

CHAPTER 224—H.F.No. 350

An act relating to education; prekindergarten through grade 12; providing for general education revenue; transportation; special programs; community programs; facilities; organization and cooperation; commitment to excellence; other education programs; miscellaneous provisions; libraries; state agencies; and realignment of responsibilities; mandate repeals; conforming references to repealed law; appropriating money; amending Minnesota Statutes 1992, sections 3.873, subdivisions 4, 5, 6, 7, and 9; 6.65; 89.35, subdivision 2; 120.06, subdivision 3; 120.062, subdivisions 5 and 9; 120.0621; 120.064, subdivisions 1, 3, 4, 5, 8, 9, 11, 16, 18, 21, and by adding a subdivision; 120.0751; 120.101, subdivisions 5 and 5b; 120.102, subdivision 1; 120.17, subdivisions 2, 3, 7a, 11a, 11b, 12, 14, 15, and by adding subdivisions; 120.73, subdivision 1; 120.75; 121.11, subdivisions 5, 7, 12, and by adding subdivisions; 121.14; 121.15, subdivision 4; 121.16, subdivision 1, and by adding a subdivision; 121.201, subdivision 1; 121.585, subdivision 2; 121.612, subdivisions 2 and 4; 121.831; 121.88, subdivisions 1 and 7; 121.882, subdivision 2b; 121.904, subdivisions 4a and 14; 121.906; 121.908, subdivisions 1, 2, and 6; 121.912, subdivision 6, and by adding a subdivision; 121.9121, subdivisions 1, 2, and 4; 121.931, subdivision 5; 121.932, subdivision 3; 121.935, subdivisions 2 and 5; 121.936, subdivisions 4 and 4a; 122.22, by adding a subdivision; 122.23, subdivision 18, and by adding a subdivision; 122.241, subdivision 3; 122.242, subdivision 9; 122.243, subdivisions 1 and 2; 122.247, subdivision 3; 122.895, subdivision 2, and by adding subdivisions; 123.33, by adding a subdivision; 123.34, subdivisions 9 and 10; 123.35, subdivisions 1 and 17; 123.351, subdivisions 6, 8, and 9; 123.3513; 123.3514, subdivisions 5, 6, 6b, 6c, and 8; 123.36, by adding a subdivision; 123.39, by adding subdivisions; 123.58, subdivisions 6, 7, 8, and 9; 123.702, subdivisions 1, 1a, 1b, 3, 4, and 5; 123.7045; 123.71, subdivision 1; 123.80, subdivision 1; 123.932, subdivision 7; 123.935, subdivision 7; 123.947; 123.951; 124.09; 124.10, subdivision 1; 124.14, subdivisions 1 and 4; 124.155, subdivision 2; 124.17, subdivisions 1, 2c, and by adding a subdivision; 124.19, subdivisions 1, 4, and 5; 124.195, subdivisions 8, 9, and 10; 124.2131, subdivision 1; 124.223, subdivision 3; 124.225, subdivisions 1, 3a, 7b, 7d, 7e, and 10; 124.226, subdivisions 3, 9, and by adding a subdivision; 124.243, subdivisions 1, 2, 2a, 6, 8, and by adding a subdivision; 124.244, subdivision 1; 124.245, subdivision 6; 124.248, subdivision 4; 124.26, subdivisions 1c and 2; 124.2601, subdivisions 4 and 6; 124.2615, subdivisions 2 and 3; 124.2711, subdivisions 1, 2, 2a, and by adding a subdivision; 124.2713, subdivisions 2, 5, 6, and by adding subdivisions; 124.2714; 124.2716; 124.2725, subdivisions 1, 2, 4, 5, 6, 9, 10, and 13; 124.2727; 124.273, subdivision 1b, and by adding a subdivision; 124.276, subdivision 3; 124.32, subdivisions 1b, 1d, and by adding subdivisions; 124.321, subdivisions 1 and 2; 124.322, subdivisions 2, 3, 4, and by adding a subdivision; 124.37; 124.38, by adding a subdivision; 124.431, subdivisions 1, 1a, 2, and 14; 124.48, subdivisions 1 and 3; 124.494, subdivisions 1, 2, and by adding a subdivision; 124.573, subdivision 2b; 124.574, subdivision 2b, and by adding subdivisions; 124.625; 124.73, subdivision 1; 124.83, subdivisions 1, 2, 4, 6, and by adding a subdivision; 124.85, subdivisions 1, 4, and 5; 124.91, subdivisions 3 and 5; 124.912, subdivisions 2, 3, and by adding a subdivision; 124.914, by adding a subdivision; 124.916, subdivisions 2 and 3; 124.95, subdivisions 1, 2, 2a, and 3; 124.961; 124A.029, subdivision 4; 124A.03, subdivisions 1c, 1f, 1g, and by adding a subdivision; 124A.036, subdivision 5; 124A.04, subdivision 2; 124A.22, subdivisions 2, 4, 5, 6, 8, and 9; 124A.23, subdivisions 1 and 5; 124A.24; 124A.26, subdivision 1, and by adding a subdivision; 124A.27, subdivision 2; 124A.291; 124A.70; 124C.08, subdivisions 1 and 2; 124C.09; 125.032, subdivision 2; 125.05, subdivision 1a; 125.12, subdivisions 3b and 4b;

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125.138; 125.17, subdivisions 2b and 3b; 125.185, subdivisions 4 and 6; 125.1885, subdivision 3; 125.189; 126.151, subdivision 2; 126.22, subdivisions 2, 3, 3a, 4, and 8; 126.239, subdivision 3; 126.267; 126.52, subdivisions 8 and 9; 126.54, subdivisions 1 and 3; 126.56, subdivisions 4a and 7; 126.665; 126.67, subdivision 8; 126.70; 126A.07, subdivision 1; 127.15; 127.20; 127.455; 127.46; 128A.024, subdivision 2; 128A.03, subdivision 2; 128B.10, subdivision 1; 128C.02, by adding a subdivision; 134.31, subdivisions 1, 2, and 5; 134.32, subdivision 8; 136C.04, subdivision 6; 144.29; 144.4165; 171.29, subdivision 2; 273.13, subdivision 23; 273.1398, subdivisions 1 and 2a; 275.065, subdivision 6; 275.48; 298.28, subdivision 4; 471.88, by adding a subdivision; 473F.02, by adding a subdivision; 475.61, subdivision 3; and 609.685, subdivision 3, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 4; 121; 124; 124A; 124C; 125; 126; and 128A; repealing Minnesota Statutes 1992, sections 120.095; 120.101, subdivisions 5a and 5b; 120.75, subdivision 2; 120.80, subdivision 2; 121.11, subdivisions 6, 13, 15, and 16; 121.165; 121.19; 121.49; 121.585, subdivision 3; 121.609; 121.883; 121.90; 121.901; 121.902; 121.904, subdivisions 5, 6, 8, 9, 10, 11a, and 11c; 121.908, subdivision 4; 121.9121, subdivisions 3 and 5; 121.93, subdivision 5; 121.931, subdivisions 6, 6a, 7, and 8; 121.934; 121.936, subdivisions 1, 2, and 3; 121.937; 121.94; 121.941; 121.942; 121.943; 123.33, subdivisions 10, 14, 15, and 16; 123.35, subdivision 14; 123.352; 123.36, subdivisions 2, 3, 4, 4a, 6, 8, 9, and 12; 123.40, subdivisions 4 and 6; 123.61; 123.67; 123.709; 123.744; 124.19, subdivisions 1, 1b, 6, and 7; 124.195, subdivision 13; 124.2721; 124.2725, subdivision 8; 124.32, subdivision 5; 124.331; 124.332; 124.333; 124.573, subdivisions 2c and 2d; 124.575, subdivisions 2 and 4; 124.615; 124.62; 124.64; 124.645; 124.67; 124.68; 124.69; 124.79; 124.912, subdivisions 4 and 5; 124A.27, subdivision 1; 125.12, subdivisions 3a and 4a; 125.17, subdivisions 2a and 3a; 125.185, subdivision 4a; 126.02; 126.025; 126.031; 126.06; 126.08; 126.09; 126.111; 126.112; 126.12, subdivision 2; 126.20, subdivision 4; 126.22, subdivision 2a; 126.24; 126.268; 126.662; 126.663; 126.664; 126.665; 126.666; 126.67; 126.68; 126A.01; 126A.02; 126A.03; 126A.04; 126A.05; 126A.07; 126A.08; 126A.09; 126A.10; 126A.11; 126A.12; 128B.03, subdivision 2; and 145.926.

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

ARTICLE 1

GENERAL EDUCATION REVENUE

Section 1. Minnesota Statutes 1992, 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 124.914, subdivision 1; 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:

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(1) the May, 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 an amount equal to the levy recognized as revenue in June of the prior year plus 50.0 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) 50.0 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 124.914, subdivision 1, and Laws 1976, chapter 20, section 4; and

(iii) retirement and severance pay pursuant to sections 122.531, subdivision 9, 124.2725, subdivision 15, 124.4945, 124.912, subdivision 1, and 124.916, subdivision 3, 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, and amounts levied pursuant to section 136C.411; and

(v) amounts levied under section 124.755.

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

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

Sec. 2. Minnesota Statutes 1992, section 124.17, subdivision 1, is amended to read:

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

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(a) A prekindergarten pupil with a disability who is enrolled for the entire fiscal year in a program approved by the commissioner and has an individual education plan that requires up to 437 hours of assessment and education services in the fiscal year is counted as one-half of a pupil unit. If the plan requires more than 437 hours of assessment and education services, the pupil is counted as the ratio of the number of hours of assessment and education service to 875, but not more than one.

(b) A prekindergarten pupil with a disability who is enrolled for less than the entire fiscal year in a program approved by the commissioner is counted as the greater of:

(1) one-half times the ratio of the number of instructional days from the date the pupil is enrolled to the date the pupil withdraws to the number of instructional days in the school year; or

(2) the ratio of the number of hours of assessment and education service required in the fiscal year by the pupil's individual education program plan to 875, but not more than one.

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

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

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

(f) A pupil who is in any of grades 1 to 6 is counted as one pupil unit 1.03 pupil unit for fiscal year 1994 and 1.06 pupil unit for fiscal year 1995 and thereafter.

(g) A pupil who is in any of grades 7 to 12 is counted as 1.3 pupil units.

Sec. 3. Minnesota Statutes 1992, section 124.19, subdivision 4, is amended to read:

Subd. 4. In a school where the number of instructional hours in the school day is greater than the number of instructional hours prescribed in the rules of the state board for the school day, the excess number of instructional hours for those days may be included in calculating the required number of days school is in session for purposes of fulfilling the requirements of subdivision 1, provided that ~~the school is in session for not less than 160 days during the school year, and provided that~~ no instructional hours are included from half-day sessions or any school day which has less instructional hours than the number of instructional hours prescribed in the rules of the state board unless the average number

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of instructional hours for all school days in the school year equals or exceeds the number of instructional hours prescribed in the rules of the state board. The district shall notify the department of each adjustment.

Sec. 4. Minnesota Statutes 1992, section 124.2131, subdivision 1, is amended to read:

Subdivision 1. ~~ADJUSTED GROSS TAX CAPACITY; ADJUSTED NET TAX CAPACITY.~~ (a) **COMPUTATION.** The department of revenue shall annually conduct an assessment/sales ratio study of the taxable property in each school district in accordance with the procedures in paragraphs (b) and (c). Based upon the results of this assessment/sales ratio study, the department of revenue shall determine ~~an aggregate equalized gross tax capacity and an aggregate equalized net tax capacity for the various classes of taxable property in each school district, which tax capacity shall be designated as the adjusted gross tax capacity and the adjusted net tax capacity, respectively.~~ The adjusted net tax capacities shall be determined using the net tax capacity percentages in effect for the assessment year following the assessment year of the study. The department of revenue shall make whatever estimates are necessary to account for changes in the classification system. The department of revenue may incur the expense necessary to make the determinations. The commissioner of revenue may reimburse any county or governmental official for requested services performed in ascertaining ~~the adjusted gross tax capacity and the adjusted net tax capacity.~~ On or before March 15 annually, the department of revenue shall file with the chair of the tax committee of the house of representatives and the chair of the committee on taxes and tax laws of the senate a report of ~~adjusted gross tax capacities and adjusted net tax capacities.~~ On or before ~~April 15~~ June 15 annually, the department of revenue shall file its final report on the ~~adjusted gross tax capacities and adjusted net tax capacities established by the previous year's assessment~~ assessments and the current year's net tax capacity percentages with the commissioner of education and each county auditor for those school districts for which the auditor has the responsibility for determination of local tax rates. A copy of the report so filed shall be mailed to the clerk of each district involved and to the county assessor or supervisor of assessments of the county or counties in which each district is located.

(b) **METHODOLOGY.** In making its annual assessment/sales ratio studies, the department of revenue shall use a methodology consistent with the most recent Standard on Assessment Ratio Studies published by the assessment standards committee of the International Association of Assessing Officers. The commissioner of revenue shall supplement this general methodology with specific procedures necessary for execution of the study in accordance with other Minnesota laws impacting the assessment/sales ratio study. The commissioner shall document these specific procedures in writing and shall publish the procedures in the State Register, but these procedures will not be considered "rules" pursuant to the Minnesota administrative procedure act. For purposes of this section, section 270.12, subdivision 2, clause (8), and section 278.05, subdivision 4, the commissioner of revenue shall exclude from the assessment/sales

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ratio study the sale of any nonagricultural property which does not contain an improvement, if (1) the statutory basis on which the property's taxable value as most recently assessed is less than market value as defined in section 273.11, or (2) the property has undergone significant physical change or a change of use since the most recent assessment.

(c) **AGRICULTURAL LANDS.** For purposes of determining the ~~adjusted gross tax capacity and~~ adjusted net tax capacity of agricultural lands for the calculation of ~~adjusted gross tax capacities and~~ adjusted net tax capacities, the market value of agricultural lands shall be the price for which the property would sell in an arms length transaction.

(d) **FORCED SALES.** The commissioner may include forced sales in the assessment/sales ratio studies if it is determined by the commissioner that these forced sales indicate true market value.

(e) **STIPULATED VALUES.** The estimated market value to be used in calculating sales ratios shall be the value established by the assessor before any stipulations resulting from appeals by property owners.

(f) **SALES OF INDUSTRIAL PROPERTY.** Separate sales ratios shall be calculated for commercial property and for industrial property. These two classes shall be combined only in jurisdictions in which there is not an adequate sample of sales in each class.

Sec. 5. Minnesota Statutes 1992, section 124.73, subdivision 1, is amended to read:

Subdivision 1. The board of any school district may borrow money upon negotiable tax anticipation certificates of indebtedness, in the manner and subject to the limitations set forth in sections 124.71 to 124.76, for the purpose of anticipating general taxes theretofore levied by the district for school purposes, but the aggregate of such borrowing under this subdivision shall never exceed \$975 percent of such taxes which are due and payable in the calendar year, and as to which taxes no penalty for nonpayment or delinquency has attached. In determining the amount of taxes due and payable in the calendar year, any amounts paid by the state to replace such taxes, whether paid in that calendar year or not, shall be included.

Sec. 6. [124.755] **STATE PAYMENT OF DEBT OBLIGATION UPON POTENTIAL DEFAULT; REPAYMENT; STATE OBLIGATION NOT DEBT.**

Subdivision 1. DEFINITIONS. For the purposes of this section, the term "debt obligation" means either a tax or aid anticipation certificate of indebtedness or a general obligation bond.

Subd. 2. NOTIFICATIONS; PAYMENT; APPROPRIATION. (a) If a school district believes that it may be unable to make a principal or interest payment on any outstanding debt obligation on the date that payment is due, it

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must notify the commissioner of education of that fact as soon as possible, but not less than 15 working days before the date that principal or interest payment is due. The notice shall include the name of the school district, an identification of the debt obligation issue in question, the date the payment is due, the amount of principal and interest due on the payment date, the amount of principal or interest that the school district will be unable to repay on that date, the paying agent for the debt obligation, the wire transfer instructions to transfer funds to that paying agent, and an indication as to whether a payment is being requested by the district under this section. If a paying agent becomes aware of a potential default, it shall inform the commissioner of education of that fact. After receipt of a notice which requests a payment under this section, after consultation with the school district and the paying agent, and after verification of the accuracy of the information provided, the commissioner of education shall notify the commissioner of finance of the potential default.

(b) Except as provided in subdivision 9, upon receipt of this notice from the commissioner of education, which must include a final figure as to the amount due that the school district will be unable to repay on the date due, the commissioner of finance shall issue a warrant and authorize the commissioner of education to pay to the paying agent for the debt obligation the specified amount on or before the date due. The amounts needed for the purposes of this subdivision are annually appropriated to the department of education from the state general fund.

(c) The departments of education and finance shall jointly develop detailed procedures for school districts to notify the state that they have obligated themselves to be bound by the provisions of this section, procedures for school districts and paying agents to notify the state of potential defaults and to request state payment under this section, and procedures for the state to expedite payments to prevent defaults. The procedures are not subject to chapter 14.

Subd. 3. SCHOOL DISTRICT BOUND; INTEREST RATE ON STATE PAID AMOUNT. If, at the request of a school district, the state has paid part or all of the principal or interest due on a school district's debt obligation on a specific date, the school district is bound by all provisions of this section and the amount paid shall bear taxable interest from the date paid until the date of repayment at the state treasurer's invested cash rate as it is certified by the commissioner of finance. Interest shall only accrue on the amounts paid and outstanding less the reduction in aid under subdivision 4 and other payments received from the district.

Subd. 4. PLEDGE OF DISTRICT'S FULL FAITH AND CREDIT. If, at the request of a school district, the state has paid part or all of the principal or interest due on a school district's debt obligation on a specific date, the pledge of the full faith and credit and unlimited taxing powers of the school district to repay the principal and interest due on those debt obligations shall also, without an election or the requirement of a further authorization, become a pledge of the full faith and credit and unlimited taxing powers of the school district to repay to the state the amount paid, with interest. Amounts paid by the state shall be repaid in the order in which the state payments were made.

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Subd. 5. AID REDUCTION FOR REPAYMENT. Except as provided in this subdivision, the state shall reduce the state aid payable to the school district under chapters 124, 124A, and 273, according to the schedule in section 124.155, subdivision 2, by the amount paid by the state under this section on behalf of the school district, plus the interest due on it, and the amount reduced shall revert from the appropriate account to the state general fund. Payments from the school endowment fund or any federal aid payments shall not be reduced. If, after review of the financial situation of the school district, the commissioner of education advises the commissioner of finance that a total reduction of the aids would cause an undue hardship on or an undue disruption of the educational program of the school district, the commissioner of education, with the approval of the commissioner of finance, may establish a different schedule for reduction of those aids to repay the state. The amount of aids to be reduced are decreased by any amounts repaid to the state by the school district from other revenue sources.

Subd. 6. TAX LEVY FOR REPAYMENT. (a) With the approval of the commissioner of education, a school district may levy in the year the state makes a payment under this section an amount up to the amount necessary to provide funds for the repayment of the amount paid by the state plus interest through the date of estimated repayment by the school district. The proceeds of this levy may be used only for this purpose unless they are in excess of the amount actually due, in which case the excess shall be used to repay other state payments made under this section or shall be deposited in the debt redemption fund of the school district. This levy shall be an increase in the levy limits of the school district for purposes of section 275.065, subdivision 6. The amount of aids to be reduced to repay the state shall be decreased by the amount levied. This levy by the school district is not eligible for debt service equalization under section 124.95.

(b) If the state is not repaid in full for a payment made under this section by November 30 of the calendar year following the year in which the state makes the payment, the commissioner of education must require the school district to certify a property tax levy in an amount up to the amount necessary to provide funds for repayment of the amount paid by the state plus interest through the date of estimated repayment by the school district. To prevent undue hardship, the commissioner may allow the district to certify the levy over a five-year period. The proceeds of the levy may be used only for this purpose unless they are in excess of the amount actually due, in which case the excess shall be used to repay other state payments made under this section or shall be deposited in the debt redemption fund of the school district. This levy shall be an increase in the levy limits of the school district for purposes of section 275.065, subdivision 6. If the commissioner orders the district to levy, the amount of aids reduced to repay the state shall be decreased by the amount levied. This levy by the school district is not eligible for debt service equalization under section 124.95 or any successor provision. A levy under this subdivision must be explained as a specific increase at the meeting required under section 275.065, subdivision 6.

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Subd. 7. ELECTION AS TO MANDATORY APPLICATION. A school district may covenant and obligate itself, prior to the issuance of an issue of debt obligations, to notify the commissioner of education of a potential default and to use the provisions of this section to guarantee payment of the principal and interest on those debt obligations when due. If the school district obligates itself to be bound by this section, it shall covenant in the resolution that authorizes the issuance of the debt obligations to deposit with the paying agent three business days prior to the date on which a payment is due an amount sufficient to make that payment or to notify the commissioner of education under subdivision 1 that it will be unable to make all or a portion of that payment. A school district that has obligated itself shall include a provision in its agreement with the paying agent for that issue that requires the paying agent to inform the commissioner of education if it becomes aware of a potential default in the payment of principal or interest on that issue or if, on the day two business days prior to the date a payment is due on that issue, there are insufficient funds to make the payment on deposit with the paying agent. If a school district either covenants to be bound by this section or accepts state payments under this section to prevent a default of a particular issue of debt obligations, the provisions of this section shall be binding as to that issue as long as any debt obligation of that issue remain outstanding. If the provisions of this section are or become binding for more than one issue of debt obligations and a district is unable to make payments on one or more of those issues, it shall continue to make payments on the remaining issues.

Subd. 8. MANDATORY PLAN; TECHNICAL ASSISTANCE. If the state makes payments on behalf of a district under this section or the district defaults in the payment of principal or interest on an outstanding debt obligation, it shall submit a plan to the commissioner of education for approval specifying the measures it intends to implement to resolve the issues which led to its inability to make the payment and to prevent further defaults. The department shall provide technical assistance to the school district in preparing its plan. If the commissioner determines that a school district's plan is not adequate, the commissioner shall notify the school district that the plan has been disapproved, the reasons for the disapproval, and that the state shall not make future payments under this section for debt obligations issued after the date specified in that notice until its plan is approved. The commissioner may also notify the school district that until its plan is approved, other aids due the district will be withheld after a date specified in the notice.

Subd. 9. STATE BOND RATING. If the commissioner of finance determines that the credit rating of the state would be adversely affected thereby, the commissioner shall not issue warrants under subdivision 2 for the payment of principal or interest on any debt obligations for which a school district did not, prior to their issuance, obligate itself to be bound by the provisions of this section.

Sec. 7. Minnesota Statutes 1992, section 124A.03, subdivision 1c, is amended to read:

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Subd. 1c. **REFERENDUM ALLOWANCE LIMIT.** (a) Notwithstanding subdivision 1b, a district's referendum allowance must not exceed the greater of:

- (1) the district's referendum allowance for fiscal year ~~1992~~; 1994; or
- (2) the ~~district's referendum allowance for fiscal year 1993~~;
- (3) ~~30~~ 25 percent of the formula allowance for the fiscal year ~~for which it is attributable~~; or
- (4) ~~for a district that held a successful referendum levy election in calendar year 1991~~, 35 percent of the formula allowance for the fiscal year ~~to which it is attributable~~ 1995 and later.

(b) The allowance calculated in paragraph (a) must be reduced by the amount of the referendum allowance reduction computed in subdivision 3b.

Sec. 8. Minnesota Statutes 1992, section 124A.03, subdivision 1f, is amended to read:

Subd. 1f. **REFERENDUM EQUALIZATION REVENUE.** A district's referendum equalization revenue equals ~~ten percent of the formula allowance~~ \$315 times the district's actual pupil units for that year.

Referendum equalization revenue must not exceed a district's ~~referendum revenue allowance times the district's actual pupil units total referendum revenue~~ for that year.

Sec. 9. Minnesota Statutes 1992, section 124A.03, subdivision 1g, is amended to read:

Subd. 1g. **REFERENDUM EQUALIZATION LEVY.** A district's referendum equalization levy equals the district's referendum equalization revenue times the lesser of one or the ratio of the district's adjusted net tax capacity per actual pupil unit to ~~50~~ 100 percent of the equalizing factor as defined in section 124A.02, subdivision 8.

Sec. 10. Minnesota Statutes 1992, section 124A.03, is amended by adding a subdivision to read:

Subd. 3b. REFERENDUM ALLOWANCE REDUCTION. A district's referendum allowance under subdivision 1c is reduced by the amounts calculated in paragraphs (a), (b), and (c).

(a) The referendum allowance reduction equals the amount by which a district's supplemental revenue reduction exceeds the district's supplemental revenue allowance for fiscal year 1993.

(b) Notwithstanding paragraph (a), if a district's initial referendum allowance is less than ten percent of the formula allowance for that year, the reduction equals the lesser of (1) an amount equal to \$100, or (2) the amount calculated in paragraph (a).

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(c) Notwithstanding paragraph (a) or (b), a school district's referendum allowance reduction equals (1) an amount equal to \$100, times (2) one minus the ratio of 20 percent of the initial referendum allowance limit minus the district's initial referendum allowance limit to 20 percent of the formula allowance for that year if:

(i) the district's adjusted net tax capacity for assessment year 1992 per actual pupil unit for fiscal year 1995 is less than \$3,000;

(ii) the district's net unappropriated operating fund balance as of June 30, 1993, divided by the actual pupil units for fiscal year 1995 is less than \$200;

(iii) the district's supplemental revenue allowance for fiscal year 1993 is equal to zero; and

(iv) the district's initial referendum revenue authority for the current year divided by the district's net tax capacity for assessment year 1992 is greater than ten percent.

Sec. 11. Minnesota Statutes 1992, section 124A.04, subdivision 2, is amended to read:

Subd. 2. **1993 AND LATER.** The training and experience index ~~for fiscal year 1993 and later fiscal years~~ must be constructed in the following manner:

(a) The department shall construct a matrix that classifies teachers by the extent of training received in accredited institutions of higher education and by the years of experience that districts take into account in determining teacher salaries.

(b) The average salary for each cell of the matrix must be computed as follows using data from the second year of the previous biennium:

(1) For each school district, multiply the salary paid to full-time equivalent teachers with that combination of training and experience according to the district's teacher salary schedule by the number of actual pupil units in that district.

(2) Add the amounts computed in clause (1) for all districts in the state and divide the resulting sum by the total number of actual pupil units in all districts in the state that employ teachers.

(c) For each cell in the matrix, compute the ratio of the average salary in that cell to the average salary for all teachers in the state. ~~Cells of the matrix in lanes beyond the master's degree plus 30 credits lane must receive the same ratio as the cells in the master's degree plus 30 credits lane.~~

(d) The index for each district that employs teachers equals the sum of the ratios for each teacher in that district divided by the number of teachers in that district. The index for a district that employs no teachers is zero.

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

Sec. 12. Minnesota Statutes 1992, section 124A.22, subdivision 2, is amended to read:

Subd. 2. **BASIC REVENUE.** The basic revenue for each district equals the formula allowance times the actual pupil units for the school year. The formula allowance for ~~1992 and subsequent~~ fiscal years 1993 and 1994 is \$3,050. The formula allowance for fiscal year 1995 and subsequent fiscal years is \$3,150.

Sec. 13. Minnesota Statutes 1992, section 124A.22, subdivision 4, is amended to read:

Subd. 4. **TRAINING AND EXPERIENCE REVENUE.** (a) ~~For fiscal year 1992,~~ The previous formula training and experience revenue for each district equals the greater of zero or the result of the following computation:

(1) subtract 1.6 from the training and experience index;

(2) multiply the result in clause (1) by the product of \$700 times the actual pupil units for the school year.

(b) ~~For 1993 and later fiscal years,~~ The maximum training and experience revenue for each district equals the greater of zero or the result of the following computation:

(1) subtract .8 from the training and experience index;

(2) multiply the result in clause (1) by the product of ~~\$575~~ \$660 times the actual pupil units for the school year.

(c) ~~For 1993 and later fiscal years, the previous formula training and experience revenue for each district equals the amount of training and experience revenue computed for that district according to the formula used to compute training and experience revenue for fiscal year 1992.~~

(d) ~~For fiscal year 1993, the training and experience revenue for each district equals the district's previous formula training and experience revenue plus one-fourth of the difference between the district's maximum training and experience revenue and the district's previous formula training and experience revenue.~~

(e) For fiscal year 1994, the training and experience revenue for each district equals the district's previous formula training and experience revenue plus one-half of the difference between the district's maximum training and experience revenue and the district's previous formula training and experience revenue.

(f) ~~(d)~~ For fiscal year 1995, the training and experience revenue for each district equals the district's previous formula training and experience revenue plus three-fourths of the difference between the district's maximum training and experience revenue and the district's previous formula training and experience revenue.

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~~(g)~~ (e) For fiscal year 1996 and thereafter, the training and experience revenue for each district equals the district's maximum training and experience revenue.

Sec. 14. Minnesota Statutes 1992, section 124A.22, subdivision 5, is amended to read:

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

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

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

(c) "Attendance area" means the total surface area of the district, in square miles, divided by the number of high schools in the district. For a district that does not operate a high school and is less than 19 miles from the nearest operating high school, the attendance area equals zero.

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

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

(f) "Qualifying elementary school" means an elementary school that is located 19 miles or more from the nearest elementary school or from the nearest elementary school within the district and, in either case, has an elementary average daily membership of an average of 20 or fewer per grade.

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

Sec. 15. Minnesota Statutes 1992, section 124A.22, subdivision 6, is amended to read:

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

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

(b) A newly formed school district that is the result of districts combining under the cooperation and combination program or consolidating under section 122.23 shall receive secondary sparsity revenue equal to the greater of: (1) the amount calculated under paragraph (a) for the combined district; or (2) the sum of the amounts of secondary sparsity revenue the former school districts had in the year prior to consolidation, increased for any subsequent changes in the secondary sparsity formula.

Sec. 16. Minnesota Statutes 1992, section 124A.22, subdivision 8, is amended to read:

Subd. 8. **SUPPLEMENTAL REVENUE.** (a) A district's supplemental revenue allowance for fiscal year ~~1992~~ 1994 and later fiscal years equals the product of the district's supplemental revenue for fiscal year ~~1991~~ times the ratio of:

- (1) 1993 divided by the district's 1991-1992 1992-1993 actual pupil units; to
- (2) the district's 1990-1991 actual pupil units adjusted for the change in secondary pupil unit weighting from 1.35 to 1.3 made in section 124.17, subdivision 1.

(b) If a district's minimum allowance exceeds the sum of its basic revenue, previous formula compensatory education revenue, previous formula training and experience revenue, secondary sparsity revenue, and elementary sparsity revenue per actual pupil unit for a fiscal year, and the excess is less than \$250 per actual pupil unit, the district shall receive supplemental revenue equal to the amount of the excess times the actual pupil units for the school year. If the amount of the excess is more than \$250 per actual pupil unit, the district shall receive the greater of (1) \$250 times the actual pupil units; or (2) the amount of the excess times the actual pupil units less the sum of (i) the difference between the district's training and experience revenue and its previous formula training and experience revenue; and (ii) the difference between the district's compensatory education revenue and its previous formula compensatory education revenue. A district's supplemental revenue allowance is reduced for fiscal year 1995 and later according to subdivision 9.

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(c) A district's supplemental revenue equals the supplemental revenue allowance, if any, times its actual pupil units for that year.

Sec. 17. Minnesota Statutes 1992, section 124A.22, subdivision 9, is amended to read:

Subd. 9. **DEFINITION FOR SUPPLEMENTAL REVENUE REDUCTION.** (a) The definition in this subdivision applies only to subdivision 8.

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

(1) the district's general education revenue for fiscal year 1992, according to subdivision 4, divided by

(2) the district's 1991-1992 actual pupil units. A district's supplemental revenue allowance is reduced by the sum of:

(1) the sum of one-fourth of the difference of:

(i) the sum of the district's training and experience revenue and compensatory revenue per actual pupil unit for that fiscal year, and

(ii) the sum of district's training and experience revenue and compensatory revenue per actual pupil unit for fiscal year 1994; and

(2) the difference between the formula allowance for the current fiscal year and \$3,050.

A district's supplemental revenue allowance may not be less than zero.

Sec. 18. [124A.225] **LEARNING AND DEVELOPMENT REVENUE AMOUNT AND USE.**

Subdivision 1. REVENUE. Of a district's general education revenue an amount equal to the sum of the number of elementary pupil units defined in section 124.17, subdivision 1, clause (f) and kindergarten pupil units as defined in section 124.17, subdivision 1, clause (e), times .03 for fiscal year 1994 and .06 for fiscal year 1995 and thereafter times the formula allowance must be reserved according to this section. A district that is not subject to a supplemental revenue reduction under section 17 or a referendum revenue reduction under section 10 must reserve an additional amount of revenue equal to \$100 times the district's actual pupil units times the ratio of the district's elementary average daily membership to the district's average daily membership according to this section. The revenue must be placed in a learning and development reserved account and may only be used according to this section. The ratio for fiscal year 1995 is adjusted by adding an amount equal to the ratio of the difference between the formula allowance for fiscal year 1995 minus 3,150 to 10,000.

Subd. 2. INSTRUCTOR DEFINED. Primary instructor means a public employee licensed by the board of teaching whose duties are full-time instruc-

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tion, excluding a teacher for whom categorical aids are received pursuant to sections 124.273 and 124.32. Except as provided in section 125.230, subdivision 6, instructor does not include supervisory and support personnel, except school social workers as defined in section 125.03. An instructor whose duties are less than full-time instruction must be included as an equivalent only for the number of hours of instruction in grades K through 6.

Subd. 3. INSTRUCTION CONTACT TIME. Instruction may be provided by a primary instructor, by a team of instructors, or by teacher resident supervised by a primary instructor. The district must maximize instructor to learner average instructional contact time.

Subd. 4. REVENUE USE. Revenue shall be used to reduce and maintain the district's instructor to learner ratios in kindergarten through grade 6 to a level of 1 to 17 on average. The district must prioritize the use of the revenue to attain this level initially in kindergarten and grade 1 and then through the subsequent grades as revenue is available. The revenue may be used to prepare and use an individualized learning plan for each learner. A district must not increase the district wide instructor-learner ratios in other grades as a result of reducing instructor-learner ratios in kindergarten through grade 6. Revenue may not be used to provide instructor preparation time or to provide the district's share of revenue required under section 124.311. Revenue may be used to continue employment for nonlicensed staff employed in the district on the effective date of this act under Minnesota Statutes 1992, section 123.331, subdivision 2.

Subd. 5. ADDITIONAL REVENUE USE. If the school board of a school district determines that the district has achieved and is maintaining the instructor-learner ratios specified in subdivision 4 and is using individualized learning plans, the school board may use the revenue to purchase material and services or provide staff development needed for reduced instructor-learner ratios. If additional revenue remains, the district must use the revenue to improve program offerings, including programs provided through interactive television, throughout the district or other general education purposes.

Sec. 19. Minnesota Statutes 1992, section 124A.23, subdivision 1, is amended to read:

Subdivision 1. **GENERAL EDUCATION TAX RATE.** The commissioner shall establish the general education tax rate 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 rate shall be the rate that raises ~~\$916,000,000 for fiscal year 1993 and \$969,800,000 for fiscal year 1994,~~ \$1,044,000,000 for fiscal year 1995 and later fiscal years. The general education tax rate may not be changed due to changes or corrections made to a district's adjusted net tax capacity after the tax rate has been established.

Sec. 20. Minnesota Statutes 1992, section 124A.23, subdivision 5, is amended to read:

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Subd. 5. **USES OF REVENUE.** Except as provided in section 124A.225, general education revenue may be used during the regular school year and the summer for general and special school purposes.

Sec. 21. Minnesota Statutes 1992, section 124A.24, is amended to read:

124A.24 GENERAL EDUCATION LEVY EQUITY.

If a district's general education levy is determined according to section 124A.23, subdivision 3, an amount must be deducted from state aid authorized in this chapter and chapters 124 and 124B, receivable for the same school year, and from other state payments receivable for the same school year authorized in chapter 273. The aid in section 124.646 must not be reduced.

The amount of the deduction equals the difference between:

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

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

~~However, for fiscal year 1992, the amount of the deduction shall be four-sixths of the difference between clauses (1) and (2); and for fiscal year 1993, the amount of the deduction shall be five-sixths of the difference between clauses (1) and (2).~~

Sec. 22. Minnesota Statutes 1992, 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 prior school year exceeds \$600 25 percent of the formula allowance for the current fiscal year times the fund balance pupil units in the prior year. For purposes of this subdivision and section 124.243, subdivision 2, fund balance pupil units means the number of resident pupil units in average daily membership, including shared time pupils, according to section 124A.02, subdivision 20, plus

(1) pupils attending the district for which general education aid adjustments are made according to section 124A.036, subdivision 5; minus

(2) the sum of the resident pupils attending other districts for which general education aid adjustments are made according to section 124A.036, subdivision 5, plus 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

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(2) ~~\$150~~ \$250 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. 23. Minnesota Statutes 1992, section 124A.26, is amended by adding a subdivision to read:

Subd. 4. ALLOCATION AMONG OPERATING FUNDS. The revenue reduction required under this section must be allocated to the transportation fund and the community service fund in the following manner:

(1) each year, a school district shall calculate the ratio of the transportation net unappropriated operating fund balance and the community service net unappropriated operating fund balance to the total net unappropriated operating fund balance;

(2) multiply the ratios computed in clause (1) by the total fund balance reduction required under this section;

(3) the school district shall transfer the amounts, if any, calculated in clause (2) from the transportation and community service funds to the general fund.

Sec. 24. [124A.698] POLICY.

Financing the education of our children is one of state government's most important functions. In performing this function, the state seeks to provide sufficient funding while encouraging equity, accountability, and incentives toward quality improvement. To help achieve these goals and to help control future spending growth, the state will fund core instruction and related support services, will facilitate improvement in the quality and delivery of programs and services, and will equalize revenues raised locally for discretionary purposes.

Sec. 25. Minnesota Statutes 1992, section 124A.70, is amended to read:

124A.70 BASIC CORE INSTRUCTIONAL AID.

Subdivision 1. BASIC OUTCOMES. Basic outcomes are defined as learner outcomes that must be achieved as a requirement for graduation, specified in rule by the state board of education. ~~Basic outcomes are those outcomes that have standards of achievement determined by the state board~~ the basic knowledge and skills determined necessary by the board for graduates to become productive employees, parents, and citizens. The board shall review and amend, if necessary, its graduation rule every two years.

Subd. 2. AID AMOUNT. Basic Core instructional aid is equal to the ~~aid allowance cost~~ cost determined necessary by the legislature to achieve the basic outcomes for each student times the number of actual pupil units for the school year plus support services aid for the district as determined under section

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124A.711. The core instructional aid allowance for fiscal year 2000 1998 and thereafter is zero.

~~Subd. 3. **SPECIAL NEED AID.** Each district shall receive special need aid equal to zero times the number of actual pupil units for the school year times the district's special need index.~~

~~Subd. 4. **COST DIFFERENTIAL AID.** Each district shall receive aid equal to zero times the number of actual pupil units for the school year times its cost differential index. This aid is only available if the district has implemented a career teacher program.~~

Subd. 3a. **AID TO LEARNING SITES.** Each district is encouraged to direct core instructional aid to the learning sites in the district and minimize the core instructional aid used for other programs or services. Each district shall, to the extent possible, facilitate allocation of each learning site's core instructional aid by site management teams consisting of site administrators, teachers, parents, and other interested persons.

Subd. 5. **AID USES.** Aid received under this section may only be used to deliver instructional services needed to assure that all pupils in the district achieve the basic outcomes through the following uses programs and services:

(1) salaries and benefits for licensed and nonlicensed instructional staff used to instruct or direct instructional delivery or provide academic instructional support services;

(2) instructional supplies and resources including, but not limited to, curricular materials, maps, individualized instructional materials, test materials, and other related supplies;

(3) ~~tuition~~ payments to other service providers for direct instruction or instructional materials; ~~and~~

(4) computers, interactive television, and other technologically related equipment used in the direct delivery of instruction;

(5) programs and services related to students' academic and career progression including, but not limited to, community- and work-based learning through mentoring, community service, and youth apprenticeships;

(6) early childhood education programs designed to ensure that students are ready to learn when they enter the education system; and

(7) activities related to measurement of student progress toward basic outcomes.

Sec. 26. [124A.711] SUPPORT SERVICES AID.

Subdivision 1. **SUPPORT SERVICES.** "Support services" means services

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and programs beyond the core instruction considered essential to allow students to achieve the basic outcomes including, but not limited to, the following:

- (1) counselors, psychologists, and social workers;
- (2) services and programs for students needing special education and handicapped children aged zero to three;
- (3) health care, including early childhood screening;
- (4) transportation;
- (5) nutrition programs;
- (6) libraries and other media and information centers;
- (7) programs for specialized curricula relating to programs such as violence prevention, AIDS awareness and prevention, and drug abuse prevention; and
- (8) programs and services for students judged to be at high risk of not completing their education or otherwise having a social or economic problems in excess of other students.

Subd. 2. DETERMINATION OF AID. The total amount of support services aid shall be determined according to indices for each service recommended by the commissioner of education after consultations with appropriate state agencies, educators, and other interested persons. The commissioner shall recommend indices and aid amounts to the legislature by February 1 of each odd-numbered year. The indices shall reflect the need for each service based on the economic, geographic, demographic, and other appropriate characteristics of each district.

Sec. 27. Minnesota Statutes 1992, section 273.13, subdivision 23, is amended to read:

Subd. 23. CLASS 2. (a) Class 2a property is agricultural land including any improvements that is homesteaded. The market value of the house and garage and immediately surrounding one acre of land has the same class rates as class 1a property under subdivision 22. ~~If the market value of the house, garage, and surrounding one acre of land is less than \$115,000, The value of the remaining land including improvements equal up to the difference between \$115,000 and the market value of the house, garage, and surrounding one acre of land has a net class rate of .45 percent of market value and a gross class rate of 1.75 percent of market value. The remaining value of class 2a property over \$115,000 of market value that does not exceed 320 acres has a net class rate of 4-3 one percent of market value, and a gross class rate of 2.25 percent of market value. The remaining property over the \$115,000 market value in excess of 320 acres has a class rate of 4-6 1.5 percent of market value, and a gross class rate of 2.25 percent of market value.~~

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(b) Class 2b property is (1) real estate, rural in character and used exclusively for growing trees for timber, lumber, and wood and wood products; and (2) real estate that is nonhomestead agricultural land. Class 2b property has a net class rate of ~~4-6~~ 1.5 percent of market value, and a gross class rate of 2.25 percent of market value.

(c) Agricultural land as used in this section means contiguous acreage of ten acres or more, primarily used during the preceding year for agricultural purposes. Agricultural use may include pasture, timber, waste, unusable wild land, and land included in state or federal farm programs. "Agricultural purposes" as used in this section means the raising or cultivation of agricultural products.

(d) Real estate of less than ten acres used principally for raising or cultivating agricultural products, shall be considered as agricultural land, if it is not used primarily for residential purposes.

(e) The term "agricultural products" as used in this subdivision includes:

(1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing animals, horticultural and nursery stock described in sections 18.44 to 18.61, fruit of all kinds, vegetables, forage, grains, bees, and apiary products by the owner;

(2) fish bred for sale and consumption if the fish breeding occurs on land zoned for agricultural use;

(3) the commercial boarding of horses if the boarding is done in conjunction with raising or cultivating agricultural products as defined in clause (1); and

(4) property which is owned and operated by nonprofit organizations used for equestrian activities, excluding racing.

(f) If a parcel used for agricultural purposes is also used for commercial or industrial purposes, including but not limited to:

(1) wholesale and retail sales;

(2) processing of raw agricultural products or other goods;

(3) warehousing or storage of processed goods; and

(4) office facilities for the support of the activities enumerated in clauses (1), (2), and (3),

the assessor shall classify the part of the parcel used for agricultural purposes as class 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use. The grading, sorting, and packaging of raw agricultural products for first sale is considered an agricultural purpose. A greenhouse or other building where horticultural or nursery products are grown that is also used for the conduct of retail sales must be classified as agricultural if it is pri-

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marily used for the growing of horticultural or nursery products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products. Use of a greenhouse or building only for the display of already grown horticultural or nursery products does not qualify as an agricultural purpose.

The assessor shall determine and list separately on the records the market value of the homestead dwelling and the one acre of land on which that dwelling is located. If any farm buildings or structures are located on this homesteaded acre of land, their market value shall not be included in this separate determination.

Sec. 28. Minnesota Statutes 1992, section 273.1398, subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** (a) In this section, the terms defined in this subdivision have the meanings given them.

(b) "Unique taxing jurisdiction" means the geographic area subject to the same set of local tax rates.

(c) "Gross tax capacity" means the product of the gross class rates and estimated market values. "Total gross tax capacity" means the gross tax capacities for all property within the unique taxing jurisdiction. The total gross tax capacity used shall be reduced by the sum of (1) the unique taxing jurisdiction's gross tax capacity of commercial industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, subdivision 8, in which the unique taxing jurisdiction is located; (2) the gross tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2; and (3) the gross tax capacity of transmission lines deducted from a local government's total gross tax capacity under section 273.425. Gross tax capacity cannot be less than zero.

(d) "Net tax capacity" means the product of (i) the appropriate net class rates for the year in which the aid is payable, except that for aids payable in 1992 the class rate applied to class 4b property shall be 2.9 percent; the class rate applied to class 4a property shall be 3.55 percent; the class rate applied to nonecommercial seasonal recreational residential property shall be 2.25 percent; and the class rates applied to portions of class 1a, 1b, and 2a property shall be 2 percent for the market value between \$68,000 and \$110,000 and 2.5 percent for the market value over \$110,000; for aid payable in 1993 the class rate applicable to class 4a shall be 3.5 percent; and the class rate applicable to class 4b shall be 2.65 percent; and for aid payable in 1994 the class rate applicable to class 4b shall be 2.4 percent and the class rate applicable to class 2a property over \$115,000 market value and less than 320 acres is 1.15 percent, and (ii) estimated market values for the assessment two years prior to that in which aid is payable. The exclusion of the value of the house, garage, and one acre from the first tier of agricultural homestead property must not be considered in determining net tax capacity for purposes of this paragraph for aids payable in 1994. The reclass-

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sification of mobile home parks as class 4e shall not be considered in determining net tax capacity for purposes of this paragraph for aids payable in 1991 or 1992. Any reclassification of property by Laws 1991, chapter 291, shall not be considered in determining net tax capacity for aids payable in 1992. "Total net tax capacity" means the net tax capacities for all property within the unique taxing jurisdiction. The total net tax capacity used shall be reduced by the sum of (1) the unique taxing jurisdiction's net tax capacity of commercial industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, subdivision 8, in which the unique taxing jurisdiction is located, (2) the net tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425. For purposes of determining the net tax capacity of property referred to in clauses (1) and (2), the net tax capacity shall be multiplied by the ratio of the highest class rate for class 3a property for taxes payable in the year in which the aid is payable to the highest class rate for class 3a property in the prior year. Net tax capacity cannot be less than zero.

(e) ~~(d)~~ "Previous net tax capacity" means the product of the appropriate net class rates for the year previous to the year in which the aid is payable, and estimated market values for the assessment two years prior to that in which aid is payable. "Total previous net tax capacity" means the previous net tax capacities for all property within the unique taxing jurisdiction. The total previous net tax capacity shall be reduced by the sum of (1) the unique taxing jurisdiction's previous net tax capacity of commercial-industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, subdivision 8, in which the unique taxing jurisdiction is located, (2) the previous net tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the previous net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425. Previous net tax capacity cannot be less than zero.

~~(f)~~ (e) "Equalized market values" are market values that have been equalized by dividing the assessor's estimated market value for the second year prior to that in which the aid is payable by the assessment sales ratios determined by class in the assessment sales ratio study conducted by the department of revenue pursuant to section 124.2131 in the second year prior to that in which the aid is payable. The equalized market values shall equal the unequalized market values divided by the assessment sales ratio.

~~(g)~~ "1989 local tax rate" means the quotient derived by dividing the gross taxes levied within a unique taxing jurisdiction for taxes payable in 1989 by the gross tax capacity of the unique taxing jurisdiction for taxes payable in 1989. For computation of the local tax rate for aid payable in 1991 and subsequent years, gross taxes for taxes payable in 1989 exclude equalized levies as defined in subdivision 2a. For purposes of computation of the local tax rate only, gross taxes shall not be adjusted by inflation or household growth.

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(h) (f) “Equalized school levies” means the amounts levied for:

(1) general education under section 124A.23, subdivision 2;

(2) supplemental revenue under section 124A.22, subdivision 8a;

(3) capital expenditure facilities revenue under section 124.243, subdivision 3;

(4) capital expenditure equipment revenue under section 124.244, subdivision 2;

(5) basic transportation under section 124.226, subdivision 1; and

(6) referendum revenue under section 124A.03.

(g) “Current local tax rate” means the quotient derived by dividing the taxes levied within a unique taxing jurisdiction for taxes payable in the year prior to that for which aids are being calculated by the net tax capacity of the unique taxing jurisdiction.

(i) For purposes of calculating the homestead and agricultural credit aid authorized pursuant to subdivision 2, the “subtraction factor” is the product of (i) a unique taxing jurisdiction’s 1989 local tax rate; (ii) its total net tax capacity; and (iii) 0.9767.

(j) (h) For purposes of calculating and allocating homestead and agricultural credit aid authorized pursuant to subdivision 2 and the disparity reduction aid authorized in subdivision 3, “gross taxes levied on all properties,” “gross taxes,” or “taxes levied” means the total taxes levied on all properties except that levied on the captured value of tax increment districts as defined in section 469.177, subdivision 2, and that levied on the portion of commercial industrial properties’ assessed value or gross tax capacity, as defined in section 473F.02, subdivision 3, subject to the areawide tax as provided in section 473F.08, subdivision 6, in a unique taxing jurisdiction. ~~Gross taxes levied on all properties or gross taxes are before reduction by any credits for taxes payable in 1989.~~ “Gross taxes” are before any reduction for disparity reduction aid but “taxes levied” are after any reduction for disparity reduction aid. Gross taxes levied or taxes levied cannot be less than zero.

“Taxes levied” excludes actual amounts levied for purposes listed in subdivision 2a equalized school levies.

(k) (i) “Human services aids” means:

(1) aid to families with dependent children under sections 256.82, subdivision 1, and 256.935, subdivision 1;

(2) medical assistance under sections 256B.041, subdivision 5, and 256B.19, subdivision 1;

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- (3) general assistance medical care under section 256D.03, subdivision 6;
- (4) general assistance under section 256D.03, subdivision 2;
- (5) work readiness under section 256D.03, subdivision 2;
- (6) emergency assistance under section 256.871, subdivision 6;
- (7) Minnesota supplemental aid under section 256D.36, subdivision 1;
- (8) preadmission screening and alternative care grants;
- (9) work readiness services under section 256D.051;
- (10) case management services under section 256.736, subdivision 13;
- (11) general assistance claims processing, medical transportation and related costs; and
- (12) medical assistance, medical transportation and related costs.

~~(h) "Cost-of-living adjustment factor" means the greater of one or one plus the percentage increase in the consumer price index minus .36 percent. In no case may the cost of living adjustment factor exceed 1.0394.~~

~~(m) The percentage increase in the consumer price index means the percentage, if any, by which:~~

~~(1) the consumer price index for the calendar year preceding that in which aid is payable; exceeds~~

~~(2) the consumer price index for calendar year 1989.~~

~~(n) "Consumer price index for any calendar year" means the average of the consumer price index as of the close of the 12-month period ending on May 31 of such calendar year.~~

~~(o) "Consumer price index" means the last consumer price index for all-urban consumers published by the department of labor. For purposes of the preceding sentence, the revision of the consumer price index which is most consistent with the consumer price index for calendar year 1989 shall be used.~~

~~(p) (i) "Household adjustment factor" means the number of households for the second most recent year preceding that in which the aids are payable divided by the number of households for the third most recent year. The household adjustment factor cannot be less than one.~~

~~(q) (k) "Growth adjustment factor" means the household adjustment factor in the case of counties, cities, and towns. In the case of school districts the growth adjustment factor means the average daily membership of the school district under section 124.17, subdivision 2, for the school year ending in the sec-~~

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ond most recent year preceding that in which the aids are payable divided by the average daily membership for the third most recent year. In the case of special taxing districts, the growth adjustment factor equals one. The growth adjustment factor cannot be less than one.

(+) (l) For aid payable in 1992 and subsequent years, "homestead and agricultural credit base" means the previous year's certified homestead and agricultural credit aid determined under subdivision 2 less any permanent aid reduction in the previous year to homestead and agricultural credit aid under section 477A.0132, plus, for aid payable in 1992, fiscal disparity homestead and agricultural credit aid under subdivision 2b.

(+) (m) "Net tax capacity adjustment" means (1) the total previous net tax capacity minus the total net tax capacity, multiplied by (2) the unique taxing jurisdiction's current local tax rate. The net tax capacity adjustment cannot be less than zero.

(+) (n) "Fiscal disparity adjustment" means the difference between (1) a taxing jurisdiction's fiscal disparity distribution levy under section 473F.08, subdivision 3, clause (a), for taxes payable in the year prior to that for which aids are being calculated, and (2) the same distribution levy multiplied by the ratio of the highest class rate for class 3 property for taxes payable in the year prior to that for which aids are being calculated to the highest class rate for class 3 property for taxes payable in the second prior year to that for which aids are being calculated. In the case of school districts, the fiscal disparity distribution levy shall exclude that part of the levy attributable to equalized school levies ~~as defined in subdivision 2a.~~

Sec. 29. Minnesota Statutes 1992, section 273.1398, subdivision 2a, is amended to read:

Subd. 2a. **EDUCATION LEVY REDUCTION.** (a) As used in this subdivision, "equalized levies" means the sum of the maximum amounts that may be levied for:

- (1) general education under section 124A.23, subdivision 2;
 - (2) supplemental revenue under section 124A.23, subdivision 2a;
 - (3) capital expenditure facilities revenue under section 124.243, subdivision 3;
 - (4) capital expenditure equipment revenue under section 124.44, subdivision 2; ~~and~~
 - (5) basic transportation under section 124.226, subdivision 1; and
 - (6) referendum revenue under section 124A.03.
- (b) By December 1, the commissioner of education shall determine and cer-

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tify to the commissioner of revenue the amount of the education levy reduction. The reduction shall be equal to the amount by which:

(1) the amount that would have been computed as the district's total maximum levy for property taxes payable in 1990, if the equalized levies had been based upon the district's adjusted gross tax capacity, the general education tax rate had been 29.1 percent, the taconite levy reduction limit according to section 124.918, subdivision 8, had been 10.22 percent of adjusted gross tax capacity, and the capital expenditure equipment and facilities levies had been calculated using 70 percent of the equalizing factor, exceeds

(2) the amount that would have been computed as the district's total maximum levy for property taxes payable in 1990, if the equalized levies had been based upon the district's adjusted net tax capacity, the general education tax rate had been 29.1 percent, the taconite levy reduction limit according to section 124.918, subdivision 8, had been 10.22 percent of adjusted net tax capacity, and the capital expenditure equipment and facilities levies had been calculated using 70 percent of the equalizing factor.

(c) For property taxes payable in 1990, the amount of the education levy reduction shall be deducted from the homestead and agricultural credit aid payable to each school district under subdivision 2.

Homestead and agricultural credit aid shall not be reduced below zero.

Sec. 30. Minnesota Statutes 1992, section 275.065, subdivision 6, is amended to read:

Subd. 6. **PUBLIC HEARING; ADOPTION OF BUDGET AND LEVY.** Between November 29 and December 20, the governing bodies of the city and county shall each hold a public hearing to adopt its final budget and property tax levy for taxes payable in the following year, and the governing body of the school district shall hold a public hearing to review its current budget and adopt its property tax levy for taxes payable in the following year.

At the hearing, the taxing authority, other than a school district, may amend the proposed budget and property tax levy and must adopt a final budget and property tax levy, and the school district may amend the proposed property tax levy and must adopt a final property tax levy.

The property tax levy certified under section 275.07 by a city, county, or school district must not exceed the proposed levy determined under subdivision 1, except by an amount up to the sum of the following amounts:

(1) the amount of a school district levy whose voters approved a referendum to increase taxes under section 124.82, subdivision 3, 124A.03, subdivision 2, 124B.03, subdivision 2, or 136C.411, after the proposed levy was certified;

(2) the amount of a city or county levy approved by the voters after the proposed levy was certified;

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(3) the amount of a levy to pay principal and interest on bonds issued or approved by the voters under section 475.58 after the proposed levy was certified;

(4) the amount of a levy to pay costs due to a natural disaster occurring after the proposed levy was certified, if that amount is approved by the commissioner of revenue under subdivision 6a;

(5) the amount of a levy to pay tort judgments against a taxing authority that become final after the proposed levy was certified, if the amount is approved by the commissioner of revenue under subdivision 6a; ~~and~~

(6) the amount of an increase in levy limits certified to the taxing authority by the commissioner of revenue or the commissioner of education after the proposed levy was certified; and

(7) the amount required under section 124.755.

At the hearing the percentage increase in property taxes proposed by the taxing authority, if any, and the specific purposes for which property tax revenues are being increased must be discussed. During the discussion, the governing body shall hear comments regarding a proposed increase and explain the reasons for the proposed increase. The public shall be allowed to speak and to ask questions prior to adoption of any measures by the governing body. The governing body, other than the governing body of a school district, shall adopt its final property tax levy prior to adopting its final budget.

If the hearing is not completed on its scheduled date, the taxing authority must announce, prior to adjournment of the hearing, the date, time, and place for the continuation of the hearing. The continued hearing must be held at least five business days but no more than 14 business days after the original hearing.

The hearing must be held after 5:00 p.m. if scheduled on a day other than Saturday. No hearing may be held on a Sunday. The governing body of a county shall hold its hearing on the second Tuesday in December each year. The county auditor shall provide for the coordination of hearing dates for all cities and school districts within the county.

By August 15, each school board shall certify to the county auditors of the counties in which the school district is located the dates on which it elects to hold its hearings and any continuations. If a school board does not certify the dates by August 15, the auditor will assign the hearing date. The dates elected or assigned must not conflict with the county hearing dates. By August 20, the county auditor shall notify the clerks of the cities within the county of the dates on which school districts have elected to hold their hearings. At the time a city certifies its proposed levy under subdivision 1 it shall certify the dates on which it elects to hold its hearings and any continuations. The city must not select dates that conflict with the county hearing dates or with those elected by or assigned to the school districts in which the city is located.

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The county hearing dates and the city and school district hearing dates must be designated on the notices required under subdivision 3. The continuation dates need not be stated on the notices.

This subdivision does not apply to towns and special taxing districts.

Sec. 31. Minnesota Statutes 1992, 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~~ second previous 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 imposing a tax on severed mineral values that is less than the amount of its levy reduction under section 124.918, subdivision 8, 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 (e) 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 (e) 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~~

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under section 298.24, subdivision 1, paragraph (b), according to the increase in the implicit price deflator. On July 15, 1989 ~~1994, 1990, and 1991~~, 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). In 1992 and 1993, the amount distributed per ton shall be the same as that determined for distribution in 1991. In 1994, the amount distributed per ton shall be equal to the amount per ton distributed in 1991 increased in the same proportion as the increase between the fourth quarter of 1988 and the fourth quarter of 1992 in the implicit price deflator as defined in section 298.24, subdivision 1. On July 15, 1995, and subsequent years, and subsequent years, an amount equal to the increase derived by increasing the amount determined by paragraph (c) 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, 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) \$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 1.8 percent times the district's taxable net tax capacity in the second previous year; times

(ii) the lesser of:

(A) one, or

(B) the ratio of the sum of the amount certified pursuant to section 124A.03, subdivision 1g, in the previous year, plus the amount certified pursuant to section 124A.03, subdivision 1i, in the previous year, plus the referendum aid according to section 124A.03, subdivision 1h, for the current year, to the product of 1.8 percent times the district's taxable net tax capacity 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 \$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 for early childhood programs or for outcome-based learning programs that enhance the academic quality of the district's curriculum. The outcome-based learning 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. 32. Minnesota Statutes 1992, section 473F.02, is amended by adding a subdivision to read:

Subd. 24. LOCAL TAX RATE. "Local tax rate" means a governmental unit's levy, including any portion levied against market value under section 124A.03, subdivision 2a, divided by its net tax capacity.

Sec. 33. SPECIAL DEFINITION OF A PUPIL UNIT IN ONAMIA.

Notwithstanding Minnesota Statutes, section 124.17, for fiscal year 1994 only, a resident pupil of independent school district No. 480, Onamia, who enrolls in a nonpublic school located on a reservation shall be counted as one-half of a pupil unit in average daily membership.

Sec. 34. GENERAL EDUCATION REVENUE REDUCTION; SLAYTON.

Subdivision 1. QUALIFICATION. Independent school district No. 504, Slayton, is eligible for revenue under this section if the district has an approved plan for cooperation and combination. If the referendum required under Minnesota Statutes, section 122.243, subdivision 2, fails, the aid adjustment required in subdivision 2 cancels and the department of education shall make a negative adjustment to the following year's aid payments for any amount actually paid to the district. If the referendum fails, the district's levy authority under subdivision 3 is canceled. If the levy has already been certified, the department of education shall make a negative levy adjustment to the following year's general education levy limitations.

Subd. 2. AID ADJUSTMENT. For fiscal year 1994 only, the department of education shall include in the general education aid calculation for independent school district No. 504, Slayton, the sum of the amounts by which the district's general education aid was reduced for fiscal years 1992 and 1993 under Minnesota Statutes, section 124A.26.

Subd. 3. LEVY ADJUSTMENT. For 1993 taxes payable in 1994 only, independent school district No. 504, Slayton, or its successor district, may levy an amount not to exceed the sum of the levy reductions for fiscal years 1992 and 1993 resulting from the general education revenue fund balance reduction under Minnesota Statutes, section 124A.26.

Sec. 35. COALITION FOR EDUCATION REFORM AND ACCOUNTABILITY; TRANSITION PROVISIONS.

Subdivision 1. ESTABLISHMENT; PURPOSE. The coalition for educational reform and accountability is established to promote public understanding of and support for policies and practices that help Minnesota students attain world-class education outcomes and succeed in the 21st century. The coalition shall promote innovation and sustainable reform in education.

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Subd. 2. MEMBERSHIP. The coalition shall consist of 24 members. The coalition is encouraged to seek private donations and may hire an executive director if funds are available. The members, appointed by the panel in subdivision 3, must include eight people directly involved in public education including higher education, six people who represent state and local governments, and ten people who are public members, including parents, business leaders, labor leaders, government leaders, educators, journalists, and others who have demonstrated a commitment to excellence in Minnesota public schools. Membership terms and removal are governed by Minnesota Statutes, section 15.059.

Subd. 3. PANEL. A panel, composed of one person appointed by the governor, one person appointed by the speaker of the House of Representatives, one person appointed by the subcommittee on committees of the Senate committee on rules and administration, and the commissioner of education, shall appoint the members of the coalition. The members of the panel appointed by the speaker and the subcommittee on committees shall serve as two of the six members of the coalition representing state and local government. The panel shall consider gender and geographical and racial diversity in the appointments. The commissioner of education shall chair and convene the panel. The panel must make the first appointments to the coalition by September 1, 1993.

Subd. 4. ACTIVITIES TO PROMOTE INNOVATION. Coalition activities to promote innovation and sustainable reform in education include:

(1) developing a strategic plan and corresponding target dates for implementing major reform goals and practices;

(2) encouraging and supporting policies to bring systemic change into the state's public schools;

(3) assisting in implementing various reform and accountability initiatives adopted by the state;

(4) reporting annually on the state's progress in developing and implementing student and system outcomes; and

(5) working with all stakeholders to identify and monitor their respective responsibilities for helping students and the public education system achieve educational objectives.

Subd. 5. FINANCIAL PLAN. The coalition must deliver to the legislature by January 31, 1995, a plan to achieve the purposes of Minnesota Statutes, sections 124A.698 to 124A.72. The plan shall at least include:

(1) proposed definitions and estimated costs of core instruction, support services, and local discretionary services;

(2) an implementation schedule for realizing this section by fiscal year 2000;

(3) a process to monitor the development of education outcomes and make proposals for rewarding the progress that learning sites make toward achieving the outcomes and assisting those learning sites unable to make such progress;

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(4) consideration of whether the delivery system for implementing the proposed changes is more appropriately a prekindergarten through grade 10 system combined with a revised post-secondary system or the current prekindergarten through grade 12 system, and an examination of the most effective delivery system for programs such as youth apprenticeship, enrollment options, technical preparation, and secondary vocational programs, and area learning centers; and

(5) other law and rule changes necessary to accomplish the purposes of this section.

Subd. 6. STUDY. The coalition, in conjunction with the Minnesota state high school league, the Minnesota academic excellence foundation, and the Minnesota school board association shall study the cost of and accounting for curricular and extracurricular activities and the implications of how the activities are funded. The coalition shall deliver the results of the study to the legislature with the plan required under subdivision 5.

Subd. 7. EXPIRATION. Notwithstanding Minnesota Statutes, section 15.059, subdivision 5, the coalition expires June 30, 2000.

Sec. 36. LEVY ADJUSTMENT; APPLETON.

Notwithstanding any law to the contrary, independent school district No. 784, Appleton, must not receive a negative levy adjustment for any referendum levy certified for taxes payable in 1992. For taxes payable in 1994 only, independent school district No. 784, Appleton, shall make a positive levy adjustment in an amount equal to the amount of the negative levy adjustment attributable to the district's referendum levy made to the district's 1992 taxes payable in 1993.

Sec. 37. REFERENDUM AUTHORITY.

Unless scheduled to expire sooner, a referendum levy authorized under section 124A.03, expires July 1, 1997.

Sec. 38. TAX CREDIT ADJUSTMENT.

Prior to the computation of homestead and agricultural aid for taxes payable in 1994, the commissioner of revenue shall reduce a school district's homestead and agricultural aid by an amount equal to the homestead and agricultural aid for calendar year 1993 times the ratio of referendum levy certified for 1993 to the certified unequalized levies for 1993. The department of education shall determine the change in referendum levies payable in 1994 attributable to the increase in equalization under sections 8 and 9. Notwithstanding any law to the contrary, a district may recognize revenue equal to one-half of the levy reduction in the fiscal year the levy is certified and each year thereafter.

Sec. 39. PAYMENT DATES.

Upon notification from the commissioner of finance of the need to reduce or avoid state short-term borrowing in fiscal year 1995, the commissioner of

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education shall delay payments due under section 124.195, subdivision 3, by up to ten business days. For purposes of this section, the commissioner of education may make adjustments in the amount of delayed payments to a school district if it is determined that the district's cash balances will not be sufficient to cover payroll during the 15-day period following the due date.

Sec. 40. GENERAL EDUCATION REVENUE CORRECTION.

Subdivision 1. DULUTH RECOMPUTATION. The department of education shall recompute the base revenue in fiscal year 1988 for supplemental revenue determination for fiscal year 1994 and thereafter for the omission of supplemental pension contributions for independent school district No. 709, Duluth.

Subd. 2. COMPUTATION. The department of education, with consultation of the legislative commission on pensions and retirement, shall determine the pension contribution amounts in subdivision 1.

Sec. 41. APPROPRIATIONS.

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

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

<u>\$1,795,024,000</u>	<u>.....</u>	<u>1994</u>
<u>\$2,040,181,000</u>	<u>.....</u>	<u>1995</u>

The 1994 appropriation includes \$257,551,000 for 1993 and \$1,537,473,000 for 1994.

The 1995 appropriation includes \$270,110,000 for 1994 and \$1,770,071,000 for 1995.

Sec. 42. REPEALER.

Laws 1988, chapter 486, section 59, is repealed. Minnesota Statutes 1992, section 124.197, is repealed July 1, 1993.

Sec. 43. EFFECTIVE DATE.

Section 16 is effective for supplemental revenue beginning July 1, 1993. Sections 7, 8, 9, 10, 11, 13, 14, 15, 17, 22, and 23 are effective for revenue for fiscal year 1995.

Section 6 is effective the day following final enactment and shall be applicable to all school district debt obligations issued on or after its effective date.

Section 4 is effective for assessment year 1992 and subsequent years. Sec-

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tion 28 is effective for taxes payable in 1994 and subsequent years. Section 29 is effective for aids payable in 1994 and subsequent years.

ARTICLE 2

TRANSPORTATION

Section 1. Minnesota Statutes 1992, section 120.062, subdivision 9, is amended to read:

Subd. 9. **TRANSPORTATION.** (a) 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. The reimbursement may not exceed the pupil's actual cost of transportation or 15 cents per mile traveled, whichever is less. Reimbursement may not be paid for more than 250 miles per week.

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

(2) a parent or guardian of a pupil attending a nonresident district under this section may appeal under section 123.39, subdivision 6, the refusal of the resident district to allow the nonresident district to transport the pupil within the resident district.

(b) Notwithstanding paragraph (a) and section 124.225, subdivision 8l, transportation provided by a nonresident district between home and school for a pupil attending school under this section is authorized for nonregular transportation revenue under section 124.225, if the following criteria are met:

(1) the school that the pupil was attending prior to enrolling in the nonresident district under this section was closed;

(2) the distance from the closed school to the next nearest school in the district that the student could attend is at least 20 miles;

(3) the pupil's residence is at least 20 miles from any school that the pupil could attend in the resident district; and

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(4) the pupil's residence is closer to the school of attendance in the nonresident district than to any school the pupil could attend in the resident district.

Sec. 2. Minnesota Statutes 1992, 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, subdivision 1, 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;

(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, subdivision 1, and for which levy is not authorized under section 124.226, subdivision 5, 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;

(m) transportation to and from post-secondary institutions for pupils enrolled under the post-secondary enrollment options program under section 123.39, subdivision 16. Fees collected for this service must be reasonable and

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shall be used to reduce the cost of operating the route. Families who qualify for mileage reimbursement under section 123.3514, subdivision 8, may use their state mileage reimbursement to pay this fee. If no fee is charged, districts shall allocate costs based on the number of pupils riding the route.

Sec. 3. Minnesota Statutes 1992, section 123.39, is amended by adding a subdivision to read:

Subd. 15. PUPIL TRANSPORT ON STAFF DEVELOPMENT DAYS. A school district may provide bus transportation between home and school for pupils on days devoted to parent-teacher conferences, teacher's workshops, or other staff development opportunities. If approved by the commissioner as part of a program of educational improvement, the cost of providing this transportation, as determined by generally accepted accounting principles, must be considered part of the authorized cost for regular transportation for the purposes of section 124.225. The commissioner shall approve inclusion of these costs in the regular transportation category only if the total number of instructional hours in the school year divided by the total number of days for which transportation is provided equals or exceeds the number of instructional hours per day prescribed in the rules of the state board.

Sec. 4. Minnesota Statutes 1992, section 123.39, is amended by adding a subdivision to read:

Subd. 16. POST-SECONDARY ENROLLMENT OPTIONS PUPILS. 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), clause (2), when space is available, for pupils attending programs at a post-secondary institution under the post-secondary enrollment options program. The transportation is permitted only if it does not increase the district's expenditures for transportation. Fees collected for this service under section 120.73, subdivision 1, paragraph (m), shall be subtracted from the authorized cost for nonregular transportation for the purpose of section 124.225.

Sec. 5. Minnesota Statutes 1992, 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 (c), 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

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(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 169.01, subdivision 6, paragraph (c), which were purchased after July 1, 1982, for authorized transportation of pupils, with the prior approval of the commissioner, computed on a straight line basis at the rate of 20 percent per year of the cost of the type three school buses.

(c) "Transportation category" means a category of transportation service provided to pupils as follows:

(1) Regular transportation is transportation services provided during the regular school year under section 124.223, subdivisions 1 and 2, excluding the following transportation services provided under section 124.223, subdivision 1: transportation between schools; noon transportation to and from school for kindergarten pupils attending half-day sessions; 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, subdivision 1, that are excluded from the regular category and transportation services provided under section 124.223, subdivisions 3, 4, 5, 6, 7, 8, 9, and 10.

(3) Excess transportation is transportation to and from school during the regular school year 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.

(4) Desegregation transportation is transportation during the regular school year 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.

(5) Handicapped transportation is transportation provided under section 124.223, subdivision 4, for pupils with a disability between home or a respite care facility and school or other buildings where special instruction required by section 120.17 is provided.

(d) "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.

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- (e) "Current year" means the school year for which aid will be paid.
- (f) "Base year" means the second school year preceding the school year for which aid will be paid.
- (g) "Base cost" means the ratio of:
- (1) the sum of the authorized cost in the base year for regular transportation as defined in paragraph (b) plus the actual cost in the base year for excess transportation as defined in paragraph (c);
 - (2) to the sum of the number of weighted ~~FTE pupils transported~~ FTE's in the regular and excess categories in the base year.
- (h) "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~~ FTE's 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.
- (i) "Weighted FTE's" means the number of FTE's in each transportation category multiplied by the pupil weighting factor for that category.
- (j) "Sparsity index" for a school district means the greater of .005 or the ratio of the square mile area of the school district to the sum of the number of weighted FTE's ~~transported~~ by the district in the regular and excess categories in the base year.
- (k) "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.
- (l) "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 lesser of one or the result in clause (1).
 - (3) Multiply the district's percentage of regular FTE's ~~transported~~ in the current year using vehicles that are not owned by the school district by the result in clause (2).
- (m) "Adjusted predicted base cost" means the predicted base cost as computed in subdivision 3a as adjusted under subdivision 7a.

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(n) "Regular transportation allowance" means the adjusted predicted base cost, inflated and adjusted under subdivision 7b.

Sec. 6. Minnesota Statutes 1992, section 124.225, subdivision 3a, is amended to read:

Subd. 3a. **PREDICTED BASE COST.** A district's predicted base cost 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 ~~\$424~~ \$447 for the ~~1989-1990~~ 1991-1992 base year and ~~\$434~~ \$463 for the ~~1990-1991~~ 1992-1993 base year.

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

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

Sec. 7. Minnesota Statutes 1992, section 124.225, subdivision 7b, is amended to read:

Subd. 7b. **INFLATION FACTORS.** The adjusted predicted base cost determined for a district under subdivision 7a for the base year must be increased by ~~4.0~~ 2.35 percent to determine the district's regular transportation allowance for the ~~1991-1992~~ 1993-1994 school year and by ~~2.0~~ 3.425 percent to determine the district's regular transportation allowance for the ~~1992-1993~~ 1994-1995 school year, but the regular transportation allowance for a district cannot be less than the district's minimum regular transportation allowance according to Minnesota Statutes 1990, section 124.225, subdivision 1, paragraph (t).

Sec. 8. Minnesota Statutes 1992, section 124.225, subdivision 7d, is amended to read:

Subd. 7d. **TRANSPORTATION REVENUE.** Transportation revenue for each district equals the sum of the district's regular transportation revenue and the district's nonregular transportation revenue.

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

(b) ~~The nonregular transportation revenue for each district for the 1991-1992 school year equals the lesser of the district's actual costs in the 1991-1992 school year for nonregular transportation services or the product of the district's actual cost in the 1990-1991 school year for nonregular transportation services as defined for the 1991-1992 school year in subdivision 1, paragraph (e); times the ratio of the district's average daily membership for the 1991-1992 school year to the district's average daily membership for the 1990-1991 school year~~

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according to section 124.17, subdivision 2, times 1.03, minus the amount of regular transportation revenue attributable to FTE's transported in the desegregation and handicapped categories in the current school year, plus the excess nonregular transportation revenue for the 1991-1992 school year according to subdivision 7e.

(e) For the 1992-1993 and later school years, the nonregular transportation revenue for each district equals the lesser of the district's actual cost in the current school year for nonregular transportation services or the product of the district's actual cost in the base year for nonregular transportation services as defined for the current year in subdivision 1, paragraph (c), times the ratio of the district's average daily membership for the current year to the district's average daily membership for the base year according to section 124.17, subdivision 2, times the nonregular transportation inflation factor for the current year, minus the amount of regular transportation revenue attributable to FTE's transported in the desegregation and handicapped categories in the current school year, plus the excess nonregular transportation revenue for the current year according to subdivision 7e. The nonregular transportation inflation factor is 1.0435 for the 1992-1993 1993-1994 school year is 1.064 and 1.03425 for the 1994-1995 school year.

Sec. 9. Minnesota Statutes 1992, section 124.225, subdivision 7e, is amended to read:

Subd. 7e. **EXCESS NONREGULAR TRANSPORTATION REVENUE.**

(a) A district's excess nonregular transportation revenue for the 1991-1992 school year equals an amount equal to 80 percent of the difference between:

(1) the district's actual cost in the 1991-1992 school year for nonregular transportation services as defined for the 1991-1992 school year in subdivision 1, paragraph (e); and

(2) the product of the district's actual cost in the 1990-1991 school year for nonregular transportation services as defined for the 1991-1992 school year in subdivision 1, paragraph (e), times 1.15, times the ratio of the district's average daily membership for the 1991-1992 school year to the district's average daily membership for the 1990-1991 school year.

(b) A district's excess nonregular transportation revenue for the 1992-1993 school year and later school years equals an amount equal to 80 percent of the difference between:

(1) the district's actual cost in the current year for nonregular transportation services as defined for the current year in subdivision 1, paragraph (c), and

(2) the product of the district's actual cost in the base year for nonregular transportation services as defined for the current year in subdivision 1, paragraph (c), times 1.30, times the ratio of the district's average daily membership for the current year to the district's average daily membership for the base year.

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(e) ~~The state total excess nonregular transportation revenue must not exceed \$2,000,000 for the 1991-1992 school year and \$2,000,000 for the 1992-1993 school year. If the state total revenue according to paragraph (a) or (b) exceeds the limit set in this paragraph, the excess nonregular transportation revenue for each district equals the district's revenue according to paragraph (a) or (b), times the ratio of the limitation set in this paragraph to the state total revenue according to paragraph (a) or (b).~~

Sec. 10. Minnesota Statutes 1992, section 124.226, subdivision 3, is amended to read:

Subd. 3. **OFF-FORMULA ADJUSTMENT.** In a district if the basic transportation levy under subdivision 1 attributable to that fiscal year is more than the difference between (1) the district's transportation revenue under section 124.225, subdivision 7d, and (2) the sum of the district's maximum nonregular levy under subdivision 4 and the district's contracted services aid reduction under section 124.225, subdivision 8k, and the amount of any reduction due to insufficient appropriation under section 124.225, subdivision 8a, the district's transportation levy in the second year following each fiscal year must be reduced by the difference between the amount of the excess and the amount of the aid reduction for the same fiscal year according to subdivision 3a.

Sec. 11. Minnesota Statutes 1992, section 124.226, is amended by adding a subdivision to read:

Subd. 3a. TRANSPORTATION LEVY EQUITY. (a) If a district's basic transportation levy for a fiscal year is adjusted according to subdivision 3, an amount must be deducted from the state payments that are authorized in chapter 273 and that are receivable for the same fiscal year. The amount of the deduction equals the difference between:

(1) the district's transportation revenue under section 124.225, subdivision 7d; and

(2) the sum of the district's maximum basic transportation levy under subdivision 1, the district's maximum nonregular levy under subdivision 4, the district's maximum excess transportation levy under subdivision 5, the district's contracted services aid reduction under section 124.225, subdivision 8k, and the amount of any reduction due to insufficient appropriation under section 124.225, subdivision 8a.

(b) Notwithstanding paragraph (a), for fiscal year 1995, the amount of the deduction is one-fourth of the difference between clauses (1) and (2); for fiscal year 1996, the amount of the deduction is one-half of the difference between clauses (1) and (2); and for fiscal year 1997, the amount of the deduction is three-fourths of the difference between clauses (1) and (2).

(c) The amount of the deduction in any fiscal year must not exceed the amount of state payments that are authorized in chapter 273 and that are receivable for the same fiscal year in the district's transportation fund.

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

Sec. 12. Minnesota Statutes 1992, section 124.226, subdivision 9, is amended to read:

Subd. 9. **LATE ACTIVITY BUSES.** (a) A school district may levy an amount equal to the lesser of:

(1) the actual cost of late transportation home from school, between schools within a district, or between schools in one or more districts that have an agreement under sections 122.241 to 122.248, 122.535, 122.541, or 124.494, for pupils involved in after school activities for the school year beginning in the year the levy is certified; or

(2) two percent of the district's regular transportation revenue for that school year according to section 124.225, subdivision 7d, paragraph (a).

(b) A district that levies under this section must provide late transportation ~~home~~ from school for students participating in any academic-related activities provided by the district if transportation is provided for students participating in athletic activities.

~~(c) A district may levy under this subdivision only if the district provided late transportation home from school during fiscal year 1991.~~

Sec. 13. Laws 1991, chapter 265, article 2, section 19, subdivision 2, is amended to read:

Subd. 2. **TRANSPORTATION AID.** For transportation aid according to Minnesota Statutes, section 124.225:

\$116,340,000	.....	1992
\$123,133,000	.....	1993

The 1992 appropriation includes \$17,679,000 for 1991 and \$98,661,000 for 1992.

The 1993 appropriation includes \$17,146,000 for 1992 and \$105,987,000 for 1993.

~~\$1,500,000~~ \$2,000,000 in fiscal year 1992 and ~~\$1,000,000~~ \$500,000 in fiscal year 1993 are for desegregation costs not funded in the regular or nonregular transportation formulas. The department shall allocate these amounts in proportion to the unfunded desegregation costs. Any excess of the 1992 amount is not available for transfer under Minnesota Statutes, section 124.14, subdivision 7 and is available for unfunded desegregation costs in 1993.

In fiscal year 1992, only, for purposes of this subdivision, "desegregation costs" means all expenditures for desegregation transportation as defined in Minnesota Statutes, section 124.225, subdivision 1, paragraph (c), clause (4), for which aid is authorized in Minnesota Statutes, section 124.223, plus an amount equal to one year's depreciation, computed according to Minnesota Statutes, section 124.225, subdivision 1, paragraph (b), clauses (2), (3), and (4), on district school buses used primarily for desegregation transportation.

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Sec. 14. **ADDITIONAL LATE ACTIVITY LEVY.**

A school district that is eligible to certify a levy under section 12 and was not eligible to certify a levy in 1992 under Minnesota Statutes, section 124.226, subdivision 9, may certify an additional amount in 1993 for taxes payable in 1994 equal to the amount it would have been authorized to certify in 1992 for taxes payable in 1993 had it been eligible. A levy authorized under this section must be recognized according to Minnesota Statutes, section 124.918, subdivision 6.

Sec. 15. **APPROPRIATIONS.**

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

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

<u>\$127,889,000</u>	<u>.....</u>	<u>1994</u>
<u>\$141,658,000</u>	<u>.....</u>	<u>1995</u>

The 1994 appropriation includes \$18,327,000 for 1993 and \$108,706,000 for 1994.

The 1995 appropriation includes \$19,183,000 for 1994 and \$120,410,000 for 1995.

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

<u>\$52,000</u>	<u>.....</u>	<u>1994</u>
<u>\$58,000</u>	<u>.....</u>	<u>1995</u>

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

<u>\$15,000</u>	<u>.....</u>	<u>1994</u>
<u>\$19,000</u>	<u>.....</u>	<u>1995</u>

Subd. 5. TRANSFER AUTHORITY. If the appropriation in subdivision 3 or 4 for either year exceeds the amount needed to pay the state's obligation for that year under that subdivision, the excess amount may be used to make payments for that year under the other subdivision.

Sec. 16. **EFFECTIVE DATE.**

Section 1 is effective the day following final enactment.

Sections 10 and 11 are effective July 1, 1994.

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Sections 12 and 14 are effective for levies certified in 1993 for taxes payable in 1994.

Section 13 is effective for fiscal years 1992 and 1993 only.

ARTICLE 3

SPECIAL PROGRAMS

Section 1. Minnesota Statutes 1992, section 120.17, subdivision 2, is amended to read:

Subd. 2. **METHOD OF SPECIAL INSTRUCTION.** (a) Special instruction and services for children with a disability must be based on the assessment and individual education plan. The instruction and services may be provided by one or more of the following methods:

(1) in connection with attending regular elementary and secondary school classes;

(2) establishment of special classes;

(3) at the home or bedside of the child;

(4) in other districts;

(5) instruction and services by special education cooperative centers established under this section, or in another member district of the cooperative center to which the resident district of the child with a disability belongs;

(6) in a state residential school or a school department of a state institution approved by the commissioner;

(7) in other states;

(8) by contracting with public, private or voluntary agencies;

(9) for children under age five and their families, programs and services established through collaborative efforts with other agencies;

(10) for children under age five and their families, programs in which children with a disability are served with children without a disability; and

(11) any other method approved by the commissioner.

(b) Preference shall be given to providing special instruction and services to children under age three and their families in the residence of the child with the parent or primary caregiver, or both, present.

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(c) The primary responsibility for the education of a child with a disability shall remain with the district of the child's residence regardless of which method of providing special instruction and services is used. If a district other than a child's district of residence provides special instruction and services to the child, then the district providing the special instruction and services shall notify the child's district of residence before the child's individual education plan is developed and shall provide the district of residence an opportunity to participate in the plan's development. The district of residence must inform the parents of the child about the methods of instruction that are available.

(d) Paragraphs (e) to (i) may be cited as the "blind persons' literacy rights and education act."

(e) The following definitions apply to paragraphs (f) to (i).

"Blind student" means an individual who is eligible for special educational services and who:

(1) has a visual acuity of 20/200 or less in the better eye with correcting lenses or has a limited field of vision such that the widest diameter subtends an angular distance of no greater than 20 degrees; or

(2) has a medically indicated expectation of visual deterioration.

"Braille" means the system of reading and writing through touch commonly known as standard English Braille.

"Individualized education plan" means a written statement developed for a student eligible for special education and services pursuant to this section and section 602(a)(20) of part A of the Individuals with Disabilities Education Act, United States Code, title 20, section 1401(a).

(f) In developing an individualized education plan for each blind student the presumption must be that proficiency in Braille reading and writing is essential for the student to achieve satisfactory educational progress. The assessment required for each student must include a Braille skills inventory, including a statement of strengths and deficits. Braille instruction and use are not required by this paragraph if, in the course of developing the student's individualized education program, team members concur that the student's visual impairment does not affect reading and writing performance commensurate with ability. This paragraph does not require the exclusive use of Braille if other special education services are appropriate to the student's educational needs. The provision of other appropriate services does not preclude Braille use or instruction. Instruction in Braille reading and writing shall be available for each blind student for whom the multidisciplinary team has determined that reading and writing is appropriate.

(g) Instruction in Braille reading and writing must be sufficient to enable each blind student to communicate effectively and efficiently with the same level

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of proficiency expected of the student's peers of comparable ability and grade level.

(h) The student's individualized education plan must specify:

(1) the results obtained from the assessment required under paragraph (f);

(2) how Braille will be implemented through integration with other classroom activities;

(3) the date on which Braille instruction will begin;

(4) the length of the period of instruction and the frequency and duration of each instructional session;

(5) the level of competency in Braille reading and writing to be achieved by the end of the period and the objective assessment measures to be used; and

(6) if a decision has been made under paragraph (f) that Braille instruction or use is not required for the student:

(i) a statement that the decision was reached after a review of pertinent literature describing the educational benefits of Braille instruction and use; and

(ii) a specification of the evidence used to determine that the student's ability to read and write effectively without Braille is not impaired.

(i) Instruction in Braille reading and writing is a service for the purpose of special education and services under this section.

(j) Paragraphs (e) to (i) shall not be construed to supersede any rights of a parent or guardian of a child with a disability under federal or state law.

Sec. 2. Minnesota Statutes 1992, section 120.17, subdivision 3, is amended to read:

Subd. 3. **RULES OF THE STATE BOARD.** The state board shall promulgate rules relative to qualifications of essential personnel, courses of study, methods of instruction, pupil eligibility, size of classes, rooms, equipment, supervision, parent consultation, and any other rules it deems necessary for instruction of children with a disability. These rules shall provide standards and procedures appropriate for the implementation of and within the limitations of subdivisions 3a and 3b. These rules shall also provide standards for the discipline, control, management and protection of children with a disability. The state board shall not adopt rules for pupils served in level 1, 2, or 3, as defined in Minnesota Rules, part 3525.2340, establishing either case loads or the maximum number of pupils that may be assigned to special education teachers. The state board, in consultation with the departments of health and human services, shall adopt permanent rules for instruction and services for children under age five and their families. These rules are binding on state and local education,

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health, and human services agencies. The state board shall adopt rules to determine eligibility for special education services. The rules shall include procedures and standards by which to grant variances for experimental eligibility criteria. The state board shall, according to section 14.05, subdivision 4, notify a district applying for a variance from the rules within 45 calendar days of receiving the request whether the request for the variance has been granted or denied. If a request is denied, the board shall specify the program standards used to evaluate the request and the reasons for denying the request.

Sec. 3. Minnesota Statutes 1992, section 120.17, subdivision 11a, is amended to read:

Subd. 11a. **STATE INTERAGENCY COORDINATING COUNCIL.** An interagency coordinating council of at least ~~15 members~~ 17, but not more than 25 members is established, in compliance with Public Law Number 102-119, section 682. The members shall be appointed by the governor. Council members shall elect the council chair. The representative of the commissioner of education may not serve as the chair. The council shall be composed of at least five parents, including persons of color, of children with disabilities under age 12, including at least three parents of a child with a disability under age seven, ~~three~~ five representatives of public or private providers of services for children with disabilities under age five, including a special education director, county social service director, and a community health services or public health nursing administrator, one member of the senate, one member of the house of representatives, one representative of teacher preparation programs in early childhood-special education or other preparation programs in early childhood intervention, at least one representative of advocacy organizations for children with disabilities under age five, one physician who cares for young children with special health care needs, one representative each from the commissioners of commerce, education, health, human services, and jobs and training, and a representative from Indian health services or a tribal council. Section 15.059, subdivisions 2 to 5, apply to the council. The council shall meet at least quarterly.

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

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

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Each year by June 1, the council shall recommend to the governor and the commissioners of education, health, human services, commerce, and jobs and training policies for a comprehensive and coordinated system.

Sec. 4. Minnesota Statutes 1992, section 120.17, subdivision 11b, is amended to read:

Subd. 11b. **RESPONSIBILITIES OF COUNTY BOARDS AND SCHOOL DISTRICTS BOARDS.** It is the joint responsibility of county boards and school ~~districts boards~~ boards to coordinate, provide, and pay for appropriate services, and to facilitate payment for services from public and private sources. Appropriate services for children eligible under section 120.03 must be determined in consultation with parents, physicians, and other educational, medical, health, and human services providers. The services provided must be in conformity with an individual family service plan (IFSP) as defined in code of federal regulations, title 34, sections 303.340, 303.341a, and 303.344 for each eligible infant and toddler from birth through age two and its family, or an individual education plan (IEP) or individual service plan (ISP) for each eligible child ages three through four. County boards and school boards shall not be required to provide any services under an individual family service plan that are not required in an individual education plan or individual service plan. Appropriate services include family education and counseling, home visits, occupational and physical therapy, speech pathology, audiology, psychological services, special instruction, case management including service coordination, medical services for diagnostic and evaluation purposes, early identification, and screening, assessment, and health services necessary to enable children with disabilities to benefit from early intervention services. ~~School districts must be the primary agency in this cooperative effort.~~ County and school boards shall jointly determine the primary agency in this cooperative effort and must notify the commissioner of education of their decision.

Sec. 5. Minnesota Statutes 1992, section 120.17, subdivision 12, is amended to read:

Subd. 12. **INTERAGENCY EARLY INTERVENTION COMMITTEE COMMITTEES.** (a) A school district, group of districts, or special education cooperative, in cooperation with the health and human service agencies located in the county or counties in which the district or cooperative is located, shall establish an interagency early intervention committee for children with a ~~disability~~ disabilities under age five and their families. ~~Members of the committee~~ Committees shall be include representatives of local and regional health, education, and county human service agencies; county boards; school boards; early childhood family education programs; parents of young children with disabilities under age twelve; current service providers; parents of young children with a disability; and may also include representatives from other private or public agencies. The committee shall elect a chair from among its members and shall meet at least quarterly.

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(b) The committee shall ~~perform~~ develop and implement interagency policies and procedures concerning the following ongoing duties:

(1) identify current services and funding being provided within the community for children with a disability under the age of five and their families develop public awareness systems designed to inform potential recipient families of available programs and services;

(2) implement interagency child find systems designed to actively seek out, identify, and refer infants and young children with, or at risk of, disabilities and their families;

(3) establish and evaluate the identification, referral, child and family assessment systems, procedural safeguard process, and community learning systems to recommend, where necessary, alterations and improvements;

(3) ~~facilitate~~ (4) assure the development of individualized family service plans for all eligible infants and toddlers with disabilities from birth through age two, and their families, and individual education plans and individual service plans when necessary to appropriately serve children with a disability under the age of five disabilities, age three and older, and their families and recommend assignment of financial responsibilities to the appropriate agencies. Agencies are encouraged to develop individual family service plans for children with disabilities, age three and older;

(4) (5) implement a process for assuring that services involve cooperating agencies at all steps leading to individualized programs;

(5) review and comment on the early intervention section of the total special education system for the district and the county social services plan; and

(6) facilitate the development of a transitional plan if a service provider is not recommended to continue to provide services;

(7) identify the current services and funding being provided within the community for children with disabilities under age five and their families; and

(8) develop a plan for the allocation and expenditure of additional state and federal early intervention funds under United States Code, title 20, section 1471 et seq. (Part H, Public Law Number 102-119) and United States Code, title 20, section 631, et seq. (Chapter I, Public Law Number 89-313).

(c) The local committee shall also:

(1) participate in needs assessments and program planning activities conducted by local social service, health and education agencies for young children with disabilities and their families;

(2) review and comment on the early intervention section of the total special education system for the district, the county social service plan, the section

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or sections of the community health services plan that address needs of and service activities targeted to children with special health care needs, and the section of the maternal and child health special project grants that address needs of and service activities targeted to children with chronic illness and disabilities; and

(3) prepare a yearly summary on the progress of the community in serving young children with disabilities, and their families, including the expenditure of funds, the identification of unmet service needs identified on the individual family services plan and other individualized plans, and local, state, and federal policies impeding the implementation of this section.

(d) The summary must be organized following a format prescribed by the commissioner of education and must be submitted to each of the local agencies and to the state interagency coordinating council by October 1 of each year.

The departments of education, health, and human services are encouraged to must provide assistance to the local agencies in developing cooperative plans for providing services.

Sec. 6. Minnesota Statutes 1992, section 120.17, subdivision 14, is amended to read:

Subd. 14. **MAINTENANCE OF EFFORT.** A county human services agency or county board shall continue to provide services set forth in their county social service agency plan ~~for~~. The county human services agency or county board shall serve children with a ~~disability~~ disabilities under age five, and their families, or as specified in the individualized family service plan for children with disabilities, birth through age two, or the individual service plan of each child. Special instruction and related services for which a child with a disability is eligible under this section ~~are not~~ are the responsibility of the local ~~human services agency or county~~ school board. It is the joint responsibility of county boards and school ~~districts~~ boards to coordinate, provide, and pay for all appropriate services ~~not required under this section in subdivision 11b~~ and to facilitate payment for services from public and private sources. ~~School districts and counties are encouraged to enter into agreements to cooperatively serve and provide funding for children with a disability under age five and their families.~~

Sec. 7. Minnesota Statutes 1992, section 120.17, is amended by adding a subdivision to read:

Subd. 14a. LOCAL INTERAGENCY AGREEMENTS. School boards and the county board may enter into agreements to cooperatively serve and provide funding for children with disabilities, under age five, and their families within a specified geographic area.

The local interagency agreement must address, at a minimum, the following issues:

(1) responsibilities of local agencies on local interagency early intervention committees (IEIC's), consistent with subdivision 12;

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(2) assignment of financial responsibility for early intervention services;

(3) methods to resolve intra-agency and interagency disputes;

(4) identification of current resources and recommendations about the allocation of additional state and federal early intervention funds under the auspices of United States Code, title 20, section 1471 et seq. (Part H, Public Law Number 102-119) and United State Code, title 20, section 631, et seq. (Chapter I, Public Law Number 89-313);

(5) data collection; and

(6) other components of the local early intervention system consistent with Public Law Number 102-119.

Sec. 8. Minnesota Statutes 1992, section 120.17, subdivision 15, is amended to read:

Subd. 15. **THIRD PARTY PAYMENT.** Nothing in this section relieves an insurer or similar third party from an otherwise valid obligation to pay, or changes the validity of an obligation to pay, for services rendered to a child with a disability, and the child's family.

Sec. 9. Minnesota Statutes 1992, section 120.17, is amended by adding a subdivision to read:

Subd. 17. STATE INTERAGENCY AGREEMENT. (a) The commissioners of the departments of education, health, and human services shall enter into an agreement to implement this section and Part H, Public Law Number 102-119, and as required by Code of Federal Regulations, title 34, section 303.523, to promote the development and implementation of interagency, coordinated, multidisciplinary state and local early childhood intervention service systems for serving eligible young children with disabilities, birth through age two, and their families. The agreement must be reviewed annually.

(b) The state interagency agreement shall outline at a minimum the conditions, procedures, purposes, and responsibilities of the participating state and local agencies for the following:

(1) membership, roles, and responsibilities of a state interagency committee for the oversight of priorities and budget allocations under Part H, Public Law Number 102-119, and other state allocations for this program;

(2) child find;

(3) establishment of local interagency agreements;

(4) review by a state interagency committee of the allocation of additional state and federal early intervention funds by local agencies;

(5) fiscal responsibilities of the state and local agencies;

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(6) intra-agency and interagency dispute resolution;

(7) payor of last resort;

(8) maintenance of effort;

(9) procedural safeguards, including mediation;

(10) complaint resolution;

(11) quality assurance;

(12) data collection; and

(13) other components of the state and local early intervention system consistent with Public Law Number 102-119.

Written materials must be developed for parents, IEIC's, and local service providers that describe procedures developed under this section as required by Code of Federal Regulations, title 34, section 303.

Sec. 10. Minnesota Statutes 1992, section 124.245, subdivision 6, is amended to read:

Subd. 6. **ALTERNATIVE ATTENDANCE PROGRAMS.** The capital expenditure facilities aid under section 124.243 and the capital expenditure equipment aid under section 124.244 for districts must be adjusted for each pupil, ~~excluding a pupil with a disability as defined in section 120.03,~~ attending a nonresident district under sections 120.062, 120.075, 120.0751, 120.0752, 124C.45 to 124C.48, and 126.22. The adjustments must be made according to this subdivision.

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

(b) Aid paid to a district serving nonresidents must be increased by an amount equal to the revenue amount per actual pupil unit of the nonresident district times the number of pupil units of nonresident pupils enrolled in the district.

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

Sec. 11. Minnesota Statutes 1992, section 124.273, subdivision 1b, is amended to read:

Subd. 1b. **TEACHERS SALARIES.** Each year the state shall pay a school district a portion of the salary of one full-time equivalent teacher for each ~~45~~ 40 pupils of limited English proficiency enrolled in the district. Notwithstanding

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the foregoing, the state shall pay a portion of the salary of one-half of a full-time equivalent teacher to a district with ~~22~~ 20 or fewer pupils of limited English proficiency enrolled. The portion for a full-time teacher shall be the lesser of 55.2 percent of the salary or \$15,320. The portion for a part-time or limited-time teacher shall be the lesser of 55.2 percent of the salary or the product of \$15,320 times the ratio of the person's actual employment to full-time employment. For the purposes of this subdivision, a teacher includes nonlicensed personnel who provide direct instruction to students of limited English proficiency under the supervision of a licensed teacher.

Sec. 12. Minnesota Statutes 1992, section 124.273, is amended by adding a subdivision to read:

Subd. 2c. SUPPLY AND EQUIPMENT AID. Each year the state shall pay a school district for supplies and equipment purchased or rented for use in the instruction of pupils of limited English proficiency an amount equal to 47 percent of the sum actually spent by the district but not to exceed an average of \$47 in any one school year for each pupil of limited English proficiency receiving instruction.

Sec. 13. Minnesota Statutes 1992, section 124.32, subdivision 1b, is amended to read:

Subd. 1b. **TEACHERS SALARIES.** (a) Each year the state shall pay to a district a portion of the salary of each essential person employed in the district's program for children with a disability during the regular school year, whether the person is employed by one or more districts. The state shall also pay to the Minnesota state academy for the deaf or the Minnesota state academy for the blind a part of the salary of each instructional aide assigned to a child attending the academy, if that aide is required by the child's individual education plan.

~~(b) For the 1991-1992 school year, the portion for a full-time person shall be an amount not to exceed the lesser of 56.4 percent of the salary or \$15,700. The portion for a part-time or limited-time person shall be an amount not to exceed the lesser of 56.4 percent of the salary or the product of \$15,700 times the ratio of the person's actual employment to full-time employment.~~

~~(c)~~ (e) For the 1992-1993 school year and thereafter, the portion for a full-time person is an amount not to exceed the lesser of 55.2 percent of the salary or \$15,320. The portion for a part-time or limited-time person is an amount not to exceed the lesser of 55.2 percent of the salary or the product of \$15,320 times the ratio of the person's actual employment to full-time employment.

Sec. 14. Minnesota Statutes 1992, section 124.32, subdivision 1d, is amended to read:

Subd. 1d. **CONTRACT SERVICES.** For special instruction and services provided to any pupil by contracting with public, private, or voluntary agencies other than school districts, in place of special instruction and services provided

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by the district, the state shall pay each district 52 percent of the difference between the amount of the contract and the basic revenue of the district for that pupil for the ~~amount of time~~ fraction of the school day the pupil receives services under the contract. For special instruction and services provided to any pupil by contracting for services with public, private, or voluntary agencies other than school districts, that are supplementary to a full educational program provided by the school district, the state shall pay each district 52 percent of the amount of the contract for that pupil.

Sec. 15. Minnesota Statutes 1992, section 124.32, is amended by adding a subdivision to read:

Subd. 1f. ESSENTIAL PERSONNEL. For the purposes of this section and section 124.321, essential personnel means teachers, related services and support services staff providing direct services to students.

Sec. 16. Minnesota Statutes 1992, section 124.32, is amended by adding a subdivision to read:

Subd. 12. ALLOCATION FROM COOPERATIVE CENTERS AND INTERMEDIATE DISTRICTS. For purposes of this section, a special education cooperative or an intermediate district shall allocate its approved expenditures for special education programs among participating school districts. Special education aid for services provided by a cooperative or intermediate district shall be paid to the participating school districts.

Sec. 17. Minnesota Statutes 1992, section 124.321, subdivision 1, is amended to read:

Subdivision 1. **LEVY EQUALIZATION REVENUE.** Special education levy equalization revenue for a school district, excluding an intermediate school district, equals the sum of the following amounts:

(1) ~~66~~ 68 percent of the salaries paid to essential personnel in that district minus the amount of state aid and any federal aid, if applicable, paid to that district for salaries of these essential personnel under section 124.32, subdivisions 1b and 10, for the year to which the levy is attributable, plus

(2) ~~66~~ 68 percent of the salaries paid to essential personnel in that district minus the amount of state aid and any federal aid, if applicable, paid to that district for salaries of those essential personnel under section 124.574, subdivision 2b, for the year to which the levy is attributable, plus

(3) ~~64~~ 68 percent of the salaries paid to limited English proficiency program teachers in that district minus the amount of state aid and any federal aid, if applicable, paid to that district for salaries of these teachers under section 124.273, subdivision 1b, for the year to which the levy is attributable, plus

(4) the alternative delivery levy revenue determined according to section ~~124.321~~ 124.322, subdivision 4, plus

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(5) the amount allocated to the district by special education cooperatives or intermediate districts in which it participates according to subdivision 2.

A district that receives alternative delivery levy revenue according to section 124.322, subdivision 4, shall not receive levy equalization revenue under clause (1) or subdivision 2, clause (1), for the same fiscal year.

Sec. 18. Minnesota Statutes 1992, section 124.321, subdivision 2, is amended to read:

Subd. 2. **REVENUE ALLOCATION FROM COOPERATIVES AND INTERMEDIATE DISTRICTS.** (a) For purposes of this section, a special education cooperative or an intermediate district shall allocate to participating school districts the sum of the following amounts:

(1) 66 68 percent of the salaries paid to essential personnel in that cooperative or intermediate district minus the amount of ~~state aid and~~ any federal aid, if applicable, paid to that cooperative or intermediate district for salaries of these essential personnel under section 124.32, subdivisions 1b and 10, for the year to which the levy is attributable, plus

(2) 66 68 percent of the salaries paid to essential personnel in that district minus the amount of ~~state aid and~~ any federal aid, if applicable, paid to that district for salaries of those essential personnel under section 124.574, subdivision 2b, for the year to which the levy is attributable, plus

(3) 64 68 percent of the salaries paid to limited English proficiency program teachers in that cooperative or intermediate district minus the amount of ~~state aid and~~ any federal aid, if applicable, paid to that cooperative or intermediate district for salaries of these teachers under section 124.273, subdivision 1b, for the year to which the levy is attributable.

(b) A special education cooperative or an intermediate district that allocates amounts to participating school districts under this subdivision must report the amounts allocated to the department of education.

(c) For purposes of this subdivision, the Minnesota state academy for the deaf or the Minnesota state academy for the blind each year shall allocate an amount equal to 66 68 percent of salaries paid to instructional aides in either academy minus the amount of state aid and any federal aid, if applicable, paid to either academy for salaries of these instructional aides under sections 124.32, subdivisions 1b and 10, for the year to each school district that assigns a child with an individual education plan requiring an instructional aide to attend either academy. The school districts that assign a child who requires an instructional aide may make a levy in the amount of the costs allocated to them by either academy.

(d) When the Minnesota state academy for the deaf or the Minnesota state academy for the blind allocates unreimbursed portions of salaries of instruc-

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tional aides among school districts that assign a child who requires an instructional aide, for purposes of the districts making a levy under this subdivision, the academy shall provide information to the department of education on the amount of unreimbursed costs of salaries it allocated to the school districts that assign a child who requires an instructional aide.

Sec. 19. Minnesota Statutes 1992, section 124.322, is amended by adding a subdivision to read:

Subd. 1a. DEFINITIONS. In this section, the definitions in this subdivision apply.

(a) "Base revenue" means the following:

(1) for the first fiscal year after approval of the district's application, base revenue means the sum of the district's revenue for the preceding fiscal year for its special education program under sections 124.32, subdivisions 1b, 1d, 2, 5, and 10, and 124.321, subdivision 1;

(2) for the second fiscal year after approval of a district's application, base revenue means the sum of the district's revenue for the second prior fiscal year for its special education program under sections 124.32, subdivisions 1b, 1d, 2, 5, and 10, and 124.321, subdivision 1; and

(3) for the third fiscal year after approval of a district's application, and thereafter, base revenue means the sum of the revenue a district would have been entitled to in the second prior fiscal year for its special education program under sections 124.32, subdivisions 1b, 1d, 2, 5, and 10, and 124.321, subdivision 1, based on activities defined as reimbursable under state board rules for special education and nonspecial education students, and additional activities as detailed and approved by the commissioner of education.

(b) "Base aid" means the following:

(1) for the first fiscal year after approval of a district's application, base aid means the sum of the district's gross aid for the preceding fiscal year for its special education program under section 124.32, subdivisions 1b, 1d, 2, 5, and 10;

(2) for the second fiscal year after approval of a district's application, base aid means the sum of the district's gross aid for the second prior fiscal year for its special education program under section 124.32, subdivisions 1b, 1d, 2, 5, and 10; and

(3) for the third fiscal year after approval of a district's application and thereafter, base aid means the sum of the gross aid the district would have been entitled to in the second prior fiscal year for its special education program under section 124.32, subdivisions 1b, 1d, 2, 5, and 10, based on activities defined as reimbursable under state board of education rules for special education and nonspecial education students, and additional activities as detailed and approved by the commissioner of education in the application plan.

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(c) Notwithstanding paragraphs (a) and (b), base revenue and base aid for 1995 and later fiscal years must not include revenue and aid under section 124.32, subdivision 5.

(d) "Alternative delivery revenue inflator" means:

(1) For the first fiscal year after approval of a district's application, the greater of 1.017 or the ratio of (i) the statewide average special education revenue under sections 124.32 and 124.321 per pupil in average daily membership for the current fiscal year, to (ii) the statewide average special education revenue per pupil in average daily membership for the previous fiscal year.

(2) For the second and later fiscal years, the greater of 1.034 or the ratio of (i) the statewide average special education revenue under sections 124.32 and 124.321 per pupil in average daily membership for the current fiscal year, to (ii) the statewide average special education revenue per pupil in average daily membership for the second prior fiscal year.

(e) The commissioner of education shall adjust each district's base revenue and base aid to reflect any changes in special education services required by rule or statute.

Sec. 20. Minnesota Statutes 1992, section 124.322, subdivision 2, is amended to read:

Subd. 2. **AMOUNT OF ALTERNATIVE DELIVERY REVENUE.** For the first fiscal year after approval of an application, a district shall receive the sum of the revenue it received for the preceding fiscal year for its special education program under section 124.32, subdivisions 1b, 2, 5, and 10, and Minnesota Statutes 1990, section 275.125, subdivision 8e, or section 124.321, subdivisions 1 and 2, as applicable; district's alternative delivery revenue equals its base revenue multiplied by 1.03 the product of the alternative delivery revenue inflator times the ratio of the district's average daily membership for the current fiscal year to the district's average daily membership for the immediately preceding fiscal year. For each of the next two fiscal years, the district shall receive the amount it received for the previous fiscal year multiplied by 1.03. For the second and later fiscal years a district's alternative delivery revenue equals its base revenue multiplied by the product of the alternative delivery revenue inflator times the ratio of the district's average daily membership for the current fiscal year to the district's average daily membership for the second preceding fiscal year.

Sec. 21. Minnesota Statutes 1992, section 124.322, subdivision 3, is amended to read:

Subd. 3. **ALTERNATIVE DELIVERY AID.** For the first fiscal year after approval of an application, a district shall receive the sum of the aid it received for the preceding fiscal year under section 124.32, subdivisions 1b, 2, 5, and 10; district's alternative delivery aid equals its base aid multiplied by 1.03 the product of 1.017 times the ratio of the district's average daily membership for the current fiscal year to the district's average daily membership for the preceding

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fiscal year. For the second and later fiscal years a district's alternative delivery aid equals its base aid multiplied by the product of 1.034 times the ratio of the district's average daily membership for the current fiscal year to the district's average daily membership for the second preceding fiscal year. The aid for the first year of revenue shall not be prorated. For each of the next two fiscal years, the district shall receive the amount of aid it received for the previous fiscal year multiplied by 1.03. A district that receives aid under this subdivision shall not receive aid under section 124.32, subdivisions 1b, 1d, 2, 5, and 10, for the same fiscal year.

Sec. 22. Minnesota Statutes 1992, section 124.322, subdivision 4, is amended to read:

Subd. 4. **ALTERNATIVE DELIVERY LEVY REVENUE.** A district shall receive alternative delivery levy revenue equal to the difference between the alternative delivery revenue and the alternative delivery aid. If the alternative delivery aid for a district is prorated ~~for the second or third fiscal years~~, the alternative delivery levy revenue shall be increased by the amount not paid by the state due to proration. ~~For fiscal year 1993 and thereafter,~~ The alternative delivery levy revenue shall be included under section 124.321, subdivision 1, for purposes of computing the special education levy under section 124.321, subdivision 3, and the special education levy equalization aid under section 124.321, subdivision 4.

Sec. 23. **[124.323] SPECIAL EDUCATION EXCESS COST AID.**

Subdivision 1. DEFINITIONS. In this section, the definitions in this subdivision apply.

(a) "Unreimbursed special education cost" means the sum of the following:

(1) expenditures for teachers' salaries, contracted services, supplies, and equipment eligible for revenue under sections 124.32, subdivisions 1b, 1d, 2, and 10, and 124.322, subdivision 2; plus

(2) expenditures for tuition bills received under section 120.17; minus

(3) revenue for teachers' salaries, contracted services, supplies, and equipment under sections 124.32, subdivisions 1b, 1d, 2, and 10; 124.321, subdivision 1, clause (1); and 124.322, subdivision 2; minus

(4) tuition receipts under section 120.17.

(b) "General revenue" means the sum of the general education revenue according to section 124A.22, subdivision 1, plus the total referendum revenue according to section 124A.03, subdivision 1e.

Subd. 2. EXCESS COST AID. For 1995 and later fiscal years, a district's special education excess cost aid equals the product of:

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(1) 70 percent of the difference between (i) the district's unreimbursed special education cost per actual pupil unit and (ii) six percent of the district's general revenue per actual pupil unit, times

(2) the district's actual pupil units for that year.

Sec. 24. Minnesota Statutes 1992, section 124.573, subdivision 2b, is amended to read:

Subd. 2b. **SECONDARY VOCATIONAL AID.** A district's or cooperative center's "secondary vocational aid" for secondary vocational education programs for a fiscal year equals the sum of the following amounts for each program:

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

(1) the salaries paid to essential, licensed personnel in that school year for services rendered in that program, and

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

(b) 40 percent of approved expenditures for the following:

(1) salaries paid to essential, licensed personnel providing direct instructional services to students in that fiscal year for services rendered in the district's approved secondary vocational education programs;

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

~~(2)~~ (3) necessary travel between instructional sites by licensed secondary vocational education personnel;

~~(3)~~ (4) necessary travel by licensed secondary vocational education personnel for vocational student organization activities held within the state for instructional purposes;

~~(4)~~ (5) curriculum development activities that are part of a five-year plan for improvement based on program assessment;

~~(5)~~ (6) necessary travel by licensed secondary vocational education personnel for noncollegiate credit bearing professional development; and

~~(6)~~ (7) specialized vocational instructional supplies.

Sec. 25. Minnesota Statutes 1992, section 124.573, is amended by adding a subdivision to read:

Subd. 2e. ALLOCATION FROM COOPERATIVE CENTERS AND INTERMEDIATE DISTRICTS. For purposes of subdivision 2b, paragraph (b), a cooperative center or an intermediate district shall allocate its approved

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expenditures for secondary vocational education programs among participating school districts.

Sec. 26. Minnesota Statutes 1992, section 124.574, subdivision 2b, is amended to read:

Subd. 2b. **SALARIES.** (a) Each year the state shall pay to any district ~~or cooperative center~~ a portion of the salary of each essential licensed person who provides direct instructional services to students, employed during that fiscal year for services rendered in that ~~district or center's district's~~ secondary vocational education programs for children with a disability.

~~(a) For fiscal year 1992, the portion for a full-time person shall be an amount not to exceed the lesser of 56.4 percent of the salary or \$15,700. The portion for a part-time or limited-time person shall be the lesser of 56.4 percent of the salary or the product of \$15,700 times the ratio of the person's actual employment to full-time employment.~~

(b) For fiscal year 1993 and thereafter, the portion for a full-time person is an amount not to exceed the lesser of 55.2 percent of the salary or \$15,320. The portion for a part-time or limited-time person is the lesser of 55.2 percent of the salary or the product of \$15,320 times the ratio of the person's actual employment to full-time employment.

Sec. 27. Minnesota Statutes 1992, section 124.574, is amended by adding a subdivision to read:

Subd. 4a. ADDITIONAL AID. A school district may contract with another Minnesota school district or cooperative center for vocational evaluation services for children with a disability for children that are not yet enrolled in grade 12. The state shall pay the school district an amount equal to 52 percent of the amount of the contract for that pupil. The contracts must be approved by the commissioner.

Sec. 28. Minnesota Statutes 1992, section 124.574, is amended by adding a subdivision to read:

Subd. 9. ALLOCATION FROM COOPERATIVE CENTERS AND INTERMEDIATE DISTRICTS. For purposes of this section, a cooperative center or an intermediate district shall allocate its approved expenditures for secondary vocational programs for children with a disability among participating school districts. Aid for secondary vocational programs for children with a disability for services provided by a cooperative or intermediate district shall be paid to the participating school districts.

Sec. 29. Minnesota Statutes 1992, 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 pupil with a disability as defined in section 120.03 or a pupil without a disability as~~

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defined by section ~~120.181~~, attending a nonresident district under sections 120.062, 120.075, 120.0751, 120.0752, 124C.45 to 124C.48, and 126.22. 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 or an area learning center, operated according to paragraph (e), providing special instruction and services to a pupil with a disability, as defined in section 120.03, or a pupil, as defined in section 120.181, 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 general education aid, the amount of capital expenditure facilities aid and capital expenditure equipment aid received under section 124.245, subdivision 6, and 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 pupils rather than to calculate general education aid adjustments under paragraph (a), (b), or (c). The tuition must be equal to the greater of the average general education revenue per pupil unit attributable to the pupil, or the actual cost of providing the instruction, excluding transportation costs, if the pupil meets the requirements of section 120.03 or 120.181.

Sec. 30. Minnesota Statutes 1992, section 125.189, is amended to read:

125.189 LICENSURE REQUIREMENTS.

In addition to other requirements, The board of teaching will review and determine appropriate licensure requirements for a candidate for a license or an applicant for a continuing license to teach hearing-impaired deaf and hard of hearing students in kindergarten prekindergarten through grade 12. In addition to other requirements, a candidate must demonstrate the minimum level of pro-

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iciency in American sign language as determined by the ~~Quality Assurance Systems Project of the department of education board.~~

Sec. 31. Minnesota Statutes 1992, section 128B.10, subdivision 1, is amended to read:

Subdivision 1. **EXTENSION.** This chapter is repealed July 1, ~~1993~~ 1995.

Sec. 32. **ASL GUIDELINES.**

(a) In determining appropriate licensure requirements for teachers of deaf and hard of hearing students under Minnesota Statutes, section 125.189, the board of teaching shall develop the requirements according to the guidelines described in this section.

(b) Each teacher must complete the American sign language sign communication proficiency interview or a comparable American sign language evaluation that the board of teaching, the Minnesota association of deaf citizens, and the Minnesota council for the hearing impaired accept as a means for establishing the teacher's baseline level of American sign language skills. A teacher shall not be charged for this evaluation.

(c) Each teacher must complete 60 continuing education credits in American sign language, American sign language linguistics, or deaf culture for every 120 continuing education credits the teacher is required to complete to renew a teaching license.

(d) As a condition of obtaining an initial license to teach deaf and hard of hearing students, a person must demonstrate in the sign communication proficiency interview an intermediate plus level of proficiency in American sign language.

(e) Each teacher applying to renew a teaching license and each teacher holding a teaching license from another state who wishes to apply for a Minnesota teaching license must take the American sign language sign communication proficiency interview or a comparable American sign language evaluation every five years until the teacher demonstrates a minimum, or survival plus, level of proficiency in American sign language.

(f) A teacher working directly with students whose primary language is American sign language should demonstrate at least an advanced level of proficiency in American sign language. The board should not consider a minimum, or survival plus, level of proficiency adequate for providing direct instruction to students whose primary language is American sign language.

(g) To renew a teaching license, a teacher must comply with paragraphs (c) and (e) in addition to other applicable board requirements. A teacher's ability to demonstrate a minimum, or survival plus, level of proficiency in American sign language is not a condition for renewing the teacher's license.

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(h) A teacher who demonstrates an increased proficiency in American sign language skill in the American sign language sign communication proficiency interview or a comparable American sign language evaluation shall receive credit toward completing the requirements of paragraph (c). The number of continuing education credits the teacher receives is based on the teacher's increased level of proficiency from the teacher's baseline level:

(1) 35 continuing education credits for demonstrating an intermediate level of proficiency;

(2) 40 continuing education credits for demonstrating an intermediate plus level of proficiency;

(3) 45 continuing education credits for demonstrating an advanced level of proficiency;

(4) 50 continuing education credits for demonstrating an advanced plus level of proficiency;

(5) 55 continuing education credits for demonstrating a superior level of proficiency; and

(6) 60 continuing education credits for demonstrating a superior plus level of proficiency.

Sec. 33. DEVELOPING GREATER FLEXIBILITY IN DELIVERING SPECIAL EDUCATION SERVICES.

Subdivision 1. PURPOSE; AUTHORIZATION. In an effort to change the overall emphasis in special education from complying with laws and rules to also improving educational opportunities for a wide range of students, including those who are disabled, those for whom English is a second language, and those with unique learning styles, a pilot project is established to permit independent school district No. 625, St. Paul, to develop and implement an integrated service model for delivering special education services and programs to eligible students under Minnesota Statutes, section 120.17, and alternative delivery of specialized instructional services under Minnesota Statutes, section 120.173. As part of the pilot project, the state board of education shall waive those state special education rules the district includes in its approved plan to implement the integrated service model if the district complies with the requirements in subdivision 2. In developing and implementing the integrated service model, the district must adhere to the intent of each rule for which it seeks a waiver and the procedural and substantive protections afforded eligible and low-performing students under law. Nothing in this section shall be construed to permit the waiver of any provision required under federal law.

Subd. 2. PROJECT REQUIREMENTS. (a) To participate in the pilot project, the district must:

(1) notify the commissioner of education, the state board of education, and the advisory council under paragraph (c) by June 15, 1993, of its intent to

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develop and implement an integrated service model for delivering special education services and programs to eligible and low-performing students that complies with all applicable federal rules and the outcomes of all state rules governing the delivery of special education;

(2) complete by November 30, 1993, with assistance from the commissioner as described in paragraph (b) and the advisory council in paragraph (c), a proposed plan for realizing an integrated service model, which includes a description of each applicable federal and state rule and the approach the district will use to effect that rule;

(3) include in the proposed plan measures to protect students' civil rights, provide equal educational opportunities, and prohibit discrimination as required under state and federal law;

(4) receive approval from the advisory council in paragraph (c) and the local school board for the proposed plan by December 31, 1993, and file a copy of the approved plan with the commissioner;

(5) begin in-service training of district personnel on February 1, 1994, to ensure that the district complies with all applicable federal regulations governing the delivery of special education; and

(6) implement the integrated service model beginning July 1, 1994.

(b) If the St. Paul school district indicates its intent to develop an integrated service model under paragraph (a), clause (1), the commissioner shall assist the district beginning August 1, 1993, in developing its plan to realize the integrated service model by:

(1) providing technical assistance through the state department of education; and

(2) using discretionary funds under Public Law Number 101-476 to contract for technical assistance as needed.

(c) The district must establish an advisory council for the pilot project that reflects the demographic composition of the district and is composed of members of existing special education-related committees, parents of eligible students with varying disabilities and of different ages enrolled in the district, one local representative of advocacy agencies, and district personnel affected by this section. Parents shall compose the majority of council members. The district must continuously consult with the advisory council on planning, delivering, and modifying the district's special education programs and services.

(d) The district shall not seek a variance to a special education rule from the state board of education under Minnesota Statutes, section 121.11, subdivision 12, during the term of the project. This prohibition does not include any rule waived under subdivision 1.

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Subd. 3. EVALUATION. Upon implementing the integrated service model, the district, with technical assistance provided or contracted for by the commissioner, must annually evaluate the programmatic outcomes and financial efficiency of the model over at least a four-year period. The district must address in its evaluation the seven points listed in Minnesota Statutes, section 120.173, subdivision 3, and document parents' responses to the model. The district must submit to the education committees of the legislature a progress report by February 1, 1997, and a final report by February 1, 1999, on the efficacy of the model.

Sec. 34. FISCAL REPORTS; AUTHORIZATION REQUIRED.

(a) The commissioner of education shall contract with an independent consultant outside of state or local government for a study of the short- and long-term fiscal impact to state and local governments of providing a comprehensive and coordinated system of services to infants and young children with disabilities, from birth to age two, and their families under United States Code, title 20, sections 1471 through 1485. The commissioner shall submit a report on the results of the study to the education committees of the legislature by January 15, 1994. At a minimum, the study shall include an estimate of the number of infants and young children from birth to age two eligible for services through the year 2000; the estimated average cost for services per eligible child and the child's family; the anticipated total additional annual cost to state and local governments through the year 2000 of fully implementing year 5 services; the anticipated amount of additional federal early intervention funds available to the state under United States Code, title 20, section 1471 et. seq., and United States Code, title 20, section 631 et seq.; what definition of eligibility the education department proposes to adopt; what the major components affecting the costs of participation will be; the estimated costs of intake, evaluation, assessment, monitoring, and program planning through the year 2000 for a fully implemented year 5 program; the estimated costs of child find, public awareness, complaints and due process procedures, data management information systems, state level supervision and monitoring, interagency collaboration, local planning and coordination, technical assistance, personnel standards and development, and surrogate parent programs for a fully implemented year 5 program; and an inventory of current expenditures by county boards, school boards, and other local services providers for services provided under Minnesota Statutes, section 120.17, subdivision 11b, including social work, nursing, nutrition, vision, and transportation services, assistive technology, parent-to-parent support, and respite care. The cost of the contract shall not exceed \$75,000 and shall be paid for from revenue received from federal grants for regular special education central administration and state initiated discretionary projects.

(b) The state department of education may not apply to the secretary of education under United States Code, title 20, section 1471, et seq. (Part H, Public Law Number 102-119) to participate in the fifth or any succeeding fiscal year of the federal Part H program contained in the Individuals with Disabilities Education Act until specifically authorized by law to do so or until after April 1, 1994, whichever comes first.

New language is indicated by underline, deletions by strikeout.

Sec. 35. TASK FORCE ON EDUCATION FOR CHILDREN WITH DISABILITIES.

Subdivision 1. ESTABLISHMENT. A task force to review the state's special education rules is established to recommend to the legislature changes that can be made to simplify the rules while ensuring that the rules meet applicable federal requirements and support the state's interest in education outcomes.

Subd. 2. MEMBERSHIP. The task force on education for children with disabilities consists of 15 members appointed by the commissioner of education. The membership shall include parents of children with disabilities, students with disabilities, special education teachers and general education teachers, school administrators, special education directors, representatives of higher education, representatives of advocacy organizations for children with disabilities, and no more than one representative of state government. At least five members shall be parents of children with disabilities or representatives of advocacy groups. One member shall be a student with a disability.

Subd. 3. DUTIES. The task force established under subdivisions 1 and 2 shall review the educational needs of children with disabilities and the current system of services, including the state and federal regulatory scheme and associated costs, and recommend ways to remove barriers to effective education and improve measurable learner outcomes. The task force shall make recommendations to:

(1) reduce paperwork and other administrative burdens on classroom teachers to increase the amount of time they spend educating students;

(2) improve access to effective education for children with disabilities by increased coordination of special and general education services, including staff development programs;

(3) assure that education for children with disabilities is outcome-based while maintaining due process protections for students and their families;

(4) eliminate duplication in the regulatory scheme; and

(5) state the outcomes of the state's special education rules.

Subd. 4. STAFF SUPPORT. The department of education and any other state agency shall provide information and other assistance requested by the task force.

Subd. 5. ADMINISTRATIVE RULES. To accommodate the task force's review of the state's special education rules, and notwithstanding Minnesota Statutes, section 121.11, subdivision 12, or any other law to the contrary, the state board of education shall not adopt, amend, or repeal a special education rule until June 1, 1994, unless compelled by a newly enacted or adopted federal requirement.

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

Subd. 6. REPORT. The task force shall submit its recommendations for simplifying the state's special education rules to the education committees of the legislature by February 1, 1994.

Sec. 36. ALTERNATIVE DELIVERY OF SPECIAL EDUCATION SERVICES AND PROGRAMS.

Subdivision 1. ESTABLISHMENT; PURPOSE; GOAL. A three-year pilot project is established to permit 11 school districts and one rural special education cooperative selected by the commissioner of education to use an alternative process for delivering certain special education services and programs to eligible students under Minnesota Statutes, section 120.17. The purpose of the project is to explore, in a deliberate way, effective alternatives to the special education rules listed in subdivision 3 while adhering to the intent of the rules and the procedural and substantive protections afforded eligible students under law. The ultimate goal of the project is to improve the instructional services and educational outcomes and opportunities available to eligible students and the cost effectiveness of the services and programs. Nothing in this section shall be construed to permit the waiver of any provision required under federal law.

Subd. 2. ELIGIBILITY; APPLICATIONS. (a) The commissioner shall make application forms available to school districts interested in exploring effective alternatives for delivering certain special education services and programs as described in this section. Interested school districts must have their application to participate in the project approved by their local school board after a public hearing on the matter. Applications must be submitted to the commissioner by January 1, 1995. The application must describe how the applicant proposes to realize the purpose and goal of the project, including what activities and procedures the applicant proposes and whether the applicant seeks to be exempted from Minnesota Rules, part 3525.1341. The commissioner may require additional information of an applicant. The commissioner shall approve 12 applications before March 1, 1995. The commissioner shall ensure an equitable geographical distribution of project participants throughout the state.

(b) The commissioner shall make available to school districts interested in applying to participate in the project discretionary funds under Public Law Number 101-476 to allow the districts to cover the costs of convening their advisory council members under subdivision 6 to assist in developing an application under this subdivision.

Subd. 3. EXEMPTIONS. (a) All school districts participating in the project are exempt from the following special education rules through the 1997-1998 school year:

- (1) Minnesota Rules, part 3525.1335;
- (2) Minnesota Rules, part 3525.2335;
- (3) Minnesota Rules, part 3525.2750; and

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(4) Minnesota Rules, part 3525.2925, subparts 2, item B, 4, 5, 6, 7, and 9.

(b) After reviewing the applications of the district selected to participate in the project, the commissioner shall exempt six of the 12 project participants from Minnesota Rules, part 3525.1341.

(c) During the term of the project, participating school districts exempt from the rules listed in this subdivision must adhere to the intent of the rules and the procedural and substantive safeguards afforded eligible students under the law.

(d) School districts participating in the pilot projects shall not seek a variance to a special education rule from the state board of education under Minnesota Statutes, section 121.11, subdivision 12, during the term of the project. This prohibition does not include the rules listed in subdivision 3.

Subd. 4. STUDENTS' RIGHTS. School districts participating in the project must individually evaluate eligible students enrolled in the district to determine the students' levels of performance. Eligible students are entitled to the procedural protections provided under Public Law Number 101-476 in any matter that affects the students' identification, evaluation, placement, or change in placement, and protections provided under Minnesota Statutes, sections 127.26 to 127.39, in a dismissal proceeding that may result in students' suspension, exclusion, or expulsion. Participating school districts must ensure the protection of students' 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 the project.

Subd. 5. TECHNICAL ASSISTANCE. The commissioner, through the office of compliance and monitoring, shall provide technical assistance to the project participants. In addition, the commissioner shall use discretionary funds available under Public Law Number 101-476 to contract for technical assistance from an independent evaluator in the field of special education to assist project participants in developing and implementing a valid and uniform procedure to evaluate their alternative delivery process.

Subd. 6. ADVISORY COMMITTEE. Each project participant shall have an advisory council that reflects the demographic composition of the local community and is composed of members of existing special education-related committees, parents of eligible students with varying disabilities and of different ages enrolled in a participating district, one local representative of advocacy organizations, and district personnel in the field of special education who are potentially affected by the rule exemptions under subdivision 3. Participants that are exempt, or school districts seeking to be exempt under subdivision 2, paragraph (b), from Minnesota Rules, part 3525.1314, must include on the council either a parent of a student with a specific learning disability or a local representative of an organization that advocates on behalf of students with specific learning disabilities. Parents shall compose a majority of council members. The council shall advise the district on planning, delivering, and modifying special education

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

programs and services under this section. The council must approve the district's application to participate in the project before it is submitted to the local school board for approval under subdivision 2. If a project participant is unable to have members of existing special education-related committees on the council, it shall include on the council additional parents of eligible students.

Subd. 7. EVALUATION; REPORT. (a) The commissioner shall use the discretionary funds available under Public Law Number 101-476 to contract with an independent evaluator for technical assistance to develop a uniform evaluation procedure for all participants to use to complete a formative and summative evaluation of their experiences in delivering special education services and programs under this section. Participants shall work with the independent evaluator to focus the evaluation on the overall efficacy of the alternative delivery process, including the extent to which the educational outcomes and opportunities of eligible students are improved. The evaluation must include a mechanism for documenting parents' responses to the project. Project participants shall each select one member of their advisory council to meet together periodically with the independent evaluator to evaluate the participants' progress. Project participants, in consultation with their advisory council, shall use the interim evaluations and the responses of affected parents to the alternative delivery process to modify the process where appropriate.

(b) Each project participant shall submit to the commissioner a progress report by September 1, 1996, and a final report by January 1, 1998, evaluating the cost effectiveness of the services and programs of its alternative delivery process. The commissioner shall compile the results of the reports to present to the education committees of the legislature by March 1, 1998. When presenting the reports, the commissioner, after consulting with the independent evaluator, shall recommend appropriate amendments to the rules listed in subdivision 3.

Sec. 37. REALLOCATION.

Any funds saved through the flexibility in special education service delivery authorized by this article must be reallocated by the district for the benefit of students with special education needs in the district.

Sec. 38. APPROPRIATIONS.

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

Subd. 2. SPECIAL EDUCATION AID. For special education aid according to Minnesota Statutes, section 124.32:

\$176,257,000	.....	1994
\$186,649,000	.....	1995

The 1994 appropriation includes \$25,087,000 for 1993 and \$151,170,000 for 1994.

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

The 1995 appropriation includes \$26,677,000 for 1994 and \$159,972,000 for 1995.

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

\$318,000	.....	1994
\$337,000	.....	1995

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

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

\$4,472,000	.....	1994
\$4,530,000	.....	1995

The 1994 appropriation is for 1993 summer programs.

The 1995 appropriation is for 1994 summer programs.

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

\$124,000	.....	1994
\$159,000	.....	1995

The 1994 appropriation includes \$10,000 for 1993 and \$114,000 for 1994.

The 1995 appropriation includes \$19,000 for 1994 and \$140,000 for 1995.

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

\$2,616,000	.....	1994
\$..-0-..	.....	1995

Subd. 7. SPECIAL EDUCATION EXCESS COST AID. For excess cost aid according to Minnesota Statutes, section 124.322:

\$..-0-..	.....	1994
\$5,555,000	.....	1995

The 1995 appropriation includes \$..-0-.. for 1994 and \$5,555,000 for 1995.

Subd. 8. LIMITED ENGLISH PROFICIENCY PUPILS PROGRAM AID. For aid to educational programs for pupils of limited English proficiency according to Minnesota Statutes, section 124.273:

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

<u>\$5,529,000</u>	.....	<u>1994</u>
<u>\$6,228,000</u>	.....	<u>1995</u>

The 1994 appropriation includes \$600,000 for 1993 and \$4,929,000 for 1994.

The 1995 appropriation includes \$870,000 for 1994 and \$5,358,000 for 1995.

\$106,000 in fiscal year 1994 and \$124,000 in fiscal year 1995 are for supplies and equipment for limited English proficiency instruction according to section 12.

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

<u>\$857,000</u>	.....	<u>1994</u>
<u>\$857,000</u>	.....	<u>1995</u>

Any balance in the first year does not cancel but is available in the second year.

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

<u>\$591,000</u>	.....	<u>1994</u>
<u>\$591,000</u>	.....	<u>1995</u>

The 1994 appropriation includes \$88,000 for 1993 and \$503,000 for 1994.

The 1995 appropriation includes \$88,000 for 1994 and \$503,000 for 1995.

Any balance in the first year does not cancel but is available in the second year.

Subd. 11. SECONDARY VOCATIONAL; STUDENTS WITH DISABILITIES. For aid for secondary vocational education for pupils with disabilities according to Minnesota Statutes, section 124.574:

<u>\$4,015,000</u>	.....	<u>1994</u>
<u>\$3,933,000</u>	.....	<u>1995</u>

The 1994 appropriation includes \$684,000 for 1993 and \$3,331,000 for 1994.

The 1995 appropriation includes \$588,000 for 1994 and \$3,345,000 for 1995.

Subd. 12. ASSURANCE OF MASTERY. For assurance of mastery aid according to Minnesota Statutes, section 124.311:

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

<u>\$12,949,000</u>	.....	<u>1994</u>
<u>\$13,163,000</u>	.....	<u>1995</u>

The 1994 appropriation includes \$1,904,000 for 1993 and \$11,045,000 for 1994.

The 1995 appropriation includes \$1,948,000 for 1994 and \$11,215,000 for 1995.

Subd. 13. INDIVIDUALIZED LEARNING AND DEVELOPMENT AID. For individualized learning and development aid according to Minnesota Statutes, section 124.331:

<u>\$2,485,000</u>	<u>1994</u>
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The 1994 appropriation includes \$2,485,000 for 1993.

Subd. 14. SPECIAL PROGRAMS EQUALIZATION AID. For special education levy equalization aid according to Minnesota Statutes, section 124.321:

<u>\$14,210,000</u>	.....	<u>1994</u>
<u>\$16,867,000</u>	.....	<u>1995</u>

The 1994 appropriation includes \$1,626,000 for 1993 and \$12,584,000 for 1994.

The 1995 appropriation includes \$2,221,000 for 1994 and \$14,646,000 for 1995.

Subd. 15. AMERICAN INDIAN SCHOLARSHIPS. For American Indian scholarships according to Minnesota Statutes, section 124.48:

<u>\$1,600,000</u>	.....	<u>1994</u>
<u>\$1,600,000</u>	.....	<u>1995</u>

Any unexpended balance remaining in the first year does not cancel but is available in the second year.

Subd. 16. AMERICAN INDIAN EDUCATION. (a) For certain American Indian education programs in school districts:

<u>\$175,000</u>	.....	<u>1994</u>
<u>\$175,000</u>	.....	<u>1995</u>

The 1994 appropriation includes \$26,000 for 1993 and \$149,000 for 1994.

The 1994 appropriation includes \$26,000 for 1994 and \$149,000 for 1995.

(b) These appropriations are available for expenditure with the approval of the commissioner of the department of education.

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

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

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

(e) Before a district or school can receive money under this subdivision, the district or school must submit, to the commissioner, evidence that it has complied with the uniform financial accounting and reporting standards act, Minnesota Statutes, sections 121.90 to 121.917.

Subd. 17. INDIAN TEACHER PREPARATION GRANTS. (a) For joint grants to assist Indian people to become teachers:

\$190,000	.....	1994
\$190,000	.....	1995

(b) Initially, \$70,000 each year is for a joint grant to the University of Minnesota at Duluth and the Duluth school district.

(c) Initially, \$40,000 each year is for a joint grant to each of the following:

(1) Bemidji state university and the Red Lake school district;

(2) Moorhead state university and a school district located within the White Earth reservation; and

(3) Augsburg college and the Minneapolis school district.

(d) Money not used for students at one location may be transferred for use at another location.

(e) Any unexpended balance remaining the first year does not cancel but is available in the second year.

Subd. 18. TRIBAL CONTRACT SCHOOLS. For tribal contract school aid according to Minnesota Statutes, section 124.86:

\$374,000	.....	1994
\$457,000	.....	1995

The 1994 appropriation includes \$..-0-.. for 1993 and \$374,000 for 1994.

The 1995 appropriation includes \$66,000 for 1994 and \$391,000 for 1995.

If the 1994 appropriation is not sufficient, the amount must be allocated to eligible schools in the same proportion as the 1993 appropriation.

Subd. 19. EARLY CHILDHOOD PROGRAMS AT TRIBAL SCHOOLS. For early childhood family education programs at tribal contract schools:

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

<u>\$68,000</u>	.....	<u>1994</u>
<u>\$68,000</u>	.....	<u>1995</u>

Subd. 20. SECONDARY VOCATIONAL EDUCATION AID. For secondary vocational education aid according to Minnesota Statutes, section 124.573:

<u>\$12,079,000</u>	.....	<u>1994</u>
<u>\$13,244,000</u>	.....	<u>1995</u>

The 1994 appropriation includes \$1,811,000 for 1993 and \$10,268,003 for 1994.

The 1995 appropriation includes \$1,811,000 for 1994 and \$11,433,000 for 1995.

Subd. 21. ADVISORY COUNCIL COSTS. For the costs to project participants of convening their advisory council members during the term of the pilot project under section 15:

<u>\$15,000</u>	<u>1994</u>
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Subd. 22. TEACHER EDUCATION; HEARING IMPAIRED. To assist school districts in greater Minnesota in educating teachers in American sign language, American sign language linguistics, and deaf culture as required under section 11, clause (c):

<u>\$25,000</u>	<u>1994</u>
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This appropriation is available until June 30, 1995.

Subd. 23. PROFICIENCY EVALUATION. To evaluate teachers' baseline level of proficiency in American sign language under section 11, clause (b):

<u>\$24,000</u>	<u>1994</u>
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The appropriation is available until June 30, 1995.

Sec. 39. LCC FOR SPECIAL EDUCATION RULES REVIEW TASK FORCE.

\$15,000 is appropriated from the general fund to the legislative coordinating commission for the purposes of the section establishing a task force to review the state's special education rules. This appropriation expires February 15, 1994.

Sec. 40. REPEALER.

Minnesota Statutes 1992, section 124.32, subdivision 5, is repealed effective July 1, 1994. Minnesota Statutes 1992, sections 124.331; 124.332; 124.333; and 124.573, subdivisions 2c and 2d, are repealed effective July 1, 1993.

Sec. 41. EFFECTIVE DATE.

Sections 10 and 29 are effective beginning with the 1992-1993 school year.

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

Section 33 is effective the day after final enactment and applies through the 1998-1999 school year if the St. Paul school district complies with the requirements in section 33, subdivision 2.

Section 36 is effective the day following final enactment and applies to participating school districts through the 1996-1997 school year.

Section 32, clause (b), is effective June 30, 1994, and section 32, clauses (c) and (d), are effective June 30, 1995.

Section 35 is effective the day after final enactment and shall remain in effect until February 15, 1994, except that subdivision 5 shall remain in effect until June 1, 1994.

ARTICLE 4

COMMUNITY PROGRAMS

Section 1. Minnesota Statutes 1992, section 3.873, subdivision 4, is amended to read:

Subd. 4. **STAFF.** The legislative coordinating commission shall supply the commission with the necessary staff, office space, and administrative services. The commission may use existing legislative staff to provide legal counsel, research, fiscal, secretarial, and clerical assistance.

Sec. 2. Minnesota Statutes 1992, section 3.873, subdivision 5, is amended to read:

Subd. 5. **INFORMATION COLLECTION; INTERGOVERNMENTAL COORDINATION.** (a) The commission may conduct public hearings and otherwise collect data and information necessary to its purposes.

(b) The commission may request information or assistance from any state agency or officer to assist the commission in performing its duties. The agency or officer shall promptly furnish any information or assistance requested.

(c) The secretary of the senate and the chief clerk of the house shall provide the commission with a copy of each bill introduced in the legislature concerning children, youth, and their families.

(d) Before implementing new or substantially revised programs relating to the subjects being studied by the commission under subdivision 7, the commissioner responsible for the program shall prepare an implementation plan for the program and shall submit the plan to the commission for review and comment. The commission may advise and make recommendations to the commissioner on the implementation of the program and may request the changes or additions in the plan it deems appropriate.

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

~~(d)~~ (e) By July 1, 1991, the responsible state agency commissioners, including the commissioners of education, health, human services, jobs and training, and corrections, shall prepare data for presentation to the commission on the state programs to be examined by the commission under subdivision 7, paragraph (a).

(e) (f) To facilitate coordination between executive and legislative authorities, the ~~governor shall appoint a person to act as liaison between the commission and the governor~~ shall meet with the children's cabinet.

Sec. 3. Minnesota Statutes 1992, section 3.873, subdivision 6, is amended to read:

Subd. 6. **LEGISLATIVE REPORTS AND RECOMMENDATIONS.** The commission shall make recommendations to the legislature to implement combining education, and health and human services and related support services provided to children and their families by the departments of education, human services, health and other state agencies into a single state department of children and families to provide more effective and efficient services. The commission also shall make recommendations to the legislature or committees, as it deems appropriate to assist the legislature in formulating legislation. To facilitate coordination between executive and legislative authorities, the commission shall review and evaluate the plans and proposals of the governor and state agencies on matters within the commission's jurisdiction and shall provide the legislature with its analysis and recommendations. ~~Any analysis and recommendations must integrate recommendations for the design of an education service delivery system under Laws 1991, chapter 265, article 6, section 64.~~ The commission shall report its final recommendations under this subdivision and subdivision 7, paragraph (a), by January 1, ~~1993~~ 1994. The commission shall submit a an annual progress report by January 1; ~~1992~~ of each year.

Sec. 4. Minnesota Statutes 1992, section 3.873, subdivision 7, is amended to read:

Subd. 7. **PRIORITIES.** The commission shall give priority to studying and reporting to the legislature on the matters described in this subdivision. To the extent possible, the commission shall consult with knowledgeable individuals in communities throughout the state when developing recommendations or preparing reports on these matters.

(a) The commission must study and report on methods of improving legislative consideration of children and family issues and coordinating state agency programs relating to children and families, including the desirability, feasibility, and effects of creating a new state department of children's services, or children and family services, in which would be consolidated the responsibility for administering state programs relating to children and families.

(b) The commission must study and report on methods of consolidating or coordinating local health, correctional, educational, job, and human services, to

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

improve the efficiency and effectiveness of services to children and families and to eliminate duplicative and overlapping services. The commission shall evaluate and make recommendations on programs and projects in this and other states that encourage or require local jurisdictions to consolidate the delivery of services in schools or other community centers to reduce the cost and improve the coverage and accessibility of services. The commission must study and recommend specific effectiveness measures to accurately determine the efficacy of programs and services provided to children and their families. The commission must consider and recommend how to transform fragmented, crisis-oriented delivery systems focused on remediation services into flexible, comprehensive, well-coordinated, and family-oriented delivery systems focused on prevention services. The commission must review and evaluate what impact the classification of data has on service providers' ability to anticipate and meet the full range of families' needs. The commission must report on any laws, rules, or procedures that interfere with the effective delivery of community-based services to children and families.

(c) The commission must study and report on methods of improving and coordinating educational, social, and health care services that assist children and families during the early childhood years. The commission's study must include an evaluation of the following: early childhood health and development screening services, headstart, child care, ~~and~~ early childhood family education, and parents' involvement in programs meeting the social, cognitive, physical, and emotional needs of children.

(d) The commission must study and report on methods of improving and coordinating the practices of judicial, correctional, and social service agencies in placing juvenile offenders and children who are in need of protective services or treatment.

(e) The commission must study and recommend constructive changes in preventive, community-based programs that encourage children and youth to responsibly serve their community.

(f) The legislative commission on children, youth, and their families and the children's cabinet must study and make joint recommendations regarding a state-level governance structure to deliver funding and coordinate policy for children and their families. These recommendations may include structural changes to minimize barriers to and actively promote collaborating and integrating services for children and families in the community. The commission and cabinet must jointly evaluate the need for a new cabinet-level agency for children. The commission and cabinet shall report their findings and recommendations to the legislature by January 15, 1994.

Sec. 5. Minnesota Statutes 1992, section 3.873, subdivision 9, is amended to read:

Subd. 9. **EXPIRATION.** The commission expires on June 30, ~~1994~~ 1995.

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

Sec. 6. **[4.045] CHILDREN'S CABINET.**

The children's cabinet shall consist of the commissioners of education, human services, jobs and training, public safety, corrections, finance, health, administration, housing finance agency, transportation, and the director of the office of strategic and long-range planning. The governor shall designate one member to serve as cabinet chair. The chair is responsible for ensuring that the duties of the children's cabinet are performed.

Sec. 7. Minnesota Statutes 1992, section 120.06, subdivision 3, is amended to read:

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

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

Free admission is limited to two school years or the equivalent, or until the pupil completes the courses required to graduate, whichever is less. A district that admits a person to school under this section must have a reasonable expectation that the person can obtain a diploma within two years.

Sec. 8. Minnesota Statutes 1992, section 121.831, is amended to read:

121.831 LEARNING READINESS PROGRAMS.

Subdivision 1. **ESTABLISHMENT; PURPOSE.** A district or a group of districts may establish a learning readiness program for eligible children. The purpose of a learning readiness program is to provide all eligible children adequate opportunities to participate in child development programs that enable the children to enter school with the necessary skills and behavior and family stability and support to progress and flourish.

Subd. 2. **CHILD ELIGIBILITY.** (a) A child is eligible to participate in a learning readiness program offered by the resident district or another district if the child is:

- (1) at least ~~four~~ three and one-half years old but has not entered kindergarten; and
- (2) ~~has participated or will participate in an early childhood receives developmental screening program according to~~ under section 123.702.

A child may participate in a program provided by the district in which the child resides or by any other district within 90 days of enrolling in the program or the child's fourth birthday.

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

(b) A child younger than three and one-half years old may participate in a learning readiness program if the district or group of districts that establishes the program determines that the program can more effectively accomplish its purpose by including children younger than three and one-half years old.

Subd. 3. **PROGRAM ELIGIBILITY.** A learning readiness program shall include the following:

(1) a comprehensive plan to ~~coordinate~~ anticipate and meet the needs of participating families by coordinating existing social services to provide for the needs of participating families programs and for by fostering collaboration with among agencies or other community-based organizations providing and programs that provide a full range of flexible, family-focused services to families with young children;

(2) a development and learning component to help ~~a child~~ children develop ~~socially, intellectually, physically~~ appropriate social, cognitive, and physical skills, and ~~emotionally in a manner appropriate to the child~~ emotional well-being;

(3) health referral services to address ~~the~~ children's medical, dental, mental health, and nutritional needs of the children;

(4) a nutrition component to meet ~~the~~ children's daily nutritional needs of the children; and

(5) parents' involvement of parents in the educational meeting children's educational, health, social service, and other needs of the children;

(6) community outreach to ensure participation by families who represent the racial, cultural, and economic diversity of the community; and

(7) community-based staff and program resources, including interpreters, that reflect the racial and ethnic characteristics of the children participating in the program.

Subd. 4. **PROGRAM CHARACTERISTICS.** Learning readiness programs ~~may include the following~~ are encouraged to:

(1) prepare an individualized service plan to meet ~~the individual needs of each child~~ child's developmental and learning needs;

(2) ~~participation by families who are representative of the racial, cultural, and economic diversity of the community~~;

(3) provide parent education to increase parents' knowledge, understanding, skills, and experience in child development and learning;

(4) (3) foster substantial parent involvement; that may include ~~developing~~ having parents develop curriculum or ~~serving~~ serve as a paid or volunteer educator, resource person, or other staff;

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~~(5)~~ (4) identification of identify the needs of families with respect to in the content of the child's learning readiness;

~~(6)~~ (5) a plan to expand collaboration with public organizations, businesses, nonprofit organizations, or other private organizations to promote the development of develop a coordinated system of flexible, family-focused services available to anticipate and meet the full range of needs of all eligible children and their families with eligible children;

~~(7)~~ (6) coordination of coordinate treatment and follow-up services for all children's identified physical and mental health problems;

~~(8)~~ staff and program resources, including interpreters, that reflect the racial and ethnic population of the children in the program;

~~(9)~~ (7) offer transportation for eligible children and their parents families for whom other forms of transportation are not available unavailable or would constitute an excessive financial burden; and

~~(10)~~ (8) make substantial outreach efforts to assure significant participation by families with the greatest needs, including those families whose income level does not exceed the most recent update of the poverty guidelines required by sections 652 and 673(2) of the Omnibus Budget Reconciliation Act of 1981 (Public Law Number 97-35);

(9) use community-based, trained home visitors serving as paraprofessionals to provide social support, referrals, parent education, and other services;

(10) create community-based family resource centers and interdisciplinary teams; and

(11) enhance the quality of family or center-based child care programs by providing supplementary services and resources, staff training, and assistance with children with special needs.

Subd. 5. **PURCHASE OR CONTRACT FOR SERVICES.** ~~Whenever possible,~~ A district ~~may is encouraged to~~ contract with a public ~~organization~~ or nonprofit organization ~~providing to provide~~ eligible children developmentally appropriate services ~~meeting one or more of that meet~~ the program requirements in subdivision 3; ~~clauses (1) to (4).~~ In the alternative, a district may also pay tuition or fees to place an eligible child in an existing program ~~or.~~ A district may establish a new program where no existing, reasonably accessible program meets the program requirements in subdivision 3. Services may be provided in a site-based program or in the home of the child or a combination of both. The district may not ~~limit restrict~~ participation to district residents of the district.

Subd. 6. **COORDINATION WITH OTHER PROVIDERS.** (a) The district shall optimize coordination of coordinate the learning readiness program with existing service community-based social services providers located in the community and foster collaboration among agencies and other community-

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based organizations and programs that provide flexible, family-focused services to families with children. The district shall actively encourage greater sharing of responsibility and accountability among service providers and facilitate children's transition between programs.

(b) To the extent possible, resources shall follow the children ~~based on the services needed;~~ so that children have receive appropriate services in a stable environment and are not moved from one program location to program another. Where geographically feasible, the district shall actively promote colocating of services for children and their families.

Subd. 7. **ADVISORY COUNCIL.** Each learning readiness program shall have an advisory council ~~which composed of members of existing early education-related boards, parents of participating children, child care providers, culturally specific service organizations, local resource and referral agencies, and representatives of early childhood service providers.~~ The council shall advise the school board in creating and administering the program and shall monitor the progress of the program. The council shall ensure that children at greatest risk receive appropriate services. If the school board is unable to appoint to the advisory council members of existing early education-related boards, it shall:

(1) appoint parents of children enrolled in the program who represent the racial, cultural, and economic diversity of the district and representatives of early childhood service providers as representatives to an existing advisory council; ~~or~~

(2) ~~appoint a joint council made up of members of existing boards, parents of participating children, and representatives of early childhood service providers.~~

Subd. 8. **PRIORITY CHILDREN.** The district shall give ~~high~~ greatest priority to providing services to eligible children identified, through a means such as the early childhood screening process, as being developmentally disadvantaged or experiencing risk factors that could impede their learning readiness.

Subd. 9. **CHILD RECORDS.** A record of a child's progress and development shall be maintained in the child's cumulative record while enrolled in the learning readiness program. The cumulative record shall be used for the purpose of planning activities to suit individual needs and shall become part of the child's permanent record. The cumulative record is private data under chapter 13. Information in the record may be disseminated to an educator or service provider only to the extent that that person has a need to know the information.

Subd. 10. **SUPERVISION.** A program provided by a school board shall be supervised by a licensed early childhood teacher, ~~or~~ a certified early childhood educator, or a licensed parent educator. A program provided according to a contract between a school district and a nonprofit organization or another private organization shall be supervised and staffed according to the terms of the contract.

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Subd. 11. **DISTRICT STANDARDS.** The school board of the district shall develop standards for the learning readiness program that reflect the eligibility criteria in subdivision 3. The board shall consider including in the standards the program characteristics in subdivision 4.

Subd. 12. **PROGRAM FEES.** A district may adopt a sliding fee schedule based on a family's income but shall waive a fee for a participant unable to pay. The fees charged must be designed to enable eligible children of all socioeconomic levels to participate in the program.

Subd. 13. **ADDITIONAL REVENUE.** A district or an organization contracting with a district may receive money or in-kind services from a public or private organization.

Sec. 9. **[121.835] WAY TO GROW/SCHOOL READINESS PROGRAM.**

Subdivision 1. ADMINISTRATION. The commissioner of education shall administer the way to grow/school readiness program, in collaboration with the commissioners of health and human services, to promote intellectual, social, emotional, and physical development and school readiness of children prebirth to age six by coordinating and improving access to community-based and neighborhood-based services that support and assist all parents in meeting the health and developmental needs of their children at the earliest possible age.

Subd. 2. PROGRAM COMPONENTS. (a) A way to grow/school readiness program must:

(1) collaborate and coordinate delivery of services with other community organizations and agencies serving children prebirth to age six and their families;

(2) target services to families with children prebirth to age six with services increasing based on need;

(3) build on existing services and coordinate a continuum of prebirth to age six essential services, including but not limited to prenatal health services, parent education and support, and preschool programs;

(4) provide strategic outreach efforts to families using trained paraprofessionals such as home visitors; and

(5) support of neighborhood oriented and culturally specific social support, information, outreach, and other programs to promote healthy development of children and to help parents obtain the information, resources, and parenting skills needed to nurture and care for their children.

(b) A way to grow/school readiness program may include:

(1) a program of home visitors to contact pregnant women early in their pregnancies, encourage them to obtain prenatal care, and provide social support, information, and referrals regarding prenatal care and well-baby care to reduce infant mortality, low birth weight, and childhood injury, disease, and disability;

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(2) a program of home visitors to provide social support, information, and referrals regarding parenting skills and to encourage families to participate in parenting skills programs and other family supportive services;

(3) support of neighborhood-based or community-based parent-child and family resource centers or interdisciplinary resource teams to offer supportive services to families with preschool children;

(4) staff training, technical assistance, and incentives for collaboration designed to raise the quality of community services relating to prenatal care, child development, health, and school readiness;

(5) programs to raise general public awareness about practices that promote healthy child development and school readiness;

(6) programs to expand public and private collaboration to promote the development of a coordinated and culturally specific system of services available to all families;

(7) support of periodic screening and evaluation services for preschool children to assure adequate developmental progress;

(8) support of health, educational, and other developmental services needed by families with preschool children;

(9) support of family prevention and intervention programs needed to address risks of child abuse or neglect;

(10) development or support of a jurisdiction-wide coordinating agency to develop and oversee programs to enhance child health, development, and school readiness with special emphasis on neighborhoods with a high proportion of children in need; and

(11) other programs or services to improve the health, development, and school readiness of children in target neighborhoods and communities.

Subd. 3. ELIGIBLE GRANTEES. An application for a grant may be submitted by any of the following entities:

(1) a city, town, county, school district, or other local unit of government;

(2) two or more governmental units organized under a joint powers agreement;

(3) a community action agency that satisfies the requirements of section 268.53, subdivision 1; or

(4) a nonprofit organization, or consortium of nonprofit organizations, that demonstrates collaborative effort with at least one unit of local government.

Subd. 4. DISTRIBUTION. The commissioner of education shall give priority to funding existing programs.

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To the extent possible, the commissioner shall award grants to applicants with experience or demonstrated ability in providing comprehensive, multidisciplinary, community-based programs with objectives similar to those listed in subdivision 2, or in providing other human services or social services programs using a multidisciplinary, community-based approach.

Subd. 5. APPLICATIONS. Each grant application must propose a five-year program designed to accomplish the purposes of this section. The application must be submitted on forms provided by the commissioner of education. The grant application must include:

(1) a description of the specific neighborhoods that will be served under the program and the name, address, and a description of each community agency or agencies with which the applicant intends to contract to provide services using grant money;

(2) a letter of intent from each community agency identified in clause (1) that indicates the agency's willingness to participate in the program and approval of the proposed program structure and components;

(3) a detailed description of the structure and components of the proposed program and an explanation of how each component will contribute to accomplishing the purposes of this section;

(4) a description of how public and private resources, including schools, health care facilities, government agencies, neighborhood organizations, and other resources, will be coordinated and made accessible to families in target neighborhoods, including letters of intent from public and private agencies indicating their willingness to cooperate with the program;

(5) a detailed, proposed budget that demonstrates the ability of the program to accomplish the purposes of this section using grant money and other available resources, including funding sources other than a grant; and

(6) a comprehensive evaluation plan for measuring the success of the program in meeting the objectives of the overall grant program and the individual grant project, including an assessment of the impact of the program in terms of at least three of the following criteria:

- (i) utilization rates of community services;
- (ii) availability of support systems for families;
- (iii) birth weights of newborn babies;
- (iv) child accident rates;
- (v) utilization rates of prenatal care;
- (vi) reported rates of child abuse;

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(vii) rates of health screening and evaluation; and

(viii) school readiness of way to grow participants compared to nonparticipants.

Subd. 6. MATCH. Each dollar of state money must be matched with 50 cents of nonstate money. Programs may match state money with in-kind contributions, including volunteer assistance.

Subd. 7. ADVISORY COMMITTEES. The commissioner of education shall establish a program advisory committee consisting of persons knowledgeable in child development, child health, and family services, who reflect the geographic, cultural, racial, and ethnic diversity of the state; and representatives of the commissioners of education, human services, and health. This program advisory committee shall review grant applications, assist in distribution of the grants, and monitor progress of the way to grow/school readiness program. Each grantee must establish a program advisory board of 12 or more members to advise the grantee on program design, operation, and evaluation. The board must include representatives of local units of government and representatives of the project area who reflect the geographic, cultural, racial, and ethnic diversity of that community.

Subd. 8. REPORT. The advisory committee shall report to the education committee of the legislature by January 15, 1993, on the evaluation required in subdivision 5, clause (6), and shall make recommendations for establishing successful way to grow programs in unserved areas of the state.

Sec. 10. [121.8355] FAMILY SERVICES AND COMMUNITY-BASED COLLABORATIVES.

Subdivision 1. ESTABLISHMENT. (a) In order to qualify as a family services collaborative, a minimum of one school district, one county, and one public health entity must agree in writing to provide coordinated family services and commit resources to an integrated fund. Collaboratives are expected to have broad community representation, which may include other local providers, including additional school districts, counties, and public health entities, other municipalities, existing culturally specific community organizations, local health organizations, private and nonprofit service providers, child care providers, local foundations, community-based service groups, businesses, local transit authorities or other transportation providers, community action agencies under section 268.53, senior citizen volunteer organizations, and sectarian organizations that provide nonsectarian services.

(b) Community-based collaboratives composed of representatives of schools, local businesses, local units of government, parents, students, clergy, health and social services providers, youth service organizations, and existing culturally specific community organizations may plan and develop services for children and youth. A community-based collaborative must agree to collaborate with county, school district, and public health entities. Their services may

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include opportunities for children or youth to improve child health and development, reduce barriers to adequate school performance, improve family functioning, provide community service, enhance self esteem, and develop general employment skills.

Subd. 1a. DEFINITION. For purposes of this section, "collaborative" means either a family services collaborative described under subdivision 1, paragraph (a) or community-based collaboratives described under subdivision 1, paragraph (b).

Subd. 2. DUTIES. (a) Each collaborative shall:

(1) establish, with assistance from families and service providers, clear goals for addressing the health, developmental, educational, and family-related needs of children and youth and use outcome-based indicators to measure progress toward achieving those goals;

(2) establish a comprehensive planning process that involves all sectors of the community, identifies local needs, and surveys existing local programs;

(3) integrate service funding sources so that children and their families obtain services from providers best able to anticipate and meet their needs;

(4) coordinate families' services to avoid duplicative and overlapping assessment and intake procedures;

(5) focus primarily on family-centered services;

(6) encourage parents and volunteers to actively participate by using flexible scheduling and actively recruiting volunteers;

(7) provide services in locations that are readily accessible to children and families;

(8) use new or reallocated funds to improve or enhance services provided to children and their families;

(9) identify federal, state, and local institutional barriers to coordinating services and suggest ways to remove these barriers; and

(10) design and implement an integrated local service delivery system for children and their families that coordinates services across agencies and is client centered. The delivery system shall provide a continuum of services for children birth to age 18. The collaborative shall describe the community plan for serving pregnant women and children from birth to age six.

(b) The outcome-based indicators developed in paragraph (a), clause (1) may include the number of low birthweight babies, the infant mortality rate, the number of children who are adequately immunized and healthy, require out-of-home placement or long-term special education services, and the number of minor parents.

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Subd. 3. INTEGRATED LOCAL SERVICE DELIVERY SYSTEM. A collaborative shall design an integrated local service delivery system that coordinates funding streams and the delivery of services between existing agencies. The integrated local service delivery system may:

(1) improve outreach and early identification of children and families in need of services and intervene across service systems on behalf of families;

(2) offer an inclusive service system that supports all families within a community;

(3) coordinate services that eliminate the need to match funding streams, provider eligibilities, or clients with multiple providers;

(4) improve access to services by coordinating transportation services;

(5) provide initial outreach to all new mothers and periodic family visits to children who are potentially at risk;

(6) coordinate assessment across systems to determine which children and families need coordinated multiagency services and supplemental services;

(7) include multiagency service plans and coordinate unitary case management; and

(8) integrate funding of services.

Subd. 4. INTEGRATED FUND. (a) A collaborative must establish an integrated fund to help provide an integrated service system and fund additional supplemental services. The integrated fund may consist of federal, state, local, or private resources. The collaborative agreement must specify a minimum financial commitment by the contributors to an integrated fund. Contributors may not reduce their financial commitment except as specified in the agreement or by federal declaration.

(b) A collaborative must seek to maximize federal and private funds by designating local expenditures for services that can be matched with federal or private grant funds and by designing services to meet the requirements for state or federal reimbursement.

(c) Collaboratives may seek to maximize federal reimbursement of funds under section 256F.10.

Subd. 5. LOCAL PLANS. The collaborative plan shall describe how the collaborative will carry out the duties and implement the integrated local services delivery system required under this section. The plan shall include a list of the collaborative participants, a copy of the agreement required under subdivision 1, the amount and source of resources each participant will contribute to the integrated fund, and methods for increasing local participation in the collaborative, involving parents and other community members in implementing

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and operating the collaborative, and providing effective outreach services to all families with young children in the community. The plan shall also include specific goals that the collaborative intends to achieve and methods for objectively measuring progress toward meeting the goals.

Subd. 6. PLAN APPROVAL BY THE CHILDREN'S CABINET. (a) The children's cabinet shall approve local plans for collaboratives. In approving local plans, the children's cabinet shall give highest priority to a plan that provides:

- (1) early intervention and family outreach services;
- (2) family visitation services;
- (3) a continuum of services for children from birth to age 18;
- (4) family preservation services;
- (5) culturally sensitive approaches for delivering services and utilizing culturally specific organizations;
- (6) clearly defined outcomes and valid methods of assessment;
- (7) effective service coordination;
- (8) participation by the maximum number of jurisdictions and local, county, and state funding sources;
- (9) integrated community service providers and local resources;
- (10) integrated transportation services;
- (11) integrated housing services; and
- (12) coordinated services that include a children's mental health collaborative authorized by law.

(b) The children's cabinet shall ensure that the collaboratives established under this section do not conflict with any state or federal policy or program and do not negatively impact the state budget.

Subd. 7. RECEIPT OF FUNDS. The office of strategic and long-range planning may receive and administer public and private funds for the purposes of this act.

Sec. 11. Minnesota Statutes 1992, section 121.882, subdivision 2b, is amended to read:

Subd. 2b. HOME VISITING PROGRAM. (a) The commissioner of education shall include as part of the early childhood family education programs a parent education component to prevent child abuse and neglect. This parent education component must include:

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(1) expanding statewide the home visiting component of the early childhood family education programs;

(2) training parent educators, child educators, community outreach workers, and home visitors in the dynamics of child abuse and neglect and positive parenting and discipline practices; and

(3) developing and ~~distributing~~ disseminating education and public information materials that promote positive parenting skills and prevent child abuse and neglect.

(b) The parent education component must:

(1) offer to isolated or at-risk families ~~direct~~ home visiting parent education services that at least address parenting skills, a child's development and stages of growth, communication skills, managing stress, problem-solving skills, positive child discipline practices, methods of improving parent-child interactions and enhancing self-esteem, using community support services and other resources, and encouraging parents to have fun with and enjoy their children;

(2) develop a risk assessment tool to determine the family's level of risk;

(3) establish clear objectives and protocols for home visits;

(4) determine the frequency and duration of home visits based on a risk-need assessment of the client, with home visits beginning in the second trimester of pregnancy and continuing, based on client need, until a child is six years old;

(5) encourage families to make a transition from home visits to site-based parenting programs to build a family support network and reduce the effects of isolation;

(6) develop and distribute education materials on preventing child abuse and neglect that may be used in home visiting programs and parent education classes and distributed to the public;

(7) initially provide at least 40 hours of training and thereafter ongoing training for parent educators, child educators, community outreach workers, and home visitors that covers the dynamics of child abuse and neglect, domestic violence and victimization within family systems, signs of abuse or other indications that a child may be at risk of being abused or neglected, what child abuse and neglect are, how to properly report cases of child abuse and neglect, respect for cultural preferences in child rearing, what community resources, social service agencies, and family support activities and programs are available, child development and growth, parenting skills, positive child discipline practices, identifying stress factors and techniques for reducing stress, home visiting techniques, and risk assessment measures;

(8) provide program services that are community-based, accessible, and culturally relevant; and

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(9) foster collaboration among existing agencies and community-based organizations that serve young children and their families.

(c) Home visitors should reflect the demographic composition of the community the home visitor is serving to the extent possible.

Sec. 12. Minnesota Statutes 1992, section 123.702, subdivision 1, is amended to read:

Subdivision 1. Every school board shall provide for a mandatory program of early childhood developmental screening for children ~~who are four years old and older but who have not entered kindergarten or first grade in a public school once before school entrance, targeting children who are between 3-1/2 and 4 years old.~~ This screening program shall be established either by one board, by two or more boards acting in cooperation, by educational cooperative service units, by early childhood family education programs, or by other existing programs. This screening examination is a mandatory requirement for a student to continue attending kindergarten or first grade in a public school. A child need not submit to developmental screening provided by a school board if the child's health records indicate to the school board that the child has received comparable developmental screening from a public or private health care organization or individual health care provider. The school districts are encouraged to reduce the costs of preschool developmental screening programs by utilizing volunteers in implementing the program.

Sec. 13. Minnesota Statutes 1992, section 123.702, subdivision 1a, is amended to read:

Subd. 1a. A child must not be enrolled in kindergarten ~~or first grade~~ in a public school unless the parent or guardian of the child submits to the school principal or other person having general control and supervision of the school a record indicating the months and year the child received developmental screening and the results of the screening not later than 30 days after the first day of attendance. If a child is transferred from one kindergarten to another ~~or from one first grade to another~~, the parent or guardian of the child must be allowed 30 days to submit the child's record, during which time the child may attend school.

Sec. 14. Minnesota Statutes 1992, section 123.702, subdivision 1b, is amended to read:

Subd. 1b. (a) A screening program shall include at least the following components: developmental assessments, hearing and vision screening or referral, immunization review and referral, the child's height and weight, ~~review of any special family circumstances that might affect development,~~ identification of ~~additional~~ risk factors that may influence learning, an interview with the parent about the child, and referral for assessment, diagnosis, and treatment when potential needs are identified. The school district and the person performing or supervising the screening shall provide a parent or guardian with clear written

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notice that the parent or guardian may decline to answer questions or provide information about family circumstances that might affect development and identification of risk factors that may influence learning. The notice shall clearly state that declining to answer questions or provide information does not prevent the child from being enrolled in kindergarten or first grade if all other screening components are met. If a parent or guardian is not able to read and comprehend the written notice, the school district and the person performing or supervising the screening must convey the information in another manner. The notice shall also inform the parent or guardian that a child need not submit to the school district screening program if the child's health records indicate to the school that the child has received comparable developmental screening performed within the preceding 365 days by a public or private health care organization or individual health care provider. The notice shall be given to a parent or guardian at the time the district initially provides information to the parent or guardian about screening and shall be given again at the screening location.

(b) All screening components shall be consistent with the standards of the state commissioner of health for early developmental screening programs. No developmental screening program shall provide laboratory tests or a physical examination to any child. The school district shall request from the public or private health care organization or the individual health care provider the results of any laboratory test or physical examination within the 12 months preceding a child's scheduled screening.

(c) If a child is without health coverage, the school district shall refer the child to an appropriate health care provider.

(d) A school board may offer additional components such as nutritional, physical and dental assessments, review of family circumstances that might affect development, blood pressure, laboratory tests, and health history. State aid shall not be paid for additional components.

(e) If a statement signed by the child's parent or guardian is submitted to the administrator or other person having general control and supervision of the school that the child has not been screened because of conscientiously held beliefs of the parent or guardian, the screening is not required.

Sec. 15. Minnesota Statutes 1992, section 123.702, subdivision 3, is amended to read:

Subd. 3. The school board shall inform each resident family with a child eligible to participate in the developmental screening program about the availability of the program and the state's requirement that a child receive developmental screening not later than 30 days after the first day of attending kindergarten ~~or first grade~~ in a public school.

Sec. 16. Minnesota Statutes 1992, section 123.702, subdivision 4, is amended to read:

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Subd. 4. A school board may contract with or purchase service from an approved early developmental screening program in the area. Developmental screening must be conducted by either an individual who is licensed as, or has the training equal that is similar to; a special education teacher, school psychologist, kindergarten teacher, prekindergarten teacher, school nurse, public health nurse, registered nurse, or physician. The individual may be a volunteer.

Sec. 17. Minnesota Statutes 1992, section 123.702, subdivision 5, is amended to read:

Subd. 5. Every school board shall integrate and utilize volunteer screening programs in implementing sections 123.702 to ~~123.705~~ 123.7045 wherever possible.

Sec. 18. Minnesota Statutes 1992, section 123.7045, is amended to read:

123.7045 DEVELOPMENTAL SCREENING AID.

Each school year, the state shall pay a school district \$25 for each child screened according to the requirements of section 123.702. If this amount of aid is insufficient, the district may permanently transfer from the general fund an amount that, when added to the aid, is sufficient.

Sec. 19. Minnesota Statutes 1992, section 124.26, subdivision 2, is amended to read:

Subd. 2. Each district or group of districts providing adult basic education programs shall establish and maintain accounts separate from all other district accounts for the receipt and disbursement of all funds related to these programs. All aid received pursuant to this section shall be utilized solely for the purposes of adult basic education programs. In no case shall federal and state aid equal more than ~~90~~ 100 percent of the actual cost of providing these programs.

Sec. 20. Minnesota Statutes 1992, section 124.2601, subdivision 4, is amended to read:

Subd. 4. **LEVY.** A district with an eligible program may levy an amount not to exceed the amount raised by ~~24~~ 12 percent times the adjusted tax capacity of the district for the preceding year.

Sec. 21. Minnesota Statutes 1992, section 124.2601, subdivision 6, is amended to read:

Subd. 6. **AID GUARANTEE.** (a) For fiscal year 1994, any adult basic education program that receives less state aid under subdivisions 3 and 7 than from the aid formula for fiscal year 1992 shall receive the amount of aid it received in fiscal year 1992.

(b) For 1995 and later fiscal years, an adult basic education program that receives aid shall receive at least the amount of aid it received in fiscal year 1992

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under subdivisions 3 and 7, plus aid equal to the amount of revenue that would have been raised for taxes payable in 1994 under Minnesota Statutes 1992, section 124.2601, subdivision 4, minus the amount raised under subdivision 4.

Sec. 22. Minnesota Statutes 1992, section 124.2615, subdivision 2, is amended to read:

Subd. 2. **AMOUNT OF AID.** A district is eligible to receive learning readiness aid if the program plan as required by subdivision 1 has been approved by the commissioner of education. The aid is equal to:

(1) \$200 for fiscal year 1992 and \$300 for fiscal year 1993 times the number of eligible four-year old children residing in the district, as determined according to section 124.2711, subdivision 2; plus

(2) \$100 for fiscal year 1992 and \$300 for fiscal year 1993 times the result of;

(3) the ratio of the number of pupils enrolled in the school district from families eligible for the free or reduced school lunch program to the total number of pupils enrolled in the school district; times

(4) the number of children in clause (1).

For fiscal year 1994 and thereafter, a district shall receive learning readiness aid equal to:

(1) \$500 times the number of all participating eligible children; plus the number of eligible four-year old children in the district times the ratio of 50 percent of the total learning readiness aid for that year to the total number of eligible four-year old children reported to the commissioner for that year; plus

(2) \$200 times the number of participating eligible children identified according to section 121.831, subdivision 8 the number of participating eligible children times the ratio of 15 percent of the total learning readiness aid for that year to the total number of participating eligible children for that year; plus

(3) the number of pupils enrolled in the school district from families eligible for the free or reduced school lunch program times the ratio of 35 percent of the total learning readiness aid for that year to the total number of pupils in the state from families eligible for the free or reduced school lunch program.

Sec. 23. Minnesota Statutes 1992, section 124.2615, subdivision 3, is amended to read:

Subd. 3. **USE OF AID.** Learning readiness aid shall be used only to provide a learning readiness program and may be used to provide transportation. Not more than five percent of the aid may be used for the cost of administering the program. Aid must be used to supplement and not supplant local, state, and federal funding. Aid may not be used for instruction and services required under

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section 120.17. Aid may not be used to purchase land or construct buildings, but may be used to lease or renovate existing buildings.

Sec. 24. Minnesota Statutes 1992, section 124.2711, subdivision 1, is amended to read:

Subdivision 1. **REVENUE.** The revenue for early childhood family education programs for a school district is the amount of revenue earned by multiplying ~~\$96.50 for fiscal year 1992 or equals~~ \$101.25 for fiscal year 1993 and later fiscal years times the greater of:

(1) 150; or

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

Sec. 25. Minnesota Statutes 1992, section 124.2711, subdivision 2a, is amended to read:

Subd. 2a. **EARLY CHILDHOOD FAMILY EDUCATION LEVY.** To obtain early childhood family education revenue, a district may levy an amount equal to the tax rate of ~~.596~~ .626 percent times the adjusted tax capacity of the district for the year preceding the year the levy is certified. If the amount of the early childhood family education levy would exceed the early childhood family education revenue, the early childhood family education levy shall equal the early childhood family education revenue.

Sec. 26. Minnesota Statutes 1992, section 124.2711, is amended by adding a subdivision to read:

Subd. 5. HOME VISITING LEVY. A school district that enters into a collaborative agreement to provide education services and social services to families with young children may levy an amount equal to \$1.60 times the number of people under five years of age residing in the district on September 1 of the last school year. Levy revenue under this subdivision shall not be included as revenue under subdivision 1. The revenue shall be used for home visiting programs under section 121.882, subdivision 2b.

Sec. 27. Minnesota Statutes 1992, section 124.2713, subdivision 5, is amended to read:

Subd. 5. **YOUTH SERVICE REVENUE.** Youth service program revenue is available to a district that has implemented a youth development plan and a youth service program. Youth service revenue equals ~~75~~ 85 cents for fiscal year ~~1992~~ 1994, \$1 for fiscal year 1995, and 85 cents for fiscal year ~~1993~~ 1996 and thereafter, times the greater of 1,335 or the population of the district.

Sec. 28. Minnesota Statutes 1992, section 124.2713, subdivision 6, is amended to read:

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Subd. 6. **COMMUNITY EDUCATION LEVY.** To obtain community education revenue, a district may levy the amount raised by a tax rate of ~~1.07 percent for fiscal year 1992 and 1.095~~ 1.13 percent for fiscal year 1993 1995 and thereafter, times the adjusted net tax capacity of the district. If the amount of the community education levy would exceed the community education revenue, the community education levy shall equal the community education revenue be determined according to subdivision 6a.

Sec. 29. Minnesota Statutes 1992, section 124.2713, is amended by adding a subdivision to read:

Subd. 6a. COMMUNITY EDUCATION LEVY; DISTRICTS OFF THE FORMULA. If the amount of the community education levy for a district exceeds the district's community education revenue, the amount of the community education levy is limited to the sum of:

(1) the district's community education revenue according to subdivision 1; plus

(2) the amount of the aid reduction for the same fiscal year according to subdivision 6b.

For purposes of statutory cross-reference, a levy made according to this subdivision is the levy made according to subdivision 6.

Sec. 30. Minnesota Statutes 1992, section 124.2713, is amended by adding a subdivision to read:

Subd. 6b. COMMUNITY EDUCATION LEVY EQUITY. (a) If a district's community education levy for a fiscal year is determined according to subdivision 6a, an amount must be deducted from state aid authorized in this chapter receivable for the same fiscal year, and from state payments authorized in chapter 273 and receivable for the same fiscal year, the amount of the deduction equals the difference between:

(1) the district's community education revenue according to subdivision 1; and

(2) the district's maximum community education levy according to subdivision 6.

(b) The amount of the deduction in any fiscal year must not exceed the amount of state payments authorized in chapters 124 and 273 and receivable for the same fiscal year in the district's community service fund.

Sec. 31. Minnesota Statutes 1992, section 124.2714, is amended to read:

124.2714 **ADDITIONAL COMMUNITY EDUCATION REVENUE.**

(a) A district that is eligible under section 124.2713, subdivision 2, may levy

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an amount up to the amount authorized by Minnesota Statutes 1986, section 275.125, subdivision 8, clause (2).

(b) Beginning with levies for fiscal year 1995, this levy must be reduced each year by the amount of any increase in the levying district's general community education revenue under section 124.2713, subdivision 3, for that fiscal year over the amount received by the district under section 124.2713 for fiscal year 1994.

(c) The proceeds of the levy may be used for the purposes set forth in section 124.2713, subdivision 8.

Sec. 32. Minnesota Statutes 1992, section 124.2716, is amended to read:

124.2716 **EXTENDED DAY ~~LEVY~~ REVENUE.**

Subdivision 1. ELIGIBILITY. A school district that offers an extended day program according to section 121.88, subdivision 10, ~~may levy is eligible for extended day revenue~~ for the additional costs of providing services to children with disabilities or to children experiencing family or related problems of a temporary nature who participate in the extended day program.

Subd. 2. EXTENDED DAY REVENUE. The extended day revenue for an eligible school district equals the approved additional cost of providing services to children with disabilities or children experiencing family or related problems of a temporary nature who participate in the extended day program.

Subd. 3. EXTENDED DAY LEVY. To obtain extended day revenue, a school district may levy an amount equal to the district's extended day revenue as defined in subdivision 2 multiplied by the lesser of one, or the ratio of the quotient derived by dividing the adjusted 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 \$3,700.

Subd. 4. EXTENDED DAY AID. A district's extended day aid is the difference between its extended day revenue and its extended day levy. If a district does not levy the entire amount permitted, extended day aid must be reduced in proportion to the actual amount levied.

Sec. 33. Minnesota Statutes 1992, section 124A.29, subdivision 1, is amended to read:

Subdivision 1. **STAFF DEVELOPMENT, AND VIOLENCE PREVENTION, AND PARENTAL INVOLVEMENT PROGRAMS.** (a) Of a district's basic revenue under section 124A.22, subdivision 2, an amount equal to \$15 times the number of actual pupil units shall be reserved and may be used only to provide staff time for in-service education for violence prevention programs under section 126.77, subdivision 2, or staff development programs, including outcome-based education, under section 126.70, subdivisions 1 and 2a. The school board shall determine the staff development activities to provide, the

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

manner in which they will be provided, and the extent to which other local funds may be used to supplement staff development activities.

(b) Of a district's basic revenue under section 124A.22, subdivision 2, an amount equal to \$5 times the number of actual pupil units must be reserved and may be used only to provide parental involvement programs that implement section 126.69. ~~A district may use up to \$1 of the \$5 times the number of actual pupil units for promoting parental involvement in the PER process. Parental involvement programs may include career teacher programs, programs promoting parental involvement in the PER process, coordination of volunteer services, and programs designed to encourage community involvement.~~

Sec. 34. Minnesota Statutes 1992, 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) 21, or who is an elementary pupil, and in either case, 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

(7) is a victim of physical or sexual abuse; or

(8) has experienced mental health problems; or

(9) has experienced homelessness sometime within six months before requesting a transfer to an eligible program; or

(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~~

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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 fewer than 14 years of public or nonpublic education, beginning at age 5;

(2) has not completed the requirements for a high school diploma; 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.

(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.

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.

Sec. 35. Minnesota Statutes 1992, 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), (d), or (e)~~; may enroll in any program approved by the state board of education under Minnesota Rules, part 3500.3500, or area learning centers under sections 124C.45 to 124C.48, or according to section 121.11, subdivision 12.

(b) A pupil who is eligible according to subdivision 2, ~~clause (b), (c), or (d)~~, and who is between the ages of 16 and 21 may enroll in post-secondary courses under section 123.3514.

(c) A pupil who is eligible under subdivision 2, ~~clause (a), (b), (c), (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) (b)~~, 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), (c), or (e)~~; may enroll part time, if 16 years of age or older, or full time in any nonprofit, nonpublic, nonsectarian school that has contracted with the school district of residence to provide educational services.

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(e) A pupil who is ~~eligible under subdivision 2, clause (e) or (d)~~, between the ages of 16 and 21 may enroll in any adult basic education programs approved under section 124.26 and operated under the community education program contained in section 121.88.

Sec. 36. Minnesota Statutes 1992, section 126.22, subdivision 3a, is amended to read:

Subd. 3a. **ADDITIONAL ELIGIBLE PROGRAM.** A pupil who is at least 16 years of age, who is eligible under subdivision 2, clause (a), ~~(b)~~, ~~or (e)~~; and who has been enrolled only in a public school, if the pupil has been enrolled in any school, during the year immediately before transferring under this subdivision, may transfer to any nonprofit, nonpublic school that has contracted with the school district of residence to provide nonsectarian educational services. Such a school must enroll every eligible pupil who seeks to transfer to the school under this program subject to available space.

Sec. 37. Minnesota Statutes 1992, section 126.22, subdivision 4, is amended to read:

Subd. 4. **PUPIL ENROLLMENT.** Any eligible pupil may apply to enroll in an eligible program. Approval of the resident district is not required for:

(1) an eligible pupil to enroll in any eligible program in a nonresident district under subdivision 3 or an area learning center established under section 124C.45; or

(2) an eligible pupil under subdivision 2, ~~clause (e) or (d)~~, to enroll in an adult basic education program approved under section 124.26.

Sec. 38. Minnesota Statutes 1992, section 126.67, subdivision 8, is amended to read:

Subd. 8. **CAREER INFORMATION; APPROPRIATION.** (a) The department of education, through the Minnesota career information system, may provide career information to school districts and other educational organizations, employment and training services, human service agencies, libraries, and families. The department shall collect fees necessary to recover all expenditures related to the operation of the Minnesota career information service. Grants may be accepted and used for the improvement or operation of the program. All receipts must be deposited in a special account in the special revenue fund. The money in the account, along with any interest earned, is appropriated annually to the commissioner of education for the Minnesota career information system. Equipment, materials, and property purchased with Minnesota career information system money must be for the sole use and benefit of the system.

(b) The department must recognize that the Minnesota career information system operates under a self-supporting directive, and, accordingly, must be provided sufficient administrative latitude within the confines of law to enable the system to operate effectively.

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

Sec. 39. Laws 1992, chapter 571, article 10, section 29, is amended to read:

Sec. 29. **[124.2712] ECFE REVENUE.**

In addition to the revenue in section 124.2711, subdivision 1, in fiscal year ~~1993~~ 1994 a district is eligible for aid equal to \$1.60 times the greater of 150 or the number of people under five years of age residing in the school district on September 1 of the last school year. This amount may be used only for in-service education for early childhood family education parent educators, child educators, and home visitors for violence prevention programs and for home visiting programs under section 6 126.77. A district that uses revenue under this paragraph for home visiting programs shall provide home visiting program services through its early childhood family education program or shall contract with a public or nonprofit organization to provide such services. A district may establish a new home visiting program only where no existing, reasonably accessible home visiting program meets the program requirements in section 6 126.77.

Sec. 40. **INTEGRATED CHILDREN'S DATABASE.**

Subdivision 1. PLAN. The departments of education, administration, health and human services, and the office of strategic and long-range planning shall jointly develop a plan for an integrated statewide children's service database. The plan must contain common essential data elements that include all children from birth through kindergarten enrollment by July 1, 1995. The essential data elements shall be the basis for a statewide children's service database. Initial service areas shall include but are not limited to: early childhood and family education, ECFE tribal schools, learning readiness, way to grow, early childhood special education part H, even start, school health, home visitor, lead poisoning screening, child care resources and referral, child care service development, child trust fund, migrant child care, dependent child care, headstart and community resource program.

In developing a plan for a statewide integrated children's database the joint planning team must:

(1) conduct a high-level needs analysis of service delivery and reporting and decision making areas;

(2) catalogue current information systems;

(3) establish outcomes for developing systems;

(4) analyze the needs of individuals and organizations that will use the system; and

(5) identify barriers to sharing information and recommend changes to the Data Practices Act to remove those barriers.

Subd. 2. DATA STORAGE. The departments of education, administration, corrections, health and human services, and the office of strategic and long-range

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planning must provide to the legislature by January 30, 1995, a plan for storing essential data elements for family service centers to use. This plan will include reporting of data to the state as a by-product of both family service and school district internal operations.

Subd. 3. AGENCY SYSTEM INTEGRATION. Any state agency or department with programs serving children that is designing or redesigning its information system must ensure that the resulting information system can be fully integrated into the statewide children's service database by June 30, 1995. Agencies or departments must submit plans to design or redesign information systems for review by the information policy office to ensure that agency or department information can be fully integrated into the statewide children's service database.

Sec. 41. REPORTS.

By February 15, 1994, the children's cabinet shall report to the chairs of the family services and education committees of the legislature and to the legislative commission on children, youth, and families the number of plans approved under section 10, subdivision 5, the amounts of the grants distributed, a brief description of the proposals, and the status of the collaboratives established under section 41, subdivision 3.

Sec. 42. NORTH BRANCH COMMUNITY PARTICIPATION SCHOOL.

Subdivision 1. PILOT PROGRAM. Independent school district No. 138, North Branch, shall establish a pilot outcome-based community participation school with the following components:

- (1) educational opportunities for preschool through grade 6 learners;
- (2) social services located at the school, including student and family counseling and appropriate referrals when necessary;
- (3) programs that focus on self-esteem, conflict resolution, violence prevention, truancy, and other related issues;
- (4) health services located at the school to address the health needs of learners, including prevention programs designed to reduce health-related problems caused by drug and alcohol use, poor nutrition, and other factors;
- (5) community education programs designed to assist parents with the challenges of parenting in today's society;
- (6) regular contact with the families of students by teachers, social workers, nurses, and other school personnel through home visits, conferences at school or the workplaces of family members, telephone contact, and written communication; and

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(7) a Saturday program designed to address issues such as remedial work and family dynamics that impact student learning, or to provide other learning opportunities for students and their families.

Subd. 2. FAMILY-SCHOOL PARTNERSHIP. The families of students attending the community participation school must agree to participate in the program by:

(1) supporting the philosophy of the school;

(2) serving as volunteers at the school during the day, the evening, or on weekends;

(3) attending family training and information sessions on topics such as conflict resolution and parenting skills; and

(4) emphasizing the value of education at home through activities such as reading to their children and encouraging them to read, taking them to libraries, and reducing the family's television viewing.

Subd. 3. COMMUNITY LEARNING COMMITTEE. A community learning committee shall be formed with representatives from the school district, city council, county, student groups, and others to develop a community plan for the implementation of this pilot program and to identify strategies for enhancing community recognition of the value that needs to be placed on education. The committee shall address how agencies will combine resources to collaborate on service delivery to carry out the purposes of the pilot school. The school board of independent school district No. 138 shall convene the initial meeting of this committee.

Subd. 4. TIMELINES. (a) The board of independent school district No. 138 shall establish this program no later than January 1, 1994. The community learning committee must be convened within 30 days following enactment of this section.

(b) By July 15, 1994, independent school district No. 138 shall submit a report on the pilot program's status to the commissioner of education, the state board of education, and the education committees of the legislature.

(c) By February 1, 1995, independent school district No. 138 shall submit a report on the program's initial year to the commissioner of education, the state board of education, and the education committees of the legislature. The report must document the impact of the pilot program on student performance in meeting outcomes, changes in student social behaviors and student health, family involvement in the school and the impact of that involvement, agency collaboration in providing school-based services, and other community participation.

Sec. 43. COLLABORATIVE GRANTS.

Subdivision 1. APPLICATIONS FOR COLLABORATIVE PLANNING

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GRANTS. By August 1, 1993, the children's cabinet shall publish procedures for applying for and awarding planning grants under subdivision 2. Local collaboratives may obtain an application from the commissioner of education, human services, or health and must submit the completed application to the children's cabinet. The applicant must indicate the amount of the planning grant being sought and how the applicant will use the grant funds.

Subd. 2. DISTRIBUTION OF PLANNING GRANTS. By February 1, 1994, the children's cabinet must ensure that planning grant funds are distributed to collaboratives with approved applications. The funds must be geographically distributed throughout the state and balanced between the seven-county metropolitan area and elsewhere throughout the state. No more than 2.5 percent of the appropriation is available to the state to administer and evaluate the grant program. An applicant receiving a grant in fiscal year 1994 may use the grant money in fiscal year 1994 and may carry forward any unencumbered money into fiscal year 1995 or 1996. An applicant receiving a grant in fiscal year 1995 may use the grant money in fiscal year 1995 and may carry forward any unencumbered money into fiscal year 1996.

Subd. 3. COLLABORATIVE IMPLEMENTATION GRANTS; EVALUATION. To apply for an implementation grant, a collaborative must submit a plan to the children's cabinet by either December 1, 1993, or December 1, 1994. The plan must indicate the amount of the implementation grant requested and how the grant funds will be used. Grant recipients must use the grant money solely to provide direct services to children and families. Up to one-half of the appropriation available for implementation grants may be awarded to collaboratives with plans received by December 1, 1993, that the cabinet approves. The remaining appropriation is available for grants to collaboratives with plans received by December 1, 1994. The children's cabinet shall review a plan and notify the collaborative within 60 days of receiving the plan whether or not the plan has been approved. No more than 2.5 percent of the appropriation is available to the state to administer and evaluate the grant program. An applicant receiving a grant in fiscal year 1994 may use the grant money in fiscal year 1994 and may carry forward any unencumbered money into fiscal year 1995 or 1996. An applicant receiving a grant in fiscal year 1995 may use the grant money in fiscal year 1995 and may carry forward any unencumbered money into fiscal year 1996.

Subd. 4. REPORTS BY COLLABORATIVES. Collaboratives receiving implementation grants must submit a report to the children's cabinet. The report shall describe the progress the collaborative made toward implementing the local plan, how funds received under subdivision 3 were used, the number and type of clients served, and the types of services provided. The report shall be submitted to the children's cabinet by December 31, 1994, by collaboratives whose local plan was approved no later than February 1, 1994, and by December 31, 1995, for those collaboratives whose local plan was approved no later than February 1, 1995. Within two years of the date on which a collaborative receives an implementation grant, a collaborative shall submit a report to the

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

children's cabinet describing the extent to which the collaborative achieved the outcomes developed under Minnesota Statutes, section 121.8355, subdivision 1, clause (1).

Sec. 44. **APPROPRIATIONS.**

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

Subd. 2. ADULT BASIC EDUCATION AID. For adult basic education aid according to Minnesota Statutes, section 124.26, in fiscal year 1994 and 124.2601 in fiscal year 1995:

\$5,904,000	.....	1994
\$7,998,000	.....	1995

The 1994 appropriation includes \$911,000 for 1993 and \$4,993,000 for 1994.

The 1995 appropriation includes \$880,000 for 1994 and \$7,118,000 for 1995.

Up to \$275,000 each year may be used for contracts with private, nonprofit organizations for approved programs.

Subd. 3. ADULTS WITH DISABILITIES PROGRAM AID. For adults with disabilities programs according to Minnesota Statutes, section 124.2715:

\$670,000	.....	1994
\$670,000	.....	1995

Any balance in the first year does not cancel and is available for the second year.

Subd. 4. ALCOHOL-IMPAIRED DRIVER. (a) For grants with funds received under Minnesota Statutes, section 171.29, subdivision 2, paragraph (b), clause (4):

\$514,000	.....	1994
\$514,000	.....	1995

(b) These appropriations are from the alcohol-impaired driver account of the special revenue fund. Any funds credited for the department of education to the alcohol-impaired driver account of the special revenue fund in excess of the amounts appropriated in this subdivision are appropriated to the department of education and available in fiscal years 1994 and 1995.

(c) Up to \$226,000 each year may be used by the department of education to contract for services to school districts stressing the dangers of driving after consuming alcohol. Of this amount, up to \$133,000 may be used for kids reaching kids programs and up to \$93,000 may be used for the driving under the influence demonstration program. No more than five percent of the amount received may be used for administrative costs by the contract recipients.

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

(d) Up to \$88,000 each year may be used for grants to support student-centered programs to discourage driving after consuming alcohol.

(e) Up to \$200,000 and any additional funds each year may be used for chemical abuse prevention grants.

Subd. 5. COMMUNITY EDUCATION AID. For community education aid according to Minnesota Statutes, section 124.2713:

<u>\$3,182,000</u>	.....	<u>1994</u>
<u>\$3,319,000</u>	.....	<u>1995</u>

The 1994 appropriation includes \$496,000 for 1993 and \$2,686,000 for 1994.

The 1995 appropriation includes \$474,000 for 1994 and \$2,845,000 for 1995.

Subd. 6. ADULT GRADUATION AID. For adult graduation aid:

<u>\$1,827,000</u>	.....	<u>1994</u>
<u>\$1,986,000</u>	.....	<u>1995</u>

The 1994 appropriation includes \$204,000 for 1993 and \$1,623,000 for 1994.

The 1995 appropriation includes \$286,000 for 1994 and \$1,700,000 for 1995.

In the event that the appropriation in either year is insufficient, the adult graduation aid paid to a school district and to a higher education institution shall be prorated equally.

Subd. 7. HEALTH AND DEVELOPMENTAL SCREENING AID. For health and developmental screening aid according to Minnesota Statutes, section 123.7045:

<u>\$1,558,000</u>	.....	<u>1994</u>
<u>\$1,550,000</u>	.....	<u>1995</u>

The 1994 appropriation includes \$240,000 for 1993 and \$1,318,000 for 1994.

The 1995 appropriation includes \$232,000 for 1994 and \$1,318,000 for 1995.

Any balance in the first year does not cancel but is available in the second year.

Subd. 8. HEARING IMPAIRED ADULTS. For programs for hearing impaired adults according to Minnesota Statutes, section 121.201:

<u>\$70,000</u>	.....	<u>1994</u>
<u>\$70,000</u>	.....	<u>1995</u>

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

Subd. 9. VIOLENCE PREVENTION GRANTS. For violence prevention education grants under Minnesota Statutes, section 126.78:

\$1,000,000 1994

Notwithstanding the geographical distribution requirement in Minnesota Statutes, section 126.78, subdivision 3, the commissioner shall give priority in awarding grants in fiscal year 1994 to eligible school districts that did not receive a grant in fiscal year 1993.

Subd. 10. GED TESTS. For payment of 60 percent of the costs of GED tests:

\$180,000 1994

\$180,000 1995

Subd. 11. GED COORDINATION. For statewide coordination of the GED program:

\$60,000 1994

\$60,000 1995

Subd. 12. WAY TO GROW. For grants for existing way to grow programs according to Minnesota Statutes, section 145.926:

\$950,000 1994

This appropriation is available until June 30, 1995.

Subd. 13. SURVEY. For a survey of students, including those attending alternative education programs:

\$150,000 1995

Subd. 14. EARLY CHILDHOOD FAMILY EDUCATION AID. For early childhood family education aid according to Minnesota Statutes, section 124.2711:

\$13,464,000 1994

\$13,876,000 1995

The 1994 appropriation includes \$1,875,000 for 1993 and \$11,589,000 for 1994.

The 1995 appropriation includes \$2,044,000 for 1994 and \$11,832,000 for 1995.

\$10,000 each year may be spent for evaluation of ECFE programs.

Subd. 15. ECFE HOME VISITING. For the early childhood family education program home visiting component according to Minnesota Statutes, section 121.882, subdivision 2b:

\$450,000 1994

The entire amount is available in 1994.

New language is indicated by underline, deletions by strikeout.

Subd. 16. LEARNING READINESS PROGRAM REVENUE. For revenue for learning readiness programs:

<u>\$9,495,000</u>	<u>.....</u>	<u>1994</u>
<u>\$9,505,000</u>	<u>.....</u>	<u>1995</u>

The 1994 appropriation includes \$1,412,000 for 1993 and \$8,083,000 for 1994.

The 1995 appropriation includes \$1,426,000 for 1994 and \$8,079,000 for 1995.

Any balance in the first year does not cancel but is available in the second year.

\$10,000 each year may be spent for evaluation of learning readiness programs.

Subd. 17. VIOLENCE PREVENTION COUNCILS. (a) For grants to cities, counties, and school boards for community violence prevention councils:

<u>\$200,000</u>	<u>.....</u>	<u>1994</u>
<u>\$200,000</u>	<u>.....</u>	<u>1995</u>

(b) During the biennium, councils shall identify community needs and resources for violence prevention and development services that address community needs related to violence prevention.

(c) Any of the funds awarded to school districts but not expended in fiscal year 1994, are available to the award recipient in fiscal year 1995 for the same purposes and activities.

(d) Any portion of the 1994 appropriation not spent in 1994 is available in 1995.

(e) One hundred percent of this aid must be paid in the current fiscal year in the same manner as specified in Minnesota Statutes, section 124.195, subdivision 9.

Subd. 18. OMBUDSPERSONS.

<u>\$80,000</u>	<u>.....</u>	<u>1994</u>
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The appropriation is to be distributed in equal amounts to the Indian Affairs Council, the Spanish-Speaking Affairs Council, the Council on Black Minnesotans, and the Council on Asian-Pacific Minnesotans, for purposes of funding the activities of the ombudspersons authorized by Minnesota Statutes, sections 257.0755 to 257.0768. Any balance in 1994 is available until June 30, 1995.

Subd. 19. NORTH BRANCH GRANT. For a grant to independent school district No. 138, North Branch, to develop a community school program:

<u>\$200,000</u>	<u>.....</u>	<u>1994</u>
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New language is indicated by underline, deletions by ~~strikeout~~.

Any balance in the first year does not cancel but is available in the second year.

Subd. 20. LOCAL COLLABORATIVES. For grants to local collaboratives according to section 43, subdivisions 2 and 3:

\$5,000,000 1994

\$1,500,000 is for collaborative planning grants.

Up to \$130,000 of the sum listed above is for the legislative coordinating commission for purposes of carrying out the responsibilities under Minnesota Statutes, section 3.873.

Up to \$400,000 is for the office of strategic and long-range planning for development of a statewide children's service database and for staffing the children's cabinet.

Any portion of this sum not spent on planning grants shall be used for implementation grants.

\$3,500,000 is for collaborative implementation grants.

The amounts appropriated under this subdivision do not cancel but are available until June 30, 1996.

Subd. 21. EXTENDED DAY AID. For extended day aid according to Minnesota Statutes, section 124.2716:

\$340,000 1995

Sec. 45. **REPEALER.**

Minnesota Statutes 1992, sections 126.22, subdivision 2a; and 145.926, are repealed.

Sec. 46. **EFFECTIVE DATES.**

Section 33 is effective July 1, 1993, and apply to the 1993-1994 school year and later school years. Sections 26 and 30 are effective for the 1993, payable 1994 levies.

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

ARTICLE 5

FACILITIES

Section 1. Minnesota Statutes 1992, section 121.912, is amended by adding a subdivision to read:

Subd. 8. ENERGY CONSERVATION FUND TRANSFERS. A school district that has contracted with a provider of energy conservation improvements, or a school district that has received a loan from a public utility to make energy conservation improvements may annually transfer from the general fund to the capital expenditure fund, the amount related to the energy savings of the energy conservation improvements.

Sec. 2. Minnesota Statutes 1992, section 123.36, is amended by adding a subdivision to read:

Subd. 15. USE OF BUILDINGS BY LOWER GRADES. (a) In addition to the protections provided in existing building and fire code rules and standards, the following alternatives apply for existing school buildings:

(1) rooms occupied by preschool, kindergarten, and first and second grade students for classrooms, latchkey, day care, early childhood family education or teen parent or similar programs may be located on any floor level below the fourth story of a school building if the building is protected throughout by a complete automatic sprinkler system and a complete automatic fire alarm system consisting of automatic smoke detection throughout the exit system and approved smoke detection in all rooms and areas other than classrooms and offices;

(2) rooms used by preschool, kindergarten, or first grade students for classrooms, latchkey, day care, early childhood family education or teen parent or similar programs, must be located on the story of exit discharge, and rooms used by second grade students, for any purpose, must be located on the story of exit discharge or one story above unless one of the following conditions is met:

(i) a complete automatic sprinkler system is provided throughout the building, the use of the affected room or space is limited to one grade level at a time, and exiting is provided from the affected room or space which is independent from the exiting system used by older students; or

(ii) a complete approved automatic fire alarm system is installed throughout the building consisting of automatic smoke detection throughout the exit system and approved detection in all rooms and areas other than classrooms and offices, the use of the affected room or space is limited to one grade level at a time and exiting is provided from the affected room or space which is independent from the exiting system used by older students.

(b) For purposes of paragraph (a), clause (2), pupils from second grade down are considered one grade level.

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(c) Accessory spaces, including gymnasiums, cafeterias, media centers, auditoriums, libraries, and band and choir rooms, which are used on an occasional basis by preschool, kindergarten, and first and second grade students are permitted to be located one level above or one level below the story of exit discharge, provided the building is protected throughout by a complete automatic sprinkler system or a complete approved corridor smoke detection system.

(d) Paragraphs (a) and (c) supersede any contrary provisions of the state fire code or state building code and rules relating to those codes must be amended by the state agencies having jurisdiction of them.

(e) Paragraphs (a) to (d) are effective for new school buildings beginning July 1, 1994.

Sec. 3. [124.239] ALTERNATIVE FACILITIES BONDING AND LEVY PROGRAM.

Subdivision 1. TO QUALIFY. An independent or special school district qualifies to participate in the alternative facilities bonding and levy program if the district has:

- (1) more than 66 students per grade;
- (2) over 1,850,000 square feet of space;
- (3) average age of building space is 20 years or older;

(4) insufficient funds from projected health and safety revenue and capital facilities revenue to meet the requirements for deferred maintenance, to make accessibility improvements, or to make fire, safety, or health repairs; and

(5) a ten-year facility plan approved by the commissioner according to subdivision 2.

Subd. 2. TEN-YEAR PLAN. (a) A qualifying district must have a ten-year facility plan approved by the commissioner that includes an inventory of projects and costs that would be eligible for:

- (1) health and safety revenue;
- (2) disabled access levy; and
- (3) deferred capital expenditures and maintenance projects necessary to prevent further erosion of facilities.

(b) The school district must:

- (1) annually update the plan;
- (2) biennially submit a facility maintenance plan; and

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(3) indicate whether the district will issue bonds to finance the plan or levy for the costs.

Subd. 3. BOND AUTHORIZATION. A school district, upon approval of its school board and the commissioner, may issue general obligation bonds under this section to finance approved facilities plans. Chapter 475, except sections 475.58 and 475.59, must be complied with. The district may levy under subdivision 5 for the debt service revenue. The authority to issue bonds under this section is in addition to any bonding authority authorized by this chapter, or other law. The amount of bonding authority authorized under this section must be disregarded in calculating the bonding or net debt limits of this chapter, or any other law other than section 475.53, subdivision 4.

Subd. 4. LEVY PROHIBITED FOR CAPITAL PROJECTS. A district that participates in the alternative facilities bonding and levy program is not eligible to levy and cannot receive aid for any capital projects under sections 124.83 and 124.84. A district may levy for health and safety environmental management costs and health and safety regulatory, hazard assessment, record keeping, and maintenance programs as defined in section 19 and approved by the commissioner.

Subd. 5. LEVY AUTHORIZED. A district, after local board approval, may levy for costs related to an approved facility plan as follows:

(a) if the district has indicated to the commissioner that bonds will be issued, the district may levy for the principal and interest payments on outstanding bonds issued according to subdivision 3; or

(b) if the district has indicated to the commissioner that the plan will be funded through levy, the district may levy according to the schedule approved in the plan.

Subd. 6. SEPARATE ACCOUNT. A district must establish a separate account under the uniform financial accounting and reporting standards (UFARS) for this program. If the district's levy exceeds the necessary interest and principal payments and noncapital health and safety costs, the district must reserve the revenue to replace future bonding authority, prepay bonds authorized under this program, or make payments on principal and interest.

Sec. 4. Minnesota Statutes 1992, section 124.243, subdivision 1, is amended to read:

Subdivision 1. A school board annually shall, by resolution adopted by a two-thirds vote of its governing body and after notice and hearing, adopt a capital expenditure facilities program. The district shall publish notice of the hearing in its official newspaper at least 20 days before the hearing. A school board may amend its capital expenditure facilities program at any time. The program shall include plans for repair and restoration of existing district-owned facilities and plans for new construction. Plans for new construction and plans for repairs and restoration funded through bond proceeds must be included in the program

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before notice of the district's intended debt service levy is given to the commissioner for the project costs to be included in the district's required debt service levy under section 124.95 for that year. The program shall include specific provisions to correct any existing health and safety hazards. The program must set forth the facilities to be improved, a schedule of work not more than five years from the adoption or amendment of the program, the estimated cost of the improvements to be made, the estimated property tax effects of the program for the next fiscal year, and the proposed methods of financing the program. ~~The program must be reviewed by the district biennially before July 1 of each odd-numbered year, after notice and hearing. After the review, the program may be amended to include the ensuing five-year period.~~

Sec. 5. Minnesota Statutes 1992, section 124.243, subdivision 2, is amended to read:

Subd. 2. **CAPITAL EXPENDITURE FACILITIES REVENUE.** (a) For fiscal years 1994 and 1995, capital expenditure facilities revenue for a district equals \$128 times its actual pupil units for the school year.

(b) For fiscal years 1996 and later, capital expenditure facilities revenue for a district equals \$100 times the district's maintenance cost index times its actual pupil units for the school year.

(c) A district's capital expenditure facilities revenue for a school year shall be reduced if the unreserved balance in the capital expenditure facilities account on June 30 of the prior school year exceeds ~~\$270~~ \$675 times the fund balance pupil units in the prior year as defined in section 124A.26, subdivision 1. If a district's capital expenditure facilities revenue is reduced, the reduction equals the lesser of (1) the amount that the unreserved balance in the capital expenditure facilities account on June 30 of the prior year exceeds ~~\$270~~ \$675 times the fund balance pupil units in the prior year, or (2) the capital expenditure facilities revenue for that year.

(d) For 1996 and later fiscal years, the previous formula revenue equals the amount of revenue computed for the district according to section 124.243 for fiscal year 1995.

(e) Notwithstanding paragraph (b), for fiscal year 1996, the revenue for each district equals 25 percent of the amount determined in paragraph (b) plus 75 percent of the previous formula revenue.

(f) Notwithstanding paragraph (b), for fiscal year 1997, the revenue for each district equals 50 percent of the amount determined in paragraph (b) plus 50 percent of the previous formula revenue.

(g) Notwithstanding paragraph (b), for fiscal year 1998, the revenue for each district equals 75 percent of the amount determined in paragraph (b) plus 25 percent of the previous formula revenue.

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(h) The revenue in paragraph (b) for a district that operates a program under section 121.585, is increased by an amount equal to \$15 times the number of actual pupil units at the site where the program is implemented.

Sec. 6. Minnesota Statutes 1992, section 124.243, subdivision 2a, is amended to read:

Subd. 2a. **EXCEPTION TO FUND BALANCE REDUCTION.** A district may apply to the commissioner for approval for an unreserved fund balance in its capital expenditure facilities account that exceeds \$270 per fund balance pupil unit for a period not to exceed ~~three~~ five years. If the commissioner approves the district's application, the district's capital expenditure facilities revenue shall not be reduced according to subdivision 2. The commissioner may approve a district's application for an exception only if the use of the district's capital expenditure facilities funds are consistent with plans adopted according to subdivision 1.

Sec. 7. Minnesota Statutes 1992, section 124.243, subdivision 6, is amended to read:

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

- (1) to acquire land for school purposes;
- (2) to acquire or construct buildings for school purposes, ~~if approved by the commissioner of education according to applicable statutes and rules up to \$400,000;~~
- (3) to rent or lease buildings, including the costs of building repair or improvement that are part of a lease agreement;
- (4) to improve and repair school sites and buildings, and equip or reequip school buildings with permanent attached fixtures;
- (5) for a surplus school building that is used substantially for a public non-school purpose;
- (6) to eliminate barriers or increase access to school buildings by individuals with a disability;
- (7) to bring school buildings into compliance with the uniform fire code adopted according to chapter 299F;
- (8) to remove asbestos from school buildings, encapsulate asbestos, or make asbestos-related repairs;
- (9) to clean up and dispose of polychlorinated biphenyls found in school buildings;
- (10) to clean up, remove, dispose of, and make repairs related to storing

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heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296.01;

(11) for energy audits for school buildings and to modify buildings if the audit indicates the cost of the modification can be recovered within ten years;

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

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

(14) to pay principal and interest on state loans for energy conservation according to section 216C.37 or loans made under the northeast Minnesota economic protection trust fund act according to sections 298.292 to 298.298; and

(15) to purchase or lease interactive telecommunications equipment.

Sec. 8. Minnesota Statutes 1992, section 124.243, subdivision 8, is amended to read:

Subd. 8. **FUND TRANSFERS.** (a) Money in the account for capital expenditure facilities revenue must not be transferred into any other account or fund, except that as specified in this subdivision.

(b) The school board may, by resolution, transfer money into the debt redemption fund to pay the amounts needed to meet, when due, principal and interest payments on certain obligations issued according to chapter 475.

(c) A school board may transfer all or a part of its capital expenditure facilities revenue to its capital expenditure equipment account if:

(1) the district has only one facility and that facility is less than ten years old; or

(2) the district receives approval from the commissioner to make the transfer.

(d) In considering approval of a transfer under paragraph (c), clause (2), the commissioner must consider the district's facility needs.

Sec. 9. Minnesota Statutes 1992, section 124.243, is amended by adding a subdivision to read:

Subd. 12. **MAINTENANCE COST INDEX.** (a) A district's maintenance cost index is equal to the ratio of:

(1) the total weighted square footage for all eligible district-owned facilities; and

(2) the total unweighted square footage of these facilities.

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(b) The department shall determine a district's maintenance cost index annually. Eligible district owned facilities shall include only instructional or administrative square footage owned by the district. The commissioner of education may adjust the age of a building or addition for major renovation projects.

(c) The square footage weighting factor for each original building or addition equals the lesser of:

- (1) one plus the ratio of the age in years to 100; or
- (2) 1.5.

(d) The weighted square footage for each original building or addition equals the product of the unweighted square footage times the square footage weighting factor.

Sec. 10. Minnesota Statutes 1992, section 124.244, subdivision 1, is amended to read:

Subdivision 1. **REVENUE AMOUNT.** (a) For fiscal years 1994 and 1995, the capital expenditure equipment revenue for each district equals \$63 times its actual pupil units counted according to ~~section 124.17, subdivision 1,~~ for the school year.

(b) For fiscal years 1996 and later, the capital expenditure equipment revenue for each district equals \$68 times its actual pupil units for the school year.

Sec. 11. [124.2455] BONDS FOR CERTAIN CAPITAL FACILITIES.

(a) In addition to other bonding authority, with approval of the commissioner, a school district may issue general obligation bonds for certain capital projects under this section. The bonds must be used only to make capital improvements including:

- (1) under section 124.243, subdivision 6, capital expenditure facilities revenue uses specified in clauses (4), (6), (7), (8), (9), and (10);
- (2) the cost of energy modifications;
- (3) improving handicap accessibility to school buildings; and
- (4) bringing school buildings into compliance with life and safety codes and fire codes.

(b) Before a district issues bonds under this subdivision, it must publish notice of the intended projects, the amount of the bond issue, and the total amount of district indebtedness.

(c) A bond issue tentatively authorized by the board under this subdivision becomes finally authorized unless a petition signed by more than 15 percent of the registered voters of the school district is filed with the school board within 30 days of the board's adoption of a resolution stating the board's intention to

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issue bonds. The percentage is to be determined with reference to the number of registered voters in the school district on the last day before the petition is filed with the school board. The petition must call for a referendum on the question of whether to issue the bonds for the projects under this section. The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this section.

(d) The bonds may be issued in a principal amount, that when combined with interest thereon, will be paid off with not more than 50 percent of current and anticipated revenue for capital facilities under this section or a successor section for the current year plus projected revenue not greater than that of the current year for the next ten years. Once finally authorized, the district must set aside the lesser of the amount necessary to make the principal and interest payments or 50 percent of the current year's revenue for capital facilities under this section or a successor section each year in a separate account until all principal and interest on the bonds is paid. The district must annually transfer this amount from its capital fund to the debt redemption fund. The bonds must be paid off within ten years of issuance. The bonds must be issued in compliance with chapter 475, except as otherwise provided in this section.

Sec. 12. Minnesota Statutes 1992, section 124.37, is amended to read:

124.37 POLICY AND PURPOSE.

The rates of increase in school population in Minnesota and population shifts and economic changes in recent years, and anticipated in future years, have required and will require large expenditures for performing the duty of the state and its subdivisions to provide a general and uniform system of public schools. The state policy has been to require these school costs to be borne primarily by the local subdivisions. In most instances the local subdivisions have been, and will be, able to provide the required funds by local taxation as supplemented by the aids usually given to all school districts from state income tax and other state aids. There are, however, exceptional cases due to local conditions not found in most other districts where, either temporarily or over a considerable period of years, the costs will exceed the maximum which the local taxpayers can be reasonably expected to bear. In some districts having bonds of several issues outstanding, debt service tax levy requirements are excessive for some years because of heavy bond principal payments accumulating in some of the years due to overlapping or short term issues. The policy and purpose of sections 124.36 to 124.47 is to utilize the credit of the state, to a limited degree, to relieve those school districts, but only those, where the maximum effort by the district is inadequate to provide the necessary money. It is also the purpose of sections 124.36 to 124.47 to promote efficient use of school buildings. To that end, a district that receives a maximum effort loan is encouraged to design and use its facility to integrate social services and library services.

Sec. 13. Minnesota Statutes 1992, section 124.38, is amended by adding a subdivision to read:

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Subd. 4a. LEVY. "Levy" means a district's net debt service levy after the reduction of debt service equalization aid under section 124.95, subdivision 5. For taxes payable in 1994 and later, each district's maximum effort debt service levy for purposes of subdivision 7, shall be reduced by an equal number of percentage points if the commissioner determines that the levy reduction will not result in a statewide property tax as would be required under Minnesota Statutes 1992, section 124.46, subdivision 3. A district's levy that is adjusted under this section shall not be reduced below 18.74 percent of the district's adjusted net tax capacity.

Sec. 14. Minnesota Statutes 1992, section 124.431, subdivision 1, is amended to read:

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. For purposes of this section, "education facilities" includes space for Head Start programs and social service programs.

Sec. 15. Minnesota Statutes 1992, section 124.431, subdivision 1a, is amended to read:

Subd. 1a. **CAPITAL LOANS ELIGIBILITY.** Beginning July 1, 1992, a district is not eligible for a capital loan unless the district's estimated net debt tax rate as computed by the commissioner after debt service equalization aid would be more than 20 percent of adjusted net tax capacity. The estimate must assume a 20-year maturity schedule for new debt.

Sec. 16. Minnesota Statutes 1992, section 124.431, subdivision 2, is amended to read:

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) the district has made a good faith effort to encourage integration of social service programs within the new facility; and

(10) 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.

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Sec. 17. Minnesota Statutes 1992, section 124.431, subdivision 14, is amended to read:

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. A district that refunds bonds at a lower interest rate may continue to make the maximum effort debt service levy in each later year at the current rate provided in section 124.38, subdivision 7, if the district can demonstrate to the commissioner's satisfaction that the district's repayments of the state loan will not be reduced below the previous year's level. 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. 18. Minnesota Statutes 1992, section 124.494, subdivision 1, is amended to read:

Subdivision 1. **QUALIFICATION.** Any group of school districts that meets the criteria required under subdivision 2 may apply for an incentive grant in an amount not to exceed the lesser of ~~\$6,000,000~~ \$5,000,000 or 75 percent of the approved construction costs of a cooperative secondary education facility.

Sec. 19. Minnesota Statutes 1992, section 124.494, subdivision 2, is amended to read:

Subd. 2. **REVIEW BY COMMISSIONER.** (a) Any group of districts that submits an application for a grant shall submit a proposal to the commissioner for review and comment under section 121.15, and the commissioner shall prepare a review and comment on the proposed facility, regardless of the amount of the capital expenditure required to acquire, construct, remodel or improve the secondary facility. The commissioner must not approve an application for an incentive grant for any secondary facility unless the facility receives a favorable review and comment under section 121.15 and the following criteria are met:

(1) a minimum of three or more districts, with kindergarten to grade 12 enrollments in each district of no more than 1,200 pupils, enter into a joint powers agreement;

(2) a joint powers board representing all participating districts is established under section 471.59 to govern the cooperative secondary facility;

(3) the planned secondary facility will result in the joint powers district meeting the requirements of Minnesota Rules, parts 3500.2010 and 3500.2110;

(4) at least 198 pupils would be served in grades 10 to 12, 264 pupils would be served in grades 9 to 12, or 396 pupils would be served in grades 7 to 12;

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(5) no more than one superintendent is employed by the joint powers board as a result of the cooperative secondary facility agreement;

(6) a statement of need is submitted, that may include reasons why the current secondary facilities are inadequate, unsafe or inaccessible to the handicapped;

(7) an educational plan is prepared, that includes input from both community and professional staff;

(8) a combined seniority list for all participating districts is developed by the joint powers board;

(9) an education program is developed that provides for more learning opportunities and course offerings, including the offering of advanced placement courses, for students than is currently available in any single member district;

(10) a plan is developed for providing instruction of any resident students in other districts when distance to the secondary education facility makes attendance at the facility unreasonably difficult or impractical; and

(11) the joint powers board established under clause (2) discusses with technical colleges located in the area how vocational education space in the cooperative secondary facility could be jointly used for secondary and post-secondary purposes.

(b) To the extent possible, the joint powers board is encouraged to provide for severance pay or for early retirement incentives under section 125.611, for any teacher or administrator, as defined under section 125.12, subdivision 1, who is placed on unrequested leave as a result of the cooperative secondary facility agreement.

(c) For the purpose of paragraph (a), clause (8), each school district must be considered to have started school each year on the same date.

(d) The districts may develop a plan that provides for the location of social service, health, and other programs serving pupils and community residents within the cooperative secondary facility. The commissioner shall consider this plan when preparing a review and comment on the proposed facility.

(e) The districts shall schedule and conduct a meeting on library services. The school districts, in cooperation with the regional public library system and its appropriate member libraries, shall discuss the possibility of including jointly operated library services at the cooperative secondary facility.

Sec. 20. Minnesota Statutes 1992, section 124.494, is amended by adding a subdivision to read:

Subd. 4a. COLOCATION GRANT. A group of districts that receives a grant under subdivision 4 is also eligible to receive an additional grant in the amount of \$1,000,000. To receive the additional grant, the group of districts must develop a plan under subdivision 2, paragraph (d), that provides for the

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location of a significant number of noneducational student and community service programs within the cooperative secondary facility.

Sec. 21. [124.829] HEALTH, SAFETY, AND ENVIRONMENTAL MANAGEMENT.

"Health, safety, and environmental management" means school district activities necessary for a district's compliance with state law and rules of the departments of health, labor and industry, public safety, and pollution control agency as well as any related federal standards. These activities include hazard assessment, required training, record keeping, and program management.

Sec. 22. Minnesota Statutes 1992, section 124.83, subdivision 1, is amended to read:

Subdivision 1. **HEALTH AND SAFETY PROGRAM.** To receive health and safety revenue for any fiscal year a district, including an intermediate district, must submit to the commissioner of education an application for aid and levy by the date determined by the commissioner. The application may be for hazardous substance removal, fire ~~code compliance~~, ~~or~~ and life safety code repairs, labor and industry regulated facility and equipment violations, and health, safety, and environmental management. The application must include a health and safety program adopted by the school district board. The program must include the estimated cost, per building, of the program by fiscal year.

Sec. 23. Minnesota Statutes 1992, section 124.83, subdivision 2, is amended to read:

Subd. 2. **CONTENTS OF PROGRAM.** A district ~~may~~ must adopt a health and safety program. The program ~~may~~ must include plans, where applicable, for hazardous substance removal, fire ~~code compliance~~, ~~or~~ and life safety code repairs, regulated facility and equipment violations, and health, safety, and environmental management.

(a) A hazardous substance plan must contain provisions for the removal or encapsulation of asbestos from school buildings or property, asbestos-related repairs, cleanup and disposal of polychlorinated biphenyls found in school buildings or property, and cleanup, removal, disposal, and repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel, oil, and special fuel, as defined in section 296.01. If a district has already developed a plan for the removal or encapsulation of asbestos as required by the federal Asbestos Hazard Emergency Response Act of 1986, a new plan is not necessary the district may use a summary of that plan, which includes a description and schedule of response actions, for purposes of this section. The plan must also contain provisions to make modifications to existing facilities and equipment necessary to limit personal exposure to hazardous substances, as regulated by the federal Occupational Safety and Health Administration under Code of Federal Regulations, title 29, part 1910, subpart Z; or is determined by the commissioner to present a significant risk to district staff or student health and safety as

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a result of foreseeable use, handling, accidental spill, exposure, or contamination.

(b) A fire and life safety plan must contain a description of the current fire and life safety code violation violations, a plan for the removal or repair of the fire and life safety hazard, and a description of safety preparation and awareness procedures to be followed until the hazard is fully corrected.

~~A life safety plan must contain a description of the life safety hazard and a plan for its removal or repair.~~

(c) A facilities and equipment violation plan must contain provisions to correct health and safety hazards as provided in department of labor and industry standards pursuant to section 182.655.

(d) A health, safety, and environmental management plan must contain a description of training, record keeping, hazard assessment, and program management as defined in section 124.829.

(e) A plan to test for and mitigate radon produced hazards.

Sec. 24. Minnesota Statutes 1992, section 124.83, subdivision 4, is amended to read:

Subd. 4. **HEALTH AND SAFETY LEVY.** To receive health and safety revenue, a district may levy an amount equal to the district's health and safety revenue as defined in subdivision 3 multiplied by the lesser of one, or the ratio of the quotient derived by dividing the adjusted net tax capacity of the district for the year preceding the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable, to ~~\$3,515~~ 50 percent of the equalizing factor.

Sec. 25. Minnesota Statutes 1992, section 124.83, subdivision 6, is amended to read:

Subd. 6. **USES OF HEALTH AND SAFETY REVENUE.** Health and safety revenue may be used only for approved expenditures necessary to correct fire safety hazards, life safety hazards, or for the removal or encapsulation of asbestos from school buildings or property, asbestos-related repairs, cleanup and disposal of polychlorinated biphenyls found in school buildings or property, or the cleanup, removal, disposal, and repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296.01, labor and industry regulated facility and equipment hazards, and health, safety, and environmental management. Health and safety revenue must not be used for the construction of new facilities or the purchase of portable classrooms. The revenue may not be used for a building or property or part of a building or property used for post-secondary instruction or administration or for a purpose unrelated to elementary and secondary education.

Sec. 26. Minnesota Statutes 1992, section 124.83, is amended by adding a subdivision to read:

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Subd. 8. HEALTH, SAFETY, AND ENVIRONMENTAL MANAGEMENT COST. (a) A district's cost for health, safety, and environmental management is limited to the lesser of:

(1) actual cost to implement their plan; or

(2) an amount determined by the commissioner, based on enrollment, building age, and size.

(b) Effective July 1, 1993, the department of education may contract with regional service organizations, private contractors, Minnesota safety council, or state agencies to provide management assistance to school districts for health and safety capital projects. Management assistance is the development of written programs for the identification, recognition and control of hazards, and prioritization and scheduling of district health and safety capital projects.

(c) Notwithstanding paragraph (b), the department may approve revenue, up to the limit defined in paragraph (a) for districts having an approved health, safety, and environmental management plan that uses district staff to accomplish coordination and provided services.

Sec. 27. Minnesota Statutes 1992, section 124.85, subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** The definitions in this subdivision apply to this section.

(a) "Energy conservation measure" means a training program or facility alteration designed to reduce energy consumption or operating costs and includes:

(1) insulation of the building structure and systems within the building;

(2) storm windows and doors, caulking or weatherstripping, multiglazed windows and doors, heat absorbing or heat reflective glazed and coated window and door systems, additional glazing, reductions in glass area, and other window and door system modifications that reduce energy consumption;

(3) automatic energy control systems;

(4) heating, ventilating, or air conditioning system modifications or replacements;

(5) replacement or modifications of lighting fixtures to increase the energy efficiency of the lighting system without increasing the overall illumination of a facility, unless such increase in illumination is necessary to conform to the applicable state or local building code for the lighting system after the proposed modifications are made;

(6) energy recovery systems;

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(7) cogeneration systems that produce steam or forms of energy such as heat, as well as electricity, for use primarily within a building or complex of buildings;

(8) energy conservation measures that provide long-term operating cost reductions.

(b) "Guaranteed energy savings contract" means a contract for the evaluation and recommendations of energy conservation measures, and for one or more energy conservation measures. The contract must provide that all payments, except obligations on termination of the contract before its expiration, are to be made over time, but not to exceed ~~ten~~ 25 years from the date of final installation, and the savings are guaranteed to the extent necessary to make payments for the systems.

(c) "Qualified provider" means a person or business experienced in the design, implementation, and installation of energy conservation measures. A qualified provider to whom the contract is awarded shall give a sufficient bond to the school district for its faithful performance.

Sec. 28. Minnesota Statutes 1992, section 124.85, subdivision 4, is amended to read:

Subd. 4. **DISTRICT ACTION.** A district may enter into a guaranteed energy savings contract with a qualified provider if, after review of the report, it finds that the amount it would spend on the energy conservation measures recommended in the report is not likely to exceed the amount to be saved in energy and operation costs over ~~ten~~ 25 years from the date of installation if the recommendations in the report were followed, and the qualified provider provides a written guarantee that the energy or operating cost savings will meet or exceed the costs of the system. The guaranteed energy savings contract may provide for payments over a period of time, not to exceed ~~ten~~ 25 years. Notwithstanding section 121.912, a district annually may transfer from the general fund to the capital expenditure fund an amount up to the amount saved in energy and operation costs as a result of guaranteed energy savings contracts.

Sec. 29. Minnesota Statutes 1992, section 124.85, subdivision 5, is amended to read:

Subd. 5. **INSTALLATION CONTRACTS.** A school district may enter into an installment payment contract for the purchase and installation of energy conservation measures. The contract must provide for payments of not less than ~~one-tenth~~ 1/25 of the price to be paid within two years from the date of the first operation, and the remaining costs to be paid monthly, not to exceed a ~~ten-year~~ 25-year term from the date of the first operation.

Sec. 30. Minnesota Statutes 1992, section 124.91, subdivision 3, is amended to read:

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Subd. 3. **POST-JUNE 1992 LEASE PURCHASE, INSTALLMENT BUYS.** (a) Upon application to, and approval by, the commissioner in accordance with the procedures and limits in subdivision 1, a district, as defined in this subdivision, may:

(1) purchase real property under an installment contract or may lease real property with an option to purchase under a lease purchase agreement, by which installment contract or lease purchase agreement title is kept by the seller or vendor or assigned to a third party as security for the purchase price, including interest, if any; and

(2) annually levy the amounts necessary to pay the district's obligations under the installment contract or lease purchase agreement.

(b)(1) The obligation created by the installment contract or the lease purchase agreement must not be included in the calculation of net debt for purposes of section 475.53, and does not constitute debt under other law.

(2) An election is not required in connection with the execution of the installment contract or the lease purchase agreement.

~~(3) The district may terminate the installment contract or lease purchase agreement at the end of any fiscal year during its term.~~

(c) The proceeds of the levy authorized by this subdivision must not be used to acquire a facility to be primarily used for athletic or school administration purposes.

(d) In this subdivision, "district" means:

(1) a school district required to have a comprehensive plan for the elimination of segregation whose plan has been determined by the commissioner to be in compliance with the state board of education rules relating to equality of educational opportunity and school desegregation; or

(2) a school district that participates in a joint program for interdistrict desegregation with a district defined in clause (1) if the facility acquired under this subdivision is to be primarily used for the joint program.

(e) Notwithstanding subdivision 1, the prohibition against a levy by a district to lease or rent a district-owned building to itself does not apply to levies otherwise authorized by this subdivision.

(f) Projects may be approved under this section by the commissioner in fiscal years 1993, 1994, and 1995 only.

Sec. 31. Minnesota Statutes 1992, section 124.95, subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** (a) For purposes of this section, the required eligible debt service levy revenue of a district is defined as follows:

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(1) the amount needed to produce between five and six percent in excess of the amount needed to meet when due the principal and interest payments on the obligations; ~~excluding obligations under section 124.2445~~, of the district for eligible projects according to subdivision 2, including the amounts necessary for repayment of energy loans according to section 216C.37 or sections 298.292 to 298.298, debt service loans and capital loans, lease purchase payments under section 124.91, subdivisions 2 and 3, minus

(2) the amount of debt service excess levy reduction for that school year calculated according to the procedure established by the commissioner.

(b) The obligations in this paragraph are excluded from eligible debt service revenue:

(1) obligations under section 124.2445;

(2) the part of debt service principal and interest paid from the taconite environmental protection fund or northeast Minnesota economic protection trust; and

(3) obligations issued under Laws 1991, chapter 265, article 5, section 18, as amended by Laws 1992, chapter 499, article 5, section 24.

(c) For purposes of this section, if a preexisting school district reorganized under section 122.22, 122.23, or 122.241 to 122.248 is solely responsible for retirement of the preexisting district's bonded indebtedness, capital loans or debt service loans, debt service equalization aid must be computed separately for each of the preexisting school districts.

Sec. 32. Minnesota Statutes 1992, section 124.95, subdivision 2, is amended to read:

Subd. 2. **ELIGIBILITY.** (a) The following portions of a district's debt service levy qualify for debt service equalization:

(1) debt service for repayment of principal and interest on bonds issued before July 2, 1992;

(2) debt service for bonds refinanced after July 1, 1992, if the bond schedule has been approved by the commissioner and, if necessary, adjusted to reflect a 20-year maturity schedule; and

(3) debt service for bonds issued after July 1, 1992, for construction projects that have received a positive review and comment according to section 121.15, if the commissioner has determined that the district has met the criteria under section 124.431, subdivision 2, and if the bond schedule has been approved by the commissioner and, if necessary, adjusted to reflect a 20-year maturity schedule.

(b) The criterion in section 124.431, subdivision 2, paragraph (a), clause (2),

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shall be considered to have been met if the district in the fiscal year in which the bonds are authorized at an election conducted under chapter 475:

(i) serves an average of at least 66 pupils per grade in the grades to be served by the facility; or

(ii) is eligible for sparsity revenue.

(c) The criterion described in section 124.431, subdivision 2, paragraph (a), clause (9), does not apply to bonds authorized by elections held before July 1, 1992.

(d) Districts identified in Laws 1990, chapter 562, article 11, section 8, do not need to meet the criteria of section 124.431, subdivision 2, to qualify.

Sec. 33. Minnesota Statutes 1992, section 124.95, subdivision 2a, is amended to read:

Subd. 2a. **NOTIFICATION.** A district eligible for debt service equalization revenue under subdivision 2 must notify the commissioner of the amount of its intended debt service ~~levy~~ revenue calculated under subdivision 1 for all bonds sold prior to the notification by July 1 of the calendar year the levy is certified.

Sec. 34. Minnesota Statutes 1992, section 124.95, subdivision 3, is amended to read:

Subd. 3. **DEBT SERVICE EQUALIZATION REVENUE.** (a) For fiscal years 1995 and later, the debt service equalization revenue of a district equals the required eligible debt service levy revenue minus the amount raised by a levy of ten percent times the adjusted net tax capacity of the district.

(b) For fiscal year 1993, debt service equalization revenue equals one-third of the amount calculated in paragraph (a).

(c) For fiscal year 1994, debt service equalization revenue equals two-thirds of the amount calculated in paragraph (a).

Sec. 35. Minnesota Statutes 1992, section 124.961, is amended to read:

124.961 DEBT SERVICE APPROPRIATION.

(a) \$6,000,000 is appropriated in fiscal year 1993 from the general fund to the commissioner of education for payment of debt service equalization aid under section 124.95. \$17,000,000 in fiscal year 1994 and ~~\$21,000,000~~ \$26,000,000 in fiscal year 1995 and each year thereafter is appropriated from the general fund to the commissioner of education for payment of debt service equalization aid under section 124.95. The 1994 appropriation includes \$3,000,000 for 1993 and \$14,000,000 for 1994.

(b) ~~These amounts~~ The appropriations in paragraph (a) must be reduced by

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the amount of any money specifically appropriated for the same purpose in any year from any state fund.

Sec. 36. [124C.60] CAPITAL FACILITIES AND EQUIPMENT GRANTS FOR COOPERATION AND COMBINATION.

Subdivision 1. ELIGIBILITY. Two or more districts that have a cooperation and combination plan approved by the state board of education under section 122.242, may apply for a grant of up to \$100,000 under this section. The grant must be awarded after the districts combine according to sections 122.241 to 122.248.

Subd. 2. PROCEDURES. The state board shall establish procedures and deadlines for the grant application. The state board shall review each application and may require modifications consistent with sections 122.241 to 122.248.

Subd. 3. USE OF GRANT MONEY. The grant money may be used for any capital expenditures specified in section 124.243 or 122.244.

Sec. 37. Minnesota Statutes 1992, section 134.31, subdivision 1, is amended to read:

Subdivision 1. The state shall, as an integral part of its responsibility for public education, support the provision of library service for every citizen ~~and~~, the development of cooperative programs for the sharing of resources and services among all libraries, and the establishment of jointly operated library services at a single location where appropriate.

Sec. 38. Minnesota Statutes 1992, section 134.31, subdivision 2, is amended to read:

Subd. 2. The department of education shall give advice and instruction to the managers of any public library or to any governing body maintaining a library or empowered to do so by law upon any matter pertaining to the organization, maintenance, or administration of libraries. The department may also give advice and instruction, as requested, to post-secondary educational institutions, state agencies, governmental units, nonprofit organizations, or private entities. It shall assist, to the extent possible, in the establishment and organization of library service in those areas where adequate services do not exist, and may aid in improving previously established library services. The department shall also provide assistance to school districts, regional library systems, and member libraries interested in offering joint library services at a single location.

Sec. 39. Minnesota Statutes 1992, section 134.32, subdivision 8, is amended to read:

Subd. 8. ~~(a)~~ The state board shall promulgate rules consistent with sections 134.32 to 134.35 governing:

~~(a)~~ (1) applications for these grants;

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(b) (2) computation formulas for determining the amounts of establishment grants and regional library basic system support grants; and

(e) (3) eligibility criteria for grants.

(b) To the extent allowed under federal law, a construction grant applicant, in addition to the points received under Minnesota Rules, part 3530.2632, shall receive an additional five points if the construction grant is for a project combining public library services and school district library services at a single location.

Sec. 40. Minnesota Statutes 1992, section 475.61, subdivision 3, is amended to read:

Subd. 3. **IRREVOCABILITY.** Tax levies so made and filed shall be irrevocable, except as provided in this subdivision.

In each year when there is on hand any excess amount in the debt redemption fund of a school district at the time the district makes its property tax levies, the amount of the excess shall be certified by the school board to the ~~county auditor~~ commissioner. The commissioner shall report the amount of the excess to the county auditor and the auditor shall reduce the tax levy otherwise to be included in the rolls next prepared by the amount certified. The commissioner shall prescribe the form and calculation to be used in computing the excess amount. The school board may, with the approval of the commissioner, retain the excess amount if it is necessary to ensure the prompt and full payment of the obligations and any call premium on the obligations, or will be used for redemption of the obligations in accordance with their terms. The school board may, with the approval of the commissioner, specify a tax levy in a higher amount if necessary because of anticipated tax delinquency or for cash flow needs to meet the required payments from the debt redemption fund.

If the governing body, including the governing body of a school district, in any year makes an irrevocable appropriation to the debt service fund of money actually on hand or if there is on hand any excess amount in the debt service fund, the recording officer may certify to the county auditor the fact and amount thereof and the auditor shall reduce by the amount so certified the amount otherwise to be included in the rolls next thereafter prepared.

Sec. 41. FACILITY REVENUE USE.

Notwithstanding section 124.243, subdivision 6, for fiscal years 1994 and 1995, a district may use up to one-third of its capital expenditure facilities revenue for equipment uses under section 124.244.

Sec. 42. LEASE LEVY FOR ADMINISTRATIVE SPACE.

Each year, upon approval of the commissioner of education, independent school district No. 709, Duluth, may levy the amount necessary to rent or lease administrative space so that space being used for administrative purposes as of

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the effective date of this section can be used for instructional purposes. In granting approval under this section, the commissioner must determine that the overall lease levy for the district would not be higher than it would have been under Minnesota Statutes, section 124.91, subdivision 1.

Sec. 43. EXCEPTION TO LEASE LIMIT.

Notwithstanding any law to the contrary, independent school district No. 861, Winona, may enter into an agreement, for the number of years stated in the agreement, with the city of Rollingstone to lease space for educational purposes.

Upon approval by the commissioner of education, the district may levy for as many years as required under the agreement the amount necessary to make payments required by the agreement. To obtain approval from the commissioner, the district must demonstrate substantial collaboration with the city in the use of the facility. The city must also agree to contribute \$100,000 toward the cost of the education portion of the facility. The amount of the levy shall be annually included in the district's debt service levy under Minnesota Statutes, section 124.95, subdivision 1, for purposes of determining the district's debt service equalization aid.

Sec. 44. RADON TESTING; SCHOOL DISTRICTS.

Subdivision 1. VOLUNTARY PLAN. The commissioners of health and education may jointly develop a plan to encourage school districts to accurately and efficiently test for the presence of radon in public school buildings serving students in kindergarten through grade 12. To the extent possible, the commissioners shall base the plan on the standards established by the United States Environmental Protection Agency.

Subd. 2. RADON TESTING. A school district may include radon testing as a part of its health and safety plan. If a school district receives authority to use health and safety revenue to conduct radon testing, the district shall conduct the testing according to the radon testing plan developed by the commissioners of health and education.

Subd. 3. REPORTING. A school district that has tested its school buildings for the presence of radon shall report the results of its tests to the department of health in a form and manner prescribed by the commissioner of health. A school district that has tested for the presence of radon shall also report the results of its testing at a school board meeting.

Sec. 45. CAPITAL LOANS.

Subdivision 1. CAPITAL LOAN PRIORITIES. Notwithstanding Minnesota Statutes, section 124.431, subdivision 5, the capital loan applications and the state board approvals of capital loans for independent school districts No. 727, Big Lake, and No. 707, Nett Lake, do not cancel until July 1, 1995. The school districts listed in this section are the top priority for funding capital loans

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until July 1, 1995. If either of these capital loan projects remains unfunded, the commissioner shall resubmit the loan application to the legislature by February 1, 1994, and February 1, 1995.

Subd. 2. MAXIMUM EFFORT LOAN REVIEW. When bonding is authorized for the capital loans approved in this section, the commissioner shall review the proposed plan and budgets of these maximum effort school loan projects and may reduce the amount of the loan to ensure that the project will be economical. The commissioner may recover the cost incurred by the commissioner for any professional services associated with the final review by reducing the proceeds of the loan paid to the district.

Sec. 46. APPROPRIATIONS.

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

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

<u>\$73,290,000</u>	<u>.....</u>	<u>1994</u>
<u>\$75,980,000</u>	<u>.....</u>	<u>1995</u>

The 1994 appropriation includes \$10,730,000 for 1993 and \$62,560,000 for 1994.

The 1995 appropriation includes \$11,040,000 for 1994 and \$64,940,000 for 1995.

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

<u>\$36,049,000</u>	<u>.....</u>	<u>1994</u>
<u>\$37,390,000</u>	<u>.....</u>	<u>1995</u>

The 1994 appropriation includes \$5,279,000 for 1993 and \$30,720,000 for 1994.

The 1995 appropriation includes \$5,430,000 for 1994 and \$31,960,000 for 1995.

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

<u>\$11,260,000</u>	<u>.....</u>	<u>1994</u>
<u>\$18,924,000</u>	<u>.....</u>	<u>1995</u>

The 1994 appropriation includes \$1,256,000 for 1993 and \$10,004,000 for 1994.

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The 1995 appropriation includes \$1,694,000 for 1994 and \$17,230,000 for 1995.

(b) \$400,000 in fiscal year 1994 and \$400,000 in fiscal year 1995 is for health and safety management assistance contracts under section 24.

(c) \$60,000 of each year's appropriation shall be used to contract with the state fire marshal to provide services under Minnesota Statutes, section 121.502. This amount is in addition to the amount for this purpose in article 11.

(d) For fiscal year 1995, the sum of total health and safety revenue and levies under section 3 may not exceed \$64,000,000. The state board of education shall establish criteria for prioritizing district health and safety project applications not to exceed this amount.

(e) Notwithstanding section 124.14, subdivision 7, the commissioner of education, with the approval of the commissioner of finance, may transfer a projected excess in the appropriation for health and safety aid for fiscal year 1995 to the appropriation for debt service aid for the same fiscal year. The projected excess amount and the projected deficit in the appropriation for debt service aid must be determined and the transfer made as of November 1, 1994. The amount of the transfer is limited to the lesser of the projected excess in the health and safety appropriation or the projected deficit in the appropriation for debt service aid. Any transfer must be reported immediately to the education committees of the house of representatives and senate.

Subd. 5. DEBT SERVICE AID. For debt service aid according to Minnesota Statutes, section 124.95, subdivision 5:

\$17,018,000	.....	1994
\$26,000,000	.....	1995

\$18,000 of the fiscal year 1994 appropriation is to correct an erroneous provision of debt service equalization aid.

Subd. 6. LIBRARY DEMONSTRATION GRANT. For a demonstration grant to encourage jointly operated library services at a single location:

\$30,000	1994
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Within one year of receiving a grant under this subdivision, the grant recipient must evaluate the jointly operated library services and report the results of the evaluation to the legislature.

Subd. 7. PLANNING AND EXPENSES. For a grant and administrative expenses to facilitate planning for cooperative secondary facilities for independent school district Nos. 341, Atwater, 461, Cosmos, and 464, Grove City, acting under a joint powers agreement:

\$100,000	1994
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Sec. 47. EFFECTIVE DATE.

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Section 39 is effective July 1, 1996. Sections 18 and 20 are effective for cooperative secondary facilities grants approved by the legislature after January 1, 1994.

ARTICLE 6

EDUCATION ORGANIZATION AND COOPERATION

Section 1. Minnesota Statutes 1992, section 120.0621, is amended by adding a subdivision to read:

Subd. 3a. CANADIAN PUPILS. A pupil who resides in Canada may enroll in a Minnesota school district if the province in which the pupil resides pays tuition to the school district in which the pupil is enrolled. A pupil may enroll either full-time or part-time for all instructional programs and shall be considered eligible for all other purposes for all other programs offered by the district. The tuition must be an amount that is at least comparable to the tuition specified in section 120.08, subdivision 1. A school district may accept funds from any international agency for these programs.

Sec. 2. Minnesota Statutes 1992, section 121.912, subdivision 6, is amended to read:

Subd. 6. **ACCOUNT TRANSFER FOR REORGANIZING DISTRICTS.**
 (a) A school district that has reorganized according to section 122.22, 122.23, or sections 122.241 to 122.248 may make permanent transfers between any of the funds in the newly created or enlarged district with the exception of the debt redemption fund, food service fund, and health and safety account of the capital expenditure fund. Fund transfers under this section may be made only during the year following the effective date of reorganization.

(b) A district that has conducted a successful referendum on the question of combination under section 122.243, subdivision 2, may make permanent transfers between any of the funds in the district with the exception of the debt redemption fund, food service fund, and health and safety account of the capital expenditure fund for up to one year prior to the effective date of combination under sections 122.241 to 122.248.

Sec. 3. Minnesota Statutes 1992, section 121.931, subdivision 5, is amended to read:

Subd. 5. **SOFTWARE DEVELOPMENT.** ~~The state board, with the advice of the ESV computer council, commissioner~~ shall provide for the development of applications software for ESV-IS and SDE-IS. ~~The state board may provide state or federal funds for the development of software for an alternative management information system only if it determines that this system may have state-wide applicability. Notwithstanding the foregoing, the state board may, for~~

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innovative projects involving computers; approve grants to districts pursuant to title IV of the Elementary and Secondary Education Act of 1965 as amended; or any other appropriate statute. The commissioner may charge school districts or regional organizations for the actual cost of software development used by the district or regional entity. Any amount received is annually appropriated to the department of education for this purpose.

Sec. 4. Minnesota Statutes 1992, section 122.22, is amended by adding a subdivision to read:

Subd. 21. (a) In the year prior to the effective date of the dissolution of a district, the school board of a district to which all of the dissolving district is to be attached may adopt a resolution directing the school board of the dissolving district to certify levies for general education, basic transportation, and capital expenditure equipment and facilities in an amount not to exceed the maximum amount authorized for the dissolving district for taxes payable in the year the dissolution is effective. If the dissolving district is to be attached to more than one school district, the boards of the districts to which the dissolving district is to be attached may adopt a joint resolution that accomplishes the purpose in this paragraph.

(b) Notwithstanding any other law to the contrary, upon receipt of a resolution under paragraph (a), the board of the dissolving district must certify levies in the amounts specified in the resolution for taxes payable in the year the dissolution is effective.

Sec. 5. Minnesota Statutes 1992, section 122.242, subdivision 9, is amended to read:

Subd. 9. **FINANCES.** The plan must state:

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

(2) whether obligations for a capital loan or energy loan made according to section 216C.37 or sections 298.292 to 298.298 outstanding at the time of combination remain solely with the district that obtained the loan, or whether all or a portion of all the loan obligations will be assumed by the combined district and paid by the combined district on behalf of the district that obtained the loan;

(3) the treatment of debt service levies, down payment levies under section 124.82, and referendum levies;

(4) whether the cooperating or combined district will levy for reorganization operating debt according to section 121.915, clause (1); and

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

Sec. 6. Minnesota Statutes 1992, section 122.243, subdivision 2, is amended to read:

Subd. 2. **VOTER APPROVAL.** A referendum on the question of combination shall be conducted during the first or second year of cooperation for districts that cooperate according to section 122.241, or no more than 18 months before the effective date of combination for districts that do not cooperate. 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 the referendum fails again, the districts shall modify their cooperation and combination plan. A third referendum may be conducted. If a second or third referendum is conducted after October 1, the newly combined district may not levy under section 124.2725 until the following year. Referendums shall be conducted on the same date in all districts.

Sec. 7. Minnesota Statutes 1992, section 122.895, is amended by adding a subdivision to read:

Subd. 10. COOPERATIVES THAT MERGE. Notwithstanding subdivisions 1 to 9, the following paragraphs apply to cooperatives that merge.

(a) If a cooperative enters into an agreement to merge with another cooperative, the boards of the cooperatives and the exclusive representatives of the teachers in the cooperatives and the teachers in each member district may negotiate a plan to assign or employ in a member district or to place on unrequested leave of absence all teachers whose positions are discontinued as a result of the agreement. If plans are negotiated and if the boards determine the plans are compatible, the boards shall include the plans in their agreement.

(b) If compatible plans are not negotiated under paragraph (a) by the March 1 preceding the effective date of the merger of the cooperatives, subdivisions 2 to 9 apply to teachers and nonlicensed employees whose positions are terminated as a result of an agreement to merge cooperatives.

Sec. 8. Minnesota Statutes 1992, section 124.195, subdivision 9, is amended to read:

Subd. 9. **PAYMENT PERCENTAGE FOR CERTAIN AIDS.** One hundred percent of the aid for the current fiscal year must be paid for the following aids: ~~management information center subsidies, according to section 121.935;~~ reimbursement for transportation to post-secondary institutions, according to section 123.3514, subdivision 8; aid for the program for adults with disabilities, according to section 124.2715, subdivision 2; school lunch aid, according to sec-

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tion 124.646; tribal contract school aid, according to section 124.85; hearing impaired support services aid, according to section 121.201; Indian post-secondary preparation grants according to section 124.481; integration grants according to Laws 1989, chapter 329, article 8, section 14, subdivision 3; and debt service aid according to section 124.95, subdivision 5.

Sec. 9. Minnesota Statutes 1992, section 124.2725, subdivision 2, is amended to read:

Subd. 2. **COOPERATION AND COMBINATION REVENUE.** Cooperation and combination revenue equals; ~~for each resident and nonresident pupil receiving instruction in a cooperating or combined district, \$100 times the actual pupil units served in the district. For purposes of this section, pupil units served means the number of resident and nonresident pupil units in average daily membership receiving instruction in the cooperating or combined district.~~ A district may not receive revenue under this section if it levies under section 124.912, subdivision 4.

Sec. 10. Minnesota Statutes 1992, section 124.2725, subdivision 4, is amended to read:

Subd. 4. **INCREASING LEVY.** (a) For districts that did not enter into an agreement under section 122.541 at least three years before the date of a successful referendum held under section 122.243, subdivision 2, and that combine without cooperating, the percentage in subdivision 3, clause (2), shall be:

- (1) 50 percent for the first year of combination; and
- (2) 25 percent for the second year of combination.

(b) For districts that entered into an agreement under section 122.541 at least three years before the date of a successful referendum held under section 122.243, subdivision 2, and combine without cooperating, the percentages in subdivision 3, clause (2), shall be:

- (1) 100 percent for the first year of combination;
- (2) 75 percent for the second year of combination;
- (3) 50 percent for the third year of combination; and
- (4) 25 percent for the fourth year of combination.

(c) 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

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

(e) (d) 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. 11. Minnesota Statutes 1992, section 124.2725, subdivision 5, is amended to read:

Subd. 5. **COOPERATION AND COMBINATION AID.** (a) Districts that did not enter into an agreement under section 122.541 at least three years before the date of a successful referendum held under section 122.243, subdivision 2, and combine without cooperating shall receive cooperation and combination aid for the first two years of combination. Cooperation and combination aid shall not be paid after two years of combining.

(b) Districts that entered into an agreement under section 122.541 at least three years before the date of a successful referendum held under section 122.243, subdivision 2, and combine without cooperating shall receive cooperation and combination aid for the first four years of combination. Aid must not be paid after four years of combination.

(c) 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. Aid shall not be paid after three years of combining.

(e) (d) 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. Aid shall not be paid after two years of combining.

(d) (e) In each case, cooperation and combination aid is equal to the difference between the cooperation and combination revenue and the cooperation and combination levy.

Sec. 12. Minnesota Statutes 1992, section 124.2725, subdivision 6, is amended to read:

Subd. 6. **ADDITIONAL AID.** In addition to the aid in subdivision 5, districts shall receive aid according to the following:

(1) for districts that did not enter into an agreement under section 122.541 at least three years before the date of a successful referendum held under section 122.243, subdivision 2, and combine without cooperating, \$100 times the actual pupil units served in the district in the first year of combination; or

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(2) for districts that combine after one year or two years of cooperation, \$100 times the actual pupil units served in each district for the first year of cooperation; for each resident and nonresident pupil receiving instruction in the cooperating district; and \$100 times the actual pupil units served in the combined district for the first year of combination; or

(3) for districts that combine after two years of cooperation, \$100 times the actual pupil units in each district for the first year of cooperation; for each resident and nonresident pupil receiving instruction in the cooperating district; and \$100 times the actual pupil units in the combined district for the first year of combination for districts that entered into an agreement under section 122.541 at least three years before the date of a successful referendum held under section 122.243, subdivision 2, and combine without cooperating, \$100 times the pupil units served in the combined district for the first two years of combination.

Sec. 13. Minnesota Statutes 1992, section 124.2725, subdivision 9, is amended to read:

Subd. 9. **SUBSEQUENT DISTRICTS.** If a district subsequently cooperates or combines with districts that have previously received revenue under this section, the new district shall receive revenue, according to subdivision 4 or 6, as though it had been a party to the initial agreement follows:

(1) if the districts previously received revenue under sections 10, paragraph (a), 11, paragraph (a), and 12, clause (1), the new district will receive two years of revenue under those provisions;

(2) if the districts previously received revenue under sections 10, paragraph (b), (c), or (d), 11, paragraph (b), (c), or (d), and 12, clause (2) or (3), the new district shall receive four years of revenue under the applicable provisions of sections 11 to 13. The previously cooperating or combined districts may not receive revenue, according to subdivision 6 or 10, as though parties to a new agreement.

As of the effective date of a cooperation and combination agreement between districts that have previously received revenue under this section and a new district, the new group of districts may not receive revenue in excess of the limit specified in subdivision 10.

Sec. 14. Minnesota Statutes 1992, section 124.2725, subdivision 10, is amended to read:

Subd. 10. **REVENUE LIMIT.** Revenue under this section shall not exceed the revenue received by cooperating districts or a combined district with 2,000 actual pupil units served. Revenue for cooperating districts subject to the limitation in this subdivision shall be allocated according to the number of pupil units served in the districts.

Sec. 15. Minnesota Statutes 1992, section 124.2725, subdivision 13, is amended to read:

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Subd. 13. **REVENUE FOR EXTENDED COOPERATION FAILURE TO COMBINE.** A district has failed to combine if the state board disapproves of the plan according to section 122.243, subdivision 1, or if a ~~second~~ third referendum fails under section 122.243, subdivision 2, ~~cooperation and combination revenue shall equal \$50 times the actual pupil units or if the commissioner of education determines that the districts involved are not making sufficient progress toward combination.~~

(a) If a district has failed to combine, cooperation and combination aid must be reduced by an amount equal to the aid paid under subdivision 6 plus the difference between the aid paid under subdivision 5 for the first two years of the agreement and the aid that would have been paid if the revenue had been \$50 times the actual pupil units. If the aid is insufficient to recover the entire amount, under subdivisions 5 and 6 shall not be paid and the authority to levy under subdivision 4 ceases. The department of education shall reduce other aids due the district to recover the entire an amount equal to the aid paid under subdivision 6 plus the difference between the aid paid under subdivision 5 and the aid that would have been paid if the revenue had been \$50 times the pupil units served. The cooperation and combination levy shall be reduced by an amount equal to the difference between the levy for the first two years of the agreement and the levy that would have been authorized if the revenue had been \$50 times the actual pupil units. ~~A district that receives revenue under this subdivision may not also receive revenue according to sections 124.2721 and 124.575.~~

(b) If a district has failed to combine, the authority to levy for reorganization operating debt under section 122.531, subdivision 4a, and for severance pay or early retirement incentives under subdivision 15 ceases.

Sec. 16. Minnesota Statutes 1992, section 124.2727, is amended to read:

124.2727 **INTERMEDIATE SCHOOL DISTRICT COOPERATION REVENUE.**

Subd. 6. **LEVY AUTHORITY.** (a) For fiscal years prior to fiscal year 1996, an intermediate school district may levy, as a single taxing district, according to this paragraph, an amount that may not exceed the greater of:

(1) five-sixths of the levy certified for special education and secondary vocational education for taxes payable in 1989; or

(2) the lesser of (i) \$50 times the actual pupil units in each participating district for the fiscal year to which the levy is attributable, or (ii) 1.43 percent of the adjusted net tax capacity. The levy shall be certified according to section 275.07. Upon such certification, the county auditors shall levy and collect the levies and remit the proceeds of the levy to the intermediate school district. The levies shall not be included in computing the limitation upon the levy of any of the participating districts.

(b) Five-elevenths of the proceeds of the levy shall be used for special educa-

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tion. Six-elevenths of the proceeds of the levy shall be used for secondary vocational education.

(c) When a school district joins or withdraws from an intermediate school district after July 1, 1991, the department of education shall recalculate the levy certified for taxes payable in 1989, for the purpose of determining the levy amount authorized under paragraph (a), clause (1), to reflect the change in membership of the intermediate school district. The department shall recalculate the levy as though the intermediate school district had certified the maximum permitted levy for taxes payable in 1989.

This subdivision expires July 1, 1995.

Subd. 6a. DISTRICT COOPERATION REVENUE. A district's cooperation revenue is equal to the greater of \$50 times the actual pupil units or \$25,000.

Subd. 6b. DISTRICT COOPERATION LEVY. To receive district cooperation revenue, a district may levy an amount equal to the district's cooperation revenue multiplied by the lesser of one, or the ratio of the quotient derived by dividing the adjusted net tax capacity of the district for the year preceding the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable to \$3,500.

Subd. 6c. DISTRICT COOPERATION AID. A district's cooperation aid is the difference between its district cooperation revenue and its district cooperation levy. If a district does not levy the entire amount permitted, aid must be reduced in proportion to the actual amount levied.

Subd. 6d. REVENUE USES. A district must place its district cooperation revenue in a reserved account and may only use the revenue to purchase goods and services from entities formed for cooperative purposes or to otherwise provide educational services in a cooperative manner. A district that is a member of an intermediate school district organized pursuant to chapter 136D may not access revenue under this section.

Subd. 7. CERTIFICATES OF INDEBTEDNESS. After a levy has been certified according to subdivision 6, an intermediate school board may issue and sell certificates of indebtedness in anticipation of the collection of levies, but in aggregate amounts that will not exceed the portion of the levies which is then not collected and not delinquent.

Subd. 8. ADDITIONAL LEVY AUTHORITY. A district other than intermediate school district No. 287 on July 1, 1993, may levy for taxes payable in 1995, \$5 times the number of actual pupil units, for taxes payable in 1996, \$9 times the number of actual pupil units, for taxes payable in 1997, \$13 times the number of actual pupil units and for taxes payable in 1998 and thereafter, \$17 times the number of actual pupil units in the district for the year for which the levy is attributable.

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(c) The levy revenue under this subdivision must be used according to subdivision 6d. Of the levy revenue under subdivision 8, paragraph (b), at least 55 percent must be spent on secondary vocational programs.

Sec. 17. Minnesota Statutes 1992, section 124.914, is amended by adding a subdivision to read:

Subd. 4. 1992 OPERATING DEBT. (a) Each year, a district that has filed a plan pursuant to section 121.917, subdivision 4, may levy, with the approval of the commissioner, to eliminate a deficit in the net unappropriated balance in the operating funds of the district, determined as of June 30, 1992, and certified and adjusted by the commissioner. Each year this levy may be an amount not to exceed the greater of:

(1) an amount raised by a levy of a net tax rate of one percent times the adjusted net tax capacity; or

(2) \$100,000.

This amount shall be reduced by referendum revenue authorized under section 124A.03 pursuant to the plan filed under section 121.917. 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 operating funds of the district as of June 30, 1992. When the cumulative levies made pursuant to this subdivision equal the total amount permitted by this subdivision, the levy shall be discontinued.

(b) A district, if eligible, may levy under this subdivision or subdivision 2 or 3, or under section 122.531, subdivision 4a, or Laws 1992, chapter 499, article 7, sections 16 or 17, but not under more than one.

(c) 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.

(d) 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. 18. EDUCATION DISTRICT LEVY ADJUSTMENT FOR FISCAL YEAR 1994.

Notwithstanding any other law to the contrary, a school district that certified a levy under Minnesota Statutes, section 124.2721, subdivision 3, in 1992 for taxes payable for 1993 may levy in 1993 for taxes payable in 1994 up to an amount equal to:

(1) the difference between \$50 times the actual pupil units for fiscal year 1994 of the education district for which the school district belonged, and the amount of the education district levy calculated according to Minnesota Statutes, section 124.2721, subdivision 3, for fiscal year 1994, times

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(2) the ratio of the adjusted net tax capacity of the school district to the adjusted net tax capacity of the education district.

The amount of the levy permitted under this section must be transferred to the education district board under Minnesota Statutes, section 124.2721, subdivision 3a.

Sec. 19. REFERENDUM EXCEPTION.

Notwithstanding Minnesota Statutes, section 122.243, subdivision 2, a referendum on the question of combination may be held in independent school district No. 893, Echo, any time after the state board approves its plan for cooperation and combination.

Sec. 20. FIRST YEAR OF COOPERATION SPECIFIED.

For the purpose of receiving additional cooperation and combination aid under Minnesota Statutes, section 124.2725, subdivision 6, the first year of cooperation for independent school district Nos. 918, Chandler-Lake Wilson, and 504, Slayton, is fiscal year 1993.

Sec. 21. VERDI DISSOLUTION; REFERENDUM REVENUE.

Notwithstanding Minnesota Statutes, section 122.531, subdivision 2, as of the effective date of the dissolution of independent school district No. 408, Verdi, and the attachment of part of its territory to independent school district No. 404, Lake Benton, the authorization for all referendum revenues previously approved by the voters of school district No. 404, Lake Benton, is the tax rate times the net tax capacity of the enlarged independent school district No. 404. Any new referendum revenue is authorized only after approval is granted by the voters of the entire enlarged district in an election under Minnesota Statutes, section 124A.03, subdivision 2.

Sec. 22. LAKE BENTON, PIPESTONE AGREEMENT.

(a) The school board and exclusive bargaining representative of the teachers in independent school districts No. 404, Lake Benton, and No. 583, Pipestone, may negotiate a plan to assign to district No. 583 up to 1.2 FTE positions of the teachers in district No. 404, for up to five years following the dissolution of independent school district No. 408, Verdi. A teacher in district No. 583 who is placed on unrequested leave of absence may not assert reinstatement, realignment, or bumping rights to those 1.2 FTE positions.

(b) Paragraph (a) applies to employment agreements amended, renewed, or entered into after the effective date of this section.

Sec. 23. LAC QUI PARLE VALLEY DISTRICT NO. 6011.

Independent school districts that belong to joint powers district No. 6011, Lac qui Parle Valley, may use cooperation and combination revenue received

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under Minnesota Statutes, section 124.2725, for expenses specified in Minnesota Statutes, section 124.2725, subdivision 11, that were incurred in the process of establishing or operating the cooperative secondary facility operated by joint powers district No. 6011, Lac qui Parle Valley, before cooperation and combination revenue was received.

Sec. 24. ALTERNATIVE REFERENDUM COMBINATION METHOD.

Subdivision 1. ALTERNATIVE METHOD. Notwithstanding Minnesota Statutes, sections 122.247, subdivision 1, and 122.531, if independent school district No. 233, Preston-Fountain, and No. 228, Harmony, consolidate effective July 1, 1995, the referendum revenue authorization for the new district created by that consolidation may be any local tax rate that would raise an amount for the first year that does not exceed the combined dollar amount of the referendum revenues authorized by each of the component districts for fiscal year 1995.

Subd. 2. INCLUDE REFERENDUM AUTHORIZATION IN COMBINATION PLAN. (a) Referendum revenue authorization may be calculated under subdivision 1 only if:

(1) independent school district No. 233, Preston-Fountain and No. 228, Harmony, specify the dollar amount of the referendum revenue authority for the consolidated district and the number of years that the referendum revenue authorization is in effect in the cooperation and combination plan adopted under Minnesota Statutes, section 122.242; and

(2) the referendum information in clause (1) is included in the summary of the plan that is published in the official newspaper of each district under Minnesota Statutes, section 122.242, subdivision 1.

(b) If the dollar amount of referendum revenue authority required under paragraph (a), clause (1), is not available at the time the cooperation and combination plan is submitted to the department of education, the districts may use an estimate calculated by the department.

Sec. 25. EDUCATION DELIVERY SERVICE PLANNING AND REVIEW.

Subdivision 1. EDUCATION DELIVERY SERVICE PLANNING PROCESS. Each school district must submit a plan for the delivery of education programs and services within the new education delivery system required under Laws 1992, chapter 499, article 6, section 33, subdivision 4, to the commissioner of education by August 1, 1993. A group of districts may submit a joint plan. The commissioner shall submit the plans to the review panel established under subdivision 2.

Subd. 2. REVIEW PANEL. A panel is established to review each of the plans submitted to the commissioner under subdivision 1 and make recommendations to the legislature concerning the design and implementation of a preK-12 and community education service delivery system.

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Subd. 3. MEMBERSHIP OF THE PANEL. The review panel established under subdivision 2 shall consist of nine members:

(1) the commissioner of education or a designee appointed by the commissioner;

(2) one representative of the Minnesota association of school administrators;

(3) one representative of the Minnesota federation of teachers;

(4) one representative of the Minnesota education association;

(5) one representative of the Minnesota school boards association;

(6) one representative of the Minnesota business partnership; and

(7) one school principal jointly agreed on by the Minnesota association of secondary school principals and the Minnesota elementary school principals association.

Two members of the legislature shall be appointed to the review panel. The subcommittee on committees of the committee on rules and administration of the senate shall appoint one member of the senate. The speaker of the house of representatives shall appoint one member of the house.

Subd. 4. REVIEW PANEL SELECTION PROCESS. To determine who shall serve as a representative of each organization listed in subdivision 3, clauses (2) to (7), each organization shall submit the names of three individuals for each representative the organization shall have on the panel to the co-chairs of the education committee of the senate, the chair of the house education committee, and the chair of the house K-12 education finance division. Each of the three individuals must represent a different geographic area of the state. The house and senate chairs shall jointly select one of the three names for each representative submitted by each organization to serve on the review panel. The chairs must consider geographic balance when selecting the representatives.

Subd. 5. REVIEW PANEL RESPONSIBILITIES. The review panel shall submit a summary of the school district plans received from the commissioner under subdivision 1 and recommendations on the following items to the legislature by January 15, 1994:

(1) the services that should be provided by each of the three components of the education service delivery system that is described in Laws 1992, chapter 499, article 6, section 33, subdivision 3; the school district, the area education organization, and the central and regional delivery centers of the department of education;

(2) the optimal number of school districts and pupils that an area education organization should serve;

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(3) the boundaries of area education organizations;

(4) a funding mechanism for providing services through the area education organization;

(5) the role of the school district, the area education organization, and the central and regional centers of the department in ensuring that health and other social services necessary to maximize a pupil's ability to learn are provided to pupils; and

(6) the optimal process for implementing the new preK-12 and community education service delivery system by July 1, 1995.

The review panel shall also consider how services such as special education, vocational education, technology applications, joint purchasing, and management information are provided to multiple school districts through joint powers agreements under Minnesota Statutes, section 471.59.

Subd. 6. EXPENSES AND REIMBURSEMENTS. Members of the review panel shall be reimbursed for expenses as provided under Minnesota Statutes, section 15.059, subdivision 3. Members of the panel shall not receive any per diem payments.

Subd. 7. STAFF ASSISTANCE. The education committees of the legislature and the department of education shall provide staff assistance to the review panel.

Sec. 26. DIRECT REPORTING PILOT SITES.

Notwithstanding sections 121.935 and 121.936, the department of education may designate six local education agencies as pilot sites to demonstrate the implementation of direct reporting of uniform financial accounting and reporting standards (UFARS) data elements as well as staff and student essential data elements. The department shall specify the criteria for local education agency participation and for vendor system data and edit requirements utilized in the pilot.

Sec. 27. REORGANIZATION OPERATING DEBT LEVY IN TAYLORS FALLS-CHISAGO LAKES COMBINATION.

Notwithstanding Minnesota Statutes 1992, section 122.531, subdivision 4a, or any other law to the contrary, any reorganization operating debt levy contained in the approved cooperation and combination plan for independent school district No. 140, Taylors Falls, and independent school district No. 141, Chisago Lakes, may be certified over a period of seven years.

Sec. 28. RETIRED EMPLOYEE HEALTH BENEFITS LEVY.

Subdivision 1. Notwithstanding any other law to the contrary, in the consolidated school district consisting in whole or in part of former independent school district No. 692, Babbitt, and independent school district No. 710, St. Louis county, any amount levied under section 124.916, subdivision 2, or any

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other law to pay the health insurance or unreimbursed medical expenses of retirees of the former independent school district No. 692, may only be certified and spread on property which was taxable in the former independent school district No. 692.

Subd. 2. Any reduction in the levy of the consolidated school district consisting in whole or in part of former independent school district No. 692 and independent school district No. 710 under section 124.918, subdivision 8, must be applied first to the levy in subdivision 1 and then to any remaining levy as provided under section 124.918, subdivision 8.

Sec. 29. INTERMEDIATE GOVERNANCE STRUCTURE AND TRANSITION.

Subdivision 1. PLAN. School districts, based on the planning process required under Laws 1992, chapter 499, article 6, section 33, may either purchase goods and services through informal cooperative arrangements or may enter into agreements through Minnesota Statutes, section 471.59, to act cooperatively.

Subd. 2. TRANSITION. Any unresolved disputes regarding the allocation of assets and liabilities resulting from the repeal of the enabling legislation for various entities by Laws 1992, chapter 499, article 6, section 39, subdivision 3, as amended by Laws 1992, chapter 603, section 10, and not governed by the applicable agreement or enabling legislation for that entity may be appealed by any party to the dispute to the commissioner of education. The determination of the commissioner shall be final and binding.

Sec. 30. APPROPRIATIONS.

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

Subd. 2. COOPERATION AND COMBINATION AID. For aid for districts that cooperate and combine according to Minnesota Statutes, section 124.2725:

<u>\$3,516,000</u>	<u>.....</u>	<u>1994</u>
<u>\$3,979,000</u>	<u>.....</u>	<u>1995</u>

The 1994 appropriation includes \$591,000 for 1993 and \$2,925,000 for 1994.

The 1995 appropriation includes \$516,000 for 1994 and \$3,463,000 for 1995.

Subd. 3. EDUCATIONAL COOPERATIVE SERVICE UNITS. (a) For educational cooperative service units:

<u>\$733,000</u>	<u>.....</u>	<u>1994</u>
<u>\$110,000</u>	<u>.....</u>	<u>1995</u>

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The 1994 appropriation includes \$110,000 for fiscal year 1993 and \$623,000 for fiscal year 1994.

The 1995 appropriation includes \$110,000 for 1994.

(b) Money from this appropriation may be transmitted to ECSU boards of directors for general operations in amounts of up to \$66,700 per ECSU for fiscal year 1994. The ECSU whose boundaries coincide with the boundaries of development region 11 and the ECSU whose boundaries encompass development regions six and eight may receive up to \$133,400 for fiscal year 1994.

(c) Before releasing money to the ECSUs, the department of education shall ensure that the annual plan of each ECSU explicitly addresses the specific educational services that can be better provided by an ECSU than by a member district. The annual plan must include methods to increase direct services to school districts in cooperation with the state department of education. The department may withhold all or a part of the money for an ECSU if the department determines that the ECSU has not been providing services according to its annual plan.

Subd. 4. MANAGEMENT INFORMATION CENTERS. For management information subsidies:

\$3,275,000 1994

\$356,000 in fiscal year 1994 is for software support of the ESV information system.

Subd. 5. SECONDARY VOCATIONAL COOPERATION AID. For secondary vocational cooperative aid according to Minnesota Statutes, section 124.575:

\$142,000 1994
\$ 24,000 1995

The 1994 appropriation includes -\$0- for 1993 and \$142,000 for 1994.

The 1995 appropriation includes \$24,000 for 1994.

Subd. 6. DISTRICT COOPERATION REVENUE. For cooperation revenue according to section 16:

\$7,960,000 1995

The 1995 appropriation is based on an entitlement of \$9,364,000 for fiscal year 1995.

Subd. 7. MOUNTAIN IRON-BUHL SCHOOL DISTRICT. For independent school district No. 712, Mountain Iron-Buhl:

\$75,000 1994
\$75,000 1995

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Sec. 31. LEGISLATIVE COORDINATING COMMISSION.

\$15,000 is appropriated in fiscal year 1994 from the general fund to the legislative coordinating commission to reimburse the expenses of the review panel under the education delivery service planning and review as provided in section 25.

Sec. 32. REPEALER.

Minnesota Statutes 1992, sections 124.2721; 124.2725, subdivision 8; and 124.575, subdivisions 2 and 4; 124.912, subdivisions 4 and 5, are repealed.

Sec. 33. EFFECTIVE DATE.

Sections 3 and 8 are effective July 1, 1994. Section 28, subdivisions 1 and 2, are effective for taxes payable in 1994 and thereafter.

Sections 7, 13, 19, and 22 are effective the day following final enactment.

ARTICLE 7**COMMITMENT TO EXCELLENCE****Section 1. PURPOSE.**

The purpose of this article is to implement the mission of public education in Minnesota as stated below through innovation and systemic restructuring.

The mission of public education in Minnesota, a system for lifelong learning, is to ensure individual academic achievement, an informed citizenry, and a highly productive work force. This system focuses on the learner, promotes and values diversity, provides participatory decision-making, ensures accountability, models democratic principles, creates and sustains a climate for change, provides personalized learning environments, encourages learners to reach their maximum potential, and integrates and coordinates human services for learners.

Sec. 2. [121.602] EDUCATIONAL EFFECTIVENESS PROGRAM.

Subdivision 1. PROGRAM OUTCOMES. The outcomes of the educational effectiveness program are to:

- (1) increase meaningful parental involvement in site-based decision making;
- (2) improve results-oriented instructional processes;
- (3) create flexible school-based organizational structures; and
- (4) improve student achievement.

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Subd. 2. ADVISORY TASK FORCE; PROGRAM IMPLEMENTATION. The commissioner of education shall develop and maintain a program of educational effectiveness and results-oriented instruction. The commissioner may appoint an advisory task force to assist the department of education in developing an implementation program for providing staff development to school district staff in educational effectiveness. The program shall be based on established principles of instructional design and the essential elements of effective instruction as determined by educational research. The program shall take into account the diverse needs of the school districts due to such factors as district size and location.

Subd. 3. EVALUATION AND REPORT. The commissioner shall annually provide for independent evaluation of the effectiveness of this section. The evaluation shall measure the extent to which the outcomes defined in subdivision 1 are met and the cost effectiveness of any funding for the program. The evaluation shall also determine to what extent the program has a measurable impact on student achievement at the site level.

Subd. 4. EDUCATIONAL EFFECTIVENESS STAFF DEVELOPMENT. The department of education shall provide assistance to the school districts in implementing an educational effectiveness program. In selecting an agency to provide assistance to the school districts, the department shall consider such factors as support of the proposal by the participating school districts and the extent to which the proposal provides for participation by school district staff. The department shall evaluate the performance of the service providers. The staff development shall be facilitated by building level decision-making teams. The staff development shall include clarification of individual school missions, goals, expectations, enhancement of collaborative planning and collegial relationships among the building staff, improvement of curriculum, assessment, instructional and organizational skills, improvement of financial and management skills, and planning of other staff development programs.

Subd. 5. SCHOOL IMPROVEMENT INCENTIVE GRANTS. The state board of education shall develop criteria to provide school improvement incentive grants to schools sites. The criteria must include the extent to which a site has implemented the characteristics of the educational effectiveness program and demonstrated improvement in student achievement of education outcomes. Notwithstanding any law to the contrary, the grant must remain under the control of the site decision-making team or principal at the site and may be used for any purpose determined by the team. A school board may not reduce other funding otherwise due the site. A grant may not exceed \$60,000 per site in any fiscal year.

Sec. 3. Minnesota Statutes 1992, section 121.612, subdivision 2, is amended to read:

Subd. 2. CREATION OF FOUNDATION. There is created the Minnesota academic excellence foundation. The purpose of the foundation shall be to pro-

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mote academic excellence in Minnesota public and nonpublic schools and communities through public-private partnerships. The foundation shall be a non-profit organization. The board of directors of the foundation and foundation activities are under the direction of the state board of education.

Sec. 4. Minnesota Statutes 1992, section 121.612, subdivision 4, is amended to read:

Subd. 4. **FOUNDATION PROGRAMS.** The foundation may develop programs that advance the concept of educational excellence. These may include, but are not limited to:

(a) recognition programs and awards for students demonstrating academic excellence;

(b) summer institute programs for students with special talents;

(c) recognition programs for teachers, administrators, and others who contribute to academic excellence;

(d) summer mentorship programs with business and industry for students with special career interests and high academic achievements;

(e) governor's awards ceremonies and special campaigns to promote awareness and expectation for academic competition achievement; ~~and~~

(f) an academic league to provide organized challenges requiring cooperation and competition for public and nonpublic pupils in elementary and secondary schools;

(g) systemic transformation initiatives and assistance and training to community teams to increase school performance in the state's education institutions through strategic quality planning for continuous improvement, empowerment of multiple stakeholders, validation of results via customer-supplier relationships, and a total system approach based on best practices in key process areas; and

(h) activities to measure customer satisfaction for delivery of services to education institutions in order to plan for and implement continuous improvement.

To the extent possible, the foundation shall make these programs available to students in all parts of the state.

Sec. 5. **[121.919] FINANCIAL MANAGEMENT ASSISTANCE AND TRAINING TO SCHOOL DISTRICTS AND SCHOOL SITES.**

The department of education shall make available to school districts and individual school sites assistance and training in financial management. The assistance and training shall be in at least the following areas:

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(1) provision of an updated uniform financial and reporting system manual in both hard copy and computerized form which will be applicable to both the school district and to a school site under site-based management;

(2) regularly scheduled training and assistance in accounting and financial operations, and special assistance as requested;

(3) long-term financial planning, including that involved with district reorganization;

(4) district and school level expenditure and revenue budgeting and other fiscal and organizational requirements, including that under site-based management;

(5) assistance with school, district, and regional capital budget planning; and

(6) the development of a model reporting system for school sites for resource use and outcome achievement. The model shall include characteristics about the student population, staffing levels, and achievement results attributable to the instructional and organizational structure of the school site.

Sec. 6. Minnesota Statutes 1992, section 123.33, is amended by adding a subdivision to read:

Subd. 2a. SCHOOL BOARD MEMBER TRAINING. A member must receive training in school finance and management developed in consultation with the Minnesota school boards association and consistent with section 9. The school boards association shall make available to each newly-elected school board member training in school finance and management consistent with section 9 within 180 days of that member taking office. The program shall be developed in consultation with the department of education and appropriate representatives of higher education.

Sec. 7. Minnesota Statutes 1992, section 123.951, is amended to read:

123.951 SCHOOL SITE ~~MANAGEMENT~~ DECISION-MAKING AGREEMENT.

(a) A school board may enter into an agreement with a school site ~~management~~ decision-making team concerning the governance, management, or control of any school in the district. Upon a written request from a proposed school site ~~management~~ decision-making team, an initial school site ~~management~~ decision-making team shall be appointed by the school board and may include the school principal, representatives of teachers in the school, representatives of other employees in the school, representatives of parents of pupils in the school, representatives of pupils in the school, representatives of other members in the community, or others determined appropriate by the board. The school site ~~management~~ decision-making team shall include the school principal or other person having general control and supervision of the school.

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(b) School site ~~management~~ decision-making agreements must ~~focus on creating management~~ delegate powers and duties to site teams and ~~in involving~~ involve staff members, students as appropriate, and parents in decision making.

(c) An agreement may include:

(1) a strategic plan for districtwide decentralization of resources developed through staff participation; a mechanism to implement flexible support systems for improvement in student achievement of education outcomes;

(2) a decision-making structure that allows teachers to identify instructional problems and control and apply the resources needed to solve them; ~~and~~

(3) a mechanism to allow principals, or other persons having general control and supervision of the school, to make decisions regarding how financial and personnel resources are best allocated ~~and to act as advocates for additional resources on behalf of the entire school~~ at the site and from whom goods or services are purchased;

(4) a mechanism to implement parental involvement programs under section 126.69 and to provide for effective parental communication and feedback on this involvement at the site level;

(5) a provision that would allow the team to determine who is hired into licensed and nonlicensed positions;

(6) a provision that would allow teachers to choose the principal or other person having general control;

(7) direct contact with other social service providers;

(8) inservice training for site decision-making team members for financial management of school sites; and

(9) any other powers and duties determined appropriate by the board.

The school board of the district remains the legal employer under clauses (5) and (6).

(d) Any powers or duties not delegated to the school site management team in the school site management agreement shall remain with the school board.

(e) Approved agreements shall be filed with the commissioner. If a school board denies a request to enter into a school site management agreement, it shall provide a copy of the request and the reasons for its denial to the commissioner.

Sec. 8. Minnesota Statutes 1992, section 124.19, subdivision 5, is amended to read:

Subd. 5. **SCHEDULE ADJUSTMENTS.** (a) It is the intention of the legislature to encourage efficient and effective use of staff and facilities by school dis-

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tricts. School districts are encouraged to consider both cost and energy saving measures.

(b) Notwithstanding the provisions of subdivision 1 or 4, any district operating a program pursuant to sections 120.59 to 120.67, 121.585 or 125.701 to 125.705, or operating a commissioner-designated area learning center program under section 124C.49, or that otherwise receives the approval of the commissioner to operate its instructional program to avoid an aid reduction in any year, may adjust the annual school schedule for that program throughout the calendar year so long as the number of instructional hours in the year is not less than the number of instructional hours per day specified in the rules of the state board multiplied by the minimum number of instructional days required by subdivision 1.

Sec. 9. Minnesota Statutes 1992, section 124.195, subdivision 10, is amended to read:

Subd. 10. **AID PAYMENT PERCENTAGE.** Except as provided in subdivisions 8, 9, and 11, each fiscal year, all education aids and credits in this chapter and chapters 121, 123, 124A, 124B, 125, 126, 134, and section 273.1392, shall be paid at 90 percent for districts operating a program under section 121.585 for grades 1 to 12 for all students in the district and 85 percent for other districts 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. 10. Minnesota Statutes 1992, 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 (c), 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 15 percent per year for districts operating a program under section 121.585 for grades 1 to 12 for all students in the district and 12-1/2 percent per year for other districts 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

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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 169.01, subdivision 6, paragraph (c), which were purchased after July 1, 1982, for authorized transportation of pupils, with the prior approval of the commissioner, computed on a straight line basis at the rate of 20 percent per year of the cost of the type three school buses.

(c) "Transportation category" means a category of transportation service provided to pupils as follows:

(1) Regular transportation is transportation services provided during the regular school year under section 124.223, subdivisions 1 and 2, excluding the following transportation services provided under section 124.223, subdivision 1: transportation between schools; noon transportation to and from school for kindergarten pupils attending half-day sessions; 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, subdivision 1, that are excluded from the regular category and transportation services provided under section 124.223, subdivisions 3, 4, 5, 6, 7, 8, 9, and 10.

(3) Excess transportation is transportation to and from school during the regular school year 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.

(4) Desegregation transportation is transportation during the regular school year 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.

(5) Handicapped transportation is transportation provided under section 124.223, subdivision 4, for pupils with a disability between home or a respite care facility and school or other buildings where special instruction required by section 120.17 is provided.

(d) "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.

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

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

(g) "Base cost" means the ratio of:

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

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

(h) "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.

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

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

(k) "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.

(l) "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 lesser of one or the result in clause (1).

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

(m) "Adjusted predicted base cost" means the predicted base cost as computed in subdivision 3a as adjusted under subdivision 7a.

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(n) "Regular transportation allowance" means the adjusted predicted base cost, inflated and adjusted under subdivision 7b.

Sec. 11. Minnesota Statutes 1992, section 124.225, subdivision 10, is amended to read:

Subd. 10. **DEPRECIATION.** Any school district that owns school buses or mobile units shall transfer annually from the undesignated fund balance account in its transportation fund to the reserved fund balance account for bus purchases in its transportation fund at least an amount equal to 15 percent per year for districts operating a program under section 121.585 for grades 1 to 12 for all students in the district and 12-1/2 percent per year for other districts of the original cost of each type one or type two bus or mobile unit until the original cost of each type one or type two bus or mobile unit is fully amortized, plus 20 percent of the original cost of each type three bus included in the district's authorized cost under the provisions of subdivision 1, paragraph (b), clause (4), until the original cost of each type three bus is fully amortized, plus 33-1/3 percent of the cost to the district as of July 1 of each year for school bus reconditioning done by the department of corrections until the cost of the reconditioning is fully amortized; provided, if the district's transportation aid or levy is reduced pursuant to subdivision 8a because the appropriation for that year is insufficient, this amount shall be reduced in proportion to the reduction pursuant to subdivision 8a as a percentage of the district's transportation revenue under subdivision 7d.

Sec. 12. Minnesota Statutes 1992, section 124.91, subdivision 5, is amended to read:

Subd. 5. **INTERACTIVE TELEVISION.** (a) A school district with its central administrative office located within economic development region one, two, three, four, five, six, seven, eight, nine, and ten may levy apply to the commissioner of education for ITV revenue up to the greater of .5 percent of the adjusted net tax capacity of the district or \$20,000 \$25,000 for the construction, maintenance, and lease costs of an interactive television system for instructional purposes. The approval by the commissioner of education and the application procedures set forth in subdivision 1 shall apply to the levy authority revenue in this subdivision. In granting the approval, the commissioner must consider whether the district is maximizing efficiency through peak use and off-peak use pricing structures.

(b) To obtain ITV revenue, a district may levy an amount not to exceed the district's ITV revenue times the lesser of one or the ratio of:

(1) the quotient derived by dividing the adjusted 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 year prior to the year the levy is certified; to

(2) 100 percent of the equalizing factor as defined in section 124A.02, subdivision 8, for the year to which the levy is attributable.

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(c) A district's ITV aid is the difference between its ITV revenue and the ITV levy.

Sec. 13. Minnesota Statutes 1992, section 124.912, is amended by adding a subdivision to read:

Subd. 8. OUTPLACEMENT LEVY. Upon the recommendation of a school's mentoring team, a school district may levy the amounts necessary to pay the cost of outplacement services for licensed teachers, including counseling and job search costs.

Sec. 14. Minnesota Statutes 1992, section 124A.29, subdivision 1, is amended to read:

~~Subdivision 1. STAFF DEVELOPMENT, AND VIOLENCE PREVENTION PARENTAL INVOLVEMENT PROGRAMS REVENUE.~~ (a) Of a district's basic revenue under section 124A.22, subdivision 2, an amount equal to \$15 one percent in fiscal year 1994, two percent in fiscal year 1995, and thereafter times the formula allowance times the number of actual pupil units shall be reserved and may be used only to provide staff time for in-service education for ~~violence prevention~~ programs under section 126.77, subdivision 2, challenging instructional activities and experiences or staff development programs, ~~including outcome-based education;~~ for the purpose of improving student achievement of education outcomes under section 126.70, subdivisions 1 and 2a. ~~The school board shall determine the staff development activities to provide, the manner in which they will be provided, and the extent to which other local funds may be used to supplement staff development activities.~~ The school board shall initially allocate 50 percent of the revenue to each school site in the district on a per teacher basis. The board may retain 25 percent to be used for district wide staff development efforts. The remaining 25 percent of the revenue shall be used to make grants to school sites that demonstrate exemplary use of allocated staff development revenue. A grant may be used for any purpose determined by the site decision-making team. The site decision-making team must demonstrate to the school board the extent to which staff at the site have met the outcomes of the program. The board may withhold a portion of initial allocation of revenue if the staff development outcomes are not being met.

(b) Of a district's basic revenue under section 124A.22, subdivision 2, an amount equal to \$5 times the number of actual pupil units must be reserved and may be used only to provide parental involvement programs that implement section 126.69. A district may use up to \$1 of the \$5 times the number of actual pupil units for promoting parental involvement in the PER process.

Sec. 15. Minnesota Statutes 1992, section 124A.291, is amended to read:

124A.291 RESERVED REVENUE FOR ~~CAREER~~ CERTAIN TEACHER PROGRAM.

A district that has a career teacher program or a mentor-teacher program

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may reserve part of the basic revenue under section 124A.22, subdivision 2, for the district's share, ~~according to section 124.276,~~ of the portion of the teaching contract that is in addition to the standard teaching contract of the district.

Sec. 16. [124A.292] STAFF DEVELOPMENT INCENTIVE.

Subdivision 1. ELIGIBILITY. A school site is eligible for revenue under this section if it has implemented an outplacement program on an ongoing basis to counsel staff and has implemented a program according to section 125.231.

Subd. 2. REVENUE. Staff development incentive revenue is equal to the number of teachers at the site times \$25.

Subd. 3. STAFF DEVELOPMENT LEVY. A district's levy equals its revenue times the lesser of one or the ratio of the district's adjusted net tax capacity per actual pupil unit for the year before the year the levy is certified to the equalizing factor for the school year to which the levy is attributable.

Subd. 4. STAFF DEVELOPMENT AID. A district's aid equals its revenue minus its levy times the ratio of the actual amount levied to the permitted levy.

Subd. 5. USE. The revenue must be used at the site for staff development purposes.

Sec. 17. Minnesota Statutes 1992, section 125.05, subdivision 1a, is amended to read:

Subd. 1a. TEACHER AND SUPPORT PERSONNEL QUALIFICATIONS. (a) The board of teaching shall issue licenses under its jurisdiction to persons the board finds to be qualified and competent for their respective positions.

(b) The board shall require a person to successfully complete an examination of skills in reading, writing, and mathematics before being admitted to a post-secondary teacher preparation program approved by the board if that person seeks to qualify for an initial teaching license to provide direct instruction to pupils in kindergarten, elementary, secondary, or special education programs.

~~(c) Before admission to a pilot internship program, the board shall require a person to successfully complete an examination of general pedagogical knowledge. Before granting a first continuing license to participants in the pilot projects, the board shall require a person to successfully complete a supervised and assessed internship in a professional development school and an examination of licensure-specific teaching skills. The board shall determine effective dates for the examination of general pedagogical knowledge, the internship, and examinations of licensure-specific skills.~~

Sec. 18. Minnesota Statutes 1992, section 125.138, is amended to read:

125.138 FACULTY EXCHANGE AND TEMPORARY ASSIGNMENT PROGRAM.

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Subdivision 1. **ESTABLISHMENT.** A program of faculty ~~exchange~~ is collaboration shall be established to allow school districts and post-secondary institutions to arrange temporary ~~exchanges between members of their instructional staffs~~ placements in each other's institutions. These arrangements must be made on a voluntary cooperative basis between a school district and post-secondary institution, or between post-secondary institutions. Exchanges between post-secondary institutions may occur among campuses in the same system or in different systems.

Subd. 2. **USES OF PROGRAM.** Each participating school district and post-secondary institution may determine the way in which the ~~instructional staff member's~~ time is to be used, but it must be in a way that promotes understanding of the needs of each educational system or institution. For example, a public school ~~teacher~~ educator may teach courses, provide counseling and tutorial services, assist with the preparation of future ~~teachers~~ educators, or take professional development courses. A post-secondary teacher might teach ~~advanced placement courses or other classes to aid an underserved population~~ at the school district, counsel students ~~about future educational plans~~, or work ~~with teachers to better prepare students for post-secondary education in school administration~~. Participation need not be limited to one school or institution and may involve other groups including educational cooperative service units.

Subd. 3. **SALARIES; BENEFITS; CERTIFICATION.** ~~Exchanges~~ Temporary placements made under the program must not have a negative effect on participants' salaries, seniority, or other benefits. Notwithstanding sections 123.35, subdivision 6, and 125.04, a member of the ~~instructional staff~~ of a post-secondary institution may teach in an elementary or secondary school or perform a service, agreed upon according to this section, for which a license would otherwise be required without holding the applicable license. In addition, a licensed ~~teacher~~ educator employed by a school district may teach or perform a service, agreed upon according to this section, at a post-secondary institution without meeting the applicable qualifications of the post-secondary institution. A school district is not subject to section 124.19, subdivision 3, as a result of entering into an agreement according to this section that enables a post-secondary ~~instructional staff member~~ educator to teach or provide services in the district. All arrangements and details regarding the exchange must be mutually agreed to by each participating school district and post-secondary institution before implementation.

Subd. 4. **EDUCATORS' EMPLOYMENT; CONTINUATION.** An educator who held a temporary position or an exchanged position under section 125.138 shall be continued in or restored to the position previously held, or to a position of like seniority, status, and pay upon return. Retirement benefits under an employer-sponsored pension or retirement plan shall not be reduced because of time spent on an exchange or temporary position under section 125.138.

Subd. 5. **ENTITLEMENT TO BENEFITS AND POSITION.** An educator who is continued in or restored to a position in accordance with subdivision 4:

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(1) shall be continued or restored without loss of seniority; and

(2) may participate in insurance or other benefits offered by the employer under its established rules and practices.

Subd. 6. GRANTS. The department of education shall award grants to public post-secondary teacher preparation programs and school districts that collaborate on staff exchanges or temporary placements. One institution must be identified as the fiscal agent for the grant.

Subd. 7. PURPOSE OF THE GRANTS. School districts and post-secondary institutions are encouraged to collaborate by allowing educators to exchange positions, team teach, or hold temporary positions of no longer than one academic year in the other's institutions. No loss of salary or benefits shall occur. Grants shall be used to ensure no loss of status, retirement, and insurance benefits.

Subd. 8. APPLICATION PROCESS. The department of education shall develop and publicize the process by which school districts, the University of Minnesota and its campuses, and the state universities which have teacher and administrator preparation programs may apply for grants.

Subd. 9. CRITERIA. The department of education shall evaluate proposals using the following criteria:

(1) evidence of collaborative arrangements between post-secondary educators and early childhood through grade 12 educators;

(2) evidence that outstanding early childhood through grade 12 educators will be involved in post-secondary classes and programs, including presentations, discussions, teaming, and responsibility for teaching some post-secondary courses;

(3) evidence that post-secondary educators will have direct experience working in a classroom or school district, including presentations, discussions, teaming, and responsibility for teaching some early childhood through grade 12 classes; and

(4) evidence of adequate financial support from employing and receiving institutions.

Subd. 10. EVALUATION. The department of education shall evaluate the results of the grants provided under subdivision 6 and make recommendations to the legislature and governor regarding future funding in the 1995 biennial budget document.

Subd. 11. GRANT LIMITATIONS; PROPOSALS. All grants shall be for salary and benefit costs beyond those normally covered by each of the institutions involved in the exchange or temporary assignment. Staff exchanging positions or placed in temporary assignments shall not suffer loss of salary, benefits,

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or retirement benefits. A grant from the department of education shall cover 50 percent of the excess costs with the remainder of the excess costs shared equally by the school district and the post-secondary institution.

Sec. 19. [125.178] ELEMENTARY PREPARATION TIME.

The school board and the exclusive representative of the teachers may negotiate an agreement to provide daily preparation time for elementary school teachers. Failing to successfully negotiate such an agreement, provisions of Minnesota Rules, part 3500.1400, subpart 3, apply.

Sec. 20. [125.230] TEACHING RESIDENCY PROGRAM.

Subdivision 1. ESTABLISHMENT. A school district with a teaching residency plan approved by the board of teaching may hire graduates of approved Minnesota teacher preparation programs as teaching residents. A district shall employ each resident for one school year. The district and the resident may agree to extend the residency for one additional school year. A school may employ no more than one teaching resident for every eight full-time equivalent licensed teachers. No more than 600 eligible teachers may be employed as teacher residents in any one school year.

Subd. 2. TEACHER ELIGIBILITY. Persons eligible to be hired as teaching residents must have received their initial license no more than two years prior to applying for a residency and must have less than nine months of full-time equivalent teaching experience as a licensed teacher.

Subd. 3. PROGRAM COMPONENTS. In order to be approved by the board of teaching, a school district's residency program must at minimum include:

- (1) training to prepare teachers to serve as mentors to teaching residents;
- (2) a team mentorship approach to expose teaching residents to a variety of teaching methods, philosophies, and classroom environments;
- (3) ongoing peer coaching and assessment;
- (4) assistance to the teaching resident in preparing an individual professional development plan that includes goals, activities, and assessment methodologies; and
- (5) involvement of resource persons from higher education institutions, career teachers, and other community experts to provide local or regional professional development seminars or other structured learning experiences for teaching residents.

A teaching resident shall not be given direct classroom supervision responsibilities that exceed 80 percent of the instructional time required of a full-time equivalent teacher in the district. During the remaining time, a teaching resident

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shall participate in professional development activities according to the individual plan developed by the resident in conjunction with the school's mentoring team.

Subd. 4. EMPLOYMENT CONDITIONS. A school district shall pay a teaching resident a salary equal to 75 percent of the statewide average salary of a first-year teacher with a bachelor's degree. The resident shall be a member of the local bargaining unit and shall be covered under the terms of the contract, except for salary and benefits, unless otherwise provided in this subdivision. The school district shall provide health insurance coverage for the resident if the district provides it for teachers, and may provide other benefits upon negotiated agreement.

Subd. 5. APPLIES TOWARD PROBATIONARY PERIOD. A teaching residency shall count as one year of a teacher's probationary period under section 125.12, subdivision 3, or section 125.17, subdivision 2. A residency extended for one year shall not count as an additional year under this subdivision.

Subd. 6. LEARNING AND DEVELOPMENT REVENUE ELIGIBILITY. A school district with an approved teaching residency program may use learning and development revenue for each teaching resident in kindergarten through grade six. A district also may use the revenue for a paraprofessional who is a person of color enrolled in an approved teacher preparation program. A school district shall not use a teaching resident to replace an existing teaching position.

Subd. 7. RECOMMENDATION FOR LICENSURE REQUIREMENTS. (a) The board of teaching shall develop for teachers of students in pre-K through grade 12, model teaching residency outcomes and assessments, and mentoring programs.

(b) The board of teaching shall report to the education committees of the legislature by February 15, 1994, on developing a residency program as part of teacher licensure. The report shall at least discuss:

(1) whether a teacher residency program should be a prerequisite to obtaining an initial teaching license or a continuing teacher license;

(2) the number of teacher residency positions available statewide by school district;

(3) how a teacher residency program and a mentorship program for school teachers can be structured;

(4) whether additional state funding for teacher residency programs is required;

(5) the interrelationship between existing teacher preparation programs and a teacher residency program;

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(6) issues related to implementing a teacher residency program, including a timeline for implementing the program; and

(7) how a teacher residency program may impact upon a teacher licensed in another state who seeks a teaching position in Minnesota.

Sec. 21. Minnesota Statutes 1992, section 125.231, is amended to read:

125.231 TEACHER ASSISTANCE THROUGH MENTORSHIP PROGRAM.

Subdivision 1. TEACHER MENTORING PROGRAM PROGRAMS. School districts are encouraged to ~~participate in a competitive grant program that explores~~ develop teacher mentoring programs for teachers new to the profession or district, ~~or for~~ including teaching residents, teachers with special needs, ~~or experienced teachers in need of peer coaching.~~

Subd. 2. TEACHER MENTORING TASK FORCE. The ~~commissioner~~ board of teaching shall appoint and work with a teacher mentoring task force including representatives of the two teachers unions, the two principals organizations, school boards association, administrators association, ~~board of teaching~~ department of education, parent teacher association, post-secondary institutions, foundations, and the private sector. Representation on the task force by populations of color shall reflect the proportion of people of color in the public schools.

The task force shall:

(1) develop the application forms, criteria, and procedures for ~~the~~ grants for mentorship program programs;

(2) select sites to receive mentorship grant funding; and

(3) provide ongoing support and direction for mentorship program implementation in school districts, including those that do not receive mentorship grants.

Subd. 3. APPLICATIONS. The ~~commissioner of education~~ board of teaching shall make application forms available to sites interested in developing or expanding a mentorship program. A school district, a group of school districts, or a coalition of districts, teachers and teacher education institutions may apply for a teacher mentorship program grant. The ~~commissioner~~ board of teaching, in consultation with the teacher mentoring task force, shall approve or disapprove the applications. To the extent possible, the approved applications must reflect effective mentoring components, include a variety of coalitions and be geographically distributed throughout the state. The ~~commissioner of education~~ board of teaching shall encourage the selected sites to consider the use of the its assessment procedures ~~developed by the board of teaching.~~

Subd. 4. CRITERIA FOR SELECTION. At a minimum, applicants must express commitment to:

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(1) allow staff participation;

(2) assess skills of both beginning and mentor teachers;

(3) provide appropriate in-service to needs identified in the assessment;

(4) provide leadership to the effort;

(5) cooperate with higher education institutions;

(6) provide facilities and other resources; and

(7) share findings, materials, and techniques with other school districts.

Subd. 5. **ADDITIONAL FUNDING.** Applicants are required to seek additional funding and assistance from sources such as school districts, post-secondary institutions, foundations, and the private sector.

Subd. 7. **PROGRAM IMPLEMENTATION.** New and expanding mentor-ship sites that are funded to design, develop, implement, and evaluate their program must participate in activities that support program development and implementation. The department of education board of teaching must provide resources and assistance to support new sites in their program efforts. These activities and services may include, but are not limited to: planning, planning guides, media, training, conferences, institutes, and regional and statewide networking meetings. Nonfunded schools or districts interested in getting started may participate in some activities and services. Fees may be charged for meals, materials, and the like.

Sec. 22. [126.019] SCHOOL RESTRUCTURING PROGRAM.

Subdivision 1. **LEVY AUTHORITY.** (a) The purpose of school district restructuring pilots is to examine practices and organizational structure for improvement of student achievement of education outcomes through site decision-making. A school district may submit an application to the department of education for school district restructuring levy authority. The authority may be available for the fiscal year for which the pilot receives approval and for the subsequent four years. A district need only apply once for this authority. The actual amount of levy authority given shall depend on the level of power and control delegated to a site under section 123.951. The state board, upon consultation of the education chairs of the legislature, shall determine criteria for measuring this level and allocating the appropriate levy authority. The criteria may include a provision that would allow the site decision-making team to request waivers from the master contract between the school board and the collective bargaining representative in the district. Notwithstanding any law to the contrary, the state board of education and the state board of teaching may grant waivers that would apply only to a single site within the district from any board rule. The levy authority may be increased or decreased by the state board if a district changes implementation of this section. Revenue from the levy must be under the con-

rol of local site decision-making team and may be used for any purpose determined by the team. All information about education achievement and effective reduction in elementary learner-instructor ratios at the school site must be made available to the public. Each school board must communicate the availability of this authority to each school site in the district.

(b) The local levy shall be matched dollar for dollar with state aid. The commissioner shall not approve total levy authority in excess of available state appropriations.

Subd. 2. REPORT. The state board shall report on the implementation of this section and learning improvement results to the education committees of the legislature on February 1 of each year. The board shall also develop model reporting forms for districts to use to report to local communities. The board shall develop these forms in consultation with the department and the chairs of the education committees of the legislature.

Sec. 23. Minnesota Statutes 1992, section 126.22, subdivision 8, is amended to read:

Subd. 8. ENROLLMENT VERIFICATION. (a) For a pupil attending an eligible program full time under subdivision 3, paragraph (d), the department of education shall pay 88 percent of the basic revenue of the district to the eligible program and 12 percent of the basic revenue to the resident district within 30 days after the eligible program verifies enrollment 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.

(b) The department of education shall pay up to 100 percent of the basic revenue to the eligible program if there is an agreement to that effect between the school district and the eligible program.

Sec. 24. Minnesota Statutes 1992, section 126.70, is amended to read:

126.70 STAFF DEVELOPMENT PLAN PROGRAM.

Subdivision 1. ELIGIBILITY FOR REVENUE STAFF DEVELOPMENT COMMITTEE. A school board may shall use the revenue authorized in section 124A.29 for in-service education for violence prevention programs under section 126.77, subdivision 2, or if it establishes a staff development advisory committee and adopts a for staff development plan under this subdivision. The board must establish a staff development committee to develop the plan, advise a site decision-making team about the plan, and evaluate staff development efforts at

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the site level. A majority of the advisory committee must be teachers representing various grade levels and subject areas. The advisory committee must also include parents and administrators. ~~The advisory committee shall develop a staff development plan that includes related expenditures and shall submit the plan to the school board. If the school board approves the plan, the district may use the staff development revenue authorized in section 124A.29.~~ Districts must submit approved plans shall report staff development results to the commissioner in the form and manner determined by the commissioner.

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

- (1) ~~procedures the district will use to analyze education needs;~~
- (2) ~~methods for integrating education needs with in-service and curricular efforts already in progress;~~
- (3) ~~education goals and~~ outcomes under subdivision 2a, the means to achieve the goals; outcomes and
- (4) ~~procedures for evaluating progress at each school site toward meeting education needs and goals~~ outcomes.

Subd. 2a. **PERMITTED USES STAFF DEVELOPMENT OUTCOMES.** ~~A school board may approve a (a) The staff development committee shall adopt a staff development plan to accomplish any of the following purposes for the improvement of student achievement of education outcomes. The plan must be consistent with education outcomes determined by the school board. The plan shall include the following outcomes:~~

- (1) foster readiness for learning;
- (2) facilitate organizational changes by enabling a site-based team composed of pupils, parents, school personnel, and community members to address pupils' needs;
- (3) develop programs to increase pupils' educational progress by developing appropriate outcomes and personal learning goals and by encouraging pupils and their parents to assume responsibility for their education;
- (4) design and develop programs containing various instructional opportunities that recognize pupils' individual needs and utilize family and community resources;
- (5) evaluate the effectiveness of education policies, processes, and products through appropriate evaluation procedures that include multiple criteria and indicators;
- (6) provide staff time or mentorship oversight for peer review of probationary, continuing contract, and nonprobationary teachers;

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(7) train elementary and secondary staff to help students learn to resolve conflicts in effective, nonviolent ways; ~~and~~

(8) encourage staff to teach and model violence prevention policy and curricula that address issues of sexual and racial harassment; and

(9) teach elementary and secondary staff to effectively meet the needs of children with disabilities within the regular classroom setting.

(b) If a school board approves a plan to accomplish any of the purposes listed in paragraph (a), it must also provide challenging instructional activities and experiences that recognize and cultivate students' advanced abilities and talents.

Sec. 25. SUPERVISORY LICENSURE.

All administrative and supervisory licensure rules adopted or amended by the state board of education must include outcomes relating to financial management practices of school districts and buildings.

Sec. 26. TEACHER COMPENSATION TASK FORCE.

Subdivision 1. ESTABLISHED. A teacher compensation task force is established under the state board of education. The board shall initially organize the task force and prepare any reports to the legislature. The department of education shall assist the board as required.

Subd. 2. MEMBERSHIP. The task force shall consist of the following members:

One member each representing:

(1) the state board of education;

(2) the Minnesota business partnership;

(3) school principals;

(4) Minnesota association of school administrators;

(5) a parent of a student with disabilities;

(6) Minnesota congress of parents, teachers, and students; and

(7) the bureau of mediation services.

Three members representing the Minnesota school boards association and two members each representing the Minnesota education association and the Minnesota federation of teachers.

Subd. 3. PURPOSE AND DUTIES. The purpose of the task force is to study and recommend alternatives to a teacher compensation system based on

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training and experience to one that may include compensation based on knowledge, skills, responsibilities, or other considerations. Specifically, the task force must identify the knowledge, skills, and abilities needed by teachers to:

- (1) identify, communicate, and measure outcomes at a school site;
- (2) improve educational instruction to achieve expected outcomes at a school site;
- (3) evaluate peers and make other related personnel decisions at a school site;
- (4) manage organizational and financial needs at a school site;
- (5) undertake duties that would lead to the improvement in the achievement of educational outcomes at either the district level or the school site; and
- (6) identify personal staff development and educational needs to help students in achieving the student's educational outcomes.

The task force shall make a preliminary report on February 1, 1994, and a final report on February 1, 1995, to the education committees of the legislature.

Sec. 27. GRADUATION RULE ACCELERATION.

\$5,188,000 in fiscal year 1994 and \$5,188,000 in fiscal year 1995 is appropriated to the department of education for accelerated development of the state board of education high school graduation rule. Of this amount, \$5,000,000 each year is from the general fund and \$188,000 each year is from the special revenue fund. The appropriation is to be used to fund assessment and standards pilot sites; to broaden public understanding of the rule through local public meeting and focus groups, citizens forums, and other general communication; to continue development of curriculum frameworks; for ongoing statewide assessment efforts; and to develop system performance standards. The appropriation from the special revenue fund may be used for development efforts in health-related outcomes. Any amount of this appropriation does not cancel and shall be carried forward to the following fiscal year. Notwithstanding any law to the contrary, the commissioner may contract for national expertise and related services in each of the development areas.

Sec. 28. 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. AREA LEARNING CENTER GRANTS. For grants to area learning centers:

<u>\$150,000</u>	<u>.....</u>	<u>1994</u>
<u>\$150,000</u>	<u>.....</u>	<u>1995</u>

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Subd. 3. ADVANCED PLACEMENT AND INTERNATIONAL BACCALAUREATE PROGRAMS. For the state advanced placement and international baccalaureate programs, including training programs, support programs, and examination fee subsidies:

<u>\$300,000</u>	<u>.....</u>	<u>1994</u>
<u>\$300,000</u>	<u>.....</u>	<u>1995</u>

Subd. 4. NSF MATH-SCIENCE SYSTEMIC INITIATIVE. To meet requirements for a proposal to the National Science Foundation for a systemic initiative in mathematics and science:

<u>\$1,500,000</u>	<u>.....</u>	<u>1994</u>
<u>\$1,500,000</u>	<u>.....</u>	<u>1995</u>

This appropriation is not contingent upon receiving funding from the National Science Foundation.

Subd. 5. EDUCATIONAL EFFECTIVENESS. For educational effectiveness programs according to Minnesota Statutes, sections 121.608 and 121.609:

<u>\$870,000</u>	<u>.....</u>	<u>1994</u>
<u>\$870,000</u>	<u>.....</u>	<u>1995</u>

Subd. 6. INTERNET. To provide statewide access to INTERNET for elementary and secondary schools:

<u>\$200,000</u>	<u>.....</u>	<u>1994</u>
<u>\$200,000</u>	<u>.....</u>	<u>1995</u>

Any balance remaining in the first year does not cancel but is available in the second year.

Subd. 7. ACADEMIC EXCELLENCE FOUNDATION. (a) For the academic excellence foundation according to Minnesota Statutes, section 121.612:

<u>\$525,000</u>	<u>.....</u>	<u>1994</u>
<u>\$525,000</u>	<u>.....</u>	<u>1995</u>

(b) Up to \$50,000 each year is contingent upon the match of \$1 in the previous year from private sources consisting of either direct monetary 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 1994 does not cancel but is available in 1995. The amount carried forward must not be used to establish a larger annual base appropriation for later fiscal years.

(c) Approximately \$265,000 each year is for the foundation's partners for quality initiative.

Subd. 8. ENVIRONMENTAL EDUCATION. For distributing materials and conducting workshops to implement model K-12 environmental education curriculum integration described in Laws 1991, chapter 254, article 1, section 14, subdivision 5, paragraph (a):

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\$60,000 1994

Any balance remaining in the first year does not cancel but is available in the second year.

Subd. 9. ITV LEVY AID. For ITV levy aid under section 24:

\$2,681,000 1995

The appropriation anticipates an entitlement of \$3,154,200 for fiscal year 1995.

Subd. 10. SCHOOL IMPROVEMENT INCENTIVE GRANTS. For grants to school improvement incentive sites under section 3:

\$125,000 1994
\$125,000 1995

Subd. 11. SCHOOL RESTRUCTURING GRANTS. For school restructuring grants under section 22:

\$500,000 1995

This appropriation does not cancel.

Up to \$100,000 of this amount may be used for a grant to a nonstate organization to develop systemic site decision making models.

Subd. 12. EXCHANGE AND TEMPORARY ASSIGNMENT PROGRAMS. For faculty exchange, and temporary assignment programs according to Minnesota Statutes, section 125.138:

\$75,000 1994

This appropriation is available until June 30, 1995.

Subd. 13. STAFF DEVELOPMENT INCENTIVE. For staff development incentives:

\$100,000 1994

This appropriation is available until June 30, 1995.

Sec. 29. APPROPRIATIONS.

Subdivision 1. HECB. The sums appropriated in this section are appropriated from the general fund to the higher education coordinating board for the fiscal years designated.

Subd. 2. SUMMER PROGRAM SCHOLARSHIPS. For scholarship awards for summer programs according to Minnesota Statutes, section 126.56:

\$214,000 1994
\$214,000 1995

Of this appropriation, any amount required by the higher education coordinating board may be used for the costs of administering the program.

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Sec. 30. MINNESOTA HUMANITIES COMMISSION.

(a) \$325,000 in fiscal year 1994 and \$325,000 in fiscal year 1995 is appropriated from the general fund to the Minnesota Humanities Commission for the Minnesota Institute for the Advancement of Teaching.

(b) The money is for the institute to conduct noncredit seminars for Minnesota's K-12 teachers. The seminars must be interdisciplinary, employ varied methods of teaching and learning, incorporate community resources in a creative and instructive manner, and be dedicated to the professional development of K-12 teachers.

(c) The money is also for the institute to begin an alumni program to assist teachers who have attended the seminars to provide programs for teachers in their districts who cannot attend the residential seminars.

(d) The humanities commission may seek and accept private sector money for the institute to supplement these appropriations.

Sec. 31. REPEALER.

Minnesota Statutes 1992, sections 121.609; 124A.27, subdivisions 1 to 9; and 125.185, subdivision 4a, are repealed July 1, 1993.

Sec. 32. EFFECTIVE DATE.

Section 19 remains in effect until July 1, 1995.

ARTICLE 8**OTHER EDUCATION PROGRAMS**

Section 1. Minnesota Statutes 1992, section 124.195, subdivision 9, is amended to read:

Subd. 9. **PAYMENT PERCENTAGE FOR CERTAIN AIDS.** One hundred percent of the aid for the current fiscal year must be paid for the following aids: management information center subsidies, according to section 121.935; reimbursement for transportation to post-secondary institutions, according to section 123.3514, subdivision 8; aid for the program for adults with disabilities, according to section 124.2715, subdivision 2; school lunch aid, according to section 124.646; ~~tribal contract school aid, according to section 124.85;~~ hearing impaired support services aid, according to section 121.201; Indian post-secondary preparation grants according to section 124.481; integration grants according to Laws 1989, chapter 329, article 8, section 14, subdivision 3; and debt service aid according to section 124.95, subdivision 5.

Sec. 2. [124.646] SCHOOL BREAKFAST PROGRAM.

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Subdivision 1. PURPOSE. The purpose of the school breakfast program is to provide affordable morning nutrition to children so that they can effectively learn.

Subd. 2. PROGRAM. The state school breakfast program enables schools participating in the federal School Breakfast Program to cover their costs for breakfast.

Subd. 3. PROGRAM REIMBURSEMENT. State funds are provided to reimburse school breakfasts. Each school year, the state shall reimburse schools in the amount of 5.1 cents for each fully paid breakfast and for each free and reduced price breakfast not eligible for the "severe need" rate.

Sec. 3. Minnesota Statutes 1992, section 124.912, subdivision 2, is amended to read:

Subd. 2. DESEGREGATION. Each year, special school district No. 1, Minneapolis, may levy an amount not to exceed \$197 times its actual pupil units for that fiscal year; independent school district No. 625, St. Paul, may levy an amount not to exceed a gross tax rate of .80 percent times the adjusted gross tax capacity of the district for taxes payable in 1990 or a net tax rate of 1.0 percent times the adjusted net tax capacity of the district for taxes payable in 1991 and thereafter \$197 times its actual pupil units for that fiscal year; and independent school district No. 709, Duluth, may levy an amount not to exceed the sum of \$660,000 and the amount raised by a tax rate of 2.0 percent times the adjusted net tax capacity of the district. Notwithstanding section 121.904, the entire amount of this levy shall be recognized as revenue for the fiscal year in which the levy is certified. This levy shall not be considered in computing the aid reduction under section 124.155.

Sec. 4. Minnesota Statutes 1992, section 124.912, subdivision 3, is amended to read:

Subd. 3. RULE COMPLIANCE. 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 net tax rate of 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, A district that levies according to subdivision 2 may not levy according to this subdivision. 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. 5. Minnesota Statutes 1992, section 124.916, subdivision 2, is amended to read:

Subd. 2. RETIRED EMPLOYEE HEALTH BENEFITS. For taxes payable in ~~1993~~ and 1994 and 1995 only, a school district may levy an amount up to the amount the district is required by the collective bargaining agreement in

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effect on March 30, 1992, to pay for health insurance or unreimbursed medical expenses for licensed and nonlicensed employees who have terminated services in the employing district and withdrawn from active teaching service or other active service, as applicable, before July 1, 1992. The total amount of the levy each year may not exceed \$300,000.

Notwithstanding section 121.904, 50 percent of the proceeds of this levy shall be recognized in the fiscal year in which it is certified.

Sec. 6. Minnesota Statutes 1992, section 124.916, subdivision 3, is amended to read:

Subd. 3. ~~MINNEAPOLIS CIVIL SERVICE RETIREMENT LEVIES.~~ (1) In addition to the excess levy authorized in 1976 any district within a city of the first class which was authorized in 1975 to make a retirement levy under Minnesota Statutes 1974, section 275.127 and chapter 422A may levy an amount per pupil unit which is equal to the amount levied in 1975 payable 1976, under Minnesota Statutes 1974, section 275.127 and chapter 422A, divided by the number of pupil units in the district in 1976-1977.

(2) In 1979 and each year thereafter, any district which qualified in 1976 for an extra levy under clause (1) shall be allowed to levy the same amount as levied for retirement in 1978 under this clause reduced each year by ten percent of the difference between the amount levied for retirement in 1971 under Minnesota Statutes 1971, sections 275.127 and 422.01 to 422.54 and the amount levied for retirement in 1975 under Minnesota Statutes 1974, section 275.127 and chapter 422A.

(3) In 1991 and each year thereafter, a district to which this subdivision applies may levy an additional amount required for contributions to the Minneapolis employees retirement fund as a result of the maximum dollar amount limitation on state contributions to the fund imposed under section 422A.101, subdivision 3. The additional levy shall not exceed the most recent amount certified by the board of the Minneapolis employees retirement fund as the district's share of the contribution requirement in excess of the maximum state contribution under section 422A.101, subdivision 3.

(4) For taxes payable in 1994 and thereafter, special school district No. 1, Minneapolis, and independent school district No. 625, St. Paul, may levy for the increase in the employer retirement fund contributions, under Laws 1992, chapter 598, article 5, section 1. Notwithstanding section 121.904, the entire amount of this levy may 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.

(5) If the employer retirement fund contributions under section 354A.12, subdivision 2a, are increased for fiscal year 1994 or later fiscal years, special school district No. 1, Minneapolis, and independent school district No. 625, St. Paul, may levy in payable 1994 or later an amount equal to the amount derived by applying the net increase in the employer retirement fund contribution rate of the respective teacher retirement fund association between fiscal year 1993 and the fiscal year beginning in the year after the levy is certified to the total

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covered payroll of the applicable teacher retirement fund association. Notwithstanding section 121.904, the entire amount of this levy may be recognized as revenue for the fiscal year in which the levy is certified. This levy shall not be considered in computing the aid reduction under section 124.155. If an applicable school district levies under this paragraph, they may not levy under paragraph (4).

(6) In addition to the levy authorized under paragraph 5, special school district No. 1, Minneapolis, may also levy in payable 1994 or later an amount equal to the state aid contribution under section 354A.12, subdivision 3b. Notwithstanding section 121.904, the entire amount of this levy may 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. 7. Minnesota Statutes 1992, section 125.05, subdivision 1a, is amended to read:

Subd. 1a. **TEACHER AND SUPPORT PERSONNEL QUALIFICATIONS.** (a) The board of teaching shall issue licenses under its jurisdiction to persons the board finds to be qualified and competent for their respective positions.

(b) The board shall require a person to successfully complete an examination of skills in reading, writing, and mathematics before being admitted to a post-secondary teacher preparation program approved by the board if that person seeks to qualify for an initial teaching license to provide direct instruction to pupils in ~~kindergarten~~ prekindergarten, elementary, secondary, or special education programs. The board shall require colleges and universities offering a board approved teacher preparation program to provide remedial assistance to persons enrolled in their institution who did not achieve a qualifying score on the skills examination, including those for whom English is a second language. The colleges and universities must provide assistance in the specific academic areas of deficiency in which the person did not achieve a qualifying score. School districts must provide similar, appropriate, and timely remedial assistance to those persons employed by the district who completed their teacher education program outside the state of Minnesota, received a one-year license to teach in Minnesota and did not achieve a qualifying score on the skills examination, including those persons for whom English is a second language.

(c) Before admission to a pilot internship program, the board shall require a person to successfully complete an examination of general pedagogical knowledge. Before granting a first continuing license to participants in the pilot projects, the board shall require a person to successfully complete a supervised and assessed internship in a professional development school and an examination of licensure-specific teaching skills. The board shall determine effective dates for the examination of general pedagogical knowledge, the internship, and examinations of licensure-specific skills.

Sec. 8. Minnesota Statutes 1992, section 125.185, subdivision 4, is amended to read:

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Subd. 4. **LICENSE AND RULES.** (a) The board shall adopt rules to license public school teachers and interns subject to chapter 14.

(b) The board shall adopt rules requiring successful completion of an examination of skills in reading, writing, and mathematics before being admitted to a teacher preparation program. Such rules shall require college and universities offering a board approved teacher preparation program to provide remedial assistance to persons who did not achieve a qualifying score on the skills examination, including those for whom English is a second language.

(c) The board shall adopt rules to approve teacher preparation programs.

(d) The board shall provide the leadership and shall adopt rules for the redesign of teacher education programs to implement a research based, results-oriented curriculum that focuses on the skills teachers need in order to be effective. The board shall implement new systems of teacher preparation program evaluation to assure program effectiveness based on proficiency of graduates in demonstrating attainment of program outcomes.

(e) The board shall adopt rules requiring successful completion of an examination of general pedagogical knowledge and examinations of licensure-specific teaching skills. The rules shall be effective on the dates determined by the board, but not later than July 1, 1999.

(f) Until July 1, 1998, the board may select schools to be pilot professional development schools according to initial criteria adopted by the board. Initial criteria are not subject to chapter 14. Upon specific legislative authorization to implement a statewide restructured licensure program, the board shall adopt rules to approve or disapprove professional development schools.

(g) The board shall adopt rules requiring teacher educators to work directly with elementary or secondary school teachers in elementary or secondary schools to obtain periodic exposure to the elementary or secondary teaching environment.

(h) The board shall grant licenses to interns and to candidates for initial licenses.

(i) The board shall design and implement an assessment system which requires a candidate for an initial license and first continuing license to demonstrate the abilities necessary to perform selected, representative teaching tasks at appropriate levels.

(j) The board shall receive recommendations from local committees as established by the board for the renewal of teaching licenses.

(k) The board shall grant life licenses to those who qualify according to requirements established by the board, and suspend or revoke licenses pursuant to sections 125.09 and 214.10. The board shall not establish any expiration date for application for life licenses.

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(l) With regard to post-secondary vocational education teachers the board of teaching shall adopt and maintain as its rules the rules of the state board of technical colleges.

Sec. 9. [125.623] **TEACHERS OF COLOR PROGRAM.**

Subdivision 1. DEFINITION. For purposes of this section, "people of color" means permanent United States residents who are African-American, American Indian or Alaskan native, Asian or Pacific Islander, or Hispanic.

Subd. 2. GRANTS. The commissioner of education in consultation with the multicultural advisory committee established in section 126.81 shall award grants for professional development programs to recruit and educate people of color in the field of education, including early childhood and parent education. Grant applicants must be a school district with a growing minority population working in collaboration with a state institution of higher education with an approved teacher licensure program or an approved early childhood or parent education licensure program.

Subd. 3. PROGRAM REQUIREMENTS. (a) A grant recipient shall recruit persons of color to be teachers in elementary, secondary, early childhood or parent education, and provide support in linking program participants with jobs in the recipient's school district.

(b) A grant recipient shall establish an advisory council composed of representatives of communities of color.

(c) A grant recipient, with the assistance of the advisory council, shall recruit high school students and other persons, support them through the higher education application and admission process, advise them while enrolled and link them with support resources in the college or university and the community.

(d) A grant recipient shall award stipends to students of color enrolled in an approved licensure program to help cover the costs of tuition, student fees, supplies, and books. Stipend awards must be based on a student's financial need and students must apply for any additional financial aid they are eligible for to supplement this program. No more than ten percent of the grant may be used for costs of administering the program. Students must agree to teach in the grantee school district for at least two years after licensure. If the district has no licensed positions open, the student may teach in another district in Minnesota.

(e) The commissioner of education shall consider the following criteria in awarding grants:

(1) whether the program is likely to increase the recruitment and retention of students of color in teaching;

(2) whether grant recipients will recruit paraprofessionals from the district to work in its schools; and

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(3) whether grant recipients will establish or have a mentoring program for students of color.

Sec. 10. [126.82] STATE MULTICULTURAL EDUCATION ADVISORY COMMITTEE.

(a) The commissioner shall appoint a state multicultural education advisory committee to advise the department and the state board on multicultural education. The committee must have 12 members and be composed of representatives from among the following groups and community organizations: African-American, Asian-Pacific, Hispanic, and American Indian.

(b) The state committee shall provide information and recommendations on:

(1) department procedures for reviewing and approving district plans and disseminating information on multicultural education;

(2) department procedures for improving inclusive education plans, curriculum and instruction improvement plans, and performance-based assessments;

(3) developing learner outcomes which are multicultural; and

(4) other recommendations that will further inclusive, multicultural education.

(c) The committee shall also participate in determining the criteria for and awarding the grants established under section 16, subdivision 10.

Sec. 11. Minnesota Statutes 1992, section 275.48, is amended to read:

275.48 ADDITIONAL TAX LEVIES IN CERTAIN MUNICIPALITIES.

When by virtue of chapter 278, sections 270.07, 375.192, or otherwise, the net tax capacity of a city, township or school district for a taxable year is reduced after the taxes for the year have been spread by the county auditor, and when the local tax rate determined by the county auditor based on the original net tax capacity is applied on the reduced net tax capacity and does not produce the full amount of taxes actually levied and certified for that taxable year on the original net tax capacity, the city, township or school district may include an additional amount in its tax levy made following final determination and notice of the reduction in net tax capacity. The amount shall equal the difference between the total amount of taxes actually levied and certified for that taxable year upon the original net tax capacity, not exceeding the maximum amount which could be raised on the net tax capacity as reduced, within existing local tax rate limitations, if any, and the amount of taxes collected for that taxable year on the reduced net tax capacity. The total tax levy authorized for a school district by this section may also include an amount equal to any interest paid on the abatement refunds. The levy for a school district shall be reduced by the total amount of any abatement adjustments received by the district pursuant to

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section 124.214, subdivision 2, in the same calendar year in which the levy is certified. As part of the certification required by section 124.918, subdivision 1, the commissioner of education shall certify the amount of the abatement levy limitation adjustment for each school district headquartered in that county.

Except for school districts, the amount of taxes so included shall be levied separately and shall be levied in addition to all limitations imposed by law; and further shall not result in any penalty in the nature of a reduction in state aid of any kind.

Sec. 12. Minnesota Statutes 1992, section 475.61, subdivision 3, is amended to read:

Subd. 3. **IRREVOCABILITY.** Tax levies so made and filed shall be irrevocable, except as provided in this subdivision.

In each year when there is on hand any excess amount in the debt redemption fund of a school district at the time the district makes its property tax levies, the amount of the excess shall be certified by the school board to the ~~county auditor~~ commissioner. The commissioner shall report the amount of the excess to the county auditor and the auditor shall reduce the tax levy otherwise to be included in the rolls next prepared by the amount certified. The commissioner shall prescribe the form and calculation to be used in computing the excess amount. The school board may, with the approval of the commissioner, retain the excess amount if it is necessary to ensure the prompt and full payment of the obligations and any call premium on the obligations, or will be used for redemption of the obligations in accordance with their terms. The school board may, with the approval of the commissioner, specify a tax levy in a higher amount if necessary because of anticipated tax delinquency or for cash flow needs to meet the required payments from the debt redemption fund.

If the governing body, including the governing body of a school district, in any year makes an irrevocable appropriation to the debt service fund of money actually on hand or if there is on hand any excess amount in the debt service fund, the recording officer may certify to the county auditor the fact and amount thereof and the auditor shall reduce by the amount so certified the amount otherwise to be included in the rolls next thereafter prepared.

Sec. 13. **COMMISSIONER APPROVAL; INTEREST ON PAYMENTS.**

For taxes payable in 1994, the commissioner of education must grant approval of all levies for interest payments on abatement refunds. If the total amount of levy would exceed \$1,000,000, the commissioner shall proportionately reduce each district's interest on abatements levy.

Sec. 14. **PLAN FOR STATE SKILLS EXAM.**

Subdivision 1. PLAN CONTENT. The board of teaching shall develop a plan to assure that questions contained in the skills examination in reading, writing, and mathematics, which persons must successfully complete before being admitted to an approved teacher preparation program under Minnesota Statutes, section 125.05, subdivision 1a, clause (b) are culturally sensitive. The board shall include in the plan how it proposes to assure that the examination

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questions are culturally sensitive, evaluate interpersonal skills, and more comprehensively assess general knowledge and skills. The board shall seek the assistance of organizations representing diverse cultures in developing the plan. The board shall submit its plan to the education committees of the legislature by February 15, 1994.

Subd. 2. PROVISIONAL LICENSES. Persons who have successfully completed an approved teacher preparation program and obtained a provisional license to teach, but have not completed the skills examination required under Minnesota Statutes, section 125.05, subdivision 1a, clause (b), may continue to teach under a provisional license until the plan required under subdivision 1 is implemented.

Sec. 15. Laws 1991, chapter 265, article 8, section 14, as amended by Laws 1992, chapter 499, article 7, section 14, is amended to read:

Sec. 14. NONOPERATING FUND TRANSFERS.

By June 30, 1992, and by June 30, 1993, a school district may permanently transfer money from the capital expenditure facilities or equipment accounts and from the debt redemption fund, to the extent the transferred money is not needed for principal and interest payments on bonds outstanding at the time of transfer, to the transportation fund, capital expenditure fund, or the debt redemption fund. A transfer may not be made from the capital expenditure facilities or equipment accounts that results in a deficit account balance in either account or a deficit in the combined account balance for facilities and equipment as of June 30, 1992, or as of June 30, 1993. No levies and no state aids shall be reduced as a result of a transfer. Each district transferring money from the capital expenditure facilities or equipment accounts shall report to the commissioner of education on each transfer. A district may not transfer money from the debt redemption fund to the capital expenditure fund or to the transportation fund without prior approval from the commissioner of education. The commissioner shall approve a transfer from the debt redemption fund only if: (1) the district retired its bonded indebtedness during fiscal year ~~1992 or~~ 1993 or an earlier fiscal year and the district's general education levy was not reduced under Minnesota Statutes, section 475.61, subdivision 4, for taxes payable in 1993, or an earlier year, or (2) the district's 1991 payable 1992 or 1992 payable 1993 debt service levy was reduced to zero according to Minnesota Statutes, section 475.61, subdivision 3. The commissioner of education shall report to the chairs of the education funding divisions of the house of representatives and the senate the aggregate transfers, by fund, made by school districts.

Sec. 16. FUND TRANSFERS.

Subdivision 1. SPRINGFIELD. Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121 or other law, independent school district No. 85, Springfield, may permanently transfer a total of up to \$600,000, as necessary, from its general fund to its capital expenditure fund before July 1, 1995.

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Subd. 2. REMER-LONGVILLE. Notwithstanding Minnesota Statutes, section 121.912, subdivision 1, or any other law to the contrary, independent school district No. 118, Remer-Longville, may permanently transfer \$125,000 in fiscal year 1993 from the bus purchase account to the capital expenditure fund without making a levy reduction.

Subd. 3. HOLDINGFORD. Notwithstanding Minnesota Statutes, sections 121.912, 121.9121, and 475.61, subdivision 4, or any other law, on June 30, 1993, independent school district No. 738, Holdingford, may permanently transfer up to \$51,000 from its debt redemption fund to its general fund.

Subd. 4. MANKATO. Notwithstanding Minnesota Statutes, section 124.2713, subdivision 8, or any other law to the contrary, independent school district No. 77, Mankato, may expend up to \$250,000 from the community service fund for the purpose of removing architectural barriers from the Lincoln community center to provide access to persons with disabilities.

Subd. 5. ST. MICHAEL-ALBERTVILLE. Notwithstanding Minnesota Statutes, section 121.912, subdivision 1, or any other law to the contrary, independent school district No. 885, St. Michael-Albertville, may permanently transfer up to \$105,000 in fiscal year 1993 from its debt redemption fund to the capital expenditure equipment fund.

Subd. 6. SARTELL. Notwithstanding Minnesota Statutes, sections 121.912, 121.9121, and 475.61, subdivision 4, or any other law, on June 30, 1993, independent school district No. 748, Sartell, may permanently transfer any amount not currently needed from its debt redemption fund to the building construction fund.

Subd. 7. GLENCOE. Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121 or other law, independent school district No. 422, Glencoe, may permanently transfer a total of up to \$100,000, as necessary, from its early childhood family education fund to its capital expenditure facilities fund before July 1, 1994.

Subd. 8. COLD SPRING. Notwithstanding Minnesota Statutes, sections 121.912, 121.9121, and 475.61, subdivision 4, or any other law, on June 30, 1993 independent school district No. 750, Cold Spring, may permanently transfer an amount not to exceed \$66,000 from its debt redemption fund to the transportation fund.

Subd. 9. GRYGLA. Notwithstanding Minnesota Statutes 1992, section 121.912, subdivision 1, or any other law to the contrary, on June 30, 1993, independent school district No. 447, Grygla, may permanently transfer an amount not to exceed \$100,000 from its debt redemption fund to the capital expenditure fund.

Sec. 17. EARLY RETIREMENT INCENTIVE.

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

Subdivision 1. BOARD MUST OFFER. A school board, a joint vocational technical district under Minnesota Statutes, section 136C.60, or an intermediate school district under Minnesota Statutes, chapter 136D, must offer the early retirement incentive provided in this section to a teacher, as defined in Minnesota Statutes, section 354.05, subdivision 2, or 354A.011, subdivision 27, who is eligible under subdivision 2.

Subd. 2. ELIGIBILITY. A teacher is eligible to receive the incentive if the person:

(1) has at least 25 years of combined service credit in any Minnesota public pension plans governed by Minnesota Statutes, section 356.30, subdivision 3, or is at least 65 years old and has at least one year of combined service credit in these pension plans;

(2) upon retirement is immediately eligible for a retirement annuity from a defined benefit plan;

(3) is at least 55 years of age; and

(4) retires on or after May 17, 1993, and before August 1, 1993.

Subd. 3. INCENTIVE. For a person who selects the incentive under this section, the multiplier percentage used to calculate the retirement annuity must be increased by .10 for each year of allowable service credit up to 30 years.

Subd. 4. CONDITIONS. For purposes of this section, a person retires when the person terminates active employment and applies for retirement benefits. An employee who retires under this section using the rule of 90 must not be included in the calculations required by Minnesota Statutes, section 356.85.

Sec. 18. EMPLOYER-PAID HEALTH INSURANCE.

Subdivision 1. PUBLIC EMPLOYEES. A school district, intermediate school district, or joint vocational technical district formed under Minnesota Statutes, sections 136C.60 to 136C.69, shall provide employer-paid hospital, medical, and dental benefits to a person who:

(1) is eligible for employer-paid insurance under collective bargaining agreements or personnel plans in effect on the day before the effective date of this section;

(2) has at least 25 years of combined service credit in any Minnesota public pension plans other than volunteer firefighter plans;

(3) has at least as many months of service with the current employer as the number of months younger than age 65 the person is at the time of retirement;

(4) upon retirement is immediately eligible for a retirement annuity if the person is a member of a defined benefit plan;

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

(5) is at least 55 and not yet 65 years of age; and

(6) in the case of a school district employee, retires on or after May 15, 1993, and before July 21, 1993; and in the case of an employee of another employer in this subdivision, retires on or after July 1, 1993, and before October 1, 1993.

Subd. 2. CONDITIONS; COVERAGE. For purposes of this section, a person retires when the person terminates active employment and applies for retirement benefits. The retired employee is eligible for single and dependent coverages and employer payments to which the person was entitled immediately before retirement, subject to any changes in coverage and employer and employee payments through collective bargaining or personnel plans, for employees in positions equivalent to the position from which the employee retired. The retired employee is not eligible for employer-paid life insurance. Eligibility ceases when the retired employee attains the age of 65, or when the employee chooses not to receive the retirement benefits for which the employee has applied, or when the employee is eligible for employer-paid health insurance from a new employer. Coverages must be coordinated with relevant health insurance benefits provided through the federally sponsored Medicare program.

Subd. 3. RULE OF 90. An employee who retires under this section using the rule of 90 must not be included in the calculations required by Minnesota Statutes, section 356.85.

Subd. 4. APPLICATION OF OTHER LAWS. Unilateral implementation of this section by a public employer is not an unfair labor practice for purposes of Minnesota Statutes, chapter 179A. The authority provided in this section for an employer to pay health insurance costs for certain retired employees is not subject to the limits in Minnesota Statutes, section 179A.20, subdivision 2a.

Subd. 5. SCHOOL DISTRICT LEVY. A school district may levy the amount necessary to make employer contributions for insurance for retired employees under this section. Notwithstanding Minnesota Statutes, section 121.904, 50 percent of the amount levied must be recognized as revenue for the fiscal year in which the levy is certified. This levy must not be considered in computing the aid reduction under Minnesota Statutes, section 124.155. If a school district levies according to this section, it may not also levy according to Minnesota Statutes, section 122.531, subdivision 9, for eligible employees.

Sec. 19. Laws 1991, chapter 265, article 1, section 30, is amended to read:

Sec. 30. BADGER SCHOOL DISTRICT FUND BALANCE.

If independent school district No. 676, Badger, receives payment of delinquent property taxes from one taxpayer and the payment is more than five percent of the total property taxes paid in the fiscal year in which the payment is received, general education revenue for the district shall not be reduced according to Minnesota Statutes, section 124A.26, subdivision 1, for an excess fund balance attributed to the payment for the following ~~two~~ five fiscal years.

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

Sec. 20. 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. FELLOWSHIP GRANTS. (a) For fellowship grants to highly qualified minorities seeking alternative preparation for licensure:

<u>\$100,000</u>	<u>.....</u>	<u>1994</u>
<u>\$100,000</u>	<u>.....</u>	<u>1995</u>

(b) A grant must not 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.

Subd. 3. TEACHER EDUCATION IMPROVEMENT. For board of teaching responsibilities relating to implementation of the teaching residency program:

<u>\$300,000</u>	<u>.....</u>	<u>1994</u>
<u>\$300,000</u>	<u>.....</u>	<u>1995</u>

Any balance in the first year does not cancel but is available in the second year.

Subd. 4. TEACHER MENTORING PROGRAMS. For teacher mentoring programs according to Minnesota Statutes, section 125.131:

<u>\$340,000</u>	<u>.....</u>	<u>1994</u>
<u>\$340,000</u>	<u>.....</u>	<u>1995</u>

Any balance in the first year does not cancel but is available in the second year.

Sec. 21. MINNESOTA CENTER FOR ARTS EDUCATION APPROPRIATION.

Subdivision 1. ARTS CENTER. The sums indicated in this section are appropriated from the general fund to the Minnesota center for arts education in the fiscal year designated:

<u>\$387,000</u>	<u>.....</u>	<u>1994</u>
<u>\$421,000</u>	<u>.....</u>	<u>1995</u>

Of the fiscal year 1994 appropriation, \$225,000 is to fund artist and arts organization participation in the education residency project, \$75,000 is for school support for the residency project, and \$87,000 is for further development of the partners; arts and school for students (PASS) program, including pilots. Of the fiscal year 1995 appropriation, \$215,000 is to fund artist and arts organizations participation in the education residency project, \$75,000 is for school support for the residency project, and \$121,000 is to fund the PASS program, including additional pilots. The guidelines for the education residency project and the pass program shall be developed and defined by the Minnesota arts board. The Minnesota arts board shall participate in the review and allocation process. The center for arts education shall cooperate with the Minnesota arts board to fund these projects.

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

Sec. 22. APPROPRIATIONS.

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

Subd. 2. ABATEMENT AID. For abatement aid according to Minnesota Statutes, section 124.214:

\$7,334,000	.....	1994
\$7,567,000	.....	1995

The 1994 appropriation includes \$902,000 for 1993 and \$6,432,000 for 1994.

The 1995 appropriation includes \$1,135,000 for 1994 and \$6,432,000 for 1995.

Subd. 3. INTEGRATION GRANTS. (a) For grants to districts implementing desegregation plans mandated by the state board:

\$18,844,000	.....	1994
\$18,844,000	.....	1995

(b) \$1,385,000 each year must be allocated to independent school district No. 709, Duluth; \$9,368,300 each year must be allocated to special school district No. 1, Minneapolis; and \$8,090,500 each year must be allocated to independent school district No. 625, St. Paul. As a condition of receiving a grant, each district must deposit any increase in state aid over the fiscal year 1993 amount in a separate account. Each district must continue to report its costs according to the uniform financial accounting and reporting system. Each district must use the increase in aid to provide educational programs including assurance of mastery under Minnesota Statutes, section 124.311, English as a second language, individualized learning and development under Minnesota Statutes, sections 124.331 to 124.333, and reading recovery. Each district must submit a report to the chairs of the education committees of the legislature about the actual expenditures it made to integrate schools using the grant money. The report must indicate changes in student performance as a result of the expenditure of these grants. These grants may be used to transport students attending a nonresident district under Minnesota Statutes, section 120.062, to the border of the resident district. A district may allocate a part of the grant to the transportation fund for this purpose.

Subd. 4. NONPUBLIC PUPIL AID. For nonpublic pupil education aid according to Minnesota Statutes, sections 123.931 to 123.947:

\$9,623,000	.....	1994
\$9,696,000	.....	1995

The 1994 appropriation includes \$1,333,000 for 1993 and \$8,290,000 for 1994.

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

The 1995 appropriation includes \$1,463,000 for 1994 and \$8,233,000 for 1995.

Subd. 5. SCHOOL LUNCH AND FOOD STORAGE AID. (a) For school lunch aid according to Minnesota Statutes, section 124.646, and Code of Federal Regulations, title 7, section 210.17, and for food storage and transportation costs for United States Department of Agriculture donated commodities; and for a temporary transfer to the commodity processing revolving fund to provide cash flow to permit schools and other recipients of donated commodities to take advantage of volume processing rates and for school milk aid according to Minnesota Statutes, section 124.648:

<u>\$6,525,000</u>	<u>.....</u>	<u>1994</u>
<u>\$6,525,000</u>	<u>.....</u>	<u>1995</u>

(b) Any unexpended balance remaining from the appropriations in this subdivision shall be prorated among participating schools based on the number of free, reduced, and fully paid federally reimbursable student lunches served during that school year.

(c) If the appropriation amount attributable to either year is insufficient, the rate of payment for each student lunch shall be reduced and the aid for that year shall be prorated among participating schools so as not to exceed the total authorized appropriation for that year.

(d) Any temporary transfer processed in accordance with this subdivision to the commodity processing fund will be returned by June 30 in each year so that school lunch aid and food storage costs can be fully paid as scheduled.

(e) Not more than \$800,000 of the amount appropriated each year may be used for school milk aid.

Subd. 6. SCHOOL BREAKFAST. To operate the school breakfast program:

<u>\$200,000</u>	<u>.....</u>	<u>1994</u>
<u>\$200,000</u>	<u>.....</u>	<u>1995</u>

If the appropriation amount attributable to either year is insufficient, the rate of payment for each student breakfast shall be reduced and the aid for that year shall be prorated among participating schools so as not to exceed the total authorized appropriation for that year. Any unexpected balance remaining shall be used to subsidize the payments made for school lunch aid per Minnesota Statutes, section 124.646.

Subd. 7. MINORITY TEACHER INCENTIVES. For minority teacher incentives according to Minnesota Statutes, section 124.278:

<u>\$600,000</u>	<u>.....</u>	<u>1994</u>
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Any unexpended balance remaining in 1994 does not cancel but is available in 1995.

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

Subd. 8. CROSS-CULTURAL INITIATIVES. For cross-cultural initiatives:

\$135,000 1994.

(a) \$10,000 is for the State Multicultural Education Advisory Council.

(b) \$125,000 is for four groups of grants, each group in the total amount of \$31,250. The grants shall be awarded by the department of education to community groups representing persons of the following racial-ethnic heritages:

(1) African-American;

(2) American Indian;

(3) Asian-Pacific; and

(4) Hispanic.

At least one grant shall be awarded on behalf of persons in each racial-ethnic group in clauses (1) to (4).

The grants shall be used to enhance cross-cultural understanding among K-12 students and staff. The community groups that receive grants shall work with school districts to present or develop programs for students or staff.

The department shall develop criteria in consultation with the State Multicultural Education Advisory Council for awarding grants to community groups to develop cross-cultural understanding. Community groups must meet the criteria developed by the department and the committee in order to receive a grant.

(c) Any balance from the 1994 appropriation does not cancel but is available for fiscal year 1995.

Subd. 9. APPROPRIATIONS FOR SCHOOL DISTRICTS. For grants to certain school districts:

\$ 50,000 1994
\$ 50,000 1995

\$20,000 in 1994 and \$20,000 in 1995 are for grants to independent school district No. 707, Nett Lake, to pay insurance premiums under Minnesota Statutes, section 466.06.

\$30,000 in 1994 and \$30,000 in 1995 are for grants to independent school district No. 707, Nett Lake, for the payment of obligations of the school district for unemployment compensation. The appropriation must be paid to the appropriate state agency for such purposes in the name of the school district.

Subd. 10. SUMMER FOOD SERVICE INCENTIVES. For an increase of up to 30 in the number of department approved summer food service programs:

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

\$30,000 1994

The appropriation is available until June 30, 1995.

Each new program sponsor is eligible for a \$1,000 grant.

Subd. 11. CAREER TEACHER AID. For career teacher aid according to Minnesota Statutes, section 124.276:

\$250,000 1994

Any unexpended balance remaining in the first year does not cancel but is available in the second year.

Notwithstanding Minnesota Statutes 1989 Supplement, section 124.276, subdivision 2, the aid 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.

Subd. 12. TEACHERS OF COLOR PROGRAM. For grants to school districts for the teachers of color program:

\$300,000 1994

\$300,000 1995

Of this appropriation, at least \$75,000 each fiscal year shall be for educating people of color to be early childhood and parent educators.

Subd. 13. EDUCATION IN AGRICULTURE LEADERSHIP COUNCIL. For operating expenses of the Minnesota education in agriculture leadership council.

\$50,000 1994

Any balance in the first year does not cancel but is available in the second year.

Sec. 23. EFFECTIVE DATE.

Section 11 is effective July 1, 1993, and applies for the first time to levies for 1993 taxes payable in 1994.

Sections 16 and 19 are effective the day following final enactment.

Section 14 is effective the day after final enactment.

Section 17 is effective the day following final enactment.

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

ARTICLE 9

MISCELLANEOUS

Section 1. Minnesota Statutes 1992, section 120.0621, is amended to read:

120.0621 ENROLLMENT OPTIONS PROGRAMS IN BORDER STATES.

Subdivision 1. **OPTIONS FOR ENROLLMENT IN ADJOINING STATES.** Minnesota pupils and pupils residing in adjoining states may enroll in school districts in the other state according to:

- (1) section 120.08, subdivision 2; or
- (2) this section.

Subd. 2. **PUPILS IN MINNESOTA.** A Minnesota resident pupil may enroll in a school district in an adjoining state if the district ~~is located in a county that~~ to be attended borders Minnesota.

Subd. 3. **PUPILS IN BORDERING STATES.** A non-Minnesota pupil who resides in an adjoining state in a ~~county~~ school district that borders Minnesota may enroll in a Minnesota school district if either the school board of the district in which the pupil resides or state in which the pupil resides pays tuition to the school district in which the pupil is enrolled. ~~The tuition must be an amount that is at least comparable to the tuition specified in section 120.08, subdivision 1.~~

Subd. 4. **PROCEDURAL REQUIREMENTS.** Except as otherwise provided in this section, the rights and duties set forth in section 120.062 apply to Minnesota pupils, parents, and school districts if a pupil enrolls in a nonresident district according to this section.

~~Subd. 5. **AID ADJUSTMENTS.** The state of Minnesota shall make adjustments to general education aid, capital expenditure facilities aid, and capital expenditure equipment aid according to sections 124A.036, subdivision 5, and 124.245, subdivision 6, respectively, for the resident district of a Minnesota pupil enrolled in another state according to this section. The state of Minnesota shall reimburse the nonresident district, according to section 120.08, subdivision 1, in which a Minnesota pupil is enrolled according to this section.~~

Subd. 5a. **TUITION PAYMENTS.** In each odd-numbered year, before March 1, the state board of education shall agree to rates of tuition for Minnesota elementary and secondary pupils attending in other states for the next two fiscal years. The board shall negotiate equal, reciprocal rates with the designated authority in each state for pupils who reside in an adjoining state and enroll in a Minnesota school district. The rates must be at least equal to the tuition specified in section 120.08, subdivision 1. The tuition rate for a pupil with a disability must be equal to the actual cost of instruction and services provided. The

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resident district of a Minnesota pupil attending in another state under this section must pay the amount of tuition agreed upon in this section to the district of attendance, prorated on the basis of the proportion of the school year attended.

Subd. 5b. TRANSPORTATION OF STUDENTS. (a) The agreement under subdivision 5a with each state must specify that the attending district in each state transport a pupil from the district boundary to the school of attendance.

(b) Notwithstanding paragraph (a), the districts of residence and attendance may agree that either district may provide transportation from a pupil's home or agreed upon location to school. Transportation aid for Minnesota students eligible for aid shall be paid only for transportation within the resident district.

Subd. 6. **EFFECTIVE IF RECIPROCAL.** This section is effective with respect to South Dakota upon enactment of provisions by South Dakota that are essentially similar to the ~~rights and duties of~~ provisions for Minnesota pupils residing in districts located in all South Dakota counties that border Minnesota in this section. After July 1, 1993, this section is effective with respect to any other bordering state upon enactment of provisions by the bordering state that are essentially similar to the ~~rights and duties of pupils residing in and districts located in all counties that border~~ provisions for Minnesota pupils in this section.

Sec. 2. Minnesota Statutes 1992, section 120.064, subdivision 1, is amended to read:

Subdivision 1. **PURPOSES.** (a) The purpose of this section is to:

- (1) improve pupil learning;
- (2) increase learning opportunities for pupils;
- (3) encourage the use of different and innovative teaching methods;
- (4) require the measurement of learning outcomes and create different and innovative forms of measuring outcomes;
- (5) establish new forms of accountability for schools; or
- (6) create new professional opportunities for teachers, including the opportunity to be responsible for the learning program at the school site.

(b) This section does not provide a means to keep open a school that otherwise would be closed. Applicants in these circumstances bear the burden of proving that conversion to an outcome-based school fulfills a purpose specified in this subdivision, independent of the school's closing.

Sec. 3. Minnesota Statutes 1992, section 120.064, subdivision 3, is amended to read:

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

Subd. 3. **SPONSOR.** ~~(a)~~ A school board may sponsor ~~an~~ one or more outcome-based ~~school~~ schools.

(b) A school board may authorize a maximum of ~~two~~ five outcome-based schools. No more than a total of ~~eight~~ 20 outcome-based schools may be authorized. The state board of education shall advise potential sponsors when the maximum number of outcome-based schools has been authorized.

Sec. 4. Minnesota Statutes 1992, section 120.064, subdivision 4, is amended to read:

Subd. 4. **FORMATION OF SCHOOL.** (a) A sponsor may authorize one or more licensed teachers under section 125.05, subdivision 1, to ~~form and~~ operate an outcome-based school subject to approval by the state board of education. If a school board elects not to sponsor an outcome-based school, the applicant may appeal the school board's decision to the state board of education if two members of the school board voted to sponsor the school. If the state board authorizes the school, the state board shall sponsor the school according to this section. The ~~teachers school~~ shall organize ~~be organized~~ and ~~operate a school~~ operated as a cooperative under chapter 308A or nonprofit corporation under chapter 317A.

(b) Before a ~~teacher~~ the operators may ~~begin to~~ form and operate a school, the sponsor must file an affidavit with the state board of education stating its intent to authorize an outcome-based school. The affidavit must state the terms and conditions under which the sponsor would authorize an outcome-based school. The state board must approve or disapprove the sponsor's proposed authorization within 30 days of receipt of the affidavit. Failure to obtain state board approval precludes a sponsor from authorizing the outcome-based school that was the subject of the affidavit.

(c) The ~~teachers~~ operators authorized to organize and operate a school shall hold an election for members of the school's board of directors in a timely manner after the school is operating. ~~Any~~ Any staff members who are employed at the school, including teachers providing instruction under a contract with a cooperative, and all parents of children enrolled in the school may participate in the election. Licensed teachers employed at the school, including teachers providing instruction under a contract with a cooperative, must be a majority of the members of the board of directors. A provisional board may operate before the election of the school's board of directors.

(d) ~~The sponsor's authorization for an outcome-based school shall be in the form of a written contract signed by the sponsor and the board of directors of the outcome-based school.~~

Sec. 5. Minnesota Statutes 1992, section 120.064, is amended by adding a subdivision to read:

Subd. 4a. CONVERSION OF EXISTING SCHOOLS. A school board

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

may convert one or more of its existing schools to outcome-based schools under this section if 90 percent of the full-time teachers at the school sign a petition seeking conversion. The conversion must occur at the beginning of an academic year.

Sec. 6. Minnesota Statutes 1992, section 120.064, subdivision 5, is amended to read:

Subd. 5. **CONTRACT.** The sponsor's authorization for an outcome-based school shall be in the form of a written contract signed by the sponsor and the board of directors of the outcome-based school. The contract for an outcome-based school shall be in writing and contain at least the following:

(1) a description of a program that carries out one or more of the purposes in subdivision 1;

(2) specific outcomes pupils are to achieve under subdivision 10;

(3) admission policies and procedures;

(4) management and administration of the school;

(5) requirements and procedures for program and financial audits;

(6) how the school will comply with subdivisions 8, 13, 15, and 21;

(7) assumption of liability by the outcome-based school;

(8) types and amounts of insurance coverage to be obtained by the outcome-based school; and

(9) the term of the contract which may be up to three years.

Sec. 7. Minnesota Statutes 1992, section 120.064, subdivision 8, is amended to read:

Subd. 8. **REQUIREMENTS.** (a) An outcome-based school shall meet ~~the same all applicable state and local~~ health and safety requirements ~~required of a school district.~~

(b) ~~The school must be located in Minnesota~~ the sponsoring district, unless another school board agrees to locate an outcome-based school sponsored by another district in its boundaries. Its specific location may not be prescribed or limited by a sponsor or other authority except a zoning authority. If a school board denies a request to locate within its boundaries an outcome-based school sponsored by another district, the sponsoring district may appeal to the state board of education. If the state board authorizes the school, the state board shall sponsor the school.

(c) The school must be nonsectarian in its programs, admission policies, employment practices, and all other operations. A sponsor may not authorize an

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

outcome-based school or program that is affiliated with a nonpublic sectarian school or a religious institution.

(d) The primary focus of the school must be to provide a comprehensive program of instruction for at least one grade or age group from five through 18 years of age. Instruction may be provided to people younger than five years and older than 18 years of age.

(e) The school may not charge tuition.

(f) The school is subject to and shall comply with chapter 363 and section 126.21.

(g) The school is subject to and shall comply with the pupil fair dismissal act, sections 127.26 to 127.39, and the Minnesota public school fee law, sections 120.71 to 120.76.

(h) The school is subject to the same financial audits, audit procedures, and audit requirements as a school district. The audit must be consistent with the requirements of sections 121.901 to 121.917, except to the extent deviations are necessary because of the program at the school. The department of education, state auditor, or legislative auditor may conduct financial, program, or compliance audits.

(i) The school is a school district for the purposes of tort liability under chapter 466.

Sec. 8. Minnesota Statutes 1992, section 120.064, subdivision 9, is amended to read:

Subd. 9. **ADMISSION REQUIREMENTS.** The school may limit admission to:

(1) pupils within an age group or grade level;

(2) people who are eligible to participate in the high school graduation incentives program under section 126.22; or

(3) ~~pupils who have a specific affinity for the school's teaching methods; the school's learning philosophy; or a subject such as mathematics, science, fine arts, performing arts, or a foreign language; or~~

(4) residents of a specific geographic area if where the percentage of the population of non-Caucasian people ~~in the geographic of that~~ of that area is greater than the percentage of the non-Caucasian population in the congressional district in which the geographic area is located, and as long as the school reflects the racial and ethnic diversity of ~~that the~~ the specific area.

The school shall enroll an eligible pupil who submits a timely application, unless the number of applications exceeds the capacity of a program, class, grade level, or building. In this case, pupils shall be accepted by lot.

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

The school may not limit admission to pupils on the basis of intellectual ability, measures of achievement or aptitude, or athletic ability.

Sec. 9. Minnesota Statutes 1992, section 120.064, subdivision 11, is amended to read:

Subd. 11. **EMPLOYMENT AND OTHER OPERATING MATTERS.** ~~The school's board of directors~~ school shall employ ~~and~~ or contract with necessary teachers, as defined by section 125.03, subdivision 1, who hold valid licenses to perform the particular service for which they are employed in the school. ~~The board~~ school may employ necessary employees who are not required to hold teaching licenses to perform duties other than teaching and may contract for other services. ~~The board~~ school may discharge teachers and nonlicensed employees.

The board of directors also shall decide matters related to the operation of the school, including budgeting, curriculum and operating procedures.

Sec. 10. Minnesota Statutes 1992, section 120.064, subdivision 16, is amended to read:

Subd. 16. **LEASED SPACE.** The school may lease space from a board eligible to be a sponsor or other public or private nonprofit nonsectarian organization. If a school is unable to lease appropriate space from an eligible board or other public or private nonprofit nonsectarian organization, the school may lease space from another nonsectarian organization if the department of education, in consultation with the department of administration, approves the lease.

Sec. 11. Minnesota Statutes 1992, section 120.064, subdivision 18, is amended to read:

Subd. 18. **DISSEMINATE INFORMATION.** The sponsor, the operators, and the department of education must disseminate information to the public; directly and through sponsors; on how to form and operate an outcome-based school and how to utilize the offerings of an outcome-based school. Particular groups to be targeted include low-income families and communities, and students of color.

Sec. 12. Minnesota Statutes 1992, section 120.064, subdivision 21, is amended to read:

Subd. 21. **CAUSES FOR NONRENEWAL OR TERMINATION.** (a) The duration of the contract with a sponsor shall be for the term contained in the contract according to subdivision 5. The sponsor; ~~subject to state board of education approval;~~ may or may not renew a contract at the end of the term for any ground listed in paragraph (b). A sponsor ~~or the state board~~ may unilaterally terminate a contract during the term of the contract for any ground listed in paragraph (b). At least 60 days before not renewing or terminating a contract, the sponsor; ~~or the state board if the state board is acting to terminate a contract;~~

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

shall notify the board of directors of the school of the proposed action in writing. The notice shall state the grounds for the proposed action in reasonable detail and that the school's board of directors may request in writing an informal hearing before the sponsor ~~or the state board~~ within 14 days of receiving notice of nonrenewal or termination of the contract. Failure by the board of directors to make a written request for a hearing within the 14-day period shall be treated as acquiescence to the proposed action. Upon receiving a timely written request for a hearing, the sponsor ~~or the state board~~ shall give reasonable notice to the school's board of directors of the hearing date. The sponsor ~~or the state board~~ shall conduct an informal hearing before taking final action. The sponsor shall take final action to renew or not renew a contract by the last day of classes in the school year. If the sponsor is a local school board, the school's board of directors may appeal the sponsor's decision to the state board of education.

(b) A contract may be terminated or not renewed upon any of the following grounds:

- (1) failure to meet the requirements for pupil performance contained in the contract;
- (2) failure to meet generally accepted standards of fiscal management;
- (3) for violations of law; or
- (4) other good cause shown.

If a contract is terminated or not renewed, the school shall be dissolved according to the applicable provisions of chapter 308A or 317A.

Sec. 13. Minnesota Statutes 1992, section 120.101, subdivision 5, is amended to read:

Subd. 5. **AGES AND TERMS.** For the 1988-1989 school year and the school years thereafter, every child between seven and 16 years of age shall receive instruction for at least ~~470~~ the number of days each year required under subdivision 5b. For the 2000-2001 school year and later school years, every child between seven and 18 years of age shall receive instruction for at least ~~470~~ the number of days each year required under subdivision 5b. Every child under the age of seven who is enrolled in a half-day kindergarten, or a full-day kindergarten program on alternate days, or other kindergarten programs shall receive instruction at least equivalent to ~~470 half days~~ half of each day for the number of days each year set out in subdivision 5b. Except as provided in subdivision 5a, a parent may withdraw a child under the age of seven from enrollment at any time.

Sec. 14. Minnesota Statutes 1992, section 120.101, subdivision 5b, is amended to read:

Subd. 5b. **INSTRUCTIONAL DAYS.** Every child required to receive instruction according to subdivision 5 shall receive instruction for at least ~~the number of 170 days through the 1994-1995 school year, and for later years, at least the number of days per school year required~~ in the following schedule:

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- (1) 1995-1996, 172;
- (2) 1996-1997, 174;
- (3) 1997-1998, 176;
- (4) 1998-1999, 178;
- (5) 1999-2000, 180;
- (6) 2000-2001, 182;
- (7) 2001-2002, 184;
- (8) 2002-2003, 186;
- (9) 2003-2004, 188; and
- (10) 2004-2005, and later school years, 190.

Sec. 15. Minnesota Statutes 1992, section 120.102, subdivision 1, is amended to read:

Subdivision 1. **REPORTS TO SUPERINTENDENT.** The person in charge of providing instruction to a child shall submit the following information to the superintendent of the district in which the child resides:

- (1) by October 1 of each school year, the name, age, and address of each child receiving instruction;
- (2) the name of each instructor and evidence of compliance with one of the requirements specified in section 120.101, subdivision 7;
- (3) an annual instructional calendar showing that instruction will occur on at least ~~470~~ the number of days required under section 120.101, subdivision 5b; and
- (4) for each child instructed by a parent who meets only the requirement of section 120.101, subdivision 7, clause (6), a quarterly report card on the achievement of the child in each subject area required in section 120.101, subdivision 6.

Sec. 16. Minnesota Statutes 1992, section 121.16, subdivision 1, is amended to read:

Subdivision 1. The department shall be under the administrative control of the commissioner of education which office is established. The commissioner shall be the secretary of the state board. The governor shall appoint the commissioner ~~shall be appointed by the state board with the approval of the governor~~ under the provisions of section 15.06. ~~For purposes of section 15.06, the state board is the appointing authority.~~

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The commissioner shall be a person who possesses educational attainment and breadth of experience in the administration of public education and the finances pertaining thereto commensurate with the spirit and intent of this code. Notwithstanding any other law to the contrary, the commissioner may appoint two deputy commissioners who shall serve in the unclassified service. The commissioner shall also appoint other employees as may be necessary for the organization of the department. The commissioner shall perform such duties as the law and the rules of the state board may provide and be held responsible for the efficient administration and discipline of the department. The commissioner shall make recommendations to the board and be charged with the execution of powers and duties which the state board may prescribe, from time to time, to promote public education in the state, to safeguard the finances pertaining thereto, and to enable the state board to carry out its duties.

Sec. 17. Minnesota Statutes 1992, section 121.16, is amended by adding a subdivision to read:

Subd. 3. The commissioner shall review all education-related mandates in state law or rule once every four years to determine which mandates fail to adequately promote public education in the state. The commissioner shall report the findings of the review to the education committees of the legislature by February 1 in the year following the completion of the review.

Sec. 18. Minnesota Statutes 1992, section 122.23, subdivision 18, is amended to read:

Subd. 18. (a) The county auditor shall determine a date, not less than 20 nor more than 60 days from the date that the order setting the effective date of the consolidation according to subdivision 13 was issued, upon which date shall be held a special election in the district for the purpose of electing a board of six members for terms as follows: two until the July 1 one year after the effective date of the consolidation, two until the expiration of one year from said July 1, and two until the expiration of two years from said July 1, to hold office until a successor is elected and qualifies according to provisions of law governing the election of board members in independent districts. If the resolution or petition for consolidation pursuant to subdivision 2 proposed that the board of the newly created district consists of seven members, then seven members shall be elected at this election for the terms provided in this clause except that three members shall hold office until the expiration of two years from said July 1. If the resolution or petition for consolidation pursuant to subdivision 2 proposed the establishment of separate election districts, these members shall be elected from separate election districts according to the provisions of that resolution or petition and of chapter 205A.

(b) The county auditor 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 proposed new district, one weeks' published notice shall be given. The notice shall specify the time, place, and purpose of the election.

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(c) Any person desiring to be a candidate for a school election shall file an application with the county auditor to have the applicant's name placed on the ballot for such office, specifying the term for which the application is made. The application shall be filed not less than 12 days before the election.

(d) The county auditor shall prepare, at the expense of the county, necessary ballots for the election of officers, placing thereon the names of the proposed candidates for each office. The ballots shall be marked and signed as official ballots and shall be used exclusively at the election. The county auditor shall determine the number of voting precincts and the boundaries of each. The county auditor shall determine the location of polling places and the hours the polls shall be open and shall appoint three election judges for each polling place who shall act as clerks of election. Election judges shall certify ballots and results to the county auditor for tabulation and canvass.

(e) After making a canvass and tabulation, the county auditor shall issue a certificate of election to the candidate for each office who received the largest number of votes cast for the office. The county auditor shall deliver such certificate to the person entitled thereto by certified mail, and each person so certified shall file an acceptance and oath of office with the county auditor within 30 days of the date of mailing of the certificate. A person who fails to qualify prior to the time specified shall be deemed to have refused to serve, but such filing may be made at any time before action to fill vacancy has been taken.

(f) The board of each district included in the new enlarged district shall continue to maintain school therein until the effective date of the consolidation. Such boards shall have power and authority only to make such contracts, to do such things as are necessary to maintain properly the schools for the period prior to that date, and to certify to the county auditor according to levy limitations applicable to the component districts the taxes collectible in the calendar year when the consolidation becomes effective.

(g) It shall be the immediate duty of the newly elected board of the new enlarged district, when the members thereof have qualified and the board has been organized, to plan for the maintenance of the school or schools of the new district for the next school year, to enter into the necessary negotiations and contracts for the employment of personnel, purchase of equipment and supplies, and other acquisition and betterment purposes, when authorized by the voters to issue bonds under the provisions of chapter 475; and on the effective date of the consolidation to assume the full duties of the care, management and control of the new enlarged district. The board of the new enlarged district shall give due consideration to the feasibility of maintaining such existing attendance centers and of establishing such other attendance centers, especially in rural areas, as will afford equitable and efficient school administration and assure the convenience and welfare of the pupils residing in the enlarged district. The obligations of the new board to teachers employed by component districts shall be governed by the provisions of section 122.532. The obligations of the new board to nonlicensed employees employed by component districts is governed by subdivision 18a.

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Sec. 19. Minnesota Statutes 1992, section 122.23, is amended by adding a subdivision to read:

Subd. 18a. NONLICENSED EMPLOYEES. (a) As of the effective date of a consolidation of two or more districts or parts of them, each nonlicensed employee employed by an affected district must be assigned to the newly created district.

(b) As of the effective date of a consolidation, any employee organization may petition the commissioner of the bureau of mediation services for a certification election under chapter 179A. An organization certified as the exclusive representative for nonlicensed employees in a particular preexisting district continues as the exclusive representative for those particular employees for a period of 90 days from the effective date of a consolidation. If a petition for representation of nonlicensed employees is filed within 90 days, an exclusive representative for those particular nonlicensed employees continues as the exclusive representative until the bureau of mediation services certification proceedings are concluded.

(c) The terms and conditions of employment of nonlicensed employees assigned to the newly created district are temporarily governed by contracts executed by an exclusive representative for a period of 90 days from the effective date of the consolidation. If a petition for representation is filed with the bureau of mediation services within the 90 days, the contractual terms and conditions of employment for those nonlicensed employees who were governed by a preexisting contract continue in effect until the bureau of mediation services proceedings are concluded and, if an exclusive representative has been elected, until successor contracts are executed between the board of the newly created district and the new exclusive representative. The terms and conditions of employment of nonlicensed employees assigned to the newly created district who were not governed by a collective bargaining agreement at the time of the consolidation are governed by the policies of the board of the newly created district.

(d) The date of first employment in the newly created district is the date on which services were first performed by the employee in the preexisting district. Any sick leave, vacation time, or severance pay benefits accumulated under policies of the preexisting district or contracts between the exclusive representatives and the board of the preexisting district continue to apply in the newly created district to the employees of the preexisting districts, subject to any maximum accumulation limitations negotiated in a successor contract. Future leaves of absence, vacations, or other benefits to be accumulated in the newly created district are governed by board policy or by contract between the exclusive representative of an appropriate unit of employees and the board of the newly created district. The board of the newly created district shall provide, to transferred nonlicensed employees, open enrollment in all insurance plans with no limit on preexisting conditions.

Sec. 20. Minnesota Statutes 1992, section 122.895, subdivision 2, is amended to read:

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Subd. 2. **APPLICABILITY.** This section applies to:

- (1) an education district organized according to sections 122.91 to 122.95;
- (2) a cooperative vocational center organized according to section 123.351;
- (3) a joint powers district or board organized according to section 471.59 which employs teachers to provide instruction;
- (4) a joint vocational technical district organized according to sections 136C.60 to 136C.69;
- (5) an intermediate district organized according to chapter 136D; ~~and~~
- (6) an educational cooperative service unit which employs teachers to provide instruction; and
- (7) school districts participating in an agreement for the cooperative provision of special education services to children with disabilities according to section 120.17, subdivision 4.

Sec. 21. Minnesota Statutes 1992, section 122.895, is amended by adding a subdivision to read:

Subd. 2a. AGREEMENTS FOR COOPERATIVE SPECIAL EDUCATION. (a) Upon the termination of an agreement according to section 120.17, subdivision 4, a teacher employed to provide special education services by a school district participating in the agreement will be afforded rights to employment by other school districts according to subdivisions 3, 4, and 5. Nonlicensed employees of a participating district employed to provide special education services will, upon the agreement's termination, be afforded rights to employment by other participating districts according to subdivision 8.

(b) Upon a school district's withdrawal from the cooperative provision of special education under an agreement according to section 120.17, subdivision 4, a teacher employed to provide special education services by a participating district will be afforded rights to employment by other school districts according to subdivisions 3, 6, and 7. Nonlicensed employees of a participating district employed to provide special education services will be afforded rights to employment by the withdrawing district according to subdivision 9.

Sec. 22. Minnesota Statutes 1992, 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 three years from the date of

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employment. Any subsequent employment contract must not exceed a period of three years. A school board, at its discretion, may or may not renew an employment contract. A school board shall not, by action or inaction, extend the duration of an existing employment contract. Beginning 365 days prior to the expiration date of an existing employment contract, a school board may negotiate and enter into a subsequent employment contract to take effect upon the expiration of the existing contract. A subsequent contract shall be contingent upon the employee completing the terms of an existing contract. If a contract between a school board and a superintendent is terminated prior to the date specified in the contract, the school board may not enter into another superintendent contract with that same individual that has a term that extends beyond the date specified in the terminated 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 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 order of employment in a contracting district. The superintendent of a district shall perform the following:

- (1) visit and supervise the schools in the district, report and make recommendations about their condition when advisable or on request by the board;
- (2) recommend to the board employment and dismissal of teachers;
- (3) superintend school grading practices and examinations for promotions;
- (4) make reports required by the commissioner of education; and
- (5) perform other duties prescribed by the board.

Sec. 23. Minnesota Statutes 1992, section 123.3514, subdivision 5, is amended to read:

Subd. 5. **CREDITS.** A pupil may enroll in a course under this section for either secondary credit or post-secondary credit. At the time a pupil enrolls in a course, the pupil shall designate whether the course is for secondary or post-secondary credit. A pupil taking several courses may designate some for secondary credit and some for post-secondary credit. A pupil must not audit a course under this section.

A school district shall grant academic credit to a pupil enrolled in a course

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for secondary credit if the pupil successfully completes the course. ~~Nine~~ Seven quarter or ~~six~~ four semester college credits equal at least one full year of high school credit. Fewer college credits may be prorated. A school district shall also grant academic credit to a pupil enrolled in a course for post-secondary credit if secondary credit is requested by a pupil. If no comparable course is offered by the district, the district shall, as soon as possible, notify the state board of education, which shall determine the number of credits that shall be granted to a pupil who successfully completes a course. If a comparable course is offered by the district, the school board shall grant a comparable number of credits to the pupil. If there is a dispute between the district and the pupil regarding the number of credits granted for a particular course, the pupil may appeal the school board's decision to the state board of education. The state board's decision regarding the number of credits shall be final.

The secondary credits granted to a pupil shall be counted toward the graduation requirements and subject area requirements of the school district. Evidence of successful completion of each course and secondary credits granted shall be included in the pupil's secondary school record. A pupil must provide the school with a copy of the pupil's grade in each course taken for secondary credit under this section. Upon the request of a pupil, the pupil's secondary school record shall also include evidence of successful completion and credits granted for a course taken for post-secondary credit. In either case, the record shall indicate that the credits were earned at a post-secondary institution.

If a pupil enrolls in a post-secondary institution after leaving secondary school, the post-secondary institution shall award post-secondary credit for any course successfully completed for secondary credit at that institution. Other post-secondary institutions may award, after a pupil leaves secondary school, post-secondary credit for any courses successfully completed under this section. An institution may not charge a pupil for the award of credit.

Sec. 24. Minnesota Statutes 1992, section 123.3514, subdivision 6, is amended to read:

Subd. 6. **FINANCIAL ARRANGEMENTS.** For a pupil enrolled in a course under this section, the department of education shall make payments according to this subdivision for courses that were taken for secondary credit.

The department shall not make payments to a school district or post-secondary institution for a course taken for post-secondary credit only.

A ~~public post-secondary system or private post-secondary~~ institution shall receive the following:

(1) for an institution granting quarter credit, the reimbursement per credit hour shall be an amount equal to 88 percent of the product of the formula allowance, multiplied by 1.3, and divided by 45; or

(2) for an institution granting semester credit, the reimbursement per credit

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hour shall be an amount equal to 88 percent of the product of the general revenue formula allowance, multiplied by 1.3, and divided by 30.

The department of education shall pay to each ~~public~~ post-secondary ~~system~~ and to each ~~private~~ institution 100 percent of the amount in clause (1) or (2) within 30 days of receiving initial enrollment information each quarter or semester. If changes in enrollment occur during a quarter or semester, the change shall be reported by the post-secondary ~~system~~ or institution at the time the enrollment information for the succeeding quarter or semester is submitted. At any time the department of education notifies a post-secondary ~~system~~ or institution that an overpayment has been made, the ~~system~~ or institution shall promptly remit the amount due.

A school district shall receive:

(1) for a pupil who is not enrolled in classes at a secondary school, 12 percent of the formula allowance, according to section ~~124A.22~~, subdivision 2, times 1.3; or

(2) for a pupil who attends a secondary school part time, the formula allowance, according to section ~~124A.22~~, subdivision 2, times 1.3, times the ratio of the total number of hours the pupil is in membership for courses taken by the pupil for credit, to 1020 hours.

Sec. 25. Minnesota Statutes 1992, section 123.3514, subdivision 6b, is amended to read:

Subd. 6b. **FINANCIAL ARRANGEMENTS, PUPILS AGE 21 OR OVER.** For a pupil enrolled in a course according to this section, the department of education shall make payments according to this subdivision for courses taken to fulfill high school graduation requirements by pupils eligible for adult high school graduation aid.

The department must not make payments to a school district or post-secondary institution for a course taken for post-secondary credit only.

A ~~public post-secondary system~~ or private post-secondary institution shall receive the following:

(1) for an institution granting quarter credit, the reimbursement per credit hour shall be an amount equal to 88 percent of the product of the formula allowance, multiplied by 1.3, and divided by 45; or

(2) for an institution granting semester credit, the reimbursement per credit hour shall be an amount equal to 88 percent of the product of the general revenue formula allowance multiplied by 1.3, and divided by 30.

The department of education shall pay to each ~~public~~ post-secondary ~~system~~ and to each ~~private~~ institution 100 percent of the amount in clause (1) or (2) within 30 days of receiving initial enrollment information each quarter or

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semester. If changes in enrollment occur during a quarter or semester, the change shall be reported by the post-secondary ~~system or~~ institution at the time the enrollment information for the succeeding quarter or semester is submitted. At any time the department of education notifies a post-secondary ~~system or~~ institution that an overpayment has been made, the ~~system or~~ institution shall promptly remit the amount due.

A school district shall receive:

(1) for a pupil who is not enrolled in classes at a secondary program, 12 percent of the general education formula allowance times .65, times 1.3; or

(2) for a pupil who attends classes at a secondary program part time, the general education formula allowance times .65, times 1.3, times the ratio of the total number of hours the pupil is in membership for courses taken by the pupil for credit to 1020 hours.

Sec. 26. Minnesota Statutes 1992, section 123.3514, subdivision 6c, is amended to read:

Subd. 6c. **FINANCIAL ARRANGEMENTS FOR COURSES PROVIDED ACCORDING TO AGREEMENTS.** (a) The agreement between a school board and the governing body of a public post-secondary system or private post-secondary institution shall set forth the payment amounts and arrangements, if any, from the school board to the post-secondary institution. No payments shall be made by the department of education according to subdivision 6 or 6b. For the purpose of computing state aids for a school district, a pupil enrolled according to subdivision 4e shall be counted in the average daily membership of the school district as though the pupil were enrolled in a secondary course that is not offered in connection with an agreement. Nothing in this subdivision shall be construed to prohibit a public post-secondary system or private post-secondary institution from receiving additional state funding that may be available under any other law.

(b) If a course is provided under subdivision 4e, offered at a secondary school, and taught by a secondary teacher, the post-secondary system or institution must not require a payment from the school board that exceeds the cost to the post-secondary institution that is directly attributable to providing that course.

Sec. 27. Minnesota Statutes 1992, section 123.935, subdivision 7, is amended to read:

Subd. 7. **NONPUBLIC EDUCATION COUNCIL.** The commissioner shall appoint a 15-member council on nonpublic education. The 15 members shall represent various areas of the state, represent various methods of providing nonpublic education, and shall be knowledgeable about nonpublic education. The compensation, removal of members, filling of vacancies, and terms are governed by section 15.0575. The council ~~expires as provided in section 15.059;~~

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~~subdivision 5 shall not expire.~~ The council shall advise the commissioner and the state board on nonpublic school matters under this section. The council may recognize educational accrediting agencies, for the sole purpose of sections 120.101, 120.102, and 120.103. When requested by the commissioner or the state board, the council may submit its advice about other nonpublic school matters.

Sec. 28. Minnesota Statutes 1992, section 124.17, subdivision 1, is amended to read:

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

(a) A prekindergarten pupil with a disability who is enrolled for the entire fiscal year in a program approved by the commissioner and has an individual education plan that requires up to 437 hours of assessment and education services in the fiscal year is counted as one-half of a pupil unit. If the plan requires more than 437 hours of assessment and education services, the pupil is counted as the ratio of the number of hours of assessment and education service to 875, but not more than one.

(b) A prekindergarten pupil with a disability who is enrolled for less than the entire fiscal year in a program approved by the commissioner is counted as the greater of:

(1) one-half times the ratio of the number of instructional days from the date the pupil is enrolled to the date the pupil withdraws to the number of instructional days in the school year; or

(2) the ratio of the number of hours of assessment and education service required in the fiscal year by the pupil's individual education program plan to 875, but not more than one.

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

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

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

(f) A pupil who is in any of grades 1 to 6 is counted as one pupil unit.

(g) A pupil who is in any of grades 7 to 12 is counted as 1.3 pupil units.

(h) A pupil who is in the post-secondary enrollment options program is counted as 1.3 pupil units.

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

Sec. 29. Minnesota Statutes 1992, section 124.17, is amended by adding a subdivision to read:

Subd. 2f. PSEO PUPILS. The average daily membership for a student participating in the post-secondary enrollment options program equals the lesser of

(1) 1.00, or

(2) the greater of

(i) .12, or

(ii) the ratio of the number of hours the student is enrolled in the secondary school to the product of the number of days required in section 120.101, subdivision 5b, times the minimum length of day required in Minnesota Rules, part 3500.1500, subpart 1.

Sec. 30. Minnesota Statutes 1992, section 124.19, subdivision 1, is amended to read:

Subdivision 1. **INSTRUCTIONAL TIME.** Every district shall maintain school in session or provide instruction in other districts for at least ~~170~~ 175 days through the 1994-1995 school year and the number of days required in ~~section 120.101,~~ subdivision ~~5b~~ 1b thereafter, not including summer school, or the equivalent in a district operating a flexible school year program. A district that holds school for the required minimum number of days and is otherwise qualified is entitled to state aid as provided by law. If school is not held for the required minimum number of days, state aid shall be reduced by the ratio that the difference between the required number of days and the number of days school is held bears to the required number of days, multiplied by 60 percent of the basic revenue, as defined in section 124A.22, subdivision 2, of the district for that year. However, districts maintaining school for fewer than the required minimum number of days do not lose state aid (1) if the circumstances causing loss of school days below the required minimum number of days are beyond the control of the board, (2) if proper evidence is submitted, and (3) if a good faith attempt is made to make up time lost due to these circumstances. The loss of school days resulting from a lawful employee strike shall not be considered a circumstance beyond the control of the board. Days devoted to meetings authorized or called by the commissioner may not be included as part of the required minimum number of days of school. For grades 1 to 12, days devoted to parent-teacher conferences, teachers' workshops, or other staff development opportunities as part of the required minimum number of days must not exceed five days through the 1994-1995 school year and for subsequent school years the difference between the number of days required in subdivision 1b and the number of instructional days required in subdivision 5b. For kindergarten, days devoted to parent-teacher conferences, teachers' workshops, or other staff development opportunities as part of the required minimum number of days must not exceed twice the number of days for grades 1 to 12.

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

Sec. 31. Minnesota Statutes 1992, section 124.248, subdivision 4, is amended to read:

Subd. 4. **OTHER AID, GRANTS, REVENUE.** (a) An outcome-based school is eligible to receive other aids, grants, and revenue according to chapters 120 to 129, as though it were a school district. However, it may not receive aid, a grant, or revenue if a levy is required to obtain the money, except as otherwise provided in this section. Federal aid received by the state must be paid to the school, if it qualifies for the aid as though it were a school district.

(b) Any revenue received from any source, other than revenue that is specifically allowed for operational, maintenance, capital facilities revenue under paragraph (c), and capital expenditure equipment costs under this section, may be used only for the planning and operational start-up costs of an outcome-based school. Any unexpended revenue from any source under this paragraph must be returned to that revenue source or conveyed to the sponsoring school district, at the discretion of the revenue source.

(c) An outcome-based school may receive money from any source for capital facilities needs. Any unexpended capital facilities revenue must be reserved and shall be expended only for future capital facilities purposes.

Sec. 32. Minnesota Statutes 1992, section 124.48, subdivision 3, is amended to read:

Subd. 3. **INDIAN SCHOLARSHIP COMMITTEE.** The Minnesota Indian scholarship committee is established. Members shall be appointed by the state board with the assistance of the Indian affairs council as provided in section 3.922, subdivision 6. Members shall be reimbursed for expenses as provided in section 15.059, subdivision 6. The state board shall determine the membership terms and duration of the committee, which expires no later than ~~the date provided in section 15.059, subdivision 5~~ June 30, 1997. The committee shall provide advice to the state board in awarding scholarships to eligible American Indian students and in administering the state board's duties regarding awarding of American Indian post-secondary preparation grants to school districts.

Sec. 33. Minnesota Statutes 1992, section 125.1885, subdivision 3, is amended to read:

Subd. 3. **PROGRAM APPROVAL.** (a) ~~The state board of education 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 graduate program in educational administration for public school administrators.

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

Sec. 34. Minnesota Statutes 1992, section 126.665, is amended to read:

126.665 STATE CURRICULUM ADVISORY COMMITTEE.

The commissioner shall appoint a state curriculum advisory committee of 11 members to advise the state board and the department on the PER process. Nine members shall be from each of the educational cooperative service units and two members shall be at-large. The committee shall include representatives from the state board of education, parents, teachers, administrators, and school board members. Each member shall be a present or past member of a district curriculum advisory committee. The state committee shall provide information and recommendations about at least the following:

- (1) department procedures for reviewing and approving reports and disseminating information;
- (2) exemplary PER processes;
- (3) recommendations for improving the PER process and reports; and
- (4) developing a continuous process for identifying and attaining essential learner outcomes.

The committee expires ~~as provided in section 15.059, subdivision 5~~ on June 30, 1996.

Sec. 35. [126.83] SECONDARY CREDIT FOR EIGHTH GRADE STUDENTS.

A student in eighth grade who satisfactorily completes at least 120 hours of instruction in a high school course is eligible to receive secondary course credit and the credit shall count toward the student's graduation requirements. This section expires August 1, 1996.

Sec. 36. Minnesota Statutes 1992, section 127.15, is amended to read:

127.15 DEALING IN SCHOOL SUPPLIES.

Except as provided for in sections 471.87 and 471.88, no teacher in the public schools, nor any state, county, town, city, or district school officer, including any superintendent of schools, or any member of any school board, nor any person connected with the public school system in any capacity, shall be interested directly or indirectly in the sale, proceeds, or profits of any book, apparatus, or furniture used, or to be used, in any school with which the person is connected in any official capacity. Any person violating any of the provisions of this section shall forfeit not less than \$50, nor more than \$200 for each such offense. This section shall not apply to a person who may have an interest in the sale of any book of which that person is the author. Nothing in this section shall prohibit the spouse of an employee or officer covered by this section from contracting with the school district for the sale or lease of books, apparatus, furni-

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

ture, or other supplies to be used in a school with which the employee or officer is connected in any official capacity, as long as the employee's or officer's position does not involve approving contracts for supplies and the school board unanimously approves the transaction.

Sec. 37. Minnesota Statutes 1992, section 127.455, is amended to read:

127.455 MODEL POLICY.

The commissioner of education shall maintain and make available to school boards a model sexual, religious, and racial harassment and violence policy. The model policy shall address the requirements of section 127.46.

Each school board shall submit to the commissioner of education a copy of the sexual, religious, and racial harassment and sexual, religious, and racial violence policy the board has adopted.

Sec. 38. Minnesota Statutes 1992, section 127.46, is amended to read:

127.46 SEXUAL, RELIGIOUS, AND RACIAL HARASSMENT AND VIOLENCE POLICY.

Each school board shall adopt a written sexual, religious, and racial harassment and sexual, religious, and racial violence policy that conforms with sections 363.01 to 363.15. The policy shall apply to pupils, teachers, administrators, and other school personnel, include reporting procedures, and set forth disciplinary actions that will be taken for violation of the policy. Disciplinary actions must conform with collective bargaining agreements and sections 127.27 to 127.39. The policy must be conspicuously posted throughout each school building and included in each school's student handbook on school policies. Each school must develop a process for discussing the school's sexual, religious, and racial harassment and violence policy with students and school employees.

Sec. 39. Minnesota Statutes 1992, section 128A.03, subdivision 2, is amended to read:

Subd. 2. **TERMS, PAY, REMOVAL, EXPIRATION.** The terms, pay, and provisions for removal of members; ~~and for the expiration of the council~~ are in section 15.059, subdivisions 2, 3, and 4; ~~and 5.~~ The council shall expire on June 30, 1997.

Sec. 40. Minnesota Statutes 1992, section 128C.02, is amended by adding a subdivision to read:

Subd. 7. **WOMEN REFEREES.** The league shall adopt league rules and policy requiring, to the extent possible, the equal employment of women as referees for high school activities and sports contests, from game level to tournament level.

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

Sec. 41. Minnesota Statutes 1992, section 134.31, subdivision 5, is amended to read:

Subd. 5. **ADVISORY COMMITTEE.** The commissioner shall appoint an advisory committee of five members to advise the staff of the Minnesota library for the blind and physically handicapped on long-range plans and library services. Members shall be people who use the library. Section 15.059 governs this committee except that the committee shall expire on June 30, 1997.

Sec. 42. Minnesota Statutes 1992, section 144.4165, is amended to read:

144.4165 TOBACCO PRODUCTS PROHIBITED IN PUBLIC SCHOOLS.

No person shall at any time smoke ~~or use any other, chew, or otherwise ingest tobacco~~ or a tobacco product in a public school, as defined in section 120.05, subdivision 2. This prohibition extends to all facilities, whether owned, rented, or leased, and all vehicles that a school district owns, leases, rents, contracts for, or controls. This prohibition does not apply to a technical college. Nothing in this section shall prohibit the lighting of tobacco by an adult as a part of a traditional Indian spiritual or cultural ceremony. For purposes of this section, an Indian is a person who is a member of an Indian tribe as defined in section 257.351, subdivision 9.

Sec. 43. Minnesota Statutes 1992, section 471.88, is amended by adding a subdivision to read:

Subd. 16. SCHOOL DISTRICT. Notwithstanding subdivision 5, a school board member may be newly employed or may continue to be employed by a school district as an employee only if there is a reasonable expectation at the beginning of the fiscal year or at the time the contract is entered into or extended that the amount to be earned by that officer under that contract or employment relationship will not exceed \$5,000 in that fiscal year. Notwithstanding section 125.12 or 125.17 or other law, if the officer does not receive unanimous approval to continue in employment at a meeting at which all board members are present, that employment is immediately terminated and that officer has no further rights to employment while serving as a school board member in the district.

Sec. 44. Minnesota Statutes 1992, section 609.685, subdivision 3, is amended to read:

Subd. 3. **PETTY MISDEMEANOR.** Whoever ~~uses~~ smokes, chews, or otherwise ingests, purchases, or attempts to purchase tobacco or tobacco related devices and is under the age of 18 years is guilty of a petty misdemeanor. This subdivision does not apply to a person under the age of 18 years who purchases or attempts to purchase tobacco or tobacco related devices while under the direct supervision of a responsible adult for training, education, research, or enforcement purposes.

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

Sec. 45. Minnesota Statutes 1992, section 609.685, is amended by adding a subdivision to read:

Subd. 5. EXCEPTION. Notwithstanding subdivision 2, an Indian may furnish tobacco to an Indian under the age of 18 years if the tobacco is furnished as part of a traditional Indian spiritual or cultural ceremony. For purposes of this subdivision, an Indian is a person who is a member of an Indian tribe as defined in section 257.351, subdivision 9.

Sec. 46. **DESEGREGATION RULE.**

Subdivision 1. MEETINGS. The state board of education shall convene several roundtable discussion meetings to address issues regarding the board's proposed changes to the desegregation and inclusive education rules. Participants in these discussion meetings shall include, but not be limited to, representatives of the three cities of the first class, NAACP, Urban League, Urban Coalition, American Indian Affairs Council, Asian-Pacific Council, Spanish-Speaking Affairs Council, Centro Cultural Chicano, Chicanos y Latinos Unidos En Servicio, Division of Indian Works, Lao Family Community of Minnesota, Women's Association of Hmong and Lao, Hmong American Partnership, Council on Black Minnesotans, state board's desegregation task forces, parents, students, and representatives of suburban districts.

Subd. 2. DISCUSSION ISSUES. (a) The purpose of these discussions shall be to recommend changes in the desegregation rule to better fulfill the promise of equal educational opportunity articulated in the landmark United States Supreme Court case of Brown v. Board of Education.

(b) The issues to be discussed at these meetings shall at minimum include:

- (1) standards for approving or disapproving desegregation plans;
- (2) implementation and compliance issues;
- (3) thresholds for requiring desegregation plans;
- (4) legally permissible alternative approaches to meeting the needs of students of color;
- (5) methods for preventing resegregation in urban districts, including metropolitanwide desegregation approaches;
- (6) fiscal implications of proposed changes;
- (7) housing and transportation issues relating to segregation;
- (8) a review of current demographics and enrollment trends; and
- (9) how all students may participate in open enrollment under a desegregation plan.

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

Subd. 3. RESOURCE PERSONS; STAFF. The state board shall utilize nationally known legal and research experts to the extent possible to assist in the discussions. The department of education shall provide staff for these meetings.

Subd. 4. REPORT. The state board of education shall report to the legislature on the results of these discussions by January 1, 1994, prior to commencing the formal rulemaking process.

Sec. 47. 1992 PSEO PART-TIME SECONDARY PUPILS.

For fiscal year 1992, for a pupil who attended a post-secondary institution under Minnesota Statutes, section 123.3514, and attended a secondary school part time, a district shall receive revenue on behalf of the pupil under Minnesota Statutes, sections 124.12, subdivision 1, and 124.17, subdivision 2f, plus 12 percent of the formula allowance according to Minnesota Statutes 1992, section 124A.22, subdivision 2, times 1.3.

Sec. 48. EDUCATION APPROPRIATION ACCOUNTS.

Notwithstanding any law to the contrary, the education aid appropriation accounts relating to fiscal year 1992 shall remain open on the statewide accounting system, and the commissioner of finance shall transfer amounts among accounts and make transactions as requested by the commissioner of education as necessary to accomplish the retroactive provisions of (sections 123.3514, subd. 6; and 124.17, subs. 1 and 2), and the provisions of section 124.14, subdivision 7, for fiscal year 1992.

Sec. 49. CHANGE-ORIENTED SCHOOLS.

Subdivision 1. ESTABLISHMENT; PURPOSE. (a) A five-year pilot project is established to permit up to three project participants selected by the commissioner of education to develop and implement substantive changes in a school's educational program and operational structure. A project may be extended one time for up to an additional five years at the commissioner's discretion.

(b) The purpose of the pilot project is to identify innovative educational strategies that effectively improve public education by:

(1) increasing students' academic and vocational abilities and educational opportunities through relevant, readily measurable, and clearly defined interdisciplinary subject matter and skills-oriented outcomes and performance standards;

(2) promoting innovative approaches to teaching through meaningful, site-based decision making; and

(3) developing a service-oriented management and operational structure that allows school staff at the school site to identify students' educational needs and effectively allocate resources to meet those needs.

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

Subd. 2. ELIGIBILITY; APPLICATIONS. The commissioner shall make application forms available to schools interested in developing and implementing the substantive changes described in this section. A school may apply to participate in the project after receiving approval to apply from the school board of the school district in which the school is located. The commissioner may approve a maximum of three applications before July 1, 1994. To the extent possible, the approved applications must reflect innovative educational strategies that improve public education and are geographically distributed throughout the state.

Subd. 3. CRITERIA FOR SELECTION. At a minimum, applicants must express commitment to:

(1) creating a site-based management team, composed of the school principal, teachers, other school employees, parents of students enrolled in the school, and other determined by the team to be appropriate team members, that are responsible for managing the school's educational program and operational structure;

(2) developing a relevant, appropriately rigorous, interdisciplinary curriculum;

(3) periodically assessing the knowledge and skills of students, and the efficacy of teachers and administrators according to clearly defined substantive outcomes and measurable performance standards;

(4) providing in-service training to implement innovative educational strategies;

(5) using available public and private educational and financial resources at the local, state, and national levels; and

(6) sharing educational findings, materials, and techniques with other school districts.

Subd. 4. EXEMPTIONS; REQUIREMENTS. (a) Except as otherwise provided in this section, a school participating in the pilot project is exempt from all state statutes and rules applicable to a school board or school district, although it may elect to comply with one or more state statutes and rules. The exemptions do not apply to the school board of the school district in which the participating school is located.

(b) Applicants selected to participate in the project must:

(1) meet the health and safety requirements applicable to other school districts;

(2) ensure that all facets of the program are nonsectarian;

(3) provide a comprehensive education program for all enrolled students;

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

- (4) comply with Minnesota Statutes, section 126.21, and chapter 363;
 - (5) comply with the pupil fair dismissal law, Minnesota Statutes, sections 127.26 to 127.39, and the Minnesota public school fee law, Minnesota Statutes, sections 120.71 to 120.76;
 - (6) be subject to the same audit requirements as other school districts;
 - (7) function as other school districts for the purposes of tort liability under Minnesota Statutes, chapter 466;
 - (8) design and implement measurable education program outcomes at least equivalent to the entrance requirements of the University of Minnesota if the participating school is a high school;
 - (9) comply with Minnesota Statutes, sections 120.03 and 120.17, and rules governing the education of disabled children;
 - (10) provide instruction each year for at least the minimum number of days required by Minnesota Statutes, section 120.101, subdivisions 5 and 5b, or according to Minnesota Statutes, sections 120.59 to 120.67 or 121.585;
 - (11) provide transportation to students enrolled at a school located within the district according to Minnesota Statutes, sections 120.062, subdivision 9, and 123.39, subdivision 6;
 - (12) permit teachers employed by the district to teach at another site within the district;
 - (13) function as other school districts for purposes of suing and being sued;
 - (14) comply with election laws applicable to school district elections under Minnesota Statutes, section 123.11 and chapter 205A;
 - (15) comply with all teacher licensure requirements in statute and rule; and
 - (16) comply with all employment laws applicable to school district employees.
- Subd. 5. REPORTS. Pilot project participants must provide a clear and concise report at least annually by October 1 to the commissioner discussing:
- (1) the state statutes and rules with which the project participant is not complying, as permitted in subdivision 4;
 - (2) how not complying with state statutes and rules improves learning and educational effectiveness;
 - (3) the financial impact of not complying with state statutes and rules;
 - (4) the educational progress the project participant made during the previous school year;

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(5) the education goals of the project participant for the current school year; and

(6) any other information the commissioner requests.

Sec. 50. STUDY ON TRAINING OPPORTUNITIES FOR WOMEN REFEREES.

The Minnesota state high school league shall submit a written report to the education committees of the legislature by February 15, 1994, analyzing the extent of the opportunities available for women to train and serve as referees at league-sponsored events.

Sec. 51. INDEPENDENT SCHOOL DISTRICT NO. 206, ALEXANDRIA; ELECTIONS.

Notwithstanding Laws 1987, chapter 96, relating to the beginning of the term of office for newly elected board members, the terms of office for newly elected board members of independent school district No. 206, Alexandria, begin and end as provided for in Minnesota Statutes, section 205A.04, subdivision 1.

Sec. 52. EXEMPTIONS; EIGHT-PERIOD SCHEDULE.

(a) Notwithstanding Minnesota Statutes, sections 120.101, subdivision 5; 120.66; 121.585; 124.19, subdivisions 1, 4, 6, and 7; 124C.46, subdivision 3; 126.12, subdivision 1; or any other law to the contrary, independent school district No. 279, Osseo, may adopt for the 1993-1994, 1994-1995, and 1995-1996 school years an alternating eight-period schedule for secondary school students composed of four 85-minute periods per day held on alternating school days. The purpose of the alternating eight-period schedule is to enable the school district to temporarily meet its increasing needs for additional space due to enrollment increases at the secondary level. The new schedule must not change district curricular offerings, transportation schedules, the length of employees' workday, or extracurricular activities. The district must offer registered secondary students the opportunity to enroll in a minimum of five classes in an eight-period schedule.

(b) The district may adopt the eight-period schedule without loss of state aid if the district meets the requirements of paragraph (a). The commissioner of education, in consultation with the district, shall determine the minimum number of instructional hours so that the district is eligible for the full amount of general education revenue.

(c) The district may adopt the eight-period schedule only upon school board resolution following a public hearing. Notice of the hearing must be published in the official newspaper at least one week in advance.

(d) Any student affected by the eight-period schedule is exempt from the enrollment options program deadline in Minnesota Statutes, section 120.062.

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(e) The district, with the assistance of the department of education, shall conduct a study of the impact of the eight-period schedule on student performance. The district shall include information on cohorts before adopting an eight-period schedule and compare them to students enrolled in a program using an eight-period schedule. The district shall conduct a survey of students and parents on the effectiveness of the eight-period schedule. The department shall evaluate the financial impact of the eight-period schedule. The district shall make a preliminary report on the effectiveness of the eight-period schedule to the legislature by January 15, 1995, and a final report by January 15, 1997.

Sec. 53. SPECIAL EFFECTIVE DATE AND APPLICABILITY TO THE TODD - OTTER TAIL - WADENA SPECIAL EDUCATION COOPERATIVE.

Sections 20 and 21 apply to the Todd - Otter Tail - Wadena special education cooperative and its participating school districts: independent school district No. 543, Deer Creek; independent school district No. 545, Henning; independent school district No. 549, Perham-Dent; independent school district No. 553, New York Mills; independent school district No. 786, Bertha-Hewitt; independent school district No. 818, Verndale; independent school district No. 819, Wadena; independent school district No. 820, Sebeka; and independent school district No. 821, Menahga, and are effective the day following their final enactment. If the board of any participating school district has given notice of intent to withdraw from special education services provided by the cooperative before final enactment, the deadline specified in Minnesota Statutes, section 122.895, subdivision 3, is six days following the final enactment and the deadline specified in Minnesota Statutes, section 122.895, subdivision 6, paragraph (b), for notice of a teacher's exercise of rights under that subdivision is 16 days following final enactment.

Sec. 54. REPEALER.

Laws 1991, chapter 265, article 4, section 29, is repealed the day after final enactment of this article.

Minnesota Statutes 1992, sections 120.0621, subdivision 5, and 121.87, are repealed.

Sec. 55. EFFECTIVE DATES.

Section 16 is effective when the term of the office of governor ends on the first Monday in January 1995.

Sections 24, 28, and 29 are effective retroactive to July 1, 1991, and apply for fiscal year 1992 and thereafter.

Section 49 is effective the day after its final enactment.

Section 51 is effective the day after the clerk of the school board of independent school district No. 206, Alexandria, complies with Minnesota Statutes, sec-

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

tion 645.021, subdivision 3. Section 52 is effective the day following final enactment and remains in effect only through the 1995-1996 school year. Sections 36 and 43 are effective June 30, 1993.

Section 31 applies to outcome-based schools approved after the effective date of section 31.

ARTICLE 10

LIBRARIES

Section 1. LIBRARY 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. BASIC SUPPORT GRANTS. For basic support grants according to Minnesota Statutes, sections 134.32 to 134.35:

\$7,819,000	.....	1994
\$7,819,000	.....	1995

The 1994 appropriation includes \$1,172,000 for 1993 and \$6,647,000 for 1994.

The 1995 appropriation includes \$1,172,000 for 1994 and \$6,647,000 for 1995.

Subd. 3. MULTICOUNTY, MULTITYPE LIBRARY SYSTEMS. For grants according to Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

\$527,000	.....	1994
\$527,000	.....	1995

The 1994 appropriation includes \$79,000 for 1993 and \$448,000 for 1994.

The 1995 appropriation includes \$79,000 for 1994 and \$448,000 for 1995.

Subd. 4. STATE AGENCY LIBRARIES. For maintaining and upgrading the online computer-based library catalog system in state agency libraries:

\$15,000	.....	1994
\$15,000	.....	1995

Any balance in the first year does not cancel and is available in the second year. These amounts are added to amounts included in the appropriation for the department of education budget that are for the same purpose.

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

ARTICLE 11

STATE AGENCIES

Section 1. [121.163] FEDERAL AID TO EDUCATION.

Subdivision 1. ACCEPTANCE. The commissioner may accept and administer federal funds when such funds become available that further public education and are consistent with state policy and the mission of the department. Acceptance of the money is subject to department of finance policy and procedure regarding federal funds.

Subd. 2. STATE PLANS. If the granting federal agency requires a state plan addressing policy for expenditure, the state board shall adopt a state plan in conformity with state and federal regulations and guidelines prior to commissioner acceptance.

Subd. 3. DEPOSITORY. The state treasurer is the custodian of all money received from the United States on account of the acceptance and shall disburse the money on requisitioning of the commissioner through the state payment system for purposes consistent with the respective acts of congress and federal grant.

Sec. 2. Minnesota Statutes 1992, section 124C.08, subdivision 1, is amended to read:

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

Sec. 3. Minnesota Statutes 1992, section 124C.08, subdivision 2, is amended to read:

Subd. 2. **CRITERIA.** The ~~department of education center~~, in consultation with the comprehensive arts planning program state steering committee, shall establish criteria for site selection. Criteria shall include at least the following:

(1) a willingness by the district or group of districts to designate a program chair for comprehensive arts planning with sufficient authority to implement the program;

(2) a willingness by the district or group of districts to create a committee comprised of school district and community people whose function is to promote comprehensive arts education in the district;

(3) commitment on the part of committee members to participate in training offered by the department of education;

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

(4) a commitment of the committee to conduct a needs assessment of arts education;

(5) commitment by the committee to evaluating its involvement in the program;

(6) a willingness by the district to adopt a long-range plan for arts education in the district;

(7) no previous involvement of the district in the comprehensive arts planning program, unless that district has joined a new group of districts; and

(8) location of the district or group of districts to assure representation of urban, suburban, and rural districts and distribution of sites throughout the state.

Sec. 4. Minnesota Statutes 1992, section 124C.09, is amended to read:

124C.09 DEPARTMENT RESPONSIBILITY.

The ~~department of education~~ Minnesota center for arts education, in cooperation with the Minnesota alliance for arts in education; and the Minnesota state arts board; ~~and the Minnesota center for arts education~~ shall provide materials, training, and assistance to the arts education committees in the school districts. The ~~department center~~ may contract with the Minnesota alliance for arts in education for its involvement in providing services, including staff assistance, to the program.

Sec. 5. [128A.11] STUDENT ACTIVITIES ACCOUNT.

Subdivision 1. STUDENT ACTIVITIES; RECEIPTS; APPROPRIATION. All receipts of any kind generated to operate student activities, including student fees, donations and contributions, and gate receipts must be deposited in the state treasury. The receipts are appropriated annually to the residential academies for student activities purposes. They are not subject to budgetary control by the commissioner of finance.

Subd. 2. TO STUDENT ACTIVITIES ACCOUNT. The money appropriated in subdivision 1 to the residential academies for student activities must be credited to a Faribault academies' student activities account and may be spent only for Faribault academies' student activities purposes.

Subd. 3. CARRYOVER. An unexpended balance in the Faribault academies' student activities account may be carried over from the first fiscal year of the biennium into the second fiscal year of the biennium and from one biennium to the next. The amount carried over must not be taken into account in determining state appropriations and must not be deducted from a later appropriation.

Subd. 4. SPECIFICALLY INCLUDED AMONG RECEIPTS. Any money generated by a Faribault academies' student activity that involves:

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

(1) state employees who are receiving compensation for their involvement with the activity;

(2) the use of state facilities; or

(3) money raised for student activities in the name of the residential academies

is specifically included among the kinds of receipts that are described in subdivision 1.

Sec. 6. Minnesota Statutes 1992, section 171.29, subdivision 2, is amended to read:

Subd. 2. **FEES, ALLOCATION.** (a) A person whose drivers license has been revoked as provided in subdivision 1, except under section 169.121 or 169.123, shall pay a \$30 fee before the person's drivers license is reinstated.

(b) A person whose drivers license has been revoked as provided in subdivision 1 under section 169.121 or 169.123 shall pay a \$250 fee before the person's drivers license is reinstated to be credited as follows:

(1) 20 percent shall be credited to the trunk highway fund;

(2) 55 percent shall be credited to the general fund;

(3) eight percent shall be credited to a separate account to be known as the bureau of criminal apprehension account. Money in this account may be appropriated to the commissioner of public safety and shall be divided as follows: eight percent for laboratory costs; two percent for carrying out the provisions of section 299C.065;

(4) 12 percent shall be credited to a separate account to be known as the alcohol-impaired driver education account. Money in the account may be appropriated to the commissioner of education for ~~grants to develop alcohol-impaired driver education and chemical abuse prevention~~ programs in elementary and secondary schools. ~~The state board of education shall establish guidelines for the distribution of the grants. At least \$70,000 must be awarded in grants to local school districts; and~~

(5) five percent shall be credited to a separate account to be known as the traumatic brain injury and spinal cord injury account. \$100,000 is annually appropriated from the account to the commissioner of human services for traumatic brain injury case management services. The remaining money in the account is annually appropriated to the commissioner of health to establish and maintain the traumatic brain injury and spinal cord injury registry created in section 144.662 and to reimburse the commissioner of jobs and training for the reasonable cost of services provided under section 268A.03, clause (o).

Sec. 7. DEPARTMENT OF EDUCATION APPROPRIATIONS.

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

The sums indicated in this section are appropriated from the general fund, unless otherwise indicated, to the department of education for the fiscal years designated.

<u>\$14,564,000</u>	<u>.....</u>	<u>1994</u>
<u>\$14,587,000</u>	<u>.....</u>	<u>1995</u>

Any balance in the first year does not cancel but is available in the second year.

\$21,000 each year is from the trunk highway fund.

\$104,000 each year is for the academic excellence foundation.

\$219,000 each year is for the state board of education.

\$200,000 each year is for contracting with the state fire marshal to provide the services required according to Minnesota Statutes, section 121.1502.

\$120,000 each year is for facilities planning, coordination of facility needs between school districts, and for review and comment on school construction projects.

\$45,000 each year must be used to assist districts with the assurance of mastery program.

The expenditures of federal grants and aids as shown in the biennial budget document are approved and appropriated and shall be spent as indicated.

The board of teaching budget is not exempt from internal reallocations and reductions required to balance the budget of the combined agencies.

The commissioner shall maintain no more than five total complement in the categories of commissioner, deputy commissioner, assistant commissioner, assistant to the commissioner, and executive assistant.

The department of education may establish full-time, part-time, or seasonal positions as necessary to carry out assigned responsibilities and missions. Actual employment levels are limited by the availability of state funds appropriated for salaries, benefits, and agency operations or funds available from other sources for such purposes.

In the next biennial budget, the department of education must assess its progress in meeting its established performance measures and inform the legislature on the content of that assessment. The information must include an assessment of its progress by consumers and employees.

Sec. 8. FARIBAULT ACADEMIES APPROPRIATION.

The sums indicated in this section are appropriated from the general fund to the department of education for the Faribault Academies:

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

<u>\$7,784,000</u>	<u>.....</u>	<u>1994</u>
<u>\$8,053,000</u>	<u>.....</u>	<u>1995</u>

Any balance in the first year does not cancel and is available for the second year.

The state board of education may establish full-time, part-time, or seasonal positions as necessary to carry out assigned responsibilities and missions of the Faribault academies. Actual employment levels are limited by the availability of state funds appropriated for salaries, benefits and agency operations or funds available from other sources for such purposes.

In the next biennial budget, the state board of education must assess its progress in meeting its established performance measures for the Faribault academies and inform the legislature on the content of that assessment. The information must include an assessment of its progress by consumers and employees.

Sec. 9. MINNESOTA CENTER FOR ARTS EDUCATION APPROPRIATIONS.

The sums indicated in this section are appropriated from the general fund to the Minnesota center for arts education for the fiscal years indicated:

<u>\$4,853,000</u>	<u>.....</u>	<u>1994</u>
<u>\$4,853,000</u>	<u>.....</u>	<u>1995</u>

Any balance in the first year does not cancel but is available in the second year.

The center must provide assistance to the department of education for learner outcome development and assessment in the arts. If a reduction in programs is required under this section, no more than 40 percent of the reduction shall occur in resource center programs.

\$38,000 each year is for grants according to section 124C.08. The center must provide technical assistance as necessary.

The Minnesota center for arts education may establish full-time, part-time, or seasonal positions as necessary to carry out assigned responsibilities and missions. Actual employment levels are limited by the availability of state funds appropriated for salaries, benefits and agency operations or funds available from other sources for such purposes.

In the next biennial budget, the Minnesota center for arts education must assess its progress in meeting its established performance measures and inform the legislature on the content of that assessment. The information must include an assessment of its progress by consumers and employees.

Sec. 10. REPEALER.

Minnesota Statutes 1992, sections 126A.02, subdivision 1, and 126A.03, are repealed.

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

ARTICLE 12

MANDATE REPEALS

OMNIBUS EDUCATION MANDATE REPEAL ACT TO PROMOTE
LOCAL FLEXIBILITY AND INNOVATION IN THE CLASSROOM

Section 1. PURPOSE.

The legislature recognizes the need to give communities more local control over education so they can better fulfill the public school system's mission of ensuring individual academic achievement, an informed citizenry, and a highly productive work force. The purpose of this act is to repeal or modify restrictive and unnecessary mandates that hamper flexibility and innovation. The state's focus should be on performance rather than procedures. By decentralizing decision-making and emphasizing result-oriented rulemaking, this act also furthers the legislature's goal of moving from a means-based system of education to one that is accountable for outcomes.

MINNESOTA STATUTES

Sec. 2. Minnesota Statutes 1992, section 121.11, subdivision 7, is amended to read:

Subd. 7. **GENERAL SUPERVISION OVER EDUCATIONAL AGENCIES.** The state board of education shall adopt goals for and exercise general supervision over public schools and public educational agencies in the state, classify and standardize public elementary and secondary schools, and prepare for them outlines and suggested courses of study. The board shall develop a plan to attain the adopted goals. At the board's request, the commissioner may assign department of education staff to assist the board in attaining its goals. The commissioner shall explain to the board in writing any reason for refusing or delaying a request for staff assistance. ~~The board shall establish rules relating to examinations, reports, acceptances of schools, courses of study, and other proceedings in connection with elementary and secondary schools applying for special state aid.~~ The state board may recognize educational accrediting agencies for the sole purposes of sections 120.101, 120.102, and 120.103.

Sec. 3. Minnesota Statutes 1992, section 121.11, is amended by adding a subdivision to read:

Subd. 7b. **ADMINISTRATIVE RULES.** The state board may adopt new rules and amend them or amend any of its existing rules only under specific authority. The state board may repeal any of its existing rules. Notwithstanding the provisions of section 14.05, subdivision 4, the state board may grant a variance to its rules upon application by a school district for purposes of implementing experimental programs in learning or school management. This subdivision shall not prohibit the state board from making technical changes or corrections to its rules.

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

Sec. 4. Minnesota Statutes 1992, section 121.11, is amended by adding a subdivision to read:

Subd. 7c. RESULTS-ORIENTED GRADUATION RULE. The legislature is committed to establishing a rigorous, results-oriented graduation rule for Minnesota's public school students. To that end, the state board shall use its rule-making authority under subdivision 7b to adopt a statewide, results-oriented graduation rule to be implemented starting with students beginning high school in 1996. The board shall not prescribe in rule or otherwise the delivery system, form of instruction, or a single statewide form of assessment that local sites must use to meet the requirements contained in this rule.

Sec. 5. Minnesota Statutes 1992, section 121.11, is amended by adding a subdivision to read:

Subd. 7d. DESEGREGATION, INCLUSIVE EDUCATION, AND LICENSURE RULES. The state board may make rules relating to desegregation, inclusive education, and licensure of school personnel not licensed by the board of teaching.

Sec. 6. Minnesota Statutes 1992, section 121.11, subdivision 12, is amended to read:

~~Subd. 12. ADMINISTRATIVE RULES TEACHER RULE VARIANCES. The state board may adopt new rules only upon specific authority other than under this subdivision. The state board may amend or repeal any of its existing rules. Notwithstanding the provisions of section 14.05, subdivision 4, the state board may grant a variance to its rules upon application by a school district for purposes of implementing experimental programs in learning or school management. Notwithstanding any law to the contrary, and only upon receiving the agreement of the state board of teaching, the state board of education may grant a variance to its rules governing licensure of teachers for those teachers licensed by the board of teaching. The state board may grant a variance, without the agreement of the board of teaching, to its rules governing licensure of teachers for those teachers it licenses.~~

Sec. 7. Minnesota Statutes 1992, section 121.14, is amended to read:

121.14 RECOMMENDATIONS; BUDGET.

The state board and the commissioner of education shall recommend to the governor and legislature such modification and unification of laws relating to the state system of education as shall make those laws more readily understood and more effective in execution. ~~The state board and~~ The commissioner of education shall prepare a biennial education budget which shall be submitted to the governor and legislature, such budget to contain a complete statement of finances pertaining to the maintenance of the state department and to the distribution of state aid.

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

Sec. 8. Minnesota Statutes 1992, section 121.585, subdivision 2, is amended to read:

Subd. 2. **STATE BOARD DESIGNATION.** An area learning center designated by the state must be a site. ~~Up to an additional ten learning year sites may be designated by the state board of education.~~ To be designated, a district or center must demonstrate to the commissioner of education that it will:

(1) provide a program of instruction that permits pupils to receive instruction throughout the entire year; and

(2) maintain a record system that, for purposes of section 124.17, permits identification of membership attributable to pupils participating in the program. The record system and identification must ensure that the program will not have the effect of increasing the total number of pupil units attributable to an individual pupil as a result of a learning year program.

Sec. 9. Minnesota Statutes 1992, section 121.88, subdivision 1, is amended to read:

Subdivision 1. **AUTHORIZATION.** Each school board may initiate a community education program in its district and provide for the general supervision of the program. Each board may, as it considers appropriate, employ community education directors and coordinators to further the purposes of the community education program. ~~The salaries of the directors and coordinators shall be paid by the board.~~

Sec. 10. Minnesota Statutes 1992, section 121.88, subdivision 7, is amended to read:

Subd. 7. **PROGRAM APPROVAL.** To be eligible for revenue for the program for adults with disabilities, a program and budget must receive approval from the community education section in the department of education. Approval may be for ~~one or two~~ five years. During that time, a school board must report any significant changes to the department for approval. For programs offered cooperatively, the request for approval must include an agreement on the method by which local money is to be derived and distributed. A request for approval must include all of the following:

- (1) characteristics of the people to be served;
- (2) description of the program services and activities;
- (3) program budget and amount of aid requested;
- (4) participation by adults with disabilities in developing the program;
- (5) assessment of the needs of adults with disabilities; and
- (6) cooperative efforts with community organizations.

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

Sec. 11. Minnesota Statutes 1992, section 121.904, subdivision 14, is amended to read:

Subd. 14. The ~~state board~~ commissioner shall specify the fiscal year or years to which the revenue from any aid or tax levy is applicable if Minnesota Statutes do not so specify.

Sec. 12. Minnesota Statutes 1992, section 121.906, is amended to read:

121.906 EXPENDITURES; REPORTING.

~~Subdivision 1.~~ School district expenditures shall be recognized and reported on the district books of account in accordance with this section.

~~Subd. 2. RECOGNITION OF EXPENDITURES AND LIABILITIES.~~ There shall be fiscal year-end recognition of expenditures and the related offsetting liabilities recorded in each fund in accordance with the uniform financial accounting and reporting standards for Minnesota school districts. Encumbrances outstanding at the end of the fiscal year do not constitute expenditures or liabilities.

~~Subd. 3. PURCHASE ORDERS OTHER THAN INVENTORY.~~ Purchase orders, itemized in detail, for other than inventory supply items, which are issued to outside vendors and based on firm prices shall be recorded as expenditures in the fiscal year in which the liability is incurred.

~~Subd. 4.~~ Inventory supply items may be recorded as expenditures at the time of the issuance of the purchase order or at the time of delivery to the school district's subordinate unit or other consumer of the item.

~~Subd. 5.~~ Salaries and wages shall be recorded as expenditures in the fiscal year in which the personal services are performed.

~~Subd. 6.~~ Other payable items shall be recorded in the fiscal year in which the liability is incurred.

~~Subd. 7.~~ Deviations from the principles set forth in this section shall be evaluated and explained in footnotes to audited financial statements.

Sec. 13. Minnesota Statutes 1992, section 121.908, subdivision 1, is amended to read:

Subdivision 1. ~~On or before June 30, 1977,~~ Each Minnesota school district shall adopt the uniform financial accounting and reporting standards for Minnesota school districts provided for in ~~section 121.902~~ guidelines adopted by the department of education.

Sec. 14. Minnesota Statutes 1992, section 121.908, subdivision 2, is amended to read:

Subd. 2. Each district shall submit to the commissioner by August 15 of

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each year an unaudited financial statement for the preceding fiscal year. This statement shall be submitted on forms prescribed by the commissioner ~~after consultation with the advisory council on uniform financial accounting and reporting standards.~~

Sec. 15. Minnesota Statutes 1992, section 123.34, subdivision 10, is amended to read:

Subd. 10. **PRINCIPALS.** Each public school building, as defined by section 120.05, subdivision 2, clauses (1), (2) and (3), in an independent school district ~~shall~~ may 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. If pupils in kindergarten through grade 12 attend school in one building, one principal may supervise the building.

Each principal assigned the responsibility for the supervision of a school building shall hold a valid license 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. 16. Minnesota Statutes 1992, section 123.35, subdivision 1, is amended to read:

Subdivision 1. The board shall have the general charge of the business of the district, the school houses, and of the interests of the schools thereof. The board's authority to conduct the business of the district includes implied powers in addition to any specific powers granted by the legislature.

Sec. 17. Minnesota Statutes 1992, section 123.80, subdivision 1, is amended to read:

Subdivision 1. ~~The state board of education shall provide by rule a program of safety education for students who are transported to school. Each district receiving aid under the provisions of section 124.225 shall implement the program. In drafting said rules, the board shall give particular attention to procedures for loading, unloading, vehicle lane crossing and emergency evacuation procedures as they affect school buses. provide bus safety education for students who are transported to school.~~

Sec. 18. Minnesota Statutes 1992, section 124.19, subdivision 5, is amended to read:

Subd. 5. **SCHEDULE ADJUSTMENTS.** (a) It is the intention of the legis-

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lature to encourage efficient and effective use of staff and facilities by school districts. School districts are encouraged to consider both cost and energy saving measures.

(b) Notwithstanding the provisions of subdivision 1 or 4, any district operating a program pursuant to sections 120.59 to 120.67 or 125.701 to 125.705, or operating a commissioner-designated area learning center program under section 124C.49, or that otherwise receives the approval of the commissioner to operate its instructional program to avoid an aid reduction in any year, may adjust the annual school schedule for that program throughout the calendar year ~~so long as the number of instructional hours in the year is not less than the number of instructional hours per day specified in the rules of the state board multiplied by the minimum number of instructional days required by subdivision 1.~~

Sec. 19. Minnesota Statutes 1992, section 124.26, subdivision 1c, is amended to read:

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

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

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

Adult basic education programs may be approved under this subdivision for up to ~~two~~ five years. ~~Two-year~~ Five-year program approval shall be granted to an applicant who has demonstrated the capacity to:

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(1) offer comprehensive learning opportunities and support service choices appropriate for and accessible to adults at all basic skill need levels;

(2) provide a participatory and experimental learning approach based on the strengths, interests, and needs of each adult, that enables adults with basic skill needs to:

(i) identify, plan for, and evaluate their own progress toward achieving their defined educational and occupational goals;

(ii) master the basic academic reading, writing, and computational skills, as well as the problem-solving, decision making, interpersonal effectiveness, and other life and learning skills they need to function effectively in a changing society;

(iii) locate and be able to use the health, governmental, and social services and resources they need to improve their own and their families' lives; and

(iv) continue their education, if they desire, to at least the level of secondary school completion, with the ability to secure and benefit from continuing education that will enable them to become more employable, productive, and responsible citizens;

(3) plan, coordinate, and develop cooperative agreements with community resources to address the needs that the adults have for support services, such as transportation, flexible course scheduling, convenient class locations, and child care;

(4) collaborate with business, industry, labor unions, and employment-training agencies, as well as with family and occupational education providers, to arrange for resources and services through which adults can attain economic self-sufficiency;

(5) provide sensitive and well trained adult education personnel who participate in local, regional, and statewide adult basic education staff development events to master effective adult learning and teaching techniques;

(6) participate in regional adult basic education peer program reviews and evaluations; and

(7) submit accurate and timely performance and fiscal reports.

Sec. 20. Minnesota Statutes 1992, section 124.2713, subdivision 2, is amended to read:

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

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

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

Sec. 21. Minnesota Statutes 1992, section 125.032, subdivision 2, is amended to read:

Subd. 2. **EXCEPTIONS.** A person who teaches in a community education program which qualifies for aid pursuant to section 124.26 shall continue to meet licensure requirements as a teacher. A person who teaches in an early childhood and family education program which is offered through a community education program and which qualifies for community education aid pursuant to section 124.2713 or early childhood and family education aid pursuant to section 124.2711 shall continue to meet licensure requirements as a teacher. A person who teaches in a community education course which is offered for credit for graduation to persons under 18 years of age shall continue to meet licensure requirements as a teacher. A person who teaches a driver training course which is offered through a community education program to persons under 18 years of age shall be licensed by the board of teaching or be subject to section 171.35. A license which is required for an instructor in a community education program pursuant to this subdivision shall not be construed to bring an individual within the definition of a teacher for purposes of section 125.12, subdivision 1, or 125.17, subdivision 1, clause (a).

Sec. 22. Minnesota Statutes 1992, section 125.12, subdivision 3b, is amended to read:

Subd. 3b. **APPLICABILITY PEER REVIEW FOR PROBATIONARY TEACHERS.** ~~Subdivision 3a does not apply to a school district that has formally adopted~~ A school board and an exclusive representative of the teachers in the district shall develop a probationary teacher peer review process that has been mutually agreed upon by the exclusive representative of the teachers in the district and the school board through joint agreement.

Sec. 23. Minnesota Statutes 1992, section 125.12, subdivision 4b, is amended to read:

Subd. 4b. **APPLICABILITY PEER REVIEW FOR CONTINUING CONTRACT TEACHERS.** ~~Subdivision 4a does not apply to a school district that has formally adopted~~ A school board and an exclusive representative of the teachers in the district shall develop a peer review process for continuing contract teachers that has been mutually agreed upon by the exclusive representative of the teachers in the district and the school board through joint agreement.

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

Sec. 24. Minnesota Statutes 1992, section 125.17, subdivision 2b, is amended to read:

Subd. 2b. **APPLICABILITY PEER REVIEW FOR PROBATIONARY TEACHERS.** Subdivision 2a does not apply to a school district that has formally adopted A school board and an exclusive representative of the teachers in the district shall develop a probationary teacher peer review process that has been mutually agreed upon by the exclusive representative of the teachers in the district and the school board through joint agreement.

Sec. 25. Minnesota Statutes 1992, section 125.17, subdivision 3b, is amended to read:

Subd. 3b. **APPLICABILITY PEER REVIEW FOR CONTINUING CONTRACT TEACHERS.** Subdivision 3a does not apply to a school district that has formally adopted A school board and an exclusive representative of the teachers in the district shall develop a peer review process for nonprobationary teachers that has been mutually agreed upon by the exclusive representative of the teachers in the district and the school board through joint agreement.

Sec. 26. **[125.706] PREPARATION TIME.**

Beginning with agreements effective July 1, 1995, and thereafter, all collective bargaining agreements for teachers provided for under Minnesota Statutes, chapter 179A, must include provisions for preparation time or a provision indicating that the parties to the agreement chose not to include preparation time in the contract.

If the parties cannot agree on preparation time the following provision shall apply and be incorporated as part of the agreement: "Within the student day for every 25 minutes of instructional time, a minimum of five additional minutes of preparation time shall be provided to each licensed teacher. Preparation time shall be provided in one or two uninterrupted blocks during the student day. Exceptions to this may be made by mutual agreement between the district and the exclusive representative of the teachers.

Sec. 27. **[125.80] TEACHER LUNCH PERIOD.**

Each teacher shall be provided with a duty-free lunch period, scheduled according to school board policy or negotiated agreement.

Sec. 28. **[126.681] EVALUATION OF PUPIL GROWTH AND PROGRESS; PERMANENT RECORDS.**

Each school district shall provide a testing program for the purpose of measuring pupil growth and for curriculum evaluation, as well as a system for grading and making reports to parents. Each district shall develop an appropriate program of pupil progress and promotion for its elementary, middle, and secondary schools. Each district shall keep accurate and complete individual, permanent, cumulative personal records for all pupils.

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Sec. 29. [126.699] PARENTAL CURRICULUM REVIEW.

Each school district shall have a procedure for a parent, guardian, or an adult student, 18 years of age or older, to review the content of the instructional materials to be provided to a minor child or to an adult student and, if the parent, guardian, or adult student objects to the content, to make reasonable arrangements with school personnel for alternative instruction. Alternative instruction may be provided by the parent, guardian, or adult student if the alternative instruction, if any, offered by the school board does not meet the concerns of the parent, guardian, or adult student. The school board is not required to pay for the costs of alternative instruction provided by a parent, guardian, or adult student. School personnel may not impose an academic or other penalty upon a student merely for arranging alternative instruction under this section. School personnel may evaluate and assess the quality of the student's work.

Sec. 30. Minnesota Statutes 1992, section 144.29, is amended to read:

144.29 HEALTH RECORDS; CHILDREN OF SCHOOL AGE.

It shall be the duty of every school nurse, school physician, school attendance officer, superintendent of schools, principal, teacher, and of the persons charged with the duty of compiling and keeping the school census records, to cause a permanent public health record to be kept for each child of school age. Such record shall be kept in such form that it may be transferred with the child to any school which the child shall attend within the state and transferred to the commissioner when the child ceases to attend school. It shall contain a record of such health matters as shall be prescribed by the commissioner, and of all mental and physical defects and handicaps which might permanently cripple or handicap the child. Nothing in sections 144.29 to 144.32 shall be construed to require any child whose parent or guardian objects in writing thereto to undergo a physical or medical examination or treatment. A copy shall be forwarded to the proper department of any state to which the child shall remove. Each district shall assign a teacher, school nurse, or other professional person to review, at the beginning of each school year, the health record of all pupils under the assignee's direction. Growth, results of vision and hearing screening, and findings obtained from health assessments must be entered periodically on the pupil's health record.

Sec. 31. ENVIRONMENTAL EDUCATION.

The advisory board established in Minnesota Statutes, section 126A.02, shall advise the commissioner of education on development of a results-oriented graduation rule.

Sec. 32. REPEALER.

(a) Minnesota Statutes 1992, sections 120.095; 120.101, subdivision 5a; 120.75, subdivision 2; 120.80, subdivision 2; 121.11, subdivisions 6 and 13;

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121.165; 121.19; 121.49; 121.883; 121.90; 121.901; 121.902; 121.904, subdivisions 5, 6, 8, 9, 10, 11a, and 11c; 121.908, subdivision 4; 121.9121, subdivisions 3 and 5; 121.931, subdivisions 6, 6a, 7, and 8; 121.934; 121.936 subdivisions 1, 2, and 3; 121.937; 121.94; 121.941; 121.942; 121.943; 123.33, subdivisions 10, 14, 15, and 16; 123.35, subdivision 14; 123.352; 123.36, subdivisions 2, 3, 4, 4a, 6, 8, 9, and 12; 123.40, subdivisions 4 and 6; 123.61; 123.67; 123.709; 123.744; 124.615; 124.62; 124.64; 124.645; 124.67; 124.68; 124.69; 124.79; 125.12, subdivisions 3a and 4a; 125.17, subdivisions 2a and 3a; 126.09; 126.111; 126.112; 126.20, subdivision 4; 126.24; and 126.268, are repealed.

(b) Minnesota Statutes 1992, section 121.11, subdivision 15, is repealed.

(c) Minnesota Statutes 1992, sections 120.101, subdivision 5b; 121.11, subdivision 16; 121.585, subdivision 3; 124.19, subdivisions 1, 1b, 6, and 7; 126.02; 126.025; 126.031; 126.06; 126.08; 126.12, subdivision 2; 126.662; 126.663; 126.664; 126.665; 126.666; 126.67; 126.68; 126A.01; 126A.02; 126A.04; 126A.05; 126A.07; 126A.08; 126A.09; 126A.10; 126A.11; and 126A.12, are repealed.

MINNESOTA RULES

Sec. 33. SCHOOL BUS SAFETY TASK FORCE.

Subdivision 1. MEMBERSHIP. The school bus safety task force consists of 15 members appointed jointly by the commissioners of education and public safety. The membership shall include a representative of each department, a student school bus rider, a parent of a school-age child using school transportation, a representative of the Minnesota state patrol, school transportation managers, school board members, a representative of a public transit authority not affiliated with schools, and school bus mechanics, manufacturers, or other school bus industry representatives. The commissioners of education and public safety shall call the first meeting, at which a chair shall be elected.

Subd. 2. DUTIES. The task force established by subdivision 1 shall review state and federal statutes and administrative rules relating to school bus design and safety and make recommendations to eliminate duplication and otherwise streamline the regulatory scheme. The task force shall examine the feasibility of converting current administrative rules governing school bus design to guidelines administered either by the department of education or public safety.

Subd. 3. REPORT. The task force shall report to the chairs of the senate and house education committees its findings and recommendations by January 15, 1994.

Sec. 34. OUTCOME-BASED LICENSURE OF TEACHERS AND ADMINISTRATORS.

Rules adopted by the state board of education and the board of teaching regarding licensure of teachers or administrators shall, to the extent possible, be

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outcome-based and clearly related to the results-oriented graduation rule to be implemented starting with students entering high school in 1996. The boards shall develop outcomes relating to flexible school-based organizational structures and inclusive instructional strategies. Each board shall report to the legislature on the status of its licensure rules by February 15, 1995. The reports shall explain how the rules are outcome-based and how they relate to learner outcomes for students.

Sec. 35. DRIVER EDUCATION; COOPERATION WITH DEPARTMENT OF PUBLIC SAFETY.

The state board shall cooperate with the department of public safety to develop a single set of rules for driver education programs, whether public, private, or commercial.

Sec. 36. VOCATIONAL PROGRAM STANDARDS.

By August 1, 1996, the department of education shall develop program standards to replace rules in chapter 3505 governing approval of secondary vocational programs, including community-based cooperative vocational programs.

Sec. 37. RULE CHANGE.

The state board shall amend Minnesota Rules, part 3505.2400, to delete the requirement of annual submission of approval requests for secondary vocational education programs. The amendment is not subject to the rulemaking provisions of chapter 14, but the state board must comply with section 14.38, subdivision 7, in adopting the amendment.

Sec. 38. ARTS SCHOOL DEADLINE.

The Minnesota center for arts education may extend the deadline specified in rule for admission to its high school if the school's enrollment is less than the maximum of 300.

Sec. 39. REPEALER.

(a) Minnesota Rules, parts 3500.0500; 3500.0600, subparts 1 and 2; 3500.0605; 3500.0800; 3500.1090; 3500.1800; 3500.2950; 3500.3100, subparts 1 to 3; 3500.3500; 3500.3600; 3500.4400; 3510.2200; 3510.2300; 3510.2400; 3510.2500; 3510.2600; 3510.6200; 3520.0200; 3520.0300; 3520.0600; 3520.1000; 3520.1200; 3520.1300; 3520.1800; 3520.2700; 3520.3802; 3520.3900; 3520.4500; 3520.4620; 3520.4630; 3520.4640; 3520.4680; 3520.4750; 3520.4761; 3520.4811; 3520.4831; 3520.4910; 3520.5330; 3520.5340; 3520.5370; 3520.5461; 3525.2850; 3530.0300; 3530.0600; 3530.0700; 3530.0800; 3530.1100; 3530.1300; 3530.1400; 3530.1600; 3530.1700; 3530.1800; 3530.1900; 3530.2000; 3530.2100; 3530.2800; 3530.2900; 3530.3100, subparts 2 to 4; 3530.3200, subparts 1 to 5; 3530.3400, subparts 1, 2, and 4 to 7; 3530.3500; 3530.3600; 3530.3900; 3530.4000; 3530.4100; 3530.5500; 3530.5700; 3530.6100; 3535.0800; 3535.1000; 3535.1400; 3535.1600; 3535.1800; 3535.1900; 3535.2100; 3535.2200; 3535.2600; 3535.2900; 3535.3100; 3535.3500; 3535.9930; 3535.9940; 3535.9950; 3540.0600; 3540.0700; 3540.0800; 3540.0900; 3540.1000; 3540.1100; 3540.1200; 3540.1300; 3540.1700; 3540.1800; 3540.1900; 3540.2000; 3540.2100; 3540.2200; 3540.2300; 3540.2400; 3540.2800; 3540.2900; 3540.3000; 3540.3100; 3540.3200; 3540.3300; 3540.3400; 3545.1000; 3545.1100; 3545.1200; 3545.2300; 3545.2700; 3545.3000; 3545.3002; 3545.3004; 3545.3005; 3545.3014; 3545.3022; 3545.3024; 8700.4200; 8700.6410; 8700.6800; 8700.7100; 8700.9000; 8700.9010; 8700.9020; and 8700.9030, are repealed.

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(b) Minnesota Rules, parts 3520.1600; 3520.2400; 3520.2500; 3520.2600; 3520.2800; 3520.2900; 3520.3000; 3520.3100; 3520.3200; 3520.3400; 3520.3500; 3520.3680; 3520.3701; 3520.3801; 3520.4001; 3520.4100; 3520.4201; 3520.4301; 3520.4400; 3520.4510; 3520.4531; 3520.4540; 3520.4550; 3520.4560; 3520.4570; 3520.4600; 3520.4610; 3520.4650; 3520.4670; 3520.4701; 3520.4711; 3520.4720; 3520.4731; 3520.4741; 3520.4801; 3520.4840; 3520.4850; 3520.4900; 3520.4930; 3520.4980; 3520.5000; 3520.5010; 3520.5111; 3520.5120; 3520.5141; 3520.5151; 3520.5160; 3520.5171; 3520.5180; 3520.5190; 3520.5200; 3520.5220; 3520.5230; 3520.5300; 3520.5310; 3520.5361; 3520.5380; 3520.5401; 3520.5450; 3520.5471; 3520.5481; 3520.5490; 3520.5500; 3520.5510; 3520.5520; 3520.5531; 3520.5551; 3520.5560; 3520.5570; 3520.5580; 3520.5600; 3520.5611; 3520.5700; 3520.5710; 3520.5900; 3520.5910; 3520.5920; 3530.6500; 3530.6600; 3530.6700; 3530.6800; 3530.6900; 3530.7000; 3530.7100; 3530.7200; 3530.7300; 3530.7400; 3530.7500; 3530.7600; 3530.7700; and 3530.7800, are repealed.

(c) Minnesota Rules, parts 3500.1400; 3500.3700; 3510.0100; 3510.0200; 3510.0300; 3510.0400; 3510.0500; 3510.0600; 3510.0800; 3510.1100; 3510.1200; 3510.1300; 3510.1400; 3510.1500; 3510.1600; 3510.2800; 3510.2900; 3510.3000; 3510.3200; 3510.3400; 3510.3500; 3510.3600; 3510.3700; 3510.3800; 3510.7200; 3510.7300; 3510.7400; 3510.7500; 3510.7600; 3510.7700; 3510.7900; 3510.8000; 3510.8100; 3510.8200; 3510.8300; 3510.8400; 3510.8500; 3510.8600; 3510.8700; 3510.9000; 3510.9100; chapters 3515, 3517.0100; 3517.0120; 3517.3150; 3517.3170; 3517.3420; 3517.3450; 3517.3500; 3517.3650; 3517.4000; 3517.4100; 3517.4200; 3517.8500; 3517.8600; and 3560, are repealed.

(d) Minnesota Rules, parts 3500.0710; 3500.1060; 3500.1075; 3500.1100; 3500.1150; 3500.1200; 3500.1500; 3500.1600; 3500.1900; 3500.2000; 3500.2020; 3500.2100; 3500.2900; 3500.5010; 3500.5020; 3500.5030; 3500.5040; 3500.5050; 3500.5060; 3500.5070; 3505.2700; 3505.2800; 3505.2900; 3505.3000; 3505.3100; 3505.3200; 3505.3300; 3505.3400; 3505.3500; 3505.3600; 3505.3700; 3505.3800; 3505.3900; 3505.4000; 3505.4100; 3505.4200; 3505.4400; 3505.4500; 3505.4600; 3505.4700; 3505.5100; 8700.2900; 8700.3000; 8700.3110; 8700.3120; 8700.3200; 8700.3300; 8700.3400; 8700.3500; 8700.3510; 8700.3600; 8700.3700; 8700.3810; 8700.3900; 8700.4000; 8700.4100; 8700.4300; 8700.4400; 8700.4500; 8700.4600; 8700.4710; 8700.4800; 8700.4901; 8700.4902; 8700.5100; 8700.5200; 8700.5300; 8700.5310; 8700.5311; 8700.5500; 8700.5501; 8700.5502; 8700.5503; 8700.5504; 8700.5505; 8700.5506; 8700.5507; 8700.5508; 8700.5509; 8700.5510; 8700.5511; 8700.5512; 8700.5800; 8700.6310; 8700.6900; 8700.7010; 8700.7700; 8700.7710; 8700.8000; 8700.8010; 8700.8020; 8700.8030; 8700.8040; 8700.8050; 8700.8060; 8700.8070; 8700.8080; 8700.8090; 8700.8110; 8700.8120; 8700.8130; 8700.8140; 8700.8150; 8700.8160; 8700.8170; 8700.8180; 8700.8190; 8750.0200; 8750.0220; 8750.0240; 8750.0260; 8750.0300; 8750.0320; 8750.0330; 8750.0350; 8750.0370; 8750.0390; 8750.0410; 8750.0430; 8750.0460; 8750.0500; 8750.0520; 8750.0600; 8750.0620; 8750.0700; 8750.0720; 8750.0740; 8750.0760; 8750.0780; 8750.0800; 8750.0820; 8750.0840; 8750.0860; 8750.0880; 8750.0890; 8750.0900; 8750.0920; 8750.1000; 8750.1100; 8750.1120; 8750.1200; 8750.1220; 8750.1240; 8750.1260; 8750.1280; 8750.1300; 8750.1320; 8750.1340; 8750.1360; 8750.1380; 8750.1400; 8750.1420; 8750.1440; 8750.1500; 8750.1520; 8750.1540; 8750.1560; 8750.1580; 8750.1600; 8750.1700; 8750.1800; 8750.1820; 8750.1840; 8750.1860; 8750.1880; 8750.1900; 8750.1920; 8750.1930; 8750.1940; 8750.1960; 8750.1980; 8750.2000; 8750.2020; 8750.2040; 8750.2060; 8750.2080; 8750.2100; 8750.2120; 8750.2140; 8750.4000; 8750.4100; 8750.4200; 8750.9000; 8750.9100; 8750.9200; 8750.9300; 8750.9400; 8750.9500; 8750.9600; and 8750.9700, are repealed.

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Sec. 40. **LEGISLATIVE INTENT.**

The legislature does not intend, by the repeal of the rules listed in section 39, to ratify or endorse the parts of the rules not repealed.

Sec. 41. **EFFECTIVE DATE.**

Sections 22 to 25 are effective July 1, 1995.

Section 32, paragraph (b), is effective July 1, 1995. Section 32, paragraph (c), is effective August 1, 1996.

Section 39, paragraph (b), is effective August 1, 1994. Section 39, paragraph (c), is effective July 1, 1995. Section 39, paragraph (d), is effective August 1, 1996.

ARTICLE 13

REALIGNMENT OF RESPONSIBILITIES

Section 1. Minnesota Statutes 1992, section 120.062, subdivision 5, is amended to read:

Subd. 5. **DESEGREGATION DISTRICT TRANSFERS.** (a) This subdivision applies to a transfer into or out of a district that has a desegregation plan approved by the ~~state board~~ commissioner of education.

(b) An application to transfer may be submitted at any time for enrollment beginning at any time.

(c) The parent or guardian of a pupil who is a resident of a district that has a desegregation plan must submit an application to the resident district. If the district accepts the application, it must forward the application to the nonresident district.

(d) The parent or guardian of a pupil who applies for enrollment in a nonresident district that has a desegregation plan must submit an application to the nonresident district.

(e) Each district must accept or reject an application it receives and notify the parent or guardian in writing within 30 calendar days of receiving the application. A notification of acceptance must include the date enrollment can begin.

(f) If an application is rejected, the district must state the reason for rejection in the notification. If a district that has a desegregation plan rejects an application for a reason related to the desegregation plan, the district must state with specificity how acceptance of the application would result in noncompliance with state board rules with respect to the school or program for which application was made.

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(g) If an application is accepted, the parent or guardian must notify the non-resident district in writing within 15 calendar days of receiving the acceptance whether the pupil intends to enroll in the nonresident district. Notice of intention to enroll obligates the pupil to enroll in the nonresident district, unless the school boards of the resident and nonresident districts agree otherwise. If a parent or guardian does not notify the nonresident district, the pupil may not enroll in that nonresident district at that time, unless the school boards of the resident and nonresident district agree otherwise.

(h) Within 15 calendar days of receiving the notice from the parent or guardian, the nonresident district shall notify the resident district in writing of the pupil's intention to enroll in the nonresident district.

(i) A pupil enrolled in a nonresident district under this subdivision is not required to make annual or periodic application for enrollment but may remain enrolled in the same district. A pupil may transfer to the resident district at any time.

(j) A pupil enrolled in a nonresident district and applying to transfer into or out of a district that has a desegregation plan must follow the procedures of this subdivision. For the purposes of this type of transfer, "resident district" means the nonresident district in which the pupil is enrolled at the time of application.

(k) A district that has a desegregation plan approved by the state board of education must accept or reject each individual application in a manner that will enable compliance with its desegregation plan.

Sec. 2. Minnesota Statutes 1992, section 120.0751, is amended to read:

120.0751 ~~STATE BOARD~~ COMMISSIONER OF EDUCATION; ENROLLMENT EXCEPTIONS.

Subdivision 1. The ~~state board of education~~ commissioner may permit a pupil to enroll in a school district of which the pupil is not a resident under this section.

Subd. 2. The pupil or the pupil's parent or guardian shall make application to the ~~state board~~ commissioner, explaining the particular circumstances which make the nonresident district the appropriate district of attendance for the pupil. The application must be signed by the pupil's parent or guardian and the superintendent of the nonresident district.

Subd. 3. **CRITERIA FOR APPROVAL.** In approving or disapproving the application the ~~state board~~ commissioner shall consider the following:

(a) if the circumstances of the pupil are similar or analogous to the exceptions permitted by section 120.075, whether attending school in the district of residence creates a particular hardship for the pupil; or

(b) if the pupil has been continuously enrolled for at least two years in a dis-

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trict of which the pupil was not a resident because of an error made in good faith about the actual district of residence, whether attending school in the district of residence creates a particular hardship for the pupil. If the ~~board~~ commissioner finds that a good faith error was made and that attending school in the district of residence would create a particular hardship for the siblings of that pupil or foster children of that pupil's parents, ~~it~~ the commissioner may separately approve an application for any or all of the siblings of the pupil who are related by blood, adoption, or marriage and for foster children of the pupil's parents.

Subd. 4. The ~~state board of education~~ commissioner shall render its decision in each case within 60 days of receiving the application in subdivision 2.

Subd. 5. The ~~department of education~~ commissioner shall provide the forms required by subdivision 2. ~~The state board of education~~ and shall adopt the procedures necessary to implement this section.

Subd. 6. **AID.** General education aid, capital expenditure facilities aid, capital expenditure equipment aid, and transportation aid for pupils covered by programs under this section must be paid according to sections 124A.036, subdivision 5, 124.245, subdivision 6, and 124.225, subdivision 8l.

Sec. 3. Minnesota Statutes 1992, section 120.75, is amended to read:

120.75 HEARING.

Subdivision 1. Prior to the initiation of any fee not authorized or prohibited by sections 120.73 and 120.74, the local school board shall hold a public hearing within the district upon three weeks published notice in the district's official newspaper. The local school board shall notify the ~~state board~~ commissioner of any fee it proposes to initiate under this section. If within 45 days of this notification, the ~~state board~~ commissioner does not disapprove the proposed fee, the local school board may initiate the proposed fee.

Subd. 2. The ~~state board~~ commissioner pursuant to the administrative procedure act, sections 14.001 to 14.69, and consistent with the general policy of section 120.72 shall have the power to specify further authorized and prohibited fees and to adopt rules for the purposes of sections 120.71 to 120.76.

Sec. 4. Minnesota Statutes 1992, section 121.15, subdivision 4, is amended to read:

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

Sec. 5. Minnesota Statutes 1992, section 121.201, subdivision 1, is amended to read:

Subdivision 1. **RESPONSIBILITY OF ~~BOARD~~ COMMISSIONER.** The

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

Sec. 6. Minnesota Statutes 1992, section 121.904, subdivision 14, is amended to read:

Subd. 14. The ~~state board~~ commissioner shall specify the fiscal year or years to which the revenue from any aid or tax levy is applicable if Minnesota Statutes do not so specify.

Sec. 7. Minnesota Statutes 1992, section 121.9121, subdivision 1, is amended to read:

Subdivision 1. **STATE BOARD COMMISSIONER'S AUTHORIZATION.** The ~~state board~~ commissioner may authorize a board to transfer money from any fund or account other than the debt redemption fund to another fund or account according to this section.

Sec. 8. Minnesota Statutes 1992, section 121.9121, subdivision 2, is amended to read:

Subd. 2. **APPLICATION.** A board requesting authority to transfer money shall apply to the ~~state board~~ commissioner and provide information requested. The application shall indicate the law or rule prohibiting the desired transfer. It shall be signed by the superintendent and approved by the school board.

Sec. 9. Minnesota Statutes 1992, section 121.9121, subdivision 4, is amended to read:

Subd. 4. **APPROVAL STANDARD.** The ~~state board~~ commissioner may approve a request only when an event has occurred in a district that could not have been foreseen by the district. The event shall relate directly to the fund or account involved and to the amount to be transferred.

Sec. 10. Minnesota Statutes 1992, 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;

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(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 adopted by the ~~state board~~ commissioner 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) develop and maintain a plan 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

(g) operate fixed assets property management information systems consistent with the uniform property accounting and reporting standards adopted by the ~~state board~~ commissioner.

Sec. 11. Minnesota Statutes 1992, 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~~ commissioner 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~~ commissioner with the education committees of the legislature.

When determining the amount of a subsidy grant, the ~~state board~~ commissioner 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 that differ in proportion to the number of districts served and the number of subsystems implemented for those districts;

(e) services provided to districts that enable the districts to meet state reporting requirements;

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(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. 12. Minnesota Statutes 1992, section 121.936, subdivision 4, is amended to read:

Subd. 4. **ALTERNATIVE SYSTEMS; ~~STATE BOARD COMMISSIONER~~**. Upon approval of the proposal by the state board commissioner the district may proceed in accordance with its approved proposal. Except as provided in section 121.931, subdivision 5, an alternative system approved pursuant to this subdivision shall be developed and purchased at the expense of the district. Notwithstanding any law to the contrary, when an alternative system has been approved by the state board commissioner, another district may use the system without state board approval of the commissioner. A district which has submitted a proposal for an alternative system which has been disapproved may not submit another proposal for that fiscal year, but it may submit a proposal for the subsequent fiscal year.

Sec. 13. Minnesota Statutes 1992, section 121.936 subdivision 4a, is amended to read:

Subd. 4a. The ~~department of education~~ commissioner shall develop and implement an alternative reporting system for submission of financial data in summary form. This system shall accommodate the use of a microcomputer finance system to be developed and maintained by the ~~department of education~~ commissioner. The alternative reporting system must comply with sections 121.90 to 121.917. The provisions of this subdivision shall not be construed to require the department to purchase computer hardware nor to prohibit the department from purchasing services from any regional management information center ~~or the Minnesota educational computing consortium~~.

Sec. 14. Minnesota Statutes 1992, section 122.241, subdivision 3, is amended to read:

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

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

(2) at least two districts if either:

(i) both of the districts qualify for secondary sparsity revenue under section 124A.22, subdivision 6, and have an average isolation index over 23; or

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(ii) the combined district qualifies for secondary sparsity revenue;

(3) at least three districts with fewer than 400 resident pupils enrolled in grades 7 through 12 in the combined district; or

(4) at least two districts with fewer than 400 resident pupils enrolled in grades 7 through 12 in the combined district if either district is located on the border of the state.

A combination under clause (2), (3), or (4) must be approved by the ~~state board~~ commissioner of education. The ~~state board~~ commissioner shall disapprove a combination under clause (2), (3), or (4) if the combination is educationally unsound or would not reasonably enable the districts to fulfill statutory and rule requirements.

Sec. 15. Minnesota Statutes 1992, section 122.243, subdivision 1, is amended to read:

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

Sec. 16. Minnesota Statutes 1992, section 122.247, subdivision 3, is amended to read:

Subd. 3. **TRANSITIONAL LEVY.** The board of the combined district, or the boards of combining districts that have received voter approval for the combination under section 122.243, subdivision 2, may levy for the expenses of negotiation, administrative expenses directly related to the transition from cooperation to combination, and the cost of necessary new athletic and music uniforms. The board or boards may levy this amount over three or fewer years. All expenses must be approved by the ~~state board~~ commissioner of education.

Sec. 17. Minnesota Statutes 1992, section 123.35, subdivision 17, is amended to read:

Subd. 17. **SCHOOL HEALTH SERVICES.** (a) Every school board must provide services to promote the health of its pupils.

(b) The board of a district with 1,000 pupils or more in average daily membership in early childhood family education, preschool handicapped, elementary, and secondary programs must comply with the requirements of this paragraph. It may use one or a combination of the following methods:

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(1) employ personnel, including at least one full-time equivalent licensed school nurse or continue to employ a registered nurse not yet certified as a public health nurse as defined in section 145A.02, subdivision 18, who is enrolled in a program that would lead to certification within four years of August 1, 1988;

(2) contract with a public or private health organization or another public agency for personnel during the regular school year, determined appropriate by the board, who are currently licensed under chapter 148 and who are certified public health nurses; or

(3) enter into another arrangement approved by the ~~state board of education commissioner~~.

Sec. 18. Minnesota Statutes 1992, section 123.351, subdivision 6, is amended to read:

Subd. 6. **STATE BOARD COMMISSIONER APPROVAL.** Prior to the commencement of the operation of any center the agreement entered into by participating districts shall be approved by the ~~state board of education commissioner~~.

Sec. 19. Minnesota Statutes 1992, section 123.351, subdivision 8, is amended to read:

Subd. 8. **ADDITION AND WITHDRAWAL OF DISTRICTS.** Upon approval by majority vote of a school board, of the center board, and of the ~~state board of education commissioner~~, an adjoining school district may become a member in the center and be governed by the provisions of this section and the agreement in effect.

Any participating district may withdraw from the center and from the agreement in effect by a majority vote of the full board membership of the participating school district desiring withdrawal and upon compliance with provisions in the agreement establishing the center. Upon receipt of the withdrawal resolution reciting the necessary facts, the center board shall file a certified copy with the county auditors of the counties affected. The withdrawal shall become effective at the end of the next following school year but the withdrawal shall not affect the continued liability of the withdrawing district for bonded indebtedness it incurred prior to the effective withdrawal date.

Sec. 20. Minnesota Statutes 1992, section 123.351, subdivision 9, is amended to read:

Subd. 9. **EXISTING CENTERS.** Centers operating pursuant to section 471.59 which have been approved by the state board of education prior to August 1, 1974 shall be subject to its provisions except subdivision 1. Any changes in center agreements necessary to comply with this section shall be completed within 12 months after August 1, 1974 and filed with the ~~state board commissioner~~ by the administrator of each center. Centers operating pursuant to

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Laws 1967, chapter 822, as amended, Laws 1969, chapter 775, as amended, and Laws 1969, chapter 1060, as amended shall not be subject to the provisions of this section.

Sec. 21. Minnesota Statutes 1992, section 123.3513, is amended to read:

123.3513 ADVANCED ACADEMIC CREDIT.

A school district shall grant academic credit to a pupil attending an accelerated or advanced academic course offered by a higher education institution or a nonprofit public agency other than the district, if the pupil successfully completes the course attended and passes an examination approved by the district. If no comparable course is offered by the district, the state board of education commissioner shall determine the number of credits which shall be granted to a pupil who successfully completes and passes the course. If a comparable course is offered by the district, the school board shall grant a comparable number of credits to the pupil. If there is a dispute between the district and the pupil regarding the number of credits granted for a particular course, the pupil may appeal the school board's decision to the state board of education commissioner. The state board's commissioner's decision regarding the number of credits shall be final.

The credits granted to a pupil shall be counted toward the graduation requirements and subject area requirements of the school district. Evidence of successful completion of each class and credits granted shall be included in the pupil's secondary school record.

Sec. 22. Minnesota Statutes 1992, section 123.3514, subdivision 5, is amended to read:

Subd. 5. **CREDITS.** A pupil may enroll in a course under this section for either secondary credit or post-secondary credit. At the time a pupil enrolls in a course, the pupil shall designate whether the course is for secondary or post-secondary credit. A pupil taking several courses may designate some for secondary credit and some for post-secondary credit. A pupil must not audit a course under this section.

A school district shall grant academic credit to a pupil enrolled in a course for secondary credit if the pupil successfully completes the course. Nine quarter or six semester college credits equal at least one full year of high school credit. Fewer college credits may be prorated. A school district shall also grant academic credit to a pupil enrolled in a course for post-secondary credit if secondary credit is requested by a pupil. If no comparable course is offered by the district, the district shall, as soon as possible, notify the state board of education commissioner, which shall determine the number of credits that shall be granted to a pupil who successfully completes a course. If a comparable course is offered by the district, the school board shall grant a comparable number of credits to the pupil. If there is a dispute between the district and the pupil regarding the number of credits granted for a particular course, the pupil may appeal the

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school board's decision to the ~~state board of education~~ commissioner. The ~~state board's commissioner's~~ decision regarding the number of credits shall be final.

The secondary credits granted to a pupil shall be counted toward the graduation requirements and subject area requirements of the school district. Evidence of successful completion of each course and secondary credits granted shall be included in the pupil's secondary school record. A pupil must provide the school with a copy of the pupil's grade in each course taken for secondary credit under this section. Upon the request of a pupil, the pupil's secondary school record shall also include evidence of successful completion and credits granted for a course taken for post-secondary credit. In either case, the record shall indicate that the credits were earned at a post-secondary institution.

If a pupil enrolls in a post-secondary institution after leaving secondary school, the post-secondary institution shall award post-secondary credit for any course successfully completed for secondary credit at that institution. Other post-secondary institutions may award, after a pupil leaves secondary school, post-secondary credit for any courses successfully completed under this section. An institution may not charge a pupil for the award of credit.

Sec. 23. Minnesota Statutes 1992, section 123.3514, subdivision 8, is amended to read:

Subd. 8. **TRANSPORTATION.** A parent or guardian of a pupil enrolled in a course for secondary credit may apply to the pupil's district of residence for reimbursement for transporting the pupil between the secondary school in which the pupil is enrolled and the post-secondary institution that the pupil attends. The ~~state board of education~~ commissioner shall establish guidelines for providing state aid to districts to reimburse the parent or guardian for the necessary transportation costs, which shall be based on financial need. The reimbursement may not exceed the pupil's actual cost of transportation or 15 cents per mile traveled, whichever is less. Reimbursement may not be paid for more than 250 miles per week. However, if the nearest post-secondary institution is more than 25 miles from the pupil's resident secondary school, the weekly reimbursement may not exceed the reimbursement rate per mile times the actual distance between the secondary school and the nearest post-secondary institution times ten. The state shall pay aid to the district according to the guidelines established under this subdivision. Chapter 14 does not apply to the guidelines.

Sec. 24. Minnesota Statutes 1992, section 123.58, subdivision 6, is amended to read:

Subd. 6. **DUTIES AND POWERS OF ECSU BOARD OF DIRECTORS.** The board of directors shall have authority to maintain and operate an ECSU. Subject to the availability of necessary resources, the powers and duties of this board shall include the following:

(a) The board of directors shall submit within 90 days after the filing of the initial petition with the state board of education and by June 1 of each year

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thereafter to the ~~state board of education~~ commissioner and to each participating school district an annual plan which describes the objectives and procedures to be implemented in assisting in resolution of the educational needs of the ECSU. In formulating the plan the board is encouraged to consider: (1) the number of dropouts of school age in the ECSU area and the reasons for the dropouts; (2) existing programs within participating districts for dropouts and potential dropouts; (3) existing programs of the ECSU for dropouts and potential dropouts and (4) program needs of dropouts and potential dropouts in the area served by the ECSU.

(b) The ECSU board of directors may provide adequate office, service center, and administrative facilities by lease, purchase, gift, or otherwise, subject to the review of the ~~state board of education~~ commissioner as to the adequacy of the facilities proposed.

(c) The ECSU board of directors may employ a central administrative staff and other personnel as necessary to provide and support the agreed upon programs and services. The board may discharge staff and personnel pursuant to provisions of law applicable to independent school districts. ECSU staff and personnel may participate in retirement programs and any other programs available to public school staff and personnel.

(d) The ECSU board of directors may appoint special advisory committees composed of superintendents, central office personnel, building principals, teachers, parents and lay persons.

(e) The ECSU board of directors may employ service area personnel pursuant to licensure standards developed by the ~~state board of education~~ and the board of teaching.

(f) The ECSU board of directors may enter into contracts with school boards of local districts including school districts outside the ECSU area.

(g) The ECSU board of directors may enter into contracts with other public and private agencies and institutions which may include, but are not limited to, contracts with Minnesota institutions of higher education to provide administrative staff and other personnel as necessary to furnish and support the agreed upon programs and services.

(h) The ECSU board of directors shall exercise all powers and carry out all duties delegated to it by participating local school districts under provisions of the ECSU bylaws. The ECSU board of directors shall be governed, when not otherwise provided, by the provisions of law applicable to independent school districts of the state.

(i) The ECSU board of directors shall submit an annual evaluation report of the effectiveness of programs and services to the school districts and nonpublic school administrative units within the ECSU and the ~~state board of education~~ commissioner by September 1 of each year following the school year in which the program and services were provided.

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(j) The ECSU board is encouraged to establish cooperative, working relationships with post-secondary educational institutions in the state.

Sec. 25. Minnesota Statutes 1992, section 123.58, subdivision 7, is amended to read:

Subd. 7. **APPOINTMENT OF AN ADVISORY COUNCIL.** There shall be an advisory council selected to give advice and counsel to the ECSU board of directors. This council shall be composed of superintendents, central office personnel, principals, teachers, parents, and lay persons. Nonpublic school administrative units are encouraged to participate on the council to the extent allowed by law. A plan detailing procedures for selection of membership in this council shall be submitted by the ECSU board of directors to the ~~state board of education~~ commissioner.

Sec. 26. Minnesota Statutes 1992, section 123.58, subdivision 8, is amended to read:

Subd. 8. **EDUCATIONAL PROGRAMS AND SERVICES.** Pursuant to subdivision 6, and rules of the state board of education, the board of directors of each operational ECSU shall submit annually a plan to the public school districts within the ECSU, the nonpublic school administrative units, and the ~~state board of education~~ commissioner. The plan shall identify the programs and services which are suggested for implementation by the ECSU during the following school year and shall contain components of long range planning determined by the ECSU in cooperation with the ~~state board of education~~ commissioner and other appropriate agencies. The ~~state board of education~~ commissioner may review and recommend modification of the proposed plan and conduct ongoing program reviews. These programs and services may include, but are not limited to, the following areas:

- (a) Administrative services and purchasing
- (b) Curriculum development
- (c) Data processing
- (d) Educational television
- (e) Evaluation and research
- (f) In-service training
- (g) Media centers
- (h) Publication and dissemination of materials
- (i) Pupil personnel services
- (j) Regional planning, joint use of facilities, and flexible and year-round school scheduling

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(k) Secondary, post-secondary, community, adult, and adult vocational education

(l) Individualized instruction and services, including services for students with special talents and special needs

(m) Teacher personnel services

(n) Vocational rehabilitation

(o) Health, diagnostic, and child development services and centers

(p) Leadership or direction in early childhood and family education

(q) Community services

(r) Shared time programs.

Sec. 27. Minnesota Statutes 1992, section 123.58, subdivision 9, is amended to read:

Subd. 9. **FINANCIAL SUPPORT FOR THE EDUCATIONAL COOPERATIVE SERVICE UNITS.** (a) Financial support for ECSU programs and services shall be provided by participating local school districts and nonpublic school administrative units with private, state and federal financial support supplementing as available. The ECSU board of directors may, in each year, for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred, assess and certify to each participating school district 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

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reciting the necessary facts, the ECSU board shall file a certified copy with the ~~state board of education~~ commissioner. 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~~ commissioner in accordance with rules adopted by the state board of education pursuant to chapter 14. The ~~state board of education~~ commissioner shall not distribute special state aid or federal aid directly to an ECSU in lieu of distribution to a school district within the ECSU which would otherwise qualify for and be entitled to this aid without the consent of the school board of that district.

(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. 28. Minnesota Statutes 1992, section 123.71, subdivision 1, is amended to read:

Subdivision 1. Every school board shall, no later than October 1, publish the revenue and expenditure budgets submitted to the ~~commissioner of education~~ in accordance with section 121.908, subdivision 4, for the current year and the actual revenues, expenditures, fund balances for the prior year and projected fund balances for the current year in a form prescribed by the ~~state board of education~~ commissioner after consultation with the advisory council on uniform financial accounting and reporting standards. The forms prescribed shall be designed so that year to year comparisons of revenue, expenditures and fund balances can be made. These budgets, reports of revenue, expenditures and fund balances shall be published in a qualified newspaper of general circulation in the district.

Sec. 29. Minnesota Statutes 1992, section 123.932, subdivision 7, is amended to read:

Subd. 7. "Intermediary service area" means a school administrative unit approved by the ~~state board of education~~ commissioner, other than a single school district, including but not limited to the following: (a) an educational cooperative service unit; (b) a cooperative of two or more school districts; (c) learning centers; or (d) an association of schools or school districts.

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Sec. 30. Minnesota Statutes 1992, section 123.947, is amended to read:

123.947 USE OF INDIVIDUALIZED INSTRUCTIONAL MATERIALS.

(a) The ~~department of education~~ commissioner 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~~ commissioner. 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 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 of education~~ commissioner 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. 31. Minnesota Statutes 1992, section 124.09, is amended to read:

124.09 SCHOOL ENDOWMENT FUND, APPORTIONMENT.

The school endowment fund shall be apportioned semiannually by the ~~state board~~ commissioner, on the first Monday in March and October in each year, to districts whose schools have been in session at least nine months. The apportionment shall be in proportion to the number of pupils in average daily membership during the preceding year; provided, that apportionment shall not be paid to a district for pupils for whom tuition is received by the district.

Sec. 32. Minnesota Statutes 1992, section 124.10, subdivision 1, is amended to read:

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Subdivision 1. A copy of the apportionment of the school endowment fund shall be furnished by the ~~state board~~ commissioner to the commissioner of finance, who thereupon shall draw warrants on the state treasury, payable to the several districts, for the amount due each district. There is hereby annually appropriated from the school endowment fund the amount of such apportionments.

Sec. 33. Minnesota Statutes 1992, section 124.14, subdivision 1, is amended to read:

Subdivision 1. The ~~state board~~ commissioner shall supervise distribution of school aids and grants in accordance with law. It may make rules consistent with law for the distribution to enable districts to perform efficiently the services required by law and further education in the state, including reasonable requirements for the reports and accounts to it as will assure accurate and lawful apportionment of aids. State and federal aids and discretionary or entitlement grants distributed by the ~~state board~~ commissioner shall not be subject to the contract approval procedures of the commissioner of administration or to chapter 16A or 16B. The commissioner of ~~education~~ shall adopt internal procedures for administration and monitoring of aids and grants.

Sec. 34. Minnesota Statutes 1992, section 124.14, subdivision 4, is amended to read:

Subd. 4. **FINAL DECISION AND RECORDS.** A reduction of aid under this section may be appealed to the state board of education and its decision shall be final. Public schools shall at all times be open to the inspection of the ~~state board~~ commissioner, and the accounts and records of any district shall be open to inspection by the state auditor, the state board, or the commissioner for the purpose of audits conducted under this section. Each district shall keep for a minimum of three years at least the following: (1) identification of the annual session days held, together with a record of the length of each session day, (2) a record of each pupil's daily attendance, with entrance and withdrawal dates, and (3) identification of the pupils transported who are reported for transportation aid.

Sec. 35. Minnesota Statutes 1992, section 124.17, subdivision 2c, is amended to read:

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

Sec. 36. Minnesota Statutes 1992, section 124.223, subdivision 3, is amended to read:

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Subd. 3. **SECONDARY VOCATIONAL CENTERS.** State transportation aid is authorized for transportation to and from a ~~state board~~ commissioner 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.

Sec. 37. Minnesota Statutes 1992, section 124.2725, subdivision 1, is amended to read:

Subdivision 1. **ELIGIBILITY.** A school district is eligible for cooperation and combination revenue if it has a plan approved by the ~~state board of education~~ commissioner according to section 122.243.

Sec. 38. Minnesota Statutes 1992, section 124.2725, subdivision 13, is amended to read:

Subd. 13. **REVENUE FOR EXTENDED COOPERATION.** If the ~~state board~~ commissioner disapproves of the plan according to section 122.243, subdivision 1, or if a second referendum fails under section 122.243, subdivision 2, cooperation and combination revenue shall equal \$50 times the actual pupil units. Cooperation and combination aid must be reduced by an amount equal to the aid paid under subdivision 6 plus the difference between the aid paid under subdivision 5 for the first two years of the agreement and the aid that would have been paid if the revenue had been \$50 times the actual pupil units. If the aid is insufficient to recover the entire amount, the ~~department of education~~ commissioner shall reduce other aids due the district to recover the entire amount. The cooperation and combination levy shall be reduced by an amount equal to the difference between the levy for the first two years of the agreement and the levy that would have been authorized if the revenue had been \$50 times the actual pupil units. A district that receives revenue under this subdivision may not also receive revenue according to sections 124.2721 and 124.575.

Sec. 39. Minnesota Statutes 1992, section 124.276, subdivision 3, is amended to read:

Subd. 3. **STATE BOARD COMMISSIONER APPROVAL.** The ~~state board~~ commissioner may approve plans and applications for districts throughout the state for career teacher aid. Application procedures and deadlines shall be established by the ~~state board~~ commissioner.

Sec. 40. Minnesota Statutes 1992, section 124.48, subdivision 1, is amended to read:

Subdivision 1. **AWARDS.** The ~~state board~~ commissioner, with the advice and counsel of the Minnesota Indian scholarship committee, may award scholarships to any Minnesota resident student who is of one-fourth or more Indian ancestry, who has applied for other existing state and federal scholarship and grant programs, and who, in the opinion of the ~~board~~ commissioner, has the capabilities to benefit from further education. Scholarships shall be for advanced

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or specialized education in accredited or approved colleges or in business, technical or vocational schools. Scholarships shall be used to defray the total cost of education including tuition, incidental fees, books, supplies, transportation, other related school costs and the cost of board and room and shall be paid directly to the college or school concerned. The total cost of education includes all tuition and fees for each student enrolling in a public institution and the portion of tuition and fees for each student enrolling in a private institution that does not exceed the tuition and fees at a comparable public institution. Each student shall be awarded a scholarship based on the total cost of the student's education and a standardized need analysis. The amount and type of each scholarship shall be determined through the advice and counsel of the Minnesota Indian scholarship committee.

When an Indian student satisfactorily completes the work required by a certain college or school in a school year the student is eligible for additional scholarships, if additional training is necessary to reach the student's educational and vocational objective. Scholarships may not be given to any Indian student for more than five years of study without special approval of the Minnesota Indian scholarship committee.

Sec. 41. Minnesota Statutes 1992, section 124.573, subdivision 3, is amended to read:

Subd. 3. **COMPLIANCE WITH RULES.** Aid shall be paid under this section only for services rendered or for costs incurred in secondary vocational education programs approved by the ~~state department of education~~ commissioner and operated in accordance with rules promulgated by the state board of ~~education~~. These rules shall provide minimum student-staff ratios required for a secondary vocational education program in a cooperative center to qualify for this aid. The rules shall not require any minimum number of administrative staff, any minimum period of coordination time or extended employment for secondary vocational education personnel, or the availability of vocational student activities or organizations for a secondary vocational education program to qualify for this aid. The requirement in these rules that program components be available for a minimum number of hours shall not be construed to prevent pupils from enrolling in secondary vocational education courses on an exploratory basis for less than a full school year. The state board of ~~education~~ shall not require a school district to offer more than four credits or 560 hours of vocational education course offerings in any school year. Rules relating to secondary vocational education programs shall not incorporate the provisions of the state plan for vocational education by reference. This aid shall be paid only for services rendered and for costs incurred by essential, licensed personnel who meet the work experience requirements for licensure pursuant to the rules of the state board of ~~education~~. Licensed personnel means persons holding a valid secondary vocational license issued by the ~~department of education~~ commissioner, except that when an average of five or fewer secondary full-time equivalent students are enrolled per teacher in an approved post-secondary program at intermediate district No. 287, 916, or 917, licensed personnel means persons holding a valid

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vocational license issued by the ~~department of education~~ commissioner or the state board for vocational technical education. Notwithstanding section 124.15, the commissioner may modify or withdraw the program or aid approval and withhold aid under this section without proceeding under section 124.15 at any time. To do so, the commissioner must determine that the program does not comply with rules of the state board or that any facts concerning the program or its budget differ from the facts in the district's approved application.

Sec. 42. Minnesota Statutes 1992, section 124.625, is amended to read:

124.625 VETERANS TRAINING.

The ~~state board of education~~ commissioner shall continue the veterans training program. All receipts to the veterans training revolving fund for the veterans training program are appropriated to the ~~state board~~ commissioner to pay the necessary expenses of operation of the program. The ~~state board~~ department of education shall act as the state agency for approving educational institutions for purposes of United States Code, title 38, chapter 36, relating to educational benefits for veterans and other persons. The state board may adopt rules to fulfill its obligations as the state approving agency. All federal money received for purposes of the veterans training program shall be deposited in the veterans training revolving fund and is appropriated to the ~~state board~~ department for those purposes.

Sec. 43. Minnesota Statutes 1992, section 124A.27, subdivision 2, is amended to read:

Subd. 2. **STATE ASSISTANCE.** The ~~state board of education and the commissioner of education~~ shall provide assistance to school boards offering the programs enumerated in this section. The ~~state board or commissioner~~ may establish an advisory committee for any program area. Technical assistance shall be provided commensurate with school board and district needs. State board ~~of education~~ rules apply to all programs or portions of programs offered.

Sec. 44. Minnesota Statutes 1992, section 125.185, subdivision 6, is amended to read:

Subd. 6. The ~~state board of education~~ commissioner shall provide all necessary materials and assistance for the transaction of the business of the board of teaching and all moneys received by the board of teaching shall be paid into the state treasury as provided by law. The expenses of administering sections 125.01 to 125.187 which are incurred by the board of teaching shall be paid for from appropriations made to the board of teaching.

Sec. 45. Minnesota Statutes 1992, section 126.151, subdivision 2, is amended to read:

Subd. 2. **ACCOUNTS OF THE ORGANIZATION.** The commissioner and the state boards of education and board of technical colleges may retain

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dues and other money collected on behalf of students participating in approved vocational student organizations and may deposit the money in separate accounts. The money in these accounts shall be available for expenditures for state and national activities related to specific organizations. Administration of money collected under this section is not subject to the provisions of chapters 15, 16A, and 16B, and may be deposited outside the state treasury. Money shall be administered under the policies of the applicable state board or agency relating to post-secondary and secondary vocational student organizations and is subject to audit by the legislative auditor. Any unexpended money shall not cancel but may be carried forward to the next fiscal year.

Sec. 46. Minnesota Statutes 1992, section 126.239, subdivision 3, is amended to read:

Subd. 3. **SUBSIDY FOR EXAMINATION FEES.** The state may pay all or part of the fee for advanced placement or international baccalaureate examinations for pupils in public and nonpublic schools whose circumstances make state payment advisable. The ~~state board of education~~ commissioner shall adopt a schedule for fee subsidies that may allow payment of the entire fee for low-income families, as defined by the ~~state board~~ commissioner. The ~~state board~~ commissioner may also determine the circumstances under which the fee is subsidized, in whole or in part. The ~~state board~~ commissioner shall determine procedures for state payments of fees.

Sec. 47. Minnesota Statutes 1992, section 126.267, is amended to read:

126.267 TECHNICAL ASSISTANCE.

The ~~state board of education~~ commissioner shall provide technical assistance to school districts receiving aid pursuant to section 124.273 and to post-secondary institutions for preservice and in-service training for bilingual education teachers and English as a second language teachers employed in educational programs for limited English proficient students, teaching methods, curriculum development, testing and testing mechanisms, and the development of instructional materials for these educational programs.

Sec. 48. Minnesota Statutes 1992, section 126.52, subdivision 8, is amended to read:

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

Sec. 49. Minnesota Statutes 1992, section 126.52, subdivision 9, is amended to read:

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

Sec. 50. Minnesota Statutes 1992, section 126.54, subdivision 1, is amended to read:

Subdivision 1. **GRANTS; PROCEDURES.** Each fiscal year the state board of education shall make grants to no fewer than six American Indian language and culture education programs. At least three programs shall be in urban areas and at least three shall be on or near reservations. The board of a local district, a participating school or a group of boards may develop a proposal for grants in support of American Indian language and culture education programs. Proposals may provide for contracts for the provision of program components by nonsectarian nonpublic, community, tribal, or alternative schools. The ~~state board~~ commissioner shall prescribe the form and manner of application for grants, and no grant shall be made for a proposal not complying with the requirements of sections 126.45 to 126.55. The state board shall submit all proposals to the state advisory task force on American Indian language and culture education programs for its recommendations concerning approval, modification, or disapproval and the amounts of grants to approved programs.

Sec. 51. Minnesota Statutes 1992, section 126.56, subdivision 4a, is amended to read:

Subd. 4a. **ELIGIBLE PROGRAMS.** A scholarship may be used only for an eligible program. To be eligible, a program must:

(1) provide, as its primary purpose, academic instruction for student enrichment in curricular areas including, but not limited to, communications, humanities, social studies, social science, science, mathematics, art, or foreign languages;

(2) not be offered for credit to post-secondary students;

(3) not provide remedial instruction;

(4) meet any other program requirements established by the state board of education and the higher education coordinating board; and

(5) be approved by the ~~state board of education~~ commissioner.

Sec. 52. Minnesota Statutes 1992, section 126.56, subdivision 7, is amended to read:

Subd. 7. **ADMINISTRATION.** The ~~state board of education and the higher education coordinating board~~ and commissioner shall determine the time and manner for scholarship applications, awards, and program approval.

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Sec. 53. Minnesota Statutes 1992, section 126.665, is amended to read:

126.665 STATE CURRICULUM ADVISORY COMMITTEE.

The ~~commissioner~~ state board shall appoint a state curriculum advisory committee of 11 members to advise ~~the state board~~ it and the department on the PER process. Nine members shall be from each of the educational cooperative service units and two members shall be at-large. The committee shall include representatives from the state board of education, higher education, parents, teachers, administrators, business, and school board members. ~~Each member shall be a present or past member of a district curriculum advisory committee.~~ The state committee shall provide information and recommendations about at least the following:

- (1) department procedures for reviewing and approving reports and disseminating information;
- (2) exemplary PER processes;
- (3) recommendations for improving the PER process and reports; and
- (4) developing a continuous process for identifying and attaining essential learner outcomes.

The committee expires as provided in section 15.059, subdivision 5.

Sec. 54. Minnesota Statutes 1992, section 126A.07, subdivision 1, is amended to read:

Subdivision 1. **COOPERATION AND SUPPORT.** The director shall cooperate with and support the environmental education program developed by the state board ~~of education~~ and the ~~department of education~~ commissioner.

Sec. 55. Minnesota Statutes 1992, section 128A.024, subdivision 2, is amended to read:

Subd. 2. **VARIOUS LEVELS OF SERVICE.** The academies must provide their pupils with the levels of service defined in ~~state board~~ rules of the state board.

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ARTICLE 14

REFERENCES TO REPEALED LAW

Section 1. Minnesota Statutes 1992, 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 1992, section 89.35, subdivision 2, is amended to read:

Subd. 2. **PURPOSE OF PLANTING.** The purposes for which trees may be produced, procured, distributed, and planted under sections 89.35 to 89.39 shall include auxiliary forests, woodlots, windbreaks, shelterbelts, erosion control, soil conservation, water conservation, provision of permanent food and cover for wild life, environmental education, and afforestation and reforestation on public or private lands of any kind, but shall not include the raising of fruit for human consumption or planting for purely ornamental purposes ~~other than in connection with an environmental education program as provided in section 126.114.~~ It is hereby declared that all such authorized purposes are in furtherance of the public health, safety, and welfare.

Sec. 3. Minnesota Statutes 1992, section 120.17, subdivision 7a, is amended to read:

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

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

(b) When it is determined pursuant to section 128A.05, subdivision 1 or 2, that the child is entitled to attend either school, the state board shall provide the appropriate educational program for the child. The state board shall make a tuition charge to the child's district of residence for the cost of providing the

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program. The amount of tuition charged shall not exceed the basic revenue of the district for that child, for the amount of time the child is in the program. For purposes of this subdivision, "basic revenue" has the meaning given it in section 124A.22, subdivision 2. The district of the child's residence shall pay the tuition and may claim general education aid for the child. ~~The district of the child's residence shall not receive aid pursuant to section 124.32, subdivision 5, for tuition paid pursuant to this subdivision.~~ Tuition received by the state board, except for tuition received under clause (c), shall be deposited in the state treasury as provided in clause (g).

(c) In addition to the tuition charge allowed in clause (b), the academies may charge the child's district of residence for the academy's unreimbursed cost of providing an instructional aide assigned to that child, if that aide is required by the child's individual education plan. Tuition received under this clause must be used by the academies to provide the required service.

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

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

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

(g) On May 1 of each year, the state board shall count the actual number of Minnesota resident kindergarten and elementary students and the actual number of Minnesota resident secondary students enrolled and receiving education services at the Minnesota state academy for the deaf and the Minnesota state academy for the blind. The state board shall deposit in the state treasury an amount equal to all tuition received less:

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(1) the total number of students on May 1 less 175, times the ratio of the number of kindergarten and elementary students to the total number of students on May 1, times the general education formula allowance; plus

(2) the total number of students on May 1 less 175, times the ratio of the number of secondary students on May 1 to the total number of students on May 1, times 1.3, times the general education formula allowance.

(h) The sum provided by the calculation in clause (g), subclauses (1) and (2), must be deposited in the state treasury and credited to the general operation account of the academy for the deaf and the academy for the blind.

(i) There is annually appropriated to the department of education for the Faribault academies the tuition amounts received and credited to the general operation account of the academies under this section. A balance in an appropriation under this paragraph does not cancel but is available in successive fiscal years.

Sec. 4. Minnesota Statutes 1992, section 121.11, subdivision 5, is amended to read:

Subd. 5. **UNIFORM SYSTEM OF RECORDS AND OF ACCOUNTING.** The state board shall prepare a uniform system of records for public schools, require reports from superintendents and principals of schools, teachers, school officers, and the chief officers of public and other educational institutions, to give such facts as it may deem of public value. Beginning in fiscal year 1977, all reports required of school districts by the state board shall be in conformance with the uniform financial accounting and reporting system ~~adopted pursuant to section 121.902.~~ With the cooperation of the state auditor, the state board shall establish and carry into effect a uniform system of accounting by public school officers and it shall have authority to supervise and examine the accounts and other records of all public schools.

Sec. 5. Minnesota Statutes 1992, section 121.908, subdivision 6, is amended to read:

Subd. 6. A school district providing early retirement incentive payments under section 125.611, severance pay under section 465.72, or health insurance benefits to retired employees under section 471.61, must account for the payments according to uniform financial accounting and reporting standards ~~adopted for Minnesota school districts pursuant to section 121.902.~~

Sec. 6. Minnesota Statutes 1992, section 121.932, subdivision 3, is amended to read:

Subd. 3. **EXEMPTION FROM CHAPTER 14.** ~~Except as provided in section 121.931, subdivision 8;~~ The annual data acquisition calendar and the essential data elements are exempt from the administrative procedure act but, to the extent authorized by law to adopt rules, the board may use the provisions of section 14.38, subdivisions 5 to 9.

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

Sec. 7. Minnesota Statutes 1992, section 123.71, subdivision 1, is amended to read:

Subdivision 1. Every school board shall, no later than October 1, publish the revenue and expenditure budgets ~~submitted to the commissioner of education in accordance with section 121.908, subdivision 4,~~ for the current year and the actual revenues, expenditures, fund balances for the prior year and projected fund balances for the current year in a form prescribed by the state board of education after consultation with the advisory council on uniform financial accounting and reporting standards. The forms prescribed shall be designed so that year to year comparisons of revenue, expenditures and fund balances can be made. These budgets, reports of revenue, expenditures and fund balances shall be published in a qualified newspaper of general circulation in the district.

Sec. 8. Minnesota Statutes 1992, section 124.155, subdivision 2, is amended to read:

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

- (1) general education aid authorized in sections 124A.23 and 124B.20;
- (2) secondary vocational aid authorized in section 124.573;
- (3) special education aid authorized in section 124.32;
- (4) secondary vocational aid for children with a disability authorized in section 124.574;
- (5) aid for pupils of limited English proficiency authorized in section 124.273;
- (6) transportation aid authorized in section 124.225;
- (7) community education programs aid authorized in section 124.2713;
- (8) adult education aid authorized in section 124.26;
- (9) early childhood family education aid authorized in section 124.2711;
- (10) capital expenditure aid authorized in sections 124.243, 124.244, and 124.83;
- (11) ~~education district aid according to section 124.2721;~~
- (12) secondary vocational cooperative aid according to section 124.575;
- (13) (12) assurance of mastery aid according to section 124.311;
- (14) (13) individual learning and development aid according to section 124.331;

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

(14) (14) homestead credit under section 273.13 for taxes payable in 1989 and additional transition credit under section 273.1398, subdivision 5, for taxes payable in 1990 and thereafter;

(15) (15) agricultural credit under section 273.132 for taxes payable in 1989 and additional transition credit under section 273.1398, subdivision 5, for taxes payable in 1990 and thereafter;

(16) (16) homestead and agricultural credit aid and disparity reduction aid authorized in section 273.1398, subdivision 2;

(17) (17) attached machinery aid authorized in section 273.138, subdivision 3; and

(18) (18) alternative delivery aid authorized in section 124.322.

(b) 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. 9. Minnesota Statutes 1992, section 124.195, subdivision 8, is amended to read:

Subd. 8. **PAYMENT PERCENTAGE FOR REIMBURSEMENT AIDS.** One hundred percent of the aid for the last fiscal year must be paid for the following aids: ~~special education residential aid according to section 124.32, subdivision 5;~~ special education pupil aid according to section 124.32, subdivision 6; special education summer school aid, according to section 124.32, subdivision 10; and planning, evaluating, and reporting process aid according to section 124.274.

Sec. 10. Minnesota Statutes 1992, section 124.2711, subdivision 2, is amended to read:

Subd. 2. **POPULATION.** For the purposes of subdivision 1, data reported to the department of education ~~according to the provisions of section 120.095~~ may be used to determine the number of people under five years of age residing in the district. The commissioner, with the assistance of the state demographer, shall review the number reported by any district operating an early childhood family education program. If requested, the district shall submit to the commissioner an explanation of its methods and other information necessary to document accuracy. If the commissioner determines that the district has not provided sufficient documentation of accuracy, the commissioner may request the state demographer to prepare an estimate of the number of people under five years of age residing in the district and may use this estimate for the purposes of subdivision 1.

Sec. 11. Minnesota Statutes 1992, section 124.322, subdivision 2, is amended to read:

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

Subd. 2. **AMOUNT OF ALTERNATIVE DELIVERY REVENUE.** For the first fiscal year after approval of an application, a district shall receive the sum of the revenue it received for the preceding fiscal year for its special education program under section 124.32, subdivisions 1b, 2, ~~5~~, and 10, and Minnesota Statutes 1990, section 275.125, subdivision 8c, or section 124.321, subdivisions 1 and 2, as applicable, multiplied by 1.03. For each of the next two fiscal years, the district shall receive the amount it received for the previous fiscal year multiplied by 1.03.

Sec. 12. Minnesota Statutes 1992, section 124.322, subdivision 3, is amended to read:

Subd. 3. **ALTERNATIVE DELIVERY AID.** For the first fiscal year after approval of an application, a district shall receive the sum of the aid it received for the preceding fiscal year under section 124.32, subdivisions 1b, 2, ~~5~~, and 10, multiplied by 1.03. The aid for the first year of revenue shall not be prorated. For each of the next two fiscal years, the district shall receive the amount of aid it received for the previous fiscal year multiplied by 1.03. A district that receives aid under this subdivision shall not receive aid under section 124.32, subdivisions 1b, 2, ~~5~~, and 10, for the same fiscal year.

Sec. 13. Minnesota Statutes 1992, section 126.54, subdivision 3, is amended to read:

Subd. 3. **ADDITIONAL REQUIREMENTS.** Each school district receiving a grant under this section shall each year conduct a count of American Indian children in the schools of the district; test for achievement; identify the extent of other educational needs of the children to be enrolled in the American Indian language and culture education program; and classify the American Indian children by grade, level of educational attainment, age and achievement. ~~This count may be part of the school census required pursuant to section 120.095.~~ Participating schools shall maintain records concerning the needs and achievements of American Indian children served.

Sec. 14. Minnesota Statutes 1992, section 127.20, is amended to read:

127.20 VIOLATIONS; PENALTIES.

Any person who fails or refuses to provide for instruction of a child of whom the person has legal custody, and who is required by section 120.101, subdivision 5, ~~or by a policy adopted under section 120.101, subdivision 5a~~, to receive instruction, when notified so to do by a truant officer or other official, or any person who induces or attempts to induce any such child unlawfully to be absent from school, or who knowingly harbors or employs, while school is in session, any child unlawfully absent from school, shall be guilty of a misdemeanor and, upon conviction, shall be punished by a fine of not more than \$50, or by imprisonment for not more than 30 days. All fines, when collected, shall be paid into the county treasury for the benefit of the school district in which the offense is committed.

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

Sec. 15. Minnesota Statutes 1992, section 136C.04, subdivision 6, is amended to read:

Subd. 6. **ACCOUNTING AND REPORTING STANDARDS.** The state board shall maintain the uniform financial accounting and reporting system according to the provisions of sections ~~121.90~~ 121.904 to 121.917; ~~except that reports required by section 121.908 must be submitted to the state board on dates determined by the state board.~~ All expenditures and revenue related to summer session credit courses must be recognized in the fiscal year in which the course begins.

Sec. 16. **INSTRUCTIONS TO REVISOR.**

(a) In the next edition of Minnesota Statutes, the revisor must, in the section or subdivision listed in column A, delete the reference listed in column B.

<u>Column A</u>	<u>Column B</u>
<u>121.904, subd. 4a</u>	<u>124.2721, subd. 3</u>
<u>121.904, subd. 4e</u>	<u>124.2721</u>
<u>121.904, subd. 4e</u>	<u>124.2721, subd. 3</u>
<u>124.155, subd. 1</u>	<u>124.912, subd. 5</u>
<u>124.2725, subd. 13</u>	<u>124.2721</u>
<u>273.1398, subd. 6</u>	<u>124.2721</u>
<u>274.20, subd. 2</u>	<u>124.2721</u>

(b) In the next edition of Minnesota Statutes, the revisor must, in the section or subdivision listed in column A, change the reference listed in column B to the reference listed in column C.

<u>Column A</u>	<u>Column B</u>	<u>Column C</u>
<u>16B.43</u>	<u>121.937</u>	<u>121.936</u>
<u>120.064, subd. 8</u>	<u>121.901</u>	<u>121.904</u>
<u>121.93, subd. 1</u>	<u>121.937</u>	<u>121.936</u>
<u>121.931, subd. 1</u>	<u>121.937</u>	<u>121.936</u>
<u>121.935, subd. 1</u>	<u>121.937</u>	<u>121.936</u>
<u>121.935, subd. 2</u>	<u>121.90</u>	<u>121.904</u>
<u>121.936, subd. 4a</u>	<u>121.90</u>	<u>121.904</u>
<u>124.14, subd. 2</u>	<u>121.90</u>	<u>121.904</u>
<u>126.269</u>	<u>126.268</u>	<u>126.267</u>

Sec. 17. **REPEALER.**

Minnesota Statutes 1992, sections 121.93, subdivision 5; 124.195, subdivision 13; and 128B.03, subdivision 2, are repealed.

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

ARTICLE 15

Section 1. Minnesota Statutes 1992, section 124A.029, subdivision 4, is amended to read:

Subd. 4. **PER PUPIL REVENUE OPTION.** A district may, by school board resolution, request that the department convert the levy authority under section 124.912, subdivisions 2 and 3, or its current referendum revenue, excluding authority based on a dollar amount, authorized before July 1, ~~1991~~ 1993, to an allowance per pupil. The district must adopt a resolution and submit a copy of the resolution to the department by July 1, ~~1992~~ 1993. The department shall convert a district's revenue for fiscal year ~~1994~~ 1995 and later years as follows: the revenue allowance equals the amount determined by dividing the district's maximum revenue under section 124A.03 or 124.912, subdivisions 2 and 3, for fiscal year ~~1993~~ 1994 by the district's ~~1992-1993~~ 1993-1994 actual pupil units. A district's maximum revenue for all later years for which the revenue is authorized equals the revenue allowance times the district's actual pupil units for that year. If a district has referendum authority under section 124A.03 and levy authority under section 124.912, subdivisions 2 and 3, and the district requests that each be converted, the department shall convert separate revenue allowances for each. However, if a district's referendum revenue is limited to a dollar amount, the maximum revenue under section 124A.03 must not exceed that dollar amount. If the referendum authority of a district is converted according to this subdivision, the authority expires ~~July 1, 1997~~ June 30, 1997, unless it is scheduled to expire sooner.

Sec. 2. DECLINING PUPIL UNIT AID.

(a) For fiscal year 1994 only, a school district is eligible for declining pupil unit aid equal to the greater of zero or the result of the following computation:

(1) add 77 percent of the district's actual pupil units for fiscal year 1994 and 23 percent of the district's actual pupil units for fiscal year 1993;

(2) subtract from the amount calculated in clause (1) the district's actual pupil units for fiscal year 1994; and

(3) multiply the amount determined in clause (2) by the basic formula allowance for that year.

(b) The aid amount calculated under paragraph (a) is available from the general education appropriation under article 1, section 41, subdivision 2, to the department of education for payment of declining pupil unit aid.

Sec. 3. FISCAL YEAR 1996 AND FISCAL YEAR 1997 APPROPRIATIONS.

The appropriations for the 1996-1997 biennium for programs contained in this bill will be \$2,770,488,000 for fiscal year 1996 and \$2,953,102,000 for fiscal

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year 1997, plus or minus any adjustments due to variance in pupil forecasts, levies or other factors generating entitlements for the general revenue program established in Minnesota Statutes, section 124A.04. These amounts will first be allocated to fully fund the general revenue program. Amounts remaining will be allocated to other programs in proportion to the fiscal year 1995 appropriations or the entitlements generated by existing law for those programs for each year, up to the amount of the entitlement or the fiscal year 1995 appropriations. Any amounts remaining after allocation to these other programs may be maintained in a reserve account pending recommendations of the governor and legislature in the 1995 session.

Sec. 4. **EFFECTIVE DATE.**

Section 1 is effective the day following final enactment.

Presented to the governor May 13, 1993

Signed by the governor May 17, 1993, 10:38 p.m.

CHAPTER 225—S.F.No. 1496

VETOED

CHAPTER 226—S.F.No. 1115

An act relating to natural resources; modifying provisions relating to aquaculture; providing penalties; amending Minnesota Statutes 1992, sections 17.4982, subdivisions 1, 8, and by adding a subdivision; 17.4983, subdivision 2; 17.4984, subdivision 2; 17.4985, subdivisions 2 and 3; 17.4986, subdivision 2, and by adding a subdivision; 17.4991, subdivisions 3, 4, and by adding a subdivision; 17.4992, subdivision 3; 18B.26, subdivision 1; 97C.203; 97C.515, subdivision 4, and by adding a subdivision; 97C.525, subdivision 3; and 103G.2241; proposing coding for new law in Minnesota Statutes, chapter 17.

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

Section 1. Minnesota Statutes 1992, section 17.4982, subdivision 1, is amended to read:

Subdivision 1. **SCOPE.** The definitions in this section apply to sections 17.4981 to ~~17.4997~~ 17.4998.

Sec. 2. Minnesota Statutes 1992, section 17.4982, is amended by adding a subdivision to read:

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