(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~~ fewer 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 a pupil under age 21 who participates in the high school graduation incentives program.

(e) An elementary school pupil who is determined by the district of attendance to be at risk of not succeeding in school is eligible to participate in the program.

Sec. 5. Minnesota Statutes 1989 Supplement, 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), or (e) may enroll in any program approved by the state board of education under Minnesota Rules, part 3500.3500, ~~including~~ or 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 post-secondary courses under section 123.3514.

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(c) A pupil who is eligible under subdivision 2, clause (a), (b), (c), ~~or (d), or~~ (e) may enroll in any public elementary or secondary education program. However, a person who is eligible according to subdivision 2, clause (d), may enroll only if the school board has adopted a resolution approving the enrollment.

(d) A pupil who is eligible under subdivision 2, clause (a), (b), ~~or (c), or~~ (e) may enroll part time or full time 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. 6. Minnesota Statutes 1989 Supplement, section 126.22, subdivision 8, is amended to read:

Subd. 8. **ENROLLMENT VERIFICATION.** For a pupil attending an eligible program ~~program~~ full time 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 the eligible program verifies enrollment verification. ~~The department of education shall provide a form for the eligible program to use for enrollment verification using the form provided by the department.~~ For a pupil attending an eligible program part time, basic revenue shall be reduced proportionately, according to the amount of time the pupil attends the program, and the payments to the eligible program and the resident district shall be reduced accordingly. A pupil for whom payment is made according to this section may not be counted by any district for any purpose other than computation of basic revenue, according to section 124A.22, subdivision 2. If payment is made for a pupil under this subdivision, a school district shall not reimburse a program under section 126.23 for the same pupil.

Sec. 7. Minnesota Statutes 1989 Supplement, section 126.23, is amended to read:

#### 126.23 AID FOR PRIVATE ALTERNATIVE PROGRAMS.

If a pupil enrolls in a nonsectarian alternative program operated by a private organization that has contracted with a school district to provide educational services for ~~high school dropouts or other eligible students~~ pupils under section 126.22, subdivision 2, the resident district must reimburse the provider an amount equal to at least 85 percent of the basic revenue of the district for each pupil attending the program full time. ~~For a pupil attending the program part time, basic revenue paid to the program shall be reduced proportionately, according to the amount of time the pupil attends the program, and basic revenue paid to the district shall be reduced accordingly.~~ Pupils for whom a

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district provides reimbursement may not be counted by the district for any purpose other than computation of basic revenue, according to section 124A.22, subdivision 2. If payment is made to a district or program for a pupil under this section, the department of education shall not make a payment for the same pupil under section 126.22, subdivision 8.

Sec. 8. Minnesota Statutes 1988, section 126.70, subdivision 2a, is amended to read:

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

(1) for in-service education to increase the effectiveness of teachers in responding to children and young people at risk of not succeeding at school;

(2) to participate in the educational effectiveness program according to section 121.609;

~~(2)~~ (3) to provide in-service education for elementary and secondary teachers to improve the use of technology in education;

~~(3)~~ (4) to provide subject area in-service education emphasizing the academic content of curricular areas determined by the district to be a priority area;

(4) (5) to use experienced teachers, as mentors, to assist in the continued development of new teachers;

~~(5)~~ (6) to increase the involvement of parents, business, and the community in education, including training teachers to plan and implement parental involvement programs that will more fully involve parents in their children's learning development;

~~(6)~~ (7) for experimental delivery systems;

~~(7)~~ (8) for in-service education to increase the effectiveness of principals and administrators;

~~(8)~~ (9) for in-service education or curriculum development for programs for gifted and talented pupils;

~~(9)~~ (10) for in-service education or curriculum development for cooperative efforts to increase curriculum offerings;

~~(10)~~ (11) for improving curriculum, according to the needs identified under the planning, evaluation, and reporting process set forth in section 126.666;

~~(11)~~ (12) for in-service education and curriculum development designed to promote sex equity in all aspects of education, with emphasis on curricular areas such as mathematics, science, and technology programs;

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

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

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

Sec. 9. Laws 1989, chapter 329, article 4, section 19, subdivision 2, is amended to read:

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.

Up to \$50,000 in 1991 may be used for small grants to adult basic education providers, including private nonprofit organizations providing basic education services, to fund service delivery projects that are ineligible for funding as approved programs. Projects may include developing innovative curriculum for adult learners or meeting adult learners' needs for child care and transportation services.

Sec. 10. Laws 1989, chapter 329, article 4, section 19, subdivision 5, is amended to read:

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

~~\$9,635,900~~ \$9,742,000 ..... 1990

\$10,262,000 ..... 1991

The 1990 appropriation includes \$1,235,000 for 1989 and ~~\$8,400,000~~ \$8,507,000 for 1990.

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

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**Sec. 11. EXPANDED ECFE PROGRAM.**

Subdivision 1. ESTABLISHMENT. A grant program for fiscal year 1991 is established to develop expanded early childhood family education programs that effectively integrate the roles of families, regular classroom teachers, and community-based social service agencies. Notwithstanding the direction to serve children in the period of life from birth to kindergarten contained in Minnesota Statutes, section 121.882, the expanded programs shall be for children who are in kindergarten through grade 3 and their families who require:

(1) basic knowledge about the physical, mental, emotional, or educational development of their children;

(2) basic skills to provide for their children's learning and development;

(3) self-esteem; or

(4) information about availability or access to community-based social service agencies.

Subd. 2. ELIGIBILITY. An applicant for a grant must be a school district, an education district, or districts that cooperate for a particular purpose. To be eligible for a grant, a district or districts must meet all of the following criteria:

(1) have operated an early childhood family education program, according to Minnesota Statutes, section 121.882, for at least two years before applying for the grant;

(2) include families described in subdivision 1 in the early childhood family education programs of the district or districts; and

(3) ensure that families participating in the early childhood family education program reflect the demographic composition of the district or districts.

Subd. 3. APPLICATION PROCESS. To obtain a grant to expand an existing early childhood family education program, a district or districts must submit an application to the commissioner of education in the form and manner established by the commissioner. The application must describe how the applicant will integrate the roles of families, regular classroom teachers, and community-based social service agencies and what resources will be available to continue the program if it is found to be effective. The commissioner may require additional information from an applicant.

Subd. 4. REVIEWING APPLICATIONS. When reviewing applications, the commissioner shall determine whether all of the requirements in subdivision 2 are met. The commissioner may also use the following criteria when reviewing applications:

(1) the location of the proposed program;

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(2) the number of children and families who would receive services;

(3) days and times that programs would be available, including after school, evenings, and weekends; and

(4) willingness of the district to provide information about the program to other districts and organizations.

Subd. 5. GRANT AWARDS. The commissioner may award up to ten grants. Grant recipients must be located throughout the state. The amount of a grant shall be based on the number of children and families expected to participate in the program.

Subd. 6. PROCEEDS OF GRANTS. Grant money shall be used to implement the expanded early childhood family education programs. At least two grant recipients must provide transportation for participating children and their families to and from the program. The commissioner must approve expenditures for transportation.

Subd. 7. EVALUATION. The commissioner shall provide for an evaluation of the grant sites and shall recommend to the education committees of the legislature by January 1, 1992, whether or not programs for children in kindergarten through grade 3 and their families should be extended statewide. If the commissioner recommends that the programs be made available statewide, the commissioner also shall recommend a process for implementing the program. The commissioner shall evaluate the effectiveness of the expanded early childhood and family education programs as a component of the drug prevention initiative.

#### **Sec. 12. GRANTS TO MEET THE NEEDS OF TARGETED CHILDREN AND YOUNG PEOPLE.**

Subdivision 1. TARGETED CHILDREN AND YOUNG PEOPLE. A grant program for fiscal year 1991 is established to develop effective programs to help targeted children and young people overcome barriers to learning. Targeted children and young people are those individuals, whether or not enrolled in school, who are under 21 years of age and who:

- (1) are school dropouts;
- (2) have failed in school;
- (3) have become pregnant;
- (4) are economically disadvantaged;
- (5) are children of drug or alcohol abusers;
- (6) are victims of physical, sexual, or psychological abuse;

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(7) have committed a violent or delinquent act;

(8) have experienced mental health problems;

(9) have attempted suicide;

(10) have experienced long-term physical pain due to injury;

(11) are at risk of becoming or have become drug or alcohol abusers;

(12) have experienced homelessness;

(13) have been excluded or expelled from school under Minnesota Statutes, sections 127.26 to 127.39; or

(14) have been adjudicated children in need of protection or services.

Subd. 2. PLANNING GRANTS. (a) The commissioner of education may award up to 20 planning grants to districts, community groups, or regional entities to:

(1) train individuals working with targeted children and young people;

(2) expand a community's ability to meet the needs of targeted children and young people by locating appropriate services and resources at or near a school site; and

(3) involve parents of targeted children and young people more fully in the education process.

(b) All planning grant recipients must offer vocational training or employment services, health screening and referrals, and mental health or family counseling.

Subd. 3. IMPLEMENTATION GRANTS. Grants may be awarded to six of the 20 planning grant recipients to implement their plans for meeting the needs of targeted children and young people. These grants are available on a one-time basis only. A district or districts receiving a grant may use the grant money in fiscal year 1991 and may carry forward any unencumbered money into fiscal year 1992.

Subd. 4. DEPARTMENT'S ROLE. The commissioner of education shall develop criteria for awarding planning grants and implementation grants. The criteria must include:

(1) targeting families confronting social or economic adversity;

(2) offering programs to targeted children and young people during and after school hours and during the summer;

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(3) recognizing cultural and linguistic diversity among an area's population;  
and

(4) involving targeted children and young people in the planning and implementing processes.

Subd. 5. EVALUATION. The commissioner of education shall provide for an evaluation of the demonstration sites and report to the legislature by February 1, 1992.

**Sec. 13. DISTRICT REPORTS ON DELIVERING SERVICES TO TARGETED CHILDREN AND YOUNG PEOPLE.**

Subdivision 1. REPORT REQUIRED. Each district shall report to the education department by November 15, 1990, the district's strategies for delivering services intended to help targeted children and young people overcome barriers to learning that are associated with characteristics listed in section 12, subdivision 1. Based upon a compilation of the district reports, the commissioner of education shall recommend to the education committees of the legislature and the office of drug policy by January 1, 1991, those services and strategies that successfully help targeted children and young people overcome barriers to learning that are associated with characteristics listed in subdivision 1.

Subd. 2. REPORT CONTENT. The department shall develop the form and content of the district report. The report must at least identify:

(1) components of the service delivery system intended to help targeted children and young people overcome barriers to learning;

(2) persons involved in training district staff to assist targeted children and young people to overcome barriers to learning;

(3) individuals and institutional resources available to assist targeted children and young people to overcome barriers to learning; and

(4) how to coordinate community services and school programs to most effectively enable targeted children and young people to overcome barriers to learning.

**Sec. 14. 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 indicated.

Subd. 2. ECFE GRANTS. For early childhood family education grants according to section 11:

\$450,000 ..... 1991

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Up to \$50,000 of this amount may be used for evaluation of the grant sites and for contracting for services to administer the program.

**Subd. 3. TARGETED GRANTS.** For grants to meet the needs of targeted children and young people according to section 12:

\$400,000 ..... 1991

This amount includes funding for up to 20 planning grants of up to \$5,000 each and implementation grants of up to \$50,000 each to up to six of the 20 sites receiving planning grants.

\$25,000 is for evaluation of the six sites receiving implementation grants.

**Subd. 4. EVALUATING PREVENTION STRATEGIES.** For evaluating drug abuse prevention strategies:

\$75,000 ..... 1991

The commissioner shall evaluate up to 20 drug abuse prevention strategies and shall coordinate the evaluation with the office of drug policy and other entities conducting similar evaluations. The commissioner shall report the results of the evaluation to the legislature, districts, and social service agencies by February 15, 1992.

**Subd. 5. SURVEY.** For a survey of targeted children and young people, including those attending alternative education programs:

\$50,000 ..... 1991

The department must report the survey results to the legislature by February 15, 1992.

**Sec. 15. EFFECTIVE DATE.**

Sections 3, 4, clause (e), 6, and 7 are retroactively effective July 1, 1989. Section 10 is effective the day after final enactment.

## ARTICLE 5

### FACILITIES

Section 1. Minnesota Statutes 1988, section 121.148, is amended to read:

#### 121.148 SCHOOL DISTRICT CONSTRUCTION.

Subdivision 1. **COMMISSIONER APPROVAL.** In determining whether to give a school facility a positive, negative, or unfavorable review and comment, the commissioner must evaluate the proposals for facilities using the information provided under section 121.15, subdivision 7.

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**Subd. 2. POSITIVE REVIEW AND COMMENT.** If the commissioner submits a positive review and comment for a proposal according to section 121.15, the school board may proceed with the construction according to the requirements of applicable laws.

**Subd. 2 3. NEGATIVE REVIEW AND COMMENT.** If the commissioner submits a negative review and comment for a proposal according to section 121.15, the school board; ~~by resolution of the board;~~ shall reconsider must not proceed with construction.

**Subd. 4. UNFAVORABLE REVIEW AND COMMENT.** If the commissioner submits an unfavorable review and comment for a proposal under section 121.15, the school board, by resolution of the board, must reconsider construction. If, upon reconsideration, the school board decides to proceed with construction, it may initiate proceedings for issuing bonds to finance construction under sections 475.51 to 475.76. Unless 60 percent of the voters at the election approve of issuing the obligations, the board is not authorized to issue the obligations.

Sec. 2. Minnesota Statutes 1988, section 121.15, subdivision 1, is amended to read:

Subdivision 1. **CONSULTATION.** A school district shall consult with the commissioner of education before developing any plans and specifications to construct, remodel, or improve the building or site of an educational facility, other than a technical institute, for which the estimated cost exceeds \$100,000. This consultation shall occur before a referendum for bonds, solicitation for bids, or use of capital expenditure facilities revenue according to section 124.243, subdivision 6, clause (2). The commissioner may require the district to participate in a management assistance plan before conducting a review and comment on the project.

Sec. 3. Minnesota Statutes 1989 Supplement, 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~~ 90 days after submission.

Final plans shall meet all applicable state laws, rules, and codes concerning public buildings, including sections 16B.59 to 16B.73. The department may

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furnish to a school district plans and specifications for temporary school buildings containing two classrooms or less.

Sec. 4. Minnesota Statutes 1988, section 121.15, subdivision 7, is amended to read:

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

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

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

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

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

(e) a description of existing facilities within the area to be served and within school districts adjacent to the area to be served; the extent to which existing facilities or services are used; the extent to which alternate space is available, including other school districts, post-secondary institutions, ~~or~~ other public or private buildings, or other noneducation community resources; and the anticipated effect that the facility will have on existing facilities and services;

(f) the anticipated benefit of the facility to the area;

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

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

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

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

(k) the effects of the proposed facility on the district's operating budget.

Sec. 5. [121.1502] **INSPECTION OF PUBLIC SCHOOLS.**

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

**Subdivision 1. INSPECTION.** The commissioner and the state fire marshal shall develop a plan to inspect once every three years every public school facility used for educational purposes. Inspections must begin during the 1990-1991 school year. The plan must provide for continued inspection by local units of government of public school facilities that have been inspected by a local unit of government between January 1, 1987 and January 1, 1990, and may provide for inspections by local units of government in other situations. Each inspection report must be filed with the commissioner, the local school board, and the state fire marshal. Notwithstanding section 299F.011, subdivisions 5a and 5b, a variance from the code must be approved by the state fire marshal before taking effect. The state board may request that the state fire marshal inspect a particular school facility.

**Subd. 2. CONTRACTING.** The commissioner may contract with the state fire marshal to provide the inspections provided in subdivision 1.

Sec. 6. Minnesota Statutes 1989 Supplement, 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) \$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. 7. Minnesota Statutes Second 1989 Supplement, section 124.2442, subdivision 1, is amended to read:

Subdivision 1. **INSUFFICIENT FUNDS.** If the total appropriation for capital expenditure equipment aid or capital expenditure facilities aid for any fiscal year, plus any amount transferred under section 124.14, subdivision 7, is insufficient to pay all districts the full amount of aid earned, the department of education shall reduce each district's capital expenditure facilities and equipment revenue according to the calculations in subdivisions 2 to 4.

Sec. 8. Minnesota Statutes 1989 Supplement, 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

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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. Health and safety revenue must not be used for the construction of new facilities or the purchase of portable classrooms.

Sec. 9. Minnesota Statutes 1989 Supplement, 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 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. 10. Minnesota Statutes 1988, section 275.125, is amended by adding a subdivision to read:

**Subd. 11f. LEVY FOR CERTAIN LEASE PURCHASES.** A district may annually levy the amount needed to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payment agreement authorized by Minnesota Statutes 1989 Supplement, section 465.71, if:

(1) the agreement was approved by the commissioner before July 1, 1990, according to Minnesota Statutes 1989 Supplement, section 275.125, subdivision 11d; or

(2) the district levied in 1989 for the payments.

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

Sec. 11. Minnesota Statutes 1989 Supplement, 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:

(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. 12. Minnesota Statutes 1989 Supplement, 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 must have the right to terminate a lease purchase agreement at the end of any fiscal year during its term.

**Sec. 13. FACILITIES REVIEW.**

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

(a) The commissioner of education, in consultation with appropriate state and local officials, shall:

(1) prepare a document for school districts that explains all statutes and rules that apply to facilities used for instruction;

(2) develop a comprehensive on-site review form to be used when school buildings are inspected for educational adequacy, health and safety, and handicapped accessibility;

(3) determine whether standard plans for instructional facilities should be developed by a state architect;

(4) define the data elements related to instructional facilities that must be submitted by school districts to the department;

(5) conduct an inventory of the condition of existing facilities; and

(6) conduct a regional demographic and economic analysis.

(b) A recommendation must not conflict with or supplant existing law, including any law regarding inspections by the office of the state fire marshal, or any requirement contained in the life safety code.

(c) Any survey of school buildings by the department of administration to determine the degree of handicapped accessibility must be conducted in conjunction with the inventory of school facilities required in this section.

#### Sec. 14. APPROPRIATION.

Subdivision 1. DEPARTMENT OF EDUCATION. The sums indicated in this section are appropriated from the general fund to the department of education for fiscal year 1991.

Subd. 2. FIRE MARSHAL CONTRACT. \$200,000 for contracting with the state fire marshal to provide the services required under section 5.

Subd. 3. FACILITIES REVIEW. \$50,000 for the facilities review required in section 13.

The commissioner must transfer 1.0 state complement from any other section to the financial management and transportation section.

#### Sec. 15. EFFECTIVE DATE.

Sections 1, 2, 3, 4, 5, and 7 are effective the day after their final enactment.

Section 8 is effective for health and safety projects approved the day after its final enactment.

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

Section 11 is effective March 15, 1991.

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ARTICLE 6

COOPERATIVE PROGRAMS

Section 1. Minnesota Statutes 1988, section 120.062, is amended by adding a subdivision to read:

Subd. 8a. WAIVER OF DEADLINES. (a) Notwithstanding subdivision 4, upon agreement of the resident and nonresident school districts, a pupil may submit an application to a nonresident district after January 1 for enrollment beginning the following school year. The pupil, the pupil's parent or guardian, the district of residence, and the district of attendance must observe, in a prompt and efficient manner, the application and notice procedures in subdivisions 4 and 6, except that the application and notice deadlines do not apply.

(b) Notwithstanding subdivision 4, if as a result of an agreement under section 122.541 or 122.535 entered into after January 1 a pupil is assigned to a different school, the pupil may submit an application to a nonresident district after January 1 but before June 1 for enrollment beginning the following school year. The pupil, the pupil's parent or guardian, the district of residence, and the district of attendance must observe, in a prompt and efficient manner, the application and notice procedures in subdivisions 4 and 6, except that the application and notice deadlines do not apply.

Sec. 2. Minnesota Statutes 1988, section 120.062, subdivision 9, is amended to read:

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

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

At the time a nonresident district notifies a parent or guardian that an application has been accepted under subdivision 5 or 6, the nonresident district must provide the parent or guardian with the following information regarding the transportation of nonresident pupils under this section:

(1) a nonresident district may transport a pupil within the pupil's resident district under this section only with the approval of the resident district; and

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(2) a parent or guardian of a pupil attending a nonresident district under this section may appeal under section 16, the refusal of the resident district to allow the nonresident district to transport the pupil within the resident district.

Sec. 3. Minnesota Statutes Second 1989 Supplement, 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 sections 124.2721, subdivision 3; 124.575, subdivision 3; and 275.125, subdivision 9a; and Laws 1976, chapter 20, section 4.

(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 31.0 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) 31.0 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 sections 124.2725, subdivision 15, 124.4945, and 275.125, ~~subdivision~~ subdivisions 4 and 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, amounts levied for down payments under section 124.82, subdivision 3, amounts levied for education district bonds under section 122.96, subdivision 5, 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

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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. 4. Minnesota Statutes 1989 Supplement, section 122.241, subdivision 2, is amended to read:

Subd. 2. **COOPERATION REQUIREMENTS.** Cooperating districts shall:

(1) have implement a written agreement according to section 122.541 no later than the first year of cooperation;

(2) all be members of one education district, if any one of the districts is a member, no later than the end of the second year of cooperation; and

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

Sec. 5. Minnesota Statutes 1989 Supplement, section 122.243, subdivision 2, is amended to read:

Subd. 2. **VOTER APPROVAL.** During the first or 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 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. 6. Minnesota Statutes 1988, section 122.535, is amended by adding a subdivision to read:

Subd. 6. SEVERANCE PAY. A district shall pay severance pay to a teacher who is:

(1) placed on unrequested leave of absence by the district because the teacher's position is discontinued as a result of the agreement; and

(2) not employed by another district for the school year following the teacher's placement on unrequested leave of absence.

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

The severance pay shall be equivalent to the teacher's salary for one year and is subject to section 465.72. The district may levy according to section 33 for the severance pay.

Sec. 7. [122.539] MEETINGS.

(a) Notwithstanding any law to the contrary, a joint powers board established under section 124.494 or article 11, section 1, and the board of each of its member districts may hold meetings at a facility operated by the joint powers board.

(b) The joint powers board shall establish and maintain a schedule of the time and place of its meetings and shall give notice of regular and special meetings as required under section 471.705.

Sec. 8. Minnesota Statutes 1989 Supplement, section 122.91, subdivision 1, is amended to read:

Subdivision 1. **PURPOSE.** The purpose of an education district is to increase educational opportunities for learners by increasing cooperation and coordination among school districts and post-secondary institutions and to replace other existing cooperative structures.

Sec. 9. Minnesota Statutes 1989 Supplement, 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) A member school district withdraws must not withdraw 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 124.2721, subdivision 3a.

(b) Notwithstanding paragraph (a), a school district that certified a levy under section 124.2725 for fiscal year 1991 may transfer from one education district to another to comply with section 122.241, subdivision 2, clause (2). The commissioner must adjust the revenue of both education districts so that the education district revenue attributable to the transferring school district is transferred from the previous education district to the new education district.

(c) By August 1 of each year, an education district must notify the department of education concerning which school districts will be members of the

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education district for the purposes of certifying to the department of education the amount of revenue to be raised under section 124.2721.

Sec. 10. [122.937] **EDUCATION DISTRICT BARGAINING.**

Subdivision 1. EDUCATION DISTRICT AGREEMENT. The education district agreement may contain a provision adopted by a vote of the majority of the full membership of the board of each member school district that grants the education district board the authority to negotiate a collective bargaining agreement for teachers on behalf of all member school districts under this section. This authority may allow the education district to be the public employer of teachers for the purposes of chapter 123, 125, or 179A if provided for in the plan under subdivision 2. If this provision is not adopted by the board of any member district, the provision must not be included in the education district agreement. As used in this section, "teacher" has the meaning given it in section 179A.03, subdivision 18.

To negotiate a collective bargaining agreement under this section, an education district must:

(1) agree to negotiate collective bargaining agreements for teachers on behalf of all member districts for at least two consecutive two-year periods beginning July 1 of an odd-numbered year;

(2) agree to certify to the department of education the amount of general education revenue to be raised for all member districts for each year that a collective bargaining agreement negotiated by the education district under this section is in effect; and

(3) adopt a plan under subdivision 2 that is agreed upon by the school board and the exclusive representative of teachers in each member district and approved by the commissioner of education and the commissioner of mediation services under subdivision 3.

Unless otherwise specified, all provisions in this section apply only to an education district that negotiates a collective bargaining agreement under this section.

Subd. 2. EDUCATION DISTRICT BARGAINING IMPLEMENTATION PLAN. An education district board with a collective bargaining provision under subdivision 1 must adopt, by resolution, a plan for implementing education district teacher collective bargaining. The plan must specify:

(1) whether a new bargaining unit structure will be put in place covering all teachers in the education district;

(2) the procedure used to establish a new bargaining unit structure, which may include certification of a new exclusive representative for the teachers in the education district;

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(3) whether technical college teachers in the education district will be included in a new bargaining unit structure covering all teachers in the education district or whether a separate technical college bargaining unit will be established;

(4) whether the education district board or member school boards will be the public employer of teachers for the purposes of chapter 123, 125, or 179A and any other laws governing the employment of teachers;

(5) the process for ratifying contracts by the teachers in the education district and by the member school boards or the education district board;

(6) the specific fiscal duties and responsibilities that belong to member district boards and to the education district board;

(7) the procedures required to allow member district boards to fulfill their fiscal duties and responsibilities;

(8) the financial status of each member district;

(9) a description of labor-management relations in each member district over the past ten years;

(10) whether the education district will implement a combined seniority list under section 125.12, subdivision 6b;

(11) a provision for the transition to a successor employer and exclusive representative of teachers for a member district that withdraws from the education district under subdivision 4 and a definition of teachers who will be affected by the transition;

(12) the date by which a collective bargaining agreement must be signed that is no later than June 30 of the odd-numbered calendar year; and

(13) any additional information requested by the commissioner of education or the commissioner of mediation services.

All fiscal duties and responsibilities not specifically assigned to the education district board under clause (6) remain with the member district boards.

**Subd. 3. APPROVAL OF THE BARGAINING IMPLEMENTATION PLAN.** A plan developed under subdivision 2 must be submitted to the commissioner of education and the commissioner of mediation services for approval. The commissioners shall jointly determine the date for submitting the plan. The commissioners must jointly approve or disapprove the plan within 60 days. The commissioners may disapprove the plan if they jointly determine that the plan will not provide stable and constructive labor-management relations in the education district or if the plan or any modification of the plan is incomplete. An education district may revise and resubmit a disapproved plan on a date jointly

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determined by the commissioners. The commissioners must jointly approve or disapprove the resubmitted plan within 30 days.

Subd. 4. JOINDER AND WITHDRAWAL. (a) Notwithstanding section 122.91, subdivision 5, a member district of an education district that has entered into a collective bargaining agreement negotiated by the education district under this section may withdraw from the education district only at the end of a two-year period for which the collective bargaining agreement is in effect. A member district withdrawing under this subdivision must notify the education district board at least 365 days before withdrawing. The teachers in a withdrawing member district are governed by the collective bargaining agreement in effect for the education district until a successor agreement is negotiated by the withdrawing district.

(b) Notwithstanding section 122.91, subdivision 5, a school district may join an education district that has entered into a collective bargaining agreement negotiated by the education district under this section only at the end of the two-year period for which the collective bargaining agreement is in effect.

Subd. 5. COMBINED SENIORITY LIST. Notwithstanding any law to the contrary, the school board of each member district may negotiate a plan with the exclusive representative of the teachers in the member district to provide for unrequested leave of absence for teachers in the education district under section 125.12, subdivision 6a.

If compatible plans for unrequested leave are not negotiated under section 125.12, subdivision 6a, by July 1 of the first year of the two-year period for which the education district negotiates a collective bargaining agreement under this section, the education district shall be governed by section 125.12, subdivision 6b, on the basis of a combined seniority list of all the teachers in the education district. For the purpose of establishing a combined seniority list, each member district must be considered to have started school on the same date.

Subd. 6. BARGAINING AGREEMENT. The terms and conditions of employment of teachers in a member district of an education district will be governed by the contract executed by the exclusive bargaining representative and that member district until a successor contract is executed.

Subd. 7. GRIEVANCES. A grievance in a member district must be resolved under the terms of the collective bargaining agreement for teachers in effect at the time the grievance arose.

Subd. 8. AUTHORITY. An education district with a plan approved under subdivision 3 has the authority to implement that plan. When a provision in the plan required under subdivision 2, clauses (1) to (13) conflicts with any law in chapter 123, 125, or 179A, the education district and member districts will be governed by the provision in the plan.

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Unless specifically provided otherwise in the plan, chapter 179A governs the rights and duties of employers and employees in an education district.

Subd. 9. CONTRACT DEADLINE AND PENALTIES. Notwithstanding any law to the contrary, an education district that negotiates a collective bargaining agreement for teachers under this section is exempt from contract deadlines and penalties for a two-year period beginning July 1, 1991.

Sec. 11. Minnesota Statutes 1988, section 122.94, subdivision 5, is amended to read:

Subd. 5. **ATTENDANCE IN OTHER DISTRICTS.** (a) The agreement may provide for a pupil who is a resident of a member district to enroll in programs or courses offered by another member district or transfer to another member district. A pupil and parent shall consult with a career teacher, counselor, or principal before transferring to another district. The agreement shall specify procedures for reimbursement among the member districts. The district of residence shall count all resident pupils who enroll in programs or courses or transfer to another district as its pupils for the purpose of state aid and levy limitations. The agreement shall determine whether transportation is available for pupils enrolled in programs or courses or transferring to another district.

(b) Paragraph (a) does not limit any rights or duties under section 120.062.

Sec. 12. Minnesota Statutes 1989 Supplement, section 122.94, subdivision 6, is amended to read:

Subd. 6. **COMMON ACADEMIC CALENDAR.** For ~~1990-1991~~ 1991-1992 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:

- (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 122.945. 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. 13. Minnesota Statutes 1989 Supplement, section 122.945, subdivision 2, is amended to read:

Subd. 2. **SUBMISSION AND APPROVAL OF FIVE-YEAR PLAN.** Each

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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~~ November 1, 1990 ~~1989~~, must submit a plan to the state board by April 1, 1990. An education district established after ~~December~~ October 31, 1989, must submit a plan to the state board by ~~April~~ June 1 of the first year that the education district will certify the amount of education district revenue to be raised under section 124.2721. The board must approve or disapprove the plan within 60 days of ~~receiving it from the education district~~ the required submission date.

Sec. 14. Minnesota Statutes 1988, section 123.3514, subdivision 6, is amended to read:

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

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

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

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

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

Sec. 15. Minnesota Statutes 1988, section 123.3514, subdivision 6b, is amended to read:

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

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

(2) an amount equal to the difference between the adult high school graduation aid attributable to that pupil and an amount computed by multiplying the adult high school graduation aid by the ratio of the total number of hours that the pupil is enrolled in courses in the secondary school during the regular school year over the total number of secondary instructional hours per pupil in that pupil's resident district.

The amount of tuition reimbursement paid for each pupil shall be subtracted from the adult high school graduation aid paid to the pupil's ~~resident~~ district of attendance. If a pupil is enrolled in a course for post-secondary credit, the school district shall include the pupil in average daily membership as computed under section 120.17, subdivision 1, only for the portion of time during which the pupil is enrolled in courses at the secondary school and enrolled in courses at the post-secondary institution for secondary credit.

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

Sec. 16. Minnesota Statutes 1988, section 123.39, subdivision 6, is amended to read:

Subd. 6. ~~The board may transport pupils residing outside of the district but attending school therein if these pupils present themselves within the district on one of the regular routes traveled in the transportation of the pupils of the district.~~ For the purposes of this subdivision, a "nonresident pupil" is a pupil who resides in one district, defined as the "resident district" and attends school in another district, defined as the "nonresident district."

A nonresident district may transport a nonresident pupil within its borders. A nonresident district may not transport a nonresident pupil on a school district owned or contractor operated school bus within the pupil's resident district without the approval of the resident district under section 120.062.

The parent or guardian of a nonresident pupil attending a nonresident district under section 120.062 may submit a written request to the resident district asking that the resident district allow the nonresident district to provide transportation for the pupil within the pupil's resident district. The resident district must approve or disapprove the request, in writing, within 30 days. The parent or guardian may appeal the refusal of the resident district to the commissioner of education. The commissioner must act on the appeal within 30 days.

Sec. 17. Minnesota Statutes 1988, section 123.58, subdivision 2, is amended to read:

Subd. 2. **ESTABLISHMENT OF EDUCATIONAL COOPERATIVE SERV-**

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**ICE UNITS.** (a) In furtherance of this policy, ten educational cooperative service units are designated. Each unit, should it become operational, shall be termed an educational cooperative service unit, hereafter designated as an ECSU. Geographical boundaries for each ECSU shall coincide with those identified in governor's executive orders 8, dated September 1, 1971, and 59, dated May 29, 1973, issued pursuant to the regional development act of 1969, Minnesota Statutes, sections 462.381 to 462.397, with the following exceptions:

(i) Development regions one and two shall be combined to form a single ECSU;

(ii) Development regions six east and six west shall be combined to form a single ECSU;

(iii) Development regions seven east and seven west shall be combined to form a single ECSU.

~~(b)~~ (b) The ECSU shall cooperate with the regional development commission for the region with which its boundaries coincide but shall not be responsible to nor governed by that regional development commission.

~~(b)~~ (c) The geographic location of the central administrative office of a school district shall determine the membership of the total school district in a particular ECSU. Existing school district boundaries shall not be altered as a result of this section.

~~(e)~~ (d) Notwithstanding paragraphs (a), (b), and (c), a school district may become a full member of an ECSU other than the one in which its central administrative office is located if the district is a member of an education district or a participant in another cooperative agreement, and more than half of the member districts of the education district or participants in the cooperative agreement are members of another ECSU.

(e) Two or more identified ECSU units may, upon approval by a majority of school boards of participating school districts in each affected ECSU, be combined and administered as a single ECSU unit but state assistance shall be allocated on the basis of two or more ECSU units.

~~(d)~~ (f) The initial organization of each ECSU may occur only upon petition to the state board of education by a majority of all school districts in an ECSU. The state board of education shall, upon receipt of this petition, invite representation from all public school districts and shall encourage the participation of nonpublic school administrative units to the extent allowed by law in an ECSU at a regional meeting. The state board of education shall then assist in the necessary organizational activities for establishment of an ECSU pursuant to the requirements of this section.

Sec. 18. Minnesota Statutes 1989 Supplement, section 123.58, subdivision 9, is amended to read:

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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 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) Notwithstanding paragraph (c), if a member school district of an education district withdraws from an ECSU to comply with subdivision 4, the school district's withdrawal is effective on June 30, following receipt by the board of directors of the district's written notification.

(e) 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

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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) (f) 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. 19. Minnesota Statutes 1989 Supplement, section 124.155, subdivision 2, is amended to read:

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

- (a) general education aid authorized in ~~section~~ sections 124A.23 and 32;
- (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~~ 124.2713;
- (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 124.243, 124.244, and 124.83;
- (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 additional homestead and agricultural credit guarantee under section 273.1398, subdivision 5, for taxes payable in 1990 and thereafter;
- (n) agricultural credit under section 273.132 for taxes payable in 1989 and additional homestead and agricultural credit guarantee under section 273.1398, subdivision 5, for taxes payable in 1990 and thereafter;
- (o) homestead and agricultural credit aid and disparity reduction aid authorized in section 273.1398, subdivision 2; and

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(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. 20. Minnesota Statutes 1988, section 124.195, subdivision 10, is amended to read:

Subd. 10. **AID PAYMENT PERCENTAGE.** Except as provided in subdivisions 8 and 9, each fiscal year, all education aids and credits in this chapter and chapters 121, 123, 124A, 124B, 125, 126, 134, and section 273.1392, except post-secondary vocational shall be paid at 85 percent of the estimated entitlement during the fiscal year of the entitlement, unless a higher rate has been established according to section 121.904, subdivision 4d. The amount of the actual entitlement, after adjustment for actual data, minus the payments made during the fiscal year of the entitlement shall be paid as the final adjustment payment according to subdivision 6.

Sec. 21. Minnesota Statutes 1989 Supplement, 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 sections 122.91, subdivisions 3 and 4, and 122.945. 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.

Subd. 2. **REVENUE.** Each year the education district board shall certify to the department of education the amount of education district revenue to be raised. ~~Revenue for the Education district~~ revenue 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; or

(2) the sum of:

(i) \$60 in basic education district revenue; and

(ii) \$50 for education districts authorized to receive revenue under section 36, subdivision 2.

times the actual pupil units in the education district.

Subd. 3. **LEVY.** The education district levy is equal to the following:

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- (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 the sum of subdivision 2, clause (2), items (i) and (ii) for which the education district is eligible divided by ~~4.5 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~~ homestead and agricultural credit 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.

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 122.945.

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.

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Sec. 22. Minnesota Statutes 1989 Supplement, section 124.2725, subdivision 3, is amended to read:

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~~ net 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.

Sec. 23. Minnesota Statutes 1989 Supplement, section 124.2725, subdivision 4, is amended to read:

Subd. 4. **INCREASING LEVY.** (a) For districts that combine after one year of cooperation, the percentage in subdivision 3, clause (2), shall be:

(1) 100 percent for the first year of cooperation;

(2) 75 percent for the first year of combination;

(3) 50 percent for the second year of combination; and

(4) 25 percent for the third year of combination.

(b) For districts that combine after two years of cooperation, 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.

Sec. 24. Minnesota Statutes 1989 Supplement, section 124.2725, subdivision 5, is amended to read:

Subd. 5. **COOPERATION AND COMBINATION AID.** (a) Districts that combine after one year of cooperation shall receive cooperation and combination aid for the first year of cooperation and three years of combination. Cooperation and combination aid is equal to the difference between the cooperation and combination revenue and the cooperation and combination levy. Aid shall not be paid after three years of combining.

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(b) Districts that combine after two years of cooperation shall receive cooperation and combination aid for the first two years of cooperation and the first two years of combination; Cooperation and combination aid is equal to the difference between the cooperation and combination revenue and the cooperation and combination levy. Aid shall not be paid after two years of combining.

Sec. 25. Minnesota Statutes 1989 Supplement, section 124.2725, subdivision 8, is amended to read:

Subd. 8. **PERMANENT REVENUE.** (a) For the third year of combination and thereafter, a combined district that is not a member of an education district that receives revenue under section 124.2721 may levy an amount equal to the cooperation and combination revenue, defined in subdivision 2, the lesser of

- (i) \$50 times the actual pupil units in the combined district; or
- (ii) \$50,000.

(b) A combined district that is a member of an education district receiving revenue under section 124.2721 must not receive revenue under this subdivision.

Sec. 26. Minnesota Statutes 1989 Supplement, section 124.2725, is amended by adding a subdivision to read:

Subd. 16. EXCLUSION FROM FUND BALANCE. Revenue received by a district under this section for each year of cooperation and the first three years of combination shall be excluded from the net unreserved operating fund balance, for the purposes of section 124A.26.

Sec. 27. Minnesota Statutes 1988, section 124.494, is amended by adding a subdivision to read:

Subd. 2a. REORGANIZING DISTRICTS. A school district that is a member of a joint powers board established under subdivision 2 and that is planning to reorganize under section 122.21, 122.22, or 122.23 must notify the joint powers board one year in advance of the effective date of the reorganization. Notwithstanding section 471.59 or any other law to the contrary, the board of a district that reorganizes under section 122.21, 122.22, or 122.23 may appoint representatives to the joint powers board who will serve on the joint powers board for two years after the effective date of the reorganization if authorized in the agreement establishing the joint powers board to govern the cooperative secondary facility. These representatives shall have the same powers as representatives of any other school district under the joint powers agreement.

Sec. 28. **[124B.01] ELIGIBILITY.**

Education districts with a collective bargaining provision in the education district agreement under section 10, must certify general education revenue for

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all member districts in the education district. A member district of an education district that certifies general education revenue may levy only the amount allocated by the department of education for general education.

Sec. 29. [124B.02] DEFINITIONS.

Except as otherwise specified in this chapter, general education revenue for eligible education districts must be determined under chapters 124 and 124A, as though an education district is a school district.

Sec. 30. [124B.03] REFERENDUM LEVIES.

Subdivision 1. MEMBER DISTRICT REFERENDUM LEVIES. (a) As of the date that an education district first certifies general education revenue, the authorization for a referendum levy previously approved by the voters of a member district in that education district under section 124A.03 is canceled.

(b) The education district may certify to the department of education an amount equal to the combined dollar amount of the referendum authorized by each of the member districts for the year before the date that the education district first certifies general education revenue, unless the amount of revenue that the education district may certify is modified under subdivision 2.

(c) If the referendum levy authorizations for each of the member districts is limited to a specified number of years, the referendum levy authorization for the education district may continue for a period of time equal to the longest period authorized for any member district. If the referendum levy authorization of any member district is not limited to a specified number of years, the referendum levy authorization for the education district is not limited to a specified number of years.

Subd. 2. REFERENDUM LEVY. (a) The amount of general education revenue certified by an education district board under section 31 may be increased in any amount that is approved by the voters of the education district at a referendum called for the purpose. The referendum may be called by the education district board or must be called by the education district board upon written petition of qualified voters of the education district. 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 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 must be used to finance school operations. The ballot shall designate a specific number of years for which the referendum authorization applies. The ballot may contain a text 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 ..... Education District No. ... be approved?"

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(b) If approved, the amount provided by the approved tax capacity rate applied to the net tax capacity for the year before the year the levy is certified is authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the education district at a later referendum.

(c) The education district board shall prepare and deliver by first class mail at least 15 days but no more than 30 days prior to the day of the election to each taxpayer at the address listed on each member district's current year's assessment roll, a notice of the referendum and the proposed levy increase. For the purpose of giving mailed notice under this subdivision, owners shall be those shown to be owners on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer. Every property owner whose name does not appear on the records of the county auditor or the county treasurer shall be deemed to have waived this mailed notice unless the owner has requested in writing that the county auditor or county treasurer, as the case may be, include the name on the records for this purpose. The notice must project the anticipated amount of increase in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the education district.

(d) The notice must include the following statement: "In 1989, the legislature reduced property taxes for education by increasing the state share of funding for education. However, state aid for cities and townships was reduced by a corresponding amount. As a result, property taxes for cities and townships may increase. Passage of this referendum will result in an increase in your property taxes."

(e) A referendum on the question of revoking or reducing the increased levy amount authorized under paragraph (a) may be called by the education district board and must be called by the education district board upon the written petition of qualified voters of the education district. A levy approved by the voters of the education district under 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 election may be held to revoke or reduce a levy for any specific year and for later years.

(f) A petition authorized by paragraph (a) or (e) shall be effective if signed by a number of qualified voters in excess of 15 percent of the average number of voters at the two most recent districtwide school elections in all the member school districts. A referendum invoked by petition must be held on the day specified in paragraph (a).

(g) The approval of 50 percent plus one of those voting on the question is required to pass a referendum.

(h) Within 30 days after the education district holds a referendum according

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to this subdivision, the education district shall notify the commissioner of education of the results of the referendum.

(i) The department shall allocate the amount certified by the education district board under paragraph (a) or subdivision 1 proportionately among the member districts based on net tax capacity. The member districts shall levy the amount allocated.

(i) Each year, a member district shall transfer referendum revenue to the education district board according to this subdivision. By June 20 and November 30 of each year, an amount must be transferred equal to:

(1) 50 percent times

(2) the amount certified in this subdivision minus homestead and agricultural credit aid allocated for that levy according to section 273.1398, subdivision 6.

#### Sec. 31. [124B.10] GENERAL EDUCATION REVENUE.

Subdivision 1. GENERAL EDUCATION REVENUE. The general education revenue for an education district that negotiates a collective bargaining agreement under section 10, equals the sum of the education district's basic revenue, compensatory education revenue, training and experience revenue, secondary sparsity revenue, and elementary sparsity revenue.

Subd. 2. TRAINING AND EXPERIENCE REVENUE. The training and experience index for an education district equals the weighted average of the ratios assigned to the full-time equivalent teachers in the education district.

#### Sec. 32. [124B.20] GENERAL EDUCATION LEVY AND AID.

Subdivision 1. GENERAL EDUCATION LEVY. To obtain general education revenue, an education district with a collective bargaining provision under section 10, may certify to the department of education an amount not to exceed the general education tax capacity rate times the adjusted net tax capacity of the education district for the preceding year. The department of education must allocate the levy amount proportionately among the member districts based on adjusted net tax capacity. The member districts must levy the amount allocated. The sum of the levies allocated to the member districts is defined as the "general education levy" for an education district. An education district general education levy is subject to the same adjustments as a school district general education levy under chapter 124A.

Subd. 2. REVENUE TRANSFER. Each year, a member district of an education district that certifies general education revenue for all member districts must transfer general education revenue to the education district board according to this subdivision. By June 20 and November 30 of each year, an amount must be transferred equal to:

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

(1) 50 percent times

(2) the amount certified in subdivision 1 minus homestead and agricultural credit aid allocated for that levy according to section 273.1398, subdivision 6.

Subd. 3. GENERAL EDUCATION AID. General education aid equals the general education revenue under section 31, subdivision 1, minus the general education levy under subdivision 1 of this section. General education aid for an education district that certifies revenue under this section must be paid to the education district.

Sec. 33. Minnesota Statutes 1988, section 275.125, subdivision 4, is amended to read:

**Subd. 4. MISCELLANEOUS LEVY AUTHORIZATIONS.** (a) A school district may levy the amounts necessary to make payments for bonds issued and for interest thereon, including the bonds and interest thereon, issued as authorized by Minnesota Statutes 1974, section 275.125, subdivision 3, clause (7)(C); the amounts necessary for repayment of debt service loans and capital loans; the amounts necessary to pay the district's obligations under section 6.62; the amount authorized for liabilities of dissolved districts pursuant to section 122.45; the amounts necessary to pay the district's obligations under section 268.06, subdivision 25; the amounts necessary to pay for job placement services offered to employees who may become eligible for benefits pursuant to section 268.08; the amounts necessary to pay the district's obligations under section 127.05; the amounts authorized by section 122.531; ~~and~~ the amounts necessary to pay the district's obligations under section 122.533; and for severance pay required by section 6.

(b) An education district that negotiates a collective bargaining agreement for teachers under section 10 may certify to the department of education the amount necessary to pay all of the member districts' obligations and the education district's obligations under section 268.06, subdivision 25.

The department of education must allocate the levy amount proportionately among the member districts based on adjusted net tax capacity. The member districts must levy the amount allocated.

(c) Each year, a member district of an education district that levies under this subdivision must transfer the amount of revenue certified under paragraph (b) to the education district board according to this subdivision. By June 20 and November 30 of each year, an amount must be transferred equal to:

(1) 50 percent times

(2) the amount certified in paragraph (b) minus homestead and agricultural credit aid allocated for that levy according to section 273.1398, subdivision 6.

Sec. 34. Laws 1989, chapter 329, article 6, section 53, subdivision 3, is amended to read:

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

Subd. 3. **COOPERATION AND COMBINATION AID.** For aid for districts that cooperate and combine there is appropriated:

\$75,000 \$1,192,000 ..... 1991.

**Sec. 35. APPROVAL FOR COOPERATION AND COMBINATION OF TWO DISTRICTS.**

Notwithstanding Minnesota Statutes, section 122.241, subdivision 3, by July 1, 1991, the state board of education may approve the combination of school districts in clause (1) or (2) if the state board determines that the combination would be in the best interests of the pupils of the districts and that no other contiguous district is willing to enter into an agreement under Minnesota Statutes, sections 122.241 to 122.248, with the districts:

(1) independent school districts Nos. 21, Audubon, and 24, Lake Park;

(2) independent school districts Nos. 597, Erskine, and 603, McIntosh.

**Sec. 36. ADDITIONAL REVENUE FOR EDUCATION DISTRICT BARGAINING.**

Subdivision 1. APPLICATION FOR ADDITIONAL EDUCATION DISTRICT REVENUE. An education district with a collective bargaining provision under section 10, subdivision 1, may apply to the commissioner of education for additional education district revenue under Minnesota Statutes, section 124.2721, subdivision 2. To apply for additional revenue, the education district board must:

(1) submit the plan required under section 10, subdivision 2, for approval to the commissioner of education and the commissioner of mediation services by August 1, 1990; and

(2) agree to negotiate collective bargaining agreements for teachers on behalf of all member districts for at least three consecutive two-year periods beginning July 1, 1991.

Subd. 2. APPROVAL FOR ADDITIONAL REVENUE. The commissioner of education and the commissioner of mediation services may jointly select up to two education districts that apply under subdivision 1 to receive additional education district revenue. The commissioners must make their joint selection based on the history of labor-management relations within the member districts of the education district and the objective of stable and constructive labor-management relations for the future.

By August 31, 1990, the commissioner of education must notify each education district that applies for additional revenue under subdivision 1 that the education district:

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(1) is approved to receive the additional education district revenue;

(2) is not approved to receive the additional education district revenue; or

(3) may submit additional information as requested by the commissioner of education or the commissioner of mediation services.

By December 1, 1990, the commissioner of education must notify each education district that submits additional information under clause (3) whether the education district is approved to receive additional education district revenue under Minnesota Statutes, section 124.2721, subdivision 2. An education district jointly selected by the commissioners will receive additional education district revenue under Minnesota Statutes, section 124.2721, subdivision 2, for no more than six years.

Subd. 3. EDUCATION DISTRICT BARGAINING REPORT. By February 1, 1991, the commissioner of mediation services must report to the legislative commission on employee relations and the education committees of the legislature any changes in law required for an education district to effectively implement education district bargaining under this section.

#### Sec. 37. EFFECTIVE DATE.

Sections 1, 2, 7, 13, 16, 17, and 18 are effective the day after their final enactment.

Sections 9, paragraph (b), 14, and 15 are retroactively effective July 1, 1989.

### ARTICLE 7

#### OTHER EDUCATION PROGRAMS

Section 1. Minnesota Statutes 1989 Supplement, section 121.111, subdivision 1, is amended to read:

##### 121.111 OFFICE OF EDUCATIONAL LEADERSHIP.

Subdivision 1. ~~ESTABLISHMENT MAINTAIN OFFICE.~~ The commissioner shall maintain an 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.

Sec. 2. Minnesota Statutes 1989 Supplement, section 121.111, subdivision 2, is amended to read:

##### Subd. 2. OFFICE STRUCTURE MANAGEMENT. ~~The assistant commis-~~

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sioner 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.

Sec. 3. Minnesota Statutes 1989 Supplement, section 123.33, subdivision 7, is amended to read:

Subd. 7. The board shall superintend and manage the schools of the district; adopt rules for their organization, government, and instruction; keep registers; and prescribe textbooks and courses of study. The board may ~~arrange enter into an agreement with a post-secondary institution for secondary or post-secondary nonsectarian courses for to be taught at a secondary pupils that are offered by a post-secondary institution school or a nonsectarian post-secondary institution.~~

Sec. 4. Minnesota Statutes 1988, section 123.36, subdivision 5, is amended to read:

Subd. 5. The board may authorize the use of any schoolhouses in the district for divine worship, Sunday schools, public meetings, elections, post-secondary instruction, and ~~such~~ other community purposes ~~as that~~, in its judgment, will not interfere with their use for school purposes; ~~but~~. Before permitting ~~such~~ use any of these uses, the board may require a cash or corporate surety bond in a reasonable amount conditioned for the proper use of ~~such~~ the schoolhouse, ~~the~~ payment of all rent, and ~~the~~ repair of all damage occasioned by ~~such~~ the use; ~~and~~. It may determine a reasonable charge and collect for the use of the district from the persons using such the schoolhouse such reasonable compensation as it may fix.

It may authorize the use of any schoolhouses or buildings ~~in and of~~ owned or leased by the district for ~~the holding of~~ primaries, elections, registrations, and ~~all action in connection therewith in such manner as in its judgment, related activities if the board determines that the use will not interfere with their use for~~ school purposes. It may impose ~~such~~ reasonable regulations and conditions upon ~~such the~~ use as may seem necessary and proper.

Sec. 5. Minnesota Statutes 1988, section 123.9361, is amended to read:

#### 123.9361 ADMINISTRATIVE COSTS.

Each year, a school district or intermediary service area may claim and receive from the department of education an additional sum for the ~~actual cost~~ of administration of sections 123.933 and 123.935, ~~which shall not exceed an amount~~ equal to five percent of the district's or area's allocation for that year pursuant to those sections.

Sec. 6. Minnesota Statutes 1988, section 123.947, is amended to read:

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**123.947 RESTRICTIONS TO PREVENT IMPROPER USE OF INDIVIDUALIZED INSTRUCTIONAL MATERIALS.**

(a) The department of education shall assure that textbooks and individualized instructional materials loaned to nonpublic school pupils are secular, neutral, nonideological and that they are incapable of diversion for religious use.

(b) Textbooks and individualized instructional materials shall not be used in religious courses, devotional exercises, religious training or any other religious activity.

(c) Textbooks and individualized instructional materials shall be loaned only to individual pupils upon the request of a parent or guardian or the pupil on a form designated for this use by the department of education. The request forms shall provide for verification by the parent or guardian or pupil that the requested textbooks and individualized instructional materials are for the use of the individual pupil in connection with a program of instruction in the pupil's elementary or secondary school.

(d) ~~The department of education or the servicing school district or the intermediary service area shall take adequate measures to ensure an accurate and periodic inventory of all textbooks and individualized instructional materials loaned to elementary and secondary school pupils attending nonpublic schools. The state board of education shall promulgate rules under the provisions of chapter 14 to terminate the eligibility of any nonpublic school pupil if the department or the servicing school district or intermediary service area of education determines, after notice and opportunity for hearing, that the textbooks or individualized instructional materials have been used in a manner contrary to the provisions of section 123.932, subdivision 1e, 123.933 or this section or any rules promulgated by the state board of education.~~

(e) Nothing contained in section 123.932, subdivision 1e, 123.933 or this section shall be construed to authorize the making of any payments to a nonpublic school or its faculty, staff or administrators for religious worship or instruction or for any other purpose.

**Sec. 7. [125.188] ALTERNATIVE PREPARATION LICENSING.**

Subdivision 1. REQUIREMENTS. (a) A preparation program that is an alternative to the post-secondary teacher preparation program as a means to acquire an entrance license is established. The program may be offered in any instructional field.

(b) To participate in the alternative preparation program, the candidate must:

- (1) have a bachelor's degree;
- (2) pass an examination of skills in reading, writing, and mathematics as required by section 125.05;

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(3) have been offered a job to teach in a school district, group of districts, or an education district approved by the board of teaching to offer an alternative preparation licensure program;

(4)(i) have a college major in the subject area to be taught; or

(ii) have five years of experience in a field related to the subject to be taught;  
and

(5) document successful experiences working with children.

(c) An alternative preparation license is of one year duration and is issued by the board of teaching to participants on admission to the alternative preparation program.

**Subd. 2. CHARACTERISTICS.** The alternative preparation program has the following characteristics:

(1) staff development conducted by a resident mentorship team made up of administrators, teachers, and post-secondary faculty members;

(2) an instruction phase involving intensive preparation of a candidate for licensure before the candidate assumes responsibility for a classroom;

(3) formal instruction and peer coaching during the school year;

(4) assessment, supervision, and evaluation of a candidate to determine the candidate's specific needs and to ensure satisfactory completion of the program;

(5) a research based and results oriented approach focused on skills teachers need to be effective;

(6) assurance of integration of education theory and classroom practices;  
and

(7) the shared design and delivery of staff development between school district personnel and post-secondary faculty.

**Subd. 3. PROGRAM APPROVAL.** (a) The board of teaching shall approve alternative preparation programs based on criteria adopted by the board, after receiving recommendations from an advisory task force appointed by the board.

(b) An alternative preparation program at a school district, group of schools, or an education district must be affiliated with a post-secondary institution that has a teacher preparation program.

**Subd. 4. APPROVAL FOR STANDARD ENTRANCE LICENSE.** The resident mentorship team must prepare for the board of teaching an evaluation report on the performance of the alternative preparation licensee during the school year and a positive or negative recommendation on whether the alternative preparation licensee shall receive a standard entrance license.

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**Subd. 5. STANDARD ENTRANCE LICENSE.** The board of teaching shall issue a standard entrance license to an alternative preparation licensee who has successfully completed the school year in the alternative preparation program and who has received a positive recommendation from the licensee's mentorship team.

**Subd. 6. QUALIFIED TEACHER.** A person with a valid alternative preparation license is a qualified teacher within the meaning of section 125.04.

Sec. 8. Minnesota Statutes 1988, section 125.231, subdivision 6, is amended to read:

**Subd. 6. REPORT TO THE LEGISLATURE.** By January 1, ~~1988~~ 1991, the commissioner of education shall report to the legislature on how the teacher mentoring task force recommendations for a system of incentives are being implemented at the state and local level to assure that highly capable individuals are attracted to and retained in the teaching profession and shall recommend ways to expand and enhance the responsibilities of teachers.

By January 1 of ~~1989 and~~ 1990 and 1991, the commissioner of education shall report to the legislature on the design, development, implementation, and evaluation of the mentorship program.

Sec. 9. Minnesota Statutes 1989 Supplement, section 129.128, is amended to read:

**129.128 COMMISSIONER TO REPORT ON LEAGUE TO LEGISLATURE.**

**Subdivision 1. ANNUALLY ANNUAL REPORT.** The commissioner of education must report to the legislature before each regular session on the activities of the league. The report must contain at least:

(1) an accurate and concise summary of the annual financial and compliance audit prepared by the state auditor that includes information about the compensation of and the expenditures by the executive director of the league and league staff;

(2) a list of all complaints filed with the league and all lawsuits filed against the league and the disposition of those complaints and lawsuits;

(3) an explanation of the executive director's performance review;

(4) information about the extent to which the league has implemented its affirmative action policy, its comparable worth plan, and its sexual harassment and violence policy and rules; and

(5) an evaluation of any proposed changes in league policy.

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Subd. 2. ~~URGE NEEDED LAWS~~ RECOMMEND LAWS. The commissioner must recommend to the legislature whether any legislation is made necessary by league activities.

Sec. 10. Minnesota Statutes 1989 Supplement, 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 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~~ 2.0 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 certified. This levy shall not be considered in computing the aid reduction under section 124.155.

Sec. 11. Minnesota Statutes 1989 Supplement, section 298.28, subdivision 4, is amended to read:

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

(b) 5.5 cents per taxable ton must be distributed to the school districts in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. The distribution must be based on the apportionment formula prescribed in subdivision 2.

(c)(i) 22 cents per taxable ton, less any amount distributed under paragraph (e), shall be distributed to a group of school districts comprised of those school districts in which the taconite was mined or quarried or the concentrate produced or in which there is a qualifying municipality as defined by section 273.134 in direct proportion to school district indexes as follows: for each school district, its pupil units determined under section 124.17 for the prior school year shall be multiplied by the ratio of the average adjusted net tax capacity per pupil unit for school districts receiving aid under this clause as calculated pursuant to chapter 124A for the school year ending prior to distribution to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that portion of the distribution which its index bears to the sum of the indices for all school districts that receive the distributions.

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

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

(d) On July 15, in years prior to 1988, an amount equal to the increase derived by increasing the amount determined by paragraph (c) in the same proportion as the increase in the steel mill products index over the base year of 1977 as provided in section 298.24, subdivision 1, clause (a), shall be distributed to any school district described in paragraph (c) where a levy increase pursuant to section 124A.03, subdivision 2, is authorized by referendum, according to the following formula. On July 15, 1988, the increase over the amount established for 1987 shall be determined as if there had been an increase in the tax rate under section 298.24, subdivision 1, paragraph (b), according to the increase in the implicit price deflator. On July 15, 1989, and subsequent years, the increase over the amount established for the prior year shall be determined according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, paragraph (a). Each district shall receive the product of:

(i) ~~\$150~~ \$175 times the pupil units identified in section 124.17, subdivision 1, enrolled in the second previous year or the 1983-1984 school year, whichever is greater, less the product of 0.04231 percent times the district's taxable market value in the second previous year; times

(ii) the lesser of:

(A) one, or

(B) the ratio of the amount certified pursuant to section 124A.03, subdivision 2, in the previous year, to the product of 0.04231 percent times the district's taxable market value in the second previous year.

If the total amount provided by paragraph (d) is insufficient to make the payments herein required then the entitlement of ~~\$150~~ \$175 per pupil unit shall be reduced uniformly so as not to exceed the funds available. Any amounts received by a qualifying school district in any fiscal year pursuant to paragraph (d) shall not be applied to reduce general education aid which the district receives pursuant to section 124A.23 or the permissible levies of the district. Any amount remaining after the payments provided in this paragraph shall be paid to the commissioner of iron range resources and rehabilitation who shall deposit the same in the taconite environmental protection fund and the north-east Minnesota economic protection trust fund as provided in subdivision 11.

Each district receiving money according to this paragraph shall reserve \$25 times the number of pupil units in the district. It may use the money only for outcome-based learning programs that enhance the academic quality of the district's curriculum. The programs must be approved by the commissioner of education.

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

Sec. 12. Laws 1984, chapter 463, article 6, section 15, subdivision 2, is amended to read:

Subd. 2. **USE OF PROCEEDS.** ~~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.~~ (a) Independent school district No. 712, Mountain Iron-Buhl, shall establish on July 1, 1990, a reserved account in the general fund. The balance in the account shall equal the unreserved undesignated fund balance in the operating funds as of June 30, 1990, plus the total unreserved fund balance in the operating funds as of July 30, 1985, plus all levy proceeds authorized under subdivision 1, as amended. In fiscal year 1991 and each year thereafter, the balance in this account shall be adjusted by the levy authorized in subdivision 1.

(b) 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.

Sec. 13. Laws 1989, chapter 329, article 6, section 53, subdivision 6, is amended to read:

Subd. 6. **TELECOMMUNICATIONS GRANT.** ~~For a grant grants of up to \$20,000 each to independent school districts Nos. 356, 353, 444, 441, 524, 564, 592, 440, 678, 676, 682, 690, 390, 593, 595, 630, and 600, 599, 447, 742, 627, 628, and 454 to support a cooperative educational technology program programs:~~

~~\$340,000....~~ 4990 1991.

Sec. 14. Laws 1989, chapter 329, article 7, section 24, subdivision 6, is amended to read:

Subd. 6. **CAREER TEACHER AID.** For career teacher aid:

~~\$1,000,000~~ \$750,000 ..... 1990

This appropriation is available until June 30, 1991.

Notwithstanding Minnesota Statutes 1989 Supplement, section 124.276, subdivision 2, the amount available for fiscal year 1991 may be used for the increased district contribution to the teachers' retirement association and to FICA resulting from the portion of the teaching contract that is in addition to the standard teaching contract of the district.

Up to \$5,000 may be used for the state career teacher task force.

Sec. 15. Laws 1989, chapter 329, article 11, section 15, subdivision 2, is amended to read:

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

Subd. 2. **TEACHER MENTORSHIP.** ~~(a) 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.

(b) Of the amounts in paragraph (a), \$110,000 each year is to provide approximately \$10,000 each year for each existing demonstration site to refine its program and disseminate services and materials to schools that are interested in developing a mentoring program. The demonstration sites must provide exemplary mentoring processes and assist the department of education in working with new sites that are planning to adopt or adapt specific mentorship programs or components of those programs. The department shall encourage cooperation with career teacher programs.

(c) Of the amounts in paragraph (a), \$90,000 each year is for start-up money of up to \$5,000 each for a minimum of 18 new districts or groups of districts to adopt or adapt an existing mentorship program for five or more probationary teachers. The criteria and process in Minnesota Statutes, section 125.231, subdivisions 3 and 4, must be used. Participants from the adoption grant sites must attend regional and statewide training sessions and visit and collaborate with the exemplary sites.

(d) Of the amounts in paragraph (a), \$50,000 each year is to evaluate the program, to put on regional and statewide events, including conferences, seminars, and for meetings to provide staff development and technical assistance for district teams funded to adopt or adapt components implemented by existing pilot sites. The events must be available to districts interested in developing a mentorship program without applying for an adoption grant. The department may contract with districts having exemplary sites and others to develop guidelines and materials and provide staff development. Fees may be charged for meals, materials, and the like.

Sec. 16. Laws 1989, chapter 329, article 11, section 15, subdivision 12, is amended to read:

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~~ match of \$1 in the previous year from private sources consisting of either direct mone-

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tary contributions or in-kind contributions of related goods or services, for each \$1 of the appropriation. The commissioner of education must certify receipt of the money or documentation for the private matching funds or in-kind contributions. The unencumbered balance from the amount actually appropriated from the contingent amount in 1990 does not cancel but is available in 1991. The amount carried forward must not be used to establish a larger annual base appropriation for later fiscal years.

Sec. 17. Laws 1989, chapter 329, article 11, section 16, subdivision 2, is amended to read:

Subd. 2. **FACULTY EXCHANGE.** For expenses incurred by ~~elementary and secondary teachers participating~~ participants in the faculty education exchange:

\$25,000 ..... 1990

This appropriation is available until June 30, 1991.

Sec. 18. Laws 1989, chapter 329, article 11, section 17, subdivision 2, is amended to read:

Subd. 2. **FACULTY EXCHANGE.** For expenses incurred by ~~elementary and secondary teachers participating~~ participants in the faculty education exchange:

\$25,000 ..... 1990

The appropriation is available until June 30, 1991.

Sec. 19. **SHAKOPEE; 1991 AID CALCULATIONS.**

Subdivision 1. ADJUSTMENTS. For purposes of determining state aids for taxes payable in 1991, the fiscal disparity prior year adjustments in the city of Shakopee for taxes payable years 1986, 1987, and 1988 shall not be recognized.

Subd. 2. LOCAL APPROVAL. Subdivision 1 is effective the day following compliance by the Shakopee city council with Minnesota Statutes, section 645.021, subdivision 2.

Sec. 20. **1989-1990 ABATEMENT AID.**

If a district qualifies for:

(1) general education aid for fiscal year 1990 only because of Laws 1989, chapter 329, article 1, section 6; or

(2) early childhood family education aid for fiscal year 1990 only because of Laws 1989, chapter 329, article 4, section 11; or

(3) community education aid only because of Laws 1989, chapter 329, article 4, section 12, subdivision 3a;

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it does not qualify for abatement aid for fiscal year 1990 under Minnesota Statutes, section 124.214, subdivision 2.

Sec. 21. SCHOOL OF EXCELLENCE.

The board of directors of the Minnesota academic excellence foundation shall include in its 1991 annual report to the education committees of the legislature recommendations for making available to schools and districts state-wide, a Minnesota school of excellence program that contains the following components:

- (1) state standards of excellence;
- (2) criteria for showing improvement in academic performance over time by schools or districts participating in the program;
- (3) a detailed cost analysis of the program;
- (4) an external review process to verify the contents of an application submitted by a participating school or district; and
- (5) a funding mechanism for permitting participating schools or districts to assist other schools or districts interested in participating in the program.

Sec. 22. BOARD OF TEACHING APPROPRIATION.

Subdivision 1. BOARD OF TEACHING. The sums indicated in this section are appropriated from the general fund to the board of teaching in the fiscal year indicated.

Subd. 2. MENTORSHIP SITE GRANTS. For grants for operating cooperative ventures between school district and post-secondary teacher preparation institutions:

\$150,000 .... 1991

An application for a grant must be made by the cooperative. The funds must be used primarily to pay for coordination, instruction, and evaluation provided by the resident mentorship team.

Subd. 3. FELLOWSHIP GRANTS. For fellowship grants to highly qualified minorities seeking alternative preparation for licensure:

\$50,000 .... 1991

A grant is not to exceed \$5,000 with one-half paid each year for two years. Grants must be awarded on a competitive basis by the board. Grant recipients must agree to remain as teachers in the district for two years if they satisfactorily complete the alternative preparation program and if their contracts as probationary teachers are renewed.

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Sec. 23. "WAY TO GROW" APPROPRIATION.

\$100,000 is appropriated in fiscal year 1991 from the general fund to the commissioner of state planning to award up to three grants under Minnesota Statutes, section 145.926. The grants must go to eligible applicants located outside the seven-county metropolitan area. Grant recipients must coordinate their programs with existing community-based programs serving children prebirth to age five. Grant recipients may use up to two percent of this appropriation for administrative costs.

This appropriation must not be used to establish a larger annual base appropriation for fiscal year 1992 and after.

Sec. 24. DEPARTMENT OF EDUCATION 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. GRANTS FOR COOPERATIVE DESEGREGATION. For grants to develop interdistrict school desegregation programs:

\$200,000 ..... 1991.

The commissioner of education shall award grants to school districts to develop pilot interdistrict cooperative programs to reduce segregation, as defined in Minnesota Rules, part 3535.0200, subpart 4, in school buildings.

To obtain a grant, a district that is required to submit a plan under Minnesota Rules, part 3535.0600, with the assistance of at least one adjacent district that is not required to submit a plan, shall submit an application to the commissioner.

The application shall contain a plan for:

(1) activities such as staff development, curriculum development, student leadership, student services, teacher and student exchanges, interdistrict meetings, and orientation for school boards, parents, and the community;

(2) implementation of the activities in clause (1) before possible student transfers occur; and

(3) possible voluntary transfer of students between districts beginning with the 1991-1992 school year.

A grant recipient shall submit a report about its activities and recommendations to the commissioner by December 31, 1990. The commissioner shall submit a report about the program to the education committees of the legislature by February 1, 1991.

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Subd. 3. CHISHOLM SCHOOL DISTRICT GRANT. For a grant for a leadership program in independent school district No. 695, Chisholm:

\$30,000 .... 1991.

Sec. 25. **EFFECTIVE DATE.**

Subdivision 1. Section 5 is retroactively effective July 1, 1989.

Subd. 2. Sections 1, 2, 7, 14, 15, 16, 17, 18, and 20 are effective the day following final enactment.

Subd. 3. Section 12 is effective the day after compliance by the school board of independent school district No. 712 with Minnesota Statutes, section 645.021.

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## ARTICLE 8

### MISCELLANEOUS

Section 1. Minnesota Statutes 1989 Supplement, section 6.65, is amended to read:

#### **6.65 MINIMUM PROCEDURES FOR AUDITORS, PRESCRIBED.**

The state auditor shall prescribe minimum procedures and the audit scope for auditing the books, records, accounts, and affairs of local governments in Minnesota. The minimum scope for audits of all local governments must include financial and legal compliance audits for fiscal years ending after January 15, 1984. Audits of all school districts shall include a determination of compliance with uniform financial accounting and reporting standards adopted by the state board of education according to section 121.902, subdivision 1. The state auditor shall establish a task force to promulgate an audit guide for legal compliance audits. The task force must include representatives of the state auditor, the attorney general, towns, cities, counties, school districts, and private sector public accountants.

Sec. 2. Minnesota Statutes 1989 Supplement, section 10A.01, subdivision 18, is amended to read:

Subd. 18. "Public official" means any:

(a) member of the legislature;

(b) constitutional officer in the executive branch and the officer's chief administrative deputy;

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(c) member, chief administrative officer or deputy chief administrative officer of a state board or commission which has at least one of the following powers: (i) the power to adopt, amend or repeal rules, or (ii) the power to adjudicate contested cases or appeals;

(d) commissioner, deputy commissioner, or assistant commissioner of any state department as designated pursuant to section 15.01;

(e) individual employed in the executive branch who is authorized to adopt, amend or repeal rules or adjudicate contested cases;

(f) executive director of the state board of investment;

(g) executive director of the Indian affairs intertribal board;

(h) commissioner of the iron range resources and rehabilitation board;

(i) commissioner of mediation services;

(j) deputy of any official listed in clauses (e) to (i);

(k) judge of the workers' compensation court of appeals;

(l) administrative law judge or compensation judge in the state office of administrative hearings or referee in the department of jobs and training;

(m) solicitor general or deputy, assistant or special assistant attorney general;

(n) individual employed by the legislature as secretary of the senate, legislative auditor, chief clerk of the house, revisor of statutes, or researcher, legislative analyst, or attorney in the office of senate counsel and research; ~~senate counsel~~, or house research;

(o) member or chief administrative officer of the metropolitan council, regional transit board, metropolitan transit commission, metropolitan waste control commission, metropolitan parks and open spaces commission, metropolitan airports commission or metropolitan sports facilities commission;

(p) the commissioner of gaming and director of each division in the department of gaming and the deputy director of the division of state lottery; ~~or~~

(q) director of the division of gambling enforcement in the department of public safety;

(r) member or executive director of the higher education facilities authority;  
or

(s) member of the board of directors or president of the Minnesota world trade center corporation.

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Sec. 3. Minnesota Statutes 1989 Supplement, section 119.04, subdivision 3, is amended to read:

Subd. 3. **SALE OF CORPORATION.** The board of directors may sell all, substantially all, or part of the assets or any of the ownership of the corporation at a price and according to terms, approved by the commissioner of finance, that assure maximum benefit to the state of Minnesota. When any part is sold, the board shall transfer the assets or ownership that is sold to the purchaser. Upon the sale of all or substantially all of the assets or ownership of the corporation, the board of directors shall dispose of any remaining assets and dissolve the corporation.

Sec. 4. Minnesota Statutes 1989 Supplement, section 121.612, subdivision 3, is amended to read:

Subd. 3. **BOARD OF DIRECTORS.** The board of directors of the foundation shall consist of the commissioner of education, a member of the state board of education selected by the state board who shall serve as chair and ~~15~~ 20 members to be appointed by the governor. Of the ~~15~~ 20 members appointed by the governor, ~~six~~ eight shall represent ~~various~~ a variety of education groups and ~~nine~~ 12 shall represent ~~various~~ a variety of business groups. 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.

Sec. 5. Minnesota Statutes 1989 Supplement, section 121.612, subdivision 5, is amended to read:

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, and in-kind goods or services 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.

Sec. 6. Minnesota Statutes 1988, section 121.908, subdivision 3, is amended to read:

Subd. 3. By December 31 of the calendar year of the submission of the unaudited financial statement, the district shall provide to the commissioner and

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state auditor an audited financial statement prepared in a form which will allow comparison with and correction of material differences in the unaudited statement. The audited financial statement must also provide a statement of assurance pertaining to uniform financial accounting and reporting standards compliance.

Sec. 7. Minnesota Statutes 1989 Supplement, section 121.912, subdivision 1, is amended to read:

Subdivision 1. **LIMITATIONS.** Except as provided in this subdivision, sections 121.9121, 123.36, 124.243, 475.61, and 475.65, a school district may not permanently transfer money from (1) an operating fund to a nonoperating fund; (2) a nonoperating fund to another nonoperating fund; or (3) a nonoperating fund to an operating fund. Permanent transfers may be made from any fund to any other fund to correct for prior fiscal years' errors discovered after the books have been closed for that year. Permanent transfers may be made from the general fund to any other operating funds according to section 123.705, subdivision 1, or if the resources of the other fund are not adequate to finance approved expenditures from that other fund. Permanent transfers may also be made from the general fund to eliminate deficits in another fund when that other fund is being discontinued. When a district discontinues operation of a district-owned bus fleet or a substantial portion of a fleet, permanent transfers ~~may~~ must be made, on June 30 of the fiscal year that the operation is discontinued, from the fund balance account entitled "pupil transportation fund reserved for bus purchases" to the capital expenditure fund; ~~with the approval of the commissioner.~~ The sum of the levies authorized pursuant to sections 124.243, 124.244, and 124.83 shall be reduced by an amount equal to the amount transferred. Any school district may transfer any amount from the undesignated fund balance account in its transportation fund to any other operating fund or to the reserved fund balance account for bus purchases in its transportation fund.

Sec. 8. Minnesota Statutes 1988, section 121.917, subdivision 4, is amended to read:

Subd. 4. (1) If the net negative undesignated fund balance in all the funds of a school district, other than statutory operating debt pursuant to section 121.914, capital expenditure, building construction, debt service, trust and agency, and post-secondary vocational technical education funds, calculated in accordance with the uniform financial accounting and reporting standards for Minnesota school districts, as of June 30 each year, is more than 2-1/2 percent of the year's expenditure amount, the district shall, prior to September 15, submit a special operating plan to reduce the district's deficit expenditures to the commissioner of education for approval. The commissioner may also require the district to provide evidence that the district meets and will continue to meet all of the curriculum requirements of the state board.

Notwithstanding any other law to the contrary, a district submitting a special operating plan to the commissioner under this clause which is disapproved

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by the commissioner shall not receive any aid pursuant to ~~chapter~~ chapters 124 and 124A until a special operating plan of the district is so approved.

(2) A district shall receive aids pending the approval of its special operating plan under clause (1). A district which complies with its approved operating plan shall receive aids as long as the district continues to comply with the approved operating plan.

Sec. 9. Minnesota Statutes 1988, section 121.931, subdivision 6, is amended to read:

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

(a) A standard set of naming conventions for data elements;

(b) A standard set of data element definitions; and

(c) A standard transaction processing methodology which uses the defined data elements, specifies mathematical computations on those data elements and specifies output formats.

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

Sec. 10. Minnesota Statutes 1988, section 121.931, is amended by adding a subdivision to read:

Subd. 6a. DATA STANDARD COMPLIANCE. The department shall monitor and enforce compliance with the data standards. For financial accounting data and property accounting data, the department shall develop statistically based tests to determine data quality. The department shall annually test the data submitted by districts or regional centers and determine which districts submit inaccurate data. The department shall require these districts to review the data in question and, if found in error, to submit corrected data.

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Sec. 11. Minnesota Statutes 1988, section 121.935, is amended by adding a subdivision to read:

Subd. 1a. CENTER FOR DISTRICTS WITH ALTERNATIVE SYSTEMS. Districts that operate alternative systems approved by the state board according to section 121.936 may create one regional management information center under section 471.59. The center shall have all of the powers authorized under section 471.59. Only districts that operate approved alternative systems may be members of the center. Upon receiving the approval of the state board to operate an alternative system, a district may become a member of the center.

Each member of the center board shall be a current member of a member school board.

The center board may purchase or lease equipment. It may not employ any staff but may enter into a term contract for services. A person providing services according to a contract with the center board is not a state employee.

The center shall perform the duties required by subdivision 2, except clauses (c), (d), and (g). The department shall provide the center all services that are provided to regional centers formed under subdivision 1, including transferring software and providing accounting assistance.

Sec. 12. Minnesota Statutes 1988, section 121.935, subdivision 2, is amended to read:

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

(a) Assist its affiliated districts in complying with the reporting requirements of the annual data acquisition calendar and the rules of the state board of education;

(b) Respond within 15 calendar days to requests from the department for district information provided to the region for state reporting of information, based on the data elements in the data element dictionary;

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

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

(e) ~~Before July 1, 1981, Develop and maintain a plan for the provision of to provide services during a system failure or a disaster;~~

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

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(g) Operate fixed assets property management information systems consistent with the uniform property accounting and reporting standards for ~~Minnesota technical institutes~~ adopted by the state board pursuant to section 121.902, subdivision 1a.

Sec. 13. Minnesota Statutes 1988, section 121.935, subdivision 5, is amended to read:

Subd. 5. **REGIONAL SUBSIDIES.** In any year when a regional management information center's annual plan and budget are approved pursuant to subdivision 3, the center shall receive a regional reporting subsidy grant from the department of education. The subsidy grant shall be in the amount allocated by the state board in the process of approving the annual budgets of the regional management information centers pursuant to subdivision 3. The amounts of the subsidy grants and an explanation of the allocation decisions shall be filed by the state board with the ~~committees on education and finance of the senate and the committees on education and appropriations of the house of representatives~~ legislature.

~~For subsidy grants for fiscal year 1981 and for each fiscal year thereafter; When determining the amount of a subsidy grant, the state board is encouraged to recognize that the diversity of regional management information centers precludes a formula-based allocation of subsidy grants; to promote equity and access to regional services in the allocation process; and to shall consider the following factors:~~

- (a) The number of students in districts affiliated with the center;
- (b) The number of districts affiliated with the center;
- (c) Fixed and overhead costs to be incurred in operating the regional center, the finance subsystem, the payroll/personnel subsystem, and the student support subsystem;
- (d) Variable costs to be incurred ~~which~~ that differ in proportion to the number of districts served and the number of subsystems implemented for those districts;
- (e) Services provided to districts ~~which~~ that enable the districts to meet state reporting requirements;
- (f) The cost of meeting the reporting requirements of subdivision 2 for districts using approved alternative management information systems; and
- (g) The number of districts affiliated with a regional management information center in relation to the geographic area occupied by those districts.

Sec. 14. Minnesota Statutes 1988, section 121.936, subdivision 2, is amended to read:

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

Sec. 15. Minnesota Statutes 1988, section 121.936, subdivision 3, is amended to read:

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

The ESV computer council shall evaluate the district proposal according to the approval criteria in section 121.937, subdivision 1, clauses (a), (b), and (d). Upon completion of the evaluation, the ESV computer council shall recommend to the state board that it (a) approve the proposal, (b) disapprove the proposal, or (c) approve the proposal if it is modified by the district in ways ~~which~~ that are specified by the council.

Sec. 16. Minnesota Statutes 1988, section 122.23, subdivision 9, is amended to read:

Subd. 9. If the approved plat contains land area in more than one independent district maintaining a secondary school, or common district maintaining a secondary school, and if each board entitled to act on the plat approves the plat, each board shall cause notice of its action to be published at least once in its official newspaper. If all of the school boards entitled to act on the plat call, by resolution, for an election on the question, or if five percent of the eligible voters of any such district petition the clerk of the district, within 30 days after the publication of the notice, for an election on the question, the consolidation shall not become effective until approved by a majority vote in the district at an election held in the manner provided in subdivisions 11, 12, and 13.

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Sec. 17. Minnesota Statutes 1988, section 122.23, subdivision 11, is amended to read:

Subd. 11. Upon an election becoming callable under provisions of subdivision 9 or 10, the ~~county auditor~~ school board shall give ten days' posted notice of election in the area in which the election is to be held and also if there be a newspaper published in the area, one weeks' published notice shall be given. The notice shall specify the time, place and purpose of the election.

Sec. 18. Minnesota Statutes 1988, section 122.23, subdivision 12, is amended to read:

Subd. 12. The ~~county auditor~~ school board shall determine the date of the election, the number of boundaries of voting precincts, and the location of the polling places where voting shall be conducted, and the hours the polls will be open. The ~~county auditor~~ school board shall also provide official ballots which shall be used exclusively and shall be in the following form:

For consolidation ....

Against consolidation ....

The ~~county auditor~~ school board shall appoint three election judges for each polling place who shall act as clerks of election. The ~~county~~ school board may pay these election judges not to exceed \$1 per hour. The ballots and results shall be certified to the ~~county auditor~~ school board who shall canvass and tabulate the total vote cast for and against the proposal.

Sec. 19. Minnesota Statutes 1988, section 122.23, subdivision 13, is amended to read:

Subd. 13. If a majority of the votes cast on the question at the election approve the consolidation, and if the necessary approving resolutions of boards entitled to act on the plat have been adopted, the school board shall, within ten days of the election, notify the county auditor who shall, within ten days of the election notice or of the expiration of the period during which an election can be called, issue an order setting a date for the effective date of the change. The effective date shall be at least three months after the day when the date must be set, and shall be July 1 of an odd-numbered year, unless an even-numbered year is agreed upon according to subdivision 13a. The auditor shall mail or deliver a copy of such order to each auditor holding a copy of the plat and to the clerk of each district affected by the order and to the commissioner. The school board shall similarly notify the county auditor if the election fails. The proceedings are then terminated and the county auditor shall so notify the commissioner and the auditors and the clerk of each school district affected.

Sec. 20. Minnesota Statutes 1988, section 123.33, subdivision 1, is amended to read:

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Subdivision 1. The care, management, and control of independent districts shall be vested in a board of directors, to be known as the school board. The term of office of a member shall be three years and until a successor qualifies. The membership of the school board shall consist of six elected directors together with such ex officio member as may be provided by law. But the board may submit to the electors at any school election the question whether the board shall consist of seven members and if a majority of those voting on the proposition favor a seven member board, a seventh member shall be elected at the next election of directors for a three-year term and thereafter the board shall consist of seven members.

Those districts with a seven member board may submit to the electors at any school election at least 150 days before the next election of three members of the board the question whether the board shall consist of six members. If a majority of those voting on the proposition favor a six member board instead of a seven member board, two members instead of three members shall be elected at the next election of the board of directors and thereafter the board shall consist of six members.

Sec. 21. Minnesota Statutes 1988, section 123.34, subdivision 9, is amended to read:

Subd. 9. **SUPERINTENDENT.** All districts maintaining a classified secondary school shall employ a superintendent who shall be an ex officio nonvoting member of the school board. The authority for selection and employment of a superintendent shall be vested in the school board in all cases. An individual employed by a school board as a superintendent shall have an initial employment contract for a period of time no longer than four years from the date of employment. The initial employment contract must terminate on June 30 of an odd-numbered year. Any subsequent employment contract between a school board and the same individual to serve as a superintendent may not extend beyond June 30 of the next odd-numbered year. A school board may or may not renew, at its discretion, an initial employment contract or a subsequent employment contract. A school board may terminate a superintendent during the term of an employment contract for any of the grounds specified in section 125.12, subdivision 6 or 8. A superintendent shall not rely upon an employment contract with a school board to assert any other continuing contract rights in the position of superintendent under section 125.12. Notwithstanding the provisions of sections 122.532, 122.541, 125.12, subdivision 6a or 6b, or any other law to the contrary, no individual shall have a right to employment as a superintendent based on seniority or order of employment in any district. If two or more school districts enter into an agreement for the purchase or sharing of the services of a superintendent, the contracting districts have the absolute right to select one of the individuals employed to serve as superintendent in one of the contracting districts and no individual has a right to employment as the superintendent to provide all or part of the services based on seniority or order of employment in a contracting district. An individual who holds a position as

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superintendent in one of the contracting districts, but is not selected to perform the services, may be placed on unrequested leave of absence or may be reassigned to another available position in the district for which the individual is licensed. The superintendent of a district shall perform the following:

(a) (1) visit and supervise the schools in the district, report and make recommendations about their condition when advisable or on request by the board;

(b) (2) recommend to the board employment and dismissal of teachers;

(c) (3) superintend school grading practices and examinations for promotions;

(d) (4) make reports required by the commissioner of education; and

(e) (5) perform other duties prescribed by the board.

Sec. 22. Minnesota Statutes 1988, section 123.34, subdivision 10, is amended to read:

Subd. 10. Each public school building or unit of classification, as designated defined by section 120.05, subdivision + 2, clauses (1), (2) and (3), in an independent school district shall be under the supervision of a principal who is assigned to that responsibility by the board of education in that school district upon the recommendation of the superintendent of schools of that school district.

Each principal assigned the responsibility for the supervision of a school building ~~or units of classification~~ shall hold valid certification in the assigned position of supervision and administration as established by the rules of the state board of education.

The principal shall provide administrative, supervisory and instructional leadership services, under the supervision of the superintendent of schools of the school district and in accordance with the policies, rules and regulations of the board of education, for the planning, management, operation and evaluation of the education program of the building or buildings to which the principal is assigned.

Sec. 23. Minnesota Statutes 1988, section 123.36, subdivision 10, is amended to read:

Subd. 10. (a) The board may lease to any person, business, or organization a schoolhouse that is not needed for school purposes ~~to any person or organization, or part of a schoolhouse that is not needed for school purposes~~ if the board determines that leasing part of a schoolhouse does not interfere with the educational programs taking place in the rest of the building. The board may charge and collect reasonable consideration for the lease and may determine the terms and conditions of the lease.

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(b) In districts with outstanding bonds, the net proceeds of the lease shall be first 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 that is ascribable to the payment of expenses necessary and incidental to the construction or purchase of the particular building or property that is leased. Any remaining net proceeds in these districts may be deposited in either the debt redemption fund or capital expenditure fund. All net proceeds of the lease in districts without outstanding bonds shall be deposited in the capital expenditure fund of the district.

(c) The board may make capital improvements, including fixtures, to a schoolhouse or a portion thereof, not exceeding in cost the replacement value of the schoolhouse, to facilitate its rental, and the lease of an improved schoolhouse, or part of it, shall provide for rentals which will recover the cost of the improvements over the initial term of the lease. Notwithstanding clause (b), the portion of the rentals representing the cost of the improvements shall be deposited in the capital expenditure fund of the district and the balance of the rentals shall be used as provided in clause (b).

Sec. 24. Minnesota Statutes 1988, section 123.37, subdivision 1, is amended to read:

Subdivision 1. No contract for work or labor, or for the purchase of furniture, fixtures, or other property, except books registered under the copyright laws, or for the construction or repair of school houses, the estimated cost or value of which shall exceed that specified in section 471.345, subdivision 3, shall be made by the school board without first advertising for bids or proposals by two weeks' published notice in the official newspaper. This notice shall state the time and place of receiving bids and contain a brief description of the subject matter.

Additional publication in the official newspaper or elsewhere may be made as the board shall deem necessary.

After taking into consideration conformity with the specifications, terms of delivery, and other conditions imposed in the call for bids, every such contract shall be awarded to the lowest responsible bidder, be duly executed in writing, and be otherwise conditioned as required by law. The person to whom the contract is awarded shall give a sufficient bond to the board for its faithful performance. Notwithstanding section 574.26 or any other law to the contrary, on a contract limited to the purchase of a finished tangible product, a school board may require, at its discretion, a performance bond of a contractor in the amount the board considers necessary. A record shall be kept of all bids, with names of bidders and amount of bids, and with the successful bid indicated thereon. A bid containing an alteration or erasure of any price contained in the bid which is used in determining the lowest responsible bid shall be rejected unless the alteration or erasure is corrected as herein provided. An alteration or

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erasure may be crossed out and the correction thereof printed in ink or typewritten adjacent thereto and initialed in ink by the person signing the bid. In the case of identical low bids from two or more bidders, the board may, at its discretion, utilize negotiated procurement methods with the tied low bidders for that particular transaction, so long as the price paid does not exceed the low tied bid price. In the case where only a single bid is received, the board may, at its discretion, negotiate a mutually agreeable contract with the bidder so long as the price paid does not exceed the original bid. If no satisfactory bid is received, the board may readvertise. Standard requirement price contracts established for supplies or services to be purchased by the district shall be established by competitive bids. Such standard requirement price contracts may contain escalation clauses and may provide for a negotiated price increase or decrease based upon a demonstrable industrywide or regional increase or decrease in the vendor's costs. Either party to the contract may request that the other party demonstrate such increase or decrease. The term of such contracts shall not exceed two years with an option on the part of the district to renew for an additional two years. Provided that in the case of purchase of perishable food items except milk for school lunches and vocational training programs a contract of any amount may be made by direct negotiation by obtaining two or more written quotations for the purchase or sale, when possible, without advertising for bids or otherwise complying with the requirements of this section or section 471.345, subdivision 3. All quotations obtained shall be kept on file for a period of at least one year after receipt thereof.

Every contract made without compliance with the provisions of this section shall be void. Provided, that in case of the destruction of buildings or injury thereto, where the public interest would suffer by delay, contracts for repairs may be made without advertising for bids.

Sec. 25. Minnesota Statutes 1988, section 123.38, subdivision 2b, is amended to read:

Subd. 2b. The board may take charge of and control all extra curricular activities of the teachers and children of the public schools in the district. Extra curricular activities shall mean all direct and personal services for public school pupils for their enjoyment that are managed and operated under the guidance of an adult or staff member. Extra curricular activities have all of the following characteristics:

- (a) They are not offered for school credit nor required for graduation;
- (b) They are generally conducted outside school hours, or if partly during school hours, at times agreed by the participants, and approved by school authorities;
- (c) The content of the activities is determined primarily by the pupil participants under the guidance of a staff member or other adult.

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If the board does not take charge of and control extra curricular activities, these activities shall be self-sustaining with all expenses, except direct salary costs and indirect costs of the use of school facilities, met by dues, admissions or other student fundraising events; ~~moreover, the general fund or the technical institutes fund, if applicable, shall reflect only those salaries directly related to and readily identified with the activity and paid by public funds and other revenues and expenditures for extra curricular activities shall be recorded pursuant to the "Manual of Instructions for Uniform Student Activities Accounting for Minnesota School Districts."~~ If the board takes charge of and controls extra curricular activities, any or all costs of these activities may be provided from school revenues ~~and~~. All revenues and expenditures for these activities shall be recorded in the same manner as other revenues and expenditures of the district. If the board takes charge of and controls extra curricular activities, no such activity shall be participated in by the teachers or pupils in the district, nor shall the school name or any allied name be used in connection therewith, except by consent and direction of the board.

Sec. 26. Minnesota Statutes 1988, section 124.195, is amended by adding a subdivision to read:

Subd. 13. DELAY OF PAYMENTS. A district must submit financial data according to section 121.936, subdivision 1, that is consistent with the audited financial statement required by section 121.908, subdivision 3. If the corrected data has not been submitted by June 30 following the date it is required to be submitted, the commissioner shall delay payments made according to subdivision 3 until the district submits the corrected data. If the commissioner determines that the submission of the corrected data is delayed because of circumstances beyond the district's control, the commissioner may extend the June 30 deadline.

Sec. 27. Minnesota Statutes 1989 Supplement, section 124.6472, subdivision 2, is amended to read:

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. It also does not apply to a school district that does not participate in the national school lunch program.

Sec. 28. Minnesota Statutes 1989 Supplement, section 124A.22, subdivision 2a, is amended to read:

Subd. 2a. **ELIGIBILITY FOR INCREASE CONTRACT DEADLINE AND PENALTY.** (a) The following definitions apply to this subdivision:

"Public employer" means:

(1) a school district; and

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

(2) a public employer, as defined by section 179A.03, subdivision 15, other than a school district that (i) negotiates a contract under chapter 179A with teachers, and (ii) is established by, receives state money, or levies under chapters 120 to 129B or 136D, or section 275.125.

“Teacher” means a person, other than a superintendent or assistant superintendent, principal, assistant principal, or a supervisor or confidential employee who occupies a position for which the person must be licensed by the board of teaching, state board of education, or state board of vocational technical education.

(b) Notwithstanding subdivision 2 or any other law to the contrary, if a school board public employer and the bargaining unit exclusive representative of the teachers in a school district have not ratified shall both sign a contract by collective bargaining agreement on or before 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 of an even-numbered calendar year. The total amount of money that would have been paid to districts that are not eligible according to this subdivision if a collective bargaining agreement is not signed by that date, state aid paid to the public employer for that fiscal year shall be reduced. However, state aid shall not be reduced if:

(1) a public employer and the exclusive representative of the teachers have submitted all unresolved contract items to interest arbitration according to section 179A.16 before December 31 of an odd-numbered year and filed required final positions on all unresolved items with the commissioner of mediation services before January 15 of an even-numbered year; and

(2) the arbitration panel has issued its decision within 60 days after the date the final positions were filed.

(c) The reduction shall equal \$25 times the number of actual pupil units:

(1) for a school district, that are in the district during that fiscal year; or

(2) for a public employer other than a school district, that are in programs provided by the employer during the preceding fiscal year.

The department of education shall determine the number of full-time equivalent actual pupil units in the programs. The department of education shall reduce general education aid; if general education aid is insufficient or not paid, the department shall reduce other state aids.

(d) Reductions from aid to school districts and public employers other than school districts shall be allocated returned to eligible districts according to the number of actual pupil units in all of the eligible districts the general fund.

Sec. 29. Minnesota Statutes 1988, section 125.12, subdivision 1, is amended to read:

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

Subdivision 1. **TEACHER DEFINED.** A ~~superintendent,~~ principal, supervisor, and classroom teacher and any other professional employee required to hold a license from the state department shall be deemed to be a "teacher" within the meaning of this section. A superintendent is a "teacher" only for purposes of subdivisions 2 and 14.

Sec. 30. Minnesota Statutes 1988, section 125.185, is amended by adding a subdivision to read:

Subd. 10. VARIANCES. Notwithstanding subdivision 9 and section 14.05, subdivision 4, the board of teaching may grant a variance to its rules upon application by a school district for purposes of implementing experimental programs in learning or management.

Sec. 31. Minnesota Statutes 1988, section 125.60, subdivision 2, is amended to read:

Subd. 2. The board of any district may grant an extended leave of absence without salary to any full- or part-time elementary, secondary, or technical institute teacher who has been employed by the district for at least five years and has at least ten years of allowable service, as defined in section 354.05, subdivision 13, or the bylaws of the appropriate retirement association or ten years of full-time teaching service in Minnesota public elementary, secondary, and technical institutes. The maximum duration of an extended leave of absence pursuant to this section shall be determined by mutual agreement of the board and the teacher at the time the leave is granted and shall be at least three but no more than five years. An extended leave of absence pursuant to this section shall be taken by mutual consent of the board and the teacher ~~and may be granted only once.~~ If the school board denies a teacher's request, it shall provide reasonable justification for the denial.

Sec. 32. ~~[126.113]~~ MINNESOTA EDUCATION IN AGRICULTURE COUNCIL.

Subdivision 1. ESTABLISHMENT. The Minnesota education in agriculture council is established to promote education about agriculture.

Subd. 2. GOVERNANCE. The council must be appointed by the governor and has 12 members. One member must be appointed from each congressional district and the remaining members must be appointed at large. Council terms and removal of members are as provided in section 15.0575. Council members may receive reimbursement for expenses only if sources other than a direct legislative appropriation are available to pay the costs of members' reimbursement. The council is governed by an executive board of directors. The council may organize and appoint committees as it considers necessary.

Sec. 33. Minnesota Statutes 1988, section 126.12, subdivision 2, is amended to read:

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

Subd. 2. Except for technical institutes, every Saturday shall be a school holiday, except that school may be held on a Saturday if necessary to meet the requirement in section 124.19 of making a good faith attempt to make up time lost on account of circumstances which were beyond the control of the school board. The school board shall determine the number of school days of each school year on or before April 1 of the calendar year in which such school year commences. The board shall offer all elementary, middle, and secondary school subjects required by the board or the curriculum rules of the state board of education on days other than Saturdays, Sundays, and holidays. On any day of the week the board may provide:

(1) classes or courses at technical colleges;

(2) classes or courses at area learning centers;

(3) classes or courses if necessary to meet the requirement in section 124.19 of making a good faith attempt to make up time lost because of circumstances beyond the control of the school board;

(4) remedial courses;

(5) courses previously taken, but not successfully completed by the pupil for whom the course is being provided;

(6) staff development programs; and

(7) other educational opportunities approved by the commissioner of education.

#### Sec. 34. [129B.79] PARENTAL INVOLVEMENT PROGRAMS.

Subdivision 1. PROGRAM GOALS. The department of education, in consultation with the state curriculum advisory committee, must develop guidelines and model plans for parental involvement programs that will:

(1) engage the interests and talents of parents or guardians in recognizing and meeting the emotional, intellectual, and physical needs of their school-age children;

(2) promote healthy self-concepts among parents or guardians and other family members;

(3) offer parents or guardians a chance to share and learn about educational skills, techniques, and ideas; and

(4) provide creative learning experiences for parents or guardians and their school-age children.

Subd. 2. PLAN CONTENTS. Model plans for a parental involvement program must include at least the following:

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(1) program goals;

(2) means for achieving program goals;

(3) methods for informing parents or guardians, in a timely way, about the program;

(4) strategies for ensuring the full participation of parents or guardians, including those parents or guardians who lack literacy skills or whose native language is not English;

(5) procedures for coordinating the program with kindergarten through grade 12 curriculum, with parental involvement programs currently available in the community, and with other education facilities located in the community;

(6) strategies for training teachers and other school staff to work effectively with parents and guardians;

(7) procedures for parents or guardians and educators to evaluate and report progress toward program goals; and

(8) a mechanism for convening a local community advisory committee composed primarily of parents or guardians to advise a district on implementing a parental involvement program.

Subd. 3. PLAN ACTIVITIES. Activities contained in the model plans must include:

(1) educational opportunities for families that enhance children's learning development;

(2) educational programs for parents or guardians on families' educational responsibilities and resources;

(3) the hiring, training, and use of parental involvement liaison workers to coordinate family involvement activities and to foster communication among families, educators, and students;

(4) curriculum materials and assistance in implementing home and community-based learning activities that reinforce and extend classroom instruction and student motivation;

(5) technical assistance, including training to design and carry out family involvement programs;

(6) parent resource centers;

(7) parent training programs and reasonable and necessary expenditures associated with parents' attendance at training sessions;

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

(8) reports to parents on children's progress;

(9) use of parents as classroom volunteers, tutors, and aides; or

(10) soliciting parents' suggestions in planning, developing and implementing school programs.

Sec. 35. [237.065] RATES FOR SPECIAL SERVICE TO SCHOOLS.

Each telephone company, including a company that has developed an incentive plan under section 237.625, that provides local telephone service in a service area that includes a public school that has classes within the range from kindergarten to 12th grade shall provide, upon request, additional service to the school that is sufficient to ensure access to basic telephone service from each classroom and other areas within the school, as determined by the school board. Each company shall set a flat rate for this additional service that is less than the company's flat rate for an access line for a business and the same as or greater than the company's flat rate for an access line for a residence in the same local telephone service exchange. When a company's flat rates for businesses and residences are the same, the company shall use the residential rate for service to schools under this section. The rate required under this section is available only for a school that installs additional service that includes access to basic telephone service from each classroom and other areas within the school, as determined by the school board.

Sec. 36. Laws 1989, chapter 202, section 6, subdivision 7, is amended to read:

Subd. 7. **PROCEDURES AND RECOMMENDATIONS.** The board shall review and evaluate all proposals and adopt recommendations. The board may recommend rejection of all proposals. The board shall submit its recommendations and copies of proposals to the commissioner of finance. The commissioner of finance ~~shall~~ may contract with an independent evaluator to provide an independent market valuation of the corporation. The commissioner of finance shall review the recommendations of the board and ~~the~~ any independent evaluation. The commissioner of finance shall submit the recommendations of the board of directors, ~~the~~ any independent evaluation, and the recommendations of the commissioner of finance to the legislative auditor. The legislative auditor shall review the recommendations of the board of directors and the commissioner of finance and ~~the~~ any independent evaluation and make its recommendations.

Sec. 37. Laws 1989, chapter 202, section 6, subdivision 8, is amended to read:

Subd. 8. **REPORT TO THE LEGISLATURE.** By January 15, 1990, the recommendations of the board of directors, the commissioner of finance, and the legislative auditor, and ~~the~~ any independent evaluation shall be submitted to the education committees of the legislature.

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

**Sec. 38. TELEPHONE COMPANIES TO SUBMIT RATES.**

Notwithstanding Minnesota Statutes, section 237.07, each telephone company, as defined in Minnesota Statutes, section 237.01, subdivision 2, that is subject to section 33 shall make the service required by section 33 available no later than January 1, 1991, and shall develop proposed rates for the services and submit them to the public utilities commission within 30 days of receipt by the company of a request for service.

**Sec. 39. BADGER SCHOOL DISTRICT BORROWING.**

Subdivision 1. BORROWING AGAINST TAXES PAYABLE. Independent school district No. 676, Badger, may borrow money for the purpose of anticipating general taxes previously levied by the district for school purposes, including taxes on which penalties for nonpayment or delinquency have accrued. Minnesota Statutes, sections 124.71 to 124.76, apply to the borrowing except as provided in this subdivision.

Subd. 2. NO LOCAL APPROVAL. According to Minnesota Statutes, section 645.023, subdivision 1, clause (a), subdivision 1 is effective the day following final enactment without local approval.

**Sec. 40. EFFECTIVE DATE FOR CERTAIN TEACHER EXAMS.**

Notwithstanding any law to the contrary, successful completion of an examination of skills in reading, writing, and mathematics, as required by Minnesota Statutes, section 125.05, subdivision 1, is applicable for all persons applying for initial secondary vocational teaching licenses effective April 8, 1991.

**Sec. 41. AKELEY FUND TRANSFER.**

Notwithstanding Minnesota Statutes, section 121.912, independent school district No. 301, Akeley, may permanently transfer any surplus amount from the capital expenditure fund to the general fund. The transfer is contingent upon independent school district No. 301, Akeley, consolidating under Minnesota Statutes, section 122.23, with independent school district No. 119, Walker. The transfer must take place before the end of the first full fiscal year that the consolidation is in effect. The transfer must be made to the general fund of the consolidated district.

**Sec. 42. HIBBING FUND TRANSFER.**

Notwithstanding Minnesota Statutes, section 121.912, subdivision 1, independent school district No. 701, Hibbing, may permanently transfer the surplus amount in the fund balance account entitled "pupil transportation fund reserved for bus purchases" to the transportation fund.

**Sec. 43. NASHWAUK-KEEWATIN LEVY ADJUSTMENT.**

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

Notwithstanding any other law to the contrary, the commissioner of education shall make a levy adjustment to the levies certified by independent school district No. 319, Nashwauk-Keewatin.

The commissioner shall reduce the district's general fund levy limit by \$163,373 and increase its down payment levy limit under section 124.82 by the same amount for levies certified in the fall of 1989, 1990, 1991, 1992, and 1993.

#### Sec. 44. SCHOOL OF EXCELLENCE.

The board of directors of the Minnesota academic excellence foundation shall include in its 1991 annual report to the education committees of the legislature recommendations for making available to schools and districts state-wide, a Minnesota school of excellence program that contains the following components:

- (1) state standards of excellence;
- (2) criteria for showing improvement in academic performance over time by schools or districts participating in the program;
- (3) a detailed cost analysis of the program;
- (4) an external review process to verify the contents of an application submitted by a participating school or district; and
- (5) a funding mechanism for permitting participating schools or districts to assist other schools or districts interested in participating in the program.

#### Sec. 45. NEGOTIATED INCENTIVE PLAN; PARTICIPATION IN RETIREMENT FUND.

A teacher employed by independent school district No. 709, Duluth, who voluntarily participates in an incentive plan negotiated by the school board and the exclusive representative of the teachers permitting 80 percent payment of salary over a five-year period, during which the teacher works four years and is on leave the fifth year, may receive service credit in the Duluth teachers retirement fund association for the entire five-year period of the incentive plan if the teacher and the employing board make employer and employee contributions for the period based on the annual salary the teacher would have received if teaching in the district during the period without the salary reduction to 80 percent.

#### Sec. 46. REPEALER.

Minnesota Rules, part 3560.0040, subparts 1 and 3, are repealed the day following final enactment.

#### Sec. 47. EFFECTIVE DATES.

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

Section 6 is effective for audited financial statements for fiscal year 1991 and thereafter.

Sections 4, 5, 11, 24, 28, 31, and 46 are effective the day following final enactment.

Sections 21 and 29 apply only to those employment contracts entered into or modified after July 1, 1990.

Section 3 is retroactively effective May 20, 1989.

## ARTICLE 9

### STATE AGENCIES

Section 1. Minnesota Statutes 1989 Supplement, section 129C.10, is amended by adding a subdivision to read:

Subd. 7. PURCHASING INSTRUCTIONAL ITEMS. Technical educational equipment may be procured for programs of the Minnesota center for arts education by the board either by brand designation or in accordance with standards and specifications the board may adopt, notwithstanding chapter 16B.

Sec. 2. Laws 1989, chapter 329, article 12, section 11, is amended to read:

Sec. 11. MINNESOTA CENTER FOR ARTS EDUCATION.

Total Appropriations	\$ 5,800,000	\$ 6,200,000
Approved Complement -	1990	1991
General Fund -	39.0	<del>49.0</del> 53.0
Total -	39.0	<del>49.0</del> <u>53.0</u>

The state complement for the Minnesota center for arts education is increased by 18.0 for the first year and ~~28.0~~ 32.0 the second year.

Any expended balance from the appropriation in this section in 1990 does not cancel but is available in 1991.

Sec. 3. TASK FORCE ON MATHEMATICS, SCIENCE, TECHNOLOGY, AND INTERNATIONAL EDUCATION.

Subdivision 1. MEMBERSHIP. The governor's task force on mathematics, science, technology, and international education shall be comprised of members appointed by the governor, two members appointed by the speaker of the house of representatives, and two members appointed by the subcommittee on committees of the committee on rules and administration of the senate. Either or both members appointed by the speaker and the subcommittee may be members of the legislature or public members.

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

**Subd. 2. TASK FORCE DUTIES.** The governor's task force shall:

(1) assess the current state of mathematics, science, and technology education in Minnesota;

(2) review local, state, federal, and international efforts to improve mathematics, science, and technology education;

(3) study the effectiveness of education programs, including specialized programs in other states, in meeting the scientific, mathematical, and technological education needs of academic, private sector, and research and development organizations;

(4) recommend short- and long-range methods to improve mathematics, science, technology, and international education in Minnesota;

(5) study the feasibility of a resource center and school for mathematics, science, technology, and international education in Minnesota; and

(6) study and make recommendations for integrating international education and world languages with the study of mathematics, science, and technology.

**Subd. 3. MISCELLANEOUS.** The task force shall conduct at least four meetings in greater Minnesota.

The task force may appoint staff as necessary who shall be in the unclassified service. The commissioner of education shall provide office space for the task force staff at no charge to the task force.

Minnesota Statutes, section 15.059, subdivisions 4 and 6, apply to the task force. The task force shall terminate on June 30, 1991.

**Subd. 4. REPORTS.** The task force shall submit a report of its activities to the legislative commission on public education by December 31, 1990. It shall submit a report and recommendations to the education committees of the legislature by January 15, 1991.

**Sec. 4. CARRYOVER OF LEARNER OUTCOME APPROPRIATION.**

Any unexpended fund balance remaining from the amount designated for fiscal year 1990 for identification and integration of learner outcomes, including the amount designated for fiscal year 1990 for the identification and development of vocational career learner outcomes, does not cancel and is available for fiscal year 1991. The amounts carried forward may not be used to establish a larger annual base appropriation for future fiscal years.

**Sec. 5. DEPARTMENT OF EDUCATION REDUCTION.**

The appropriations to the department of education in Laws 1989, article 12, section 9, subdivisions 2 and 3, for fiscal year 1991 are reduced by \$354,000. The commissioner must allocate this reduction within the agency.

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

The state complement for the fiscal year 1991 base must be adjusted to reflect the reduction in appropriations.

The state complement of the vocational education section is increased by 3.5 and the federal complement by 1.0 to replace services for vocational student organizations that had been provided under contract.

Sec. 6. ARTS CENTER REDUCTION.

The appropriation to the Minnesota center for arts education in Laws 1989, article 12, section 11, for fiscal year 1991 is reduced by \$125,000.

Sec. 7. FARIBAULT ACADEMIES REDUCTION.

The appropriation to the Faribault Academies in Laws 1989, article 12, section 10, for fiscal year 1991 is reduced by \$75,000.

Sec. 8. APPROPRIATIONS.

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

Subd. 2. TASK FORCE ON MATHEMATICS, SCIENCE, TECHNOLOGY, AND INTERNATIONAL EDUCATION. For staff and related expenses of the governor's task force on mathematics, science, technology, and international education:

\$100,000 .... 1990.

The appropriation is available until June 30, 1991.

Sec. 9. EFFECTIVE DATE.

Sections 3, 4 and 8 are effective the day following final enactment.

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ARTICLE 10  
TECHNICAL TAX RATE CHANGES

Section 1. Minnesota Statutes 1989 Supplement, section 124.10, subdivision 2, is amended to read:

Subd. 2. The county auditor shall at the time of making the March May and November tax settlements of each year apportion to the several districts the amount received from liquor licenses, fines, estrays, and other sources belonging to the general school fund. The apportionment shall be made in proportion to each district's net tax capacity within the county in the prior year. No district shall receive any part of the money received from liquor licenses unless all sums paid for such licenses in such district are apportioned to the county school fund.

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

Sec. 2. Minnesota Statutes 1989 Supplement, section 124.26, subdivision 8, is amended 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~~ .21 percent times the adjusted net tax capacity of the district for the preceding year for taxes payable in 1991 and thereafter.

Sec. 3. Minnesota Statutes 1989 Supplement, section 124.2713, subdivision 6, is amended to read:

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~~ 1.07 percent times the adjusted net tax capacity of the district for taxes payable in 1991 and thereafter. If the amount of the community education levy would exceed the community education revenue, the community education levy shall equal the community education revenue.

Sec. 4. Minnesota Statutes 1989 Supplement, section 124.575, subdivision 3, is amended to read:

Subd. 3. **LEVY.** 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~~ .78 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. 5. Minnesota Statutes Second 1989 Supplement, section 124.83, subdivision 4, is amended to read:

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

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 lesser of one, or the ratio of:

(1) the quotient derived by dividing (a) the adjusted gross tax capacity for fiscal year 1991, and (b) the adjusted net tax capacity for 1992 and later fiscal years, 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) ~~\$7,128.10~~ \$7,103.60 for fiscal year 1991 and \$5,304 for 1992 and later fiscal years.

Sec. 6. Minnesota Statutes 1989 Supplement, 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 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~~ net 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~~ \$7,258.

Sec. 7. Minnesota Statutes 1989 Supplement, 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 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~~ .10 percent times the adjusted net tax capacity for taxes payable in 1991 and thereafter of the property in the district for the preceding year. The proceeds may be used only to subsidize health insurance costs for eligible teachers as provided in this section.

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

"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. To obtain a subsidy, an eligible teacher must submit to the school district a copy of receipts for health insurance premiums paid. The school district shall disburse the health insurance premium subsidy to each eligible teacher according to a schedule determined by the district, but at least annually. 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. 8. Minnesota Statutes 1989 Supplement, 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) ~~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~~ .54 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. 9. Minnesota Statutes 1989 Supplement, section 275.125, subdivision 9a, is amended to read:

Subd. 9a. **STATUTORY OPERATING DEBT LEVY.** (1) In each year 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 be an amount which is equal to the amount raised by a levy of 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~~ 1.66 percent times the adjusted net tax capacity of the district for the

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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 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~~ 1.66 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. 10. Minnesota Statutes 1989 Supplement, section 275.125, subdivision 9b, is amended to read:

Subd. 9b. **OPERATING DEBT LEVY.** (1) Each year, a district may make an additional levy to eliminate a deficit in the net unappropriated operating funds of the district, determined as of June 30, 1983, and certified and adjusted by the commissioner. This levy may in each year be an amount not to exceed the amount raised by a levy of 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~~ 1.85 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.

(2) The proceeds of this levy shall be used only for cash flow requirements

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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. 11. Minnesota Statutes 1989 Supplement, 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 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~~ 1.85 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. 12. Minnesota Statutes Second 1989 Supplement, section 275.125, subdivision 18, is amended to read:

Subd. 18. **NOTICE OF CERTIFIED LEVIES LEVY INFORMATION.** By September 15 of each year each district shall notify the commissioner of education of the proposed levies in compliance with the levy limitations of this section and chapters 124 ~~and~~, 124A, and 124B. By January 15 of each year each district shall notify the commissioner of education of the final levies certified. The commissioner of education shall prescribe the form of these notifications and may request any additional information necessary to compute certified levy amounts.

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## ARTICLE 11

## MAXIMUM EFFORT

Section 1. [121.155] JOINT POWERS AGREEMENTS FOR EDUCATIONAL FACILITIES.

Any group of districts may form a joint powers district under section 471.59 representing all participating districts to build or acquire a facility to be used for instructional purposes. The joint powers board must submit the project for review and comment under section 121.15. The joint powers board must hold a hearing on the proposal. The joint powers district must submit the question of authorizing the borrowing of funds for the project to the voters of the joint powers district at a special election. The question submitted shall state the total amount of funding needed from all sources. The joint powers board may issue the bonds according to chapter 475 and certify the levy required by section 475.61 only if a majority of those voting on the question vote in the affirmative and only after the school boards of each member district have adopted a resolution pledging the full faith and credit of that district. The resolution shall irrevocably commit that district to pay a proportionate share, based on pupil units, of any debt levy shortages that, together with other funds available, would allow the joint powers board to pay the principal and interest on the obligations. The district's payment of its proportionate share of the shortfall shall be made from the district's capital expenditure fund. The clerk of the joint powers board must certify the vote of the bond election to the commissioner of education.

Sec. 2. Minnesota Statutes 1989 Supplement, 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 receiving a debt service loan for a debt service levy payable in 1991 and thereafter, or granted a capital loan after January 1, 1990, a levy in a total dollar amount computed at a rate of 20 percent of adjusted net tax capacity for taxes payable in 1991 and thereafter;

(b) 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 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~~ 18.42 percent on the adjusted net tax capacity for taxes payable in 1991 and thereafter;

~~(b)~~ (c) 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

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levy in a total dollar amount computed as 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~~ 17.17 percent on the adjusted 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 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 Minnesota Statutes 1988, or an earlier edition of Minnesota Statutes if applicable, section 124.43, subdivision 4.

Sec. 3. Minnesota Statutes 1988, section 124.39, subdivision 3, is amended to read:

Subd. 3. There shall be a capital loan account, out of which loans under section ~~124.43~~ 5 shall be made. There shall be transferred to it from the debt service loan account on October 1 of each year all moneys therein in excess of those required for debt service loans then agreed to be made. There shall be

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transferred from it to the debt service loan account on July 1 of each year all moneys therein in excess of those required for capital loans theretofore agreed to be made.

Sec. 4. Minnesota Statutes 1988, section 124.39, subdivision 4, is amended to read:

Subd. 4. There shall be a loan repayment account, into which shall be paid all principal and interest paid by school districts on debt service loans and capital loans made under section 124.42 or ~~124.43~~ 5. The state's cost of administering the maximum effort school aid law shall be paid out of this account, to an amount not exceeding \$10,000 in any year. As soon as possible in each year after the committee has determined the ratio existing between the correct market value of all taxable property in each school district in the state and the "market value in money" of such property as recorded in accordance with section 270.13, the commissioner of revenue shall cause a list of all such ratios to be prepared. The clerical costs of preparation of such list shall be paid as a cost of administration of the maximum effort school aid law. The documents division of the department of administration may publish and sell copies of such list. There shall be transferred out of the loan repayment account to the state bond fund the sums required to pay the principal of and interest on all school loan bonds as provided in section 124.46.

#### Sec. 5. [124.431] CAPITAL LOANS.

Subdivision 1. CAPITAL LOAN REQUESTS AND USES. Capital loans are available only to qualifying districts. Capital loans must not be used for the construction of swimming pools, ice arenas, athletic facilities, auditoriums, day care centers, bus garages, or heating system improvements. Proceeds of the loans may be used only for sites for education facilities and for acquiring, bettering, furnishing, or equipping education facilities. Contracts must be entered into within 18 months after the date on which each loan is granted.

Subd. 2. DISTRICT REQUEST FOR REVIEW AND COMMENT. A school district or a joint powers district that intends to apply for a capital loan must submit a proposal to the commissioner for review and comment according to section 121.15 on or before July 1. The commissioner must prepare a review and comment on the proposed facility, regardless of the amount of the capital expenditure required to construct the facility. In addition to the information provided under section 121.15, subdivision 7, the commissioner shall consider the following criteria in determining whether to make a positive review and comment.

(a) To grant a positive review and comment the commissioner must determine that all of the following conditions are met:

(1) the facilities are needed for pupils for whom no adequate facilities exist or will exist;

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(2) the district will serve, on average, at least 80 pupils per grade or is eligible for sparsity revenue;

(3) no form of cooperation with another district would provide the necessary facilities;

(4) the facilities are comparable in size and quality to facilities recently constructed in other districts that have similar enrollments;

(5) the facilities are comparable in size and quality to facilities recently constructed in other districts that are financed without a capital loan;

(6) the district is projected to maintain or increase its average daily membership over the next five years or is eligible for sparsity revenue;

(7) the current facility poses a threat to the life, health, and safety of pupils, and cannot reasonably be brought into compliance with fire, health, or life safety codes;

(8) the district has made a good faith effort, as evidenced by its maintenance expenditures, to adequately maintain the existing facility during the previous ten years and to comply with fire, health, and life safety codes and state and federal requirements for handicapped accessibility; and

(9) evaluations by school boards of adjacent districts have been received.

(b) The commissioner may grant a negative review and comment if:

(1) the state demographer has examined the population of the communities to be served by the facility and determined that the communities have not grown during the previous five years;

(2) the state demographer determines that the economic and population bases of the communities to be served by the facility are not likely to grow or to remain at a level sufficient, during the next ten years, to ensure use of the entire facility;

(3) the need for facilities could be met within the district or adjacent districts at a comparable cost by leasing, repairing, remodeling, or sharing existing facilities or by using temporary facilities;

(4) the district plans do not include cooperation and collaboration with health and human services agencies and other political subdivisions; or

(5) if the application is for new construction, an existing facility that would meet the district's needs could be purchased at a comparable cost from any other source within the area.

**Subd. 3. MULTIPLE DISTRICT PROPOSALS; REVIEW AND COMMENT.** In addition to the requirements of subdivision 2, the commissioner may use additional requirements to determine a positive review and comment on projects that are designed to serve more than one district. These requirements may include:

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(1) reducing or increasing the number of districts that plan to use the facility;

(2) location of the facility; and

(3) formation of a joint powers agreement among the participating districts.

Subd. 4. ADJACENT DISTRICT COMMENTS. The district shall present the proposed project to the school board of each adjacent district at a public meeting of that district. The board of an adjacent district shall make a written evaluation of how the project will affect the future education and building needs of the adjacent district. The board shall submit the evaluation to the applying district within 30 days of the meeting.

Subd. 5. DISTRICT APPLICATION FOR CAPITAL LOAN. The school board of a district desiring a capital loan shall adopt a resolution stating the amount proposed to be borrowed, the purpose for which the debt is to be incurred, and an estimate of the dates when the facilities for which the loan is requested will be contracted for and completed. Applications for loans must be accompanied by a copy of the adopted board resolution and copies of the adjacent district evaluations. The evaluation shall be retained by the commissioner as part of a permanent record of the district submitting the evaluation.

Applications must be in the form and accompanied by the additional data required by the commissioner. Applications must be received by the commissioner by November 1. A district must resubmit an application each year. Capital loan applications that do not receive voter approval or are not approved in law cancel July 1 of the year following application. When an application is received, the commissioner shall obtain from the commissioner of revenue the information in the revenue department's official records that is required to be used in computing the debt limit of the district under section 475.53, subdivision 4.

Subd. 6. STATE BOARD REVIEW; DISTRICT PROPOSALS. By January 1 of each year, the state board must review all applications for capital loans that have received a positive review and comment. When reviewing applications, the state board shall consider whether the criteria in subdivision 2 have been met. The state board may not approve an application if all of the required deadlines have not been met. The state board may either approve or reject an application for a capital loan.

Subd. 7. RECOMMENDATIONS OF THE COMMISSIONER. The commissioner shall examine and consider applications for capital loans that have been approved by the state board of education, and promptly notify any district rejected by the state board of the state board's decision.

The commissioner shall report each capital loan that has been approved by the state board and that has received voter approval to the education committees of the legislature by February 1 of each year. The commissioner must not report a capital loan that has not received voter approval. The commissioner shall also report on the money remaining in the capital loan account and, if necessary, request that another bond issue be authorized.

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Subd. 8. LOAN AMOUNT LIMITS. (a) A loan must not be recommended for approval for a district exceeding an amount computed as follows:

(1) the amount requested by the district under subdivision 5;

(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 305 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 305 percent of its adjusted net tax capacity as most recently determined, whichever is less;

(4) less any amount by which the amount voted exceeds the total cost of the facilities for which the loan is granted.

(b) The loan may be approved in an amount computed as provided in paragraph (a), clauses (1) to (3), subject to later reduction according to paragraph (a), clause (4).

Subd. 9. LEGISLATIVE ACTION. Each capital loan must be approved in a law.

If the aggregate amount of the capital loans exceeds the amount that is or can be made available, the commissioner shall allot the available amount among any number of qualified applicant districts, according to the commissioner's judgment and discretion, based upon the districts' respective needs.

Subd. 10. DISTRICT REFERENDUM. After receipt of the review and comment on the project and before February 1, the question authorizing the borrowing of money for the facilities must be submitted by the school board to the voters of the district at a regular or special election. The question submitted must state the total amount to be borrowed from all sources. Approval of a majority of those voting on the question is sufficient to authorize the issuance of the obligations on public sale in accordance with chapter 475. The face of the ballot must include the following statement: "APPROVAL OF THIS QUESTION DOES NOT GUARANTEE THAT THE SCHOOL DISTRICT WILL RECEIVE A CAPITAL LOAN FROM THE STATE. THE LOAN MUST BE APPROVED BY THE STATE LEGISLATURE AND IS DEPENDENT ON AVAILABLE FUNDING." The district shall mail to the commissioner of education a certificate by the clerk showing the vote at the election.

Subd. 11. CONTRACT. Each capital loan must be evidenced by a contract between the school district and the state acting through the commissioner. The contract must obligate the state to reimburse the district, from the maximum effort school loan fund, for eligible capital expenses for construction of the facility for which the loan is granted, an amount computed as provided in

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subdivision 8. The commissioner must receive from the school district a certified resolution of the school board estimating the costs of construction and reciting that contracts for construction of the facilities for which the loan is granted have been awarded and that bonds of the district have been issued and sold in the amount necessary to pay all estimated costs of construction in excess of the amount of the loan. The contract must obligate the district to repay the loan out of the excesses of its maximum effort debt service levy over its required debt service levy, including interest at a rate equal to the weighted average annual rate payable on Minnesota state school loan bonds issued for the project and disbursed to the districts on a reimbursement basis, but in no event less than 3-1/2 percent per year on the principal amount from time to time unpaid. The district shall each year, as long as it is indebted to the state, levy for debt service (a) the amount of its maximum effort debt service levy or (b) the amount of its required debt service levy, whichever is greater, except as the required debt service levy may be reduced by a loan under section 124.42. On November 20 of each year each district having an outstanding capital loan shall compute the excess amount in the debt redemption fund. The commissioner shall prescribe the form and calculation to be used in computing the excess amount. A completed copy of this form shall be sent to the commissioner before December 1 of each year. The commissioner may recompute the excess amount and shall promptly notify the district of the recomputed amount. On December 15 of each year, the district shall remit to the commissioner an amount equal to the excess amount in the debt redemption fund. When the maximum effort debt service levy is greater, the district shall remit to the commissioner within ten days after its receipt of the last regular tax distribution in each year, that part of the debt service tax collections, including penalties and interest that exceeded the required debt service levy. The commissioner shall supervise the collection of outstanding accounts due the fund and may, by notice to the proper county auditor, require the maximum levy to be made as required in this subdivision. Interest on capital loans must be paid on December 15 of the year after the year the loan is granted and annually in later years. On or before September 1 in each year the commissioner shall notify the county auditor of each county containing taxable property situated within the school district of the amount of the maximum effort debt service levy of the district for that year. The county auditor or auditors shall extend upon the tax rolls an ad valorem tax upon all taxable property within the district in the aggregate amount so certified.

Subd. 12. LOAN FORGIVENESS. If any capital loan is not paid within 50 years after it is granted from maximum effort debt service levies in excess of required debt service levies, the liability of the school district on the loan is satisfied and discharged and interest on the loan ceases.

Subd. 13. PARTICIPATION BY COUNTY AUDITOR; RECORD OF CONTRACT; PAYMENT OF LOAN. The school district shall file a copy of the capital loan contract with the county auditor of each county in which any part of the district is situated. The county auditor shall enter the capital loan, evidenced by the contract, in the auditor's bond register. The commissioner shall

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keep a record of each capital loan and contract showing the name and address of the district, the date of the contract, and the amount of the loan initially approved. On receipt of the resolution required in subdivision 11, the commissioner shall issue warrants, which may be dispersed in accordance with the schedule in the contract, on the capital loan account for the amount that may be disbursed under subdivision 1. Interest on each disbursement of the capital loan amount accrues from the date on which the state treasurer issues the warrant.

Subd. 14. BOND SALE LIMITATIONS. A district having an outstanding state loan must not issue and sell any bonds on the public market, except to refund state loans, unless it agrees to make the maximum effort debt service levy in each later year at the higher rate provided in section 124.38, subdivision 7, and unless it schedules the maturities of the bonds according to section 475.54, subdivision 2. The district shall report each sale to the commissioner of education.

After a district's capital loan has been outstanding for 20 years, the district must not issue bonds on the public market except to refund the loan.

Sec. 6. Minnesota Statutes 1988, section 475.51, subdivision 4, is amended to read:

Subd. 4. "Net debt" means the amount remaining after deducting from its gross debt the amount of current revenues which are applicable within the current fiscal year to the payment of any debt and the aggregate of the principal of the following:

(1) Obligations issued for improvements which are payable wholly or partly from the proceeds of special assessments levied upon property specially benefited thereby, including those which are general obligations of the municipality issuing them, if the municipality is entitled to reimbursement in whole or in part from the proceeds of the special assessments.

(2) Warrants or orders having no definite or fixed maturity.

(3) Obligations payable wholly from the income from revenue producing conveniences.

(4) Obligations issued to create or maintain a permanent improvement revolving fund.

(5) Obligations issued for the acquisition, and betterment of public waterworks systems, and public lighting, heating or power systems, and of any combination thereof or for any other public convenience from which a revenue is or may be derived.

(6) Debt service loans and capital loans made to a school district under the provisions of sections 124.42 and ~~124.43~~ 5.

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(7) Amount of all money and the face value of all securities held as a debt service fund for the extinguishment of obligations other than those deductible under this subdivision.

(8) Obligations to repay loans made under section 216C.37.

(9) Obligations to repay loans made from money received from litigation or settlement of alleged violations of federal petroleum pricing regulations.

(10) All other obligations which under the provisions of law authorizing their issuance are not to be included in computing the net debt of the municipality.

Sec. 7. Minnesota Statutes 1989 Supplement, section 475.62, is amended to read:

#### 475.62 REGISTER.

Each county auditor shall keep a register in which shall be entered, as to each issue of such obligations by any municipality located, in whole or in part, in the county, a record of the aggregate amount authorized, the aggregate amount issued, the purpose for which issued, the number, denomination, date, and maturity of each, the rate of interest, the time of payment, the place of payment of principal and interest, and the amount of tax levied for the payment thereof. The auditor shall also enter in said register the date and amount of each debt service loan and capital loan made by the state to any school district situated wholly or partly within the county, in accordance with section 124.42, subdivision 2, or section ~~124.43~~ 5, subdivision ~~5~~ 13, and shall enter on or before November 1 in each year thereafter the amount of the maximum effort debt service levy and the additional amount of the levy for interest on state loans to be extended on the tax rolls in that year, as certified by the commissioner of education in accordance with section 124.42, subdivision 4, and section ~~124.43~~ 5, subdivision ~~4~~ 11. In each such year the auditor shall extend on the tax rolls against all taxable property within each such district either (a) the aggregate amount of all tax levies required by section 475.61 to be so extended in such year, less the principal amount of any new debt service loan granted in the current year, or (b) the maximum effort debt service levy of the district as certified by the commissioner of education, if greater than the levy required by the preceding clause (a); adding in either case (c) the amount of the levy for interest on state loans as certified by the commissioner of education, including interest on any new debt service loan granted in the current year. If the school district is situated in more than one county, the aggregate levy shall be apportioned among the counties as provided in section 475.61, subdivision 2, by the county auditor of the county in which is situated the largest portion by net tax capacity of the taxable property within the school district.

#### Sec. 8. 1990 LOAN APPLICATIONS.

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Notwithstanding section 5, subdivision 5, or any other law to the contrary, a capital loan application and the state board approval of a capital loan for independent school districts No. 115, Cass Lake; No. 192, Farmington; No. 213, Osakis; No. 345, New London-Spicer; No. 390, Lake of the Woods; No. 484, Pierz; No. 533, Dover-Eyota; No. 682, Roseau; No. 748, Sartell; and No. 885, St. Michael-Albertville, does not cancel until July 1, 1995. Applications for capital loans approved by the state board before February 15, 1990, for the school districts listed do not need to meet the criteria in section 5, subdivision 2. Except for emergency requests, the school districts listed in this section shall be the top priority for funding capital loans until July 1, 1995.

**Sec. 9. HOLDINGFORD CAPITAL LOAN.**

Subdivision 1. TIME EXTENSION. Notwithstanding Minnesota Statutes, section 124.43, subdivision 1, independent school district No. 738, Holdingford, may enter into construction contracts for facilities for which a capital loan was granted within 24 months after the date the capital loan was granted.

Subd. 2. LOCAL APPROVAL. Subdivision 1 is effective for independent school district No. 738 the day following compliance with Minnesota Statutes, section 645.021, subdivision 3, by the school board of the district.

**Sec. 10. ALTERNATIVE LOAN LIMITATION.**

Notwithstanding section 5, subdivision 8, a maximum effort loan amount computed under section 5, subdivision 8, for districts listed in section 8 shall not be less than 85 percent of the loan amount that would be granted if the qualifying percentage rate used was 245 percent of adjusted net tax capacity.

**Sec. 11. REPEALER.**

Minnesota Statutes 1988, section 124.43, subdivisions 2, 3, 3a, 3b, 4, 5, and 6; and Minnesota Statutes 1989 Supplement, section 124.43, subdivision 1, are repealed. The validity of bonds issued to fund loans issued under Minnesota Statutes 1988, section 124.43 or earlier law is not impaired. Districts obligated under contracts entered into under Minnesota Statutes 1988, section 124.43 or earlier law remain obligated until the obligations end under the terms of the contract. Section 10 is repealed July 1, 1995.

**Sec. 12. EFFECTIVE DATE.**

Sections 1 to 11 are effective the day after final enactment.

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**ARTICLE 12**  
**RURAL HEALTH CARE**

**Section 1. SUMMER HEALTH CARE INTERNS.**

Subdivision 1. SUMMER INTERNSHIPS. The commissioner of education shall award grants to eligible districts or groups of districts to establish a summer health care intern program in the summer of 1991 for pupils who intend to complete high school graduation requirements and who are between their junior year and senior year of high school. The purpose of the program is to expose interested high school pupils to various careers within the health care profession.

Subd. 2. CRITERIA. The commissioner, with the advice of the Minnesota medical association and the Minnesota hospital association, shall establish criteria for awarding grants to districts or groups of districts that have juniors enrolled in high school who are interested in pursuing a career in the health care profession. The criteria must include, among other things:

(1) the proximity of a district or districts to a hospital or clinic willing to participate in the program;

(2) the kinds of formal exposure to the health care profession a hospital or clinic can provide to a pupil;

(3) the need for health care professionals in a particular area; and

(4) the willingness of a hospital or clinic to pay one-half the costs of employing a pupil.

The Minnesota medical association and the Minnesota hospital association jointly must provide the commissioner by January 31, 1991, with a list of hospitals and clinics willing to participate in the program and what provisions those hospitals or clinics will make to ensure a pupil's adequate exposure to the health care profession, and indicate whether a hospital or clinic is willing to pay one-half the costs of employing a pupil.

Subd. 3. GRANTS. The commissioner shall award grants to districts or groups of districts meeting the requirements of subdivision 2. The grants must be used to pay one-half of the costs of employing a pupil in a hospital or clinic during the course of the program. No more than five pupils may be selected from any one high school to participate in the program and no more than one-half of the number of pupils selected may be from the seven-county metropolitan area.

Subd. 4. EVALUATION. The commissioner, in cooperation with the Minnesota medical association and the Minnesota hospital association, shall evaluate the summer health care intern program and recommend to the education committees of the legislature by February 15, 1992, whether or not the program should be continued and, if so, under what circumstances.

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Sec. 2. **APPROPRIATION.**

\$100,000 is appropriated from the general fund to the department of education in fiscal year 1991 to provide grants for the summer health care intern program under section 1.

Presented to the governor April 26, 1990

Signed by the governor April 27, 1990, 9:52 a.m.

**CHAPTER 563—S.F.No. 2030**

*An act relating to traffic regulations; requiring annual inspections of commercial motor vehicles; providing for the certification of persons to conduct annual inspections; requiring daily pretrip inspections; requiring post-accident inspections; prescribing fees; providing penalties; appropriating money; amending Minnesota Statutes 1988, sections 221.031, subdivision 1, and by adding a subdivision; 221.221, subdivisions 2 and 3; and 221.605, subdivision 1; Minnesota Statutes 1989 Supplement, section 221.031, subdivision 2a; proposing coding for new law in Minnesota Statutes, chapter 169.*

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

**Section 1. [169.781] ANNUAL INSPECTION OF COMMERCIAL MOTOR VEHICLES.**

Subdivision 1. DEFINITIONS. For purposes of sections 1 to 3:

(a) "Commercial motor vehicle" means:

(1) a commercial motor vehicle as defined in section 169.01, subdivision 75, paragraph (a); and

(2) each vehicle in a combination drawn by a commercial motor vehicle.

"Commercial motor vehicle" does not include a school bus displaying a certificate under section 169.451, or a bus operated by the metropolitan transit commission created in section 473.404 or by a local transit commission created in chapter 458A.

(b) "Commissioner" means the commissioner of public safety.

(c) "Owner" means a person who owns, or has control, under a lease of more than 30 days' duration, of one or more commercial motor vehicles.

Subd. 2. INSPECTION REQUIRED. It is unlawful for a person to operate or permit the operation of a commercial motor vehicle registered in Minnesota unless the vehicle displays a valid safety inspection decal issued by an inspector certified by the commissioner.

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