

year 2000, and \$1,387,100,000 for fiscal year 2001, 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. If the levy target for fiscal year 1999 or fiscal year 2000 is changed by another law enacted during the 1997 or 1998 session, the commissioner shall reduce the general education levy target in this section by the amount of the reduction in the enacted law.

Sec. 7. 1998 H. F. No. 2874, article 1, section 51, if enacted, is amended to read:

Sec. 51. REPEALER.

(a) Minnesota Statutes 1997 Supplement, section 124.912, subdivisions 2 and 3, are repealed effective for taxes payable in 1998.

(b) Minnesota Statutes 1996, sections 121.904, subdivision 4c; and 124.2601, subdivision 4, are repealed.

(c) Minnesota Statutes 1997 Supplement, section 124.2601, subdivision 5, is repealed effective July 1, 1999.

(d) Minnesota Statutes 1996, section 124.2713, subdivision 6b, is repealed effective for taxes payable in 1999 and revenue for fiscal year 2000.

(e) ~~Minnesota Statutes 1996, section 124.2727, subdivision 6b, is repealed effective for taxes payable in 1999.~~

(f) Minnesota Statutes 1996, section 124A.292, subdivisions 2 and 4, are repealed effective for revenue for fiscal year 2000.

~~(g)~~ (f) Laws 1997, chapter 231, article 1, section 17, is repealed effective the day following final enactment.

Sec. 8. FORMULA ALLOWANCE.

For fiscal year 2000 the basic formula allowance under Minnesota Statutes, section 124A.22, subdivision 2, is increased by \$67 per actual pupil unit for purposes of calculating compensatory revenue and sparsity revenue under Minnesota Statutes, section 124A.22.

Presented to the governor April 10, 1998

Signed by the governor April 21, 1998, 10:10 a.m.

CHAPTER 398—H.F.No. 2874

An act relating to state government; education and educational programs; kindergarten through grade 12; providing for general education; special education; interagency service, lifelong learning, and technology; facilities and organization; policies promoting academic excellence; education policy issues; libraries; state agencies; miscellaneous provisions; appropriating money; amending Minnesota Statutes 1996, sections 43A.17, subdivisions 9 and 10; 120.03, subdivision 1; 120.06, subdivision 2a; 120.064, subdivision 5; 120.101, subdivision 3; 120.17, subdivisions 1, 2, 3, 3a, 3b, 6, 7, 7a, 9, and 15; 120.1701, subdivisions 2, 5, 11, and 17; 120.173, subdivisions 1 and 6;

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120.73, subdivision 1; 121.11, subdivision 7d; 121.1115, by adding a subdivision; 121.14; 121.148, subdivision 3; 121.16, by adding subdivisions; 121.1601, subdivision 2; 121.908, subdivisions 2 and 3; 122.23, subdivisions 2b and 6; 123.34, subdivision 9; 123.35, subdivision 19a; 123.3514, by adding a subdivision; 123.39, subdivision 1, and by adding a subdivision; 123.805, subdivision 1; 123.935, subdivisions 1 and 2; 124.078; 124.14, subdivision 7, and by adding a subdivision; 124.17, subdivision 2; 124.225, subdivisions 7f and 8m; 124.248, subdivisions 1 and 1a; 124.2713, subdivision 6a; 124.2727, subdivisions 6a and 6c; 124.273, by adding a subdivision; 124.32, by adding a subdivision; 124.3201, subdivision 5; 124.323, by adding a subdivision; 124.646, subdivision 4; 124.755, subdivision 1; 124.83, subdivision 8; 124.85, subdivision 4; 124.91, subdivision 6; 124.95, subdivision 6; 124A.03, subdivisions 2b and 3c; 124A.034, subdivision 2; 124A.036, subdivisions 1a, 4, 6, and by adding a subdivision; 124A.22, by adding a subdivision; 124A.29, subdivision 1; 124A.292, subdivision 3; 124A.30; 124C.45, subdivision 2; 124C.47; 124C.48, by adding a subdivision; 125.183, subdivisions 1 and 3; 125.191; 126.12, subdivision 1; 126.237; 126.70, subdivision 2a; 127.27, subdivision 2; 128A.02, subdivisions 1, 3, 3b, 5, 6, and by adding subdivisions; 128A.022; 128A.023, subdivisions 1 and 2; 128A.026, subdivisions 1 and 3; 128A.07, subdivision 2; 169.451, subdivision 5; 254A.17, subdivision 1, and by adding a subdivision; 256B.0625, subdivision 26; 260.015, subdivision 19; 260.131, subdivision 1b; 260.132, subdivision 1; 260A.05, subdivision 2; 260A.06; and 268.665, subdivision 3; Minnesota Statutes 1997 Supplement, sections 120.064, subdivision 3; 120.101, subdivision 5; 120.1701, subdivision 3; 120.181; 121.11, subdivision 7c; 121.1113, subdivision 1; 121.15, subdivision 6; 121.904, subdivision 4a; 124.17, subdivisions 4, 6, and 7; 124.195, subdivision 7; 124.248, subdivisions 2a and 6; 124.2601, subdivisions 3 and 6; 124.2711, subdivision 2a; 124.2713, subdivision 6; 124.3111, subdivision 2; 124.3201, subdivision 2; 124.6475; 124.648, subdivision 3; 124.91, subdivisions 1 and 5; 124A.036, subdivision 5; 124A.22, subdivisions 1, 2, 11, and 13b; 124A.23, subdivision 1; 124A.28, subdivisions 1 and 1a; 124C.46, subdivisions 1 and 2; 126.79, subdivisions 3, 6, 7, 8, and 9; 127.27, subdivisions 10 and 11; 127.31, subdivision 15; 127.32; 127.36, subdivision 1; 127.38; 128A.02, subdivision 7; 169.01, subdivision 6; 268.665, subdivision 2; and 290.0674, subdivision 1; Laws 1992, chapter 499, article 7, section 31; Laws 1993, chapter 224, article 3, section 32; Laws 1996, chapter 412, article 12, section 12, subdivision 5; Laws 1997, chapter 157, section 71; Laws 1997, First Special Session chapter 4, article 1, sections 58 and 61, subdivision 3; article 2, section 51, subdivisions 2, 4, 5, 25, 29, and 33; article 3, sections 23, by adding a subdivision, and 25, subdivision 4; article 4, sections 34 and 35, subdivision 9; article 5, sections 24, subdivision 4, and 28, subdivisions 4, 9, 10, 11, 12, and 17; article 6, section 20, subdivision 4; article 8, section 4, subdivision 3; article 9, sections 11 and 12, subdivision 6; article 10, sections 3, subdivision 2, 4, and 5; proposing coding for new law in Minnesota Statutes, chapters 120; 121; 123; 124A; and 145; repealing Minnesota Statutes 1996, sections 121.02; 121.11, subdivisions 5, 7, 7b, 7d, 9, 11, 12, and 14; 121.904, subdivision 4c; 124.2601, subdivision 4; 124.2713, subdivision 6b; 124.2727, subdivision 6b; 124.647; and 124A.292, subdivisions 2 and 4; Minnesota Statutes 1997 Supplement, sections 121.11, subdivision 7e; 124.2601, subdivision 5; 124.912, subdivisions 2 and 3; and 169.452; Laws 1993, chapter 146, article 5, section 20; and Laws 1997, chapter 231, article 1, section 17; Minnesota Rules, part 3525.2750, subpart 1, item B.

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

ARTICLE 1

GENERAL EDUCATION

Section 1. Minnesota Statutes 1997 Supplement, section 124.904, subdivision 4a, is amended to read:

Subd. 4a. **LEVY RECOGNITION.** (a) "School district tax settlement revenue" means the current, delinquent, and manufactured home property tax receipts collected by the county and distributed to the school district, including distributions made pursuant to section ~~279.37~~, subdivision 7, and excluding the amount levied pursuant to section ~~124.914~~, subdivision 1.

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

(1) the 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 31 percent of the amount of the levy certified in the prior calendar year according to section ~~124A.03~~, subdivision 2; or

(3)(i) 7.0 percent of the lesser of the amount of the general education levy certified in the prior calendar year according to section ~~124A.23~~, subdivision 2, or the difference between the amount of the total general fund levy certified in the prior calendar year and the sum of the amounts certified in the prior calendar year according to sections ~~124A.03~~, subdivision 2; ~~124.315~~, subdivision 4; ~~124.912~~, subdivisions 1, paragraph (2), 2, and 3; ~~124.916~~, subdivisions 1, 2, and 3, paragraphs (4), (5), and (6); and ~~124.918~~, subdivision 6; plus

(ii) 31 percent of the referendum levy certified in the prior calendar year according to section ~~124A.03~~, subdivision 2; plus

(iii) the entire amount of the levy certified in the prior calendar year according to sections ~~124.315~~, subdivision 4; ~~124.912~~, subdivisions 1, paragraph (2), 2, and 3; ~~124.916~~, subdivisions 1, 2, and 3, paragraphs (4), (5), and (6); and ~~124.918~~, subdivision 6.

(i) 31 percent of the referendum levy certified in the prior calendar year according to section 124A.03, subdivision 2; plus

(ii) the entire amount of the levy certified in the prior calendar year according to sections 124.912, subdivisions 1, paragraph (2), 2, and 3; 124.315, subdivision 4; 124.916, subdivisions 1, 2, and 3, paragraphs (4), (5), and (6); and 124.918, subdivision 6.

(e) 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).

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(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 1996, section 121.908, subdivision 2, is amended to read:

Subd. 2. Each district shall submit to the commissioner by August September 15 of each year an unaudited financial statement data for the preceding fiscal year. This statement These financial data shall be submitted on forms in the format prescribed by the commissioner.

Sec. 3. Minnesota Statutes 1996, section 121.908, subdivision 3, is amended to read:

Subd. 3. ~~By December 31~~ November 30 of the calendar year of the submission of the unaudited financial statement data, the district shall provide to the commissioner and state auditor an audited financial data for the preceding fiscal year. An audited financial statement prepared in a form which will allow comparison with and correction of material differences in the unaudited statement financial data shall be submitted to the commissioner and the state auditor by December 31. The audited financial statement must also provide a statement of assurance pertaining to uniform financial accounting and reporting standards compliance and a copy of the management letter submitted to the district by the school district's auditor.

Sec. 4. Minnesota Statutes 1996, section 124.14, subdivision 7, is amended to read:

Subd. 7. **APPROPRIATION TRANSFERS.** If a direct appropriation from the general fund to the department of children, families, and learning for any education aid or grant authorized in this chapter and chapters 121, 123, 124A, 124C, 125, 126, and 134, excluding appropriations under sections 124.26, 124.2601, 124.2605, 124.261, 124.2615, 124.2711, 124.2712, 124.2713, 124.2714, 124.2715, and 124.2716, exceeds the amount required, the commissioner of children, families, and learning may transfer the excess to any education aid or grant appropriation that is insufficient. However, section 124A.032 applies to a deficiency in the direct appropriation for general education aid. Excess appropriations shall be allocated proportionately among aids or grants that have insufficient appropriations. The commissioner of finance shall make the necessary transfers among appropriations according to the determinations of the commissioner of children, families, and learning. If the amount of the direct appropriation for the aid or grant plus the amount transferred according to this subdivision is insufficient, the commissioner shall prorate the available amount among eligible districts. The state is not obligated for any additional amounts.

Sec. 5. Minnesota Statutes 1996, section 124.14, is amended by adding a subdivision to read:

Subd. 7a. **APPROPRIATION TRANSFERS FOR COMMUNITY EDUCATION PROGRAMS.** If a direct appropriation from the general fund to the department of children, families, and learning for an education aid or grant authorized under section 124.26, 124.2601, 124.2605, 124.261, 124.2615, 124.2711, 124.2712, 124.2713, 124.2714, 124.2715, or 124.2716 exceeds the amount required, the commissioner of children, families, and learning may transfer the excess to any education aid or grant ap-

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propriation that is insufficiently funded under these sections. Excess appropriations shall be allocated proportionately among aids or grants that have insufficient appropriations. The commissioner of finance shall make the necessary transfers among appropriations according to the determinations of the commissioner of children, families, and learning. If the amount of the direct appropriation for the aid or grant plus the amount transferred according to this subdivision is insufficient, the commissioner shall prorate the available amount among eligible districts. The state is not obligated for any additional amounts.

Sec. 6. Minnesota Statutes 1997 Supplement, section 124.17, subdivision 4, is amended to read:

Subd. 4. LEARNING YEAR PUPIL UNITS. (a) When a pupil is enrolled in a learning year program under section 121.585, an area learning center under sections 124C.45 and 124C.46, or an alternative program approved by the commissioner, or a contract alternative program under section 126.22, subdivision 3, paragraph (d), or subdivision 3a, for more than 1,020 hours in a school year for a secondary student, more than 935 hours in a school year for an elementary student, or more than 425 hours in a school year for a kindergarten student without a disability, that pupil may be counted as more than one pupil in average daily membership. The amount in excess of one pupil must be determined by the ratio of the number of hours of instruction provided to that pupil in excess of: (i) the greater of 1,020 hours or the number of hours required for a full-time secondary pupil in the district to 1,020 for a secondary pupil; (ii) the greater of 935 hours or the number of hours required for a full-time elementary pupil in the district to 935 for an elementary pupil in grades 1 through 6; and (iii) the greater of 425 hours or the number of hours required for a full-time kindergarten student without a disability in the district to 425 for a kindergarten student without a disability. Hours that occur after the close of the instructional year in June shall be attributable to the following fiscal year. A kindergarten student must not be counted as more than 1.2 pupils in average daily membership under this subdivision.

(b)(i) To receive general education revenue for a pupil in an alternative program that has an independent study component, a school district must meet the requirements in this paragraph. The school district must develop with the pupil a continual learning plan for the pupil. A district must allow a minor pupil's parent or guardian to participate in developing the plan, if the parent or guardian wants to participate. The plan must identify the learning experiences and expected outcomes needed for satisfactory credit for the year and for graduation. The plan must be updated each year. Each school district that has a state-approved public alternative program must reserve revenue in an amount equal to at least 90 percent of the district average general education revenue per pupil unit less compensatory revenue per pupil unit times the number of pupil units generated by students attending a state-approved public alternative program. The amount of reserved revenue available under this subdivision may only be spent for program costs associated with the state-approved public alternative program. Compensatory revenue must be allocated according to section 124A.28, subdivision 1a.

(ii) General education revenue for a pupil in an approved alternative program without an independent study component must be prorated for a pupil participating for less than a full year, or its equivalent. Each school district that has a state-approved public alternative program must reserve revenue in an amount equal to at least 90 percent of the district average general education revenue per pupil unit less compensatory revenue per

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pupil unit times the number of pupil units generated by students attending a state-approved public alternative program. The amount of reserved revenue available under this subdivision may only be spent for program costs associated with the state-approved public alternative program. Compensatory revenue must be allocated according to section 124A.28, subdivision 1a.

(iii) General education revenue for a pupil in an approved alternative program that has an independent study component must be paid for each hour of teacher contact time and each hour of independent study time completed toward a credit or graduation standards necessary for graduation. Average daily membership for a pupil shall equal the number of hours of teacher contact time and independent study time divided by 1,020.

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

Sec. 7. Minnesota Statutes 1997 Supplement, section 124.17, subdivision 6, is amended to read:

Subd. 6. **FREE AND REDUCED PRICED LUNCHES.** The commissioner shall determine the number of children eligible to receive either a free or reduced priced lunch on October 1 each year. Children enrolled in a building on October 1 and determined to be eligible to receive free or reduced price lunch by January 15 of the following year shall be counted as eligible on October 1 for purposes of subdivision 1d. The commissioner may use federal definitions for these purposes and may adjust these definitions as appropriate. The commissioner may adopt reporting guidelines to assure accuracy of data counts and eligibility. Districts shall use any guidelines adopted by the commissioner.

Sec. 8. Minnesota Statutes 1997 Supplement, section 124.17, subdivision 7, is amended to read:

Subd. 7. **LEP PUPIL UNITS.** (a) Limited English proficiency pupil units for fiscal year 1998 and thereafter shall be determined according to this subdivision.

(b) The limited English proficiency concentration percentage for a district equals the product of 100 times the ratio of:

(1) the number of pupils of limited English proficiency enrolled in the district during the current fiscal year; to

(2) the number of pupils in average daily membership enrolled in the district.

(c) The limited English proficiency pupil units for each pupil enrolled in a program for pupils of limited English proficiency in accordance with sections 126.261 to 126.269 equals the lesser of one or the quotient obtained by dividing the limited English proficiency concentration percentage for the pupil's district of enrollment by 11.5.

(d) Limited English proficiency pupil units shall be counted by the district of enrollment.

(e) Notwithstanding paragraph (d), for the purposes of this subdivision, pupils enrolled in a cooperative or intermediate school district shall be counted by the district of residence.

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Sec. 9. Minnesota Statutes 1997 Supplement, section 124.195, subdivision 7, is amended to read:

Subd. 7. **PAYMENTS TO SCHOOL NONOPERATING FUNDS.** Each fiscal year state general fund payments for a district nonoperating fund shall be made at 90 percent of the estimated entitlement during the fiscal year of the entitlement. This amount shall be paid in 12 equal monthly installments. 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 prior to October 31 of the following school year. The commissioner may make advance payments of debt service equalization aid or homestead and agricultural credit aid for a district's debt service fund earlier than would occur under the preceding schedule if the district submits evidence showing a serious cash flow problem in the fund. The commissioner may make earlier payments during the year and, if necessary, increase the percent of the entitlement paid to reduce the cash flow problem.

Sec. 10. Minnesota Statutes 1996, section 124.248, subdivision 1, is amended to read:

Subdivision 1. **GENERAL EDUCATION REVENUE.** General education revenue shall be paid to a charter school as though it were a school district. The general education revenue for each pupil unit is the state average general education revenue per pupil unit minus \$170 an amount equal to the product of the formula allowance according to section 124A.22, subdivision 2, times .0485, calculated without compensatory basic skills revenue, transportation sparsity revenue, and the transportation portion of the transition revenue adjustment, plus compensatory basic skills revenue as though the school were a school district.

Sec. 11. Minnesota Statutes 1996, section 124.248, subdivision 1a, is amended to read:

Subd. 1a. **TRANSPORTATION REVENUE.** Transportation revenue shall be paid to a charter school that provides transportation services according to section 120.064, subdivision 15, according to this subdivision. Transportation aid shall equal transportation revenue.

(a) In addition to the revenue under subdivision 1, a charter school providing transportation services shall receive general education aid for each pupil unit equal to the sum of \$170 an amount equal to the product of the formula allowance according to section 124A.22, subdivision 2, times .0485, plus the transportation sparsity allowance for the school district in which the charter school is located, plus the transportation transition allowance for the school district in which the charter school is located.

(b) ~~For the first two years that a charter school is providing transportation services, the special programs transportation revenue equals the charter school's actual cost in the current school year for transportation services for children with disabilities under section 124.223, subdivisions 4, 5, 7, and 8. For the third year of transportation services and later fiscal years, the special programs transportation revenue shall be computed according to section 124.225, subdivision 14.~~

Sec. 12. Minnesota Statutes 1997 Supplement, section 124.248, subdivision 2a, is amended to read:

Subd. 2a. **BUILDING LEASE AID.** When a charter school finds it economically advantageous to rent or lease a building or land for any instructional purposes and it de-

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termines that the total operating capital revenue under section 124A.22, subdivision 10, is insufficient for this purpose, it may apply to the commissioner for building lease aid for this purpose. Criteria for aid approval and revenue uses shall be as defined for the building lease levy in section 124.91, subdivision 1, paragraphs (a) and (b). The amount of building lease aid per pupil unit served for a charter school for any year shall not exceed the lesser of (a) 80 percent of the approved cost or (b) the product of the actual pupil units served for the current school year times the sum of the state average debt redemption fund revenue plus capital revenue, according to section 124.91, per actual pupil unit served for the current fiscal year.

Sec. 13. Minnesota Statutes 1997 Supplement, section 124.248, subdivision 6, is amended to read:

Subd. 6. **START-UP COSTS.** During the first two years of a charter school's operation, the charter school is eligible for aid to pay for start-up costs and additional operating costs. Start-up cost aid equals the greater of:

- (1) \$50,000 per charter school; or
- (2) \$500 times the charter school's pupil units served for that year.

Sec. 14. Minnesota Statutes 1997 Supplement, section 124.2601, subdivision 3, is amended to read:

Subd. 3. **REVENUE AID.** Adult basic education revenue aid for each approved program equals 65 percent of the general education formula allowance times the number of full-time equivalent students in its adult basic education program.

Sec. 15. Minnesota Statutes 1997 Supplement, 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, 1996, and 1997 fiscal years, an adult basic education program that receives aid shall receive at least the amount of aid it received in fiscal year 1992 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.

(c) For fiscal year 1998, any adult basic education program that receives less state aid than in fiscal year 1997 shall receive additional aid equal to 80 percent of the difference between its 1997 aid and the amount of aid under Minnesota Statutes 1997 Supplement, section 124.2601, subdivision 5. For fiscal year 1999 and later, additional aid under this paragraph must be reduced by 20 percent each year equals 80 percent of the additional aid computed for fiscal year 1998. For fiscal year 2000, the additional aid under this paragraph equals 60 percent of the additional aid computed for fiscal year 1998. For fiscal year 2001, the additional aid under this paragraph equals 40 percent of the additional aid computed for fiscal year 1998. For fiscal year 2002, the additional aid under this paragraph equals 20 percent of the additional aid computed for fiscal year 1998. For fiscal year 2003 and later, the additional aid under this paragraph equals zero.

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Sec. 16. Minnesota Statutes 1997 Supplement, 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 ~~.653~~ .45 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. 17. Minnesota Statutes 1997 Supplement, section 124.2713, subdivision 6, is amended to read:

Subd. 6. **COMMUNITY EDUCATION LEVY.** To obtain community education revenue, a district may levy the amount raised by a tax rate of ~~1.09~~ .41 percent 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 be determined according to subdivision 6a.

Sec. 18. Minnesota Statutes 1996, section 124.2713, subdivision 6a, is amended 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~~ 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. 19. Minnesota Statutes 1996, section 124.2727, subdivision 6a, is amended to read:

Subd. 6a. **FISCAL YEAR 1999 DISTRICT COOPERATION REVENUE.** A district's cooperation revenue for fiscal year 1999 is equal to the greater of \$67 times the actual pupil units or \$25,000.

Sec. 20. Minnesota Statutes 1996, section 124.2727, subdivision 6c, is amended to read:

Subd. 6c. **FISCAL YEAR 1999 DISTRICT COOPERATION AID.** A district's cooperation aid for fiscal year 1999 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.

Sec. 21. Minnesota Statutes 1996, section 124.273, is amended by adding a subdivision to read:

Subd. 8. ALLOCATIONS FROM COOPERATIVE UNITS. For the purposes of this section and section 124.321, pupils of limited English proficiency enrolled in a coop-

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erative or intermediate school district unit shall be counted by the school district of residence, and the cooperative unit shall allocate its approved expenditures for limited English proficiency programs among participating school districts. Limited English proficiency aid for services provided by a cooperative or intermediate school district shall be paid to the participating school districts.

Sec. 22. Minnesota Statutes 1996, section 124.3201, subdivision 5, is amended to read:

Subd. 5. **SCHOOL DISTRICT SPECIAL EDUCATION REVENUE.** (a) A school district's special education revenue for fiscal year 1996 and later equals the state total special education revenue, minus the amount determined under paragraph (b), times the ratio of the district's adjusted special education base revenue to the state total adjusted special education base revenue. If the state board of education modifies its rules for special education in a manner that increases a school district's special education obligations or service requirements, the commissioner of children, families, and learning shall annually increase each district's special education revenue by the amount necessary to compensate for the increased service requirements. The additional revenue equals the cost in the current year attributable to rule changes not reflected in the computation of special education base revenue, multiplied by the appropriate percentages from subdivision 2.

(b) Notwithstanding paragraph (a), if the special education base revenue for a district equals zero, the special education revenue equals the amount computed according to subdivision 2 using current year data.

(c) Notwithstanding paragraphs (a) and (b), if the special education base revenue for a district is greater than zero, and the base year amount for the district under subdivision 2, paragraph (a), clause (7), equals zero, the special education revenue equals the sum of the amount computed according to paragraph (a), plus the amount computed according to subdivision 2, paragraph (a), clause (7), using current year data.

Sec. 23. Minnesota Statutes 1996, 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 and the commissioner's evaluation if requested, the board 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 15 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 15 years. Notwithstanding section 121.912, a district annually may transfer from the general fund to the capital expenditure fund reserve for operating capital account an amount up to the amount saved in energy and operation costs as a result of guaranteed energy savings contracts.

Sec. 24. Minnesota Statutes 1996, section 124A.03, subdivision 2b, is amended to read:

Subd. 2b. **REFERENDUM DATE.** In addition to the referenda allowed in subdivision 2, clause (a), the commissioner may authorize a referendum for a different day.

(a) The commissioner may grant authority to a district to hold a referendum on a different day if the district is in statutory operating debt and has an approved plan or has

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received an extension from the department to file a plan to eliminate the statutory operating debt.

(b) The commissioner may grant authority for a district to hold a referendum on a different day if: (1) the district will conduct a bond election under chapter 475 on that same day; and (2) the proceeds of the referendum will provide only additional operating revenue neecessitated by the facility complementing the purpose for which bonding authority is sought. The commissioner may only grant authority under this paragraph if the district demonstrates to the commissioner's satisfaction that the district's ability to operate the new facility or achieve efficiencies with the purchases connected to the proceeds of the bond sale will be significantly affected if the operating referendum is not conducted until the November general election. Authority under this paragraph expires November 30, 1998.

(c) The commissioner must approve, deny, or modify each district's request for a referendum levy on a different day within 60 days of receiving the request from a district.

Sec. 25. Minnesota Statutes 1996, section 124A.03, subdivision 3c, is amended to read:

Subd. 3c. **REFERENDUM ALLOWANCE REDUCTION.** For fiscal year 1998 and later, a district's referendum allowance for referendum authority under subdivision 1c is reduced as provided in this subdivision.

(a) For referendum revenue authority approved before June 1, 1996, and effective for fiscal year 1997, the reduction equals the amount of the reduction computed for fiscal year 1997 under subdivision 3b.

(b) For referendum revenue authority approved before June 1, 1996, and effective beginning in fiscal year 1998, the reduction equals the amount of the reduction computed for fiscal year 1998 under subdivision 3b.

(c) For referendum revenue authority approved after May 31, 1996, there is no reduction.

(d) For districts with more than one referendum authority, the reduction shall be computed separately for each authority. The reduction shall be applied first to authorities levied against tax capacity, and then to authorities levied against referendum market value. For districts with more than one authority levied against net tax capacity or against referendum market value, the referendum allowance reduction shall be applied first to the authority with the earliest expiration date.

(e) When referendum authority approved before June 1, 1996, expires, the referendum allowance reduction for a district shall be decreased by the amount of the decrease in the district's total referendum allowance under subdivision 1c. For districts with more than one referendum authority remaining after the expiration, the amount of any remaining allowance reduction shall be reallocated among the remaining referendum authority approved before June 1, 1996, according to paragraph (d).

(f) For a newly reorganized district created after July 1, 1996, the referendum revenue reduction equals the lesser of the amount calculated for the combined district, or the sum of the amounts by which each of the reorganizing district's supplemental revenue reduction exceeds its respective supplemental revenue allowances calculated for the year preceding the year of reorganization.

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Sec. 26. Minnesota Statutes 1997 Supplement, 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 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~~ basic skills 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~~ basic skills 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 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 a service cooperative, 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. 27. Minnesota Statutes 1996, section 124A.036, subdivision 6, is amended to read:

Subd. 6. **CHARTER SCHOOLS.** (a) The general education aid for districts must be adjusted for each pupil attending a charter school under section 120.064. The adjustments must be made according to this subdivision.

(b) General education aid paid to a resident district must be reduced by an amount equal to the general education revenue exclusive of ~~compensatory~~ basic skills revenue.

(c) General education aid paid to a district in which a charter school not providing transportation according to section 120.064, subdivision 15, is located shall be increased by an amount equal to the product of: (1) the sum of ~~\$170~~ an amount equal to the product of the formula allowance according to section 124A.22, subdivision 2, times .0485, plus

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the transportation sparsity allowance for the district, plus the transportation transition allowance for the district; times (2) the pupil units attributable to the pupil.

(d) 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.

Sec. 28. Minnesota Statutes 1997 Supplement, section 124A.22, subdivision 1, is amended to read:

Subdivision 1. **GENERAL EDUCATION REVENUE.** ~~(a) For fiscal years 1997 and 1998, the general education revenue for each district equals the sum of the district's basic revenue, compensatory education revenue, secondary sparsity revenue, elementary sparsity revenue, transportation sparsity revenue, total operating capital revenue, transition revenue, and supplemental revenue.~~

~~(b) For fiscal year 1999 and thereafter, the general education revenue for each district equals the sum of the district's basic revenue, basic skills revenue, training and experience revenue, secondary sparsity revenue, elementary sparsity revenue, transportation sparsity revenue, total operating capital revenue, graduation standards implementation revenue, transition revenue, and supplemental revenue.~~

Sec. 29. Minnesota Statutes 1997 Supplement, section 124A.22, subdivision 2, is amended to read:

Subd. 2. **BASIC REVENUE.** The basic revenue for each district equals the formula allowance times the actual pupil units for the school year. The formula allowance for fiscal year 1997 is \$3,505. The formula allowance for fiscal year 1998 is \$3,581 and the formula allowance for fiscal year 1999 and subsequent fiscal years is \$3,530. The formula allowance for fiscal year 2000 and subsequent fiscal years is \$3,597.

Sec. 30. Minnesota Statutes 1997 Supplement, section 124A.22, subdivision 13b, is amended to read:

Subd. 13b. **TRANSITION ALLOWANCE.** (a) A district's transportation transition allowance for fiscal year 1998 and later equals the result of the following:

(1) if the result in subdivision 13a, paragraph (a), clause (iii), for fiscal year 1998 is less than the fiscal year 1996 base allowance, the transportation transition allowance equals the fiscal year 1996 base allowance minus the result in subdivision 13a, paragraph (a), clause (iii); or

(2) if the result in subdivision 13a, paragraph (a), clause (iii), for fiscal year 1998 and later is greater than or equal to the fiscal year 1996 base allowance, the transportation transition allowance equals zero.

(b) ~~For fiscal years 1997 and 1998, a district's training and experience transition allowance is equal to the training and experience revenue the district would have received under Minnesota Statutes 1994, section 124A.22, subdivision 4, divided by the actual pupil units for fiscal year 1997 minus \$130. For fiscal year 1999 and later, a district's training and experience transition allowance equals zero.~~

~~If the training and experience transition allowance is less than zero, the reduction shall be determined according to the following schedule:~~

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(1) for fiscal year 1997, the reduction is equal to .9 times the amount initially determined;

(2) for fiscal year 1998, the reduction is equal to .75 times the amount initially determined; and

(e) A district's transition compensatory transition allowance equals the greater of zero or the difference between:

(1) the amount of compensatory revenue the district would have received under subdivision 3 for fiscal year 1998 computed using a basic formula allowance of \$3,281; and

(2) the amount the district receives under subdivision 3; divided by

(3) the district's actual pupil units for fiscal year 1998.

(c) A district's cooperation transition allowance for fiscal year 2000 and later equals the greater of zero or the difference between:

(1) \$25,000; and

(2) \$67 times the district's actual pupil units for fiscal year 2000.

(d) A district's transition allowance for fiscal year 1998 is equal to the sum of its transportation transition allowance, its training and experience transition allowance, and its transition compensatory allowance. A district's transition allowance for fiscal year 1999 and thereafter is equal to the sum of its transportation transition allowance and its transition compensatory transition allowance. A district's transition allowance for fiscal year 2000 and thereafter is equal to the sum of its transportation transition allowance, its compensatory transition allowance, and its cooperation transition allowance.

Sec. 31. Minnesota Statutes 1996, section 124A.22, is amended by adding a subdivision to read:

Subd. 14. GRADUATION STANDARDS IMPLEMENTATION REVENUE.

(a) A school district's graduation standards implementation revenue is equal to \$52 times its actual pupil units for fiscal year 1999 plus \$14 times its actual pupil units for fiscal year 1999 if the district implements the graduation rule under section 121.1114, paragraph (b), and \$43 per pupil unit for all districts for fiscal year 2000 and later. Graduation standards implementation revenue is reserved and must be used according to paragraphs (b) and (c).

(b) For fiscal year 1999, revenue must be reserved for programs according to clauses (1) to (3).

(1) At least \$20 per actual pupil unit plus \$14 per actual pupil unit for a district that implements the graduation rule under section 121.1114, paragraph (b), must be allocated to school sites in proportion to the number of students enrolled at each school site weighted according to section 124.17, subdivision 1, and is reserved for programs designed to enhance the implementation of the graduation rule through intensive staff development and decentralized decision making.

(2) At least \$5 per actual pupil unit is reserved for gifted and talented programs that are integrated with the graduation rule. This aid must supplement, not supplant, money spent on gifted and talented programs authorized under Laws 1997, First Special Session chapter 4, article 5, section 24.

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(3) Remaining aid under this paragraph must be used:

(i) for technology purposes including wiring, network connections, and other technology-related infrastructure improvements; purchase or lease of computer software and hardware to be used in classrooms and for instructional purposes; purchase or lease of interactive television network equipment and network support; purchase or lease of computer software and hardware designed to support special needs programming and limited English proficiency programming; network and technical support; and purchase of textbooks and other instructional materials; or

(ii) to reduce class size.

(c) For fiscal year 2000 and later, revenue must be allocated to school sites and reserved for programs designed to enhance the implementation of the graduation rule through: (1) staff development programs; (2) technology purposes under paragraph (b), clause (3); (3) gifted and talented programs; or (4) class size reduction programs based at the school site.

(d) To the extent possible, school districts shall make opportunities for graduation standards implementation available to teachers employed by intermediate school districts. If the commissioner determines that the supplemental appropriation made for this subdivision under section 40, subdivision 2, is in excess of the amount needed for this subdivision, the commissioner shall make equal payments of one-third of the excess to each intermediate school district for the purpose of paragraph (a).

(e) A district that qualifies for the referendum allowance reduction under section 124A.03, subdivision 3c, shall receive a graduation standards implementation equity adjustment. In fiscal year 1999, the equity adjustment aid is equal to \$29 per actual pupil unit. In fiscal year 2001 and thereafter, the equity adjustment is equal to \$20 per actual pupil unit.

Sec. 32. [124A.226] RESERVED REVENUE FOR DISTRICT COOPERATION.

A district that was a member of an intermediate school district organized pursuant to chapter 136D on July 1, 1996, must place a portion of its general education revenue in a reserved account for instructional services from entities formed for cooperative services for special education programs and secondary vocational programs. The amount reserved is equal to the levy made according to Minnesota Statutes 1993, section 124.2727, subdivision 6, for taxes payable in 1994 divided by the actual pupil units in the intermediate school district for fiscal year 1995 times the number of actual pupil units in the school district in 1995. The district must use 5/11 of the revenue for special education and 6/11 of the revenue for secondary vocational education. The district must demonstrate that the revenue is being used to provide the full range of special education and secondary vocational programs and services available to each child served by the intermediate. The secondary vocational programs and services must meet the requirements established in an articulation agreement developed between the state board of education and the board of trustees of the Minnesota state colleges and universities.

A district that was a member of an education district organized pursuant to section 122.91 on July 1, 1999, must place a portion of its general education revenue in a reserve account for instructional services from entities formed for cooperative services. Services

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may include secondary vocational programs, special education programs, staff development, and gifted and talented instruction. The amount reserved is equal to \$50 per pupil unit times the actual number of pupil units in the district.

Sec. 33. Minnesota Statutes 1997 Supplement, 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 hundredth 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 \$1,359,000,000 for fiscal year 1998 and \$1,385,500,000 for fiscal year 1999 and, \$1,384,900,000 for fiscal year 2000, and \$1,387,100,000 for fiscal year 2001, 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. If the levy target for fiscal year 1999 or fiscal year 2000 is changed by another law enacted during the 1997 or 1998 session, the commissioner shall reduce the general education levy target in this bill section by the amount of the reduction in the enacted law.

Sec. 34. Minnesota Statutes 1997 Supplement, section 124A.28, subdivision 1, is amended to read:

Subdivision 1. **USE OF THE REVENUE.** The compensatory education revenue under section 124A.22, subdivision 3, and the portion of the transition revenue adjustment under section 124A.22, subdivision 13c, attributable to the compensatory transition allowance under section 124A.22, subdivision 13b, paragraph (b), must be used to meet the educational needs of pupils who enroll under-prepared to learn and whose progress toward meeting state or local content or performance standards is below the level that is appropriate for learners of their age. Any of the following may be provided to meet these learners' needs:

(1) direct instructional services under the assurance of mastery program according to section 124.3111;

(2) remedial instruction in reading, language arts, mathematics, other content areas, or study skills to improve the achievement level of these learners;

(3) additional teachers and teacher aides to provide more individualized instruction to these learners through individual tutoring, lower instructor-to-learner ratios, or team teaching;

(4) a longer school day or week during the regular school year or through a summer program that may be offered directly by the site or under a performance-based contract with a community-based organization;

(5) comprehensive and ongoing staff development consistent with district and site plans according to section 126.70, for teachers, teacher aides, principals, and other personnel to improve their ability to identify the needs of these learners and provide appropriate remediation, intervention, accommodations, or modifications;

(6) instructional materials and technology appropriate for meeting the individual needs of these learners;

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

(8) bilingual programs, bicultural programs, and programs for learners of limited English proficiency;

(9) all day kindergarten;

(10) extended school day and extended school year programs;

(11) substantial parent involvement in developing and implementing remedial education or intervention plans for a learner, including learning contracts between the school, the learner, and the parent that establish achievement goals and responsibilities of the learner and the learner's parent or guardian; and

(12) other methods to increase achievement, as needed.

Sec. 35. Minnesota Statutes 1997 Supplement, section 124A.28, subdivision 1a, is amended to read:

Subd. 1a. **BUILDING ALLOCATION.** (a) For fiscal years 1999 and 2000, upon approval by the commissioner, a district must allocate at least the difference between its compensatory revenue for that year and 95 percent of the amount of compensatory revenue that the district would have received under section 124A.22, subdivision 3, for fiscal year 1998 computed using a basic formula allowance of \$3,281 to each school building in the district where the children who have generated the revenue are served.

(b) A district may allocate compensatory revenue not otherwise allocated under paragraph (a) to school sites accordingly to a plan adopted by the school board.

(c) For the purposes of this section and section 124.17, subdivision 1d, "building" means education site as defined in section 123.951, subdivision 1.

(d) If the pupil is served at a site other than one owned and operated by the district, the revenue shall be paid to the district and used for services for pupils who generate the revenue.

Sec. 36. Minnesota Statutes 1996, section 124A.29, subdivision 1, is amended to read:

Subdivision 1. **STAFF DEVELOPMENT AND PARENTAL INVOLVEMENT REVENUE.** A district is encouraged required to reserve general education revenue an amount equal to at least one percent of the basic formula allowance for in-service education for programs under section 126.77, subdivision 2, for staff development plans, including plans for challenging instructional activities and experiences under section 126.70, and for curriculum development and programs, other in-service education, teachers' workshops, teacher conferences, the cost of substitute teachers staff development purposes, and other related costs for staff development efforts. Districts may expend an additional amount of basic revenue for staff development based on their needs. The school board shall initially allocate 50 percent of the revenue to each school site in

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the district on a per teacher basis, which shall be retained by the school site until used. 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 authorized under section 126.70, 126.77, subdivision 2, or for the costs of curriculum development and programs, other in-service education, teachers' workshops, teacher conferences, substitute teachers for staff development purposes, and other staff development efforts, and 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.

Sec. 37. Minnesota Statutes 1996, section 124A.292, subdivision 3, is amended to read:

Subd. 3. **STAFF DEVELOPMENT LEVY.** A district's levy equals its revenue times the lesser of one or the ratio of:

(1) the quotient derived by dividing the district's adjusted net tax capacity for the year before the year the levy is certified by the district's actual pupil units for the school year to which the levy is attributable, to

(2) the equalizing factor for the school year to which the levy is attributable the number of teachers at the site times \$8.15.

Sec. 38. Minnesota Statutes 1996, section 124A.30, is amended to read:

124A.30 STATEWIDE AVERAGE REVENUE.

By October 1 of each year the commissioner shall estimate the statewide average adjusted general education revenue per actual pupil unit and the range disparity in adjusted general education revenue among pupils and districts by computing the difference between the fifth and the ratio of the ninety-fifth percentiles percentile to the fifth percentile of adjusted general education revenue. The commissioner must provide that information to all school districts.

If the disparity in adjusted general education revenue as measured by the difference between the fifth and ratio of the ninety-fifth percentiles percentile to the fifth percentile increases in any year, the commissioner must propose a shall recommend to the legislature options for change in the general education formula that will limit the disparity in adjusted general education revenue to no more than the disparity for the previous school year. The commissioner must submit the proposal recommended options to the education committees of the legislature by January 15.

For purposes of this section, adjusted general revenue means the sum of basic revenue under section 124A.22, subdivision 2; supplemental revenue under section 124A.22, subdivisions 8 and 9; transition revenue under section 124.22, subdivision 13c; and referendum revenue under section 124A.03.

Sec. 39. Laws 1992, chapter 499, article 7, section 31, is amended to read:

Sec. 31. **REPEALER.**

Minnesota Statutes 1990, sections 124A.02, subdivision 24; 124A.23, subdivisions 2 and 3; 124A.26, subdivisions 2 and 3; 124A.27; 124A.28; and 124A.29, subdivision 2;

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and Minnesota Statutes 1991 Supplement, sections 124A.02, subdivisions 16 and 23; 124A.03, subdivisions 1b, 1c, 1d, 1e, 1f, 1g, 1h, and 1i; 124A.04; 124A.22, subdivisions 2, 3, 4, 4a, 4b, 8, and 9; 124A.23, subdivisions 1, 4, and 5; 124A.24; 124A.26, subdivision 1; and 124A.29, subdivision 1, are repealed effective June 30, 1999 2001; Laws 1991, chapter 265, article 7, section 35, is repealed.

Sec. 40. Laws 1997, First Special Session chapter 4, article 1, section 58, is amended to read:

Sec. 58. BUS PURCHASE LEVY.

(a) For 1997 taxes payable in 1998, a school district may levy the amount necessary to eliminate the deficit in the reserved fund balance account for bus purchases in its transportation fund as of June 30, 1996.

(b) For 1998 taxes payable in 1999, a school district that had a positive balance in the reserved fund balance account for bus purchases in its transportation fund as of June 30, 1996, but that had already entered into a contract for new buses or ordered new buses that had not been received prior to June 30, 1996, may levy an amount equal to the difference between the purchase price of the buses and its balance in the reserve account for bus purchases.

Sec. 41. Laws 1997, First Special Session chapter 4, article 1, section 61, subdivision 3, is amended to read:

Subd. 3. **EQUALIZING FACTORS.** The commissioner shall adjust each equalizing factor established using adjusted net tax capacity per actual pupil unit under Minnesota Statutes, chapters 124 and 124A, by dividing the equalizing factor by the ratio of the statewide tax capacity as calculated using the class rates in effect for assessment year 1996 to the statewide tax capacity using the class rates for that assessment year.

Sec. 42. Laws 1997, First Special Session chapter 4, article 5, section 28, subdivision 12, is amended to read:

Subd. 12. **GRADUATION RULE IMPLEMENTATION AT THE SITE AID.** For graduation rule implementation:

\$10,000,000 1998

(a) This appropriation shall be paid to districts according to paragraph (b). The purpose of the aid is to accelerate the implementation of the graduation rule throughout all education sites in the district through intensive staff development and decentralized decision making. The board shall work with the teaching staff in the district to determine the most effective staff development processes to assure an acceleration of the implementation. This appropriation is one-time only.

(b) A district shall receive aid equal to \$10 times the number of fund balance pupil units in the district for fiscal year 1998 excluding pupil units attributable to shared time pupils. At least 30 percent must be used for the purposes of paragraph (a).

Sec. 43. COMPENSATION PUPIL UNITS; FISCAL YEAR 1998.

Notwithstanding Minnesota Statutes, section 124.17, subdivision 1d, paragraphs (a) to (c), for fiscal year 1998 only, compensation revenue pupil units for buildings with

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no free or reduced price lunch counts for fiscal year 1997 because the site did not participate in the national school lunch program, or for a contracted alternative program for which no count was reported to the department of children, families, and learning, shall be computed using data for the current fiscal year.

Sec. 44. ONE-TIME DISTRICT-LEVEL COMPENSATORY REVENUE FOR TRANSITION.

Subdivision 1. ELIGIBILITY. For fiscal year 1999 only, a district is eligible for supplemental compensatory revenue if its growth factor is less than 35 percent.

Subd. 2. GROWTH FACTOR. A school district's growth factor equals the ratio of:

(1) its fiscal year 1999 compensatory revenue per actual pupil unit for that year less the amount of compensatory revenue divided by the district's actual pupil units for fiscal year 1998 that the district would have received under Minnesota Statutes, section 124A.22, subdivision 3, for fiscal year 1998 computed using a basic formula allowance of \$3,281; to

(2) the amount of compensatory revenue divided by the district's actual pupil units for fiscal year 1998 that the district would have received under Minnesota Statutes, section 124A.22, subdivision 3, for fiscal year 1998 computed using a basic formula allowance of \$3,281.

Subd. 3. REVENUE. Supplemental compensatory revenue equals the total number of compensation revenue pupil units computed according to Minnesota Statutes, section 124.17, subdivision 1d, at each site for fiscal year 1998, times \$216.

Subd. 4. ALLOCATION. Revenue under this section is allocated to school districts, and must be used according to Minnesota Statutes, section 124A.28, subdivision 1.

Sec. 45. SUPPLEMENTAL REVENUE.

Supplemental revenue for fiscal years 1998 and later under Minnesota Statutes, section 124A.22, subdivision 8, is increased by the following amounts:

- (1) for independent school district No. 593, Crookston, \$117,000;
- (2) for independent school district No. 361, International Falls, \$107,000;
- (3) for independent school district No. 706, Virginia, \$43,000; and
- (4) for independent school district No. 2154, Eveleth-Gilbert, \$8,000.

Supplemental revenue increased under this section is not subject to reduction under Minnesota Statutes, section 124A.22, subdivision 9.

Sec. 46. INDEPENDENT SCHOOL DISTRICT NO. 2862, JACKSON COUNTY CENTRAL; REFERENDUM AUTHORITY.

Subdivision 1. REFERENDUM REVENUE ADJUSTMENT. Notwithstanding Minnesota Statutes, section 124A.03, referendum equalization aid for fiscal year 1998 for independent school district No. 2862, Jackson County Central, is \$72,000, and the district's net tax capacity referendum levy is \$61,000.

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Subd. 2. **AID ADJUSTMENT.** The department of children, families, and learning shall adjust the aid payments for fiscal year 1998 to independent school district No. 2862, Jackson County Central, according to subdivision 1.

Subd. 3. **LEVY ADJUSTMENT.** For taxes payable in 1999, the department of children, families, and learning shall make a levy adjustment for the independent school district No. 2862, Jackson County Central, referendum levy authority for fiscal year 1998, according to subdivision 1.

Sec. 47. LA CRESCENT-HOKAH; DEBT SERVICE EQUALIZATION.

For the purpose of calculating debt service equalization, donations for capital improvements received before December 31, 2000, to independent school district No. 300, La Crescent-Hokah, must be considered as part of the percentage that is required to be raised locally under Minnesota Statutes, section 124.95, subdivision 3.

Sec. 48. BUS LEVY; MAHTOMEDI.

In addition to other levies, independent school district No. 832, Mahtomedi, a district that was in statutory operating debt, according to Minnesota Statutes, section 121.914, subdivisions 1 and 2, may levy an amount up to \$110,000 for the purchase of four type III school buses. This amount may be levied over a period of three years.

Sec. 49. ELMORE LEVY ADJUSTMENT.

For property taxes payable in 1999 only, the levy for independent school district No. 2860, Blue Earth area, must be reduced by an amount equal to the amount levied by independent school district No. 219, Elmore, according to Laws 1996, chapter 412, article 5, section 18, subdivision 2, for taxes payable in 1997. The levy reduction must be applied against all taxable property in preexisting independent school district No. 219, Elmore, only.

Sec. 50. APPROPRIATION.

Subdivision 1. DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING. The sums indicated in this section are appropriated from the general fund to the department of children, families, and learning for the fiscal years designated.

Subd. 2. GENERAL EDUCATION AID. For general education aid:

\$257,000	....	1998
\$70,246,000	....	1999

This aid is in addition to any other aid appropriated for this purpose.

Subd. 3. SHIFT ELIMINATED. For additional general education aid for eliminating the property tax recognition shift under this article:

\$90,100,000	1999
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Notwithstanding the provisions of Minnesota Statutes, section 124.195, the commissioner of children, families, and learning shall pay the fiscal year 1999 appropriation on June 20, 1999.

Subd. 4. DISTRICT-LEVEL COMPENSATORY REVENUE. For one-time additional district level compensatory revenue:

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\$14,700,000 1999

Of this amount:

(1) \$4,500,000 is for a grant to independent school district No. 11, Anoka-Hennepin;

(2) \$500,000 is for a grant to independent school district No. 281, Robbinsdale;

(3) \$400,000 is for a grant to independent school district No. 625, St. Paul;

(4) \$900,000 is for a grant to independent school district No. 709, Duluth;

(5) \$800,000 is for a grant to independent school district No. 279, Osseo; and

(6) \$200,000 is for a grant to independent school district No. 535, Rochester.

Subd. 5. TECHNOLOGY INTEGRATION PROJECT. For a grant to independent school district No. 62, Ortonville, to implement a technology integration program:

\$200,000 1999

The purpose of the technology integration pilot project is to demonstrate successful and effective uses of technology for students, teachers, guidance counselors, administrators, and parents to implement Minnesota's graduation standards and track student performance in meeting the standards.

Sec. 51. REPEALER.

(a) Minnesota Statutes 1997 Supplement, section 124.912, subdivisions 2 and 3, are repealed effective for taxes payable in 1998.

(b) Minnesota Statutes 1996, sections 121.904, subdivision 4c; and 124.2601, subdivision 4, are repealed.

(c) Minnesota Statutes 1997 Supplement, section 124.2601, subdivision 5, is repealed effective July 1, 1999.

(d) Minnesota Statutes 1996, section 124.2713, subdivision 6b, is repealed effective for taxes payable in 1999 and revenue for fiscal year 2000.

(e) Minnesota Statutes 1996, section 124.2727, subdivision 6b, is repealed effective for taxes payable in 1999.

(f) Minnesota Statutes 1996, section 124A.292, subdivisions 2 and 4, are repealed effective for revenue for fiscal year 2000.

(g) Laws 1997, chapter 231, article 1, section 17, is repealed effective the day following final enactment.

Sec. 52. EFFECTIVE DATES.

(a) Sections 1, 2, 15, 16, 17, 37, 38, and 40 are effective July 1, 1998.

(b) Sections 4, 5, 8, 9, 12, 13, 25, 41, 42, and 43 are effective for revenue for fiscal year 1998.

(c) Section 7 is effective retroactively to July 1, 1997, for revenue for fiscal year 1999.

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(d) Sections 10, 11, 26, 27, 28, 31, 34, and 35 are effective for revenue for fiscal year 1999.

(e) Section 14 is effective July 1, 1999.

(f) Section 18 is effective for revenue for fiscal year 2000.

(g) Section 21 is effective retroactive for revenue for fiscal year 1997.

(h) Sections 24, 33, and 46 are effective the day following final enactment.

ARTICLE 2

SPECIAL EDUCATION

Section 1. Minnesota Statutes 1996, section 120.03, subdivision 1, is amended to read:

Subdivision 1. Every child who has a hearing impairment, visual disability, speech or language impairment, physical handicap, other health impairment, mental handicap, emotional/behavioral disorder, specific learning disability, autism, traumatic brain injury, multiple disabilities, or deaf/blind disability and needs special instruction and services, as determined by the standards of the state board, is a child with a disability. In addition, every child under age five three, and at local district discretion from age three to age seven, who needs special instruction and services, as determined by the standards of the state board, because the child has a substantial delay or has an identifiable physical or mental condition known to hinder normal development is a child with a disability.

Sec. 2. [120.031] STATEWIDE DATA MANAGEMENT SYSTEM TO MAXIMIZE MEDICAL ASSISTANCE REIMBURSEMENT.

Subdivision 1. DEFINITION. For purposes of this section, cooperative unit has the meaning given in section 123.35, subdivision 19b, paragraph (d).

Subd. 2. STATEWIDE DATA MANAGEMENT SYSTEM. The commissioner of children, families, and learning, in cooperation with the commissioner of human services, shall develop a statewide data management system using the educational data reporting system or other existing data management system for school districts and cooperative units to use to maximize medical assistance reimbursement for health and health-related services provided under individual education plans and individual family service plans. The system must be appropriately integrated with state and local existing and developing human services and education data systems. The statewide data management system must enable school district and cooperative unit staff to:

- (1) establish medical assistance billing systems or improve existing systems;
- (2) understand the appropriate medical assistance billing codes for services provided under individual education plans and individual family service plans;
- (3) comply with the Individuals with Disabilities Education Act, Public Law Number 105-17;

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(4) contract with billing agents; and

(5) carry out other activities necessary to maximize medical assistance reimbursement.

Subd. 3. **IMPLEMENTATION.** Consistent with Minnesota Statutes 256B.0625, subdivision 26, school districts may enroll as medical assistance providers or subcontractors and bill the department of human services under the medical assistance fee for service claims processing system for special education services which are covered services under chapter 256B, which are provided in the school setting for a medical assistance recipient, and for whom the district has secured informed consent consistent with section 13.05, subdivision 4, paragraph (d), and section 256B.77, subdivision 2, paragraph (p), to bill for each type of covered service. A school district is not eligible to enroll as a home care provider or a personal care provider organization for purposes of billing home care services under section 256B.0627 until the commissioner of human services issues a bulletin instructing county public health nurses on how to assess for the needs of eligible recipients during school hours. To use private duty nursing services or personal care services at school, the recipient or responsible party must provide written authorization in the care plan identifying the chosen provider and the daily amount of services to be used at school. Medical assistance services for those enrolled in a prepaid health plan shall remain the responsibility of the contracted health plan subject to their network, credentialing, prior authorization, and determination of medical necessity criteria. The commissioner of human services shall adjust payments to health plans to reflect increased costs incurred by health plans due to increased payments made to school districts or new payment or delivery arrangements developed by health plans in cooperation with school districts.

Sec. 3. Minnesota Statutes 1996, section 120.06, subdivision 2a, is amended to read:

Subd. 2a. **EDUCATION AND RESIDENCE OF HOMELESS.** (a) Notwithstanding subdivision 1, a school district must not deny free admission to a homeless person of school age solely because the school district cannot determine that the person is a resident of the school district.

(b) The school district of residence for a homeless person of school age shall be the school district in which the homeless shelter or other program, center, or facility assisting the homeless person is located. The educational services a school district provides to a homeless person must allow the person to work toward meeting the graduation standards under section 121.11, subdivision 7c.

Sec. 4. Minnesota Statutes 1996, section 120.064, subdivision 5, is amended to read:

Subd. 5. **CONTRACT.** The sponsor's authorization for a charter school shall be in the form of a written contract signed by the sponsor and the board of directors of the charter school. The contract for a charter 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;

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- (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 charter school;
 - (8) types and amounts of insurance coverage to be obtained by the charter school;
- and
- (9) the term of the contract, which may be up to three years; and

(10) if the board of directors or the operators of the charter school provide special instruction and services for children with a disability under section 120.17, a description of the financial parameters within which the charter school will operate to provide the special instruction and services to children with a disability.

Sec. 5. Minnesota Statutes 1996, section 120.101, subdivision 3, is amended to read:

Subd. 3. PARENT DEFINED; RESIDENCY DETERMINED. (a) In sections 120.101 to 120.103, "parent" means a parent, guardian, or other person having legal custody of a child.

(b) In section 120.17, "parent" means a parent, guardian, or other person having legal custody of a child under age 18. For an unmarried pupil age 18 or over, "parent" means the pupil unless a guardian or conservator has been appointed, in which case it means the guardian or conservator.

(c) For purposes of section 120.17, the school district of residence for an unmarried pupil age 18 or over who is a parent under paragraph (b) and who is placed in a center for care and treatment, shall be the school district in which the pupil's biological or adoptive parent or designated guardian resides.

(d) For a married pupil age 18 or over, the school district of residence is the school district in which the married pupil resides.

Sec. 6. Minnesota Statutes 1996, section 120.17, subdivision 1, is amended to read:

Subdivision 1. SPECIAL INSTRUCTION FOR CHILDREN WITH A DISABILITY. (a) As defined in paragraph (b), to the extent required in federal law as of July 1, 1999, every district shall provide special instruction and services, either within the district or in another district, for children with a disability who are residents of the district and who are disabled as set forth in section 120.03.

(b) Notwithstanding any age limits in laws to the contrary, special instruction and services must be provided from birth until September 1 after the child with a disability becomes 22 years old but shall not extend beyond secondary school or its equivalent, except as provided in section 126.22, subdivision 2. Local health, education, and social service agencies shall refer children under age five who are known to need or suspected of needing special instruction and services to the school district. Districts with less than the minimum number of eligible children with a disability as determined by the state board shall cooperate with other districts to maintain a full range of programs for education and services for children with a disability. This subdivision does not alter the compulsory attendance requirements of section 120.101.

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Sec. 7. Minnesota Statutes 1996, section 120.17, subdivision 2, is amended to read:

Subd. 2. **METHOD OF SPECIAL INSTRUCTION.** (a) As defined in this subdivision, to the extent required by federal law as of July 1, 1999, 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.

(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:

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(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 multi-disciplinary 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 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.

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(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. 8. Minnesota Statutes 1996, section 120.17, subdivision 3, is amended to read:

Subd. 3. **RULES OF THE STATE BOARD.** (a) As defined in this paragraph, but not to exceed the extent required by federal law as of July 1, 1999, 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 rules 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, primarily in the regular classroom 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, 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.

(b) As provided in this paragraph, but not to exceed the extent required by federal law as of July 1, 1999, the state's regulatory scheme should support schools by assuring that all state special education rules adopted by the state board of education result in one or more of the following outcomes:

(1) increased time available to teachers and, where appropriate, to support staff including school nurses for educating students through direct and indirect instruction;

(2) consistent and uniform access to effective education programs for students with disabilities throughout the state;

(3) reduced inequalities, and conflict, appropriate due process hearing procedures and reduced court actions related to the delivery of special education instruction and services for students with disabilities;

(4) clear expectations for service providers and for students with disabilities;

(5) increased accountability for all individuals and agencies that provide instruction and other services to students with disabilities;

(6) greater focus for the state and local resources dedicated to educating students with disabilities; and

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(7) clearer standards for evaluating the effectiveness of education and support services for students with disabilities.

Sec. 9. Minnesota Statutes 1996, section 120.17, subdivision 3a, is amended to read:

Subd. 3a. **SCHOOL DISTRICT OBLIGATIONS.** (a) As defined in this subdivision, to the extent required by federal law as of July 1, 1999, every district shall ensure that:

(1) all students with disabilities are provided the special instruction and services which are appropriate to their needs. Where the individual education plan team has determined appropriate goals and objectives based on the student's needs, including the extent to which the student can be included in the least restrictive environment, and where there are essentially equivalent and effective instruction, related services, or assistive technology devices available to meet the student's needs, cost to the school district may be among the factors considered by the team in choosing how to provide the appropriate services, instruction, or devices that are to be made part of the student's individual education plan. The student's needs and the special education instruction and services to be provided shall be agreed upon through the development of an individual education plan. The plan shall address the student's need to develop skills to live and work as independently as possible within the community. By grade 9 or age 14, the plan shall address the student's needs for transition from secondary services to post-secondary education and training, employment, community participation, recreation, and leisure and home living. In developing the plan, districts must inform parents of the full range of transitional goals and related services that should be considered. The plan must include a statement of the needed transition services, including a statement of the interagency responsibilities or linkages or both before secondary services are concluded;

(2) children with a disability under age five and their families are provided special instruction and services appropriate to the child's level of functioning and needs;

(3) children with a disability and their parents or guardians are guaranteed procedural safeguards and the right to participate in decisions involving identification, assessment including assistive technology assessment, and educational placement of children with a disability;

(4) eligibility and needs of children with a disability are determined by an initial assessment or reassessment, which may be completed using existing data under United States Code, title 20, section 33, et seq.;

(5) to the maximum extent appropriate, children with a disability, including those in public or private institutions or other care facilities, are educated with children who are not disabled, and that special classes, separate schooling, or other removal of children with a disability from the regular educational environment occurs only when and to the extent that the nature or severity of the disability is such that education in regular classes with the use of supplementary services cannot be achieved satisfactorily;

(5) (6) in accordance with recognized professional standards, testing and evaluation materials, and procedures utilized for the purposes of classification and placement of children with a disability are selected and administered so as not to be racially or culturally discriminatory; and

(6) (7) the rights of the child are protected when the parents or guardians are not known or not available, or the child is a ward of the state.

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(b) For paraprofessionals employed to work in programs for students with disabilities, the school board in each district shall ensure that:

(1) before or immediately upon employment, each paraprofessional develops sufficient knowledge and skills in emergency procedures, building orientation, roles and responsibilities, confidentiality, vulnerability, and reportability, among other things, to begin meeting the needs of the students with whom the paraprofessional works;

(2) annual training opportunities are available to enable the paraprofessional to continue to further develop the knowledge and skills that are specific to the students with whom the paraprofessional works, including understanding disabilities, following lesson plans, and implementing follow-up instructional procedures and activities; and

(3) a districtwide process obligates each paraprofessional to work under the ongoing direction of a licensed teacher and, where appropriate and possible, the supervision of a school nurse.

Sec. 10. Minnesota Statutes 1996, section 120.17, subdivision 3b, is amended to read:

Subd. 3b. **PROCEDURES FOR DECISIONS.** As defined in this paragraph, but not to exceed the extent required by federal law as of July 1, 1999, every district shall utilize at least the following procedures for decisions involving identification, assessment, and educational placement of children with a disability:

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

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

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

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

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

(c) Parents and guardians shall have an opportunity to meet with appropriate district staff in at least one conciliation conference, mediation, or other method of alternative dispute resolution that the parties agree to, if they object to any proposal of which they are notified pursuant to clause under paragraph (a). The conciliation process or other form of state intends to encourage parties to resolve disputes through mediation or other form of alternative dispute resolution. A school district and a parent or guardian must participate in mediation using mediation services acceptable to both parties, unless a party objects to the mediation. Mediation shall remain available to the parties until a party objects to the mediation, or the mediator determines that further efforts to mediate a dispute are not warranted. All mediation is subject to the confidentiality requirements under rule 114.08 of the general rules of practice for the district courts. Alternative dispute resolution shall

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not be used to deny or delay a parent or guardian's right to a due process hearing. If the parent or guardian refuses efforts by the district to conciliate the dispute with the school district, the requirement of an opportunity for conciliation or other alternative dispute resolution shall be deemed to be satisfied. Notwithstanding other law, in any proceeding following a conciliation conference, the school district must not offer a conciliation conference memorandum into evidence, except for any portions that describe the district's final proposed offer of service. Otherwise, with respect to forms of dispute resolution, mediation, or conciliation, Minnesota Rule of Evidence 408 applies. The department of children, families, and learning may reimburse the districts or directly pay the costs of lay advocates, not to exceed \$150 per dispute, used in conjunction with alternative dispute resolution.

(d) The commissioner shall establish a mediation process to assist parents, school districts, or other parties to resolve disputes arising out of the identification, assessment, or educational placement of children with a disability. The mediation process must be offered as an informal alternative to the due process hearing provided under clause paragraph (e), but must not be used to deny or postpone the opportunity of a parent or guardian to obtain a due process hearing.

(e) Parents, guardians, and the district shall have an opportunity to obtain an impartial due process hearing initiated and conducted by and in the school district responsible for assuring that an appropriate program is provided in accordance with state board rules, if the parent or guardian continues to object to:

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

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

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

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

or

(5) the proposed denial or removal of special education services for their child.

A hearing officer may limit an impartial due process hearing to an amount of time sufficient for each party to present its case. The party requesting the hearing shall plead with specificity as to what issues are in dispute and all issues not pleaded with specificity are deemed waived. Parties must limit evidence to the issues specifically pleaded. A hearing officer, at the officer's discretion, may exclude cumulative evidence or may encourage parties to present only essential witnesses.

Within five business days after the request for a hearing, or as directed by the hearing officer, the objecting party shall provide the other party with a brief written statement of particulars of the objection, the reasons for the objection, and the specific remedies sought. The other party shall provide the objecting party with a written response to the statement of objections within five business days of receipt of the statement.

The hearing shall take place before an impartial hearing officer mutually agreed to by the school board and the parent or guardian. Within four business days of the receipt of

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the request for the hearing, if the parties have not agreed on the hearing officer, the school board shall request the commissioner to appoint a hearing officer from a list maintained for that purpose. A retired judge, retired court referee, or retired federal magistrate judge who is otherwise qualified under this section and wishes to be a hearing officer may be put on the list. The school board shall include with the request the name of the person requesting the hearing, the name of the student, the attorneys involved, if any, and the date the hearing request was received. The hearing officer shall not be a school board member or employee of the school district where the child resides or of the child's school district of residence, an employee of any other public agency involved in the education or care of the child, or any person with a personal or professional interest which would conflict with the person's objectivity at the hearing. A person who otherwise qualifies as a hearing officer is not an employee of the district solely because the person is paid by the district to serve as a hearing officer. Any party to a hearing, except an expedited hearing under federal law, may make and serve upon the opposing party and the commissioner a notice to remove a hearing officer appointed by the commissioner. The notice shall be served and filed within two business days after the party receives notice of the appointment of the hearing officer by the commissioner.

No such notice may be filed by a party against a hearing officer who has presided at a motion or any other proceeding of which the party had notice. A hearing officer who has presided at a motion or other proceeding may not be removed except upon an affirmative showing of prejudice on the part of the hearing officer.

After the party has once disqualified a hearing officer as a matter of right, that party may disqualify the substitute hearing officer only by making an affirmative showing of prejudice or bias to the commissioner, or to the chief administrative law judge if the hearing officer is an administrative law judge.

Upon the filing of a notice to remove or if a party makes an affirmative showing of prejudice against a substitute hearing officer, the commissioner shall assign any other hearing officer to hear the matter.

If the hearing officer requests an independent educational assessment of a child, the cost of the assessment shall be at district expense. The proceedings shall be recorded and preserved, at the expense of the school district, pending ultimate disposition of the action.

(f) The decision of the hearing officer pursuant to ~~elause~~ paragraph (e) shall be rendered not more than 45 calendar days from the date of the receipt of the request for the hearing, except that hearing officers are encouraged to accelerate the timeline to 30 days for children birth through two whose needs change rapidly and require quick resolution of complaints. A hearing officer may not grant specific extensions of time beyond the 45-day period unless requested by either party for good cause shown on the record. Good cause includes the time required for mediation under paragraph (c). The decision of the hearing officer shall be binding on all parties unless appealed to the commissioner by the parent; guardian; school board of the district where the child resides pursuant to ~~elause~~ (g) paragraph (h); and also in the case of children birth through two, by the county board.

The local decision shall:

- (1) be in writing;

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

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

(g) The hearing officer may require the resident school district to provide compensatory educational services to the child if the hearing officer finds that the school district has not offered or made available to the child a free appropriate public education in the child's educational program and that the child has suffered a loss of educational benefit. Such services shall take the form of direct and indirect special education and related services designed to address any loss of educational benefit that may have occurred. The hearing officer's finding shall be based on a present determination of whether the child has suffered a loss of educational benefit.

~~(g)~~ (h) Any local decision issued pursuant to clauses paragraphs (e) and (f) may be appealed to the commissioner within 30 calendar days of receipt of that written decision, by the parent, guardian, or the school board of the district responsible for assuring that an appropriate program is provided in accordance with state board rules. The appealing party shall note the specific parts of the hearing decision being appealed.

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

The final decision shall:

(1) be in writing;

(2) include findings and conclusions; and

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

~~(h)~~ (i) The decision of the hearing review officer shall be final unless appealed by the parent or guardian or school board to the Minnesota court of appeals or federal district court as provided by federal law. State judicial review shall be in accordance with chapter 14.

~~(i)~~ (j) The commissioner of children, families, and learning shall select an individual who has the qualifications enumerated in this paragraph to serve as the hearing review officer:

(1) the individual must be knowledgeable and impartial;

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(2) the individual must not have a personal interest in or specific involvement with the student who is a party to the hearing;

(3) the individual must not have been employed as an administrator by the district that is a party to the hearing;

(4) the individual must not have been involved in the selection of the administrators of the district that is a party to the hearing;

(5) the individual must not have a personal, economic, or professional interest in the outcome of the hearing other than the proper administration of the federal and state laws, rules, and policies;

(6) the individual must not have substantial involvement in the development of a state or local policy or procedures that are challenged in the appeal;

(7) the individual is not a current employee or board member of a Minnesota public school district, education district, intermediate unit or regional education agency, the department of children, families, and learning, the state board of education; and

(8) the individual is not a current employee or board member of a disability advocacy organization or group.

~~(j)~~ (k) In all appeals, the parent or guardian of the pupil with a disability or the district that is a party to the hearing may challenge the impartiality or competence of the proposed hearing review officer by applying to the hearing review officer.

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

~~(l)~~ (m) The child's school district of residence, a resident district, and providing district shall receive notice of and may be a party to any hearings or appeals under this subdivision.

~~(m)~~ (n) A school district is not liable for harmless technical violations of this subdivision or rules implementing this subdivision if the school district can demonstrate on a case-by-case basis that the violations did not harm the student's educational progress or the parent or guardian's right to notice, participation, or due process.

~~(n)~~ (o) Within ten calendar days after appointment, the hearing officer shall schedule and hold a prehearing conference. At that conference, or later, the hearing officer may take any appropriate action that a court might take under Rule 16 of Minnesota Rules of Civil Procedure including, but not limited to, scheduling, jurisdiction, and listing witnesses including expert witnesses.

~~(o)~~ (p) A hearing officer or hearing review officer appointed under this subdivision shall be deemed to be an employee of the state under section 3.732 for the purposes of section 3.736 only.

~~(p)~~ (q) In order to be eligible for selection, hearing officers and hearing review officers shall participate in training and follow procedures as designated by the commissioner.

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(g) (r) The hearing officer may admit all evidence which possesses probative value, including hearsay, if it is the type of evidence on which reasonable, prudent persons are accustomed to rely in the conduct of their serious affairs. The hearing officer shall give effect to the rules of privilege recognized by law. Evidence which is incompetent, irrelevant, immaterial, or unduly repetitious shall be excluded.

Sec. 11. Minnesota Statutes 1996, section 120.17, subdivision 6, is amended to read:

Subd. 6. **PLACEMENT IN ANOTHER DISTRICT; RESPONSIBILITY.** The responsibility for special instruction and services for a child with a disability temporarily placed in another district for care and treatment shall be determined in the following manner:

(a) The school district of residence of a child shall be the district in which the child's parent resides, if living, or the child's guardian, or the district designated by the commissioner of children, families, and learning if neither parent nor guardian is living within the state.

(b) When a child is temporarily placed for care and treatment in a day program located in another district and the child continues to live within the district of residence during the care and treatment, the district of residence is responsible for providing transportation and an appropriate educational program for the child. The district may provide the educational program at a school within the district of residence, at the child's residence, or in the district in which the day treatment center is located by paying tuition to that district.

(c) When a child is temporarily placed in a residential program for care and treatment, the nonresident district in which the child is placed is responsible for providing an appropriate educational program for the child and necessary transportation while the child is attending the educational program; and shall bill the district of the child's residence for the actual cost of providing the program, as outlined in subdivision 4, except that the board, lodging, and treatment costs incurred in behalf of a child with a disability placed outside of the school district of residence by the commissioner of human services or the commissioner of corrections or their agents, for reasons other than for making provision for the child's special educational needs shall not become the responsibility of either the district providing the instruction or the district of the child's residence. For the purposes of this section, the state correctional facilities operated on a fee-for-service basis are considered to be residential programs for care and treatment.

(d) The district of residence shall pay tuition and other program costs, not including transportation costs, to the district providing the instruction and services. The district of residence may claim general education aid for the child as provided by law. Transportation costs shall be paid by the district responsible for providing the transportation and the state shall pay transportation aid to that district.

Sec. 12. Minnesota Statutes 1996, section 120.17, subdivision 7, is amended to read:

Subd. 7. **PLACEMENT IN STATE INSTITUTION; RESPONSIBILITY.** Responsibility for special instruction and services for a child with a disability placed in a state institution on a temporary basis shall be determined in the following manner:

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

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(b) When the educational needs of such child can be met through the institutional program, the costs for such instruction shall be paid by the department to which the institution is assigned with exception of children placed in fee-for-service facilities operated by the commissioner of corrections whose cost for such instruction shall be paid as outlined in subdivision 6.

(c) When it is determined that such child can benefit from public school enrollment, provision for such instruction shall be made in the following manner:

(1) determination of eligibility for special instruction and services shall be made by the commissioner of children, families, and learning and the commissioner of the department responsible for the institution;

(2) the school district where the institution is located shall be responsible for providing transportation and an appropriate educational program for the child and shall make a tuition charge to the child's district of residence for the actual cost of providing the program;

(3) the district of the child's residence shall pay the tuition and other program costs excluding transportation costs and may claim general education aid for the child. Transportation costs shall be paid by the district where the institution is located and the state shall pay transportation aid to that district.

Sec. 13. Minnesota Statutes 1996, section 120.17, subdivision 9, is amended to read:

Subd. 9. **SPECIAL INSTRUCTION.** No resident of a district who is eligible for special instruction and services pursuant to under this section shall be denied provision of this instruction and service on a shared time basis consistent with section 124A.034, subdivision 2, because of attendance at attending a nonpublic school defined in section 123.932, subdivision 3. If a resident pupil with a disability attends a nonpublic school located within the district of residence, the district shall provide necessary transportation for that pupil within the district between the nonpublic school and the educational facility where special instruction and services are provided on a shared time basis. If a resident pupil with a disability attends a nonpublic school located in another district and if no agreement exists pursuant to under section 124A.034, subdivision 1 or 1a, for the provision of providing special instruction and services on a shared time basis to that pupil by the district of attendance and where the special instruction and services are provided within the district of residence, the district of residence shall provide necessary transportation for that pupil between the boundary of the district of residence and the educational facility. The district of residence may provide necessary transportation for that pupil between its boundary and the nonpublic school attended, but the nonpublic school shall pay the cost of transportation provided outside the district boundary.

Sec. 14. Minnesota Statutes 1996, section 120.17, subdivision 15, is amended to read:

Subd. 15. **THIRD PARTY PAYMENT.** (a) 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. A school district may pay or reimburse copayments, coinsurance, deductibles, and other enrollee cost-sharing amounts, on behalf of the student or family, in connection with health and related services provided under an individual educational plan.

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(b) Beginning July 1, 1999, districts shall seek reimbursement from insurers and similar third parties for the cost of services provided by the district whenever the services provided by the district are otherwise covered by the child's health coverage. Districts shall request, but may not require, the child's family to provide information about the child's health coverage when a child with a disability begins to receive services from the district of a type that may be reimbursable, and shall request, but may not require, updated information after that as needed. Districts shall request, but may not require, the child's parent or legal representative to sign a consent form, permitting the school district to apply for and receive reimbursement directly from the insurer or other similar third party, to the extent permitted by the insurer or other third party and subject to their networking credentialing, prior authorization, and determination of medical necessity criteria.

(c) Of the reimbursements received, districts may:

(1) retain an amount sufficient to compensate the district for its administrative costs of obtaining reimbursements;

(2) regularly obtain from education-- and health--related entities training and other appropriate technical assistance designed to improve the district's ability to determine which services are reimbursable and to seek timely reimbursement in a cost-effective manner; or

(3) reallocate reimbursements for the benefit of students with special needs in the district.

(d) To the extent required by federal law, a school district may not require parents of children with disabilities, if they would incur a financial cost, to use private or public health coverage to pay for the services that must be provided under an individual education plan.

(e) When obtaining informed consent, consistent with sections 13.05, subdivision 4, paragraph (d); and 256B.77, subdivision 2, paragraph (p), to bill health plans for covered services, the school district must notify the legal representative (1) that the cost of the person's private health insurance premium may increase due to providing the covered service in the school setting, (2) that the school district may pay certain enrollee health plan costs, including but not limited to, copayments, coinsurance, deductibles, premium increases or other enrollee cost-sharing amounts for health and related services required by an individual service plan, or individual family service plan, and (3) that the school's billing for each type of covered service may affect service limits and prior authorization thresholds. The informed consent may be revoked in writing at any time by the person authorizing the billing of the health plan.

(f) To the extent required by federal law, no school district may deny, withhold, or delay any service that must be provided under an individual education plan because a family has refused to provide informed consent to bill a health plan for services or a health plan company has refused to pay any, all, or a portion of the cost of services billed.

(g) A school district may disclose information contained in a student's individual education plan, consistent with section 13.32, subdivision 3(a), including records of the student's diagnosis and treatment, to a health plan company only with the signed and dated consent of the student's parent, or other legally authorized individual. The school district shall disclose only that information necessary for the health plan company to de-

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side matters of coverage and payment. A health plan company may use the information only for making decisions regarding coverage and payment, and for any other use permitted by law.

Sec. 15. Minnesota Statutes 1996, section 120.1701, subdivision 2, is amended to read:

Subd. 2. **DEFINITIONS.** For the purposes of this section the following terms have the meaning given them.

(a) "Coordinate" means to provide ready access to a community's services and resources to meet child and family needs.

(b) "Core early intervention services" means services that are available at no cost to children and families. These services include:

- (1) identification and referral;
- (2) screening;
- (3) evaluation;
- (4) assessment;
- (5) service coordination;
- (6) special education and related services provided under section 120.17, subdivision 3a; and United States Code, title 20, section 1401; and
- (7) protection of parent and child rights by means of procedural safeguards.

(c) "County board" means a county board established under chapter 375.

(d) "Early intervention record" means any personally identifiable information about a child or the child's family that is generated by the early intervention system, and that pertains to evaluation and assessment, development of an individualized family service plan, and the delivery of early intervention services.

(e) "Early intervention services" means services provided in conformity with an individualized family service plan that are designed to meet the special developmental needs of a child eligible under Code of Federal Regulations, title 34, part 303, and the needs of the child's family related to enhancing the child's development and that are selected in collaboration with the parent. These services include core early intervention services and additional early intervention services listed in subdivision 4 and services defined in Code of Federal Regulations, title 34, section 303, et seq.

(f) "Early intervention system" means the total effort in the state to meet the needs of eligible children and their families, including, but not limited to:

(1) any public agency in the state that receives funds under the Individuals with Disabilities Education Act, United States Code, title 20, sections 1471 to 1485 (Part H, Public Law Number 102-119);

(2) other state and local agencies administering programs involved in the provision of early intervention services, including, but not limited to:

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(i) the Maternal and Child Health program under title V of the Social Security Act, United States Code, title 42, sections 701 to 709;

(ii) the Individuals with Disabilities Education Act, United States Code, title 20, sections 1411 to 1420 (Part B);

(iii) medical assistance under the Social Security Act, United States Code, title 42, section 1396 et seq.;

(iv) the Developmental Disabilities Assistance and Bill of Rights Act, United States Code, title 42, sections 6021 to 6030 (Part B); and

(v) the Head Start Act, United States Code, title 42, sections 9831 to 9852; and

(3) services provided by private groups or third-party payers in conformity with an individualized family service plan.

(g) "Eligibility for Part H" means eligibility for early childhood special education under section 120.03 and Minnesota Rules, part 3525.2335, subpart 1, items A and B.

(h) "Facilitate payment" means helping families access necessary public or private assistance that provides payment for services required to meet needs identified in a service plan, individual education plan (IEP), individual service plan (ISP), or individualized family service plan (IFSP), according to time frames required by the plan. This may also include activities to collect fees for services provided on a sliding fee basis, where permitted by state law.

(i) "Individualized family service plan" or "IFSP" means a written plan for providing services to a child and the child's family.

(j) "Interagency child find systems" means activities developed on an interagency basis with the involvement of interagency early intervention committees and other relevant community groups to actively seek out, identify, and refer infants and young children with, or at risk of, disabilities, and their families.

(k) "Local primary agency" means the agency designated jointly by the school and county board under subdivision 4.

(l) "Natural environments" means the child's home and community settings in which children without disabilities participate.

(~~m~~) "Parent" means the biological parent with parental rights, adoptive parent, legal guardian, or surrogate parent.

(~~m~~) (n) "Part H state plan" means the annual state plan application approved by the federal government under the Individuals with Disabilities Education Act, United States Code, title 20, section 1471 et seq. (Part H, Public Law Number 102-119).

(~~n~~) (o) "Pay for" means using federal, state, local, and private dollars available for early intervention services.

(~~o~~) (p) "Respite" means short-term, temporary care provided to a child with a disability due to the temporary absence or need for relief of the family member or members or primary caregiver, normally providing the care.

(~~p~~) (q) "State lead agency" means the state agency receiving federal funds under the Individuals with Disabilities Education Act, United States Code, title 20, section 1471 et seq. (Part H, Public Law Number 102-119).

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(q) (r) "Surrogate parent" means a person appointed by the local education agency to assure that the rights of the child to early intervention services are protected. A person cannot be a surrogate parent to a child for whom the person provides early intervention services.

Sec. 16. Minnesota Statutes 1997 Supplement, section 120.1701, subdivision 3, is amended to read:

Subd. 3. **STATE INTERAGENCY COORDINATING COUNCIL.** An interagency coordinating council of at least 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 children, families, and learning 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, 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, local Head Start 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, children, families, and learning, health, human services, and economic security, a representative from the state agency responsible for child care, 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.

Each year by June 1, the council shall recommend to the governor and the commissioners of children, families, and learning, health, human services, commerce, and economic security policies for a comprehensive and coordinated system.

Notwithstanding any other law to the contrary, the state interagency coordinating council shall expire on June 30, 2001.

Sec. 17. Minnesota Statutes 1996, section 120.1701, subdivision 11, is amended to read:

Subd. 11. **PAYOR OF LAST RESORT.** (a) ~~For fiscal years 1995 and 1996, The state lead agency shall establish~~ maintain a reserve account from federal sources to pay

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for services in dispute or to pay for early intervention services when local agencies have exhausted all other public and private funds available for Part H eligible children.

(b) ~~The lead agency shall report to the legislature by January 1, 1996, regarding county board expenditures for early intervention services and the continuing need and funding of the reserve account.~~

Sec. 18. Minnesota Statutes 1996, section 120.1701, subdivision 17, is amended to read:

Subd. 17. **MEDIATION PROCEDURE.** The commissioner, or the commissioner's designee, of the state lead agency shall use federal funds to provide mediation for the activities in paragraphs (a) and (b).

(a) A parent may resolve a dispute regarding issues in subdivision 16, paragraph (b), clause (5), through mediation. If the parent chooses mediation, all public agencies involved in the dispute shall participate in the mediation process. The parent and the public agencies must complete the mediation process within 20 30 calendar days of the date the commissioner office of dispute resolution receives a parent's written request for mediation. The mediation process may not be used to delay a parent's right to a due process hearing. The resolution of the mediation is not binding on any party.

(b) Resolution of a dispute through mediation, or other form of alternative dispute resolution, is not limited to formal disputes arising from the objection of a parent or guardian and is not limited to the period following a request for a due process hearing.

(c) The local primary agency may request mediation on behalf of involved agencies when there are disputes between agencies regarding responsibilities to coordinate, provide, pay for, or facilitate payment for early intervention services.

Sec. 19. Minnesota Statutes 1996, section 120.173, subdivision 1, is amended to read:

Subdivision 1. **COMMISSIONER APPROVAL.** The commissioner of children, families, and learning may approve applications from school districts to provide prevention services as an alternative to special education and other compensatory programs during three school years. A district with an approved program may provide instruction and services in a regular education classroom, or an area learning center, to eligible pupils. Pupils eligible to participate in the program are low-performing pupils who, based on documented experience, the professional judgment of a classroom teacher, or a team of licensed professionals, would eventually qualify for special education instruction or related services under section 120.17 if the intervention services authorized by this section were unavailable. Pupils may be provided services during extended school days and throughout the entire year and through the assurance of mastery program under section 124.3111.

Sec. 20. Minnesota Statutes 1996, section 120.173, subdivision 6, is amended to read:

Subd. 6. **PUPIL RIGHTS.** A pupil participating in the program must be individually evaluated according to the pupil's actual abilities and needs. A pupil who is eligible for services under section 120.17 is entitled to procedural protections provided under ~~Public Law Number 94-142~~ United States Code, title 20, section 33, in any matter that affects

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the identification, evaluation, placement, or change in placement of a pupil. The district must ensure the protection of a pupil's civil rights, provide equal educational opportunities, and prohibit discrimination. Failure to comply with this subdivision will at least cause a district to become ineligible to participate in the program. Notwithstanding rules of the state board of education, a pupil's rights under this section cannot be waived by the state board.

Sec. 21. Minnesota Statutes 1997 Supplement, section 120.181, is amended to read:

**120.181 PLACEMENT OF CHILDREN WITHOUT DISABILITIES;
EDUCATION AND TRANSPORTATION.**

The responsibility for providing instruction and transportation for a pupil without a disability who has a short-term or temporary physical or emotional illness or disability, as determined by the standards of the state board, and who is temporarily placed for care and treatment for that illness or disability, shall be determined as provided in this section.

(a) The school district of residence of the pupil shall be the district in which the pupil's parent or guardian resides, or when neither the pupil's parent nor guardian resides within the state and tuition has been denied, the district designated by the commissioner of children, families, and learning.

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

(c) When a pupil without a disability is temporarily placed for care and treatment in a day program and the pupil continues to live within the district of residence during the care and treatment, the district of residence shall provide instruction and necessary transportation for the pupil. The district may provide the instruction at a school within the district of residence, at the pupil's residence, or in the case of a placement outside of the resident district, in the district in which the day treatment program is located by paying tuition to that district. The district of placement may contract with a facility to provide instruction by teachers licensed by the state board of teaching.

(d) When a pupil without a disability is temporarily placed in a residential program for care and treatment, the district in which the pupil is placed shall provide instruction for the pupil and necessary transportation while the pupil is receiving instruction, and in the case of a placement outside of the district of residence, the nonresident district shall bill the district of residence for the actual cost of providing the instruction for the regular school year and for summer school, excluding transportation costs. When a pupil without a disability is temporarily placed in a residential program outside the district of residence, the administrator of the court placing the pupil shall send timely written notice of the placement to the district of residence. The district of placement may contract with a residential facility to provide instruction by teachers licensed by the state board of teaching. For purposes of this section, the state correctional facilities operated on a fee-for-service basis are considered to be residential programs for care and treatment.

(e) The district of residence shall include the pupil in its residence count of pupil units and pay tuition as provided in section 124.18 to the district providing the instruc-

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

Sec. 22. Minnesota Statutes 1996, section 123.935, subdivision 1, is amended to read:

Subdivision 1. **PROVIDED SERVICES.** The state board of education shall promulgate rules under the provisions of chapter 14 requiring each school district or other intermediary service area: (a) to provide each year upon formal request by a specific date by or on behalf of a nonpublic school pupil enrolled in a nonpublic school located in that district or area, the same specific health services as are provided for public school pupils by the district where the nonpublic school is located; and (b) to provide each year upon formal request by a specific date by or on behalf of a nonpublic school secondary pupil enrolled in a nonpublic school located in that district or area, the same specific guidance and counseling services as are provided for public school secondary pupils by the district where the nonpublic school is located. The district where the nonpublic school is located shall provide the necessary transportation within the district boundaries between the nonpublic school and a public school or neutral site for nonpublic school pupils who are provided pupil support services pursuant to under this section if the district elects to provide pupil support services at a site other than the nonpublic school. Each request for pupil support services shall set forth the guidance and counseling or health services requested by or on behalf of all eligible nonpublic school pupils enrolled in a given nonpublic school. No district or intermediary service area shall expend an amount for these pupil support services which exceeds the amount allotted to it under this section.

Sec. 23. Minnesota Statutes 1996, section 123.935, subdivision 2, is amended to read:

Subd. 2. **LOCATION OF SERVICES.** Health and guidance and counseling services may be provided to nonpublic school pupils pursuant to under this section at a public school, a neutral site, the nonpublic school or any other suitable location. ~~Guidance and counseling services may be provided to nonpublic school pupils pursuant to this section only at a public school or a neutral site.~~ District or intermediary service area personnel and representatives of the nonpublic school pupils receiving pupil support services shall hold an annual consultation regarding the type of services, provider of services, and the location of the provision of these services. The district board or intermediary service area governing board shall make the final decision on the location of the provision of these services.

Sec. 24. Minnesota Statutes 1996, section 124.17, subdivision 2, is amended to read:

Subd. 2. **AVERAGE DAILY MEMBERSHIP.** Membership for pupils in grades kindergarten through 12 and for prekindergarten pupils with disabilities shall mean the number of pupils on the current roll of the school, counted from the date of entry until withdrawal. The date of withdrawal shall mean the day the pupil permanently leaves the school or the date it is officially known that the pupil has left or has been legally excused. However, a pupil, regardless of age, who has been absent from school for 15 consecutive school days during the regular school year or for five consecutive school days during summer school or intersession classes of flexible school year programs without receiving

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instruction in the home or hospital shall be dropped from the roll and classified as withdrawn. Nothing in this section shall be construed as waiving the compulsory attendance provisions cited in section 120.101. Average daily membership shall equal the sum for all pupils of the number of days of the school year each pupil is enrolled in the district's schools divided by the number of days the schools are in session. Days of summer school or intersession classes of flexible school year programs shall only be included in the computation of membership for pupils with a disability not appropriately served at level 4, 5, or 6 of the continuum of placement model described in Minnesota Rules, part 3525.0200 primarily in the regular classroom.

Sec. 25. Minnesota Statutes 1997 Supplement, section 124.3111, subdivision 2, is amended to read:

Subd. 2. **ELIGIBLE PUPILS.** A pupil is eligible to receive services through an assurance of mastery program if the pupil has not demonstrated progress toward mastering the required graduation standards, after receiving instruction that was designed to enable the pupil to make progress toward mastering the required graduation standards in a regular classroom setting. A pupil also is eligible to receive services through an assurance of mastery program if the pupil, based on the professional judgment of a classroom teacher or a team of licensed professionals, demonstrates a need for alternative instructional strategies or interventions. To determine pupil eligibility, a district must use a process adopted by the school board to review curriculum and instruction, for the subjects and at the grade level at which the district uses the revenue.

Sec. 26. Minnesota Statutes 1996, section 124.32, is amended by adding a subdivision to read:

Subd. 13. **LITIGATION AND HEARING COSTS.** (a) For fiscal year 1999 and thereafter, the commissioner of children, families, and learning, or the commissioner's designee, shall use state funds to pay school districts for the administrative costs of a due process hearing incurred under section 120.17, subdivision 3b, paragraphs (e), (h), and (i), including hearing officer fees, court reporter fees, mileage costs, transcript costs, independent evaluations ordered by the hearing officer, and rental of hearing rooms, but not including district attorney fees. To receive state aid under this paragraph, a school district shall submit to the commissioner at the end of the school year an itemized list of unreimbursed actual costs for fees and other expenses under this paragraph. State funds used for aid to school districts under this paragraph shall be based on the unreimbursed actual costs and fees submitted by a district from previous school years.

(b) For fiscal year 1999 and thereafter, a school district, to the extent to which it prevails under United States Code, title 20, section 1415(i)(3)(B)(D) and Rule 68 of the Federal Rules of Civil Procedure, shall receive state aid equal to 50 percent of the total actual cost of attorney fees incurred after a request for a due process hearing under section 120.17, subdivision 3b, paragraphs (e), (h), and (i), is served upon the parties. A district is eligible for reimbursement for attorney fees under this paragraph only if:

(1) a court of competent jurisdiction determines that the parent is not the prevailing party under United States Code, title 20, section 1415(i)(3)(B)(D), or the parties stipulate that the parent is not the prevailing party;

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(2) the district has made a good faith effort to resolve the dispute through mediation, but the obligation to mediate does not compel the district to agree to a proposal or make a concession; and

(3) the district made an offer of settlement under Rule 68 of the Federal Rules of Civil Procedure.

To receive aid, a school district that meets the criteria of this paragraph shall submit attorney fees associated with a due process hearing under section 120.17, subdivision 3b, paragraphs (e), (h), and (i). Aid under this paragraph for each school district is based on unreimbursed actual attorney fees submitted by the district from previous school years.

(c) For fiscal year 1999 and thereafter, a school district is eligible to receive state aid for 50 percent of the total actual cost of attorney fees it incurs in appealing to a court of competent jurisdiction the findings, conclusions, and order of a due process hearing under section 120.17, subdivision 3b, paragraphs (e), (h) and (i). The district is eligible for reimbursement under this paragraph only if the commissioner authorizes the reimbursement after evaluating the merits of the case. In a case where the commissioner is a named party in the litigation, the commissioner of the bureau of mediation services shall make the determination regarding reimbursement. The commissioner's decision is final.

(d) The commissioner shall provide districts with a form on which to annually report litigation costs under this section and shall base aid estimates on those reports.

Sec. 27, Minnesota Statutes 1997 Supplement, section 124.3201, subdivision 2, is amended to read:

Subd. 2. SPECIAL EDUCATION BASE REVENUE. (a) The special education base revenue equals the sum of the following amounts computed using base year data:

(1) 68 percent of the salary of each essential person employed in the district's program for children with a disability during the regular school fiscal year, whether the person is employed by one or more districts or a Minnesota correctional facility operating on a fee-for-service basis;

(2) for the Minnesota state academy for the deaf or the Minnesota state academy for the blind, 68 percent 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;

(3) 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 by the district, 52 percent of the difference between the amount of the contract and the basic revenue of the district for that pupil for the fraction of the school day the pupil receives services under the contract;

(4) 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, 52 percent of the amount of the contract for that pupil;

(5) for supplies and equipment purchased or rented for use in the instruction of children with a disability an amount equal to 47 percent of the sum actually expended by the

district, or a Minnesota correctional facility operating on a fee-for-service basis, but not to exceed an average of \$47 in any one school year for each child with a disability receiving instruction;

(6) for fiscal years 1997 and later, special education base revenue shall include amounts under clauses (1) to (5) for special education summer programs provided during the base year for that fiscal year; and

(7) for fiscal years 1999 and later, the cost of providing transportation services for children with disabilities under section 124.225, subdivision 1, paragraph (b), clause (4).

(b) If requested by a school district operating a special education program during the base year for less than the full school fiscal year, or a school district in which is located a Minnesota correctional facility operating on a fee-for-service basis for less than the full fiscal year, the commissioner may adjust the base revenue to reflect the expenditures that would have occurred during the base year had the program been operated for the full school fiscal year.

(c) Notwithstanding paragraphs (a) and (b), the portion of a school district's base revenue attributable to a Minnesota correctional facility operating on a fee-for-service basis during the facilities first year of operating on a fee-for-service basis shall be computed using current year data.

Sec. 28. Minnesota Statutes 1996, section 124.323, is amended by adding a subdivision to read:

Subd. 4. TUITION. Notwithstanding section 120.17, for children who are nonresidents of Minnesota, receive services under section 124.3201, subdivisions 1 and 2, and are placed in the serving school district by court action, the serving school district shall submit unreimbursed tuition bills for eligible services to the department of children, families, and learning instead of the resident school district. To be eligible for reimbursement, the serving school district, as part of its child intake procedures, must demonstrate good faith effort to obtain from the placing agency a financial commitment to pay tuition costs.

Sec. 29. Minnesota Statutes 1996, section 124A.034, subdivision 2, is amended to read:

Subd. 2. LOCATION OF SERVICES. (a) Public school programs that provide instruction in core curriculum may be provided to shared time pupils only at a public school building; provided, however, that special instruction and services for children with a disability required pursuant to section 120.17 may also be provided at a neutral site as defined in section 123.932, public school programs, excluding programs that provide instruction in core curriculum, may be provided to shared time pupils at a public school building, a neutral site, the nonpublic school, or any other suitable location. Guidance and counseling and diagnostic and health services required pursuant to under section 120.17 may also be provided at a nonpublic school building. As used in this subdivision, "diagnostic services" means speech, hearing, vision, psychological, medical and dental diagnostic services and "health services" means physician, nursing or optometric services provided to pupils in the field of physical and mental health.

(b) For those children with a disability under section 120.17 who attend nonpublic school at their parent's choice, a school district may provide special instruction and ser-

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vices at the nonpublic school building, a public school, or at a neutral site other than a nonpublic school as defined in section 123.932, subdivision 9. The school district shall determine the location at which to provide services on a student-by-student basis, consistent with federal law.

Sec. 30. Minnesota Statutes 1996, section 124A.036, subdivision 1a, is amended to read:

Subd. 1a. **REPORTING; REVENUE FOR HOMELESS.** For all school purposes, unless otherwise specifically provided by law, a homeless pupil must be considered is a resident of the school district that enrolls the pupil in which the homeless shelter or other program, center, or facility assisting the homeless pupil or the pupil's family is located.

Sec. 31. Minnesota Statutes 1996, section 124A.036, is amended by adding a subdivision to read:

Subd. 1b. **REVENUE FOR CHILDREN OF DIVORCED PARENTS.** (a) In those instances when the divorced parents share joint physical custody of the child and the divorced parents reside in different school districts, for all school purposes, unless otherwise specifically provided by law, the child must be considered a resident of the school district, as indicated by the child's parents.

(b) When the child of divorced parents under paragraph (a) resides with each parent on alternate weeks, the parents shall be responsible for the transportation of the child to the border of the resident school district during those weeks when the child resides in the nonresident school district.

Sec. 32. Minnesota Statutes 1996, section 124A.036, subdivision 4, is amended to read:

Subd. 4. **STATE AGENCY AND COURT PLACEMENTS.** If a state agency or a court of the state desires to place a child in a school district which is not the child's district of residence or to place a pupil who is a parent under section 120.101, subdivision 3, in a school district which is not the school district in which the pupil's biological or adoptive parent or designated guardian resides, that agency or court shall, prior to placement, allow the district of residence an opportunity to participate in the placement decision and notify the district of residence, the district of attendance and the commissioner of children, families, and learning of the placement decision. When a state agency or court determines that an immediate emergency placement is necessary and that time does not permit district participation in the placement decision or notice to the districts and the commissioner of children, families, and learning of the placement decision prior to the placement, the agency or court may make the decision and placement without that participation or prior notice. The agency or court shall notify the district of residence, the district of attendance and the commissioner of children, families, and learning of an emergency placement within 15 days of the placement.

Sec. 33. Minnesota Statutes 1996, section 124C.45, subdivision 2, is amended to read:

Subd. 2. **ACCESS TO SERVICES.** A center shall have access to the district's regular education programs, special education programs, technology facilities, and staff. It may contract with individuals or post-secondary institutions. It shall seek the involve-

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ment of community education programs, post-secondary institutions, interagency collaboratives, community resources, businesses, and other federal, state, and local public agencies.

Sec. 34. Minnesota Statutes 1997 Supplement, section 124C.46, subdivision 1, is amended to read:

Subdivision 1. **PROGRAM FOCUS.** (a) The programs and services of a center must focus on academic and learning skills, applied learning opportunities, trade and vocational skills, work-based learning opportunities, work experience, youth service to the community, and transition services. Applied learning, work-based learning, and service learning may best be developed in collaboration with a local education and transitions partnership. In addition to offering programs, the center shall coordinate the use of other available educational services, special education services, social services, health services, and post-secondary institutions in the community and services area.

(b) Consistent with the requirements of section 127.26 to 127.39, a school district may provide an alternative education program for a student who is within the compulsory attendance age under section 120.06, and who is involved in severe or repeated disciplinary action.

Sec. 35. Minnesota Statutes 1997 Supplement, section 124C.46, subdivision 2, is amended to read:

Subd. 2. **PEOPLE TO BE SERVED.** A center shall provide programs for secondary pupils and adults. A center may also provide programs and services for elementary and secondary pupils who are not attending the center to assist them in being successful in school. An individual education plan team may identify a center as an appropriate placement to the extent a center can provide the student with the appropriate special education services described in the student's plan. Pupils eligible to be served are those age five to adults 21 22 and older who qualify under the graduation incentives program in section 126.22, subdivision 2, or those pupils who are eligible to receive special education services under section 120.17.

Sec. 36. Minnesota Statutes 1996, section 124C.47, is amended to read:

124C.47 RESOURCE CENTER FOR OTHER PROGRAMS.

An area learning center must serve as a resource for other districts, educational, community, and business organizations. The center may charge a fee for these services. The following services shall be provided for a region or the state:

- (1) information and research for alternative programs;
- (2) regional or state workshops on awareness, identification, programs, and support for these pupils; and
- (3) recommendations for staff qualifications to ensure the most qualified staff can be selected for the programs; and
- (4) recommendations for successful learning programs for special education students placed in an alternative setting.

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Sec. 37. Minnesota Statutes 1996, section 124C.48, is amended by adding a subdivision to read:

Subd. 3. SPECIAL EDUCATION REVENUE. Payment of special education revenue for nonresident pupils enrolled in the center must be made according to section 120.17, subdivision 6.

Sec. 38. Minnesota Statutes 1996, section 126.237, is amended to read:

126.237 ALTERNATE INSTRUCTION REQUIRED.

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

(b) A school district shall use alternative intervention services, including the assurance of mastery program under section 124.3111 and the supplemental early education program under section 124.2613, to serve at-risk students who demonstrate a need for alternative instructional strategies or interventions.

Sec. 39. Minnesota Statutes 1996, section 127.27, subdivision 2, is amended to read:

Subd. 2. DISMISSAL. "Dismissal" means the denial of the appropriate current educational program to any pupil, including exclusion, expulsion, and suspension. It does not include removal from class.

Sec. 40. Minnesota Statutes 1997 Supplement, section 127.27, subdivision 10, is amended to read:

Subd. 10. SUSPENSION. "Suspension" means an action by the school administration, under rules promulgated by the school board, prohibiting a pupil from attending school for a period of no more than ten school days. If a suspension is longer than five days, the suspending administrator must provide the superintendent with a reason for the longer suspension. This definition does not apply to dismissal from school for one school day or less, except as provided in federal law for a student with a disability. Each suspension action shall include a readmission plan. The readmission plan shall include, where appropriate, a provision for implementing alternative educational services upon readmission and may not be used to extend the current suspension. The school administration may not impose consecutive suspensions against the same pupil for the same course of conduct, or incident of misconduct, except where the pupil will create an immediate and substantial danger to self or to surrounding persons or property, or where the district is in the process of initiating an expulsion, in which case the school administration may extend the suspension up to a total of 15 days. In the case of a pupil with a disability, a suspension may not exceed ten school days. school districts must comply with applicable federal law. The school administration shall implement alternative educational services to the extent that when the suspension exceeds five days. A separate administrative conference is required for each period of suspension.

Sec. 41. Minnesota Statutes 1997 Supplement, section 127.27, subdivision 11, is amended to read:

Subd. 11. ALTERNATIVE EDUCATIONAL SERVICES. "Alternative educational services" may include, but are not limited to, special tutoring, modified curricu-

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lum, modified instruction, other modifications or adaptations, instruction through electronic media, special education services as indicated by appropriate assessment, home-bound instruction, supervised homework, or enrollment in another district or in an alternative learning center under section 124C.45 selected to allow the pupil to progress toward meeting graduation standards under section 121.11, subdivision 7c, although in a different setting.

Sec. 42. Minnesota Statutes 1997 Supplement, section 127.31, subdivision 15, is amended to read:

Subd. 15. **ADMISSION OR READMISSION PLAN.** A school administrator shall prepare and enforce an admission or readmission plan for any pupil who is suspended, excluded, or expelled from school. The plan may include measures to improve the pupil's behavior and require parental involvement in the admission or readmission process, and may indicate the consequences to the pupil of not improving the pupil's behavior.

Sec. 43. Minnesota Statutes 1997 Supplement, section 127.32, is amended to read:

127.32 APPEAL.

A party to an exclusion or expulsion decision made under sections 127.26 to 127.39 may appeal the decision to the commissioner of children, families, and learning within 21 calendar days of school board action. Upon being served with a notice of appeal, the district shall provide the commissioner and the parent or guardian with a complete copy of the hearing record within five days of its receipt of the notice of appeal. All written submissions by the appellant must be submitted and served on the respondent within ten days of its actual receipt of the transcript. All written submissions by the respondent must be submitted and served on the appellant within ten days of its actual receipt of the written submissions of the appellant. The decision of the school board must be implemented during the appeal to the commissioner.

In an appeal under this section, the commissioner may affirm the decision of the agency, may remand the decision for additional findings, or may reverse or modify the decision if the substantial rights of the petitioners may have been prejudiced because the administrative findings, inferences, conclusions, or decisions are:

- (1) in violation of constitutional provisions;
- (2) in excess of the statutory authority or jurisdiction of the school district;
- (3) made upon unlawful procedure, except as provided in section 127.311;
- (4) affected by other error of law;
- (5) unsupported by substantial evidence in view of the entire record submitted; or
- (6) arbitrary or capricious.

The commissioner or the commissioner's representative shall make a final decision based upon the record of evidence presented at the hearing. The commissioner shall issue a decision within 30 calendar days of receiving the entire record and the parties' written

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submission on appeal. The commissioner's decision shall be final and binding upon the parties after the time for appeal expires under section 127.33.

Sec. 44. Minnesota Statutes 1997 Supplement, section 127.36, subdivision 1, is amended to read:

Subdivision 1. **EXCLUSIONS AND EXPULSIONS.** The school board shall report each exclusion or expulsion within 30 days of the effective date of the action to the commissioner of children, families, and learning. This report shall include a statement of alternative educational services given the pupil ~~before beginning exclusion or expulsion proceedings,~~ and the reason for, the effective date, and the duration of the exclusion or expulsion.

Sec. 45. Minnesota Statutes 1997 Supplement, section 127.38, is amended to read:

127.38 POLICIES TO BE ESTABLISHED.

(a) The commissioner of children, families, and learning shall promulgate guidelines to assist each school board. Each school board shall establish uniform criteria for dismissal and adopt written policies and rules to effectuate the purposes of sections 127.26 to 127.39. The policies shall emphasize preventing dismissals through early detection of problems and shall be designed to address students' inappropriate behavior from recurring. The policies shall recognize the continuing responsibility of the school for the education of the pupil during the dismissal period. The alternative educational services, if the pupil wishes to take advantage of them, must be adequate to allow the pupil to make progress towards meeting the graduation standards adopted under section 121.11, subdivision 7c, and help prepare the pupil for readmission.

(b) An area learning center under section 124C.45 may not prohibit an expelled or excluded pupil from enrolling solely because a district expelled or excluded the pupil. The board of the area learning center may use the provisions of The Pupil Fair Dismissal Act to exclude a pupil or to require an admission plan.

(c) The commissioner shall actively encourage and assist school districts to cooperatively establish alternative educational services within school buildings or at alternative program sites that offer instruction to pupils who are dismissed from school for willfully engaging in dangerous, disruptive, or violent behavior, including for possessing a firearm in a school zone.

Sec. 46. Minnesota Statutes 1996, section 256B.0625, subdivision 26, is amended to read:

Subd. 26. **SPECIAL EDUCATION SERVICES.** Medical assistance covers medical services identified in a recipient's individualized education plan and covered under the medical assistance state plan. The services may be provided by a Minnesota school district that is enrolled as a medical assistance provider or its subcontractor, and only if the services meet all the requirements otherwise applicable if the service had been provided by a provider other than a school district, in the following areas: medical necessity, physician's orders, documentation, personnel qualifications, and prior authorization requirements. Services of a speech-language pathologist provided under this section are covered notwithstanding Minnesota Rules, part 9505.0390, subpart 1, item L, if the person:

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- (1) holds a masters degree in speech-language pathology;
- (2) is licensed by the Minnesota board of teaching as an educational speech-language pathologist; and
- (3) either has a certificate of clinical competence from the American Speech and Hearing Association, has completed the equivalent educational requirements and work experience necessary for the certificate or has completed the academic program and is acquiring supervised work experience to qualify for the certificate. Medical assistance coverage for medically necessary services provided under other subdivisions in this section may not be denied solely on the basis that the same or similar services are covered under this subdivision.

Sec. 47. Laws 1993, chapter 224, article 3, section 32, is amended to read:

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 In order to obtain an initial license to teach deaf and hard of hearing students, or to apply for a Minnesota teaching license, after being licensed to teach in another state, 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.

(h) A teacher who demonstrates an increased proficiency in American sign language skill in the American sign language sign communication proficiency interview or a

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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. 48. Laws 1997, First Special Session chapter 4, article 2, section 51, subdivision 2, is amended to read:

Subd. 2. **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:

\$591,000	....	1998	
\$591,000	<u>\$716,000</u>	....	1999

The 1998 appropriation includes \$59,000 for 1997 and \$532,000 for 1998.

The 1999 appropriation includes \$59,000 for 1998 and ~~\$532,000~~ \$657,000 for 1999.

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

Sec. 49. Laws 1997, First Special Session chapter 4, article 2, section 51, subdivision 4, is amended to read:

Subd. 4. **AMERICAN INDIAN POST-SECONDARY PREPARATION GRANTS.** For American Indian post-secondary preparation grants according to Minnesota Statutes, section 124.481:

\$857,000	....	1998	
\$857,000	<u>\$982,000</u>	....	1999

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

Sec. 50. Laws 1997, First Special Session chapter 4, article 2, section 51, subdivision 5, is amended to read:

Subd. 5. **AMERICAN INDIAN SCHOLARSHIPS.** For American Indian scholarships according to Minnesota Statutes, section 124.48:

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\$1,600,000	1998
\$1,600,000	<u>\$1,875,000</u> 1999

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

Sec. 51. Laws 1997, First Special Session chapter 4, article 2, section 51, subdivision 25, is amended to read:

Subd. 25. **MATCHING GRANTS FOR EDUCATION PROGRAMS SERVING HOMELESS CHILDREN.** For matching grants for education programs for homeless children:

\$400,000	<u>\$1,100,000</u>	1998
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This appropriation is available until June 30, 1999.

Sec. 52. Laws 1997, First Special Session chapter 4, article 2, section 51, subdivision 29, is amended to read:

Subd. 29. **FIRST GRADE PREPAREDNESS.** (a) For grants for the first grade preparedness program under Minnesota Statutes, section 124.2613, and for school sites that have provided a full-day kindergarten option for kindergarten students enrolled in fiscal years 1996 and 1997:

\$5,000,000	.....	1998
\$5,000,000	<u>\$6,500,000</u>	..... 1999

(b) To be a qualified site, licensed teachers must have taught the optional full-day kindergarten classes. A district that charged a fee for students participating in an optional full-day program is eligible to receive the grant to provide full-day kindergarten for all students as required by Minnesota Statutes, section 124.2613, subdivision 4. Districts with eligible sites must apply to the commissioner of children, families, and learning for a grant.

(c) This appropriation must first be used to fund programs operating during the 1996-1997 school year under paragraph (b) and Minnesota Statutes, section 124.2613. Any remaining funds may be used to expand the number of sites providing first grade preparedness programs.

Sec. 53. RULES AFFECTING SPECIAL EDUCATION INSTRUCTION AND SERVICES.

(a) The state board of education must amend all rules relating to providing special instruction and services to children with a disability so that the rules do not impose requirements that exceed federal law. Consistent with the report from the commissioner to compare federal and state special education law, the state board may use the expedited process under Minnesota Statutes 1997, section 14.389, to amend these rules.

(b) As of July 1, 1999, any rules relating to providing special instruction and services to children with a disability are invalid to the extent they exceed the requirements in federal law unless a law is enacted before July 1, 1999, indicating the intent of the state to exceed one or more federal requirements.

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Sec. 54. REPORT TO COMPARE FEDERAL AND STATE SPECIAL EDUCATION LAW.

Subdivision 1. REPORT. The commissioner of children, families, and learning shall prepare a report comparing existing and currently proposed federal laws and regulations and state laws and rules governing special education, indicating those state laws and rules governing special education that exceed or expand upon minimum requirements under federal special education law or regulations. The commissioner shall make the report available by September 30, 1998, to the public, the state board of education, and the education committees of the legislature for consideration of amending state rules.

Sec. 55. SPEECH-LANGUAGE PATHOLOGISTS.

The board of teaching shall allow individuals who hold a certificate of clinical competence from the American Speech-Language-Hearing Association to be licensed as speech-language pathologists.

Sec. 56. BOARD OF TEACHING; RULE CHANGES; SPEECH-LANGUAGE SERVICES.

The board of teaching, in order to comply with section 55, shall by rule allow individuals who hold a certificate of clinical competence from the American Speech-Language-Hearing Association to be licensed as speech-language pathologists.

Sec. 57. IN-SCHOOL BEHAVIOR INTERVENTION GRANTS.

Subdivision 1. ESTABLISHMENT. The commissioner of children, families, and learning shall award grants to develop, adapt, implement, or evaluate discipline programs that prevent behavior that leads to suspensions or expulsions and that provide students with an alternative education setting within the school or program site. A grant recipient must be a school site, school district, charter school, or provider of an alternative education program.

Subd. 2. EVALUATION. The commissioner shall evaluate the grant sites to determine the impact of the discipline program on measures of student performance and behavior, including, but not limited to, achievement, attendance, suspensions, expulsions, and the impact on the site, student body, classroom, and school faculty. The commissioner may make recommendations to the education committees of the legislature based on the results of the grant recipients and disseminate information about successful programs to interested schools and school sites.

Sec. 58. SPECIAL EDUCATION BASE ADJUSTMENT; ROCHESTER.

Special education revenue for independent school district No. 535, Rochester, is increased by \$150,000 for fiscal year 1999 to reflect the increased special education costs associated with the opening of a new facility for juvenile offenders in Olmsted county.

Sec. 59. DEPARTMENT OF HUMAN SERVICES.

The department of human services shall report to the legislature on January 15 for the years 1999, 2000, and 2001, the medical assistance MinnesotaCare reimbursed costs of special education services, which are covered services under Minnesota Statutes, chapter 256B. If the November 1998 forecast for the state medical assistance expenditures for special education services which are covered services under Minnesota Statutes,

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chapter 256B, exceeds \$8,000,000 per year, the department of children, families, and learning must develop a plan to allocate additional resources to cover the excess costs.

Sec. 60. APPROPRIATIONS.

Subdivision 1. DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING. The sums indicated in this section are appropriated from the general fund to the department of children, families, and learning for the fiscal years designated.

Subd. 2. IN-SCHOOL BEHAVIOR INTERVENTION GRANTS. For grants to develop, implement, and evaluate school discipline policies under section 57:

\$300,000 1999

Grant recipients may expend grant proceeds over a three-year period. Of this amount, \$13,500 is for performing an evaluation.

Subd. 3. STATEWIDE THIRD-PARTY BILLING SYSTEM; TECHNICAL ASSISTANCE. For developing and implementing an effective and efficient statewide third-party billing system under section 2:

\$200,000 1999

Funds remain available until expended.

Subd. 4. LITIGATION COSTS. For paying the litigation costs a district actually incurs under section 26:

\$500,000 1999

If the amount appropriated is insufficient to fully fund the aid for hearing and litigation costs and attorney fees under Minnesota Statutes, section 124.32, subdivision 13, paragraph (b), the commissioner shall prorate the appropriation to school districts based on the amount of aid calculated for each district.

Subd. 5. PROVIDING TECHNICAL ASSISTANCE. For department staff to provide technical assistance and training to school districts and cooperative units under section 2:

\$50,000 1999

Subd. 6. COURT-PLACED SPECIAL EDUCATION REVENUE. For reimbursing serving school districts for unreimbursed eligible expenditures attributable to children placed in the serving school district by court action under Minnesota Statutes, section 124.323:

\$350,000 1999

Subd. 7. SPECIAL EDUCATION ADJUSTMENT; ROCHESTER. For a special education revenue adjustment for independent school district No. 535, Rochester, according to section 58:

\$135,000 1999

Sec. 61. APPROPRIATION.

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

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Subd. 2. PROVIDING TECHNICAL ASSISTANCE. For technical assistance and training under section 2:

\$50,000 1999

Subd. 3. MEDICAL ASSISTANCE COSTS. For additional medical assistance costs associated with state law changes regarding speech-language pathologists in Minnesota Statutes, section 256B.0625, subdivision 26:

\$458,000 1999

Subd. 4. MINNESOTACARE COSTS. For transfer into the health care access fund for the purposes of state law changes regarding speech-language pathologists in Minnesota Statutes, section 256B.0625, subdivision 26:

\$93,000 1999

Sec. 62. MEDICAL COST REIMBURSEMENT DESIGNATION.

For fiscal years 2000 and 2001, the department of children, families, and learning must reimburse the department of human services for medical assistance and Minnesota-Care costs associated with state law changes regarding the speech-language pathologists in Minnesota Statutes, section 256B.0625, subdivision 26.

Sec. 63. REPEALER.

Minnesota Rules, part 3525.2750, subpart 1, item B, is repealed.

Sec. 64. EFFECTIVE DATES.

(a) Sections 2, 9, 25, 42, 43, 44, 45, 46, 48, 49, 50, 53, 55, and 56, are effective the day following final enactment.

(b) Section 14 is effective July 1, 1999.

ARTICLE 3

INTERAGENCY SERVICE; LIFELONG LEARNING; TECHNOLOGY

Section 1. Minnesota Statutes 1996, section 120.1701, subdivision 5, is amended to read:

Subd. 5. INTERAGENCY EARLY INTERVENTION 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 disabilities under age five and their families under this section, and for children with disabilities ages three to 22 consistent with the requirements under sections 120.1703 and 120.1705. Committees shall 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 12; current service providers; and may also include representatives from other

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private or public agencies and school nurses. The committee shall elect a chair from among its members and shall meet at least quarterly.

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

(1) 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;

(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 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;

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

(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;

(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); and

(9) develop a policy that is consistent with section 13.05, subdivision 9, and federal law to enable a member of an interagency early intervention committee to allow another member access to data classified as not public.

(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 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

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(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 the state lead agency 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 children, families, and learning, health, and human services must provide assistance to the local agencies in developing cooperative plans for providing services.

Sec. 2. [120.1703] COORDINATED INTERAGENCY SERVICES.

Subdivision 1. CITATION. Sections 120.1703 and 120.1705 shall be cited as the "Interagency Services for Children with Disabilities Act."

Subd. 2. PURPOSE. It is the policy of the state to develop and implement a coordinated, multidisciplinary, interagency intervention service system for children ages three to 22 with disabilities.

Subd. 3. DEFINITIONS. For purposes of sections 120.1703 and 120.1705, the following terms have the meanings given them:

(a) "Health plan" means:

(1) a health plan under section 62Q.01, subdivision 3;

(2) a county-based purchasing plan under section 256B.692;

(3) a self-insured health plan established by a local government under section 471.617; or

(4) self-insured health coverage provided by the state to its employees or retirees.

(b) For purposes of this section, "health plan company" means an entity that issues a health plan as defined in paragraph (a).

(c) "Individual interagency intervention plan" means a standardized written plan describing those programs or services and the accompanying funding sources available to eligible children with disabilities.

(d) "Interagency intervention service system" means a system that coordinates services and programs required in state and federal law to meet the needs of eligible children with disabilities ages three to 22, including:

(1) services provided under the following programs or initiatives administered by state or local agencies:

(i) the maternal and child health program under title V of the Social Security Act, United States Code, title 42, sections 701 to 709;

(ii) the Individuals with Disabilities Education Act under United States Code, title 20, chapter 33, subchapter II, sections 1411 to 1420;

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(iii) medical assistance under the Social Security Act, United States Code, title 42, chapter 7, subchapter XIX, section 1396, et seq.;

(iv) the Developmental Disabilities Assistance and Bill of Rights Act, United States Code, title 42, chapter 75, subchapter II, sections 6021 to 6030, Part B;

(v) the Head Start Act, United States Code, title 42, chapter 105, subchapter II, sections 9831 to 9852;

(vi) rehabilitation services provided under chapter 268A;

(vii) juvenile court act services provided under sections 260.011 to 260.301;

(viii) the children's mental health collaboratives under section 245.493;

(ix) the family service collaboratives under section 121.8355;

(x) the family community support plan under section 245.4881, subdivision 4;

(xi) the Minnesota care program under chapter 256L;

(xii) the community health services grants under chapter 145;

(xiii) the community social services act funding under the Social Security Act, United States Code, title 42, sections 1397 to 1397f; and

(xiv) the community interagency transition committees under section 120.17, subdivision 16;

(2) services provided under a health plan in conformity with an individual family service plan or an individual education plan; and

(3) additional appropriate services that local agencies and counties provide on an individual need basis upon determining eligibility and receiving a request from the interagency early intervention committee and the child's parent.

(e) "Children with disabilities" has the meaning given in section 120.03.

(f) A "standardized written plan" means those individual services or programs available through the interagency intervention service system to an eligible child other than the services or programs described in the child's individual education plan or the child's individual family service plan.

Subd. 4. STATE INTERAGENCY COMMITTEE. (a) The governor shall convene an 18-member interagency committee to develop and implement a coordinated, multidisciplinary, interagency intervention service system for children ages three to 22 with disabilities. The commissioners of commerce, children, families, and learning, health, human rights, human services, economic security, and corrections shall each appoint two committee members from their departments; the association of Minnesota counties shall appoint two county representatives, one of whom must be an elected official, as committee members; and the Minnesota school boards association and the school nurse association of Minnesota shall each appoint one committee member. The committee shall select a chair from among its members.

(b) The committee shall:

(1) identify and assist in removing state and federal barriers to local coordination of services provided to children with disabilities;

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(2) identify adequate, equitable, and flexible funding sources to streamline these services;

(3) develop guidelines for implementing policies that ensure a comprehensive and coordinated system of all state and local agency services, including multidisciplinary assessment practices for children with disabilities ages three to 22;

(4) develop, consistent with federal law, a standardized written plan for providing services to a child with disabilities;

(5) identify how current systems for dispute resolution can be coordinated and develop guidelines for that coordination;

(6) develop an evaluation process to measure the success of state and local interagency efforts in improving the quality and coordination of services to children with disabilities ages three to 22;

(7) develop guidelines to assist the governing boards of the interagency early intervention committees in carrying out the duties assigned in section 120.1705, subdivision 1, paragraph (b); and

(8) carry out other duties necessary to develop and implement within communities a coordinated, multidisciplinary, interagency intervention service system for children with disabilities.

(c) The committee shall consult on an on-going basis with the state education advisory committee for special education and the governor's interagency coordinating council in carrying out its duties under this section, including assisting the governing boards of the interagency early intervention committees.

Subd. 5. INTERVENTION DEMONSTRATION PROJECTS. (a) The commissioner of children, families, and learning, based on recommendations from the state interagency committee, shall issue a request for proposals by January 1, 1999, for grants to the governing boards of interagency intervention committees under section 120.1705 or a combination of one or more counties and school districts to establish five voluntary interagency intervention demonstration projects. One grant shall be used to implement a coordinated service system for all eligible children with disabilities up to age 5 who received services under section 120.1701. One grant shall be used to implement a coordinated service system for a population of minority children with disabilities from ages 12 to 22, who may have behavioral problems and are in need of transitional services. Each project must be operational by July 1, 1999. The governing boards of the interagency early intervention committees and the counties and school districts receiving project grants must develop efficient ways to coordinate services and funding for children with disabilities ages three to 22, consistent with the requirements of sections 120.1703 and 120.1705 and the guidelines developed by the state interagency committee under this section.

(b) The state interagency committee shall evaluate the demonstration projects and provide the evaluation results to interagency early intervention committees.

Subd. 6. THIRD-PARTY LIABILITY. Nothing in sections 120.1703 and 120.1705 relieves a health plan company, third party administrator or other third-party payer of an obligation to pay for, or changes the validity of an obligation to pay for, services provided to children with disabilities ages three to 22 and their families.

New language is indicated by underline, deletions by strikeout.

Subd. 7. **AGENCY OBLIGATION.** Nothing in sections 120.1703 and 120.1705 removes the obligation of the state, counties, local school districts, a regional agency, or a local agency or organization to comply with any federal or state law that mandates responsibility for finding, assessing, delivering, assuring, or paying for education or related services for children with disabilities and their families.

Sec. 3. [120.1705] INTERAGENCY EARLY INTERVENTION COMMITTEE RESPONSIBILITIES.

Subdivision 1. ADDITIONAL DUTIES. (a) The governing boards of the interagency early intervention committees are responsible for developing and implementing interagency policies and procedures to coordinate services at the local level for children with disabilities ages three to 22 under guidelines established by the state interagency committee under section 120.1703, subdivision 4. Consistent with the requirements in sections 120.1703 and 120.1705, the governing boards of the interagency early intervention committees shall organize as a joint powers board under section 471.59 or enter into an interagency agreement that establishes a governance structure.

(b) The governing board of each interagency early intervention committee as defined in section 120.1701, subdivision 5, paragraph (a), which may include a juvenile justice professional, shall:

(1) identify and assist in removing state and federal barriers to local coordination of services provided to children with disabilities;

(2) identify adequate, equitable, and flexible use of funding by local agencies for these services;

(3) implement policies that ensure a comprehensive and coordinated system of all state and local agency services, including multidisciplinary assessment practices, for children with disabilities ages three to 22;

(4) use a standardized written plan for providing services to a child with disabilities developed under section 120.1703;

(5) access the coordinated dispute resolution system and incorporate the guidelines for coordinating services at the local level, consistent with section 120.1703;

(6) use the evaluation process to measure the success of the local interagency effort in improving the quality and coordination of services to children with disabilities ages three to 22 consistent with section 120.1703;

(7) develop a transitional plan for children moving from the interagency early childhood intervention system under section 120.1701 into the interagency intervention service system under this section;

(8) coordinate services and facilitate payment for services from public and private institutions, agencies, and health plan companies; and

(9) share needed information consistent with state and federal data practices requirements.

Subd. 2. SERVICES. (a) Parents, physicians, other health care professionals including school nurses, and education and human services providers jointly must deter-

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

mine appropriate and necessary services for eligible children with disabilities ages three to 22. The services provided to the child under this section must conform with the child's standardized written plan. The governing board of an interagency early intervention committee must provide those services contained in a child's individual education plan and those services for which a legal obligation exists.

(b) Nothing in section 120.1703 or 120.1705 increases or decreases the obligation of the state, county, regional agency, local school district, or local agency or organization to pay for education, health care, or social services.

(c) A health plan may not exclude any medically necessary covered service solely because the service is or could be identified in a child's individual family service plan, individual education plan, a plan established under section 504 of the federal Rehabilitation Act of 1973, or a student's individual health plan. This paragraph reaffirms the obligation of a health plan company to provide or pay for certain medically necessary covered services, and encourages a health plan company to coordinate this care with any other providers of similar services. Also, a health plan company may not exclude from a health plan any medically necessary covered service such as an assessment or physical examination solely because the resulting information may be used for an individual education plan or a standardized written plan.

Subd. 3. IMPLEMENTATION TIMELINE. By July 1, 2000, all governing boards of interagency early intervention committees statewide must implement a coordinated service system for children up to age five with disabilities consistent with the requirements of sections 120.1703 and 120.1705 and the evaluation results from the demonstration projects under section 120.1703, subdivision 5. Children with disabilities up to the age of 22 shall be eligible for coordinated services and their eligibility to receive such services under this section shall be phased-in over a four-year period as follows:

- (1) July 1, 2001, children up to age nine become eligible;
- (2) July 1, 2002, children up to age 14 become eligible; and
- (3) July 1, 2003, children up to age 22 become eligible.

Sec. 4. Minnesota Statutes 1997 Supplement, section 126.79, subdivision 3, is amended to read:

Subd. 3. LOCAL PROGRAMS; APPLICATION PROCEDURE; GRANT AWARDS. The commissioner shall make grants to eligible applicants to establish local learn and earn programs. Each program shall operate for at least a four-year period. A local program shall select its participants from among eligible students who are entering or are in the ninth grade at the inception of the program. A program may not refill a program slot with another student if a student drops out of the program. Students selected to participate in the program shall be considered part of the program class and students who drop out may return to the program at any time prior to graduation.

The commissioner shall establish the application procedure for awarding grants under this section. The commissioner shall begin awarding grants by September 1, 1997 ~~May 1, 1998~~.

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

Sec. 5. Minnesota Statutes 1997 Supplement, section 126.79, subdivision 6, is amended to read:

Subd. 6. **PROGRAM COMPONENTS.** Each learn and earn graduation achievement program must provide the opportunity for participating students to complete:

- (1) 250 hours each year, not including regular required classroom hours, in basic education competency skills;
- (2) 250 hours each year of service to the community service; and
- (3) 250 hours each year of cultural enrichment and personal development, including but not limited to adult mentoring; participating in community cultural events; developing life skills for use in the home, workplace, and community; and learning to set goals, manage time, and make appropriate behavior choices for varying social situations.

Sec. 6. Minnesota Statutes 1997 Supplement, section 126.79, subdivision 7, is amended to read:

Subd. 7. **PROGRAM INCENTIVES.** (a) Each participating student shall receive a monetary stipend for each hour spent in a program component activity, plus a bonus upon completion of each component during each year of the program.

(b) An additional amount equal to or greater than each student's earned stipends and bonuses must be deposited for the student in a post-secondary opportunities interest-bearing account, established by the commissioner through the higher education services office. A student may, upon graduation from high school, use the funds accumulated for the student toward the costs, including tuition, books, and lab fees, of attending a Minnesota post-secondary institution or participating in a Minnesota post-secondary program in a career training program. Funds accumulated for a student shall be available to the student from the time the student graduates from high school until ten years after the date the student entered the learn and earn graduation achievement program. After ten years, the commissioner shall close the student's account and any remaining money in the account shall revert to the general fund.

The commissioner shall establish a procedure for providing the monetary stipends and bonuses to students. The commissioner may delegate this authority to grantees.

Sec. 7. Minnesota Statutes 1997 Supplement, section 126.79, subdivision 8, is amended to read:

Subd. 8. **PROGRAM COORDINATOR.** The local learn and earn program coordinator must maintain contact with all participating students and their families; work with the school to link students with the resources needed to improve their educational skills; arrange for service to the community service and cultural enrichment opportunities for students; maintain records regarding student completion of program component hours; and perform other administrative duties as necessary. A program coordinator must, to the extent possible, agree to remain with the program for four years to provide continuity of adult contact to the participating students.

Sec. 8. Minnesota Statutes 1997 Supplement, section 126.79, subdivision 9, is amended to read:

Subd. 9. **EVALUATION AND REPORTS.** The commissioner shall collect information about participating students and a demographically similar control group and

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

shall evaluate the short-term and long-term benefits participating students receive from the learn and earn graduation achievement program, based on the outcome measures specified in subdivision 2, and any other criteria established by the commissioner as part of the grant application process. The evaluation must include a statistical comparison of students participating in the program and the control group. The commissioner shall track ~~follow~~ participating students and the control group for a minimum of six years from the start of the program. The commissioner shall submit a preliminary report to the governor and the chairs of the senate and house committees having jurisdiction over education and crime prevention by December 15, ~~2000~~ 2001, regarding continuation of the learn and earn graduation achievement program for participating schools and expansion of the program to additional schools. The commissioner shall submit a final report by December 15, ~~2002~~ 2003.

Sec. 9. Minnesota Statutes 1997 Supplement, section 268.665, subdivision 2, is amended to read:

Subd. 2. **MEMBERSHIP.** The governor's workforce development council is composed of 33 members appointed by the governor. The members may be removed pursuant to section 15.059. In selecting the representatives of the council, the governor shall ensure that 50 percent of the members come from nominations provided by local workforce councils. Local education representatives shall come from nominations provided by local education to employment partnerships. The ~~32~~ 33 members shall represent the following sectors:

(a) State agencies: the following individuals shall serve on the council:

- (1) commissioner of the Minnesota department of economic security;
- (2) commissioner of the Minnesota department of children, families, and learning;
- (3) commissioner of the Minnesota department of human services; and
- (4) commissioner of the Minnesota department of trade and economic development.

(b) Business and industry: six individuals shall represent the business and industry sectors of Minnesota.

(c) Organized labor: six individuals shall represent labor organizations of Minnesota.

(d) Community-based organizations: four individuals shall represent community-based organizations of Minnesota. Community-based organizations are defined by the Job Training Partnership Act as private nonprofit organizations that are representative of communities or significant segments of communities and that provide job training services, agencies serving youth, agencies serving individuals with disabilities, agencies serving displaced homemakers, union-related organizations, and employer-related nonprofit organizations and organizations serving nonreservation Indians and tribal governments.

(e) Education: six individuals shall represent the education sector of Minnesota as follows:

- (1) one individual shall represent local public secondary education;

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(2) one individual shall have expertise in design and implementation of school-based service-learning;

(3) one individual shall represent post-secondary education;

(4) one individual shall represent secondary/post-secondary vocational institutions;

(5) the chancellor of the board of trustees of the Minnesota state colleges and universities; and

(6) one individual shall have expertise in agricultural education.

(f) Other: two individuals shall represent other constituencies including:

(1) units of local government; and

(2) applicable state or local programs.

The speaker and the minority leader of the house of representatives shall each appoint a representative to serve as an ex officio member of the council. The majority and minority leaders of the senate shall each appoint a senator to serve as an ex officio member of the council. After January 1, 1997, the Minnesota director of the corporation for national service shall also serve as an ex officio member.

(g) Appointment: each member shall be appointed for a term of three years from the first day of January or July immediately following their appointment. Elected officials shall forfeit their appointment if they cease to serve in elected office.

(h) Members of the council are compensated as provided in section 15.059, subdivision 3.

Sec. 10. Minnesota Statutes 1996, section 268.665, subdivision 3, is amended to read:

Subd. 3. **PURPOSE; DUTIES.** The governor's workforce development council shall replace the governor's job training council and assume all of its requirements, duties, and responsibilities, under the Job Training Partnership Act, United States Code, title 29, section 1501, et seq. Additionally, the workforce development council shall assume the following duties and responsibilities:

(a) Coordinate the development, implementation, and evaluation of the statewide education and employment transitions system under section 126B.01. Beginning January 1, 1997, the council shall also coordinate the development, implementation, and evaluation of the Minnesota youth services programs under sections 121.704 to 121.709, and the National and Community Services Act of 1993, United States Code, title 42, section 12501, et seq.

(b) Review the provision of services and the use of funds and resources under applicable federal human resource programs and advise the governor on methods of coordinating the provision of services and the use of funds and resources consistent with the laws and regulations governing the programs. For purposes of this section, applicable federal and state human resource programs mean the:

(1) Job Training Partnership Act, United States Code, title 29, section 1501, et seq.;

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(2) Carl D. Perkins Vocational and Applied Technology Education Act, United States Code, title 20, section 2301, et seq.;

(3) National and Community Service Act of 1993, United States Code, title 42, section 12501, et seq.;

(4) Adult Education Act, United States Code, title 20, section 1201, et seq.;

(5) Wagner-Peyser Act, United States Code, title 29, section 49;

(6) Social Security Act, title IV, part F, (JOBS), United States Code, title 42, section 681, et seq.;

(7) Food Stamp Act of 1977, United States Code, title 7, section 6(d)(4), Food Stamp Employment and Training Program, United States Code, title 7, section 2015(d)(4);

(8) programs defined in section 268.0111, subdivisions 4 and 5; and

(9) School to Work Opportunity Act of 1994, Public Law Number 103-239.

Additional federal and state programs and resources can be included within the scope of the council's duties if recommended by the governor after consultation with the council.

(c) Review federal, state, and local education, post-secondary, job skills training, and youth employment programs, and make recommendations to the governor and the legislature for establishing an integrated seamless system for providing education, service-learning, and work skills development services to learners and workers of all ages.

(d) Advise the governor on the development and implementation of statewide and local performance standards and measures relating to applicable federal human resource programs and the coordination of performance standards and measures among programs.

(e) Administer Develop program guidelines and recommend grant approval procedures to the department of children, families, and learning for grants to local education and employment transition partnerships, including implementation grants under section 126B.01, grants for youth apprenticeship programs under section 126B.03, and youth employer grants. Beginning January 1, 1997, administer youthworks grants under sections 121.704 to 121.709; and

(1) coordinate implementation of the education and employment transitions system under section 126B.01;

(2) promote education and employment transitions programs and knowledge and skills of entrepreneurship among employers, workers, youth, and educators, and encourage employers to provide meaningful work-based learning opportunities;

(3) evaluate and identify exemplary education and employment transitions programs and provide technical assistance to local partnerships to replicate the programs throughout the state;

(4) establish a performance-based quality assurance system for consistent statewide evaluation of the performance of the education and employment transitions system at both the state and local level;

New language is indicated by underline, deletions by strikeout.

(5) conduct an annual review of each local education and employment transitions partnership to ensure it adequately meets the quality assurance standards established as part of the state quality assurance system;

(6) develop the methods to assess local partnership effectiveness;

(7) annually publish a report on the findings of the evaluations of each local education transitions partnership;

(8) promote knowledge and skills of entrepreneurship among students in kindergarten through grade 12 by sharing information about the ways new business development contributes to a strong economy.

(f) Advise the governor on methods to evaluate applicable federal human resource programs.

(g) Sponsor appropriate studies to identify human investment needs in Minnesota and recommend to the governor goals and methods for meeting those needs.

(h) Recommend to the governor goals and methods for the development and coordination of a human resource system in Minnesota.

(i) Examine federal and state laws, rules, and regulations to assess whether they present barriers to achieving the development of a coordinated human resource system.

(j) Recommend to the governor and to the federal government changes in state or federal laws, rules, or regulations concerning employment and training programs that present barriers to achieving the development of a coordinated human resource system.

(k) Recommend to the governor and to the federal government waivers of laws and regulations to promote coordinated service delivery.

(l) Sponsor appropriate studies and prepare and recommend to the governor a strategic plan which details methods for meeting Minnesota's human investment needs and for developing and coordinating a state human resource system.

Sec. 11. Laws 1997, chapter 157, section 71, is amended to read:

Sec. 71. **SCHOOL BANK PILOT PROJECT.**

(a) A school bank sponsored by independent school district No. 31, Bemidji, or by independent school district No. 508, St. Peter, that meets all requirements of paragraph (b) is not subject to Minnesota Statutes, section 47.03, subdivision 1, or to any other statute or rule that regulates banks, other financial institutions, or currency exchanges.

(b) To qualify under paragraph (a), the school bank must:

(1) be operated as part of a high school educational program and under guidelines adopted by the school board;

(2) be advised on a regular basis by a one or more state-chartered or federally-chartered financial institution institutions, but not owned or operated by that any financial institution;

(3) be located on school premises and have as customers only students enrolled in, or employees of, the school in which it is located; and

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

(4) have a written commitment from the school board, guaranteeing reimbursement of any depositor's funds lost due to insolvency of the school bank.

(c) Funds of a school bank that meets the requirements of this section are not school district or other public funds for purposes of any state law governing the use or investment of school district or other public funds.

(d) The school district shall annually file with the commissioner of commerce a report, prepared by the students and teachers involved, summarizing the operation of the school bank.

(e) This section expires June 30, 2000. The commissioner of commerce shall, no later than December 15, 1999, provide a written report to the legislature regarding this pilot project and any recommended legislation regarding school banks.

Sec. 12. Laws 1997, First Special Session chapter 4, article 2, section 51, subdivision 33, is amended to read:

Subd. 33. **LEARN AND EARN GRADUATION ACHIEVEMENT PROGRAM.** For the learn and earn graduation achievement program according to Minnesota Statutes, section 126.79:

\$1,000,000	....	1998
\$1,000,000	....	1999

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

At least 95 percent of the appropriation must be used for stipends, educational awards, and program coordination. The remaining five percent of the appropriation may be used for administrative costs.

Sec. 13. Laws 1997, First Special Session chapter 4, article 3, section 23, is amended by adding a subdivision to read:

Subd. 4a. **DESIGN AND IMPLEMENTATION GRANT.** An eligible lifework learning site applicant may apply for a one-time grant to design and implement a lifework learning facility. The design and implementation grant shall not exceed \$200,000 for a site.

Sec. 14. Laws 1997, First Special Session chapter 4, article 3, section 25, subdivision 4, is amended to read:

Subd. 4. **EDUCATION AND EMPLOYMENT TRANSITIONS PROGRAM GRANTS.** For education and employment transitions program:

\$4,750,000	\$4,800,000	....	1998
\$4,750,000	<u>\$4,800,000</u>	....	1999

\$500,000 each year is for development of MnCEPs, an Internet-based education and employment information system. These are one-time funds.

\$1,225,000 in fiscal year 1998 and \$1,250,000 in fiscal year 1999 is for a rebate program for qualifying employers who employ less than 250 employees, who offer youth internships to educators. An employer may apply for a rebate of up to \$500 for each paid youth internship and each educator internship, and up to \$3,000 for each paid youth apprenticeship. The commissioner shall determine the application and payment process.

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\$450,000 each year is for youth apprenticeship program grants.

\$225,000 each year is for youth entrepreneurship grants under Minnesota Statutes, section 121.72. Of this amount, \$25,000 each year is for the high school student entrepreneurship program in independent school district No. 175, Westbrook. This appropriation shall be used for expenses, including, but not limited to, salaries, travel, seminars, equipment purchases, contractual expenses, and other expenses related to the student-run business.

\$125,000 each year is for youth employer grants under Laws 1995, First Special Session chapter 3, article 4, section 28.

\$150,000 each year is for parent and community awareness training.

\$825,000 each year is for the development of career assessment benchmarks, life-work portfolios, industry skill standards, curriculum development, career academies, and career programs for elementary, middle school, and at-risk learners.

\$400,000 each year is for state level activities, including the governor's workforce council.

\$275,000 each year is for development of occupational information.

\$300,000 each year is for a grant to be made available to a county government that has established school-to-work projects with schools located in a city of the first class. These grants must be used to expand the number of at-risk students participating in these school-to-work projects. Priority must be given to projects that demonstrate collaboration between among private and public employers, collective bargaining representatives, school officials, and the county government and which prepare at-risk students for long-term employment with private sector employers paying a minimum of 150 percent of the federal poverty level for a family of four and with the majority of their employees in collective bargaining units.

\$250,000 each year is for agricultural school-to-work grants.

\$25,000 is for a grant to the Minnesota Historical Society for money canceled in fiscal year 1997.

\$50,000 each year is awarded to the Minnesota valley action council, the fiscal agent for the south central tri-county school-to-work partnership, to serve as a model for the state in demonstrating the capability of a multicounty partnership to develop both a resource map for sustaining all learners and an assessment process for employer, labor, and community organizations involved in the school-to-work initiative. The partnership shall submit a report to the commissioner and to the governor's workforce development council by September 1, 1999, that includes the resource map, the results of the assessments, and models for multicounty partnerships to replicate these activities.

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

Sec. 15. Laws 1997, First Special Session chapter 4, article 9, section 11, is amended to read:

Sec. 11. ADDITIONAL TECHNOLOGY REVENUE.

(a) For fiscal year 1998 only, the allowance in Minnesota Statutes, section 124A.22, subdivision 10, paragraph (a), is increased by:

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- (1) \$24 per pupil unit; or
- (2) the lesser of \$25,000 or \$80 per pupil unit.

Revenue received under this section must be used according to Minnesota Statutes, section 124A.22, subdivision 11, clauses (15), (18), (19), (23), and (24).

(b) For the purposes of paragraph (a), "pupil unit" means fund balance pupil unit as defined in Minnesota Statutes, section 124A.26, subdivision 1, excluding pupil units attributable to shared time pupils.

Sec. 16. **DEADLINE.**

The governor shall convene the interagency committee required by Minnesota Statutes, section 120.1703, subdivision 4, by July 1, 1998.

Sec. 17. **APPROPRIATIONS.**

Subdivision 1. DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING. The sums indicated in this section are appropriated from the general fund to the department of children, families, and learning for the fiscal years designated.

Subd. 2. INTERVENTION DEMONSTRATION PROJECTS. For establishing five voluntary interagency intervention demonstration projects under section 2, subdivision 5:

\$ 250,000	1999
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The commissioner shall allocate the grant awards according to the implementation needs of the grant recipients.

Subd. 3. DESIGN AND IMPLEMENTATION GRANT. For one-time grants to design and implement a lifework learning facility under section 13:

\$ 450,000	1999
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In awarding the grants, priority shall be given to applicants who are ready to implement a lifework learning facility.

Sec. 18. **REPEALER.**

Laws 1993, chapter 146, article 5, section 20, as amended by Laws 1997, First Special Session chapter 4, article 3, section 20, is repealed.

Sec. 19. **EFFECTIVE DATES.**

(a) Sections 2 to 4, 6, 11 to 14, and 16 are effective the day following final enactment.

(b) Section 15 is effective for revenue for fiscal year 1998.

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

ARTICLE 4

FACILITIES AND ORGANIZATION

Section 1. Minnesota Statutes 1997 Supplement, section 121.15, subdivision 6, is amended to read:

Subd. 6. **REVIEW AND COMMENT.** A school district, a special education cooperative, or a cooperative unit of government, as defined in section 123.35, subdivision 19b, paragraph (d), must not initiate an installment contract for purchase or a lease agreement, hold a referendum for bonds, nor solicit bids for new construction, expansion, or remodeling of an educational facility that requires an expenditure in excess of \$400,000 per school site prior to review and comment by the commissioner. The commissioner may exempt a facility maintenance project funded with general education aid and levy or health and safety revenue from this provision after reviewing a written request from a school district describing the scope of work. A school board shall not separate portions of a single project into components to avoid the requirements of this subdivision.

Sec. 2. Minnesota Statutes 1996, section 124.755, subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** For the purposes of this section, the term "debt obligation" means either:

- (1) a tax or aid anticipation certificate of indebtedness;
- (2) a certificate of participation issued under section 124.91, subdivision 7; or
- (3) a general obligation bond.

Sec. 3. Minnesota Statutes 1996, section 124.83, subdivision 8, is amended to read:

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 children, families, and learning 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. 4. Minnesota Statutes 1997 Supplement, section 124.91, subdivision 1, is amended to read:

Subdivision 1. **TO LEASE BUILDING OR LAND.** (a) When a district finds it economically advantageous to rent or lease a building or land for any instructional pur-

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

poses or for school storage or furniture repair, and it determines that the operating capital revenue authorized under section 124A.22, subdivision 10, is insufficient for this purpose, it may apply to the commissioner for permission to make an additional capital expenditure levy for this purpose. An application for permission to levy under this subdivision must contain financial justification for the proposed levy, the terms and conditions of the proposed lease, and a description of the space to be leased and its proposed use.

(b) The criteria for approval of applications to levy under this subdivision must include: the reasonableness of the price, the appropriateness of the space to the proposed activity, the feasibility of transporting pupils to the leased building or land, conformity of the lease to the laws and rules of the state of Minnesota, and the appropriateness of the proposed lease to the space needs and the financial condition of the district. The commissioner must not authorize a levy under this subdivision in an amount greater than the cost to the district of renting or leasing a building or land for approved purposes. The proceeds of this levy must not be used for custodial or other maintenance services. A district may not levy under this subdivision for the purpose of leasing or renting a district-owned building or site to itself.

(c) For agreements finalized after July 1, 1997, a district may not levy under this subdivision for the purpose of leasing: (1) a newly constructed building used primarily for regular kindergarten, elementary, or secondary instruction; or (2) a newly constructed building addition or additions used primarily for regular kindergarten, elementary, or secondary instruction that contains more than 20 percent of the square footage of the previously existing building.

(d) The total levy under this subdivision for a district for any year must not exceed \$100 times the actual pupil units for the fiscal year to which the levy is attributable.

(e) For agreements for which a review and comment have been submitted to the department of children, families, and learning after April 1, 1998, the term "instructional purpose" as used in this subdivision excludes expenditures on stadiums.

Sec. 5. Minnesota Statutes 1997 Supplement, 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 apply to the commissioner of children, families, and learning for ITV revenue up to the greater of .5 percent of the adjusted net tax capacity of the district or \$25,000. Eligible interactive television expenditures include the construction, maintenance, and lease costs of an interactive television system for instructional purposes. An eligible school district that has completed the construction of its interactive television system may also purchase computer hardware and software used primarily for instructional purposes and access to the Internet provided that its total expenditures for interactive television maintenance and lease costs and for computer hardware and software under this subdivision do not exceed its interactive television revenue for fiscal year 1998. The approval by the commissioner of children, families, and learning and the application procedures set forth in subdivision 1 shall apply to the 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.

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

(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 to which the levy is attributable; 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~~ \$10,000.

(c) A district's ITV aid is the difference between its ITV revenue and the ITV levy.

(d) The revenue in the first year after reorganization for a district that has reorganized under section 122.22, 122.23, or 122.241 to 122.247 shall be the greater of:

(1) the revenue computed for the reorganized district under paragraph (a), or

(2)(i) for two districts that reorganized, 75 percent of the revenue computed as if the districts involved in the reorganization were separate, or

(ii) for three or more districts that reorganized, 50 percent of the revenue computed as if the districts involved in the reorganization were separate.

(e) The revenue in paragraph (d) is increased by the difference between the initial revenue and ITV lease costs for leases that had been entered into by the preexisting districts on the effective date of the consolidation or combination and with a term not exceeding ten years. This increased revenue is only available for the remaining term of the lease. However, in no case shall the revenue exceed the amount available had the preexisting districts received revenue separately.

(f) Effective for fiscal year 2000, the revenue under this section shall be 75 percent of the amount determined in paragraph (a); for fiscal year 2001, 50 percent of the amount in paragraph (a); and for fiscal year 2002, 25 percent of the amount in paragraph (a).

(g) This section expires effective for revenue for fiscal year 2003, or when leases in existence on the effective date of Laws 1997, First Special Session chapter 4, expire.

Sec. 6. Minnesota Statutes 1996, section 124.91, subdivision 6, is amended to read:

Subd. 6. **ENERGY CONSERVATION.** For loans approved before March 1, 1998, the school district may annually levy include as revenue under section 124.95, without the approval of a majority of the voters in the district, an amount sufficient to repay the annual principal and interest of the loan made pursuant to sections 216C.37 and 298.292 to 298.298. For energy loans approved after March 1, 1998, school districts must annually transfer from the general fund to the debt redemption fund the amount sufficient to pay interest and principal on the loans.

Sec. 7. Minnesota Statutes 1996, section 124.95, subdivision 6, is amended to read:

Subd. 6. **DEBT SERVICE EQUALIZATION AID PAYMENT SCHEDULE.** Debt service equalization aid must be paid as follows: 30 percent before September 15, 30 percent before December 15, ~~25~~ 30 percent before March 15, and a final payment of ~~15~~ 30 percent by July 15 of the subsequent fiscal year.

Sec. 8. Minnesota Statutes 1997 Supplement, section 124A.22, subdivision 11, is amended to read:

Subd. 11. **USES OF TOTAL OPERATING CAPITAL REVENUE.** Total operating capital revenue may be used only for the following purposes:

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- (1) to acquire land for school purposes;
- (2) to acquire or construct buildings for school purposes, 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 nonschool 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 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;
- (15) to purchase or lease interactive telecommunications equipment;
- (16) by school board resolution, to transfer money into the debt redemption fund to:
 - (i) pay the amounts needed to meet, when due, principal and interest payments on certain obligations issued according to chapter 475; or
 - (ii) pay principal and interest on debt service loans or capital loans according to section 124.44;
- (17) to pay capital expenditure equipment-related assessments of any entity formed under a cooperative agreement between two or more districts;
- (18) to purchase or lease computers and related materials, copying machines, telecommunications equipment, and other noninstructional equipment;
- (19) to purchase or lease assistive technology or equipment for instructional programs;

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(20) to purchase textbooks;

(21) to purchase new and replacement library books;

(22) to purchase vehicles;

(23) to purchase or lease telecommunications equipment, computers, and related equipment for integrated information management systems for:

(i) managing and reporting learner outcome information for all students under a results-oriented graduation rule;

(ii) managing student assessment, services, and achievement information required for students with individual education plans; and

(iii) other classroom information management needs; and

(24) to pay personnel costs directly related to the acquisition, operation, and maintenance of telecommunications systems, computers, related equipment, and network and applications software.

Sec. 9. Laws 1997, First Special Session chapter 4, article 4, section 34, is amended to read:

Sec. 34. FISCAL YEAR YEARS 1998 AND 1999 DECLINING PUPIL UNIT AID.

For fiscal year years 1998 and 1999 only, a school district with one or more school buildings closed during the 1996-1997 school year due to flooding is eligible for declining pupil unit aid equal to the greater of zero or the product of the general education formula allowance for fiscal year 1998 times the difference between the district's actual pupil units for the 1996-1997 school year and the district's actual pupil units for the 1997-1998 school year.

Sec. 10. Laws 1997, First Special Session chapter 4, article 4, section 35, subdivision 9, is amended to read:

Subd. 9. **FLOOD LOSSES.** (a) For grants and loans to independent school district Nos. 2854, Ada-Borup; 2176, Warren-Alvarado-Oslo; 846, Breckenridge; 595, East Grand Forks; and other districts affected by the 1997 floods for expenses associated with the floods not covered by insurance or state or federal disaster relief:

\$4,700,000	<u>\$14,775,000</u>	1998
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(b) The commissioner shall award grants and loans to school districts to cover expenses associated with the 1997 floods. The grants or loans may be for capital losses or for extraordinary operating expenses resulting from the floods. School districts shall repay any loan or grant amounts to the department if those amounts are otherwise funded from other sources. The commissioner shall establish the terms and conditions of any loans and may request any necessary information from school districts before awarding a grant or loan. This appropriation shall also be used to fund aid under sections 33 and 34.

(c) Of the amount in paragraph (a), \$1,400,000 is for special school district No. 1, Minneapolis, for Edison high school; \$1,250,000 is for independent school district No. 2854, Ada-Borup; and \$7,425,000 is for independent school district No. 595, East Grand

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Forks. Part of the appropriation to independent school district No. 595, East Grand Forks, may be used to convert the Valley elementary school into a facility for community, early childhood, and senior programs.

(d) The commissioner shall determine a schedule for payments to the school districts.

(e) This appropriation is available until June 30, 1999.

Sec. 11. JOINT FACILITY.

Notwithstanding Minnesota Statutes, section 471.19, independent school district No. 277, Westonka, may expend bond funds for building and remodeling a facility to be operated and maintained under a joint-powers agreement with other governmental entities for joint use by the school district and local community agencies. The school district is not eligible for debt service equalization on the bonds associated with the joint facility.

Sec. 12. ENHANCED PAIRING COOPERATION AND COMBINATION AID.

Subdivision 1. DISTRICT ELIGIBILITY. A group of districts participating in an enhanced pairing agreement under Laws 1995, First Special Session chapter 3, article 6, section 17, is eligible for a grant for cooperation and combination.

Subd. 2. AID AMOUNT. A district that is participating in an enhanced pairing agreement is eligible for consolidation transition revenue under Minnesota Statutes, section 124.2726 and is also eligible for additional state aid equal to \$100 times the number of pupil units enrolled in an enhanced paired district in the year prior to consolidation.

Subd. 3. AID USES. A district receiving aid under this section must use the aid consistent with the purposes listed under Minnesota Statutes, section 124.2725, subdivision 11, or other purposes related to combination of the individual districts as determined by the school board. If, after receipt of state aid under this section the districts choose not to combine and receive aid under Minnesota Statutes, section 124.2726, the commissioner of children, families, and learning must recover aid equal to \$25 times the number of pupil units in the enhanced paired district.

Sec. 13. LEASE LEVY FOR ADMINISTRATIVE SPACE; SOUTH ST. PAUL AND MANKATO.

Each year, special school district No. 6, South St. Paul, and independent school district No. 77, Mankato, may levy the amounts necessary to rent or lease administrative space so that space previously used for administrative purposes may be used for instructional purposes.

Sec. 14. USE OF BOND PROCEEDS; ST. CLOUD. Notwithstanding Minnesota Statutes, section 475.58, subdivision 4, independent school district No. 742, St. Cloud, upon passage of a written resolution specifying the amount and purpose of the expenditure, may expend up to \$800,000 from its building construction fund to purchase a building and site to be used for community education purposes.

Sec. 15. BONDING AUTHORIZATION.

To provide funds for the acquisition or betterment of school facilities, independent school district No. 625, St. Paul, may by two-thirds majority vote of all the members of

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the board of directors issue general obligation bonds in one or more series in calendar years 1998 to 2002, both inclusive, as provided in this section. The aggregate principal amount of any bonds issued under this section for each calendar year must not exceed \$15,000,000. Issuance of the bonds is not subject to Minnesota Statutes, section 475.58 or 475.59. The bonds must otherwise be issued as provided in Minnesota Statutes, chapter 475. The authority to issue bonds under this section is in addition to any bonding authority authorized by Minnesota Statutes, chapter 124, or other law. The amount of bonding authority authorized under this section must be disregarded in calculating the bonding limit of Minnesota Statutes, chapter 124, or any other law other than Minnesota Statutes, section 475.53, subdivision 4.

Sec. 16. **TAX LEVY FOR DEBT SERVICE.**

To pay the principal of and interest on bonds issued under section 13, independent school district No. 625, St. Paul, must levy a tax annually in an amount sufficient under Minnesota Statutes, section 475.61, subdivisions 1 and 3, to pay the principal of and interest on the bonds. The tax authorized under this section is in addition to the taxes authorized to be levied under Minnesota Statutes, chapter 124A or 275, or other law.

Sec. 17. **MOUNTAIN IRON-BUHL; BONDS.**

Subdivision 1. AUTHORIZATION. Independent school district No. 712, Mountain Iron-Buhl, may issue bonds in an aggregate principal amount not exceeding \$5,300,000 in addition to any bonds already issued or authorized, to provide funds to design, construct, equip, furnish, remodel, rehabilitate, and acquire land for school facilities and buildings, or abate, remove, and dispose of asbestos, polychlorinated biphenyls, or petroleum as defined in Minnesota Statutes, section 115C.02, and make repairs related to the abatement, removal, or disposal of these substances. Independent school district No. 712, Mountain Iron-Buhl, may spend the proceeds of the bond sale for those purposes and any architect, engineer, and legal fees incidental to those purposes or the sale. The bond shall be authorized, issued, sold, executed, and delivered in the manner provided by Minnesota Statutes, chapter 475, including submission of the proposition to the electors under Minnesota Statutes, section 475.58. After authorization by the electors under Minnesota Statutes, section 475.58, a resolution of the board levying taxes for the payment of bonds and interest on them and pledging the proceeds of the levies for the payment of the bonds and interest on them shall be deemed to be in compliance with the provisions of Minnesota Statutes, chapter 475, with respect to the levying of taxes for their payment.

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

Subd. 3. DISTRICT OBLIGATIONS. Bonds issued under authority of this section shall be the general obligations of the school district, for which its full faith and credit

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and unlimited taxing powers shall be pledged. If there are any deficiencies in the amount received pursuant to subdivision 2, they shall be made good by general levies, not subject to limit, on all taxable properties in the district in accordance with Minnesota Statutes, section 475.64. If any deficiency levies are necessary, the school board may effect a temporary loan or loans on certificates of indebtedness issued in anticipation of them to meet payments of principal or interest on the bonds due or about to become due.

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

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

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

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

Subd. 8. **BOND ISSUE REQUIREMENT.** No bonds may be issued under this section after March 1, 2000, unless they are issued under a contract in effect on or before March 1, 2000.

Subd. 9. **LOCAL APPROVAL.** This section is effective for independent school district No. 712, Mountain Iron-Buhl, the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 18. BONDS PAID FROM TACONITE PRODUCTION TAX REVENUES.

Subdivision 1. **REFUNDING BONDS.** The appropriation of funds from the distribution of taconite production tax revenues to the taconite environmental protection tax fund and the northeast Minnesota economic protection fund made by Laws 1988, chapter 718, article 7, sections 62 and 63; Laws 1989, chapter 329, article 5, section 20; Laws 1990, chapter 604, article 8, section 13; Laws 1992, chapter 499, article 5, section 29; and Laws 1996, chapter 412, article 5, sections 18 to 20; and by section 16, shall continue to apply to bonds issued under Minnesota Statutes, chapter 475, to refund bonds originally issued pursuant to those chapters.

Subd. 2. **LOCAL PAYMENTS.** School districts that are required in Laws 1988, chapter 718, article 7, sections 62 and 63; Laws 1989, chapter 329, article 5, section 20; Laws 1990, chapter 604, article 8, section 13; Laws 1992, chapter 499, article 5, section 29; and sections 18 to 20, to impose levies to pay debt service on the bonds issued under

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those provisions to the extent the principal and interest on the bonds is not paid by distributions from the taconite environmental protection fund and the northeast Minnesota economic protection trust, may pay their portion of the principal and interest from any funds available to them. To the extent a school district uses funds other than the proceeds of a property tax levy to pay its share of the principal and interest on the bonds, the requirement to impose a property tax to pay the local share does not apply to the school district.

Sec. 19. **HEALTH AND SAFETY REVENUE; MOUNDS VIEW.**

(a) Upon approval of the commissioner of children, families, and learning, and notwithstanding Minnesota Statutes, section 124.83, subdivision 6, independent school district No. 621, Mounds View, is authorized to use up to \$300,000 of its health and safety revenue to replace portable classrooms with new construction of classrooms.

(b) The department of children, families, and learning shall approve the revenue use under paragraph (a) only after the district has demonstrated to the commissioner's satisfaction that:

(1) mold has rendered the portable classrooms uninhabitable;

(2) Island Lake elementary school could not receive an occupancy permit from local building code officials; and

(3) the timing of the damage to Island Lake elementary school portables presented a hardship to the school by leaving it short by two classrooms.

Sec. 20. **HEALTH AND SAFETY; EVELETH-GILBERT.**

Notwithstanding any law to the contrary, independent school district No. 2154, Eveleth-Gilbert, may include in its health and safety program the amounts necessary to make health and safety improvements to an ice arena located within the district boundaries. The total amount of revenue approved for this purpose shall not exceed \$300,000.

Sec. 21. **APPROPRIATION.**

Subdivision 1. DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING. The sums indicated in this section are appropriated from the general fund to the department of children, families, and learning for the fiscal years designated.

Subd. 2. MONTICELLO. For a grant to independent school district No. 882, Monticello, for losses related to summer storms in 1997:

\$ 100,000	1998
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This appropriation is available until June 30, 1999.

Subd. 3. CARLTON PLANNING GRANT. For a grant to independent school district No. 93, Carlton, to develop a plan to coordinate district buildings and services:

\$ 10,000	1999
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The school district shall collaborate with the city of Carlton and Carlton county in developing the plan.

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Subd. 4. CALEDONIA PLANNING GRANT. (a) For a grant to perform a management assistance study for independent school district No. 299, Caledonia:

\$ 40,000 1999

(b) The study shall include an analysis of facility needs, enrollment trends, and instructional opportunities available to pupils of independent school district No. 299, Caledonia. The department may consult with neighboring school districts, as appropriate. The department shall complete the management assistance study by December 31, 1998.

(c) This appropriation is available until June 30, 1999.

Subd. 5. COORDINATED FACILITIES PLANS. For grants for coordinated facilities plans:

\$ 550,000 1999

Of this amount, \$200,000 is for independent school district No. 2135, Maple River, \$150,000 is for independent school district No. 2184, Luverne, \$100,000 is for independent school district No. 238, Mabel-Canton, and \$100,000 is for independent school district No. 534, Stewartville. The grants shall be used to examine and coordinate the districts' building needs. Each district must evaluate how the current use of its facilities is affecting its educational services and examine cost efficiencies that may result from a coordinated facilities plan. The grants may be used for operating purposes, transportation purposes, or facilities purposes that lead to greater program efficiencies.

Subd. 6. ENHANCED PAIRING COMBINATION AID. For a grant to a group of school districts participating in the enhanced pairing program that intend to combine into a single school district:

\$ 135,000 1999

Sec. 22. EFFECTIVE DATES.

(a) Section 2 is effective retroactively for revenue for fiscal year 1997.

(b) Section 4 is effective retroactively to April 1, 1998.

(c) Section 6 is effective retroactively to March 1, 1998.

(d) Sections 10 and 14 are effective the day following final enactment.

(e) Sections 15 and 16 are effective the day after the governing body of independent school district No. 625, St. Paul, complies with Minnesota Statutes, section 645.021, subdivision 3.

(f) Section 21, subdivision 2, is effective the day following final enactment.

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ARTICLE 5

POLICIES PROMOTING ACADEMIC EXCELLENCE

Section 1. Minnesota Statutes 1996, section 43A.17, subdivision 9, is amended to read:

Subd. 9. **POLITICAL SUBDIVISION COMPENSATION LIMIT.** The salary and the value of all other forms of compensation of a person employed by a statutory or home rule charter city, county, town, ~~school district~~, metropolitan or regional agency, or other political subdivision of this state ~~excluding a school district~~, or employed under section 422A.03, may not exceed 95 percent of the salary of the governor as set under section 15A.082, except as provided in this subdivision. Deferred compensation and payroll allocations to purchase an individual annuity contract for an employee are included in determining the employee's salary. Other forms of compensation which shall be included to determine an employee's total compensation are all other direct and indirect items of compensation which are not specifically excluded by this subdivision. Other forms of compensation which shall not be included in a determination of an employee's total compensation for the purposes of this subdivision are:

(1) employee benefits that are also provided for the majority of all other full-time employees of the political subdivision, vacation and sick leave allowances, health and dental insurance, disability insurance, term life insurance, and pension benefits or like benefits the cost of which is borne by the employee or which is not subject to tax as income under the Internal Revenue Code of 1986;

(2) dues paid to organizations that are of a civic, professional, educational, or governmental nature; and

(3) reimbursement for actual expenses incurred by the employee which the governing body determines to be directly related to the performance of job responsibilities, including any relocation expenses paid during the initial year of employment.

The value of other forms of compensation shall be the annual cost to the political subdivision for the provision of the compensation. The salary of a medical doctor or doctor of osteopathy occupying a position that the governing body of the political subdivision has determined requires an M.D. or D.O. degree is excluded from the limitation in this subdivision. The commissioner may increase the limitation in this subdivision for a position that the commissioner has determined requires special expertise necessitating a higher salary to attract or retain a qualified person. The commissioner shall review each proposed increase giving due consideration to salary rates paid to other persons with similar responsibilities in the state and nation. The commissioner may not increase the limitation until the commissioner has presented the proposed increase to the legislative coordinating commission and received the commission's recommendation on it. The recommendation is advisory only. If the commission does not give its recommendation on a proposed increase within 30 days from its receipt of the proposal, the commission is deemed to have recommended approval.

Sec. 2. Minnesota Statutes 1996, section 43A.17, subdivision 10, is amended to read:

Subd. 10. **LOCAL ELECTED OFFICIALS; CERTAIN COMPENSATION PROHIBITED.** The compensation plan for an elected official of a statutory or home rule

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charter city, county, or town, or school district may not include a provision for vacation or sick leave. The salary of an official covered by this subdivision may not be diminished because of the official's absence from official duties because of vacation or sickness.

Sec. 3. Minnesota Statutes 1997 Supplement, section 120.064, subdivision 3, is amended to read:

Subd. 3. **SPONSOR.** A school board, intermediate school district school board, private college, community college, state university, technical college, or the University of Minnesota may sponsor one or more charter schools.

Sec. 4. Minnesota Statutes 1997 Supplement, section 120.101, subdivision 5, is amended to read:

Subd. 5. **AGES AND TERMS.** (a) Every child between seven and 16 years of age shall receive instruction. 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. Except as provided in subdivision 5a, a parent may withdraw a child under the age of seven from enrollment at any time.

(b) A school district by annual board action may require children subject to this subdivision to receive instruction in summer school. A district that acts to require children to receive instruction in summer school shall establish at the time of its action the criteria for determining which children must receive instruction.

Sec. 5. Minnesota Statutes 1996, 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) (1) 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) (2) admission fees or charges for extra curricular activities, where attendance is optional and where the admission fees or charges a student must pay to attend or participate in an extracurricular activity is the same for all students, regardless of whether the student is enrolled in a public or a home school;

(c) (3) a security deposit for the return of materials, supplies, or equipment;

(d) (4) 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) (5) 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) (6) fees specifically permitted by any other statute, including but not limited to section 171.04, subdivision 1, clause (1);

(g) (7) field trips considered supplementary to a district educational program;

(h) (8) any authorized voluntary student health and accident benefit plan;

(i) (9) for the use of musical instruments owned or rented by the district, a reasonable rental fee not to exceed either the rental cost to the district or the annual depreciation plus the actual annual maintenance cost for each instrument;

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~~(j)~~ (10) transportation of pupils to and from extra curricular activities conducted at locations other than school, where attendance is optional;

~~(k)~~ (11) transportation of pupils to and from school for which aid for fiscal year 1996 is not authorized under Minnesota Statutes 1994, section 124.223, subdivision 1, and for which levy for fiscal year 1996 is not authorized under Minnesota Statutes 1994, 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)~~ (12) 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)~~ (13) 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 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. 6. Minnesota Statutes 1997 Supplement, section 121.11, subdivision 7c, is amended to read:

Subd. 7c. **RESULTS-ORIENTED GRADUATION RULE.** (a) 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 rulemaking authority under subdivision 7b to adopt a statewide, results-oriented graduation rule to be implemented starting with students beginning ninth grade in the 1996-1997 school year. The board shall not prescribe in rule or otherwise the delivery system or form of instruction that local sites must use to meet the requirements contained in this rule.

(b) To successfully accomplish paragraph (a), the state board shall set in rule high academic standards for all students. The standards must contain the foundational skills in the three core curricular areas of reading, writing, and mathematics while meeting requirements for high school graduation. The standards must also provide an opportunity for students to excel by meeting higher academic standards through a profile of learning that uses curricular requirements to allow students to expand their knowledge and skills beyond the foundational skills. All state board actions regarding the rule must be premised on the following:

(1) the rule is intended to raise academic expectations for students, teachers, and schools;

(2) any state action regarding the rule must evidence consideration of school district autonomy; and

(3) the department of children, families, and learning, with the assistance of school districts, must make available information about all state initiatives related to the rule to students and parents, teachers, and the general public in a timely format that is appropriate, comprehensive, and readily understandable.

(c) For purposes of adopting the rule, the state board, in consultation with the department, recognized psychometric experts in assessment, and other interested and knowl-

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edgeable educators, using the most current version of professional standards for educational testing, shall evaluate the alternative approaches to assessment.

(d) The content of the graduation rule must differentiate between minimum competencies reflected in the basic requirements assessment and rigorous profile of learning standards. When fully implemented, the requirements for high school graduation in Minnesota must include both basic requirements and the required profile of learning. The profile of learning must measure student performance using performance-based assessments compiled over time that integrate higher academic standards, higher order thinking skills, and application of knowledge from a variety of content areas. The profile of learning shall include a broad range of academic experience and accomplishment necessary to achieve the goal of preparing students to function effectively as purposeful thinkers, effective communicators, self-directed learners, productive group participants, and responsible citizens. The commissioner shall develop and disseminate to school districts a uniform method for reporting student performance on the profile of learning.

(e) The state board shall periodically review and report on the assessment process and student achievement with the expectation of raising the standards and expanding high school graduation requirements.

(f) The state board shall report in writing to the legislature annually by January 15 on its progress in developing and implementing the graduation requirements according to the requirements of this subdivision and section 123.97 until such time as all the graduation requirements are implemented.

Sec. 7. Minnesota Statutes 1996, section 121.11, subdivision 7d, is amended to read:

Subd. 7d. **DESEGREGATION/INTEGRATION, INCLUSIVE EDUCATION, AND LICENSURE RULES.** (a) The state board may By January 10, 1999, the commissioner shall make rules relating to desegregation/integration, and inclusive education, and licensure of school personnel not licensed by the board of teaching.

(b) In adopting a rule related to school desegregation/integration, the state board commissioner shall address the need for equal educational opportunities for all students and racial balance as defined by the state board commissioner.

Sec. 8. Minnesota Statutes 1997 Supplement, section 121.1113, subdivision 1, is amended to read:

Subdivision 1. **STATEWIDE TESTING.** (a) The commissioner, with advice from experts with appropriate technical qualifications and experience and stakeholders, shall include in the comprehensive assessment system, for each grade level to be tested, a single statewide norm-referenced or criterion-referenced test, or a combination of a norm-referenced and a criterion-referenced test, which shall be highly correlated with the state's graduation standards and administered annually to all students in the third, fifth, and eighth grades. The commissioner shall establish one or more months during which schools shall administer the tests to students each school year. The Only Minnesota basic skills tests in reading and, mathematics, and writing shall fulfill students' eighth grade testing requirements for a passing state notation.

(b) In addition, at the secondary level, districts shall assess student performance in all required learning areas and selected required standards within each area of the profiles of learning. The testing instruments and testing process shall be determined by the com-

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missioner. The results shall be aggregated at the site and district level. The testing shall be administered beginning in the 1999-2000 school year and thereafter.

(c) The comprehensive assessment system shall include an evaluation of school site and school district performance levels during the 1997-1998 school year and thereafter using an established performance baseline developed from students' test scores under this section that records, at a minimum, students' unweighted mean test scores in each tested subject, a second performance baseline that reports, at a minimum, the same unweighted mean test scores of only those students enrolled in the school by January 1 of the previous school year, and a third performance baseline that reports the same unweighted test scores of all students except those students receiving limited English proficiency instruction. The evaluation also shall record separately, in proximity to the performance baselines, the percentages of students who are eligible to receive a free or reduced price school meal, demonstrate limited English proficiency, or are eligible to receive special education services.

(d) In addition to the testing and reporting requirements under paragraphs (a), (b), and (c), the commissioner, in consultation with the state board of education, shall include the following components in the statewide educational accountability and public reporting system:

(1) uniform statewide testing of all third, fifth, eighth, and post-eighth grade students with exemptions, only with parent or guardian approval, from the testing requirement only for those very few students for whom the student's individual education plan team under section 120.17, subdivision 2, determines that the student is incapable of taking a statewide test, or a limited English proficiency student under section 126.262, subdivision 2, if the student has been in the United States for fewer than 12 months and for whom special language barriers exist, such as the student's native language does not have a written form or the district does not have access to appropriate interpreter services for the student's native language;

(2) educational indicators that can be aggregated and compared across school districts and across time on a statewide basis;

(3) students' scores on the American College Test;

(4) participation in the National Assessment of Educational Progress so that the state can benchmark its performance against the nation and other states, and, where possible, against other countries, and contribute to the national effort to monitor achievement; and

(5) basic skills and advanced competencies connecting teaching and learning to high academic standards, assessment, and transitions to citizenship and employment.

(e) Districts must report exemptions under paragraph (d), clause (1), to the commissioner consistent with a format provided by the commissioner.

Sec. 9. [121.1114] GRADUATION RULE.

Subdivision 1. **IMPLEMENTATION OF THE PROFILE OF LEARNING.** (a) A school district shall implement the profile of learning of the graduation rule under paragraph (b), (c), or (d).

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

A district may implement the profile of learning under paragraph (c) or (d) only after the commissioner approves the district's request for a waiver and approves the local plan for full implementation.

(b) A school district shall implement the profile of learning for the 1998-1999 school year and later.

(c) A school district shall implement the profile of learning as follows:

(1) for the 1998-1999 school year and later, the district shall implement all required standards in learning areas at the preparatory level and implement for ninth grade students a minimum of six learning areas under the profile of learning with three from the areas of read, listen, and view; write and speak; mathematical applications; scientific applications; and people and cultures; and three from the areas of literature and the arts; inquiry; decision making; resource management; and world language;

(2) for the 1999-2000 school year and later, the district shall implement for ninth and tenth grade students two learning areas in addition to those implemented under clause (1). The district shall complete the four learning areas of read, listen, and view; write and speak; mathematical applications; scientific applications; and people and cultures if the four areas were not completed in clause (1); and the remainder from the areas of literature and the arts; inquiry; decision making; resource management; and world language; and

(3) for the 2000-2001 school year and later, the district shall implement for ninth, tenth, and eleventh grade students the two learning areas in the profile of learning that were not implemented under clauses (1) and (2).

(d) A district shall develop a local plan to implement the profile of learning and have all ten learning areas fully implemented by the 2001-2002 school year.

(e) A district shall notify the commissioner by July 1, 1998, as to whether the district will implement the profile of learning under paragraph (b), (c), or (d).

(f) An advisory committee of 11 members is established to advise the governor and commissioner on the implementation of the graduation rule under this section. The commissioner shall appoint 11 members with representatives from education organizations, business, higher education, parents, and organizations representing communities of color.

The committee shall review the implementation of the basic requirements and the profile of learning standards.

The commissioner shall provide technical and other assistance to the advisory committee. The committee expires on December 1, 1998.

Subd. 2. PERFORMANCE PACKAGES. Teachers are not required to use a state model performance package. Teachers are encouraged to develop and use a performance package that equals or exceeds the difficulty of the state model performance package.

Subd. 3. WAIVER. In order to receive a waiver, a district must document why the waiver is necessary, how the local plan improves student achievement, and how the profile of learning will be fully implemented for the 2001-2002 school year.

New language is indicated by underline, deletions by strikeout.

Sec. 10, Minnesota Statutes 1996, section 121.1115, is amended by adding a subdivision to read:

Subd. 1b. EDUCATIONAL ACCOUNTABILITY. (a) The independent office of educational accountability, as authorized by Laws 1997, First Special Session chapter 4, article 5, section 28, subdivision 2, is established. The office shall advise the education committees of the legislature and the commissioner of children, families, and learning, at least on a biennial basis, on the degree to which the statewide educational accountability and reporting system includes a comprehensive assessment framework that measures school accountability for students achieving the goals described in the state's results-oriented graduation rule. The office shall consider whether the statewide system of educational accountability utilizes multiple indicators to provide valid and reliable comparative and contextual data on students, schools, districts, and the state, and if not, recommend ways to improve the accountability reporting system.

(b) When the office reviews the statewide educational accountability and reporting system, it shall also consider:

(1) the objectivity and neutrality of the state's educational accountability system;
and

(2) the impact of a testing program on school curriculum and student learning.

Sec. 11, Minnesota Statutes 1996, section 125.183, subdivision 1, is amended to read:

Subdivision 1. The board of teaching consists of 11 members appointed by the governor, with the advice and consent of the senate. Membership terms, compensation of members, removal of members, the filling of membership vacancies, and fiscal year and reporting requirements shall be as provided in sections 214.07 to 214.09. No member may be reappointed for more than one additional term.

Sec. 12, Minnesota Statutes 1996, section 125.183, subdivision 3, is amended to read:

Subd. 3. **MEMBERSHIP.** Except for the representatives of higher education and the public, to be eligible for appointment to the board of teaching a person must be a teacher currently teaching in a Minnesota school and fully licensed for the position held and have at least five years teaching experience in Minnesota, including the two years immediately preceding nomination and appointment. Each nominee, other than a public nominee, must be selected on the basis of professional experience and knowledge of teacher education, accreditation, and licensure. The board must be composed of:

(1) six classroom teachers who are currently teaching in a Minnesota school, at least four of whom must be teaching in a public school;

(2) one higher education representative, who must be a faculty member preparing teachers;

(3) one school administrator; and

(4) three members of the public, two of whom must be present or former members of school boards.

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

Sec. 13. Minnesota Statutes 1996, section 126.70, subdivision 2a, is amended to read:

Subd. 2a. **STAFF DEVELOPMENT OUTCOMES.** The staff development committee shall adopt a staff development plan for improving student achievement of education outcomes. The plan must be consistent with education outcomes that the school board determines. The plan shall include ongoing staff development activities that contribute toward continuous improvement in achievement of the following goals:

- (1) improve student achievement of state and local education standards in all areas of the curriculum by using best practices methods;
- (2) effectively meet the needs of a diverse student population, including at-risk children, children with disabilities, and gifted children, within the regular classroom and other settings;
- (3) provide an inclusive curriculum for a racially, ethnically, and culturally diverse student population that is consistent with the state education diversity rule and the district's education diversity plan;
- (4) improve staff ability to collaborate and consult with one another and to resolve conflicts;
- (5) effectively teach and model violence prevention policy and curriculum that address issues of harassment and teach nonviolent alternatives for conflict resolution; and
- (6) provide teachers and other members of site-based management teams with appropriate management and financial management skills.

Sec. 14. Minnesota Statutes 1996, section 128A.02, subdivision 1, is amended to read:

Subdivision 1. ~~TO GOVERN GOVERNANCE.~~ The state board of education the Faribault academy shall govern the state academy for the deaf and the state academy for the blind. The board must promote academic standards based on high expectation and an assessment system to measure academic performance toward the achievement of those standards. The board must focus on the academies' needs as a whole and not prefer one school over the other. The board of the Faribault academies shall consist of seven persons. The members of the board shall be appointed by the governor with the advice and consent of the senate. Three members must be from the seven-county metropolitan area, three members must be from greater Minnesota, and one member may be appointed at-large. The board must be composed of:

- (1) one superintendent of an independent school district;
- (2) one special education director;
- (3) the commissioner of children, families, and learning or the commissioner's designee;
- (4) one member of the blind community;
- (5) one member of the deaf community; and
- (6) two members of the general public with business or financial expertise.

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

Sec. 15. Minnesota Statutes 1996, section 128A.02, is amended by adding a subdivision to read:

Subd. 1b. TERMS; COMPENSATION; AND OTHER. The membership terms, compensation, removal of members, and filling of vacancies shall be as provided for in section 15.0575. A member may serve not more than two consecutive terms.

Sec. 16. Minnesota Statutes 1996, section 128A.02, is amended by adding a subdivision to read:

Subd. 2b. MEETINGS. All meetings of the board shall be as provided in section 471.705 and must be held in Faribault.

Sec. 17. Minnesota Statutes 1996, section 128A.02, subdivision 3, is amended to read:

Subd. 3. MOST BENEFICIAL, LEAST RESTRICTIVE. The state board must do what is necessary to provide the most beneficial and least restrictive program of education for each pupil at the academies who is handicapped by visual disability or deafness.

Sec. 18. Minnesota Statutes 1996, section 128A.02, subdivision 3b, is amended to read:

Subd. 3b. PLANNING, EVALUATION, AND REPORTING. To the extent required in school districts, the state board must establish a process for the academies to include parent and community input in the planning, evaluation, and reporting of curriculum and pupil achievement.

Sec. 19. Minnesota Statutes 1996, section 128A.02, subdivision 5, is amended to read:

Subd. 5. SITE COUNCILS. The state board may establish, and appoint members to, a site council at each academy. The site councils shall exercise power and authority granted by the state board. The state board must appoint to each site council the exclusive representative's employee designee from each exclusive representative at the academies.

Sec. 20. Minnesota Statutes 1996, section 128A.02, subdivision 6, is amended to read:

Subd. 6. TRUSTEE OF ACADEMIES' PROPERTY. The state board is the trustee of the academies' property. Securities and money, including income from the property, must be deposited in the state treasury according to section 16A.275. The deposits are subject to the order of the state board.

Sec. 21. Minnesota Statutes 1997 Supplement, section 128A.02, subdivision 7, is amended to read:

Subd. 7. GRANTS. The state board, through the chief administrators of the academies, may apply for all competitive grants administered by agencies of the state and other government or nongovernment sources. Application may not be made for grants over which the board has discretion.

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Sec. 22. Minnesota Statutes 1996, section 128A.022, is amended to read:

128A.022 POWERS OF STATE BOARD OF EDUCATION THE FARIBAUT ACADEMIES.

Subdivision 1. **PERSONNEL.** The state board of education of the Faribault academies may employ central administrative staff members and other personnel necessary to provide and support programs and services at each academy.

Subd. 2. **GET HELP FROM DEPARTMENT.** The state board of the Faribault academies may require the department of children, families, and learning to provide program leadership, program monitoring, and technical assistance at the academies.

Subd. 3. **UNCLASSIFIED POSITIONS.** The state board of the Faribault academies may place any position other than residential academies administrator in the unclassified service. The position must meet the criteria in section 43A.08, subdivision 1a.

Subd. 4. **RESIDENTIAL AND BUILDING MAINTENANCE SERVICES.** The state board of the Faribault academies may enter into agreements with public or private agencies or institutions to provide residential and building maintenance services. The state board of the Faribault academies must first decide that contracting for the services is more efficient and less expensive than not contracting for them.

Subd. 6. **STUDENT TEACHERS AND PROFESSIONAL TRAINEES.** (a) The state board of the Faribault academies may enter into agreements with teacher preparation institutions for student teachers to get practical experience at the academies. A licensed teacher must provide appropriate supervision of each student teacher.

(b) The state board of the Faribault academies may enter into agreements with accredited higher education institutions for certain student trainees to get practical experience at the academies. The students must be preparing themselves in a professional field that provides special services to children with a disability in school programs. To be a student trainee in a field, a person must have completed at least two years of an approved program in the field. A person who is licensed or registered in the field must provide appropriate supervision of each student trainee.

Sec. 23. Minnesota Statutes 1996, section 128A.023, subdivision 1, is amended to read:

Subdivision 1. **DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.** The department of children, families, and learning must assist the state board of education the Faribault academies in preparing reports on the academies.

Sec. 24. Minnesota Statutes 1996, section 128A.023, subdivision 2, is amended to read:

Subd. 2. **DEPARTMENT OF EMPLOYEE RELATIONS.** The department of employee relations, in cooperation with the state board of education the Faribault academies, must develop a statement of necessary qualifications and skills for all staff members of the academies.

Sec. 25. Minnesota Statutes 1996, section 128A.026, subdivision 1, is amended to read:

Subdivision 1. **SUBJECTS.** The state board of education the Faribault academies must establish procedures for:

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- (1) admission, including short-term admission, to the academies;
- (2) discharge from the academies;
- (3) decisions on a pupil's program at the academies; and
- (4) evaluation of a pupil's progress at the academies.

Sec. 26. Minnesota Statutes 1996, section 128A.026, subdivision 3, is amended to read:

Subd. 3. **NOT CONTESTED CASE.** A proceeding about admission to or discharge from the academies or about a pupil's program or progress at the academies is not a contested case under section 14.02. The proceeding is governed instead by the rules of the state board governing special education.

Sec. 27. Minnesota Statutes 1996, section 128A.07, subdivision 2, is amended to read:

Subd. 2. **LOCAL SOCIAL SERVICES AGENCY.** If the person liable for support of a pupil cannot support the pupil, the local social services agency of the county of the pupil's residence must do so. The commissioner of children, families, and learning must decide how much the local social services agency must pay. The state board of education the Faribault academies must adopt rules that tell how the commissioner is to fix the amount. The local social services agency must make the payment to the superintendent of the school district of residence.

Sec. 28. Minnesota Statutes 1996, section 260.015, subdivision 19, is amended to read:

Subd. 19. **HABITUAL TRUANT.** "Habitual truant" means a child under the age of 16 years who is absent from attendance at school without lawful excuse for seven school days if the child is in elementary school or for one or more class periods on seven school days if the child is in middle school, junior high school, or high school, or a child who is 16 or 17 years of age who is absent from attendance at school without lawful excuse for one or more class periods on seven school days and who has not lawfully withdrawn from school under section 120.101, subdivision 5d.

Sec. 29. Minnesota Statutes 1996, section 260.131, subdivision 1b, is amended to read:

Subd. 1b. **CHILD IN NEED OF PROTECTION OR SERVICES; HABITUAL TRUANT.** If there is a school attendance review board or county attorney mediation program operating in the child's school district, a petition alleging that a child is in need of protection or services as a habitual truant under section 260.015, subdivision 2a, clause (12), may not be filed until the applicable procedures under section 260A.06 or 260A.07 have been exhausted followed.

Sec. 30. Minnesota Statutes 1996, section 260.132, subdivision 1, is amended to read:

Subdivision 1. **NOTICE.** When a peace officer, or attendance officer in the case of a habitual truant, has probable cause to believe that a child:

- (1) is in need of protection or services under section 260.015, subdivision 2a, clause (11) or (12);

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(2) is a juvenile petty offender; or

(3) has committed a delinquent act that would be a petty misdemeanor or misdemeanor if committed by an adult;

the officer may issue a notice to the child to appear in juvenile court in the county in which the child is found or in the county of the child's residence or, in the case of a juvenile petty offense, or a petty misdemeanor or misdemeanor delinquent act, the county in which the offense was committed. If there is a school attendance review board or county attorney mediation program operating in the child's school district, a notice to appear in juvenile court for a habitual truant may not be issued until the applicable procedures under section 260A.06 or 260A.07 have been exhausted followed. The officer shall file a copy of the notice to appear with the juvenile court of the appropriate county. If a child fails to appear in response to the notice, the court may issue a summons notifying the child of the nature of the offense alleged and the time and place set for the hearing. If the peace officer finds it necessary to take the child into custody, sections 260.165 and 260.171 shall apply.

Sec. 31. Minnesota Statutes 1996, section 260A.05, subdivision 2, is amended to read:

Subd. 2. **GENERAL POWERS AND DUTIES.** A school attendance review board shall prepare an annual plan to promote interagency and community cooperation and to reduce duplication of services for students with school attendance problems. The plan shall include a description of truancy procedures and services currently in operation within the board's jurisdiction, including the programs and services under section 260A.04. A board may provide consultant services to, and coordinate activities of, truancy programs and services. If a board determines that it will be unable to provide services for all truant students who are referred to it, the board shall establish procedures and criteria for determining whether to accept referrals of students or refer them for other appropriate action.

Sec. 32. Minnesota Statutes 1996, section 260A.06, is amended to read:

260A.06 REFERRAL OF TRUANT STUDENTS TO SCHOOL ATTENDANCE REVIEW BOARD.

Subdivision 1. **REFERRAL; NOTICE.** An attendance officer or other school official may refer a student who is a continuing truant to the school attendance review board. The person making the referral shall provide a written notice by first class mail or other reasonable means to the student and the student's parent or legal guardian. The notice must:

(1) include the name and address of the board to which the student has been referred and the reason for the referral; and

(2) indicate that the student, the parent or legal guardian, and the referring person will meet with the board to determine a proper disposition of the referral, unless the board refers the student directly to the county attorney or for other appropriate legal action.

Subd. 2. **MEETING; COMMUNITY SERVICES.** (a) Except as provided in paragraph (b), the school attendance review board shall schedule the meeting described in subdivision 1 and provide notice of the meeting by first class mail or other reasonable

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means to the student, parent or guardian, and referring person. If the board determines that available community services may resolve the attendance problems of the truant student, the board shall refer the student or the student's parent or guardian to participate in the community services. The board may develop an agreement with the student and parent or guardian that specifies the actions to be taken. The board shall inform the student and parent or guardian that failure to comply with any agreement or to participate in appropriate community services will result in a referral to the county attorney under subdivision 3. The board may require the student or parent or guardian to provide evidence of participation in available community services or compliance with any agreement.

(b) A school attendance review board may refer a student directly to the county attorney or for other appropriate legal action under subdivision 3 if it has established procedures and criteria for these referrals.

Subd. 3. REFERRAL TO COUNTY ATTORNEY; OTHER APPROPRIATE ACTION. If the school attendance review board determines that available community services cannot resolve the attendance problems of the truant student or, if the student or the parent or guardian has failed to comply with any referrals or agreements under subdivision 2 or to otherwise cooperate with the board, or if the board determines that a student should be referred directly under this subdivision, the board may:

(1) refer the matter to the county attorney under section 260A.07, if the county attorney has elected to participate in the truancy mediation program; or

(2) if the county attorney has not elected to participate in the truancy mediation program, refer the matter for appropriate legal action against the child or the child's parent or guardian under chapter 260 or section 127.20.

Sec. 33. Laws 1997, First Special Session chapter 4, article 5, section 24, subdivision 4, is amended to read:

Subd. 4. GRANT AWARDS. A school district or any group of districts may receive a grant in the amount of \$25 per pupil per year. The grant recipient with 6,000 or more pupils in average daily membership must match one local dollar for every state dollar received. The local match may include in kind contributions. In awarding grants, the commissioner shall consider which students will benefit most from these programs. No grant recipient shall use the grant award to supplant existing funding for gifted and talented programs.

Sec. 34. Laws 1997, First Special Session chapter 4, article 5, section 28, subdivision 4, is amended to read:

Subd. 4. ADVANCED PLACEMENT AND INTERNATIONAL BACCALAUREATE PROGRAMS. For the state advanced placement and international baccalaureate programs:

\$1,875,000	....	1998
\$1,875,000	....	1999

Notwithstanding Minnesota Statutes, section 126.239, subdivisions 1 and 2, \$200,000 each year is for teachers to attend subject matter summer training programs and follow-up support workshops approved by the advanced placement or international baccalaureate programs. The amount of the subsidy for each teacher attending an advanced

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

placement or international baccalaureate summer training program or workshop shall be the same. The commissioner shall determine the payment process and the amount of the subsidy.

Notwithstanding Minnesota Statutes, section 126.239, subdivision 3, in each year to the extent of available appropriations, the commissioner shall pay all examination fees for all students sitting for an advanced placement examination, international baccalaureate examination, or both. If this amount is not adequate, the commissioner may pay less than the full examination fee.

\$300,000 each year is for student scholarships. A student scholarship shall be awarded to a student scoring three or better on one or more advanced placement examinations or a four or better on one or more international baccalaureate examinations. The amount of each scholarship shall range from \$150 to \$500 based on the student's score on the exams. The scholarships shall be awarded only to students who are enrolled in a Minnesota public or private college or university. The total amount of each scholarship shall be paid directly to the student's designated college or university and must be used by the student only for tuition, required fees, and books in nonsectarian courses or programs. The higher education services office, in consultation with the commissioner, shall determine the payment process, the amount of the scholarships, and provisions for unused scholarships.

In order to be eligible to receive advanced placement or international baccalaureate scholarships on behalf of the qualifying students, the college or university must have an advanced placement, international baccalaureate, or both, credit and placement policy for the scholarship recipients. In addition, each college or university must certify these policies to the department each year. The department must provide each secondary school in the state with a copy of the post-secondary advanced placement and international baccalaureate policies each year.

\$375,000 each year is for teacher stipends. A teacher who teaches an advanced placement or international baccalaureate course shall receive a stipend for each student in that teacher's course who receives a three or better on the advanced placement or a four or better on the international baccalaureate examination that covers the subject matter of the course. The commissioner shall determine the payment process and the amount of the teacher stipend ranging from \$25 to \$50 for each student receiving a qualifying score.

A stipend awarded to a teacher under this subdivision shall not be a mandatory subject of bargaining under Minnesota Statutes, chapter 179A, or any other law and shall not be a term or condition of employment. The amount of any award shall be final and shall not be subject to review by an arbitrator through any grievance or other process or by a court through any appeal process.

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

Sec. 35. Laws 1997, First Special Session chapter 4, article 5, section 28, subdivision 9, is amended to read:

Subd. 9. **COLLABORATIVE URBAN EDUCATOR PROGRAMS.** For grants to collaborative urban educator programs that prepare and license people of color to teach:

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

\$895,000	....	1998
<u>\$500,000</u>	<u>....</u>	<u>1999</u>

This appropriation is available until June 30, 1999.

Sec. 36. Laws 1997, First Special Session chapter 4, article 5, section 28, subdivision 10, is amended to read:

Subd. 10. **CHARTER SCHOOL BUILDING LEASE AID.** For building lease aid according to section 124.248, subdivision 2a:

\$1,078,000	<u>\$1,294,000</u>	....	1998
<u>\$1,577,000</u>	<u>\$1,889,000</u>	....	1999

The 1999 appropriation includes \$120,000 \$143,000 for 1998 and \$1,457,000 \$1,746,000 for 1999.

Sec. 37. Laws 1997, First Special Session chapter 4, article 5, section 28, subdivision 11, is amended to read:

Subd. 11. **CHARTER SCHOOL START-UP GRANTS.** For charter school start-up cost aid under Minnesota Statutes, section 124.248:

\$500,000	<u>\$900,000</u>	....	1998
<u>\$1,000,000</u>	....	....	1999

The 1999 appropriation includes \$100,000 for 1998 and \$900,000 for 1999.

Any balance in the first year does not cancel but is available in the second year. This appropriation may also be used for grants to convert existing schools into charter schools.

Sec. 38. Laws 1997, First Special Session chapter 4, article 5, section 28, subdivision 17, is amended to read:

Subd. 17. **YEAR-ROUND SCHOOL/EXTENDED WEEK OR DAY GRANTS.** For year-round school/extended week or day grants under Laws 1995, First Special Session chapter 3, article 7, section 4:

\$1,800,000	....	1998
<u>\$455,000</u>	<u>....</u>	<u>1999</u>

The department of children, families, and learning must award grants to school districts with priority given to programs that have not previously received year-round school/extended week or day pilot grants. Of this amount, \$500,000 is for a grant to independent school district No. 624, White Bear Lake. Of this amount, \$225,000 is for a year-round school extended day project in independent school district No. 911, Cambridge. Of this amount, \$200,000 is for the four-period day program at independent school district No. 833, south Washington county. Of the fiscal year 1999 appropriation, \$250,000 is for a grant to independent school district No. 241, Albert Lea, \$105,000 is for a grant to independent school district No. 200, Hastings, and \$100,000 is for a grant to independent school district No. 270, Hopkins. The maximum grant amount for other recipients is \$300,000. Grant recipients are required to make reports on progress made, planning, and implementing projects in the form and manner specified by the department of children, families, and learning.

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The senior high site councils in the independent school district No. 833, south Washington county, shall develop and implement a model four-period day curriculum during the 1997-1998 and 1998-1999 school years. The site councils shall seek input from parents, teachers, and students in the design and implementation of the four-period day model. If one or more site councils determine a four-period day model is not desirable, the site council shall report its recommendations back to the board and need not proceed with the development and implementation of the model.

The south Washington county school board shall develop a system for monitoring and evaluating the development and implementation of the four-period day models at its high schools. The board shall monitor and evaluate: (1) the process used by the site council to discuss, develop, and implement a four-period day; and (2) the academic outcomes of students after the four-period day has been fully implemented. To evaluate the academic outcomes of students, the district shall compare the academic achievement of its high school students with the achievement of students in similar school districts using a six-period day model. The board shall report the results of its evaluation to the commissioner of children, families, and learning on August 30, 1998, and August 30, 1999. The reports shall include a detailed description of the site-based, decision-making model that was used to develop and implement the four-period day and the steps that were taken to successfully implement and evaluate the model.

Independent school district No. 833, south Washington County, shall complete a class size mitigation pilot project to explore options for improving learning outcomes in elementary and junior high classrooms with 30 or more students. The options for mitigating the adverse impacts of large class sizes shall be developed and implemented using a site-based management decision-making process. The district shall report the results of its pilot project to the commissioner of children, families, and learning by August 30, 1998.

Sec. 39. Laws 1997, First Special Session chapter 4, article 6, section 20, subdivision 4, is amended to read:

Subd. 4. **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:

\$7,254,000	....	1998	
\$7,254,000	<u>\$7,770,000</u>	....	1999

(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 fully paid student lunch shall be reduced and the aid for that year shall be prorated among participating schools so as not to exceed the total authorized appropriation for that year.

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

(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.

(f) The commissioner may reduce other future aid and grant payments due to school districts and other organizations for the costs of processing and storage of commodities used by the district or organization.

Sec. 40. GRADUATION RULE RESOURCE GRANTS.

The commissioner of children, families, and learning shall award grants to develop learning resources for the state's results-oriented graduation rule. The grants are available to:

(1) provide staff development for implementation of the graduation standards, including training in economics, the arts, and training in technology by community members;

(2) establish and equip learning resource centers;

(3) develop and sustain historical educational programming;

(4) make historical collections available via the Internet;

(5) develop a system of graduation rule implementation for alternative programs;

(6) develop systemic site decision-making models and implementing site decision making in schools;

(7) expand attention and reading readiness programs; and

(8) provide for reporting systems.

The commissioner may require a match of private funds as part of the application process.

Sec. 41. REPORT.

The commissioner of children, families, and learning, in consultation with the Minnesota state colleges and universities, the University of Minnesota, and the private college council, shall examine the training of teachers entering the workforce in Minnesota. The commissioner shall also consult with the Minnesota federation of teachers and the Minnesota education association for this report. The report shall make recommendations for proposed legislative action to promote a more direct connection between teacher training and student learning needs under the state's results-oriented graduation rule. The commissioner shall seek assistance from the state public policy unit within the Humphrey Institute of Minnesota for existing research in this area for this report. The commissioner shall report its findings to education committees of the legislature by December 1, 1998. The report shall examine at least the following areas:

(1) whether teachers entering the workforce are prepared to meet the basic skills needs and higher learning needs of students under the state's results-oriented graduation rule;

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(2) identify teacher skills which are considered crucial to the success of students in a knowledge-based economy and determine if Minnesota colleges and universities are teaching those skills adequately to teachers;

(3) examine the ability of Minnesota colleges and universities to provide training to existing teachers who are seeking further staff development experiences in order to meet the students' needs under the graduation rule; and

(4) identify resources and organizations outside of the colleges and universities that can provide training and teaching experiences necessary to meet the needs of students under the graduation rule.

Sec. 42. CLEARINGHOUSE OF BEST EDUCATIONAL PRACTICES.

(a) The department of children, families, and learning shall establish a clearinghouse of best educational practices and shared decision-making for improving student performance, particularly for at-risk students. The clearinghouse must:

(1) align with all current activities for best educational practice, shared decision-making, and the results-oriented graduation rule;

(2) conduct research and collect information on the best educational practices affecting a school's management, operation, financing, personnel and instruction;

(3) train quality intervention teams composed of highly qualified educators to assist a school's staff in working to improve student performance, particularly for at-risk students, by addressing a school's management, operation, financing, personnel and instruction practices;

(4) develop and make available to interested school districts a model for an independent educational audit that evaluates a school's performance strengths and weaknesses and makes specific recommendations for reinforcing performance strengths and improving performance weaknesses cited in the audit;

(5) using the comprehensive assessment framework under section 121.1115, subdivision 1b, paragraph (a), develop student and school performance indicators schools may use to reliably measure school improvement over time; and

(6) provide staff development opportunities to assist teachers and other educators in integrating educational reform measures into a school's best practices.

(b) The clearinghouse must assist school districts, at district request, and recommend methods to engage parents and communities in improving student performance, particularly for at-risk students.

(c) The clearinghouse must collaborate with and may contract with community stakeholders, including the Minneapolis urban league, the St. Paul urban league, the urban coalition, the council on Asian-Pacific Minnesotans, the Chicano/Latino affairs council, the council on Black Minnesotans, the Indian affairs council, or the communities of color institute and Minneapolis Pathways at the University of Minnesota's Roy Wilkins center.

Sec. 43. NOTIFICATION TO COMMISSIONER ON COOPERATIVE SPONSORSHIP.

A school district shall transmit to the commissioner of children, families, and learning information about each decision to deny a home school a cooperative sponsorship

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under state high school league rules or to otherwise deny a home school student an opportunity to participate in the district's extracurricular activities. The school district shall transmit the information in the form and manner the commissioner requires.

Sec. 44. COUNSELOR ASSESSMENT.

The department of children, families, and learning, in consultation with affected groups, shall conduct an assessment of the need for expanding the number of counselors in school districts. As part of the assessment, the department shall consider recommended ratios and the costs of meeting these, alternative strategies for collaboration to provide counseling services to pupils especially in small districts, mechanisms to strengthen collaboration between school districts and local colleges and universities in providing information and experience to pupils, and suggestions for meeting the needs of pupils for counseling that is focused on academic and career needs and planning. The department shall report its findings and recommendations to the education committees of the house and senate as part of its 2000-2001 biennial budget request.

Sec. 45. YOUTH ATHLETIC DEMONSTRATION PROGRAM.

(a) A demonstration athletic grant program through special school district No. 1, Minneapolis, and the Minneapolis park and recreation board is established for children ages seven to 14 at Waite Park school. The goal of the demonstration program is to develop a neighborhood-based athletic program that teaches sports fundamentals to students that will lead to their participation in high school level athletics. The program shall be year-round and shall require both in-school and after-school participation by students. A student who satisfactorily completes the program curriculum shall receive secondary course credit and the credit shall count towards the student's graduation requirements consistent with Minnesota Statutes, section 126.83.

(b) The program shall be established at Waite Park school in Minneapolis where the school facility and park and recreation facility are jointly located and where the school district has established a neighborhood-based school for enrollment purposes. The school district and the park and recreation board shall recruit at-risk students and those students who have not participated in current after-school park programs to participate in the demonstration project.

(c) The program funds shall be used for recreational professionals at the park board to coordinate the program and licensed teachers employed in the district; internships for students at the University of Minnesota, Augsburg College, or other post-secondary institutions to work in the program; master coaches to train coaches; transportation costs; facilities' costs; and assistance to neighborhood park athletic councils.

(d) The school district and the park board shall report to the commissioner of children, families, and learning on the outcome of the program. Up to \$10,000 of the appropriation in section 38, subdivision 2, may be used for the planning of a multipurpose community education and recreation center at a northeast park adjacent to a northeast school. The commissioner shall report to the education committees of the legislature on the program and the advisability of creating a statewide program by March 15, 1999.

Sec. 46. RESIDENTIAL ACADEMIES PROGRAM.

Subdivision 1. GRANT RECIPIENT. The commissioner of children, families, and learning may award grants to public organizations or a collaborative of public and

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private organizations for capital and start-up costs for residential academies for students in grades 4 through 12 who desire to attend a residential academy, demonstrate an interest in learning and a potential for academic achievement, and who may:

(1) perform or are at risk of performing below the academic performance level for students of the same age or ability; or

(2) have experienced homelessness or an unstable home environment.

Subd. 2. ENROLLMENT. Enrollment is voluntary. A parent or guardian, the student's county of residence, the student's school, a health care provider, or the judicial system may recommend a student for admission to an academy.

Subd. 3. EDUCATIONAL PROGRAMMING. The education program of a residential academy must be designed to:

(1) increase students' academic achievement;

(2) increase students' school attendance;

(3) enable secondary students to meet the requirements of the state graduation rule;
and

(4) improve secondary students' transition to post-secondary education or the transition from school to work.

Subd. 4. FUNDING. (a) Education and social services funding shall follow each student from the student's school district or county of residence to the academy as provided by law.

(b) The cost of residential care for a student may be covered under a sliding fee program based on student need.

(c) An academy may receive any gift, grant, bequest, or devise.

Subd. 5. AWARDING GRANTS. The commissioner of children, families, and learning shall prescribe the form and manner of applications. In awarding grants, the commissioner shall consider the quality of the education program, the academy's location, the composition of the academy's governance structure and board, the extent of the collaborative effort among various organizations, the extent of family and community involvement, and whether social services, after-school enrichment, and instruction throughout the entire year are provided. The commissioner shall evaluate the components of the residential academy program described in this section and report to the education committees of the legislature by February 15, 2001.

Sec. 47. COMMISSIONER OF CHILDREN, FAMILIES, AND LEARNING.

The commissioner of children, families, and learning shall designate a staff member as a resource person for gifted and talented programs to provide assistance to parents and school districts. The commissioner shall pay all costs for that staff member out of existing department appropriations.

Sec. 48. GOALS 2000.

School boards shall not be required to adopt specific provisions of the federal Goals 2000 program as state graduation standards.

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Sec. 49. RESIDENCY REQUIREMENT.

The magnet schools that are part of the western metropolitan education program must first enroll in the magnet schools those otherwise qualified students who reside within one of the nine participating school districts.

Sec. 50. TASK FORCE ON TRANSITIONAL ISSUES.

Subdivision 1. ESTABLISHMENT; PURPOSE. A task force on prekindergarten through grade 12 education governance structure is established to examine the transitional issues related to the repeal of the state board of education under section 39, paragraph (b).

Subd. 2. TASK FORCE MEMBERS. The task force is composed of one person appointed by the governor, one person appointed by the speaker of the house of representatives, and one person appointed by the subcommittee on committees of the senate committee on rules and administration. The task force may select additional members to serve on the task force.

Subd. 3. REPORT. The task force shall submit a report on appropriate statutory changes, if any, to accomplish an orderly elimination of the state board to the chairs of the education committees of the legislature by December 15, 1998.

Sec. 51. EXAMINATION OF PREKINDERGARTEN THROUGH GRADE 12 EDUCATION GOVERNANCE.

Subdivision 1. MEMBERSHIP; EXPENSES. The coalition for education reform and accountability panel established according to Laws 1993, chapter 224, article 1, section 35, subdivision 3, must update the membership and fill vacancies on the coalition according to the criteria established in Laws 1993, chapter 224, article 1, section 35, subdivision 2. The department of children, families, and learning shall provide technical and other assistance to the panel.

Subd. 2. STUDY. The coalition for education reform and accountability must examine alternatives for restructuring the state's prekindergarten through grade 12 education system to optimize student achievement for all children by considering at least the following:

(1) the roles of the legislature, executive branch, and local school boards in policy-making and administering the prekindergarten through grade 12 education system;

(2) the best structure, excluding funding issues, to anticipate and accommodate the changing demographics of students and staff in the context of a dynamic education system; and

(3) the best structure, excluding funding issues, to maintain a system adaptable to changing societal needs, that is flexible and innovative, and that places the interest of students first.

The coalition shall make recommendations regarding appropriate parameters for the commissioner's rulemaking authority and the extent of necessary legislative direction and oversight of rulemaking activities.

Subd. 3. REPORT. The coalition must submit a report of its findings and recommendations to the education committees of the house and senate by December 15, 1998.

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Sec. 52. RECOMMENDATIONS ON A CENTRAL DEPOSITORY OF EMPLOYMENT DATA.

Subdivision 1. WORKING GROUP. The board of teaching shall convene a working group to consider data management policies and appropriate organizing structures and operational practices for a central depository of data containing licensing and employment information about licensed education personnel employed in Minnesota school districts. The working group must include one representative from each of the following organizations: the state board of education; the department of children, families, and learning; the department of administration; the Minnesota school boards association; the Minnesota association of school administrators; the Minnesota association of school personnel administrators; the Minnesota education association; the Minnesota federation of teachers; the Minnesota association of secondary school principals; the Minnesota association of elementary school principals; and any other groups the board determines are relevant. Expenses incurred by working group members must be reimbursed by the agencies and organizations they represent. By December 1, 1998, the board shall submit to the education committees of the legislature the group's recommendations concerning establishing and operating a central depository of employment data on licensed education personnel, including recommended statutory changes. The board shall convene the working group by June 15, 1998.

Subd. 2. ISSUES TO RESOLVE. The working group must address at least the following:

(1) to what extent a central database of employment history of licensed education personnel would be useful and how it would operate;

(2) what kinds of post-secondary education records and employment-related data on licensed education personnel should be gathered and stored, including whether to gather and store complaints against licensed education personnel received by the board of teaching or the board of education, or disciplinary actions by the board of teaching or the board of education;

(3) what mechanisms and policies should be developed for reporting state and school district data on licensed education personnel to ensure that stored data are timely and accurate and to ensure the integrity and privacy of the data;

(4) what policies should govern the access of individuals and organizations to the data, including the release of personnel data to prospective school or school district employers;

(5) what should be the extent of liability and immunity from liability for individuals and organizations that release data; and

(6) whether guidelines consistent with this section for hiring education personnel would be useful to school districts.

Sec. 53. RECOMMENDATIONS FOR ALTERNATIVE SCHOOL YEAR CALENDARS.

Subdivision 1. WORKING GROUP. The commissioner of children, families and learning shall convene a working group to consider alternative school year calendars, including at least 45-15 plans, four-quarter plans, quinmester plans, extended learning

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year plans, flexible all-year plans, and four-day week plans, and recommend to the legislature those alternative school year calendars that best allow school districts to meet the educational needs of their students. The working group must include one representative from each of the following organizations: the Minnesota school boards association; the Minnesota education association; the Minnesota federation of teachers; the Minnesota association of school administrators; the Minnesota association of secondary school principals; the Minnesota elementary school principals' association; the Minnesota association for pupil transportation; the Minnesota association for supervision and curriculum; the Minnesota congress of parents, teachers and students; the Minnesota state high school league; the Minnesota business partnership; and the Minnesota restaurant, hotel and resort associations. By February 1, 1999, the commissioner shall submit the group's recommendations concerning the alternative school year calendars that best allow school districts to meet the educational needs of their students to the chairs of the education committees of the legislature.

Subd. 2. ISSUE TO RESOLVE. In recommending to the legislature the alternative school year calendars that best allow school districts to meet the educational needs of their students, the working group must at least consider:

- (1) how buildings and other facilities can be optimally used during an entire year;
- (2) what the optimal learning year schedule is of elementary and secondary disabled students and staff in schools and residential facilities;
- (3) how a district divides its students among its facilities to accommodate an alternative school year calendar;
- (4) how a district accommodates an alternative school year calendar in the context of the public employment labor relations act;
- (5) what parent involvement is required in establishing an alternative school year calendar;
- (6) how school staff is assigned in a district with fewer than all facilities adopting an alternative school year calendar;
- (7) how teachers' contracting rights are affected by an alternative school year calendar;
- (8) what educational standards and requirements apply to a district operating an alternative school year calendar;
- (9) what adjustments of attendance and apportionments of state aid are required; and addressed in an alternative school year calendar.

Sec. 54. APPROPRIATIONS.

Subdivision 1. DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING. The sums indicated in this section are appropriated from the general fund to the department of children, families, and learning for the fiscal years designated.

Subd. 2. GRADUATION RULE RESOURCE GRANTS. For graduation rule resource grants:

<u>\$3,500,000</u>	<u>....</u>	<u>1999</u>
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Of this amount, \$200,000 is for a grant to the Council on Economic Education; \$300,000 is to the Lola and Rudy Perpich Center for the Arts to develop arts-related per-

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formance packages as part of the state high school graduation rule under Minnesota Statutes, section 121.11, subdivision 7c; \$90,000 is for a grant to Murphy's Landing; \$40,000 is for a grant to the metropolitan multitype library consortium for copying and distributing Minnesota authors videocassette series; and \$300,000 is for a grant to A Chance to Grow/New Visions to acquire the space and technology needed to establish, equip, and operate the Minnesota Learning Resource Center.

The department shall consider grant proposals from the Minnesota Historical Society, the Richard Green Institute, Ironworld, parent or community technology specialists working or volunteering in schools, higher education institutions working in conjunction with a school district or consortium of school districts, and database access programs for public libraries and school media centers.

This is a one-time appropriation.

Subd. 3. RESIDENTIAL ACADEMIES. For grants for residential academies:

\$12,000,000 1999

Subd. 4. YOUTH ATHLETIC DEMONSTRATION PROGRAM. For a grant to special school district No. 1, Minneapolis, and the Minneapolis park and recreation board to establish a youth athletic demonstration program under section 26:

\$ 100,000 1999

Subd. 5. UNLIMITED POSSIBILITIES PLAN. For a grant to a nonprofit agency representing the private alternative schools:

\$ 100,000 1999

The purpose of the grant is to support the Unlimited Possibilities Plan to assist student transition from secondary school to college or gainful employment including mentoring programs, post-secondary training, career exploration, and placement services. The grant recipient must match state funds with an equal amount of funds raised from nonpublic sources.

This appropriation does not cancel but is available until June 30, 2000.

Subd. 6. CLEARINGHOUSE OF BEST EDUCATIONAL PRACTICES. For a clearinghouse of best educational practices according to section 19:

\$2,000,000 1999

Of this amount, \$500,000 is for a contract with an institution of higher education for the purposes of Minnesota Statutes, section 121.1115, subdivisions 1b and 1c.

Subd. 7. MODEL DISTANCE LEARNING GRANT; LAKE OF THE WOODS. For a grant to independent school district No. 390, Lake of the Woods, for developing a model distance learning program:

\$ 250,000 1999

The model program must address students' curriculum needs for vocational programs, advanced collegiate level courses, gifted and talented programming, program-

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ming for students with disabilities, and other areas of programming made more difficult because of the school district's geographic isolation.

Sec. 55. REVISOR'S INSTRUCTION.

In the next and subsequent editions of Minnesota Statutes and Minnesota Rules, all references to the state board of education shall be changed to the commissioner of children, families, and learning. The changes made by the revisor shall be effective December 31, 1999.

Sec. 56. REPEALER.

Minnesota Statutes 1996, section 121.02, is repealed effective December 31, 1999.

Sec. 57. EFFECTIVE DATES.

(a) Sections 5, 28, and 33 are effective for the 1998-1999 school year and thereafter.

(b) Section 9 is effective for the profile of learning of the graduation rule authorized under Minnesota Statutes, section 121.11, subdivision 7c, and adopted after January 1, 1998.

(c) Sections 7, 34, 43, 50, 51, and 52 are effective the day following final enactment. Sections 14 to 27 are effective December 31, 1999.

ARTICLE 6

EDUCATION POLICY ISSUES

Section 1. Minnesota Statutes 1996, 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 of the Faribault academies shall provide the appropriate educational program for the child. The state board of the Faribault academies shall make a tuition charge to the child's district of residence for the cost of providing the 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. Tuition received by the state board of the Faribault academies, except for tuition received under clause (c), shall be deposited in the state treasury as provided in clause (g).

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(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 of the Faribault academies for the actual cost of providing the program, less any amount of aid received pursuant to section 124.32. The state board of the Faribault academies 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 of the Faribault academies 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 of the Faribault academies 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 of the Faribault academies 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 of the Faribault academies 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 of the Faribault academies shall deposit in the state treasury an amount equal to all tuition received less:

(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 children, families, and learning for the Faribault academies the tuition amounts received and credited to the general

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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. 2. Minnesota Statutes 1996, section 121.14, is amended to read:

121.14 RECOMMENDATIONS; BUDGET.

The state board and the commissioner of children, families, and learning 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 commissioner of children, families, and learning 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.

Sec. 3. Minnesota Statutes 1996, section 121.148, subdivision 3, is amended to read:

Subd. 3. **NEGATIVE REVIEW AND COMMENT.** (a) If the commissioner submits a negative review and comment for a proposal according to section 121.15, the following steps must be taken:

(1) the commissioner must notify the school board of the proposed negative review and comment and schedule a public meeting within 60 days of the notification within that school district to discuss the proposed negative review and comment on the school facility; and

(2) the school board shall appoint an advisory task force of up to five members to advise the school board and the commissioner on the advantages, disadvantages, and alternatives to the proposed facility at the public meeting. One member of the advisory task force must also be a member of the county facilities group.

(b) After attending the public meeting, the commissioner shall reconsider the proposal. If the commissioner submits a negative review and comment, the school board may appeal that decision to the state board of education under chapter 14. The state board of education may either uphold the commissioner's negative review and comment or instruct the commissioner to submit a positive or unfavorable review and comment on the proposed facility.

(c) A school board may not proceed with construction if the state board of education upholds the commissioner's negative review and comment is upheld or if the commissioner's negative review and comment is not appealed.

Sec. 4. Minnesota Statutes 1996, section 121.16, is amended by adding a subdivision to read:

Subd. 4. **UNIFORM SYSTEM OF RECORDS AND ACCOUNTING.** The commissioner of children, families, and learning shall prepare a uniform system of records for public schools and 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. All reports required of school districts by the commissioner shall be in conformance with the uniform financial accounting and reporting system. With the cooperation of the state auditor, the commissioner shall establish and carry into effect a uniform system of accounting by public

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school officers and shall have authority to supervise and examine the accounts and other records of all public schools.

Sec. 5. Minnesota Statutes 1996, section 121.16, is amended by adding a subdivision to read:

Subd. 5. GENERAL SUPERVISION OVER EDUCATIONAL AGENCIES. The commissioner of children, families, and learning 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 commissioner shall develop a plan to attain the adopted goals. The commissioner may recognize educational accrediting agencies for the sole purposes of sections 120.101, 120.102, and 120.103.

Sec. 6. Minnesota Statutes 1996, section 121.16, is amended by adding a subdivision to read:

Subd. 6. ADMINISTRATIVE RULES. The commissioner may adopt new rules and amend them or amend any existing rules only under specific authority. The commissioner may repeal any existing rules. Notwithstanding the provisions of section 14.05, subdivision 4, the commissioner may grant a variance to rules adopted by the commissioner upon application by a school district for purposes of implementing experimental programs in learning or school management. This subdivision shall not prohibit the commissioner from making technical changes or corrections to adopted rules.

Sec. 7. Minnesota Statutes 1996, section 121.16, is amended by adding a subdivision to read:

Subd. 7. LICENSURE RULES. The commissioner may make rules relating to licensure of school personnel not licensed by the board of teaching.

Sec. 8. Minnesota Statutes 1996, section 121.16, is amended by adding a subdivision to read:

Subd. 8. GENERAL EDUCATION DEVELOPMENT TESTS RULES. The commissioner may amend rules to reflect changes in the national minimum standard score for passing the general education development (GED) tests.

Sec. 9. Minnesota Statutes 1996, section 121.16, is amended by adding a subdivision to read:

Subd. 9. UNIFORM FORMS FOR STATE EXAMINATIONS. Upon the request of any superintendent of any public or private school teaching high school courses in the state, the commissioner shall designate or prepare uniform forms for state examinations in each high school subject during the month of May of each year; the request shall be in writing and delivered to the commissioner before January 1 of that year.

Sec. 10. Minnesota Statutes 1996, section 121.16, is amended by adding a subdivision to read:

Subd. 10. EVENING SCHOOLS. The commissioner shall exercise general supervision over the public evening schools, adult education programs, and summer programs.

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Sec. 11. Minnesota Statutes 1996, section 121.16, is amended by adding a subdivision to read:

Subd. 11. **TEACHER RULE VARIANCES.** Notwithstanding any law to the contrary, and only upon receiving the agreement of the state board of teaching, the commissioner of children, families, and learning may grant a variance to rules governing licensure of teachers for those teachers licensed by the board of teaching. The commissioner may grant a variance, without the agreement of the board of teaching, to rules adopted by the commissioner governing licensure of teachers for those teachers the commissioner licenses.

Sec. 12. Minnesota Statutes 1996, section 121.16, is amended by adding a subdivision to read:

Subd. 12. **SCHOOL LUNCH PROGRAM; REVOLVING FUND.** The commissioner of finance shall establish for the commissioner of children, families, and learning a revolving fund for deposit of storage and handling charges paid by recipients of donated foods shipped by the school lunch section of the department of children, families, and learning. These funds are to be used only to pay storage and related charges as they are incurred for United States Department of Agriculture foods.

The commissioner of finance shall also establish a revolving fund for the department of children, families, and learning to deposit charges paid by recipients of processed commodities and for any authorized appropriation transfers for the purpose of this subdivision. These funds are to be used only to pay for commodity processing and related charges as they are incurred using United States Department of Agriculture donated commodities.

Sec. 13. Minnesota Statutes 1996, section 121.1601, subdivision 2, is amended to read:

Subd. 2. **COORDINATION.** ~~The commissioner shall coordinate the office activities under subdivision 1 with new or existing department and state board of education efforts to accomplish school desegregation/integration. The commissioner may request information or assistance from, or contract with, any state or local agency or officer, local unit of government, or recognized expert to assist the commissioner in performing the activities described in subdivision 1.~~

Sec. 14. Minnesota Statutes 1996, section 122.23, subdivision 2b, is amended to read:

Subd. 2b. **ORDERLY REDUCTION PLAN.** As part of the resolution required by subdivision 2, the school board must prepare a plan for the orderly reduction of the membership of the board to six or seven members and a plan for the establishment or dissolution of election districts. The plan may shorten any or all terms of incumbent board members to achieve the orderly reduction. The plan must be submitted to the secretary of state for review and comment.

Sec. 15. Minnesota Statutes 1996, section 122.23, subdivision 6, is amended to read:

Subd. 6. The commissioner shall, upon receipt of a plat, forthwith examine it and approve, modify or reject it. The commissioner shall also approve or reject any proposal contained in the resolution or petition regarding the disposition of the bonded debt of the

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component districts. If the plat shows the boundaries of proposed separate election districts and if the commissioner modifies the plat, the commissioner shall also modify the boundaries of the proposed separate election districts. The commissioner shall conduct a hearing public meeting at the nearest county seat in the area upon reasonable notice to the affected districts and county boards if requested within 20 days after submission of the plat. Such a hearing The public meeting may be requested by the board of any affected district, a county board of commissioners, or the petition of 20 resident voters living within the area proposed for consolidation. The commissioner shall endorse on the plat action regarding any proposal for the disposition of the bonded debt of component districts and the reasons for these actions and within after a minimum of 20 days, but no more than 60 days of the date of the receipt of the plat, the commissioner shall return it to the county auditor who submitted it. The commissioner shall furnish a copy of that plat, and the supporting statement and its endorsement to the auditor of each county containing any land area of the proposed new district. If land area of a particular county was included in the plat, as submitted by the county auditor, and all of such land area is excluded in the plat as modified and approved, the commissioner shall also furnish a copy of the modified plat, supporting statement, and any endorsement to the auditor of such county.

Sec. 16. Minnesota Statutes 1996, 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 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:

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- (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 children, families, and learning;
- and

(5) by January 10, submit an annual report to the commissioner in a manner prescribed by the commissioner, in consultation with school districts, identifying the expenditures that the district requires to ensure an 80 percent and a 90 percent student passage rate on the basic standards test taken in the eighth grade, identifying the amount of expenditures that the district requires to ensure a 99 percent student passage rate on the basic standards test by 12th grade, and how much the district is cross-subsidizing programs with special education, compensatory, and general education revenue; and

- (6) perform other duties prescribed by the board.

Sec. 17. Minnesota Statutes 1996, section 123.35, subdivision 19a, is amended to read:

Subd. 19a. **LIMITATION ON PARTICIPATION AND FINANCIAL SUPPORT.** (a) No school district shall be required by any type of formal or informal agreement except an agreement to provide building space according to paragraph (f), including a joint powers agreement, or membership in any cooperative unit defined in subdivision 19b, paragraph (d), to participate in or provide financial support for the purposes of the agreement for a time period in excess of ~~one~~ four fiscal year years, or the time period set forth in this subdivision. Any agreement, part of an agreement, or other type of requirement to the contrary is void.

(b) This subdivision shall not affect the continued liability of a school district for its share of bonded indebtedness or other debt incurred as a result of any agreement before July 1, 1993. The school district is liable only until the obligation or debt is discharged and only according to the payment schedule in effect on July 1, 1993, except that the payment schedule may be altered for the purpose of restructuring debt or refunding bonds outstanding on July 1, 1993, if the annual payments of the school district are not increased and if the total obligation of the school district for its share of outstanding bonds or other debt is not increased.

(c) To cease participating in or providing financial support for any of the services or activities relating to the agreement or to terminate participation in the agreement, the school board shall adopt a resolution and notify other parties to the agreement of its decision on or before February 1 of any year. The cessation or withdrawal shall be effective June 30 of the same year except that for a member of an education district organized under sections 122.91 to 122.95 or an intermediate district organized under chapter 136D, cessation or withdrawal shall be effective June 30 of the following fiscal year. At the option of the school board, cessation or withdrawal may be effective June 30 of the following fiscal year for a district participating in any type of agreement.

(d) Before issuing bonds or incurring other debt, the governing body responsible for implementing the agreement shall adopt a resolution proposing to issue bonds or incur

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other debt and the proposed financial effect of the bonds or other debt upon each participating district. The resolution shall be adopted within a time sufficient to allow the school board to adopt a resolution within the time permitted by this paragraph and to comply with the statutory deadlines set forth in sections 122.895, 125.12, and 125.17. The governing body responsible for implementing the agreement shall notify each participating school board of the contents of the resolution. Within 120 days of receiving the resolution of the governing body, the school board of the participating district shall adopt a resolution stating:

- (1) its concurrence with issuing bonds or incurring other debt;
- (2) its intention to cease participating in or providing financial support for the service or activity related to the bonds or other debt; or
- (3) its intention to terminate participation in the agreement.

A school board adopting a resolution according to clause (1) is liable for its share of bonded indebtedness or other debt as proposed by the governing body implementing the agreement. A school board adopting a resolution according to clause (2) is not liable for the bonded indebtedness or other debt, as proposed by the governing body, related to the services or activities in which the district ceases participating or providing financial support. A school board adopting a resolution according to clause (3) is not liable for the bonded indebtedness or other debt proposed by the governing body implementing the agreement.

(e) After July 1, 1993, a district is liable according to paragraph (d) for its share of bonded indebtedness or other debt incurred by the governing body implementing the agreement to the extent that the bonds or other debt are directly related to the services or activities in which the district participates or for which the district provides financial support. The district has continued liability only until the obligation or debt is discharged and only according to the payment schedule in effect at the time the governing body implementing the agreement provides notice to the school board, except that the payment schedule may be altered for the purpose of refunding the outstanding bonds or restructuring other debt if the annual payments of the district are not increased and if the total obligation of the district for the outstanding bonds or other debt is not increased.

(f) A school district that is a member of a cooperative unit as defined in subdivision 19b, paragraph (d), may obligate itself to participate in and provide financial support for an agreement with a cooperative unit to provide school building space for a term not to exceed two years with an option on the part of the district to renew for an additional two years.

(g) Notwithstanding any limitations imposed under this subdivision, a school district may, according to section 123.36, subdivision 10, enter into a lease of all or a portion of a schoolhouse that is not needed for school purposes, including, but not limited to, a lease with a term of more than one year.

Sec. 18. Minnesota Statutes 1996, section 123.3514, is amended by adding a subdivision to read:

Subd. 4f. PARTICIPATION IN HIGH SCHOOL ACTIVITIES. Enrolling in a course under this section shall not, by itself, prohibit a pupil from participating in activities sponsored by the pupil's high school.

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Sec. 19. Minnesota Statutes 1996, section 123.39, subdivision 1, is amended to read:

Subdivision 1. The board may provide for the transportation of pupils to and from school and for any other purpose. The board may also provide for the transportation of pupils to schools in other districts for grades and departments not maintained in the district, including high school, at the expense of the district, when funds are available therefor and if agreeable to the district to which it is proposed to transport the pupils, for the whole or a part of the school year, as it may deem advisable, and subject to its rules. In any school district, the board shall arrange for the attendance of all pupils living two miles or more from the school, except pupils whose transportation privileges have been revoked under section 123.805, subdivision 1, clause (6), or 123.7991, paragraph (b), or whose privileges have been voluntarily surrendered under subdivision 1a, through suitable provision for transportation or through the boarding and rooming of the pupils who may be more economically and conveniently provided for by that means. Arrangements for attendance may include a requirement that parents or guardians request transportation before it is provided. The board shall provide transportation to and from the home of a child with a disability not yet enrolled in kindergarten when special instruction and services under sections 120.17 and 120.1701 are provided in a location other than in the child's home. When transportation is provided, scheduling of routes, establishment of the location of bus stops, manner and method of transportation, control and discipline of school children and any other matter relating thereto shall be within the sole discretion, control, and management of the school board. The district may provide for the transportation of pupils or expend a reasonable amount for room and board of pupils whose attendance at school can more economically and conveniently be provided for by that means or who attend school in a building rented or leased by a district within the confines of an adjacent district.

Sec. 20. Minnesota Statutes 1996, section 123.39, is amended by adding a subdivision to read:

Subd. 1a. **VOLUNTARY SURRENDER OF TRANSPORTATION PRIVILEGES.** The parent or guardian of a secondary student may voluntarily surrender the secondary student's to and from school transportation privileges granted under subdivision 1.

Sec. 21. Minnesota Statutes 1996, section 123.805, subdivision 1, is amended to read:

Subdivision 1. **COMPREHENSIVE POLICY.** Each school district shall develop and implement a comprehensive, written policy governing pupil transportation safety, including transportation of nonpublic school students, when applicable. The policy shall, at minimum, contain:

- (1) provisions for appropriate student bus safety training under section 123.7991;
- (2) rules governing student conduct on school buses and in school bus loading and unloading areas;
- (3) a statement of parent or guardian responsibilities relating to school bus safety;
- (4) provisions for notifying students and parents or guardians of their responsibilities and the rules;

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(5) an intradistrict system for reporting school bus accidents or misconduct, and a system for dealing with local law enforcement officials in cases of criminal conduct on a school bus, and a system for reporting accidents, crimes, incidents of misconduct, and bus driver dismissals to the department of public safety under section 169.452;

(6) a discipline policy to address violations of school bus safety rules, including procedures for revoking a student's bus riding privileges in cases of serious or repeated misconduct;

(7) a system for integrating school bus misconduct records with other discipline records;

(8) a statement of bus driver duties;

(9) planned expenditures for safety activities under section 123.799 and, where applicable, provisions governing bus monitor qualifications, training, and duties;

(10) rules governing the use and maintenance of type III vehicles, drivers of type III vehicles, qualifications to drive a type III vehicle, qualifications for a type III vehicle and the circumstances under which a student may be transported in a type III vehicle;

(11) operating rules and procedures;

(12) provisions for annual bus driver in-service training and evaluation;

(13) emergency procedures;

(14) a system for maintaining and inspecting equipment;

(15) requirements of the school district, if any, that exceed state law minimum requirements for school bus operations; and

(16) requirements for basic first aid training, which shall include the Heimlich maneuver and procedures for dealing with obstructed airways, shock, bleeding, and seizures.

School districts are encouraged to use the model policy developed by the Minnesota school boards association, the department of public safety, and the department of children, families, and learning, as well as the current edition of the "National Standards for School Buses and Operations" published by the National Safety Council, in developing safety policies. Each district shall submit a copy of its policy under this subdivision to the school bus safety advisory committee no later than August 1, 1994. Each district shall review its policy annually and make appropriate amendments, which must be submitted to the school bus safety advisory committee within one month of approval by the school board.

Sec. 22. Minnesota Statutes 1996, section 124.078, is amended to read:

124.078 PERMANENT SCHOOL FUND ADVISORY COMMITTEE.

A state permanent school fund advisory committee is established to advise the department of natural resources on the management of permanent school fund land, which is held in trust for the school districts of the state. The advisory committee shall consist of the following persons or their designees: the chairs of the education committees of the legislature, the chairs of the senate committee on finance and house committee on ways

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and means, the commissioner of children, families, and learning, one superintendent from a nonmetropolitan district, and one superintendent from a metropolitan area district. The school district superintendents shall be appointed by the commissioner of children, families, and learning.

The advisory committee shall review the policies of the department of natural resources and current statutes on management of school trust fund lands at least semiannually and shall recommend necessary changes in statutes, policy, and implementation in order to ensure provident utilization of the permanent school fund lands.

Sec. 23. Minnesota Statutes 1996, section 124.225, subdivision 7f, is amended to read:

Subd. 7f. **RESERVED REVENUE FOR TRANSPORTATION SAFETY.** A district shall reserve an amount equal to the greater of \$500 or \$1.50 times the number of fund balance pupil units, for that school year to provide student transportation safety programs under section 123.799. This revenue may only be used if the district complies with the reporting requirements of section 123.7991, 123.805, ~~169.452~~, 169.4582, or 171.321, subdivision 5.

Sec. 24. Minnesota Statutes 1996, section 124.225, subdivision 8m, is amended to read:

Subd. 8m. **TRANSPORTATION SAFETY AID.** A district's transportation safety aid equals the district's reserved revenue for transportation safety under subdivision 7f for that school year. Failure of a school district to comply with the reporting requirements of section 123.7991, 123.805, ~~169.452~~, 169.4582, or 171.321, subdivision 5, may result in a withholding of that district's transportation safety aid for that school year.

Sec. 25. Minnesota Statutes 1996, section 124.646, subdivision 4, is amended to read:

Subd. 4. **SCHOOL FOOD SERVICE FUND.** (a) The expenses described in this subdivision must be recorded as provided in this subdivision.

(b) In each school district, the expenses for a school food service program for pupils must be attributed to a school food service fund. Under a food service program, the school food service may prepare or serve milk, meals, or snacks in connection with school or community service activities.

(c) Revenues and expenditures for food service activities must be recorded in the food service fund. The costs of processing applications, accounting for meals, preparing and serving food, providing kitchen-custodial services, and other expenses involving the preparing of meals or the kitchen section of the lunchroom may be charged to the food service fund or to the general fund of the district. The costs of lunchroom supervision, lunchroom custodial services, lunchroom utilities, and other administrative costs of the food service program must be charged to the general fund.

That portion of superintendent and fiscal manager costs that can be documented as attributable to the food service program may be charged to the food service fund provided that the school district does not employ or contract with a food service director or other individual who manages the food service program, or food service management company. If the cost of the superintendent or fiscal manager is charged to the food service fund,

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the charge must be at a wage rate not to exceed the statewide average for food service directors as determined by the department of children, families, and learning.

(d) Capital expenditures for the purchase of food service equipment must be made from the capital general fund and not the food service fund, unless two conditions apply:

(1) the unreserved balance in the food service fund at the end of the last fiscal year is greater than the cost of the equipment to be purchased; and

(2) the department of children, families, and learning has approved the purchase of the equipment.

(e) If the two conditions set out in paragraph (d) apply, the equipment may be purchased from the food service fund.

(f) If a deficit in the food service fund exists at the end of a fiscal year, and the deficit is not eliminated by revenues from food service operations in the next fiscal year, then the deficit must be eliminated by a permanent fund transfer from the general fund at the end of that second fiscal year. However, if a district contracts with a food service management company during the period in which the deficit has accrued, the deficit must be eliminated by a payment from the food service management company.

(g) Notwithstanding paragraph (f), a district may incur a deficit in the food service fund for up to three years without making the permanent transfer if the district submits to the commissioner by January 1 of the second fiscal year a plan for eliminating that deficit at the end of the third fiscal year.

(h) If a surplus in the food service fund exists at the end of a fiscal year for three successive years, a district may recode for that fiscal year the costs of lunchroom supervision, lunchroom custodial services, lunchroom utilities, and other administrative costs of the food service program charged to the general fund according to paragraph (c) and charge those costs to the food service fund in a total amount not to exceed the amount of surplus in the food service fund.

Sec. 26. Minnesota Statutes 1997 Supplement, section 124.6475, is amended to read:

124.6475 SUMMER FOOD SERVICE REPLACEMENT AID.

States funds are available to compensate department-approved summer food program sponsors for reduced federal operating reimbursement rates under Public Law Number 104-193, the federal summer food service program. A sponsor is eligible for summer food service replacement aid equal to the sum of the following amounts:

(1) for breakfast service, subtract the current year maximum reimbursement rate from the 1996 maximum reimbursement rate and multiply the result by the number of breakfasts the district served up to four cents per breakfast served by the sponsor during the current school program year;

(2) for lunch or supper service, subtract the current year maximum reimbursement rate from the 1996 maximum reimbursement rate and multiply the result by the number of lunches and suppers the district served up to 14 cents per lunch or supper served by the sponsor during the current school program year; and

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(3) for supplement service, ~~subtract the current year maximum reimbursement rate from the 1996 maximum reimbursement rate and multiply the result by the number of up to ten cents per supplement meals served by the district served sponsor during the current school program year.~~

Sec. 27. Minnesota Statutes 1997 Supplement, section 124.648, subdivision 3, is amended to read:

Subd. 3. PROGRAM GUIDELINES; DUTIES OF THE COMMISSIONER.

(a) The commissioner shall:

(1) encourage all districts to participate in the school milk program for kindergartners;

(2) prepare program guidelines, not subject to chapter 14 until July 1, 1998, which will effectively and efficiently distribute appropriated and donated money to participating districts; and

(3) seek donations and matching funds from appropriate private and public sources.

(b) Program guidelines may provide for disbursement to districts through a mechanism of prepayments or by reimbursement for approved program expenses.

(c) ~~It is suggested that the benefits of the school milk program may reach the largest number of kindergarten students if districts are allowed to submit annual bids stating the per-serving level of support that would be acceptable to the district for their participation in the program. The commissioner would review all bids received and approve bids in sufficient number and value to maximize the provision of milk to kindergarten students consistent with available funds.~~

Sec. 28. Minnesota Statutes 1996, section 125.191, is amended to read:

125.191 LICENSE AND DEGREE EXEMPTION FOR HEAD COACH.

Notwithstanding section 125.03, subdivision 1, a school district may employ as a head varsity coach of an interscholastic sport at its secondary school a person who does not have a license as head varsity coach of interscholastic sports and who does not have a bachelor's degree if:

(1) in the judgment of the school board, the person has the knowledge and experience necessary to coach the sport;

(2) the position has been posted as a vacancy within the present teaching staff for a period of 30 days and no licensed coaches have applied for the position;

(3) the person can verify completion of six quarter credits, or the equivalent, or 60 clock hours of instruction in first aid and the care and prevention of athletic injuries; and

(4) the person (3) can verify completion of a coaching methods or theory course.

Notwithstanding section 125.121, a person employed as a head varsity coach under this section has an annual contract as a coach that the school board may or may not renew as the board sees fit, after annually posting the position as required in clause (2) and no licensed coach has applied for the position.

Sec. 29. Minnesota Statutes 1996, section 126.12, subdivision 1, is amended to read:

Subdivision 1. Except for learning programs during summer, flexible learning year programs authorized under sections 120.59 to 120.67, and learning year programs under

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section 121.585, a school district shall not commence an elementary or secondary school year prior to ~~Labor Day~~ September 1. Days which are devoted to teachers' workshops may be held before ~~Labor Day~~ September 1. Districts that enter into cooperative agreements are encouraged to adopt similar school calendars.

Sec. 30. Minnesota Statutes 1997 Supplement, section 169.01, subdivision 6, is amended to read:

Subd. 6. **SCHOOL BUS.** "School bus" means a motor vehicle used to transport pupils to or from a school defined in section 120.101, or to or from school-related activities, by the school or a school district, or by someone under an agreement with the school or a school district. A school bus does not include a motor vehicle transporting children to or from school for which parents or guardians receive direct compensation from a school district, a motor coach operating under charter carrier authority, a transit bus providing services as defined in section 174.22, subdivision 7, or a vehicle otherwise qualifying as a type III vehicle under paragraph (5), when the vehicle is properly registered and insured and being driven by an employee or agent of a school district for nonscheduled transportation. A school bus may be type A, type B, type C, or type D, or type III as follows:

(1) A "type A school bus" is a conversion or body constructed upon a van-type or cutaway front section vehicle with a left-side driver's door, designed for carrying more than ten persons. This definition includes two classifications: type A-I, with a gross vehicle weight rating (GVWR) over 10,000 pounds; and type A-II, with a GVWR of 10,000 pounds or less.

(2) A "type B school bus" is a conversion or body constructed and installed upon a van or front-section vehicle chassis, or stripped chassis, with a gross vehicle weight rating of more than 10,000 pounds, designed for carrying more than ten persons. Part of the engine is beneath or behind the windshield and beside the driver's seat. The entrance door is behind the front wheels.

(3) A "type C school bus" is a body installed upon a flat back cowl chassis with a gross vehicle weight rating of more than 10,000 pounds, designed for carrying more than ten persons. All of the engine is in front of the windshield and the entrance door is behind the front wheels.

(4) A "type D school bus" is a body installed upon a chassis, with the engine mounted in the front, midship or rear, with a gross vehicle weight rating of more than 10,000 pounds, designed for carrying more than ten persons. The engine may be behind the windshield and beside the driver's seat; it may be at the rear of the bus, behind the rear wheels, or midship between the front and rear axles. The entrance door is ahead of the front wheels.

(5) Type III school buses and type III Head Start buses are restricted to passenger cars, station wagons, vans, and buses in service after January 1, 1999, having a maximum an original maximum manufacturer's rated seating capacity of ten or fewer people, including the driver, and a gross vehicle weight rating of 10,000 pounds or less. In this subdivision, "gross vehicle weight rating" means the value specified by the manufacturer as the loaded weight of a single vehicle. A "type III school bus" and "type III Head Start bus" must not be outwardly equipped and identified as a type A, B, C, or D school bus or type A, B, C, or D Head Start bus.

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Sec. 31. Minnesota Statutes 1996, section 169.451, subdivision 5, is amended to read:

Subd. 5. **RANDOM SPOT INSPECTIONS.** In addition to the annual inspection, the Minnesota state patrol has authority to conduct random, unannounced spot inspections of any school bus or Head Start bus being operated within the state ~~at the location where the bus is kept when not in operation~~ to ascertain whether its ~~construction, design, equipment, and color~~ comply it is in compliance with all provisions of law, including the Minnesota school bus equipment standards in sections 169.4501 to 169.4504, subject to the procedures approved by the commissioner.

Sec. 32. Minnesota Statutes 1997 Supplement, section 290.0674, subdivision 1, is amended to read:

Subdivision 1. **CREDIT ALLOWED.** An individual is allowed a credit against the tax imposed by this chapter in an amount equal to the amount paid for education-related expenses for a dependent in kindergarten through grade 12. For purposes of this section, "education-related expenses" means:

(1) fees or tuition for instruction by an instructor under section 120.101, subdivision 7, clause (1), (2), (3), (4), or (5), for instruction outside the regular school day or school year, including tutoring, driver's education ~~taken~~ offered as part of school curriculum, regardless of whether it is taken from a public or private entity or summer camps, in grade or age appropriate curricula that supplement curricula and instruction available during the regular school year, that assists a dependent to improve knowledge of core curriculum areas or to expand knowledge and skills under the graduation rule under section 121.11, subdivision 7c, and that do not include the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship;

(2) expenses for textbooks, including books and other instructional materials and equipment used in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs;

(3) a maximum expense of \$200 per family for personal computer hardware, excluding single purpose processors, and educational software that assists a dependent to improve knowledge of core curriculum areas or to expand knowledge and skills under the graduation rule under section 121.11, subdivision 7c, purchased for use in the taxpayer's home and not used in a trade or business regardless of whether the computer is required by the dependent's school; and

(4) the amount paid to others for transportation of a dependent attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363.

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Sec. 33. COMMISSIONER OF CHILDREN, FAMILIES, AND LEARNING.

The commissioner of children, families, and learning shall apply directly to the Internal Revenue Service to obtain access to federal income tax information for the purpose of determining state school aids. If the commissioner's request is approved, then the commissioner shall report to the education committees of the legislature on the changes needed in state statute.

Sec. 34. ACCELERATED TRANSITION PLAN.

Notwithstanding Minnesota Statutes, section 122.23, subdivision 2b, or other law to the contrary, independent school district No. 2884, Red Rock Central, is authorized to terminate all existing school board members' terms by the first Monday in January 1999, and to hold elections for seven school board members at the 1998 school district general election under Minnesota Statutes, section 205A.04. Of the seven board members elected, three members shall be elected to serve four-year terms and four members shall be elected to serve two-year terms. Only one board member from each election district shall be elected to serve a four-year term. Candidates must specify in their affidavit the election district and the term of office to which they are seeking election. The school board members elected at the 1998 school district general election shall assume office on the first Monday in January 1999. The school board of independent school district No. 2884, Red Rock Central, then shall consist of seven members until such time as the electors in the school district vote on a proposition favoring a six-member board under Minnesota Statutes, section 123.33, subdivision 1.

Sec. 35. SCHOOL YEAR START DATE.

Subdivision 1. BUFFALO. Notwithstanding Minnesota Statutes, section 126.12, subdivision 1, and Laws 1997, First Special Session chapter 4, article 7, section 49, subdivision 1, for the 1998-1999 and 1999-2000 school years only, independent school district No. 877, Buffalo, may begin the school year any day prior to Labor Day.

Subd. 2. SARTELL. Notwithstanding Minnesota Statutes, section 126.12, subdivision 1, and Laws 1997, First Special Session chapter 4, article 7, section 49, subdivision 1, independent school district No. 748, Sartell, may begin the 1998-1999 school year before Labor Day only by the number of days necessary to accommodate the district building construction project.

Subd. 3. HOLDINGFORD. Notwithstanding Minnesota Statutes, section 126.12, subdivision 1, and Laws 1997, First Special Session chapter 4, article 7, section 49, subdivision 1, independent school district No. 738, Holdingford, may begin the 1998-1999 school year on the Monday prior to Labor Day.

Subd. 4. BROWNS VALLEY. Notwithstanding Minnesota Statutes, section 126.12, subdivision 1, and Laws 1997 First Special Session, chapter 4, article 7, section 49, subdivision 1, independent school district No. 801, Browns Valley, may begin the 1998-99 school year on August 24, 1998, to accommodate its shared school calendar with the Sisseton, South Dakota, school district.

Subd. 5. FARIBAULT ACADEMIES. Notwithstanding Minnesota Statutes, section 126.12, subdivision 1, and Laws 1997, First Special Session chapter 4, article 7, section 49, subdivision 1, for the 1998-1999 and 1999-2000 school years only, Faribault Academies may begin the school year any day prior to Labor Day.

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Subd. 6. **CROOKSTON.** Notwithstanding Minnesota Statutes, section 126.12, subdivision 1, and Laws 1997, First Special Session chapter 4, article 7, section 49, subdivision 1, for the 1998-1999 school year only, independent school district No. 593, Crookston, may begin the school year any day prior to Labor Day.

Subd. 7. **FERTILE-BELTRAMI.** Notwithstanding Minnesota Statutes, section 126.12, subdivision 1, and Laws 1997, First Special Session chapter 4, article 7, section 49, subdivision 1, for the 1998-1999 school year only, independent school district No. 599, Fertile-Bertrami, may begin the school year any day prior to Labor Day.

Subd. 8. **FISHER.** Notwithstanding Minnesota Statutes, section 126.12, subdivision 1, and Laws 1997, First Special Session chapter 4, article 7, section 49, subdivision 1, for the 1998-1999 school year only, independent school district No. 600, Fisher, may begin the school year any day prior to Labor Day.

Sec. 36. FUND TRANSFERS.

Subdivision 1. **ADA-BORUP.** Notwithstanding Minnesota Statutes, section 124.83, subdivision 6, independent school district No. 2854, Ada-Borup, may use up to \$90,000 of its health and safety revenue for capital improvements, equipment, or furnishings for new facilities.

Subd. 2. **LYND.** Notwithstanding Minnesota Statutes, sections 121.912 and 121.912I, on June 30, 1998, independent school district No. 415, Lynd, may permanently transfer \$100,000 from reserve accounts in the general fund to the unreserved general fund. The transfer may be made from the reemployment account and the bus purchase account. Transfers from the reemployment and bus purchase accounts may be made without making a levy reduction.

Subd. 3. **RUSSELL.** Notwithstanding Minnesota Statutes, section 121.912 or 121.912I, on June 30, 1998, independent school district No. 418, Russell, may permanently transfer up to \$150,000 from its capital expenditure fund to the district's general fund. The transfer must not include health and safety or handicapped access revenue.

Subd. 4. **WIN-E-MAC.** Notwithstanding Minnesota Statutes, section 121.912 or 121.912I, on June 30, 1998, independent school district No. 2609, Win-E-Mac, may permanently transfer the balance of its health and safety account to its building construction fund. This is an eligible expenditure of health and safety revenue.

Sec. 37. APPROPRIATIONS.

Subdivision 1. **DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.** The sums indicated in this section are appropriated from the general fund to the department of children, families, and learning for the fiscal years designated.

Subd. 2. **MEDIA SPECIALIST.** For a media specialist for independent school district No. 707, Nett Lake:

\$ 34,000 1999

Sec. 38. REPEALER.

(a) Minnesota Statutes 1996, section 121.11, subdivisions 5, 7, 7b, 9, 11, 12, and 14; and Minnesota Statutes 1997 Supplement, section 121.11, subdivision 7e, are repealed effective December 31, 1999.

New language is indicated by underline, deletions by strikeout.

(b) Minnesota Statutes 1996, section 121.11, subdivision 7d, is repealed effective January 10, 1999.

(c) Minnesota Statutes 1996, section 124.647; and Minnesota Statutes 1997 Supplement, section 169.452, are repealed.

Sec. 39. EFFECTIVE DATES.

(a) Sections 1 to 13 are effective December 31, 1999.

(b) Sections 14, 28, 34, and 35 are effective the day following final enactment.

(c) Sections 17, 25, and 26 are effective July 1, 1998.

(d) Section 29 is effective for the 2000-2001 school year.

(e) Section 36 is effective June 30, 1998.

ARTICLE 7

LIBRARIES

Section 1. Laws 1997, First Special Session chapter 4, article 8, section 4, subdivision 3, is amended to read:

Subd. 3. **BOARD; APPOINTMENTS.** The resolution in subdivision 2 shall provide for a library board of five seven members as follows: two members appointed by the school board of independent school district No. 319, one member appointed by each town board located within independent school district No. 319 boundaries, one member appointed by the council of the city of Nashwauk, and one member appointed by the Itasca county board to represent the unorganized towns within the school district territory.

Sec. 2. APPROPRIATION; DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.

Subdivision 1. APPROPRIATIONS. The sums indicated in this section are appropriated from the general fund to the department of children, families, and learning for the fiscal years designated.

Subd. 2. REGIONAL LIBRARY SYSTEMS. For regional library systems:

<u>\$250,000</u>	<u>....</u>	<u>1999</u>
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The money must be divided equally among the 12 regional public library systems established under Minnesota Statutes, section 134.20, for use in providing library services.

Subd. 3. LIBRARY FOR THE BLIND; APPROPRIATION. For the purchase and installation of online catalog software for the Minnesota library for the blind and physically handicapped:

<u>\$60,000</u>	<u>....</u>	<u>1999</u>
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ARTICLE 8

STATE AGENCIES

Section 1. Laws 1997, First Special Session chapter 4, article 10, section 3, subdivision 2, is amended to read:

Subd. 2. **DEPARTMENT.** For the department of children, families, and learning:

\$24,360,000	<u>\$24,810,000</u>	....	1998
\$23,978,000	<u>\$24,428,000</u>	....	1999

- (a) Any balance in the first year does not cancel but is available in the second year.
- (b) \$21,000 each year is from the trunk highway fund.
- (c) \$622,000 in 1998 and \$627,000 in 1999 is for the academic excellence foundation.

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 children, families, and learning 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 1998 does not cancel but is available in 1999. The amount carried forward must not be used to establish a larger annual base appropriation for later fiscal years.

(d) \$207,000 in 1998 and \$210,000 in 1999 is for the state board of education.

(e) \$230,000 in 1998 and \$234,000 in 1999 is for the board of teaching.

(f) The expenditures of federal grants and aids as shown in the biennial budget document and its supplements are approved and appropriated and shall be spent as indicated.

(g) The department of children, families, and learning shall develop a performance report on the quality of its programs and services. The report must be consistent with the process specified in Minnesota Statutes, sections 15.90 to 15.92. The goals, objectives, and measures of this report must be developed in cooperation with the chairs of the finance divisions of the education committees of the house of representatives and senate, the department of finance, and the office of legislative auditor. The report must include data to indicate the progress of the department in meeting its goals and objectives.

(h) At least \$50,000 is to ensure compliance with state and federal laws prohibiting discrimination because of race, religion, or sex. The department shall use the appropriation to provide state-level leadership on equal education opportunities which promote elimination of discriminatory practices in the areas of race, religion, and sex in public schools and public educational agencies under its general supervision and on activities including, at least, compliance monitoring and voluntary compliance when local school district deficiencies are found.

(i) Notwithstanding Minnesota Statutes, section 15.53, subdivision 2, the commissioner of children, families, and learning may contract with a school district for a period no longer than five consecutive years to work in the development or implementation of

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the graduation rule. The commissioner may contract for services and expertise as necessary. The contracts are not subject to Minnesota Statutes, sections 16B.06 to 16B.08.

(j) In preparing the department budget for fiscal years 2000–2001, the department shall shift all administrative funding from aids appropriations into the appropriation for the department.

(k) Reallocations of excesses under Minnesota Statutes, section 124.14, subdivision 7, from appropriations within this act shall only be made to deficiencies in programs with appropriations contained within this act.

(l) ~~\$850,000~~ \$1,300,000 each year is for costs associated with educational adequacy litigation costs and may only be used for those purposes. These appropriations are one-time only. Amounts appropriated for one year of the biennium may be used for the other.

(m) Collaborative efforts between the department of children, families, and learning and the office of technology, as specified in Minnesota Statutes, section 237A.015, include:

(1) advising the commissioner of children, families, and learning on new and emerging technologies, potential business partnerships, and technical standards;

(2) assisting the commissioner of children, families, and learning in the sharing of data between state agencies relative to children's programs; and

(3) as requested by the commissioner of children, families, and learning, assisting in collaborative efforts for joint prekindergarten through grade 12 and higher education projects, including the learning network.

The commissioner of children, families, and learning shall have final approval for pre-kindergarten through grade 12 programs and lifelong learning programs, grant awards, and funding decisions.

Sec. 2. Laws 1997, First Special Session chapter 4, article 10, section 4, is amended to read:

Sec. 4. APPROPRIATIONS; LOLA AND RUDY PERPICH MINNESOTA CENTER FOR ARTS EDUCATION.

The sums indicated in this section are appropriated from the general fund to the center for arts education for the fiscal years designated:

\$5,541,000	\$5,559,000	....	1998
<u>\$6,054,000</u>	<u>\$6,120,000</u>	....	1999

Of the fiscal year 1998 appropriation, \$154,000 is to fund artist and arts organization participation in the education residency and education technology projects, \$75,000 is for school support for the residency project, and \$121,000 is for further development of the partners: arts and school for students (PASS) program, including pilots. Of the fiscal year 1999 appropriation, \$154,000 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, and \$30,000 is for staff development activities related to implementation of the graduation rule. The guide-

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

lines for the education residency project and the pass program shall be developed and defined by the center for arts education in cooperation with the Minnesota arts board. The Minnesota arts board shall participate in the review and allocation process. The center for arts education and the Minnesota arts board shall cooperate to fund these projects.

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

Sec. 3. Laws 1997, First Special Session chapter 4, article 10, section 5, is amended to read:

Sec. 5. APPROPRIATIONS; FARIBAULT ACADEMIES.

The sums indicated in this section are appropriated from the general fund to the department of children, families, and learning for the Faribault academies for the fiscal years designated:

\$8,910,000	\$8,949,000	....	1998
\$8,908,000	\$8,986,000	....	1999

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

In the next biennial budget, the academies must assess their progress in meeting the 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. 4. EFFECTIVE DATE.

Sections 1 to 3 are effective the day following final enactment.

ARTICLE 9

MISCELLANEOUS

Section 1. [123.3517] STUDENT ACHIEVEMENT LEVELS.

Subdivision 1. STATE EXPECTATIONS; PLAN. (a) Each school year, a school district must determine if the student achievement levels at each school site meet state expectations. If student achievement levels at a school site do not meet state expectations for two out of three consecutive school years, beginning with the 1999-2000 school year, the district must work with the school site to adopt a plan to raise student achievement levels to state expectations. The legislature will determine state expectations after receiving a recommendation from the commissioner of children, families, and learning. The commissioner must submit its recommendations to the legislature by December 15, 1998.

(b) The department must assist the district and the school site in developing a plan to improve student achievement. The plan must include parental involvement components.

Sec. 2. [145.9266] FETAL ALCOHOL SYNDROME CAMPAIGN AND EDUCATION.

Subdivision 1. PUBLIC AWARENESS AND EDUCATION. The commissioner of health shall design and implement an ongoing statewide campaign to raise awareness

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and educate the public about fetal alcohol syndrome and other effects of prenatal alcohol exposure. The campaign shall include messages directed to the general population as well as culturally specific and community-based messages. A toll-free resource and referral telephone line shall be included in the messages. The commissioner of health shall conduct an evaluation to determine the effectiveness of the campaign.

Subd. 2. STATEWIDE NETWORK OF FETAL ALCOHOL SYNDROME DIAGNOSTIC CLINICS. A statewide network of regional fetal alcohol syndrome diagnostic clinics shall be developed between the department of health and the University of Minnesota. This collaboration shall be based on a statewide needs assessment and shall include involvement from consumers, providers, and payors. By the end of calendar year 1998, a plan shall be developed for the clinic network, and shall include a comprehensive evaluation component. Sites shall be established in calendar year 1999. The commissioner shall not access or collect individually identifiable data for the statewide network of regional fetal alcohol syndrome diagnostic clinics. Data collected at the clinics shall be maintained according to applicable data privacy laws, including section 144.335.

Subd. 3. PROFESSIONAL TRAINING AND EDUCATION ABOUT FETAL ALCOHOL SYNDROME. (a) The commissioner of health, in collaboration with the board of medical practice, the board of nursing, and other professional boards and state agencies, shall develop curricula and materials about fetal alcohol syndrome for professional training of health care providers, social service providers, educators, and judicial and corrections systems professionals. The training and curricula shall increase knowledge and develop practical skills of professionals to help them address the needs of at-risk pregnant women and the needs of individuals affected by fetal alcohol syndrome or fetal alcohol effects and their families.

(b) Training for health care providers shall focus on skill building for screening, counseling, referral, and follow-up for women using or at risk of using alcohol while pregnant. Training for health care professionals shall include methods for diagnosis and evaluation of fetal alcohol syndrome and fetal alcohol effects. Training for education, judicial, and corrections professionals shall involve effective education strategies, methods to identify the behaviors and learning styles of children with alcohol-related birth defects, and methods to identify available referral and community resources.

(c) Training and education for social service providers shall focus on resources for assessing, referring, and treating at-risk pregnant women, changes in the mandatory reporting and commitment laws, and resources for affected children and their families.

Subd. 4. FETAL ALCOHOL SYNDROME COMMUNITY GRANT EDUCATION PROGRAM. The commissioner of health shall administer a grant education program to provide money to community organizations and coalitions to collaborate on fetal alcohol syndrome prevention and intervention strategies and activities. The commissioner shall disburse grant money through a request for proposal process or sole-source distribution where appropriate, and shall include at least one grant award for transitional skills and services for individuals with fetal alcohol syndrome or fetal alcohol effects.

Subd. 5. SCHOOL PILOT PROGRAMS. (a) The commissioner of children, families, and learning shall award up to four grants to schools for pilot programs to identi-

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fy and implement effective educational strategies for individuals with fetal alcohol syndrome and other alcohol-related birth defects.

(b) One grant shall be awarded in each of the following age categories:

- (1) birth to three years;
- (2) three to five years;
- (3) six to 12 years; and
- (4) 13 to 18 years.

(c) Grant proposals must include an evaluation plan, demonstrate evidence of a collaborative or multisystem approach, provide parent education and support, and show evidence of a child- and family-focused approach consistent with research-based best educational practices and other guidelines developed by the department of children, families, and learning.

(d) Children participating in the pilot program sites may be identified through child find activities or a diagnostic clinic. No identification activity may be undertaken without the consent of a child's parent or guardian.

Subd. 6. FETAL ALCOHOL COORDINATING BOARD; DUTIES. (a) The fetal alcohol coordinating board consists of:

- (1) the commissioners of health, human services, corrections, public safety, economic security, and children, families, and learning;
- (2) the director of the office of strategic and long-range planning;
- (3) the chair of the maternal and child health advisory task force established by section 145.881, or the chair's designee;
- (4) a representative of the University of Minnesota academic health center, appointed by the provost;
- (5) five members from the general public appointed by the governor, one of whom must be a family member of an individual with fetal alcohol syndrome or fetal alcohol effect; and
- (6) one member from the judiciary appointed by the chief justice of the supreme court.

Terms, compensation, removal, and filling of vacancies of appointed members are governed by section 15.0575. The board shall elect a chair from its membership to serve a one-year term. The commissioner of health shall provide staff and consultant support for the board. Support must be provided based on an annual budget and work plan developed by the board. The board shall contract with the department of health for necessary administrative services. Administrative services include personnel, budget, payroll, and contract administration. The board shall adopt an annual budget and work program.

(b) Board duties include:

- (1) reviewing programs of state agencies that involve fetal alcohol syndrome and coordinating those that are interdepartmental in nature;

New language is indicated by underline, deletions by strikeout.

(2) providing an integrated and comprehensive approach to fetal alcohol syndrome prevention and intervention strategies both at a local and statewide level;

(3) approving on an annual basis the statewide public awareness campaign as designed and implemented by the commissioner of health under subdivision 1;

(4) reviewing fetal alcohol syndrome community grants administered by the commissioner of health under subdivision 4; and

(5) submitting a report to the governor on January 15 of each odd-numbered year summarizing board operations, activities, findings, and recommendations, and fetal alcohol syndrome activities throughout the state.

(c) The board expires on January 1, 2001.

Subd. 7. **FEDERAL FUNDS; CONTRACTS; DONATIONS.** The fetal alcohol coordinating board may apply for, receive, and disburse federal funds made available to the state by federal law or rules adopted for any purpose related to the powers and duties of the board. The board shall comply with any requirements of federal law, rules, and regulations in order to apply for, receive, and disburse funds. The board may contract with or provide grants to public and private nonprofit entities. The board may accept donations or grants from any public or private entity. Money received by the board must be deposited in a separate account in the state treasury and invested by the state board of investment. The amount deposited, including investment earnings, is appropriated to the board to carry out its duties. Money deposited in the state treasury shall not cancel.

Sec. 3. Minnesota Statutes 1996, section 254A.17, subdivision 1, is amended to read:

Subdivision 1. **MATERNAL AND CHILD SERVICE PROGRAMS.** (a) The commissioner shall fund maternal and child health and social service programs designed to improve the health and functioning of children born to mothers using alcohol and controlled substances. Comprehensive programs shall include immediate and ongoing intervention, treatment, and coordination of medical, educational, and social services through a child's preschool years. Programs shall also include research and evaluation to identify methods most effective in improving outcomes among this high-risk population. The commissioner shall ensure that the programs are available on a statewide basis to the extent possible with available funds.

(b) The commissioner of human services shall develop models for the treatment of children ages 6 to 12 who are in need of chemical dependency treatment. The commissioner shall fund at least two pilot projects with qualified providers to provide nonresidential treatment for children in this age group. Model programs must include a component to monitor and evaluate treatment outcomes.

Sec. 4. Minnesota Statutes 1996, section 254A.17, is amended by adding a subdivision to read:

Subd. 1b. **INTERVENTION, EDUCATION, AND ADVOCACY PROGRAM.** Within the limits of money available, the commissioner of human services shall fund voluntary hospital-based outreach programs targeted at women who deliver children affected by prenatal alcohol or drug use. The program shall help women obtain treatment, stay in recovery, and plan any future pregnancies. An advocate shall be assigned to each

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

woman in the program to provide education, guidance, and advice with respect to treatment programs, child safety and parenting, housing, family planning, and any other personal issues that are barriers to remaining free of chemical dependence. The commissioner shall develop an evaluation component and provide centralized coordination of the evaluation process.

Sec. 5. Laws 1996, chapter 412, article 12, section 12, subdivision 5, is amended to read:

Subd. 5. **REPORT.** By January 1, ~~1999~~ 2000, the selected district shall submit a report to the commissioner on the program with recommendations for expanding it or making changes.

Sec. 6. Laws 1997, First Special Session chapter 4, article 9, section 12, subdivision 6, is amended to read:

Subd. 6. **ELECTRONIC CURRICULUM RESOURCE.** For support of electronic curriculum development:

\$4,000,000	1998
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Of this amount, \$2,700,000 is for the electronic curriculum resource under section 5, \$1,000,000 of which is for the collaborative arts project in section 5, subdivision 1, paragraph (c), clause (5).

Of this amount, \$300,000 is for the purposes of the Gopher Biology Shareware Project under section 5, subdivision 1, paragraph (c), clause (1).

The department may use up to \$100,000 for quality control of the curriculum repository.

This appropriation is available until June 30, 1999.

Sec. 7. DATABASE ACCESS PROGRAM FOR PUBLIC LIBRARIES AND SCHOOL MEDIA CENTERS.

Subdivision 1. **ESTABLISHMENT.** The commissioner of children, families, and learning shall establish a program to provide statewide licenses to commercial electronic databases of periodicals, encyclopedias, and associated reference materials for school media centers and public libraries. The commissioner, in consultation with Minitex and in cooperation with the Library Planning Task Force, shall solicit proposals for access licenses to commercial vendors of the databases. Responses to those proposals shall be evaluated by staff of the office of library development and services in the department of children, families, and learning, Minitex staff, and a representative panel of school media specialists and public librarians.

Subd. 2. **ELIGIBILITY.** Access to the selected databases shall be made available to a school or school district that is a member of a multicounty, multitype library system as defined in Minnesota Statutes, section 134.001, subdivision 6, or a public library as defined in Minnesota Statutes, section 134.001, subdivision 2, that is a member of a multicounty, multitype library system. With appropriate authentication any user of an eligible library may have access to the databases from a remote site.

Subd. 3. **RESOURCE GRANTS.** Graduation rule resource grants are available for the purposes of this section.

New language is indicated by underline, deletions by strikeout.

Sec. 8. CITY OF EAST GRAND FORKS; APPROPRIATION.

\$650,000 is appropriated in fiscal year 1998 from the general fund to the department of public safety for a grant to the city of East Grand Forks to make a loan for the nonfederal share of flood costs for educational facilities in East Grand Forks.

Sec. 9. APPROPRIATIONS.

(a) \$5,000,000 is appropriated in 1999 from the general fund to the commissioner of health for the fetal alcohol syndrome initiative in section 2.

(b)(1) Of the appropriation in paragraph (a), \$5,000,000 in fiscal year 1999 is from the general fund to the commissioner for the fetal alcohol syndrome/fetal alcohol effect (FAS/FAE) initiatives specified in paragraphs (2) to (11).

(2) Of the amount in paragraph (a), \$200,000 is transferred to the commissioner of children, families, and learning for school-based pilot programs to identify and implement effective educational strategies for individuals with FAS/FAE.

(3) Of the amount in paragraph (a), \$800,000 is for the public awareness campaign under Minnesota Statutes, section 145.9266, subdivision 1.

(4) Of the amount in paragraph (a), \$400,000 is to develop a statewide network of regional FAS diagnostic clinics under Minnesota Statutes, section 145.9266, subdivision 2.

(5) Of the amount in paragraph (a), \$150,000 is for professional training about FAS under Minnesota Statutes, section 145.9266, subdivision 3.

(6) Of the amount in paragraph (a), \$350,000 is for the fetal alcohol coordinating board under Minnesota Statutes, section 145.9266, subdivision 6.

(7) Of the amount in paragraph (a), \$800,000 is transferred to the commissioner of human services to expand the maternal and child health social service programs under Minnesota Statutes, section 254A.17, subdivision 1.

(8) Of the amount in paragraph (a), \$200,000 is for the commissioner to study the extent of fetal alcohol syndrome in the state.

(9) Of the amount in paragraph (a), \$400,000 is transferred to the commissioner of human services for the intervention and advocacy program under Minnesota Statutes, section 254A.17, subdivision 1b.

(10) Of the amount in paragraph (a), \$850,000 is for the FAS community grant program under Minnesota Statutes, section 145.9266, subdivision 4.

(11) Of the amount in paragraph (a), \$850,000 is transferred to the commissioner of human services to expand treatment services and halfway houses for pregnant women and women with children who abuse alcohol during pregnancy.

(c) Notwithstanding chapter 645 or any other law to the contrary, if the fetal alcohol syndrome initiative in this article is enacted into law in the same or a substantially similar form during the 1998 regular legislative session in S.F. No. 3346 or other legislation, then the provisions in section 2 and this subdivision are not effective.

Sec. 10. EFFECTIVE DATES.

Sections 1, 6, and 8 are effective the day following final enactment.

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

Presented to the governor April 10, 1998

Signed by the governor April 21, 1998, 9:32 a.m.

CHAPTER 399—S.F.No. 2050

An act relating to health; modifying provisions governing advance health care directives; combining laws governing living wills and durable power of attorney for health care; amending Minnesota Statutes 1996, sections 144.335, subdivision 1; 145C.01, subdivisions 2, 3, 4, 8, and by adding subdivisions; 145C.02; 145C.03; 145C.04; 145C.05, subdivisions 1 and 2; 145C.06; 145C.07; 145C.08; 145C.09; 145C.10; 145C.11; 145C.12; 145C.13, subdivision 1; 145C.15; 525.55, subdivisions 1 and 2; 525.551, subdivisions 1 and 5; 525.9212; and 609.215, subdivision 3; Minnesota Statutes 1997 Supplement, sections 149A.80, subdivision 2; 253B.04, subdivision 1a; 253B.07, subdivision 1; and 253B.092, subdivisions 2 and 6; proposing coding for new law in Minnesota Statutes, chapters 145B; and 145C.

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

Section 1. Minnesota Statutes 1996, section 144.335, subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** For the purposes of this section, the following terms have the meanings given them:

(a) "Patient" means a natural person who has received health care services from a provider for treatment or examination of a medical, psychiatric, or mental condition, the surviving spouse and parents of a deceased patient, or a person the patient designates appoints in writing as a representative, including a health care agent acting pursuant to chapter 145C, unless the authority of the agent has been limited by the principal in the principal's health care directive. Except for minors who have received health care services pursuant to sections 144.341 to 144.347, in the case of a minor, patient includes a parent or guardian, or a person acting as a parent or guardian in the absence of a parent or guardian.

(b) "Provider" means (1) any person who furnishes health care services and is licensed to furnish the services pursuant to chapter 147, 148, 148B, 150A, 151, or 153; (2) a home care provider licensed under section 144A.46; (3) a health care facility licensed pursuant to this chapter or chapter 144A; (4) a physician assistant registered under chapter 147A; and (5) an unlicensed mental health practitioner regulated pursuant to sections 148B.60 to 148B.71.

(c) "Individually identifiable form" means a form in which the patient is or can be identified as the subject of the health records.

Sec. 2. [145B.011] APPLICATION OF CHAPTER.

This chapter applies only to living wills executed before August 1, 1998. If a document purporting to be a living will is executed on or after August 1, 1998, its legal sufficiency, interpretation, and enforcement must be determined under the provisions of chapter 145C in effect on the date of its execution.

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