

**Sec. 25. EFFECTIVE DATES.**

If a section in this act does not specify its effective date, the section is effective July 1, 2001, unless the language or context clearly indicates that a different effective date is intended.

Presented to the governor June 29, 2001

Signed by the governor June 30, 2001, 12:15 p.m.

**CHAPTER 6—H.F.No. 2**

*An act relating to education; providing for kindergarten through grade 12 education including general education revenue; education excellence; special programs; facilities and technology; nutrition, school accounting, and other programs; deficiencies; state agencies; and technical amendments; appropriating money; amending Minnesota Statutes 2000, sections 16B.616, subdivision 4; 93.22; 120B.07; 120B.13, subdivision 1; 120B.30, subdivision 1; 120B.35; 121A.41, subdivision 10; 121A.582; 122A.162; 122A.163; 122A.18, subdivisions 1, 2, 4; 122A.20, subdivision 2; 122A.21; 122A.24, subdivision 3; 122A.25, by adding a subdivision; 122A.26, subdivision 3; 122A.31; 122A.40, subdivision 7, by adding a subdivision; 122A.41, subdivisions 4, 7, 13, by adding subdivisions; 122A.61, subdivision 1; 123B.03, subdivision 3; 123B.143, subdivision 1; 123B.36, subdivision 1; 123B.37, subdivision 1; 123B.42, subdivision 3; 123B.44, subdivision 6; 123B.54; 123B.57, subdivisions 3, 6, 8; 123B.59, subdivision 1; 123B.71, subdivisions 1, 4, 8, 9; 123B.75, subdivision 5, by adding a subdivision; 123B.80, subdivision 1; 123B.88, subdivision 1; 124D.03, subdivision 4; 124D.10, subdivisions 4, 8, 15, by adding subdivisions; 124D.11, subdivisions 4, 5, 9; 124D.128, subdivisions 1, 2, 3, 6, by adding a subdivision; 124D.454, subdivision 11; 124D.59, subdivision 2; 124D.65, subdivision 5; 124D.69, subdivision 1; 124D.74, subdivisions 1, 2, 3, 4, 6; 124D.75, subdivision 6; 124D.76; 124D.78, subdivision 1; 124D.81, subdivisions 1, 3, 5, 6, 7; 124D.84, subdivision 1; 124D.86, subdivision 3; 124D.892, subdivisions 1, 3, as amended; 124D.894; 125A.023, subdivision 4; 125A.027, by adding a subdivision; 125A.08; 125A.09, subdivision 3; 125A.11, subdivision 3; 125A.17; 125A.27, subdivision 15; 125A.515; 125A.76, subdivisions 1, 2; 125B.21; 125B.25, subdivisions 1, 2, 6; 126C.05, subdivisions 1, 15, by adding a subdivision; 126C.10, subdivisions 1, 2, 4, 9, 13, 24, 25; 126C.12, subdivisions 2, 3, 4, 5, by adding a subdivision; 126C.15, subdivisions 1, 2, 5; 126C.17, subdivisions 6, 9, 10, 11; 126C.23, subdivision 5; 126C.40, subdivision 1; 126C.41, subdivisions 2, 3; 126C.43, subdivision 3; 126C.63, subdivision 8; 126C.69, subdivisions 2, 9; 127A.41, subdivisions 5, 8, 9; 127A.42; 127A.45, subdivisions 9, 11, 12, by adding a subdivision; 127A.50, subdivision 2; 127A.51; 129C.10, subdivision 3; 171.02, subdivision 2a; 179A.20, by adding a subdivision; 260A.01; 260C.163, subdivision 11; 475.61, subdivision 3; 626.556, subdivision 2; Laws 1992, chapter 499, article 7, section 31, as amended; Laws 2000, chapter 489, article 2, section 34; Laws 2000, chapter 489, article 2, section 36; Laws 2000, chapter 489, article 2, section 37, subdivision 3; Laws 2000, chapter 489, article 2, section 39, subdivision 2; Laws 2000, chapter 489, article 3, section 24; Laws 2000, chapter 489, article 3, section 25, subdivision 5; Laws 2000, chapter 489, article 5, section 21; Laws 2000, chapter 489, article 7, section 15, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 93; 120A; 120B; 122A; 124D; 126C; repealing Minnesota Statutes 2000, sections 123B.71, subdivisions 3, 10; 124D.07; 124D.1155; 124D.128, subdivision 7; 124D.32;*

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124D.85; 126C.01, subdivision 10; 126C.10, subdivisions 12, 23; 126C.16, subdivision 2; 126C.17, subdivision 12; 126C.18; 126C.22; 126C.30; 126C.31; 126C.32; 126C.33; 126C.34; 126C.35; 126C.36; 126C.42, subdivisions 2, 3; 126C.47; 127A.44; 135A.081; Laws 2000, chapter 254, section 30; Laws 2000, chapter 489, article 1, section 18; Minnesota Rules, part 3501.0280, subpart 3.

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

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## ARTICLE 1

### GENERAL EDUCATION REVENUE

Section 1. Minnesota Statutes 2000, section 93.22, is amended to read:

#### 93.22 DISPOSITION OF PAYMENTS.

Subdivision 1. **GENERALLY.** (a) All payments under sections 93.14 to 93.285 shall be made to the department of natural resources and shall be credited as follows: according to this section.

(1) (a) If the lands or minerals and mineral rights covered by a lease are held by the state by virtue of an act of Congress, payments made under the lease shall be credited to the permanent fund of the class of land to which the leased premises belong;

(2) (b) If a lease covers the bed of navigable waters, payments made under the lease shall be credited to the permanent school fund of the state; and

(3) (c) If the lands or minerals and mineral rights covered by a lease are held by the state in trust for the taxing districts, payments made under the lease shall be distributed annually on the first day of September as follows:

(i) (1) 20 percent to the general fund; and

(ii) (2) 80 percent to the respective counties in which the lands lie, to be apportioned among the taxing districts interested therein as follows: county, three-ninths; town or city, two-ninths; and school district, four-ninths.

(b) (d) Except as provided under ~~paragraph (a)~~ this section and except where the disposition of payments may be otherwise directed by law, all payments shall be paid into the general fund of the state.

Subd. 2. **TACONITE LEASE REVENUE.** Notwithstanding subdivision 1, from July 1, 2001, to June 30, 2006, payments made under state taconite leases shall be distributed as follows:

(1) if the lands or minerals and mineral rights covered by a lease are held by the state by virtue of a school, swamp, or internal improvement land grant of Congress, payments made under the lease shall be distributed annually on September 1 to the

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school fund mineral lease suspense account created under section 93.223, subdivision 1; and

(2) if the lands or minerals and mineral rights covered by a lease are held by the state by virtue of a university land grant of Congress, payments made under the lease shall be distributed annually on September 1 to the university mineral lease suspense account created under section 93.223, subdivision 2.

**Sec. 2. [93.223] MINERAL LEASE SUSPENSE ACCOUNTS.**

**Subdivision 1. SCHOOL FUND MINERAL LEASE SUSPENSE ACCOUNT.**

The school fund mineral lease suspense account is created as an account in the state treasury for mineral lease money deposited according to section 93.22, subdivision 2, clause (1). Interest earned on money in the account accrues to the account. After money is annually deposited in the account under section 93.22, subdivision 2, clause (1), the commissioner of finance shall certify 20 percent of the payments made during the preceding fiscal year as costs for the administration and management of mineral leases on permanent school fund lands. The commissioner of finance shall transfer the certified amount from the school fund mineral lease suspense account to the general fund. The balance remaining in the account after the certification is annually transferred to the permanent school fund.

**Subd. 2. UNIVERSITY FUND MINERAL LEASE SUSPENSE ACCOUNT.**

The university fund mineral lease suspense account is created as an account in the state treasury for mineral lease money deposited according to section 93.22, subdivision 2, clause (2). Interest earned on money in the account accrues to the account. After money is annually deposited in the account under section 93.22, subdivision 2, clause (2), the commissioner of finance shall certify 20 percent of the payments made during the preceding fiscal year as costs for the administration and management of mineral leases on permanent university fund lands. The commissioner of finance shall transfer the certified amount from the university fund mineral lease account to the general fund. The balance remaining in the account is annually transferred to the permanent university fund.

**Sec. 3. [93.2235] TACONITE MINING GRANTS; APPROPRIATIONS.**

Subdivision 1. COMMISSIONER. The commissioner shall establish a program to award grants to taconite mining companies for:

- (1) taconite pellet product improvements;
- (2) value-added production of taconite iron ore; or
- (3) cost-savings production improvements at Minnesota taconite plants.

An amount equal to the sum of money transferred to the general fund under section 93.223, subdivision 1, is annually appropriated from the general fund to the commissioner for the purposes of this section.

Subd. 2. COLERAINE LABORATORY. The director of the Coleraine laboratory shall establish a program to award grants for the purpose of transferring

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technology from the Coleraine laboratory to taconite mining companies for:

- (1) taconite pellet product improvements;
- (2) value-added production of taconite iron ore; or
- (3) cost-savings production improvements at Minnesota taconite plants.

An amount equal to the sum of money transferred to the general fund under section 92.223, subdivision 2, is annually appropriated from the general fund to the board of regents of the University of Minnesota for the purposes of this section.

Sec. 4. Minnesota Statutes 2000, section 120B.07, is amended to read:

**120B.07 EARLY GRADUATION.**

Notwithstanding any law to the contrary, any secondary school student who has completed all required courses or standards may, with the approval of the student, the student's parent or guardian, and local school officials, graduate before the completion of the school year. General education revenue attributable to the student must be paid as though the student was in attendance for the entire year.

Sec. 5. Minnesota Statutes 2000, section 123B.143, subdivision 1, is amended to read:

Subdivision 1. **CONTRACT; DUTIES.** All districts maintaining a classified secondary school must employ a superintendent who shall be an ex officio nonvoting member of the school board. The authority for selection and employment of a superintendent must be vested in the board in all cases. An individual employed by a 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 board, at its discretion, may or may not renew an employment contract. A board must 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 board may negotiate and enter into a subsequent employment contract to take effect upon the expiration of the existing contract. A subsequent contract must be contingent upon the employee completing the terms of an existing contract. If a contract between a board and a superintendent is terminated prior to the date specified in the contract, the 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 board may terminate a superintendent during the term of an employment contract for any of the grounds specified in section 122A.40, subdivision 9 or 13. A superintendent shall not rely upon an employment contract with a board to assert any other continuing contract rights in the position of superintendent under section 122A.40. Notwithstanding the provisions of sections 122A.40, subdivision 10 or 11, 123A.32, 123A.75, 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 districts enter into an agreement for the purchase or sharing of the services of a superintendent, the contracting districts

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have the absolute right to select one of the individuals employed to serve as superintendent in one of the contracting districts and no individual has a right to employment as the superintendent to provide all or part of the services based on order of employment in a contracting district. The superintendent of a district shall perform the following:

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

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

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

(4) make reports required by the commissioner;

(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~~ 90 percent student passage rate on the basic standards test taken in the eighth grade, identifying the highest student passage rate the district expects it will be able to attain on the basic standards test by grade 12, the amount of expenditures that the district requires to ensure a 90 percent attain the targeted student passage rate on the basic standards test by 12th grade, and how much the district is cross-subsidizing programs with special education, basic skills, and general education revenue; and

(6) perform other duties prescribed by the board.

Sec. 6. Minnesota Statutes 2000, section 123B.36, subdivision 1, is amended to read:

Subdivision 1. **SCHOOL BOARDS MAY REQUIRE FEES.** (a) For purposes of this subdivision, "home school" means a home school as defined in sections 120A.22 and 120A.24 with five or fewer students receiving instruction.

(b) A school board is authorized to require payment of fees in the following areas:

(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;

(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;

(3) a security deposit for the return of materials, supplies, or equipment;

(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 board;

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

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(6) fees specifically permitted by any other statute, including but not limited to section 171.05, subdivision 2; provided (i) driver education fees do not exceed the actual cost to the school and school district of providing driver education, and (ii) the driver education courses are open to enrollment to persons between the ages of 15 and 18 who reside or attend school in the school district;

(7) field trips considered supplementary to a district educational program;

(8) any authorized voluntary student health and accident benefit plan;

(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;

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

(11) transportation to and from school of pupils to and living within two miles 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, and all other transportation services not required by law. If a district charging charges fees for transportation of pupils establishes, it must establish guidelines for that transportation to ensure that no pupil is denied transportation solely because of inability to pay;

(12) motorcycle classroom education courses conducted outside of regular school hours; provided the charge must not exceed the actual cost of these courses to the school district;

(13) transportation to and from post-secondary institutions for pupils enrolled under the post-secondary enrollment options program under section 123B.88, subdivision 22. Fees collected for this service must be reasonable and must be used to reduce the cost of operating the route. Families who qualify for mileage reimbursement under section 124D.09, subdivision 22, may use their state mileage reimbursement to pay this fee. If no fee is charged, districts must allocate costs based on the number of pupils riding the route.

Sec. 7. Minnesota Statutes 2000, section 123B.37, subdivision 1, is amended to read:

Subdivision 1. **BOARDS SHALL NOT CHARGE CERTAIN FEES.** (a) A board is not authorized to charge fees in the following areas:

(1) textbooks, workbooks, art materials, laboratory supplies, towels;

(2) supplies necessary for participation in any instructional course except as authorized in sections 123B.36 and 123B.38;

(3) field trips that are required as a part of a basic education program or course;

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

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

(6) library books required to be utilized for any educational course or program;

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

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

(9) locker rentals;

(10) transportation to and from school of pupils ~~(i) for which state transportation aid for fiscal year 1996 is authorized pursuant to Minnesota Statutes 1994, section 124.223, or (ii) for which a levy for fiscal year 1996 is authorized under Minnesota Statutes 1994, section 124.226, subdivision 5~~ living two miles or more from school.

(b) Notwithstanding paragraph (a), clauses (1) and (6), a board may charge fees for textbooks, workbooks, and library books, lost or destroyed by students. The board must annually notify parents or guardians and students about its policy to charge a fee under this paragraph.

Sec. 8. Minnesota Statutes 2000, section 123B.42, subdivision 3, is amended to read:

Subd. 3. **COST; LIMITATION.** (a) The cost per pupil of the textbooks, individualized instructional or cooperative learning materials, and standardized tests provided for in this section for each school year must not exceed the statewide average expenditure per pupil, adjusted pursuant to clause (b), by the Minnesota public elementary and secondary schools for textbooks, individualized instructional materials and standardized tests as computed and established by the department by March February 1 of the preceding school year from the most recent public school year data then available.

(b) The cost computed in clause (a) shall be increased by an inflation adjustment equal to the percent of increase in the formula allowance, pursuant to section 126C.10, subdivision 2, from the second preceding school year to the current school year.

(c) The commissioner shall allot to the districts or intermediary service areas the total cost for each school year of providing or loaning the textbooks, individualized instructional or cooperative learning materials, and standardized tests for the pupils in each nonpublic school. The allotment shall not exceed the product of the statewide average expenditure per pupil, according to clause (a), adjusted pursuant to clause (b), multiplied by the number of nonpublic school pupils who make requests pursuant to this section and who are enrolled as of September 15 of the current school year.

Sec. 9. Minnesota Statutes 2000, section 123B.44, subdivision 6, is amended to read:

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Subd. 6. **COMPUTATION OF MAXIMUM ALLOTMENTS.** For purposes of computing maximum allotments for each school year pursuant to this section, the average public school expenditure per pupil for health services and the average public school expenditure per secondary pupil for guidance and counseling services shall be computed and established by the department by March February 1 of the preceding school year from the most recent public school year data then available.

Sec. 10. Minnesota Statutes 2000, section 123B.75, subdivision 5, is amended to read:

Subd. 5. **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.

(b) In June of each year 2001, the school district must recognize as revenue, in the fund for which the levy was made, the lesser of:

(1) the sum of May, June, and July school district tax settlement revenue received in that calendar year plus general education aid according to section 126C.13, subdivision 4, received in July and August of that calendar year; or

(2) the sum of:

(i) 31 percent of the referendum levy certified in the prior calendar year according to section 126C.17, subdivision 9; plus

(ii) the entire amount of the levy certified in the prior calendar year according to sections 124D.86, subdivision 4, for school districts receiving revenue under 124D.86, subdivision 3, clauses (1), (2), and (3); 126C.41, subdivisions 1, 2, and 3, paragraphs (4), (5), and (6); 126C.43, subdivision 2; and 126C.48, subdivision 6.

(c) For fiscal year 2002 and later years, in June of each year, the school district must recognize as revenue, in the fund for which the levy was made, the lesser of:

(1) the sum of May, June, and July school district tax settlement revenue received in that calendar year, plus general education aid according to section 126C.13, subdivision 4, received in July and August of that calendar year; or

(2) the sum of:

(i) 31 percent of the referendum levy certified according to section 126C.17, in calendar year 2000; plus

(ii) the entire amount of the levy certified in the prior calendar year according to section 124D.86, subdivision 4, for school districts receiving revenue under sections 124D.86, subdivision 3, clauses (1), (2), and (3); 126C.41, subdivisions 1, 2, and 3, paragraphs (4), (5), and (6); 126C.43, subdivision 2; and 126C.48, subdivision 6.

**EFFECTIVE DATE.** This section is effective June 30, 2001.

Sec. 11. Minnesota Statutes 2000, section 123B.75, is amended by adding a subdivision to read:

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Subd. 6b. GENERAL EDUCATION AID. If the amount to be recognized as revenue under subdivision 5 exceeds the May, June, and July school district tax settlement revenue received in that calendar year, the district must recognize an amount of general education aid equal to the difference between the total amount to be recognized as revenue under subdivision 5, and the May, June, and July school district tax settlement revenue received in that calendar year as revenue in the previous fiscal year.

**EFFECTIVE DATE.** This section is effective June 30, 2001.

Sec. 12. Minnesota Statutes 2000, section 123B.88, subdivision 1, is amended to read:

Subdivision 1. **PROVIDING TRANSPORTATION.** 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 district, the board must arrange for the attendance of all pupils living two miles or more from the school, except pupils whose transportation privileges have been voluntarily surrendered under subdivision 2, or whose privileges have been revoked under section 123B.91, subdivision 1, clause (6), or 123B.90, subdivision 2. The district may provide for the transportation of or 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 must 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 125A.03 to 125A.24, 125A.26 to 125A.48, and 125A.65 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, the determination of fees, and any other matter relating thereto must be within the sole discretion, control, and management of the 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. 13. Minnesota Statutes 2000, section 124D.69, subdivision 1, is amended to read:

Subdivision 1. **AID.** If a pupil enrolls in an alternative program, eligible under section 124D.68, subdivision 3, paragraph (d), or subdivision 4, operated by a private organization that has contracted with a school district to provide educational services for eligible pupils under section 124D.68, subdivision 2, the district contracting with the private organization must reimburse the provider an amount equal to at least 90 95

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percent of the district's average general education less basic skills revenue per pupil unit times the number of pupil units for pupils attending the program. Basic skills revenue shall be paid according to section 126C.10, subdivision 4. Compensatory revenue must be allocated according to section 126C.15, subdivision 2. For a pupil attending the program part time, the revenue paid to the program must be reduced proportionately, according to the amount of time the pupil attends the program, and revenue paid to the district shall be reduced accordingly. Pupils for whom a district provides reimbursement may not be counted by the district for any purpose other than computation of general education revenue. If payment is made to a district or program for a pupil under this section, the department must not make a payment for the same pupil under section 124D.68, subdivision 9.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal years 2002 and later.

Sec. 14. Minnesota Statutes 2000, section 126C.05, subdivision 1, is amended to read:

Subdivision 1. **PUPIL UNIT.** Pupil units for each Minnesota resident pupil in average daily membership enrolled in the district of residence, in another district under sections 123A.05 to 123A.08, 124D.03, 124D.06, 124D.07, 124D.08, or 124D.68; in a charter school under section 124D.10; or for whom the resident district pays tuition under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, shall be counted according to this subdivision.

(a) A prekindergarten pupil with a disability who is enrolled in a program approved by the commissioner and has an individual education plan is counted as the ratio of the number of hours of assessment and education service to 825 times 1.25 with a minimum average daily membership of 0.28, but not more than 1.25 pupil units.

(b) A prekindergarten pupil who is assessed but determined not to be handicapped is counted as the ratio of the number of hours of assessment service to 825 times 1.25.

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

(d) A kindergarten pupil who is not included in paragraph (c) is counted as .557 of a pupil unit for fiscal year 2000 and thereafter.

(e) A pupil who is in any of grades 1 to 3 is counted as 1.115 pupil units for fiscal year 2000 and thereafter.

(f) A pupil who is any of grades 4 to 6 is counted as 1.06 pupil units for fiscal year 1995 and thereafter.

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

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(h) A pupil who is in the post-secondary enrollment options program is counted as 1.3 pupil units.

Sec. 15. Minnesota Statutes 2000, section 126C.10, subdivision 1, is amended to read:

Subdivision 1. **GENERAL EDUCATION REVENUE.** (a) For fiscal year 2000 and thereafter 2002, 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, equity revenue, referendum offset adjustment, transition revenue, and supplemental revenue.

(b) For fiscal year 2003 and later, 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, and equity revenue.

Sec. 16. Minnesota Statutes 2000, section 126C.10, subdivision 2, is amended to read:

Subd. 2. **BASIC REVENUE.** The basic revenue for each district equals the formula allowance times the adjusted marginal cost pupil units for the school year. The formula allowance for fiscal year 1998 is \$3,581. The formula allowance for fiscal year 1999 is \$3,530. The formula allowance for fiscal year 2000 is \$3,740. The formula allowance for fiscal year 2001 and subsequent fiscal years is \$3,964. The formula allowance for fiscal year 2002 is \$4,068. The formula allowance for fiscal year 2003 and subsequent years is \$4,601.

Sec. 17. Minnesota Statutes 2000, section 126C.10, subdivision 4, is amended to read:

Subd. 4. **BASIC SKILLS REVENUE.** (a) For fiscal year 1999 and thereafter 2002, a school district's basic skills revenue equals the sum of:

- (1) compensatory revenue under subdivision 3; plus
- (2) limited English proficiency revenue according to section 124D.65, subdivision 5; plus
- (3) \$190 times the limited English proficiency pupil units according to section 126C.05, subdivision 17; plus
- (4) \$22.50 times the number of adjusted marginal cost pupil units in kindergarten to grade 8.

(b) For fiscal year 2003, a school district's basic skills revenue equals the sum of:

- (1) compensatory revenue under subdivision 3; plus
- (2) limited English proficiency revenue under section 124D.65, subdivision 5; plus

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(3) \$190 times the limited English proficiency pupil units under section 126C.05, subdivision 17.

Sec. 18. Minnesota Statutes 2000, section 126C.10, subdivision 9, is amended to read:

Subd. 9. **SUPPLEMENTAL REVENUE.** (a) A district's supplemental revenue allowance for fiscal year 1994 and later fiscal years 2002 equals the district's supplemental revenue allowance for fiscal year 1993 divided by the district's 1992-1993 resident pupil units 2001.

(b) A district's supplemental revenue allowance is reduced for fiscal year 1995 and later according to subdivision 12.

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

(d) A district may cancel its supplemental revenue by notifying the commissioner of education prior to June 30, 1994. A district that is reorganizing under section 123A.35, 123A.46, or 123A.48 may cancel its supplemental revenue by notifying the commissioner of children, families, and learning before July 1 of the year of the reorganization. ~~If a district cancels its supplemental revenue according to this paragraph, its supplemental revenue allowance for fiscal year 1993 for purposes of subdivision 12 and section 124A.03, subdivision 3b, equals zero.~~

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2002.

Sec. 19. Minnesota Statutes 2000, section 126C.10, subdivision 13, is amended to read:

Subd. 13. **TOTAL OPERATING CAPITAL REVENUE.** (a) For fiscal year 2000 and thereafter, total operating capital revenue for a district equals the amount determined under paragraph (b) or (c), plus \$73 times the adjusted marginal cost pupil units for the school year. The revenue must be placed in a reserved account in the general fund and may only be used according to paragraph (d) or subdivision 14.

(b) For fiscal years 2000 and later, capital revenue for a district equals \$100 times the district's maintenance cost index times its adjusted marginal cost pupil units for the school year.

(c) For fiscal years 2000 and later, the revenue for a district that operates a program under section 124D.128, is increased by an amount equal to \$30 times the number of marginal cost pupil units served at the site where the program is implemented.

(d) For fiscal years 2001 and 2002, the district must reserve an amount equal to \$5 per adjusted marginal cost pupil unit for telecommunication access costs. Reserve revenue under this paragraph must first be used to pay for ongoing or recurring telecommunication access costs, including access to data lines, and video lines connections, or including Internet access. Any revenue remaining after covering all ongoing or recurring access costs may be used for computer hardware or equipment.

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Sec. 20. Minnesota Statutes 2000, section 126C.10, subdivision 24, is amended to read:

Subd. 24. **EQUITY REVENUE.** (a) A school district qualifies for equity revenue if:

(1) the school district's adjusted marginal cost pupil unit amount of basic revenue, supplemental revenue, transition revenue, and referendum revenue is less than the value of the school district at or immediately above the ~~90th~~ 95th percentile of school districts in its equity region for those revenue categories; and

(2) the school district's administrative offices are not located in a city of the first class on July 1, 1999.

(b) Equity revenue for a qualifying district that receives referendum revenue under section 126C.17, subdivision 4, equals the product of (1) the district's adjusted marginal cost pupil units for that year; times (2) the sum of (i) \$10, plus (ii) ~~\$30~~ \$55, times the school district's equity index computed under subdivision 27.

(c) Equity revenue for a qualifying district that does not receive referendum revenue under section 126C.17, subdivision 4, equals the product of the district's adjusted marginal cost pupil units for that year times \$10.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2002 and later.

Sec. 21. Minnesota Statutes 2000, section 126C.10, subdivision 25, is amended to read:

Subd. 25. **REGIONAL EQUITY GAP.** The regional equity gap equals the difference between the value of the school district at or immediately above the fifth percentile of adjusted general revenue per adjusted marginal cost pupil unit and the value of the school district at or immediately above the ~~90th~~ 95th percentile of adjusted general revenue per adjusted marginal cost pupil unit.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2002 and later.

Sec. 22. Minnesota Statutes 2000, section 126C.12, subdivision 2, is amended to read:

Subd. 2. **INSTRUCTOR DEFINED DEFINITIONS.** Primary instructor (a) "Classroom teacher" means a public employee licensed by the board of teaching who is authorized to teach all subjects to children in any grade in kindergarten through grade 6 and whose duties are full-time regular classroom instruction, excluding a teacher for whom federal aids are received or for whom categorical aids are received pursuant to under section 125A.76 or who is an itinerant teacher or provides instruction outside of the regular classroom. Except as provided in section 122A.68, subdivision 6, instructor classroom teacher does not include supervisory and support personnel;

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~~except school social workers as defined in section 122A.15. An instructor~~ A classroom teacher whose duties are less than full-time instruction must be included as an equivalent only for the number of hours of instruction in grades kindergarten through 6 grade 3.

(b) "Class size" means the districtwide ratio at each grade level of the number of full-time students in kindergarten through grade 3 served at least 40 percent of the time in regular classrooms to the number of full-time classroom teachers in kindergarten through grade 3, determined as of October 1 of each school year.

Sec. 23. Minnesota Statutes 2000, section 126C.12, subdivision 3, is amended to read:

**Subd. 3. INSTRUCTION CONTACT TIME.** ~~Instruction may be provided by a primary instructor, classroom teacher or by a team of instructors classroom teachers, or by a teacher resident supervised by a primary instructor classroom teacher. The district must maximize instructor classroom teacher to learner average instructional contact time in the core subjects of reading and mathematics.~~

Sec. 24. Minnesota Statutes 2000, section 126C.12, subdivision 4, is amended to read:

**Subd. 4. REVENUE USE.** (a) ~~Revenue must be used according to either paragraph (b) or (c).~~

~~(b) Revenue must be used to reduce and maintain the district's instructor to learner ratios average class size in kindergarten through grade 6 3 to a level of 1 17 to 17 1 on average in each of the respective grades. The district must prioritize the use of the revenue to attain this level initially in kindergarten and grade 1 and then through the subsequent grades as revenue is available.~~

~~(c) The revenue may be used to prepare and use an individualized learning plan for each learner. (b) A district must not increase the district wide instructor-to-learner ratios districtwide class sizes in other grades as a result of reducing instructor-to-learner ratios class sizes in kindergarten through grade 6 3. Revenue may not be used to provide instructor preparation time. A district may use a portion of the revenue reserved under this section to employ up to the same number of full-time equivalent education assistants or aides as the district employed during the 1992-1993 school year under Minnesota Statutes 1992, section 124.331, subdivision 2 through fiscal year 2002. Beginning in fiscal year 2003, class size reduction revenue may only be reserved to employ classroom teachers contributing to lower class sizes in kindergarten through grade 3.~~

Sec. 25. Minnesota Statutes 2000, section 126C.12, subdivision 5, is amended to read:

**Subd. 5. ADDITIONAL REVENUE USE.** ~~If the board of a district determines that the district has achieved and is maintaining the instructor-to-learner ratios class sizes specified in subdivision 4 and is using individualized learning plans, the board~~

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may use the revenue to reduce class size in grades 4, 5, and 6, provide all-day, everyday kindergarten, prepare and use individualized learning plans, improve program offerings, purchase instructional material and, services, or technology, or provide staff development needed for reduced instructor-to-learner ratios. If additional revenue remains, the district must use the revenue to improve program offerings, including programs provided through interactive television, throughout the district or other general education purposes class sizes.

Sec. 26. Minnesota Statutes 2000, section 126C.12, is amended by adding a subdivision to read:

Subd. 6. ANNUAL REPORT. By December 1 of each year, districts receiving revenue under subdivision 1 shall make available to the public a report on the amount of revenue the district has received and the use of the revenue. This report shall be in the form and manner determined by the commissioner and shall include the district average class sizes in kindergarten through grade 6 as of October 1 of the current school year and the class sizes for each site serving kindergarten through grade 6 students in the district. A copy of the report shall be filed with the commissioner by December 15.

Sec. 27. **[126C.126] REALLOCATING GENERAL EDUCATION REVENUE FOR ALL-DAY KINDERGARTEN.**

In order to provide additional revenue for an optional all-day kindergarten program, a district may reallocate general education revenue attributable to 12th grade students who have graduated early under section 120B.07.

EFFECTIVE DATE. This section is effective for fiscal year 2002 and later.

Sec. 28. Minnesota Statutes 2000, section 126C.15, subdivision 1, is amended to read:

Subdivision 1. **USE OF THE REVENUE.** The basic skills revenue under section 126C.10, subdivision 4, and the portion of the transition revenue adjustment under section 126C.10, subdivision 20, attributable to the compensatory transition allowance under section 126C.10, subdivision 19, paragraph (b), must be reserved and 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 124D.66;

(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;

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(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 122A.60, 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;

(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; and

(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. 29. Minnesota Statutes 2000, section 126C.15, subdivision 2, is amended to read:

Subd. 2. **BUILDING ALLOCATION.** (a) A district must allocate its compensatory revenue to each school building in the district where the children who have generated the revenue are served.

(b) Notwithstanding paragraph (a), ~~for fiscal years 1999, 2000, and 2001, upon approval by the commissioner,~~ a district may allocate up to five percent of the amount of compensatory revenue that the district ~~would have received under Minnesota Statutes 1996, section 124A.22, subdivision 3, for fiscal year 1998, computed using a basic formula allowance of \$3,581~~ during the previous fiscal year to school sites according to a plan adopted by the school board.

(c) For the purposes of this section and section 126C.05, subdivision 3, "building" means education site as defined in section 123B.04, subdivision 1.

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(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. 30. Minnesota Statutes 2000, section 126C.15, subdivision 5, is amended to read:

Subd. 5. **ANNUAL EXPENDITURE REPORT.** Each year a district that receives basic skills revenue must submit a report identifying the expenditures it incurred to meet the needs of eligible learners under subdivision 1. The report must conform to uniform financial and reporting standards established for this purpose. Using valid and reliable data and measurement criteria, the report also must determine whether increased expenditures raised student achievement levels.

Sec. 31. Minnesota Statutes 2000, section 126C.17, subdivision 6, is amended to read:

Subd. 6. **REFERENDUM EQUALIZATION LEVY.** (a) A district's referendum equalization levy for a referendum levied against the referendum market value of all taxable property as defined in section ~~126C.01~~, subdivision 3, equals the district's referendum equalization revenue times the lesser of one or the ratio of the district's referendum market value per resident marginal cost pupil unit to \$476,000.

(b) A district's referendum equalization levy for a referendum levied against the net tax capacity of all taxable property equals the district's referendum equalization revenue times the lesser of one or the ratio of the district's adjusted net tax capacity per resident marginal cost pupil unit to \$8,404.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2002.

Sec. 32. Minnesota Statutes 2000, section 126C.17, subdivision 9, is amended to read:

Subd. 9. **REFERENDUM REVENUE.** (a) The revenue authorized by section 126C.10, subdivision 1, may be increased in the amount approved by the voters of the district at a referendum called for the purpose. The referendum may be called by the board or shall be called by the board upon written petition of qualified voters of the district. The referendum must be conducted one or two calendar years before the increased levy authority, if approved, first becomes payable. Only one election to approve an increase may be held in a calendar year. Unless the referendum is conducted by mail under paragraph (g), the referendum must be held on the first Tuesday after the first Monday in November. The ballot must state the maximum amount of the increased revenue per resident marginal cost pupil unit, the estimated referendum tax rate as a percentage of referendum market value in the first year it is to be levied, and that the revenue must be used to finance school operations. The ballot may state a schedule, determined by the board, of increased revenue per resident marginal cost pupil unit that differs from year to year over the number of years for which the increased revenue is authorized. If the ballot contains a schedule showing different amounts, it must also indicate the estimated referendum tax rate as a percent

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of referendum market value for the amount specified for the first year and for the maximum amount specified in the schedule. The ballot may state that existing referendum levy authority is expiring. In this case, the ballot may also compare the proposed levy authority to the existing expiring levy authority, and express the proposed increase as the amount, if any, over the expiring referendum levy authority. The ballot must designate the specific number of years, not to exceed ten, for which the referendum authorization applies. The notice required under section 275.60 may be modified to read, in cases of renewing existing levies:

**“BY VOTING “YES“ ON THIS BALLOT QUESTION, YOU MAY  
BE VOTING FOR A PROPERTY TAX INCREASE.”**

The ballot may contain a textual portion with the information required in this subdivision and a question stating substantially the following:

**“Shall the increase in the revenue proposed by (petition to) the board of .....,  
School District No. ..., be approved?”**

If approved, an amount equal to the approved revenue per resident marginal cost pupil unit times the resident marginal cost pupil units for the school year beginning in the year after the levy is certified shall be authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the district at a subsequent referendum.

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

The notice for a referendum may state that an existing referendum levy is expiring and project the anticipated amount of increase over the existing referendum levy in the first year, if any, in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the district.

The notice must include the following statement: “Passage of this referendum will result in an increase in your property taxes.” However, in cases of renewing existing levies, the notice may include the following statement: “Passage of this referendum may result in an increase in your property taxes.”

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(c) A referendum on the question of revoking or reducing the increased revenue amount authorized pursuant to paragraph (a) may be called by the board and shall be called by the board upon the written petition of qualified voters of the district. A referendum to revoke or reduce the levy amount must be based upon the dollar amount, local tax rate, or amount per resident marginal cost pupil unit, that was stated to be the basis for the initial authorization. Revenue approved by the voters of the district pursuant to paragraph (a) must be received at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one revocation or reduction referendum may be held to revoke or reduce referendum revenue for any specific year and for years thereafter.

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

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

(f) At least 15 days before the day of the referendum, the district must submit a copy of the notice required under paragraph (b) to the commissioner and to the county auditor of each county in which the district is located. Within 15 days after the results of the referendum have been certified by the board, or in the case of a recount, the certification of the results of the recount by the canvassing board, the district must notify the commissioner of the results of the referendum.

~~(g) Except for a referendum held under subdivision 11, any referendum under this section held on a day other than the first Tuesday after the first Monday in November must be conducted by mail in accordance with section 204B.46. Notwithstanding paragraph (b) to the contrary, in the case of a referendum conducted by mail under this paragraph, the notice required by paragraph (b) must be prepared and delivered by first class mail at least 20 days before the referendum.~~

Sec. 33. Minnesota Statutes 2000, section 126C.17, subdivision 10, is amended to read:

**Subd. 10. SCHOOL REFERENDUM LEVY; MARKET VALUE.** ~~Notwithstanding the provisions of subdivision 9, A school referendum levy approved after November 1, 1992, for taxes payable in 1993 and thereafter, must be levied against the referendum market value of all taxable property as defined in section 126C.01, subdivision 3. Any referendum levy amount subject to the requirements of this subdivision must be certified separately to the county auditor under section 275.07.~~

~~All other provisions of subdivision 9 that do not conflict with this subdivision apply to referendum levies under this subdivision.~~

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2002.

Sec. 34. Minnesota Statutes 2000, section 126C.17, subdivision 11, is amended to read:

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Subd. 11. **REFERENDUM DATE.** (a) Except for a referendum held under paragraph (b), any referendum under this section held on a day other than the first Tuesday after the first Monday in November must be conducted by mail in accordance with section 204B.46. Notwithstanding subdivision 9, paragraph (b), to the contrary, in the case of a referendum conducted by mail under this paragraph, the notice required by subdivision 9, paragraph (b), must be prepared and delivered by first-class mail at least 20 days before the referendum.

(b) In addition to the referenda allowed in subdivision 9, 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 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 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. 35. Minnesota Statutes 2000, section 126C.23, subdivision 5, is amended to read:

Subd. 5. **DATA REPORTING.** Each district must report to the commissioner the estimated amount of general education and referendum initially allocated to each building under subdivision 2 and the amount of any reallocations under subdivision 3 by January 30 of the current fiscal year, and the actual amount of general education and referendum revenue initially allocated to each building under subdivision 2 and the amount of any reallocations under subdivision 3 by January 30 of the next fiscal year.

Sec. 36. Minnesota Statutes 2000, section 126C.41, subdivision 2, is amended to read:

Subd. 2. **RETIRED EMPLOYEE HEALTH BENEFITS.** A district may levy an amount up to the amount the district is required by the collective bargaining agreement in effect on March 30, 1992, to pay for health insurance or unreimbursed medical expenses for licensed and nonlicensed employees who have terminated services in the employing district and withdrawn from active teaching service or other

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active service, as applicable, before July 1, 1992. The total amount of the levy each year may not exceed ~~\$300,000~~ \$600,000.

Sec. 37. Minnesota Statutes 2000, section 126C.41, subdivision 3, is amended to read:

Subd. 3. **RETIREMENT LEVIES.** (1) In addition to the excess levy authorized in 1976 any district within a city of the first class which was authorized in 1975 to make a retirement levy under Minnesota Statutes 1974, section 275.127 and chapter 422A may levy an amount per pupil unit which is equal to the amount levied in 1975 payable 1976, under Minnesota Statutes 1974, section 275.127 and chapter 422A, divided by the number of pupil units in the district in 1976-1977.

(2) In 1979 and each year thereafter, any district which qualified in 1976 for an extra levy under paragraph (1) shall be allowed to levy the same amount as levied for retirement in 1978 under this clause reduced each year by ten percent of the difference between the amount levied for retirement in 1971 under Minnesota Statutes 1971, sections 275.127 and 422.01 to 422.54 and the amount levied for retirement in 1975 under Minnesota Statutes 1974, section 275.127 and chapter 422A.

(3) (a) In 1991 and each year thereafter, a district to which this subdivision applies may levy an additional amount required for contributions to the Minneapolis employees retirement fund as a result of the maximum dollar amount limitation on state contributions to the fund imposed under section 422A.101, subdivision 3. The additional levy must not exceed the most recent amount certified by the board of the Minneapolis employees retirement fund as the district's share of the contribution requirement in excess of the maximum state contribution under section 422A.101, subdivision 3.

(4) (b) For taxes payable in 1994 and thereafter, special school district No. 1, Minneapolis, and independent school district No. 625, St. Paul, may levy for the increase in the employer retirement fund contributions, under Laws 1992, chapter 598, article 5, section 1.

(5) (c) If the employer retirement fund contributions under section 354A.12, subdivision 2a, are increased for fiscal year 1994 or later fiscal years, special school district No. 1, Minneapolis, and independent school district No. 625, St. Paul, may levy in payable 1994 or later an amount equal to the amount derived by applying the net increase in the employer retirement fund contribution rate of the respective teacher retirement fund association between fiscal year 1993 and the fiscal year beginning in the year after the levy is certified to the total covered payroll of the applicable teacher retirement fund association. If an applicable school district levies under this paragraph, they may not levy under paragraph (4) (b).

(6) (d) In addition to the levy authorized under paragraph (5) (c), special school district No. 1, Minneapolis, may also levy payable in 1997 or later an amount equal to the contributions under section 423A.02, subdivision 3, and may also levy in payable 1994 or later an amount equal to the state aid contribution under section 354A.12,

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subdivision 3b. Independent school district No. 625, St. Paul, may levy payable in 1997 or later an amount equal to the supplemental contributions under section 423A.02, subdivision 3.

Sec. 38. Minnesota Statutes 2000, section 126C.43, subdivision 3, is amended to read:

Subd. 3. **TAX LEVY FOR UNPAID JUDGMENT.** A district may levy the amounts necessary to pay the district's obligations judgments against the district under section ~~126C.47~~ 123B.25 that became final after the date the district certified its proposed levy in the previous year. With the approval of the commissioner, a district may spread this levy over a period not to exceed three years.

Sec. 39. Minnesota Statutes 2000, section 127A.41, subdivision 5, is amended to read:

Subd. 5. **DISTRICT APPEAL OF AID REDUCTION; INSPECTION OF DISTRICT SCHOOLS AND ACCOUNTS AND RECORDS.** Public schools shall at all times be open to the inspection of the commissioner. The accounts and records of any district must be open to inspection by the state auditor, or the commissioner for the purpose of audits conducted under this section. Each district shall keep for a minimum of three years at least the following: (1) identification of the annual session days held, together with a record of the length of each session day, (2) a record of each pupil's daily attendance, with entrance and withdrawal dates, and (3) identification of the pupils transported who are reported for transportation aid to-and-from school transportation category for each pupil as defined in section 123B.92, subdivision 1.

Sec. 40. Minnesota Statutes 2000, section 127A.50, subdivision 2, is amended to read:

Subd. 2. **APPROPRIATION AND ESTIMATED NET SAVINGS.** The amounts necessary to pay any positive net adjustments under this section to any school district are appropriated annually from the general fund to the commissioner of children, families, and learning. The estimated net general fund savings under this section is \$29,819,000 in fiscal year 1998, and \$26,997,000 in each fiscal year thereafter.

Sec. 41. Minnesota Statutes 2000, section 127A.51, is amended to read:

**127A.51 STATEWIDE AVERAGE REVENUE.**

By October 1 of each year the commissioner must estimate the statewide average adjusted general revenue per adjusted marginal cost pupil unit and the disparity in adjusted general revenue among pupils and districts by computing the ratio of the ninety-fifth percentile to the fifth percentile of adjusted general revenue. The commissioner must provide that information to all districts.

If the disparity in adjusted general revenue as measured by the ratio of the ninety-fifth percentile to the fifth percentile increases in any year, the commissioner shall recommend to the legislature options for change in the general education formula

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that will limit the disparity in adjusted general revenue to no more than the disparity for the previous school year. The commissioner must submit the recommended options to the education committees of the legislature by January 15.

For purposes of this section and section 126C.10, adjusted general revenue means:

(1) for fiscal year 2002, the sum of basic revenue under section 126C.10, subdivision 2; supplemental revenue under section 126C.10, subdivisions 9 and 12; transition revenue under section 126C.10, subdivision 20; and referendum revenue under section 126C.17; and equity revenue under section 126C.10, subdivisions 24a and 24b; and

(2) for fiscal year 2003 and later, the sum of basic revenue under section 126C.10, subdivision 2; referendum revenue under section 126C.17; and equity revenue under section 126C.10, subdivisions 24a and 24b.

Sec. 42. Laws 1992, chapter 499, article 7, section 31, as amended by Laws 1998, chapter 398, article 1, section 39, Laws 1999, chapter 241, article 1, section 54, and Laws 2000, chapter 489, article 2, section 28, 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; and Minnesota Statutes 1991 Supplement, sections 124A.02, subdivisions 16 and 23; 124A.03, subdivisions 1b, 1e, 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, 2004; Laws 1991, chapter 265, article 7, section 35, is repealed.

Sec. 43. Laws 2000, chapter 489, article 2, section 34, is amended to read:

**Sec. 34. TRAINING AND EXPERIENCE REPLACEMENT REVENUE.**

(a) For fiscal year 2001 only, a school district's training and experience replacement revenue equals the sum of the following:

(1) the ratio of the amount of training and experience revenue the district would have received for fiscal year 1999 calculated using the training and experience index in Minnesota Statutes 1996, section 124A.04, to its resident pupil units for that year, times the district's adjusted marginal cost pupil units for fiscal year 2001, times .06; plus

(2) the difference between .47 times the training and experience revenue the district would have received for fiscal year 1999, calculated using the training and experience index in Minnesota Statutes 1996, section 124A.04, and the amount calculated in Minnesota Statutes, section 126C.10, subdivision 5, for fiscal year 2001, but not less than zero.

(b) This revenue is paid entirely in fiscal year 2001 based on estimated data.

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(c) By January 31, 2002, the department of children, families, and learning shall recalculate the revenue for each district using actual data, and shall adjust the general education aid paid to school districts for fiscal year 2002 by the amount of the difference between the estimated revenue and the actual revenue.

Sec. 44. Laws 2000, chapter 489, article 2, section 36, is amended to read:

**Sec. 36. FISCAL YEARS 2003 2004 TO 2007 2008 AIRPORT RUNWAY IMPACT PUPIL UNIT AID; RICHFIELD.**

Subdivision 1. **AIRPORT IMPACT ZONE PUPIL UNITS, DEFINITION.** For the purposes of this section, "airport impact zone pupil units" means the number of pupil units, according to Minnesota Statutes 1999 Supplement, section 126C.05, subdivision 1, in school year 1998-1999 that were attributable to the airport impact zone, as defined in Laws 1999, chapter 243, article 16, section 35, subdivision 1.

Subd. 2. **FISCAL YEAR 2003 2004.** For fiscal year ~~2003~~ 2004 only, independent school district No. 280, Richfield, is eligible for declining pupil unit aid equal to the product of 70 percent of the airport impact zone pupil units times the general education formula allowance for fiscal year ~~2003~~ 2004.

Subd. 3. **FISCAL YEAR 2004 2005.** For fiscal year ~~2004~~ 2005 only, independent school district No. 280, Richfield, is eligible for declining pupil unit aid equal to the product of 70 percent of the airport impact zone pupil units times the general education formula allowance for fiscal year ~~2004~~ 2005.

Subd. 4. **FISCAL YEAR 2005 2006.** For fiscal year ~~2005~~ 2006 only, independent school district No. 280, Richfield, is eligible for declining pupil unit aid equal to the product of 52.5 percent of the airport impact zone pupil units times the general education formula allowance for fiscal year ~~2005~~ 2006.

Subd. 5. **FISCAL YEAR 2006 2007.** For fiscal year ~~2006~~ 2007 only, independent school district No. 280, Richfield, is eligible for declining pupil unit aid equal to the product of 35 percent of the airport impact zone pupil units times the general education formula allowance for fiscal year ~~2006~~ 2007.

Subd. 6. **FISCAL YEAR 2007 2008.** For fiscal year ~~2007~~ 2008 only, independent school district No. 280, Richfield, is eligible for declining pupil unit aid equal to the product of 17.5 percent of the airport impact zone pupil units times the general education formula allowance for fiscal year ~~2007~~ 2008.

Sec. 45. Laws 2000, chapter 489, article 2, section 37, subdivision 3, is amended to read:

Subd. 3. **FISCAL YEAR 2001 CALCULATION.** (a) For fiscal year 2001, a school district's sparsity correction revenue equals .5 times the difference between sparsity revenue in fiscal year 2001 calculated according to Laws 1999, chapter 241, article 1, sections 18 and 19, and the sparsity revenue the district would have received for fiscal year 2001 had these sections of law not been approved.

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(b) This revenue is paid entirely in fiscal year 2001 based on estimated data.

(c) By January 31, 2002, the department of children, families, and learning shall recalculate the revenue for each district using actual data, and shall adjust the general education aid paid to school districts for fiscal year 2002 by the amount of the difference between the estimated revenue and the actual revenue.

Sec. 46. Laws 2000, chapter 489, article 2, section 39, subdivision 2, is amended to read:

Subd. 2. **SPARSITY CORRECTION REVENUE.** For sparsity correction revenue:

\$1,030,000	.....	2000
\$ 515,000	.....	2001

The 2000 appropriation is available until June 30, 2001.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 47. Laws 2000, chapter 489, article 3, section 25, subdivision 5, is amended to read:

Subd. 5. **SPECIAL EDUCATION CROSS-SUBSIDY REVENUE.** For special education cross-subsidy revenue:

\$ 7,898,000	.....	2000
\$18,396,000	.....	2001

The 2000 appropriation is available until June 30, 2001.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 48. **LEGISLATIVE TASK FORCE ON REDUCING THE COMPLEXITY AND INEQUITIES OF KINDERGARTEN THROUGH GRADE 12 EDUCATION FUNDING STATUTES AND RULES.**

(a) The legislative task force on reducing the complexity and inequities of kindergarten through grade 12 education funding consists of eight members. The speaker of the house of representatives, considering geographical balance, shall appoint four members from the house, two of whom must be minority caucus members. The subcommittee on committees of the senate committee on rules and administration, considering geographical balance, shall appoint four members from the senate, two of whom must be minority caucus members.

(b) The task force shall study and recommend to the legislature by January 15, 2002, and by January 15, 2003, any changes in statutes and rules needed to improve equity and quality in and to simplify, clarify, and reduce the complexity of the kindergarten through grade 12 education funding system. The task force shall consider at least the following in recommending changes in statutes and rules:

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(1) the extent to which funding system and related statutory and rule provisions are easily read and understood by the public;

(2) the extent to which the funding system can be simplified;

(3) how to resolve funding disparities between students;

(4) how voters' funding decisions affect district equity;

(5) how to create more equitable per student education funding, including funding for alternative learning centers, contracted alternatives, and charter schools;

(6) the extent to which regional variations in cost and differentials in market-based wages affect school district costs;

(7) how to define compensatory revenue to most effectively meet the academic needs of students in attendance areas of high concentrations of poverty;

(8) how to equitably distribute integration revenue based on the level of services provided under the integration plan; and

(9) the extent to which the legislative process of funding kindergarten through grade 12 education can be improved to provide school districts with timely, accurate information concerning legislative decisions.

(c) The task force shall seek the input of various kindergarten through grade 12 education stakeholders and the general public in making its recommendations. The task force may call upon the department of children, families, and learning to assist with its duties. Upon submission of its recommendations, the task force expires.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

#### **Sec. 49. DECLINING PUPIL UNIT AID; YELLOW MEDICINE EAST.**

Subdivision 1. FISCAL YEAR 2002. For fiscal year 2002, independent school district No. 2190, Yellow Medicine East, is eligible for tornado impact declining enrollment aid equal to \$156,000.

Subd. 2. FISCAL YEAR 2003. For fiscal year 2003, independent school district No. 2190, Yellow Medicine East, is eligible for tornado impact declining enrollment aid equal to 75 percent of the fiscal year 2002 appropriation in subdivision 1.

Subd. 3. FISCAL YEAR 2004. For fiscal year 2004, independent school district No. 2190, Yellow Medicine East, is eligible for tornado impact declining enrollment aid equal to 50 percent of the fiscal year 2002 appropriation in subdivision 1.

Subd. 4. FISCAL YEAR 2005. For fiscal year 2005, independent school district No. 2190, Yellow Medicine East, is eligible for tornado impact declining enrollment aid equal to 25 percent of the fiscal year 2002 appropriation in subdivision 1.

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**Sec. 50. SUPPLEMENTAL REVENUE; ANOKA AND DULUTH.**

For fiscal year 2002, the supplemental revenue for independent school districts Nos. 11, Anoka, and 709, Duluth, is increased by \$500,000.

**Sec. 51. DIRECTION TO COMMISSIONER; TRANSPORTATION.**

(a) The commissioner of children, families, and learning must collect from each school district data needed to examine pupil transportation costs for the following ridership categories: regular, hazardous, disabled, nonpublic, charter schools, desegregation, noon kindergarten, learning year summer and summer school, between schools, late activity, enrollment options, student activity trips, safety requirements, and bus replacement.

(b) The commissioner, by February 15, 2002, must prepare a report on per pupil transportation costs to the legislative committees responsible for kindergarten through grade 12 education finance. The report must:

- (1) identify funding inequities;
- (2) make recommendations for providing equitable transportation funding;
- (3) consider changes in student demographics, attendance patterns, declining enrollment, district topography, labor and fuel costs; and
- (4) examine whether public transportation options can be used more effectively to provide transportation services.

The commissioner must consult with transportation professionals throughout the state in developing and preparing the report.

**Sec. 52. AID REPAYMENT; LITTLE FALLS.**

Notwithstanding any law to the contrary, the department of children, families, and learning must allow independent school district No. 482, Little Falls, to repay over a five-year period state aid overpayments for fiscal years 1998 and 1999 resulting from the district's miscalculation of pupil units for those years. If this aid has already been recaptured, the department shall make a positive aid adjustment of \$500,000 in the July 15, 2001, aid payment to the district. The school district must repay the aid in equal payments of \$100,000 each payable on June 20. Payments must begin on June 20, 2002.

**Sec. 53. REFERENDUM CONVERSION ADJUSTMENT FOR INTEREST EARNED.**

(a) The commissioner of children, families, and learning shall calculate the change in estimated net interest earnings for each district attributable to the repeal of the general education levy as provided in this section.

(b) The interest calculations must assume an annual interest rate of five percent, and must be based on the amount by which the district's cumulative net general education levy receipts for taxes payable in 2000, based on the assumptions specified in Minnesota Statutes, section 127A.45, subdivision 8, exceeds the cumulative amount that would have been guaranteed for each payment in fiscal year 2001, as defined in

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Minnesota Statutes, section 127A.45, subdivisions 2 and 3, calculated using data as of the June 20, 2001, payment, and assuming that the repeal of the general education levy was effective for fiscal year 2001. The commissioner shall divide the interest revenue in fiscal year 2001 by the number of resident marginal cost pupil units in fiscal year 2001.

(c) The amount calculated in paragraph (a) may be converted to an additional referendum allowance according to Minnesota Statutes, section 126C.17, subdivision 11.

(d) Any additional referendum allowance as a result of a conversion under paragraph (b) shall be included in the referendum conversion allowance used to determine the referendum allowance limit under Minnesota Statutes, section 126C.17, subdivision 2.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2003 and later.

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

<u>\$3,364,596,000</u>	<u>.....</u>	<u>2002</u>
<u>\$3,506,910,000</u>	<u>.....</u>	<u>2003</u>

The 2002 appropriation includes \$318,932,000 for 2001 and \$3,045,664,000 for 2002.

The 2003 appropriation includes \$338,407,000 for 2002 and \$3,168,503,000 for 2003.

Subd. 3. TRANSPORTATION AID FOR ENROLLMENT OPTIONS. For transportation of pupils attending post-secondary institutions according to Minnesota Statutes, section 124D.09, or for transportation of pupils attending nonresident districts according to Minnesota Statutes, sections 124D.03 and 124D.10:

<u>\$70,000</u>	<u>.....</u>	<u>2002</u>
<u>\$80,000</u>	<u>.....</u>	<u>2003</u>

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

Subd. 4. ABATEMENT AID. For abatement aid according to Minnesota Statutes, section 127A.49:

<u>\$7,098,000</u>	<u>.....</u>	<u>2002</u>
<u>\$7,692,000</u>	<u>.....</u>	<u>2003</u>

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The 2002 appropriation includes \$640,000 for 2001 and \$6,458,000 for 2002.

The 2003 appropriation includes \$717,000 for 2002 and \$6,975,000 for 2003.

Subd. 5. NONPUBLIC PUPIL AID. For nonpublic pupil education aid according to Minnesota Statutes, sections 123.79 and 123B.40 to 123B.43:

<u>\$14,099,000</u>	<u>.....</u>	<u>2002</u>
<u>\$16,472,000</u>	<u>.....</u>	<u>2003</u>

The 2002 appropriation includes \$1,330,000 for 2001 and \$12,769,000 for 2002.

The 2003 appropriation includes \$1,419,000 for 2002 and \$15,053,000 for 2003.

Subd. 6. NONPUBLIC PUPIL TRANSPORTATION. For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

<u>\$20,488,000</u>	<u>.....</u>	<u>2002</u>
<u>\$24,802,000</u>	<u>.....</u>	<u>2003</u>

The 2002 appropriation includes \$2,000,000 for 2001 and \$18,488,000 for 2002.

The 2003 appropriation includes \$2,054,000 for 2002 and \$22,748,000 for 2003.

Subd. 7. CONSOLIDATION TRANSITION AID. For districts consolidating under Minnesota Statutes, section 123A.485:

<u>\$675,000</u>	<u>.....</u>	<u>2002</u>
<u>\$669,000</u>	<u>.....</u>	<u>2003</u>

The 2002 appropriation includes \$44,000 for 2001 and \$631,000 for 2002.

The 2003 appropriation includes \$70,000 for 2002 and \$599,000 for 2003.

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

Subd. 8. TORNADO IMPACT; YELLOW MEDICINE EAST. For a grant to independent school district No. 2190, Yellow Medicine East, for tornado impact declining enrollment aid:

<u>\$156,000</u>	<u>.....</u>	<u>2002</u>
<u>\$117,000</u>	<u>.....</u>	<u>2003</u>

Subd. 9. TORNADO IMPACT; ST. PETER. For a grant to independent school district No. 508, St. Peter, for tornado impact declining enrollment aid:

<u>\$455,000</u>	<u>.....</u>	<u>2002</u>
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This grant is in lieu of funds authorized under Laws 1999, chapter 241, article 4, section 22.

**Subd. 10. ONE-ROOM SCHOOLHOUSE.** For a grant to independent school district No. 690, Warroad, to operate the Angle Inlet School:

\$35,000	.....	2002
<u>\$35,000</u>	.....	<u>2003</u>

This appropriation is one-time only.

**Subd. 11. TRANSPORTATION STUDY.** For the costs of the transportation study in section 52:

\$10,000	.....	2002
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**Subd. 12. AID REPAYMENT; LITTLE FALLS.** For a positive aid adjustment for school district No. 482, Little Falls:

\$500,000	.....	2002
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**Sec. 55. REPEALER.**

**Subdivision 1. EDUCATION REPEALERS.** (a) Minnesota Statutes 2000, sections 124D.07; 126C.01, subdivision 10; 126C.16, subdivision 2; 126C.18; 126C.22; 126C.30; 126C.31; 126C.32; 126C.33; 126C.34; 126C.35; 126C.36; and 127A.44, are repealed.

(b) Minnesota Statutes 2000, sections 126C.10, subdivisions 12 and 23; and 126C.17, subdivision 12, are repealed effective for revenue for fiscal year 2002.

(c) Minnesota Statutes 2000, sections 126C.42, subdivisions 2 and 3; and 126C.47, are repealed effective for taxes payable in 2002.

**Subd. 2. TAX BILL PROVISIONS; REPEALED WITHOUT EFFECT.** Notwithstanding Minnesota Statutes, chapter 645, or any other law to the contrary, article 2, sections 1, 5, 7, 9, 10, 20, 21, and 23 of House File 1 if enacted during the 2001 First Special Session, are repealed and the provisions are without effect.

**EFFECTIVE DATE.** Subdivision 2 is effective the day following final enactment.

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**ARTICLE 2**

**EDUCATION EXCELLENCE**

**Section 1. [120A.415] EXTENDED SCHOOL CALENDAR.**

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A school board that offers licensed kindergarten through grade 12 teachers the opportunity for more staff development training and additional salary under section 122A.40, subdivisions 7 and 7a, or 122A.41, subdivisions 4 and 4a, must adopt as its school calendar a total of 240 days of student instruction and staff development, of which the total number of staff development days equals the difference between the total number of days of student instruction and 240 days. A school board may schedule additional staff development days throughout the calendar year.

**EFFECTIVE DATE.** This section is effective for the 2001-2002 school year and thereafter.

Sec. 2. Minnesota Statutes 2000, section 120B.13, subdivision 1, is amended to read:

Subdivision 1. **PROGRAM STRUCTURE; TRAINING PROGRAMS FOR TEACHERS.** (a) The advanced placement and international baccalaureate programs are well-established academic programs for mature, academically-directed high school students. These programs, in addition to providing academic rigor, offer sound curricular design, accountability, comprehensive external assessment, feedback to students and teachers, and the opportunity for high school students to compete academically on a global level. Advanced placement and international baccalaureate programs allow students to leave high school with the academic skills and self-confidence to succeed in college and beyond. The advanced placement and international baccalaureate programs help provide Minnesota students with world-class educational opportunity.

(b) Critical to schools' educational success is ongoing advanced placement/international baccalaureate-approved teacher training. A secondary teacher assigned by a district to teach an advanced placement or international baccalaureate course or other interested educator may participate in a training program offered by the college board or International Baccalaureate North America, Inc. The state may pay a portion of the tuition, room, and board costs a teacher or other interested educator incurs in participating in a training program. The commissioner shall determine application procedures and deadlines, and select teachers and other interested educators to participate in the training program. The procedures determined by the commissioner shall, to the extent possible, ensure that advanced placement and international baccalaureate courses become available in all parts of the state and that a variety of course offerings are available in school districts. This subdivision does not prevent teacher or other interested educator participation in training programs offered by the college board or International Baccalaureate North America, Inc., when tuition is paid by a source other than the state.

**Sec. 3. [120B.15] INVOLUNTARY CAREER TRACKING PROHIBITED.**

A school district may develop grade-level curricula or provide instruction that introduces students to various careers, but must not require any curriculum, instruction, or employment-related activity that obligates an elementary or secondary student to

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involuntarily select a career, career interest, employment goals, or related job training.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 4. Minnesota Statutes 2000, section 120B.30, 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 test, which shall be aligned with the state's graduation standards and administered annually to all students in the third, fifth, seventh, and eighth grades. The commissioner shall establish one or more months during which schools shall administer the tests to students each school year. Only Minnesota basic skills tests in reading, mathematics, and writing shall fulfill students' basic skills testing requirements for a passing state notation. The passing scores of the state tests in reading and mathematics are the equivalent of:

(1) 70 percent correct for students entering grade 9 in 1996; and

(2) 75 percent correct for students entering grade 9 in 1997 and thereafter, as based on the first uniform test administration of February 1998.

Notwithstanding Minnesota Rules, part 3501.0050, subpart 2, at the written request of a parent or guardian, and with the recommendation of the student's teacher, a district may offer the test of basic requirements in reading, math, or writing to an individual student beginning in grade 5. The student must take the same test on the same date as administered to students in eighth grade or higher. (b) Third and, fifth, and seventh grade test results shall be available to districts for diagnostic purposes affecting student learning and district instruction and curriculum, and for establishing educational accountability. The commissioner must disseminate to the public the third and, fifth, and seventh grade test results upon receiving those results.

(b) (c) In addition, at the secondary high school level, districts shall assess student performance in all required learning areas and selected required standards within each area of the profile of learning. The testing instruments and, the testing process, and the order of administration shall be determined by the commissioner. 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.

(e) (d) The commissioner shall report school site and school district student academic achievement levels of the current and two immediately preceding school years. The report shall include students' unweighted mean test scores in each tested subject, the unweighted mean test scores of only those students enrolled in the school by January October 1 of the previous current school year, and the unweighted test scores of all students except those students receiving limited English proficiency instruction. The report also shall record separately, in proximity to the reported performance levels, the percentage of students of each gender and the percentages of students who are eligible to receive a free or reduced price school meal, demonstrate

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limited English proficiency, are identified as migrant students, are a member of a major ethnic or racial population, or are eligible to receive special education services.

(d) ~~(e)~~ In addition to the testing and reporting requirements under paragraphs (a), (b), and (c), and ~~(d)~~, the commissioner shall include the following components in the statewide public reporting system:

(1) uniform statewide testing of all third, fifth, seventh, eighth, and post-eighth grade students that provides exemptions, only with parent or guardian approval, for those very few students for whom the student's individual education plan team under sections 125A.05 and 125A.06, determines that the student is incapable of taking a statewide test, or for a limited English proficiency student under section 124D.59, 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, including average daily attendance, high school graduation rates, and high school drop-out rates by age and grade level;

(3) students' scores on the American College Test; and

(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.

~~(e)~~ (f) Districts must report exemptions under paragraph ~~(4)~~ (e), clause (1), to the commissioner consistent with a format provided by the commissioner.

**EFFECTIVE DATE.** This section is effective the day following final enactment except that the seventh grade testing requirement applies to the 2002-2003 school year and later.

Sec. 5. Minnesota Statutes 2000, section 120B.35, is amended to read:

**120B.35 STUDENT ACADEMIC ACHIEVEMENT LEVELS AND PROGRESS.**

**Subdivision 1. ADEQUATE YEARLY PROGRESS OF SCHOOLS AND STUDENTS.** The commissioner must develop and implement a system for measuring and reporting academic achievement and individual student progress, consistent with the statewide educational accountability and reporting system. The components of the system must measure the adequate yearly progress of schools and individual students: students' current achievement in schools under subdivision 2; and individual students' educational progress over time under subdivision 3. The system also must include statewide measures of student academic achievement that identify schools with high levels of achievement, and also schools with low levels of achievement that need improvement. When determining a school's effect, the data must include both

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statewide measures of student achievement and, to the extent annual tests are administered, indicators of achievement growth that take into account a student's prior achievement. Indicators of achievement and prior achievement must be based on highly reliable statewide or districtwide assessments. Indicators that take into account a student's prior achievement must not be used to disregard a school's low achievement or to exclude a school from a program to improve low achievement levels. The commissioner by January 15, 2002, must submit a plan for integrating these components to the chairs of the legislative committees having policy and budgetary responsibilities for elementary and secondary education.

**Subd. 2. STUDENT ACADEMIC ACHIEVEMENT.** (a) Each school year, a school district must determine if the student achievement levels at each school site meet state and local expectations. If student achievement levels at a school site do not meet state and local expectations and the site has not made adequate yearly progress for two out of three consecutive school years, beginning with the 2000-2001 2001-2002 school year, the district must work with the school site to adopt a plan to raise student achievement levels to meet state and local expectations. The legislature will determine state expectations after receiving a recommendation from The commissioner of children, families, and learning shall establish student academic achievement levels.

(b) School sites identified as not meeting expectations must develop continuous improvement plans in order to meet state and local expectations for student academic achievement. The department, at a district's request, must assist the district and the school site in developing a plan to improve student achievement. The plan must include parental involvement components.

(c) The commissioner must:

(1) provide assistance to school sites and districts identified as not meeting expectations; and

(2) provide technical assistance to schools that integrate student progress measures under subdivision 3 in the school continuous improvement plan.

(d) The commissioner shall establish and maintain a continuous improvement Web site designed to make data on every school and district available to parents, teachers, administrators, community members, and the general public.

**Subd. 3. STUDENT PROGRESS ASSESSMENT.** (a) The educational assessment system component measuring individual students' educational progress must be based, to the extent annual tests are administered, on indicators of achievement growth that show an individual student's prior achievement. Indicators of achievement and prior achievement must be based on highly reliable statewide or districtwide assessments.

(b) The commissioner must identify effective models for measuring individual student progress that enable a school district or school site to perform gains-based analysis, including evaluating the effects of the teacher, school, and school district on

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student achievement over time. At least one model must be a "value-added" assessment model that reliably estimates those effects for classroom settings where a single teacher teaches multiple subjects to the same group of students, for team teaching arrangements, and for other teaching circumstances.

(c) If a district has an accountability plan that includes gains-based analysis or "value-added" assessment, the commissioner shall, to the extent practicable, incorporate those measures in determining whether the district or school site meets expectations. The department must coordinate with the district in evaluating school sites and continuous improvement plans, consistent with best practices.

Subd. 4. IMPROVING SCHOOLS. Consistent with the requirements of this section, the commissioner of children, families, and learning must establish a second achievement benchmark to identify improving schools. The commissioner must recommend to the legislature by February 15, 2002, indicators in addition to the achievement benchmark for identifying improving schools, including an indicator requiring a school to demonstrate ongoing successful use of best teaching practices.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 6. Minnesota Statutes 2000, section 121A.582, is amended to read:

**121A.582 STUDENT DISCIPLINE; REASONABLE FORCE.**

**Subdivision 1. REASONABLE FORCE STANDARD.** (a) A teacher or school principal, in exercising the person's lawful authority, may use reasonable force when it is necessary under the circumstances to correct or restrain a student or prevent bodily harm or death to another.

(b) A school employee, school bus driver, or other agent of a district, in exercising the person's lawful authority, may use reasonable force when it is necessary under the circumstances to restrain a student or prevent bodily harm or death to another.

(c) Paragraphs (a) and (b) do not authorize conduct prohibited under sections 121A.58 and 121A.67.

**Subd. 2. CIVIL LIABILITY.** (a) A teacher or school principal who, in the exercise of the person's lawful authority, uses reasonable force under the standard in subdivision 1, paragraph (a), has a defense against a civil action for damages under section 123B.25.

(b) A school employee, bus driver, or other agent of a district who, in the exercise of the person's lawful authority, uses reasonable force under the standard in subdivision 1, paragraph (b), has a defense against a civil action for damages under section 123B.25.

**Subd. 3. CRIMINAL PROSECUTION.** (a) A teacher or school principal who, in the exercise of the person's lawful authority, uses reasonable force under the standard in subdivision 1, paragraph (a), has a defense against a criminal prosecution under section 609.06, subdivision 1.

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(b) A school employee, bus driver, or other agent of a district who, in the exercise of the person's lawful authority, uses reasonable force under the standard in subdivision 1, paragraph (b), has a defense against a criminal prosecution under section 609.06, subdivision 1.

Subd. 4. **SUPPLEMENTARY RIGHTS AND DEFENSES.** Any right or defense in this section is supplementary to those specified in section 121A.58, 121A.67, 123B.25, or 609.06, subdivision 1.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 7. Minnesota Statutes 2000, section 122A.18, subdivision 2, is amended to read:

Subd. 2. **TEACHER AND SUPPORT PERSONNEL QUALIFICATIONS.** (a) The board of teaching must issue licenses under its jurisdiction to persons the board finds to be qualified and competent for their respective positions.

(b) The board must require a person to successfully complete an examination of skills in reading, writing, and mathematics before being granted an initial teaching license to provide direct instruction to pupils in prekindergarten, elementary, secondary, or special education programs. The board must require colleges and universities offering a board approved teacher preparation program to provide remedial assistance that includes a formal diagnostic component to persons enrolled in their institution who did not achieve a qualifying score on the skills examination, including those for whom English is a second language. The colleges and universities must provide assistance in the specific academic areas of deficiency in which the person did not achieve a qualifying score. School districts must provide similar, appropriate, and timely remedial assistance that includes a formal diagnostic component and mentoring to those persons employed by the district who completed their teacher education program outside the state of Minnesota, received a one-year license to teach in Minnesota and did not achieve a qualifying score on the skills examination, including those persons for whom English is a second language. The board of teaching shall report annually to the education committees of the legislature on the total number of teacher candidates during the most recent school year taking the skills examination, the number who achieve a qualifying score on the examination, the number who do not achieve a qualifying score on the examination, the distribution of all candidates' scores, the number of candidates who have taken the examination at least once before, and the number of candidates who have taken the examination at least once before and achieve a qualifying score.

(c) A person who has completed an approved teacher preparation program and obtained a one-year license to teach, but has not successfully completed the skills examination, may renew the one-year license for two additional one-year periods. Each renewal of the one-year license is contingent upon the licensee:

(1) providing evidence of participating in an approved remedial assistance program provided by a school district or post-secondary institution that includes a

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

formal diagnostic component in the specific areas in which the licensee did not obtain qualifying scores; and

(2) attempting to successfully complete the skills examination during the period of each one-year license.

(d) The board of teaching must grant continuing licenses only to those persons who have met board criteria for granting a continuing license, which includes successfully completing the skills examination in reading, writing, and mathematics.

(e) All colleges and universities approved by the board of teaching to prepare persons for teacher licensure must include in their teacher preparation programs a common core of teaching knowledge and skills to be acquired by all persons recommended for teacher licensure. This common core shall meet the standards developed by the interstate new teacher assessment and support consortium in its 1992 "model standards for beginning teacher licensing and development." Amendments to standards adopted under this paragraph are covered by chapter 14. The board of teaching shall report annually to the education committees of the legislature on the performance of teacher candidates on common core assessments of knowledge and skills under this paragraph during the most recent school year.

**EFFECTIVE DATE.** This section is effective for the 2001-2002 school year and later.

Sec. 8. Minnesota Statutes 2000, section 122A.24, subdivision 3, is amended to read:

Subd. 3. **PROGRAM APPROVAL.** (a) The board of teaching must approve alternative preparation programs based on criteria adopted by the board.

(b) ~~An alternative preparation program at a school district, group of schools, or an education district must be affiliated with a post-secondary institution that has a teacher preparation program. The board shall permit demonstration of licensure competencies in school-based and other nontraditional pathways to teacher licensure.~~

Sec. 9. Minnesota Statutes 2000, section 122A.25, is amended by adding a subdivision to read:

Subd. 4. **BACKGROUND CHECK.** A school district or charter school shall provide the board of teaching with confirmation that criminal background checks have been completed for all nonlicensed community experts employed by the district or charter school and approved by the board of teaching under this section.

Sec. 10. Minnesota Statutes 2000, section 122A.40, subdivision 7, is amended to read:

Subd. 7. **TERMINATION OF CONTRACT AFTER PROBATIONARY PERIOD.** (a) A teacher who has completed a probationary period in any district, and who has not been discharged or advised of a refusal to renew the teacher's contract pursuant to under subdivision 5, shall elect to have a continuing contract with such

New language is indicated by underline, deletions by strikeout.

district where contract terms and conditions, including salary and salary increases, are established based either on the length of the school calendar or an extended school calendar under section 120A.415. Thereafter, the teacher's contract must remain in full force and effect, except as modified by mutual consent of the board and the teacher, until terminated by a majority roll call vote of the full membership of the board prior to April 1 upon one of the grounds specified in subdivision 9 or July 1 upon one of the grounds specified in subdivision 10 or 11, or until the teacher is discharged pursuant to subdivision 13, or by the written resignation of the teacher submitted prior to April 1. If an agreement as to the terms and conditions of employment for the succeeding school year has not been adopted pursuant to the provisions of sections 179A.01 to 179A.25 prior to March 1, the teacher's right of resignation is extended to the 30th calendar day following the adoption of said contract in compliance with section 179A.20, subdivision 5. Such written resignation by the teacher is effective as of June 30 if submitted prior to that date and the teachers' right of resignation for the school year then beginning shall cease on July 15. Before a teacher's contract is terminated by the board, the board must notify the teacher in writing and state its ground for the proposed termination in reasonable detail together with a statement that the teacher may make a written request for a hearing before the board within 14 days after receipt of such notification. If the grounds are those specified in subdivision 9 or 13, the notice must also state a teacher may request arbitration under subdivision 15. Within 14 days after receipt of this notification the teacher may make a written request for a hearing before the board or an arbitrator and it shall be granted upon reasonable notice to the teacher of the date set for hearing, before final action is taken. If no hearing is requested within such period, it shall be deemed acquiescence by the teacher to the board's action. Such termination shall take effect at the close of the school year in which the contract is terminated in the manner aforesaid. Such contract may be terminated at any time by mutual consent of the board and the teacher and this section does not affect the powers of a board to suspend, discharge, or demote a teacher under and pursuant to other provisions of law.

(b) A teacher electing to have a continuing contract based on the extended school calendar under section 120A.415 must participate in staff development training under subdivision 7a and shall receive an increased base salary.

EFFECTIVE DATE. This section is effective for the 2001-2002 school year and thereafter.

Sec. 11. Minnesota Statutes 2000, section 122A.40, is amended by adding a subdivision to read:

Subd. 7a. ADDITIONAL STAFF DEVELOPMENT AND SALARY. (a) A teacher electing to have a continuing contract based on the extended school calendar under section 120A.415 must participate in a total number of staff development days where the total number of such days equals the difference between the total number of days of student instruction and 240 days. Staff development includes peer mentoring, peer gathering, continuing education, professional development, or other training. A school board may schedule such days throughout the calendar year. Staff development

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programs provided during such days shall enable teachers to achieve the staff development outcomes under section 122A.60, subdivision 3.

(b) A public employer and the exclusive representative of the teachers must include terms in the collective bargaining agreement for all teachers who participate in additional staff development days under paragraph (a) that increase base salaries.

**EFFECTIVE DATE.** This section is effective for the 2001-2002 school year and thereafter.

Sec. 12. Minnesota Statutes 2000, section 122A.41, subdivision 4, is amended to read:

**Subd. 4. PERIOD OF SERVICE AFTER PROBATIONARY PERIOD; DISCHARGE OR DEMOTION.** (a) After the completion of such probationary period, without discharge, such teachers as are thereupon reemployed shall continue in service and hold their respective position during good behavior and efficient and competent service and must not be discharged or demoted except for cause after a hearing. The terms and conditions of a teacher's employment contract, including salary and salary increases, must be based either on the length of the school year or an extended school calendar under section 120A.415.

(b) A probationary teacher is deemed to have been reemployed for the ensuing school year, unless the school board in charge of such school gave such teacher notice in writing before July 1 of the termination of such employment.

(c) A teacher electing to have an employment contract based on the extended school calendar under section 120A.415 must participate in staff development training under subdivision 4a and shall receive an increased base salary.

**EFFECTIVE DATE.** This section is effective for the 2001-2002 school year and thereafter.

Sec. 13. Minnesota Statutes 2000, section 122A.41, is amended by adding a subdivision to read:

**Subd. 4a. ADDITIONAL STAFF DEVELOPMENT AND SALARY.** (a) A teacher electing to have a continuing contract based on the extended school calendar under section 120A.415 must participate in a total number of staff development days where the total number of such days equals the difference between the total number of days of student instruction and 240 days. Staff development includes peer mentoring, peer gathering, continuing education, professional development, or other training. A school board may schedule such days throughout the calendar year. Staff development programs provided during such days shall enable teachers to achieve the staff development outcomes under section 122A.60, subdivision 3.

(b) A public employer and the exclusive representative of the teachers must include terms in the collective bargaining agreement for all teachers who participate in additional staff development days under paragraph (a) that increase base salaries.

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**EFFECTIVE DATE.** This section is effective for the 2001-2002 school year and thereafter.

Sec. 14. Minnesota Statutes 2000, section 122A.41, is amended by adding a subdivision to read:

**Subd. 5a. PROBATIONARY PERIOD FOR PRINCIPALS HIRED INTERNALLY.** A board and the exclusive representative of the school principals in the district may negotiate a plan for a probationary period of up to two school years for licensed teachers employed by the board who are subsequently employed by the board as a licensed school principal.

**EFFECTIVE DATE.** This section is effective for the 2001-2002 school year and following.

Sec. 15. Minnesota Statutes 2000, section 122A.41, subdivision 7, is amended to read:

**Subd. 7. HEARING OF CHARGES AGAINST TEACHER.** The charges against a teacher must be in writing and signed by the person making the same and then filed with the secretary or clerk of the school board having charge of the school in which the teacher is employed. ~~Before the school board, before discharging or demoting discharges or demotes a teacher, must then accord the teacher against whom charges have been filed a full hearing and give to the teacher at least ten days' notice in writing of the time and place of such hearing. The notice may be served personally or sent by certified mail addressed to the teacher at the teacher's last known post office address. the board must notify the teacher in writing and state in reasonable detail its grounds for the proposed discharge or demotion, together with a statement that the teacher may request in writing within ten days after receiving the notice a hearing before the board. The board may have the notice served personally or may send it by certified mail addressed to the teacher at the teacher's last known post office address. The teacher, under subdivision 13, also may elect a hearing before an arbitrator instead of the school board. Within ten days after receiving the notice the teacher may request in writing a hearing before the board or an arbitrator and it shall be granted. The teacher must be given reasonable notice of the time and place of the hearing before final action is taken. A teacher who fails to request a hearing within ten days is considered to acquiesce in the board's action.~~ If the charge is made by a person not connected with the school system the charge may be disregarded by the school board. If the grounds are those specified in subdivision 6, clause (1), (2), (3), or (4), the notice must also state a teacher may request arbitration under subdivision 13. At the hearing, the school board or arbitrator shall hear all evidence that may be adduced in support of the charges and for the teacher's defense to the charges. Either party has the right to have a written record of the hearing at the expense of the board and to have witnesses subpoenaed and all witnesses so subpoenaed must be examined under oath. Any member of the school board conducting such a hearing has authority to issue subpoenas and to administer oaths to witnesses.

**EFFECTIVE DATE.** This section is effective for the 2002-2003 school year and following.

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Sec. 16. Minnesota Statutes 2000, section 122A.41, subdivision 13, is amended to read:

Subd. 13. **HEARING AND DETERMINATION BY ARBITRATOR.** A teacher against whom charges have been filed alleging any cause for discharge or demotion specified in subdivision 6, clause (1), (2), (3), or (4), may elect a hearing before an arbitrator instead of the school board. The hearing is governed by this subdivision.

(a) The teacher must make a written request for a hearing before an arbitrator within ten days after receiving a written notice of the filing of charges required by subdivision 7. Failure to request a hearing before an arbitrator during this period is considered acquiescence to a hearing before the board board's action.

(b) If the teacher and the school board are unable to mutually agree on an arbitrator, the board must request from the bureau of mediation services a list of five persons to serve as an arbitrator. If the teacher and the school board are unable to mutually agree on an arbitrator from the list provided, the parties shall alternately strike names from the list until the name of one arbitrator remains. The person remaining after the striking procedure must be the arbitrator. If the parties are unable to agree on who shall strike the first name, the question must be decided by a flip of a coin. The teacher and the board must share equally the costs and fees of the arbitrator.

(c) The arbitrator shall determine, by a preponderance of the evidence, whether the causes specified in subdivision 6, clause (1), (2), (3), or (4), exist to support the proposed discharge or demotion. A lesser penalty than discharge or demotion may be imposed by the arbitrator only to the extent that either party proposes such lesser penalty in the proceeding. In making the determination, the arbitration proceeding is governed by sections 572.11 to 572.17 and by the collective bargaining agreement applicable to the teacher.

(d) An arbitration hearing conducted under this subdivision is a meeting for preliminary consideration of allegations or charges within the meaning of section 13D.05, subdivision 3, paragraph (a), and must be closed, unless the teacher requests it to be open.

(e) The arbitrator's decision is final and binding on the parties, subject to sections 572.18 to 572.26.

**EFFECTIVE DATE.** This section is effective for the 2002-2003 school year and following.

Sec. 17. [122A.76] **BEST PRACTICES.**

"Best practices" means research-based proven practices.

Sec. 18. Minnesota Statutes 2000, section 123B.03, subdivision 3, is amended to read:

Subd. 3. **DEFINITIONS.** For purposes of this section:

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

(a) "School" means a school as defined in section 120A.22, subdivision 4, except a home-school, and includes a school receiving tribal contract or grant school aid under section 124D.83; school, for the purposes of this section, also means a service cooperative, a special education cooperative, or an education district under Minnesota Statutes 1997 Supplement, section 123.35, a charter school under section 124D.10, and a joint powers district under section 471.59.

(b) "School hiring authority" means the school principal or other person having general control and supervision of the school.

Sec. 19. Minnesota Statutes 2000, section 124D.03, subdivision 4, is amended to read:

Subd. 4. **DESEGREGATION DISTRICT TRANSFERS.** (a) This subdivision applies to a transfer into or out of a district that has a desegregation plan approved by the commissioner of children, families, and learning.

(b) An application to transfer may be submitted at any time for enrollment beginning at any time.

(c) ~~The parent or guardian of a pupil who is a resident of a district that has a desegregation plan must submit an application to the resident district. If the district accepts the application, it must forward the application to the nonresident district.~~

(d) ~~The parent or guardian of a pupil who applies for enrollment in a nonresident district that has a desegregation plan must submit an application to the nonresident district.~~

(e) ~~Each district must accept or reject an application it receives and notify the parent or guardian in writing within 30 calendar days of receiving the application. A notification of acceptance must include the date enrollment can begin.~~

(f) ~~If an application is rejected, the district must state the reason for rejection in the notification. If a district that has a desegregation plan rejects an application for a reason related to the desegregation plan, the district must state with specificity how acceptance of the application would result in noncompliance with department of children, families, and learning rules with respect to the school or program for which application was made.~~

(g) ~~If an application is accepted, the parent or guardian must notify the nonresident district in writing within 15 calendar days of receiving the acceptance whether the pupil intends to enroll in the nonresident district. Notice of intention to enroll obligates the pupil to enroll in the nonresident district, unless the boards of the resident and nonresident districts agree otherwise. If a parent or guardian does not notify the nonresident district, the pupil may not enroll in that nonresident district at that time, unless the boards of the resident and nonresident district agree otherwise.~~

(h) ~~Within 15 calendar days of receiving the notice from the parent or guardian, the nonresident district shall notify the resident district in writing of the pupil's intention to enroll in the nonresident district.~~

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(4) A pupil enrolled in a nonresident district under this subdivision a desegregation plan approved by the commissioner of children, families, and learning is not required to make annual or periodic application for enrollment but may remain enrolled in the same district. A pupil may transfer to the resident district at any time.

(d) Section 124D.03, subdivision 2, applies to a transfer into or out of a district with a desegregation plan.

(4) A pupil enrolled in a nonresident district and applying to transfer into or out of a district that has a desegregation plan must follow the procedures of this subdivision. For the purposes of this type of transfer, "resident district" means the nonresident district in which the pupil is enrolled at the time of application.

(4) A district that has a desegregation plan approved by the commissioner must accept or reject each individual application in a manner that will enable compliance with its desegregation plan.

Sec. 20. Minnesota Statutes 2000, section 124D.10, is amended by adding a subdivision to read:

**Subd. 3a. CONFLICT OF INTEREST.** (a) A member of a charter school board of directors is prohibited from serving as a member of the board of directors or as an employee or agent of or a contractor with a for-profit entity with whom the charter school contracts, directly or indirectly, for professional services, goods, or facilities. A violation of this prohibition renders a contract voidable at the option of the commissioner. A member of a charter school board of directors who violates this prohibition shall be individually liable to the charter school for any damage caused by the violation.

(b) An individual may serve as a member of the board of directors if no conflict of interest under paragraph (a) exists.

(c) A member of a charter school board of directors that serves as a member of the board of directors or as an employee or agent of or a contractor with a nonprofit entity with whom the charter school contracts, directly or indirectly, for professional services, goods, or facilities, must disclose all potential conflicts to the commissioner.

(d) The conflict of interest provisions under this subdivision do not apply to compensation paid to a teacher employed by the charter school who also serves as a member of the board of directors.

(e) The conflict of interest provisions under this subdivision do not apply to a teacher who provides services to a charter school through a cooperative formed under chapter 308A when the teacher also serves on the charter school board of directors.

**EFFECTIVE DATE.** This section is effective for the 2001-2002 school year and following.

Sec. 21. Minnesota Statutes 2000, section 124D.10, subdivision 4, is amended to read:

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Subd. 4. **FORMATION OF SCHOOL.** (a) A sponsor may authorize one or more licensed teachers under section 122A.18, subdivision 1, to operate a charter school subject to approval by the commissioner. A board must vote on charter school application for sponsorship no later than 90 days after receiving the application. After 90 days, the applicant may apply to the commissioner. If a board elects not to sponsor a charter school, the applicant may appeal the board's decision to the commissioner. ~~If the commissioner authorizes the school, the commissioner must sponsor the school according to this section~~ The commissioner may elect to sponsor the charter school or assist the applicant in finding an eligible sponsor. The school must be organized and operated as a cooperative under chapter 308A or nonprofit corporation under chapter 317A and the provisions under the applicable chapter shall apply to the school except as provided in this section. Notwithstanding sections 465.717 and 465.719, a school district may create a corporation for the purpose of creating a charter school.

(b) Before the operators may form and operate a school, the sponsor must file an affidavit with the commissioner stating its intent to authorize a charter school. The affidavit must state the terms and conditions under which the sponsor would authorize a charter school. The commissioner must approve or disapprove the sponsor's proposed authorization within 60 days of receipt of the affidavit. Failure to obtain commissioner approval precludes a sponsor from authorizing the charter school that was the subject of the affidavit.

(c) The operators authorized to organize and operate a school, before entering into a contract or other agreement for professional or other services, goods, or facilities, must hold an election for members of the school's board of directors in a timely manner after the school is operating incorporate as a cooperative under chapter 308A or as a nonprofit corporation under chapter 317A and must establish a board of directors composed of at least five members until a timely election for members of the charter school board of directors is held according to the school's articles and bylaws. A charter school board of directors must be composed of at least five members. Any staff members who are employed at the school, including teachers providing instruction under a contract with a cooperative, and all parents of children enrolled in the school may participate in the election for members of the school's board of directors. Licensed teachers employed at the school, including teachers providing instruction under a contract with a cooperative, must be a majority of the members of the board of directors before the school completes its third year of operation, unless the commissioner waives the requirement for the school a majority of licensed teachers on the board. ~~A provisional board may operate before the election of the school's board of directors.~~ Board of director meetings must comply with chapter 13D.

(d) The granting or renewal of a charter by a sponsoring entity must not be conditioned upon the bargaining unit status of the employees of the school.

(e) The commissioner annually must provide timely financial management training to newly elected members of a charter school board of directors and ongoing training to other members of a charter school board of directors. Training must address ways to:

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- (1) proactively assess opportunities for a charter school to maximize all available revenue sources;
- (2) establish and maintain complete, auditable records for the charter school;
- (3) establish proper filing techniques;
- (4) document formal actions of the charter school, including meetings of the charter school board of directors;
- (5) properly manage and retain charter school and student records;
- (6) comply with state and federal payroll recordkeeping requirements; and
- (7) address other similar factors that facilitate establishing and maintaining complete records on the charter school's operations.

**EFFECTIVE DATE.** This section is effective for the 2001-2002 school year and later.

Sec. 22. Minnesota Statutes 2000, section 124D.10, is amended by adding a subdivision to read:

Subd. 6a. **AUDIT REPORT.** The charter school must submit an audit report to the commissioner by December 31 each year. The charter school, with the assistance of the auditor conducting the audit, must include with the report a copy of all charter school agreements for corporate management services. If the entity that provides the professional services to the charter school is exempt from taxation under section 501 of the Internal Revenue Code of 1986, that entity must file with the commissioner by February 15 a copy of the annual return required under section 6033 of the Internal Revenue Code of 1986. If the commissioner receives as part of the audit report a management letter indicating that a material weakness exists in the financial reporting systems of a charter school, the charter school must submit a written report to the commissioner explaining how the material weakness will be resolved. Upon the request of an individual, the charter school must make available in a timely fashion the minutes of meetings of members, the board of directors, and committees having any of the authority of the board of directors, and statements showing the financial result of all operations and transactions affecting income and surplus during the school's last annual accounting period and a balance sheet containing a summary of its assets and liabilities as of the closing date of the accounting period.

**EFFECTIVE DATE.** This section is effective for the 2001-2002 school year and later.

Sec. 23. Minnesota Statutes 2000, section 124D.10, subdivision 8, is amended to read:

**Subd. 8. STATE AND LOCAL REQUIREMENTS.** (a) A charter school shall meet all applicable state and local health and safety requirements.

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(b) A school sponsored by a school board may be located in any district, unless the school board of the district of the proposed location disapproves by written resolution. ~~If such a board denies a request to locate within its boundaries a charter school sponsored by another school board, the sponsoring school board may appeal to the commissioner. If the commissioner authorizes the school, the commissioner must sponsor the school.~~

(c) A charter school must be nonsectarian in its programs, admission policies, employment practices, and all other operations. A sponsor may not authorize a charter school or program that is affiliated with a nonpublic sectarian school or a religious institution.

(d) Charter schools must not be used as a method of providing education or generating revenue for students who are being home-schooled.

(e) The primary focus of a charter school must be to provide a comprehensive program of instruction for at least one grade or age group from five through 18 years of age. Instruction may be provided to people younger than five years and older than 18 years of age.

(f) A charter school may not charge tuition.

(g) A charter school is subject to and must comply with chapter 363 and section 121A.04.

(h) A charter school is subject to and must comply with the Pupil Fair Dismissal Act, sections 121A.40 to 121A.56, and the Minnesota Public School Fee Law, sections 123B.34 to 123B.39.

(i) A charter school is subject to the same financial audits, audit procedures, and audit requirements as a district. Audits must be conducted in compliance with generally accepted governmental auditing standards, the Federal Single Audit Act, if applicable, and section 6.65. A charter school is subject to and must comply with sections 15.054; 118A.01; 118A.02; 118A.03; 118A.04; 118A.05; 118A.06; 123B.52, subdivision 5; 471.38; 471.391; 471.392; 471.425; 471.87; 471.88, subdivisions 1, 2, 3, 4, 5, 6, 12, 13, and 15; 471.881; and 471.89. The audit must comply with the requirements of sections 123B.75 to 123B.83, except to the extent deviations are necessary because of the program at the school. Deviations must be approved by the commissioner. The department of children, families, and learning, state auditor, or legislative auditor may conduct financial, program, or compliance audits. A charter school determined to be in statutory operating debt under sections 123B.81 to 123B.83 must submit a plan under section 123B.81, subdivision 4.

(j) A charter school is a district for the purposes of tort liability under chapter 466.

Sec. 24. Minnesota Statutes 2000, section 124D.10, subdivision 15, is amended to read:

Subd. 15. **REVIEW AND COMMENT.** The department must review and comment on the evaluation, by the sponsor, of the performance of a charter school

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before the charter school's contract is renewed. A sponsor shall monitor and evaluate the fiscal and student performance of the school, and may for this purpose annually assess the school a charter school: (1) in its first, second, or third year of operation up to \$10 \$30 per student up to a maximum of \$3,500 \$10,000; and (2) in its fourth or a subsequent year of operation up to \$10 per student up to a maximum of \$3,500. The information for the review and comment shall be reported by the sponsor to the commissioner of children, families, and learning in a timely manner. Periodically, the commissioner shall report trends or suggestions based on the evaluation of charter school contracts to the education committees of the state legislature.

Sec. 25. Minnesota Statutes 2000, section 124D.10, is amended by adding a subdivision to read:

Subd. 23a. RELATED PARTY LEASE COSTS. (a) A charter school is prohibited from entering a lease of real property with a related party as defined in this subdivision, unless the lessor is a nonprofit corporation under chapter 317A or a cooperative under chapter 308A, and the lease cost is reasonable under section 124D.11, subdivision 4, clause (1).

(b) For purposes of this subdivision:

(1) A "related party" is an affiliate or close relative of the other party in question, an affiliate of a close relative, or a close relative of an affiliate.

(2) "Affiliate" means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, another person.

(3) "Close relative" means an individual whose relationship by blood, marriage, or adoption to another individual is no more remote than first cousin.

(4) "Person" means an individual or entity of any kind.

(5) "Control" includes the terms "controlling," "controlled by," and "under common control with" and means the possession, direct or indirect, of the power to direct or cause the direction of the management, operations, or policies of a person, whether through the ownership of voting securities, by contract, or otherwise.

(c) A lease of real property to be used for a charter school, not excluded in paragraph (b), must contain the following statement: "This lease is subject to Minnesota Statutes, section 124D.10, subdivision 23a."

(d) If a charter school enters into as lessee a lease with a related party and the charter school subsequently closes, the commissioner has the right to recover from the lessor any lease payments in excess of those that are reasonable under section 124.11, subdivision 4, clause (1).

EFFECTIVE DATE. This section is effective the day following final enactment and applies to any charter school lease entered into on or after that date.

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

Sec. 26. Minnesota Statutes 2000, section 124D.10, is amended by adding a subdivision to read:

Subd. 26. **CHARTER SCHOOL ADVISORY COUNCIL.** A charter school advisory council is established under section 15.059. The advisory council is composed of seven members from throughout the state who have demonstrated experience with or interest in charter schools. The advisory council shall bring to the attention of the commissioner any matters related to charter schools that the council deems necessary and shall:

- (1) encourage school boards to make full use of charter school opportunities;
- (2) encourage the creation of innovative schools;
- (3) provide leadership and support for charter school sponsors to increase the innovation in and the effectiveness, accountability, and fiscal soundness of charter schools;
- (4) serve an ombudsman function in facilitating the operations of new and existing charter schools;
- (5) promote timely financial management training for newly elected members of a charter school board of directors and ongoing training for other members of a charter school board of directors;
- (6) review charter school applications and recommend approving or disapproving the applications; and
- (7) facilitate compliance with auditing and other reporting requirements. The advisory council shall refer all its proposals to the commissioner who shall provide time for reports from the council.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 27. Minnesota Statutes 2000, section 124D.11, subdivision 4, is amended to read:

Subd. 4. **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 determines that the total operating capital revenue under section 126C.10, subdivision 13, 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 126C.40, subdivision 1, paragraphs (a) and (b). The commissioner must review and either approve or deny a lease aid application using the following criteria:

- (1) the reasonableness of the price based on current market values;
- (2) the extent to which the lease conforms to applicable state laws and rules; and
- (3) the appropriateness of the proposed lease in the context of the space needs and financial circumstances of the charter school.

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A charter school must not use the building lease aid it receives for custodial, maintenance service, utility, or other operating costs. The amount of building lease aid per pupil unit served for a charter school for any year shall not exceed the lesser of (a) 90 percent of the approved cost or (b) the product of the pupil units served for the current school year times \$1,500.

Sec. 28. Minnesota Statutes 2000, section 124D.11, subdivision 9, is amended to read:

Subd. 9. **PAYMENT OF AIDS TO CHARTER SCHOOLS.** (a) Notwithstanding section 127A.45, subdivision 3, aid payments for the current fiscal year to a charter school not in its first year of operation shall be of an equal amount on each of the 23 payment dates. A charter school in its first year of operation shall receive, on its first payment date, ten percent of its cumulative amount guaranteed for the year and 22 payments of an equal amount thereafter the sum of which shall be 90 percent of the cumulative amount guaranteed.

(b) Notwithstanding paragraph (a), for a charter school ceasing operation prior to the end of a school year, 90 percent of the amount due for the school year may be paid to the school after audit of prior fiscal year and current fiscal year pupil counts.

(c) Notwithstanding section 127A.45, subdivision 3, and paragraph (a), 90 percent of the start-up cost aid under subdivision 8 shall be paid within 45 days after the first day of student attendance for that school year.

(d) In order to receive state aid payments under this subdivision, a charter school in its first three years of operation must submit a quarterly report to the department of children, families, and learning. The report must list each student by grade, show the student's start and end dates, if any, with the charter school, and for any student participating in a learning year program, the report must list the hours and times of learning year activities. The report must be submitted not more than two weeks after the end of the calendar quarter to the department. The department must develop a Web-based reporting form for charter schools to use when submitting enrollment reports. A charter school in its fourth and subsequent year of operation must submit enrollment information to the department in the form and manner requested by the department.

Sec. 29. Minnesota Statutes 2000, section 124D.128, subdivision 1, is amended to read:

Subdivision 1. **PROGRAM ESTABLISHED.** A learning year program provides instruction throughout the year. A pupil may participate in the program and accelerate attainment of grade level requirements or graduation requirements. A learning year program may begin after the close of the regular school year in June. The program may be for students in one or more grade levels from kindergarten through grade 12.

Students may participate in the program if they reside in:

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

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- (2) a district that is a member of the same education district as a site; or
- (3) a district that participates in the same area learning center program as a site.

Sec. 30. Minnesota Statutes 2000, section 124D.128, subdivision 2, is amended to read:

Subd. 2. **COMMISSIONER DESIGNATION.** (a) An area learning center designated by the state must be a site. To be designated, a district or center must demonstrate to the commissioner that it will:

(1) provide a program of instruction that permits pupils to receive instruction throughout the entire year; and

(2) maintain a record system that, for purposes of section 126C.05, permits identification of membership attributable to pupils participating in the program. The record system and identification must ensure that the program will not have the effect of increasing the total number of pupil units attributable to an individual pupil as a result of a learning year program. The record system must include the date the pupil originally enrolled in a learning year program, the pupil's grade level, the date of each grade promotion, the average daily membership generated in each grade level, the number of credits or standards earned, and the number needed to graduate.

(b) A student who has not completed a school district's graduation requirements may continue to enroll in courses the student must complete in order to graduate until the student satisfies the district's graduation requirements or the student is 21 years old, whichever comes first.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 31. Minnesota Statutes 2000, section 124D.128, subdivision 3, is amended to read:

Subd. 3. **STUDENT PLANNING.** A district must inform all pupils and their parents about the learning year program and that participation in the program is optional. A continual learning plan must be developed at least annually for each pupil with the participation of the pupil, parent or guardian, teachers, and other staff; each participant must sign and date the plan. The plan must specify the learning experiences that must occur each during the entire fiscal year and, for secondary students, for graduation. The plan must include:

(1) the pupil's learning objectives and experiences, including courses or credits the pupil plans to complete each year and, for a secondary pupil, the graduation requirements the student must complete;

(2) the assessment measurements used to evaluate a pupil's objectives;

(3) requirements for grade level or other appropriate progression; and

(4) for pupils generating more than one average daily membership in a given grade, an indication of which objectives were unmet.

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The plan may be modified to conform to district schedule changes. The district may not modify the plan if the modification would result in delaying the student's time of graduation.

Sec. 32. Minnesota Statutes 2000, section 124D.128, subdivision 6, is amended to read:

Subd. 6. **REVENUE COMPUTATION AND REPORTING.** Aid and levy revenue computations must be based on the total number of hours of education programs for pupils in average daily membership for each fiscal year. ~~For purposes of section 126C.05, Average daily membership shall be computed by dividing the total number of hours of participation for the fiscal year by the minimum number of hours for a year determined for the appropriate grade level under section 126C.05, subdivision 15. Hours of participation that occur after the close of the regular instructional year and before July 1 must be attributed to the following fiscal year. Thirty hours may be used for teacher workshops, staff development, or parent-teacher conferences. As part of each pilot program, the department and each district must report and evaluate the changes needed to adjust the dates of the fiscal year for aid and levy computation and fiscal year reporting. For revenue computation purposes, the learning year program shall generate revenue based on the formulas for the fiscal year in which the services are provided. The dates a participating pupil is promoted must be reported in a timely manner to the department.~~

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

Sec. 33. Minnesota Statutes 2000, section 124D.128, is amended by adding a subdivision to read:

Subd. 6a. **PROCESS TO ADDRESS AUDIT FINDINGS.** (a) If, during an audit of a district's learning year program, the commissioner finds that the district is not meeting program requirements, the commissioner must notify the board of that district in writing. The notice must specify the findings in detail, describe the correction required, set a reasonable time during which the findings should be corrected, and advise that general education revenue to the district may be reduced. The commissioner may extend the time allowed for the correction.

(b) A board that receives a notice under paragraph (a) may decide by majority vote of the entire board to dispute that:

- (1) the specified finding exists;
- (2) the time allowed is reasonable; or
- (3) the commissioner should reduce district general education revenue.

The board must give the commissioner written notice of the board's decision within 30 days of receipt of the audit report. After making any further investigations the commissioner deems necessary, the commissioner must decide whether or not to

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adhere to the commissioner's original notice and must notify the board of the commissioner's decision.

(c) The commissioner may reduce or withhold state general education revenues as the result of an audit. The commissioner may decide not to reduce or withhold state general education revenues if the district corrects the specified finding, or after receiving the district's notice disputing the finding, the commissioner decides the finding does not exist.

Sec. 34. Minnesota Statutes 2000, section 124D.74, subdivision 1, is amended to read:

Subdivision 1. **PROGRAM DESCRIBED.** American Indian language and culture education programs are programs in public elementary and secondary schools, nonsectarian nonpublic, community, tribal, or alternative schools enrolling American Indian children designed to:

(1) to support post-secondary preparation for pupils;

(2) support the academic achievement of American Indian students with identified focus to improve reading and mathematic skills;

(3) make the curriculum more relevant to the needs, interests, and cultural heritage of American Indian pupils;

(2) to (4) provide positive reinforcement of the self-image of American Indian pupils; and

(3) to (5) develop intercultural awareness among pupils, parents, and staff; and

(6) supplement, not supplant, state and federal educational and cocurricular programs.

Program components may include: instruction in American Indian language, literature, history, and culture development of support components for students in the areas of academic achievement, retention, and attendance; development of support components for staff, including in-service training and technical assistance in methods of teaching American Indian pupils; research projects, including experimentation with and evaluation of methods of relating to American Indian pupils; provision of personal and vocational counseling to American Indian pupils; modification of curriculum, instructional methods, and administrative procedures to meet the needs of American Indian pupils; and establishment of cooperative liaisons with nonsectarian nonpublic, community, tribal or alternative schools offering curricula which reflect American Indian culture supplemental instruction in American Indian language, literature, history, and culture. Districts offering programs may make contracts for the provision of program components by nonsectarian nonpublic, community, tribal or alternative schools establishing cooperative liaisons with tribal programs and American Indian social service agencies. These programs may also be provided as components of early childhood and family education programs.

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Sec. 35. Minnesota Statutes 2000, section 124D.74, subdivision 2, is amended to read:

Subd. 2. **VOLUNTARY ENROLLMENT.** Enrollment in American Indian language and culture education programs must be voluntary. School districts and participating schools must make affirmative efforts to encourage participation. They shall encourage parents to visit classes or come to school for a conference explaining the nature of the program and provide visits by school staff to parents' homes to explain the nature of the program.

Sec. 36. Minnesota Statutes 2000, section 124D.74, subdivision 3, is amended to read:

Subd. 3. **ENROLLMENT OF OTHER CHILDREN; SHARED TIME ENROLLMENT.** To the extent it is economically feasible, a district or participating school may make provision for the voluntary enrollment of non-American Indian children in the instructional components of an American Indian language and culture education program in order that they may acquire an understanding of the cultural heritage of the American Indian children for whom that particular program is designed. However, in determining eligibility to participate in a program, priority must be given to American Indian children. American Indian children and other children enrolled in an existing nonpublic school system may be enrolled on a shared time basis in American Indian language and culture education programs.

Sec. 37. Minnesota Statutes 2000, section 124D.74, subdivision 4, is amended to read:

Subd. 4. **LOCATION OF PROGRAMS.** American Indian language and culture education programs must be located in facilities in which regular classes in a variety of subjects are offered on a daily basis. Programs may operate on an extended day or extended year basis.

Sec. 38. Minnesota Statutes 2000, section 124D.74, subdivision 6, is amended to read:

Subd. 6. **NONVERBAL COURSES AND EXTRACURRICULAR ACTIVITIES.** In predominantly nonverbal subjects, such as art, music, and physical education, American Indian children shall participate fully and on an equal basis with their contemporaries in school classes provided for these subjects. Every school district or participating school shall ensure to children enrolled in American Indian language and culture education programs an equal and meaningful opportunity to participate fully with other children in all extracurricular activities. This subdivision shall not be construed to prohibit instruction in nonverbal subjects or extracurricular activities which relate to the cultural heritage of the American Indian children, or which are otherwise necessary to accomplish the objectives described in sections 124D.71 to 124D.82.

Sec. 39. Minnesota Statutes 2000, section 124D.75, subdivision 6, is amended to read:

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Subd. 6. **PERSONS ELIGIBLE FOR EMPLOYMENT; EXEMPTIONS.** Any person licensed under this section shall be eligible for employment by a school board or a participating school as a teacher in an American Indian language and culture education program in which the American Indian language or culture in which the person is licensed is taught. A school district or participating school may prescribe only those additional qualifications for teachers licensed under this section as are approved by the board of teaching. Any school board or participating school upon request may be exempted from the licensure requirements of this section in the hiring of one or more American Indian language and culture education teachers for any school year in which compliance would, in the opinion of the commissioner, create a hardship in the securing of the teachers.

Sec. 40. Minnesota Statutes 2000, section 124D.76, is amended to read:

**124D.76 TEACHERS AIDES; COMMUNITY COORDINATORS.**

In addition to employing American Indian language and culture education teachers, each district or participating school providing programs pursuant to sections 124D.71 to 124D.82 may employ teachers' aides. Teachers' aides must not be employed for the purpose of supplanting American Indian language and culture education teachers.

Any district or participating school which conducts American Indian language and culture education programs pursuant to sections 124D.71 to 124D.82 must employ one or more full-time or part-time community coordinators if there are 100 or more students enrolled in the program. Community coordinators shall promote communication understanding, and cooperation between the schools and the community and shall visit the homes of children who are to be enrolled in an American Indian language and culture education program in order to convey information about the program.

Sec. 41. Minnesota Statutes 2000, section 124D.78, subdivision 1, is amended to read:

Subdivision 1. **PARENT COMMITTEE.** School boards and American Indian schools must provide for the maximum involvement of parents of children enrolled in education programs, ~~including language and culture education programs,~~ programs for elementary and secondary grades, special education programs, and support services. Accordingly, the board of a school district in which there are ten or more American Indian children enrolled and each American Indian school must establish a parent committee. If a committee whose membership consists of a majority of parents of American Indian children has been or is established according to federal, tribal, or other state law, that committee may serve as the committee required by this section and is subject to, at least, the requirements of this subdivision and subdivision 2.

The parent committee must develop its recommendations in consultation with the curriculum advisory committee required by section 120B.11, subdivision 3. This committee must afford parents the necessary information and the opportunity effectively to express their views concerning all aspects of American Indian education and

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the educational needs of the American Indian children enrolled in the school or program. The committee must also address the need for adult education programs for American Indian people in the community. The board or American Indian school must ensure that programs are planned, operated, and evaluated with the involvement of and in consultation with parents of children served by the programs.

Sec. 42. Minnesota Statutes 2000, section 124D.81, subdivision 1, is amended to read:

Subdivision 1. **GRANTS; PROCEDURES.** Each fiscal year the commissioner of children, families, and learning must make grants to no fewer than six American Indian language and culture education programs. At least three programs must be in urban areas and at least three must be on or near reservations. The board of a local district, a participating school or a group of boards may develop a proposal for grants in support of American Indian language and culture education programs. Proposals may provide for contracts for the provision of program components by nonsectarian nonpublic, community, tribal, or alternative schools. The commissioner shall prescribe the form and manner of application for grants, and no grant shall be made for a proposal not complying with the requirements of sections 124D.71 to 124D.82. The commissioner must submit all proposals to the state advisory task force committee on American Indian language and culture education programs for its recommendations concerning approval, modification, or disapproval and the amounts of grants to approved programs.

Sec. 43. Minnesota Statutes 2000, section 124D.81, subdivision 3, is amended to read:

Subd. 3. **ADDITIONAL REQUIREMENTS.** Each district receiving a grant under this section must each year conduct a count of American Indian children in the schools of the district; test for achievement; identify the extent of other educational needs of the children to be enrolled in the American Indian language and culture education program; and classify the American Indian children by grade, level of educational attainment, age and achievement. Participating schools must maintain records concerning the needs and achievements of American Indian children served.

Sec. 44. Minnesota Statutes 2000, section 124D.81, subdivision 5, is amended to read:

Subd. 5. **RECORDS.** Participating schools and districts must keep records and afford access to them as the commissioner finds necessary to ensure that American Indian language and culture education programs are implemented in conformity with sections 124D.71 to 124D.82. Each school district or participating school must keep accurate, detailed, and separate revenue and expenditure accounts for pilot American Indian language and culture education programs funded under this section.

Sec. 45. Minnesota Statutes 2000, section 124D.81, subdivision 6, is amended to read:

Subd. 6. **MONEY FROM OTHER SOURCES.** A district or participating school providing American Indian language and culture education programs shall be eligible

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to receive moneys for these programs from other government agencies and from private sources when the moneys are available.

Sec. 46. Minnesota Statutes 2000, section 124D.81, subdivision 7, is amended to read:

Subd. 7. **EXCEPTIONS.** Nothing in sections 124D.71 to 124D.82 shall be construed as prohibiting a district or school from implementing an American Indian language and culture education program which is not in compliance with sections 124D.71 to 124D.82 if the proposal and plan for that program is not funded pursuant to this section.

Sec. 47. Minnesota Statutes 2000, section 124D.86, subdivision 3, is amended to read:

Subd. 3. **INTEGRATION REVENUE.** ~~For fiscal year 2000 and later fiscal years,~~ Integration revenue equals the following amounts:

(1) for independent school district No. 709, Duluth, \$207 times the adjusted pupil units for the school year;

(2) for independent school district No. 625, St. Paul, ~~\$446 times the adjusted pupil units for the school year;~~

~~(3) and for special school district No. 1, Minneapolis, \$536~~ \$446 times the adjusted pupil units for the school year; and

(3) for a district not listed in clause (1) or (2) that must implement a plan under Minnesota Rules, parts 3535.0100 to 3535.0180, where the district's enrollment of protected students, as defined under Minnesota Rules, part 3535.0110, exceeds 15 percent, the lesser of (i) the actual cost of implementing the plan during the fiscal year minus the aid received under subdivision 6, or (ii) \$130 times the adjusted pupil units for the school year;

(4) for a district not listed in clause (1), (2), or (3) that is required to implement a plan according to the requirements of Minnesota Rules, parts 3535.0100 to 3535.0180, the lesser of

(i) the actual cost of implementing the plan during the fiscal year minus the aid received under subdivision 6, or

(ii) \$93 times the adjusted pupil units for the school year.

Any money received by districts in clauses (1) to (3) which exceeds the amount received in fiscal year 2000 shall be subject to the budget requirements in subdivision 1a.; and

(5) for a member district of a multidistrict integration collaborative that files a plan with the commissioner, but is not contiguous to a racially isolated district, integration revenue equals the amount defined in clause (4).

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EFFECTIVE DATE. The changes in clause (2) of this section are effective for aid for fiscal year 2003 and for levy for taxes payable in 2002 and later. The changes in clauses (3) and (5) are effective for revenue for fiscal year 2002 and later.

Sec. 48. Minnesota Statutes 2000, section 124D.59, subdivision 2, is amended to read:

Subd. 2. **PUPIL OF LIMITED ENGLISH PROFICIENCY.** "Pupil of limited English proficiency" means a pupil in any of the grades of kindergarten through 12 who meets the following requirements:

(1) the pupil in kindergarten through grade 12, as declared by a parent or guardian first learned a language other than English, comes from a home where the language usually spoken is other than English, or usually speaks a language other than English; and

(2) the pupil's score is significantly below the average district score for pupils of the same age on a nationally normed English reading or English language arts achievement test. A pupil's score shall be considered significantly below the average district score for pupils of the same age if it is one-third of a standard deviation below that average score for a pupil in kindergarten through grade 2, the pupil is determined by developmentally appropriate measures, which might include observations, teacher judgment, parent recommendations, or developmentally appropriate assessment instruments, to lack the necessary English skills to participate fully in classes taught in English; or

(3) the pupil in grades 3 through 12 scores below the state cutoff score on an assessment measuring emerging academic English provided by the commissioner.

EFFECTIVE DATE. This section is effective for the 2002-2003 school year and later.

Sec. 49. Minnesota Statutes 2000, section 124D.84, subdivision 1, is amended to read:

Subdivision 1. **AWARDS.** The commissioner, with the advice and counsel of the Minnesota Indian scholarship education committee, may award scholarships to any Minnesota resident student who is of one-fourth or more Indian ancestry, who has applied for other existing state and federal scholarship and grant programs, and who, in the opinion of the commissioner, has the capabilities to benefit from further education. Scholarships must be for accredited degree programs in accredited Minnesota colleges or universities or for courses in accredited Minnesota business, technical, or vocational schools. Scholarships may also be given to students attending Minnesota colleges that are in candidacy status for obtaining full accreditation, and are eligible for and receiving federal financial aid programs. Students are also eligible for scholarships when enrolled as students in Minnesota higher education institutions that have joint programs with other accredited higher education institutions. Scholarships shall be used to defray the total cost of education including tuition, incidental fees, books, supplies, transportation, other related school costs and the cost of board and

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room and shall be paid directly to the college or school concerned where the student receives federal financial aid. The total cost of education includes all tuition and fees for each student enrolling in a public institution and the portion of tuition and fees for each student enrolling in a private institution that does not exceed the tuition and fees at a comparable public institution. Each student shall be awarded a scholarship based on the total cost of the student's education and a federal standardized need analysis. Applicants are encouraged to apply for all other sources of financial aid. The amount and type of each scholarship shall be determined through the advice and counsel of the Minnesota Indian scholarship education committee.

When an Indian student satisfactorily completes the work required by a certain college or school in a school year the student is eligible for additional scholarships, if additional training is necessary to reach the student's educational and vocational objective. Scholarships may not be given to any Indian student for more than five years of study without special approval recommendation of the Minnesota Indian scholarship education committee.

Sec. 50. Minnesota Statutes 2000, section 124D.892, subdivision 1, is amended to read:

Subdivision 1. **ESTABLISHMENT.** (a) An office of desegregation/integration is established in the department of children, families, and learning to coordinate and support activities related to student enrollment, student and staff recruitment and retention, transportation, and interdistrict cooperation among metropolitan school districts.

(b) At the request of a metropolitan school district involved in cooperative desegregation/integration efforts, the office shall perform any of the following activities:

- (1) assist districts with interdistrict student transfers, including student recruitment, counseling, placement, and transportation;
- (2) coordinate and disseminate information about schools and programs;
- (3) assist districts with new magnet schools and programs;
- (4) assist districts in providing staff development and in-service training; and
- (5) coordinate and administer staff exchanges.

(c) The office shall collect data on the efficacy of districts' desegregation/integration efforts and make recommendations based on the data. The office shall periodically consult with the metropolitan council to coordinate metropolitan school desegregation/integration efforts with the housing, social, economic, and infrastructure needs of the metropolitan area. The office shall develop a process for resolving students' disputes and grievances about student transfers under a desegregation/integration plan.

Sec. 51. Minnesota Statutes 2000, section 124D.892, subdivision 3, as amended by Laws 2001, chapter 7, section 32, is amended to read:

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Subd. 3. **ADVISORY BOARD.** The commissioner shall establish an advisory board composed of:

(1) nine superintendents, eight of whom are selected by the superintendents of the school districts located in whole or in part within each of the eight metropolitan districts established under section 473.123, subdivision 3c, and one who is from a district outside the seven-county metropolitan area that is considered racially isolated or that has a racially isolated school site according to Minnesota Rules, part 3535.0110;

(2) one person each selected by the Indian affairs council, the council on Asian-Pacific Minnesotans, the council on Black Minnesotans, and the council on affairs of Chicano/Latino people; and

(3) the superintendent of independent school district No. 709, Duluth.

The advisory board shall advise the office on complying with the requirements under subdivision 1. The advisory board may solicit comments from teachers, parents, students, and interested community organizations and others.

The advisory board shall expire June 30, 2003.

Sec. 52. Minnesota Statutes 2000, section 124D.894, is amended to read:

**124D.894 STATE MULTICULTURAL EDUCATION ADVISORY COMMITTEE.**

(a) The commissioner shall appoint a state multicultural education advisory committee to advise the department and the state board on multicultural education. The committee must have 12 members and be composed of representatives from among the following groups and community organizations: African-American, Asian-Pacific, Hispanic, and American Indian. The committee shall expire June 30, 2003.

(b) The state committee shall provide information and recommendations on:

(1) department procedures for reviewing and approving district plans and disseminating information on multicultural education;

(2) department procedures for improving inclusive education plans, curriculum and instruction improvement plans, and performance-based assessments;

(3) developing learner outcomes which are multicultural; and

(4) other recommendations that will further inclusive, multicultural education.

(c) The committee shall also participate in determining the criteria for and awarding the grants established under Laws 1993, chapter 224, article 8, section 22, subdivision 8.

**Sec. 53. [124D.945] EDUCATIONAL IMPROVEMENT PLAN.**

Subdivision 1. QUALIFYING PLAN. A district may develop an educational improvement plan for the purpose of qualifying for alternative teacher compensation aid under sections 124D.946 and 124D.947. The plan must include measures for

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improving school district, school site, teacher, and individual student performance.

Subd. 2. PLAN COMPONENTS. The educational improvement plan must be approved by the school board and have at least these elements:

- (1) assessment and evaluation tools to measure student performance and progress;
- (2) performance goals and benchmarks for improvement;
- (3) measures of student attendance and completion rates;
- (4) a rigorous professional development system that is aligned with educational improvement, designed to achieve teaching quality improvement, and consistent with clearly defined research-based standards;
- (5) measures of student, family, and community involvement and satisfaction;
- (6) a data system about students and their academic progress that provides parents and the public with understandable information; and
- (7) a teacher induction and mentoring program for probationary teachers that provides continuous learning and sustained teacher support. The process for developing the plan must involve district teachers.

Subd. 3. SCHOOL SITE ACCOUNTABILITY. A district that develops a plan under subdivisions 1 and 2 must ensure that each school site develops a board-approved educational improvement plan that is aligned with the district educational improvement plan under subdivision 2. While a site plan must be consistent with the district educational improvement plan, it may establish performance goals and benchmarks that meet or exceed those of the district. The process for developing the plan must involve site teachers.

**Sec. 54. [124D.946] ALTERNATIVE TEACHER COMPENSATION.**

Subdivision 1. RESTRUCTURED PAY SYSTEM. A restructured teacher compensation system is established under subdivision 2 to provide incentives for teachers to improve their knowledge and skills and for school districts to recruit and retain highly qualified teachers, and to support teachers' roles in improving students' educational achievement.

Subd. 2. ALTERNATIVE TEACHER PROFESSIONAL PAY SYSTEM. (a) To participate in this program, a school district must have an educational improvement plan as described in section 124D.945 and an alternative teacher professional pay system as described in paragraph (b).

(b) The alternative teacher professional pay system must:

- (1) describe the conditions necessary for career advancement and additional compensation;
- (2) provide career advancement options for teachers retaining primary roles in student instruction;

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(3) use a professional pay system that replaces the step and lane salary schedule and is not based on years of service;

(4) encourage teachers' continuous improvement in content knowledge, pedagogy, and use of best practices; and

(5) implement an objective evaluation system, including classroom observation, that is aligned with the district's or the site's educational improvement plan as described in section 124D.945.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

**Sec. 55. [124D.947] ALTERNATIVE COMPENSATION AID.**

Subdivision 1. AID AMOUNT. (a) A school district that meets the conditions of section 124D.946 and submits an application approved by the commissioner is eligible for alternative compensation aid. The commissioner must consider only applications submitted jointly by a school district and the exclusive representative of the teachers for participation in the program. The application must contain a formally adopted collective bargaining agreement, memorandum of understanding, or other binding agreement that implements an alternative teacher professional pay system consistent with section 124D.946 and includes all teachers in a district, all teachers at a school site, or at least 25 percent of the teachers in a district. The commissioner may give preference to applications involving entire districts or sites in approving applications.

(b) Alternative compensation aid for a qualifying school district, site, or portion of a district or school site is as follows:

(1) for a school district in which the school board and the exclusive representative of the teachers agree to place all teachers in the district or at the site on the alternative compensation schedule, alternative compensation aid equals \$150 times the district's or the site's number of pupils enrolled on October 1 of the previous fiscal year; or

(2) for a district in which the school board and the exclusive representative of the teachers agree that at least 25 percent of the district's licensed teachers will be paid on the alternative compensation schedule, alternative compensation aid equals \$150 times the percentage of participating teachers times the district's number of pupils enrolled as of October 1 of the previous fiscal year.

Subd. 2. PERCENTAGE OF TEACHERS. For purposes of this section, the percentage of teachers participating in the teacher professional pay system equals the ratio of the number of licensed teachers who are working at least 60 percent of a full-time teacher's hours and agree to participate in the teacher professional pay system to the total number of licensed teachers who are working at least 60 percent of a full-time teacher's hours.

Subd. 3. AID TIMING. (a) Districts or sites with approved applications must receive alternative compensation aid for each school year that the district or site participates in the program. The commissioner must approve initial applications for school districts qualifying under subdivision 1, paragraph (b), clause (1), by January 15

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of each year. If any money remains, the commissioner must approve aid amounts for school districts qualifying under subdivision 1, paragraph (b), clause (2), by February 15 of each year.

(b) The commissioner shall select applicants that qualify for this program, notify school districts and school sites about the program, develop and disseminate application materials, and carry out other activities needed to implement this section.

EFFECTIVE DATE. This section is effective July 1, 2001.

Sec. 56. Minnesota Statutes 2000, section 126C.05, subdivision 15, is amended to read:

Subd. 15. **LEARNING YEAR PUPIL UNITS.** (a) When a pupil is enrolled in a learning year program under section 124D.128, an area learning center under sections 123A.05 and 123A.06, an alternative program approved by the commissioner, or a contract alternative program under section 124D.68, 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 district must meet the requirements in this paragraph. The district must develop, with for 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 consistent with section 124D.128, subdivision 3. 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 126C.15, subdivision 2.

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(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. The district must develop a continual learning plan for the pupil, consistent with section 124D.128, subdivision 3. 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 126C.15, subdivision 2.

(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. 57. Minnesota Statutes 2000, section 126C.05, is amended by adding a subdivision to read:

**Subd. 18. PUPIL ADJUSTMENT FOR CLOSED CHARTER SCHOOLS AND CONTRACTED ALTERNATIVE PROGRAMS.** For a charter school or contracted alternative program operating during the prior school year but ceasing operations before the end of the current school year, prior year pupil data used in computing revenues for the current school year shall be prorated based on the number of days of student instruction in the current school year to 170.

Sec. 58. Minnesota Statutes 2000, section 127A.45, subdivision 9, is amended to read:

Subd. 9. **FINAL ADJUSTMENT PAYMENT.** (a) For all aids and credits paid according to subdivision 13, the final adjustment payment must include the amounts necessary to pay the district's full aid entitlement for the prior year based on actual data. This payment must be used to correct all estimates used for the payment schedule in subdivision 3. The payment must be made as specified in subdivision 3. In the event actual data are not available, the final adjustment payment may be computed based on estimated data. A corrected final adjustment payment must be made when actual data are available.

(b) Notwithstanding paragraph (a) and subdivision 3, for a charter school that ceases operation before the end of a school year, a final adjustment payment for aid

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programs funded with an open appropriation may be made after audit of the prior fiscal year and current fiscal year pupil counts.

Sec. 59. Minnesota Statutes 2000, section 129C.10, subdivision 3, is amended to read:

Subd. 3. **POWERS AND DUTIES OF BOARD.** (a) The board has the powers necessary for the care, management, and control of the Perpich center for arts education and all its real and personal property. The powers shall include, but are not limited to, those listed in this subdivision.

(b) The board may employ and discharge necessary employees, and contract for other services to ensure the efficient operation of the center for arts education.

(c) The board may receive and award grants. The board may establish a charitable foundation and accept, in trust or otherwise, any gift, grant, bequest, or devise for educational purposes and hold, manage, invest, and dispose of them and the proceeds and income of them according to the terms and conditions of the gift, grant, bequest, or devise and its acceptance. The board must adopt internal procedures to administer and monitor aids and grants.

(d) The board may establish or coordinate evening, continuing education, extension, and summer programs for teachers and pupils.

(e) The board may identify pupils who have artistic talent, either demonstrated or potential, in dance, literary arts, media arts, music, theater, and visual arts, or in more than one art form.

(f) The board must educate pupils with artistic talent by providing:

(1) an interdisciplinary academic and arts program for pupils in the 11th and 12th grades. The total number of pupils accepted under this clause and clause (2) shall not exceed ~~300~~ 310;

(2) additional instruction to pupils for a 13th grade. Pupils eligible for this instruction are those enrolled in 12th grade who need extra instruction and who apply to the board, or pupils enrolled in the 12th grade who do not meet learner outcomes established by the board;

(3) intensive arts seminars for one or two weeks for pupils in grades 9 to 12;

(4) summer arts institutes for pupils in grades 9 to 12;

(5) artist mentor and extension programs in regional sites; and

(6) teacher education programs for indirect curriculum delivery.

(g) The board may determine the location for the Perpich center for arts education and any additional facilities related to the center, including the authority to lease a temporary facility.

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(h) The board must plan for the enrollment of pupils on an equal basis from each congressional district.

(i) The board may establish task forces as needed to advise the board on policies and issues. The task forces expire as provided in section 15.059, subdivision 6.

(j) The board may request the commissioner of children, families, and learning for assistance and services.

(k) The board may enter into contracts with other public and private agencies and institutions for residential and building maintenance services if it determines that these services could be provided more efficiently and less expensively by a contractor than by the board itself. The board may also enter into contracts with public or private agencies and institutions, school districts or combinations of school districts, or service cooperatives to provide supplemental educational instruction and services.

(l) The board may provide or contract for services and programs by and for the center for arts education, including a store, operating in connection with the center; theatrical events; and other programs and services that, in the determination of the board, serve the purposes of the center.

(m) The board may provide for transportation of pupils to and from the center for arts education for all or part of the school year, as the board considers advisable and subject to its rules. Notwithstanding any other law to the contrary, the board may charge a reasonable fee for transportation of pupils. Every driver providing transportation of pupils under this paragraph must possess all qualifications required by the commissioner of children, families, and learning. The board may contract for furnishing authorized transportation under rules established by the commissioner of children, families, and learning and may purchase and furnish gasoline to a contract carrier for use in the performance of a contract with the board for transportation of pupils to and from the center for arts education. When transportation is provided, scheduling of routes, establishment of the location of bus stops, the manner and method of transportation, the control and discipline of pupils, and any other related matter is within the sole discretion, control, and management of the board.

(n) The board may provide room and board for its pupils. If the board provides room and board, it shall charge a reasonable fee for the room and board. The fee is not subject to chapter 14 and is not a prohibited fee according to sections 123B.34 to 123B.39.

(o) The board may establish and set fees for services and programs. If the board sets fees not authorized or prohibited by the Minnesota public school fee law, it may do so without complying with the requirements of section 123B.38.

(p) The board may apply for all competitive grants administered by agencies of the state and other government or nongovernment sources.

**EFFECTIVE DATE.** This section is effective for the 2001-2002 school year and later.

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

Sec. 60. Minnesota Statutes 2000, section 171.02, subdivision 2a, as amended by Laws 2001, chapter 97, section 4, is amended to read:

Subd. 2a. **EXCEPTIONS.** (a) Notwithstanding subdivision 2, (1) a hazardous materials endorsement is not required to operate a vehicle having a gross vehicle weight of 26,000 pounds or less while carrying in bulk tanks a total of not more than 200 gallons of petroleum products and (2) a class C license or hazardous materials endorsement is not required to operate a farm vehicle as defined in Code of Federal Regulations, title 49, section 390.5, having a gross vehicle weight of 26,000 pounds or less while carrying in bulk tanks a total of not more than 1,500 gallons of liquid fertilizer.

(b) Notwithstanding subdivision 2, paragraph (c), the holder of a class D driver's license, without a school bus endorsement, may operate a type A school bus described in subdivision 2, paragraph (b), under the following conditions:

(1) The operator is an employee ~~as of the day following final enactment of this act~~ of the entity that owns, leases, or contracts for the school bus and is not solely hired to provide transportation services under this paragraph.

(2) The operator drives the school bus only from points of origin to points of destination, not including home-to-school trips to pick up or drop off students.

(3) The operator is prohibited from using the eight-light system. Violation of this clause is a misdemeanor.

(4) The operator's employer has adopted and implemented a policy that provides for annual training and certification of the operator in:

- (i) safe operation of the type of school bus the operator will be driving;
- (ii) understanding student behavior, including issues relating to students with disabilities;
- (iii) encouraging orderly conduct of students on the bus and handling incidents of misconduct appropriately;
- (iv) knowing and understanding relevant laws, rules of the road, and local school bus safety policies;
- (v) handling emergency situations; and
- (vi) safe loading and unloading of students.

(5) A background check or background investigation of the operator has been conducted that meets the requirements under section 122A.18, subdivision 8, or 123B.03 for teachers; section 144.057 or 245A.04 for day care employees; or section 171.321, subdivision 3, for all other persons operating a type A school bus under this paragraph.

(6) Operators shall submit to a physical examination as required by section 171.321, subdivision 2.

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

(7) The operator's driver's license is verified annually by the entity that owns, leases, or contracts for the school bus.

(8) A person who sustains a conviction, as defined under section 609.02, of violating section 169A.25, 169A.26, 169A.27, 169A.31, 169A.51, or 169A.52, or a similar statute or ordinance of another state is precluded from operating a school bus for five years from the date of conviction.

(9) A person who sustains a conviction, as defined under section 609.02, of a fourth moving offense in violation of chapter 169 is precluded from operating a school bus for one year from the date of the last conviction.

(10) Students riding the school bus must have training required under section 123B.90, subdivision 2.

(11) An operator must be trained in the proper use of child safety restraints as set forth in the National Highway Traffic Safety Administration's "Guideline for the Safe Transportation of Pre-school Age Children in School Buses."

(12) Annual certification of the requirements listed in this paragraph must be maintained under separate file at the business location for each operator licensed under this paragraph and subdivision 2, paragraph (b), clause (5). The business manager, school board, governing body of a nonpublic school, or any other entity that owns, leases, or contracts for the school bus operating under this paragraph is responsible for maintaining these files for inspection.

(13) The school bus must bear a current certificate of inspection issued under section 169.451.

(14) The word "School" on the front and rear of the bus must be covered by a sign that reads "Activities" when the bus is being operated under authority of this paragraph.

Sec. 61. Minnesota Statutes 2000, section 179A.20, is amended by adding a subdivision to read:

Subd. 2b. **STRUCTURALLY BALANCED SCHOOL DISTRICT BUDGETS.** (a) Prior to approving a collective bargaining agreement that does not result from an interest arbitration decision, a school board must determine by board resolution that the proposed agreement will not cause structural imbalance in the district's budget during the period of the agreement.

(b) A school board may only determine that an agreement will not cause structural imbalance if expenditures will not exceed available funds, taking into account:

(1) current state aid formulas; and

(2) reasonable and comprehensive projections of ongoing revenues and expenditures for the period of the agreement. It is expected that one-time revenue may not be used for ongoing expenditures. The school board must make available with the resolution a summary of the projections and calculations supporting the determination.

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The projections and calculations must include state aid formulas, pupil units, and employee costs, including the terms of labor agreements, including the agreement under consideration, fringe benefits, severance pay, and staff changes.

(c) In addition to the determination required in paragraph (a), the school board must project revenues, expenditures, and fund balances for one year following the period of the agreement. The projections must include the categories of information described in paragraph (b), be reasonable and comprehensive, and reference current state aid formulas.

(d) All projections and calculations required by this section must be made available to the public prior to and at the meeting where the resolution is adopted in a manner consistent with state law on public notice and access to public data.

(e) In an interest arbitration, the district must submit, and the exclusive bargaining representative may submit, proposed determinations with supporting projections and calculations consistent with paragraph (b) of the effect of the potential decision on the structural balance of the district's budget. The arbitrator must consider the potential effect of a decision on the structural balance of the district's budget for the term of the agreement. The arbitrator's decision must describe the effect of the decision on the structural balance of the district's budget in a manner consistent with paragraph (b). The arbitrator's decision must also show the effect of the decision on the school budget for one year following the term of the contract at issue. Within 30 days of receipt of the decision or when the board acts on the decision, whichever is earlier, the school board must by resolution determine the effect of the decision on the structural balance of its budget for the term of the agreement consistent with paragraph (b).

(f) A copy of the resolution with the supporting projections and calculations must be submitted to the commissioner of children, families, and learning with the uniform collective bargaining agreement settlement document within 30 days of adoption of the resolution. The commissioner must develop a model form for use by districts in reporting projections and calculations. The commissioner must make all resolutions, projections, and calculations available to the public.

(g) Compliance with this section by itself is not an unfair labor practice under section 179A.13, subdivision 2.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to contracts between school boards and exclusive representatives of teachers for the time period July 1, 2001, to June 30, 2003, and thereafter. This section does not apply to contracts settled prior to the effective date.

## **Sec. 62. LABORATORY SCHOOL; INNOVATIVE TEACHING TECHNIQUES.**

**Subdivision 1. PURPOSE.** The purpose of this section is to ensure that the school children in kindergarten through grade 5 in the Randall area, elsewhere in the Little Falls school district, and in all school districts in the state have access to a high quality, innovative education experience.

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Subd. 2. **JOINT OFFICE ESTABLISHED.** Independent school district No. 482, Little Falls; the department of children, families, and learning; Minnesota state colleges and universities; and St. Cloud State University's school of education shall collaborate for the purpose of establishing a joint office, if funds are available, to evaluate curriculum, instruction, and testing. The office shall be located at the Dr. S. G. Knight school in Randall.

Subd. 3. **LABORATORY SCHOOL.** The office under authority of independent school district No. 482, Little Falls shall, if funds are available, operate a laboratory school program for elementary students in kindergarten through grade 5 at the Dr. S. G. Knight school. The laboratory school, if established, must be used to develop innovative teaching techniques that enhance students' learning experiences. The office, if established, must make the innovative teaching techniques, which must include testing of students' knowledge, developed at the laboratory school available to all school districts in the state.

**EFFECTIVE DATE.** This section is effective July 1, 2001.

**Sec. 63. ALTERNATIVE MODELS FOR DELIVERING EDUCATION;  
EXPANDING THE FLEXIBLE LEARNING YEAR PROGRAM.**

Subdivision 1. **ESTABLISHMENT; GOAL.** A three-year pilot project is established to permit participating school districts and school sites approved by the commissioner of children, families, and learning under subdivision 2 to use alternative models for delivering education by expanding the flexible learning year program under Minnesota Statutes, sections 124D.12 to 124D.127. The project is intended to explore effective alternatives for delivering education, with the goal of improving instruction and students' educational outcomes and opportunities and increasing the cost-effectiveness of educational programs.

Subd. 2. **ELIGIBILITY; APPLICATIONS.** The commissioner shall make application forms available to school districts and school sites interested in exploring effective alternative models for delivering instruction during a redefined flexible learning year as described in this section. Interested school districts and school sites must have their application to participate in this program first approved by the local school board and a majority of teachers employed in the district or at the site, respectively, after a public hearing on the matter. Applications must be submitted to the commissioner by January 1, 2002. The application must describe how the applicant proposes to realize the goal of this project, including what activities and procedures the applicant proposes to develop and implement and the specific changes in the learning year the applicant requires to accomplish those activities and procedures. The commissioner, consistent with the requirements of this section, shall approve applications before March 1, 2002.

Subd. 3. **EXEMPTIONS.** (a) Notwithstanding other laws or rules to the contrary, a participant in the pilot project under this section is exempt from Minnesota Statutes, sections 120A.40 and 120A.41, through the 2004-2005 school year. Minnesota

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Statutes, sections 124D.12 to 124D.127, apply through the 2004-2005 school year except to the extent that the provisions of this section or the participant's learning year changes conflict with particular provisions in Minnesota Statutes, sections 124D.12 to 124D.127.

(b) Consistent with this section, a participant may adopt a learning year calendar that allows the participant to suitably fulfill the educational needs of its students using an alternative learning year calendar. The commissioner must provide participants with a formula for computing average daily membership so that all formulas based upon average daily membership are not affected as a result of participating in this pilot project.

Subd. 4. TECHNICAL ASSISTANCE. The commissioner, at the request of a participant, must provide technical assistance to the participant. Also, the commissioner must assist participants in developing and implementing a valid and uniform procedure to evaluate the efficacy of their alternative learning year calendar, consistent with the goals of this section.

Subd. 5. EVALUATION; REPORT. (a) Participants must complete a formative and summative evaluation of their experiences in delivering education under an alternative learning year calendar. Participants must focus the evaluation on the overall efficacy of the pilot project, including the cost-effectiveness of educational programs and the extent to which students' educational outcomes and opportunities improved. Participants shall use their interim evaluations, with the commissioner's approval, to modify their project where appropriate.

(b) Participants shall submit to the commissioner a progress report by September 1, 2004, and a final report by January 1, 2006, evaluating the cost-effectiveness of educational programs and the extent to which students' educational outcomes and opportunities improved. The commissioner shall compile the reports to present to the committees in the legislature that deal with education policy and education finance by March 1, 2006. When presenting the report, the commissioner must recommend whether or not to continue or expand this pilot project.

EFFECTIVE DATE. This section is effective the day following final enactment.

#### **Sec. 64. SCHOOLS' ACADEMIC AND FINANCIAL PERFORMANCE EVALUATION; INDEPENDENT CONTRACTOR.**

(a) To assist taxpayers, educators, school board members, and state and local officials in realizing their commitment to improving student achievement and the management of school systems, the commissioner of children, families, and learning shall contract with an independent school evaluation services contractor to evaluate and report on the academic and financial performance of the state's independent school districts using six core categories of analysis:

- (1) school district expenditures;
- (2) students' performance outcomes based on multiple indicia including students' test scores, attendance rates, dropout rates, and graduation rates;

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(3) return on resources to determine the extent to which student outcomes improve commensurate with increases in district spending;

(4) school district finances, taxes, and debt to establish the context for analyzing the district's return on resources under clause (3);

(5) students' learning environment to establish the context for analyzing the district's return on resources under clause (3); and

(6) school district demographics to establish the socioeconomic context for analyzing the district's return on resources under clause (3).

(b) In order to compare the regional and socioeconomic peers of particular school districts, monitor educational changes over time and identify important educational trends, the contractor shall use the six core categories of analysis to:

(1) identify allocations of baseline and incremental school district spending;

(2) connect student achievement with expenditure patterns;

(3) track school district financial health;

(4) observe school district debt and capital spending levels; and

(5) measure the return on a school district's educational resources.

(c) The contractor under paragraph (a) shall evaluate and report on the academic and financial performance of all school districts.

(d) Consistent with paragraph (a), clause (2), the evaluation and reporting of test scores must distinguish between:

(1) performance-based assessments; and

(2) academic, objective knowledge-based tests.

(e) The contractor must complete its written report and submit it to the commissioner within 360 days of the date on which the contract is signed. The commissioner immediately must make the report available in a readily accessible format to state and local elected officials, members of the public, educators, parents, and other interested individuals. The commissioner, upon receiving an individual's request, also must make available all draft reports prepared by the contractor, consistent with Minnesota Statutes, chapter 13.

**Sec. 65. EXCESSIVE CHARTER SCHOOL LEASE COSTS; RELATED PARTIES.**

(a) This section applies only to charter school leases entered into before July 1, 2001, that are between related parties as defined in paragraph (c), clause (1).

(b) This section does not apply to a lease in which:

(1) the lessor and lessee are not related parties, as defined in this section, as determined in writing by the commissioner; or

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(2) the lessor and lessee are related parties, but the lessor is a nonprofit corporation under chapter 317A or a cooperative under chapter 308A.

(c) For purposes of this section:

(1) “Related party” means an affiliate or close relative of the other party in question, an affiliate of a close relative, or a close relative of an affiliate.

(2) “Affiliate” means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, another person.

(3) “Close relative” means an individual whose relationship by blood, marriage, or adoption to another individual is no more remote than first cousin.

(4) “Person” means an individual or entity of any kind.

(5) “Control” includes the terms “controlling,” “controlled by,” and “under common control with” and means the possession, direct or indirect, of the power to direct or cause the direction of the management, operations, or policies of a person, whether through the ownership of voting securities, by contract, or otherwise.

(d) To claim a lien under this section, the commissioner must record with the county recorder or file with the registrar of titles, whichever is appropriate, a document entitled “Notice of Lien,” stating that the commissioner of children, families, and learning of the state of Minnesota claims a lien under this section on the real property, including fixtures. The notice of lien must contain a legal description of the leased real property, be signed and acknowledged by the commissioner, and meet all other applicable requirements for recording or filing.

(e) A lien created under this section secures the rights of the commissioner under paragraph (f).

(f) The commissioner may recover from the lessor the amount of rent or other payments made under the lease, to the extent that the rent or other payments exceed the fair market rental value of the real property, as determined by the commissioner. If the lessor is not the holder of fee title to the real property, the commissioner’s right of recovery extends to the holder of fee title if the lessor and holder of fee title are related parties as defined in this section.

(g) The lien created under this section is subordinate to the interest of any mortgagee or other lienholder of the property, under a mortgage or other lien recorded or filed prior to the recording or filing of the lien created in this section, except that this provision does not apply to a mortgagee or other lienholder that is a related party to the lessor or other party against whom the commissioner has a right of recovery under paragraph (f). The commissioner may agree to subordinate the lien created under this paragraph to a prior or subsequent mortgage or other lien if the commissioner determines that the subordination is necessary to permit continued lawful operation of the charter school. The commissioner shall subordinate the lien created under this section to a prior mortgage or other lien if necessary to establish that the prior

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mortgagee or other lienor is not a related party to the lessor or other party against whom the commissioner has a right of recovery.

(h) The lien created in this section is not enforceable against, and is subordinate to, the interest of a good faith purchaser for value of the real property who (1) is not a related party of the lessor or of another party against whom the commissioner has a right of recovery under paragraph (f), and (2) purchases the real property before the recording or filing of the notice of lien.

(i) If, or to the extent that, the commissioner determines that the commissioner has no right of recovery under a lien created under this section, the commissioner shall provide to the lessor, or other party having an interest in the property, a release or partial release of this lien. Any recording or filing fees for the release are the responsibility of the person requesting the release.

(j) A decision or action of the commissioner under this subdivision may be appealed under chapter 14.

(k) A lien created under this section may be foreclosed in the manner provided in chapter 581, with reasonable attorney fees to be determined by the court.

(l) The commissioner must withhold the aid payments from a charter school if, during the commissioner's annual review of building lease agreements, the commissioner determines that the charter school lease does not contain the notice of lien under paragraph (d).

**EFFECTIVE DATE.** This section is effective the day following final enactment.

#### **Sec. 66. CHARTER SCHOOL ADVISORY COUNCIL; EXPIRATION.**

The charter school advisory council under Minnesota Statutes, section 124D.10, subdivision 26, expires June 30, 2003.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

#### **Sec. 67. TEST CONTENT.**

(a) The commissioner of the department of children, families, and learning at least must include in the eighth grade basic skills test in mathematics and in the mathematics portions of the third, fifth, and seventh grade Minnesota comprehensive assessments a sufficient number of test items to allow students to demonstrate computational skills without using a calculator.

(b) The commissioner also must evaluate the impact of including items from a variety of print sources in addition to mass media, including fiction or nonfiction literature, in the basic skills tests in reading.

**EFFECTIVE DATE.** The requirement in paragraph (a) to include items to allow students to demonstrate computational skills without using a calculator in the mathematics basic skills test is effective February 1, 2002. The requirement in paragraph (a) to include items to allow students to demonstrate computational skills

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without using a calculator in the Minnesota comprehensive assessments is effective February 1, 2004. Paragraph (b) is effective the day following final enactment.

**Sec. 68. ACCESS TO TESTS.**

The commissioner of children, families, and learning must adopt and publish a policy to provide public and parental access for review of basic skills tests, Minnesota comprehensive assessments, or any other such statewide test and assessment. Upon receiving a written request, the commissioner must make available to parents or guardians a copy of their student's actual answer sheet to the test questions.

**EFFECTIVE DATE.** This section is effective February 1, 2002.

**Sec. 69. PROCESS TO ALLOW STUDENTS TO TAKE THE BASIC SKILLS TEST AS EARLY AS FIFTH GRADE.**

The commissioner of children, families, and learning shall develop a process to allow students to take the test of basic requirements in reading, math, or writing beginning in grade 5. The recommended process must include the parental or guardian consent, a recommendation from the student's teacher to take a test, and a policy that would limit the number of students who take the test to only those that are likely to pass the test. The commissioner shall consider options of an alternative test or other methods that would preserve the statistical integrity of the current scoring and sampling methods. The commissioner shall report its recommendations to the education committees of the legislature by February 1, 2002.

**Sec. 70. READING COMPETENCY; ST. CROIX RIVER EDUCATION DISTRICT.**

The St. Croix river education district must use its expertise in early literacy and the teaching of reading, its strategies for improving students' reading ability, its student performance measures, and its accountability structure to measure reading program results, to assist school sites and charter schools, including sites where at least 25 percent of K-3 students are eligible to receive a free or reduced price lunch, in achieving children's reading competency by the end of third grade. The St. Croix river education district also must work with preschool program staff to develop reading-related skills that are research-based predictors of literacy.

**Sec. 71. NO DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING AUDIT PENALTY.**

Notwithstanding other law or rule to the contrary, the commissioner of children, families, and learning is prohibited from imposing any penalty, including a financial penalty, on independent school district No. 138, North Branch, as a result of findings 7, 8, and 11, contained in a department of children, families, and learning 1998-1999 fiscal year audit of pupil unit counts related to the district's learning year program under Minnesota Statutes, section 124D.128.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

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**Sec. 72. DEADLINE AND PENALTY WAIVED.**

The deadline and penalty under Minnesota Statutes, section 123B.05, subdivision 2, do not apply for aid payments for the 2002-2003 biennium.

**Sec. 73. PARTICIPATION IN ATHLETIC ACTIVITIES; MINNESOTA STATE HIGH SCHOOL LEAGUE STUDY.**

The Minnesota state high school league must prepare a written report by February 15, 2002, for the legislative committees charged with overseeing kindergarten through grade 12 education policy that indicates the interest of charter school students in participating in athletic activities available in the students' resident district. The Minnesota state high school league at least must:

(1) survey the students enrolled in the state's charter schools to determine how interested the students are in participating in various athletic activities offered by their resident school district;

(2) review the ability of charter schools to independently or through a cooperative sponsorship provide students with various athletic activities; and

(3) determine whether the league's cooperative sponsorship rules need to be amended to facilitate cooperative sponsorship arrangements involving charter schools. The Minnesota state high school league must cover the costs of this report.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

**Sec. 74. SCIENCE LICENSURE.**

The board of teaching must issue a teaching license to an applicant who qualifies to teach general science to students in grades five to eight, or who qualifies to teach a specialty in physics, chemistry, life science, or earth and space science to students in grades nine to 12 if the applicant meets other applicable licensure requirements, including the requirements of Minnesota Statutes, section 122A.18, subdivision 8.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

**Sec. 75. CAREER AND TECHNICAL LEVY.**

For taxes payable in 2002 only, a district that received revenue during fiscal year 2001 under Minnesota Statutes, section 124D.453, may levy an amount equal to the district's fiscal year 2001 entitlement for career and technical aid under Minnesota Statutes, section 124D.453, or \$7,500, whichever is greater. The district may recognize the full amount of this levy as revenue for fiscal year 2002.

**Sec. 76. INTEGRATION LEVY.**

For taxes payable in 2002 only, a district's integration levy under Minnesota Statutes, section 124D.86, subdivision 4, equals 37 percent of the district's integration revenue as defined in Minnesota Statutes, section 124D.86, subdivision 3. For fiscal year 2003 only, a district's integration aid under Minnesota Statutes, section 124D.86, subdivision 5, equals 63 percent of the district's integration revenue as defined in Minnesota Statutes, section 124D.86, subdivision 3.

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Sec. 77. **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 indicated.

Subd. 2. EXAMINATION FEES; TEACHER TRAINING AND SUPPORT PROGRAMS. (a) For students' advanced placement and international baccalaureate examination fees under Minnesota Statutes 2000, section 120B.13, subdivision 3, and the training and related costs for teachers and other interested educators under Minnesota Statutes 2000, section 120B.13, subdivision 1:

\$2,000,000	.....	2002
\$2,000,000	.....	2003

Any funds unexpended in the first year do not cancel and are available in the second year.

(b) The advanced placement program shall receive 75 percent of the appropriation each year and the international baccalaureate program shall receive 25 percent of the appropriation each year. The department, in consultation with representatives of the advanced placement and international baccalaureate programs selected by the advanced placement advisory council and IBMN, respectively, shall determine the amounts of the expenditures each year for examination fees and training and support programs for each program.

(c) Notwithstanding Minnesota Statutes, section 120B.13, subdivision 1, \$375,000 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 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.

(d) Notwithstanding Minnesota Statutes, section 120B.13, 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.

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

Subd. 3. STATEWIDE TESTING. For administering tests under Minnesota Statutes, sections 120B.02; 120B.30, subdivision 1; and 120B.35:

\$6,500,000	.....	2002
\$6,500,000	.....	2003

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

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Subd. 4. CHARTER SCHOOL BUILDING LEASE AID. For building lease aid under Minnesota Statutes, section 124D.11, subdivision 4:

\$16,554,000	.....	2002
\$25,176,000	.....	2003

The 2002 appropriation includes \$1,114,000 for 2001 and \$15,440,000 for 2002.

The 2003 appropriation includes \$1,715,000 for 2002 and \$23,461,000 for 2003.

Subd. 5. CHARTER SCHOOL STARTUP GRANTS. For charter school startup cost aid under Minnesota Statutes, section 124D.11:

\$2,738,000	.....	2002
\$3,143,000	.....	2003

The 2002 appropriation includes \$273,000 for 2001 and \$2,465,000 for 2002.

The 2003 appropriation includes \$274,000 for 2002 and \$2,869,000 for 2003.

Subd. 6. CHARTER SCHOOL INTEGRATION AID. For grants to charter schools to promote integration and desegregation under Minnesota Statutes, section 124D.11, subdivision 6, paragraph (e):

\$45,000	.....	2002
\$50,000	.....	2003

The 2002 appropriation includes \$0 for 2001 and \$45,000 for 2002.

The 2003 appropriation includes \$5,000 for 2002 and \$45,000 for 2003.

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

Subd. 7. BEST PRACTICES SEMINARS. For best practices graduation rule seminars and other professional development capacity building activities that assure proficiency in teaching and implementation of graduation rule standards:

\$5,260,000	.....	2002
\$3,480,000	.....	2003

\$1,000,000 in fiscal year 2002 is for arts via the Internet collaborative project between the Walker Art Center and the Minneapolis Institute of Arts; \$500,000 each year is for best practices grants to intermediate school districts Nos. 287, 916, and 917 to train teachers of special needs students under Laws 1998, chapter 398, article 5, section 42; and \$250,000 each year is for a grant to A Chance to Grow/New Visions for the Minnesota Learning Resource Center.

The commissioner shall consider a curriculum development grant, consistent with the graduation rule, to develop curricula in the area of natural sciences including

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botany, horticulture, and zoology. The grant shall also be used to provide instructional materials on the Internet. The commissioner shall consider best practices grants to districts for developing gifted and talented services that are integrated with the state's graduation standards. The commissioner shall consider a grant to independent school district No. 621, Mounds View, for a pilot project to establish a parallel block schedule strategy in grades 1 through 3.

Subd. 8. INTEGRATION AID. For integration aid:

<u>\$65,478,000</u>	<u>.....</u>	<u>2002</u>
<u>\$51,996,000</u>	<u>.....</u>	<u>2003</u>

The 2002 appropriation includes \$5,729,000 for 2001 and \$59,749,000 for 2002.

The 2003 appropriation includes \$6,639,000 for 2002 and \$45,357,000 for 2003.

Subd. 9. INTEGRATION PROGRAMS. For minority fellowship grants under Laws 1994, chapter 647, article 8, section 29; minority teacher incentives under Minnesota Statutes, section 122A.65; teachers of color program grants under Minnesota Statutes, section 122A.64; and cultural exchange grants under Minnesota Statutes, section 124D.89:

<u>\$1,000,000</u>	<u>.....</u>	<u>2002</u>
<u>\$1,000,000</u>	<u>.....</u>	<u>2003</u>

In awarding teachers of color program grants, the commissioner must give priority to districts that have students who are in the process of currently completing their academic program.

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

Subd. 10. MAGNET SCHOOL GRANTS. For magnet school and program grants under Minnesota Statutes, section 124D.871:

<u>\$750,000</u>	<u>.....</u>	<u>2002</u>
<u>\$750,000</u>	<u>.....</u>	<u>2003</u>

\$100,000 in fiscal year 2002 is to extend the Ely magnet school grant approved under Laws 2000, chapter 489, article 7, section 15, subdivision 5.

Subd. 11. MAGNET SCHOOL STARTUP AID. For magnet school startup aid under Minnesota Statutes, section 124D.88:

<u>\$482,000</u>	<u>.....</u>	<u>2002</u>
<u>\$326,000</u>	<u>.....</u>	<u>2003</u>

The 2002 appropriation includes \$25,000 for 2001 and \$457,000 for 2002.

The 2003 appropriation includes \$51,000 for 2002 and \$275,000 for 2003.

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**Subd. 12. INTERDISTRICT DESEGREGATION OR INTEGRATION TRANSPORTATION GRANTS.** For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

\$2,932,000        .....        2003

**Subd. 13. AMERICAN INDIAN LANGUAGE AND CULTURE PROGRAMS.** For grants to American Indian language and culture education programs under Minnesota Statutes 2000, section 124D.81, subdivision 1:

\$73,000        .....        2002

The 2002 appropriation includes \$73,000 for 2001 and \$0 for 2002.

**Subd. 14. AMERICAN INDIAN EDUCATION.** For certain American Indian education programs in school districts:

\$17,000        .....        2002

The 2002 appropriation includes \$17,000 for 2001 and \$0 for 2002.

**Subd. 15. SUCCESS FOR THE FUTURE.** For American Indian success for the future grants according to Minnesota Statutes, section 124D.81:

\$2,047,000        .....        2002

\$2,137,000        .....        2003

The 2002 appropriation includes \$0 for 2001 and \$2,047,000 for 2002.

The 2003 appropriation includes \$255,000 for 2002 and \$2,132,000 for 2003.

**Subd. 16. AMERICAN INDIAN SCHOLARSHIPS.** For American Indian scholarships under Minnesota Statutes, section 124D.84:

\$1,875,000        .....        2002

\$1,875,000        .....        2003

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

**Subd. 17. AMERICAN INDIAN TEACHER PREPARATION GRANTS.** (a) For joint grants to assist American Indian people to become teachers under Minnesota Statutes, section 122A.63:

\$190,000        .....        2002

\$190,000        .....        2003

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

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

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

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

(3) Augsburg college, independent school district No. 625, St. Paul, and the Minneapolis school district.

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

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

**Subd. 18. TRIBAL CONTRACT SCHOOLS.** For tribal contract school aid under Minnesota Statutes, section 124D.83:

<u>\$2,520,000</u>	<u>.....</u>	<u>2002</u>
<u>\$2,767,000</u>	<u>.....</u>	<u>2003</u>

The 2002 appropriation includes \$192,000 for 2001 and \$2,328,000 for 2002.

The 2003 appropriation includes \$258,000 for 2002 and \$2,509,000 for 2003.

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

<u>\$68,000</u>	<u>.....</u>	<u>2002</u>
<u>\$68,000</u>	<u>.....</u>	<u>2003</u>

**Subd. 20. FIRST GRADE PREPAREDNESS.** For first grade preparedness grants under Minnesota Statutes, section 124D.081:

<u>\$7,150,000</u>	<u>.....</u>	<u>2002</u>
<u>\$7,250,000</u>	<u>.....</u>	<u>2003</u>

**Subd. 21. SECONDARY VOCATIONAL EDUCATION AID.** For secondary vocational education aid under Minnesota Statutes, section 124D.453:

<u>\$1,242,000</u>	<u>.....</u>	<u>2002</u>
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The 2002 appropriation includes \$1,242,000 for 2001 and \$0 for 2002.

**Subd. 22. YOUTHWORKS PROGRAM.** For youthworks programs under Minnesota Statutes, sections 124D.37 to 124D.45:

<u>\$1,788,000</u>	<u>.....</u>	<u>2002</u>
<u>\$1,788,000</u>	<u>.....</u>	<u>2003</u>

A grantee organization may provide health and child care coverage to the dependents of each participant enrolled in a full-time youth works program to the

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extent such coverage is not otherwise available.

Up to \$250,000 each year may be used for the jobs for America graduates program.

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

**Subd. 23. EDUCATION AND EMPLOYMENT TRANSITIONS PROGRAM GRANTS.** For education and employment transitions programming under Minnesota Statutes, section 124D.46:

\$775,000	.....	2002
\$775,000	.....	2003

\$250,000 each year is for ISEEK.

\$450,000 each year is for youth apprenticeship grants and to conduct a high school follow-up survey to include first, third, and sixth year graduates of Minnesota schools.

\$75,000 each year is for grants to school districts for the junior achievement program.

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

**Subd. 24. LEARN AND EARN GRADUATION ACHIEVEMENT PROGRAM.** For the learn and earn graduation achievement program according to Minnesota Statutes, section 124D.32:

\$725,000	.....	2002
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Any balance in the first year does not cancel but is available in the second year.

**Subd. 25. SCHOOL EVALUATION SERVICES.** For contracting with an independent school evaluation services contractor to evaluate and report on school districts' academic and financial performance under section 64:

\$2,500,000	.....	2002
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**Subd. 26. MINNESOTA STUDENT ORGANIZATION FOUNDATION.** For the Minnesota student organization foundation under Minnesota Statutes, section 124D.34:

\$625,000	.....	2002
\$625,000	.....	2003

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

**Subd. 27. READING COMPETENCY GRANTS.** For reading competency grants under Minnesota Statutes, section 120B.12:

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<u>\$100,000</u>	.....	<u>2002</u>
<u>\$100,000</u>	.....	<u>2003</u>

The commissioner must award one grant to the St. Croix river education district by July 1, 2001.

Subd. 28. **LABORATORY SCHOOL; INNOVATIVE TEACHING TECHNIQUES.** For a grant to independent school district No. 482, Little Falls, for a laboratory school for innovative teaching techniques in the Randall area:

<u>\$10,000</u>	.....	<u>2002</u>
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Subd. 29. **ALTERNATIVE TEACHER COMPENSATION.** For alternative teacher compensation established under Minnesota Statutes, sections 124D.945 to 124D.947:

<u>\$4,000,000</u>	.....	<u>2002</u>
<u>\$4,000,000</u>	.....	<u>2003</u>

If the appropriations under this subdivision are insufficient to fund all program participants, the participants shall be prioritized by the commissioner by the date of receipt of the application. A participant may receive less than the maximum per pupil amount available under Minnesota Statutes, section 124D.945, subdivision 3.

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

Subd. 30. **COLLABORATIVE URBAN EDUCATOR RECRUITMENT AND TRAINING PROGRAMS.** For grants to collaborative urban educator recruitment and training programs:

<u>\$1,300,000</u>	.....	<u>2002</u>
<u>\$1,300,000</u>	.....	<u>2003</u>

\$500,000 each year is for the Southeast Asian teacher program at Concordia University, St. Paul; \$400,000 each year is for the collaborative urban educator program at the University of St. Thomas; and \$400,000 each year is for the center for excellence in urban teaching at Hamline University. Grant recipients must collaborate with urban and nonurban school districts.

Any balance in the first year does not cancel but is available in the second year. This appropriation is one-time only.

Subd. 31. **LIMITED ENGLISH PROFICIENCY STUDY.** For a study of limited English proficiency programs:

<u>\$20,000</u>	.....	<u>2002</u>
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The department of children, families, and learning must study current practices and program models as well as best practice research into effective methodology for

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instructing students with limited English proficiency so that they may participate fully in English language classroom content and develop appropriate assessments and instruments to determine the effectiveness of programs for students with limited English proficiency. The instruments must address the effectiveness of the curriculum being taught, the instruction being provided, the professional development provided, the manner in which student progress in acquiring English language proficiency is assessed, as well as other factors pertinent to the instruction of students with limited English proficiency. The study shall include best practice research-based methods of instructing students who are not literate in their native language. The department shall make the results of the study as well as the instruments available to teachers and other educators involved in the design and implementation of programs for students with limited English proficiency and promote the use of best practices described in the study. The department must submit its report to the education committees of the legislature by February 15, 2002. This appropriation is one-time only.

**Sec. 78. REPEALER.**

- (a) Minnesota Statutes 2000, section 124D.85, is repealed.
- (b) Minnesota Statutes 2000, section 124D.32, is repealed, effective July 1, 2002.
- (c) Minnesota Statutes 2000, sections 124D.128, subdivision 7, and 135A.081, are repealed effective the day following final enactment.
- (d) Minnesota Rules, part 3501.0280, subpart 3, is repealed.

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**ARTICLE 3**

**SPECIAL PROGRAMS**

Section 1. Minnesota Statutes 2000, section 121A.41, 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 may 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. Consistent with section 125A.09, subdivision 3, the readmission plan must not obligate a parent to provide a sympathomimetic medication for the parent's child as a condition of readmission. The school administration may not impose consecutive suspensions against the same pupil for the same course of conduct, or incident of

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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 to a total of 15 days. In the case of a student with a disability, the student's individual education plan team must meet immediately but not more than ten school days after the date on which the decision to remove the student from the student's current education placement is made. The individual education plan team shall at that meeting: conduct a review of the relationship between the child's disability and the behavior subject to disciplinary action; and determine the appropriateness of the child's education plan.

The requirements of the individual education plan team meeting apply when:

- (1) the parent requests a meeting;
- (2) the student is removed from the student's current placement for five or more consecutive days; or
- (3) the student's total days of removal from the student's placement during the school year exceed ten cumulative days in a school year. The school administration shall implement alternative educational services when the suspension exceeds five days. A separate administrative conference is required for each period of suspension.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 2. Minnesota Statutes 2000, section 122A.31, is amended to read:

**122A.31 AMERICAN SIGN LANGUAGE/ENGLISH INTERPRETERS.**

Subdivision 1. **REQUIREMENTS FOR AMERICAN SIGN LANGUAGE/ENGLISH INTERPRETERS.** (a) In addition to any other requirements that a school district establishes, any person employed to provide American sign language/English interpreting or sign transliterating services on a full-time or part-time basis for a school district after July 1, 2000, must:

- (1) hold current interpreter and transliterator certificates awarded by the Registry of Interpreters for the Deaf (RID), or the general level interpreter proficiency certificate awarded by the National Association of the Deaf (NAD), or a comparable state certification from the commissioner of children, families, and learning; and
- (2) satisfactorily complete an interpreter/transliterator training program affiliated with an accredited educational institution.

(b) ~~To provide American sign language/English interpreting or transliterating services on a full-time or part-time basis, a person employed in a school district during the 1999-2000 school year must only comply with paragraph (a), clause (1). The commissioner shall grant a nonrenewable, one-year provisional certificate to individuals who have not attained a current applicable transliterator certificate pursuant to paragraph (a), clause (1). During the one-year provisional period, the interpreter/transliterator must develop and implement an education plan in collabora-~~

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tion with a mentor under paragraph (d). This paragraph shall expire on June 30, 2001.

(e) New graduates of an interpreter/transliterators program affiliated with an accredited education institution shall be granted a two-year provisional certificate by the commissioner. During the two-year provisional period, the interpreter/transliterators must develop and implement an education plan in collaboration with a mentor under paragraph (d) (c). This paragraph applies to spring semester 2000 graduates and thereafter.

(d) (c) A mentor of a provisionally certified interpreter/transliterators must be an interpreter/transliterators who has either NAD level IV or V certification or RID certified interpreter and certified transliterators certification and have at least three years interpreting/transliterating experience in any educational setting. The mentor, in collaboration with the provisionally certified interpreter/transliterators, shall develop and implement an education plan designed to meet the requirements of paragraph (a), clause (1), and include a weekly on-site mentoring process.

(d) Consistent with the requirements of this paragraph, a person holding a provisional certificate may apply to the commissioner for one time-limited extension. The commissioner, in consultation with the commission serving deaf and hard-of-hearing people, must grant the person a time-limited extension of the provisional certificate based on the following documentation:

(1) letters of support from the person's mentor, a parent of a pupil the person serves, the special education director of the district in which the person is employed, and a representative from the regional service center of the deaf and hard-of-hearing;

(2) records of the person's formal education, training, experience, and progress on the person's education plan; and

(3) an explanation of why the extension is needed.

As a condition of receiving the extension, the person must comply with a plan and the accompanying time line for meeting the requirements of this subdivision. A committee composed of the director of the Minnesota resource center serving deaf and hard-of-hearing, or the director's designee, a representative of the Minnesota association of deaf citizens, a representative of the Minnesota registry of interpreters of the deaf, and other appropriate persons selected by the commissioner must develop the plan and time line for the person receiving the extension.

(e) A school district may not employ only an interpreter/transliterators who has not been certified under paragraph (a), or (b), or (c) for whom a time-limited extension has been granted under paragraph (d).

Subd. 2. **ORAL OR CUED SPEECH TRANSLITERATORS.** (a) In addition to any other requirements that a school district establishes, any person employed to provide oral transliterating or cued speech transliterating services on a full-time or part-time basis for a school district after July 1, 2000, must hold a current applicable transliterators certificate awarded by the national certifying association or comparable

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state certification from the commissioner of children, families, and learning.

(b) To provide oral or cued speech transliterator services on a full-time or part-time basis, a person employed in a school district must comply with paragraph (a). The commissioner shall grant a nonrenewable, two-year certificate to a school district on behalf of a person who has not yet attained a current applicable transliterator certificate under paragraph (a). A person for whom a nonrenewable, two-year certificate is issued must work under the direction of a licensed teacher who is skilled in language development of individuals who are deaf or hard-of-hearing. A person for whom a nonrenewable, two-year certificate is issued also must enroll in a state-approved training program and demonstrate progress towards the certification required under paragraph (a) sufficient for the person to be certified at the end of the two-year period.

(c) Consistent with the requirements of this paragraph, a person holding a provisional certificate may apply to the commissioner for one time-limited extension. The commissioner, in consultation with the commission serving deaf and hard-of-hearing people, must grant the person a time-limited extension of the provisional certificate based on the following documentation:

(1) letters of support from the person's mentor, a parent of a pupil the person serves, the special education director of the district in which the person is employed, and a representative from the regional service center of the deaf and hard-of-hearing;

(2) records of the person's formal education, training, experience, and progress on the person's education plan; and

(3) an explanation of why the extension is needed.

As a condition of receiving the extension, the person must comply with a plan and the accompanying time line for meeting the requirements of this subdivision. A committee composed of the director of the Minnesota resource center serving deaf and hard-of-hearing, or the director's designee, a representative of the Minnesota association of deaf citizens, a representative of the Minnesota registry of interpreters of the deaf, and other appropriate persons selected by the commissioner must develop the plan and time line for the person receiving the extension.

Subd. 3. **QUALIFIED INTERPRETERS.** The department of children, families, and learning and the resource center: deaf and hard of hearing shall work with existing interpreter/transliterator training programs, other training/educational institutions, and the regional service centers to ensure that ongoing staff development training for educational interpreters/transl iterators is provided throughout the state.

Subd. 4. **REIMBURSEMENT.** (a) For purposes of revenue under section 125A.78, the department of children, families, and learning must only reimburse school districts for the services of those interpreters/transl iterators who satisfy the standards of competency under this section.

(b) Notwithstanding paragraph (a), a district shall be reimbursed for the services of interpreters with a nonrenewable provisional certificate and,

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interpreters/transliterators employed to mentor the provisional certified interpreters, and persons for whom a time-limited extension has been granted under subdivision 1, paragraph (d), or subdivision 2, paragraph (c).

**EFFECTIVE DATE.** This section is effective for the 2001-2002 school year and later.

Sec. 3. Minnesota Statutes 2000, section 122A.61, subdivision 1, is amended to read:

Subdivision 1. **STAFF DEVELOPMENT REVENUE.** A district is required to reserve an amount equal to at least two percent of the basic revenue under section 126C.10, subdivision 2, for in-service education for programs under section 120B.22, subdivision 2, for staff development plans, including plans for challenging instructional activities and experiences under section 122A.60, and for curriculum development and programs, other in-service education, teachers' workshops, teacher conferences, the cost of substitute teachers staff development purposes, preservice and in-service education for special education professionals and paraprofessionals, and other related costs for staff development efforts. A district may annually waive the requirement to reserve their basic revenue under this section if a majority vote of the licensed teachers in the district and a majority vote of the school board agree to a resolution to waive the requirement. A district in statutory operating debt is exempt from reserving basic revenue according to this section. Districts may expend an additional amount of unreserved revenue for staff development based on their needs. With the exception of amounts reserved for staff development from revenues allocated directly to school sites, the board must initially allocate 50 percent of the reserved revenue to each school site in the district on a per teacher basis, which must 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 must be used to make grants to school sites for best practices methods. A grant may be used for any purpose authorized under section 120B.22, subdivision 2, 122A.60, 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 professional development team. The site professional development 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.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 4. Minnesota Statutes 2000, section 124D.65, subdivision 5, is amended to read:

Subd. 5. **SCHOOL DISTRICT LEP REVENUE.** (a) A school district's limited English proficiency programs revenue for fiscal year 2000 equals the state total limited English proficiency programs revenue, minus the amount determined under paragraph

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(b), times the ratio of the district's adjusted limited English proficiency programs base revenue to the state total adjusted limited English proficiency programs base revenue.

(b) Notwithstanding paragraph (a), if the limited English proficiency programs base revenue for a district equals zero, the limited English proficiency programs revenue equals the sum of the following amounts, computed using current year data:

(1) 68 percent of the salary of one full-time equivalent teacher for each 40 pupils of limited English proficiency enrolled, or 68 percent of the salary of one-half of a full-time teacher in a district with 20 or fewer pupils of limited English proficiency enrolled; and

(2) for supplies and equipment purchased or rented for use in the instruction of pupils of limited English proficiency an amount equal to 47 percent of the sum actually spent by the district but not to exceed an average of \$47 in any one school year for each pupil of limited English proficiency receiving instruction.

(c) A district's limited English proficiency programs revenue for fiscal year 2001 and later equals the product of \$584 times the greater of 20 or the number of adjusted marginal cost pupils of limited English proficiency enrolled in the district during the current fiscal year.

(d) A pupil ceases to generate state limited English proficiency aid in the school year following the school year in which the pupil attains the state cut-off score on a commissioner-provided assessment that measures the pupil's emerging academic English.

**EFFECTIVE DATE.** This section is effective July 1, 2002.

Sec. 5. Minnesota Statutes 2000, section 125A.023, subdivision 4, is amended to read:

Subd. 4. **STATE INTERAGENCY COMMITTEE.** (a) The governor shall convene ~~an 18-member~~ a 19-member interagency committee to develop and implement a coordinated, multidisciplinary, interagency intervention service system for children ages three to 21 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, the Minnesota administrators of special education, 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;

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

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(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 21;

(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 21;

(7) develop guidelines to assist the governing boards of the interagency early intervention committees in carrying out the duties assigned in section 125A.027, 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 ongoing 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.

Sec. 6. Minnesota Statutes 2000, section 125A.027, is amended by adding a subdivision to read:

**Subd. 4. RESPONSIBILITIES OF SCHOOL AND COUNTY BOARDS.** (a) It is the joint responsibility of school and county boards to coordinate, provide, and pay for appropriate services, and to facilitate payment for services from public and private sources. Appropriate service for children eligible under section 125A.02 and receiving service from two or more public agencies of which one is the public school must be determined in consultation with parents, physicians, and other education, medical health, and human services providers. The services provided must be in conformity with an Individual Interagency Intervention Plan (IIIP) for each eligible child ages 3 to 21.

(b) Appropriate services include those services listed on a child's IIIP. These services are those that are required to be documented on a plan under federal and state law or rule.

(c) School and county boards shall coordinate interagency services. Service responsibilities for eligible children, ages 3 to 21, shall be established in interagency agreements or joint powers board agreements. In addition, interagency agreements or joint powers board agreements shall be developed to establish agency responsibility that assures that coordinated interagency services are coordinated, provided, and paid for, and that payment is facilitated from public and private sources. School boards must

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provide, pay for, and facilitate payment for special education services as required under sections 125A.05 and 125A.06. County boards must provide, pay for, and facilitate payment for those programs over which they have service and fiscal responsibility as referenced in section 125A.023, subdivision 3, paragraph (d), clause (1).

Sec. 7. Minnesota Statutes 2000, section 125A.08, is amended to read:

**125A.08 SCHOOL DISTRICT OBLIGATIONS.**

(a) As defined in this section, every district must ensure the following:

(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 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 individual education plan team shall consider and may authorize services covered by medical assistance according to section 256B.0625, subdivision 26. The student's needs and the special education instruction and services to be provided must be agreed upon through the development of an individual education plan. The plan must address the student's need to develop skills to live and work as independently as possible within the community. The individual education plan team must consider positive behavioral interventions, strategies, and supports that address behavior for children with attention deficit disorder or attention deficit hyperactivity disorder. By grade 9 or age 14, the plan must 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

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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;

(6) in accordance with recognized professional standards, testing and evaluation materials, and procedures used 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

(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.

(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.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 8. Minnesota Statutes 2000, section 125A.09, subdivision 3, is amended to read:

Subd. 3. **INITIAL ACTION; PARENT CONSENT.** (a) The district must 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 subdivision 6 at the district's initiative.

(b) A parent, after consulting with health care, education, or other professional providers, may agree or disagree to provide the parent's child with sympathomimetic medications unless section 144.344 applies.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

New language is indicated by underline, deletions by strikeout.

Sec. 9. Minnesota Statutes 2000, section 125A.11, subdivision 3, is amended to read:

Subd. 3. **AGREEMENT BETWEEN DISTRICTS TO PROVIDE SPECIAL INSTRUCTION AND SERVICES.** For the purposes of this section, any school district may enter into an agreement, upon mutually agreed upon terms and conditions, to provide special instruction and services for children with a disability. In that event, one of the participating units may employ and contract with necessary qualified personnel to offer services in the several districts. Each participating unit must reimburse the employing unit a proportionate amount of the actual cost of providing the special instruction and services, less the amount of state special education aid, ~~which shall be claimed in full by the employing district.~~

Sec. 10. Minnesota Statutes 2000, section 125A.27, subdivision 15, is amended to read:

Subd. 15. **PART H C STATE PLAN.** "Part H C 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 C, Public Law Number ~~102-119~~ 105-117).

Sec. 11. Minnesota Statutes 2000, section 125A.515, is amended to read:

**125A.515 PLACEMENT OF CHILDREN WITHOUT DISABILITIES; APPROVAL OF EDUCATION PROGRAM.**

The commissioner shall approve education programs in care and treatment facilities for placement of children without disabilities, ~~including detention centers,~~ before being licensed by the department of human services or the department of corrections. For the purposes of this section, care and treatment facilities includes adult facilities that admit children and provide an education program specifically designed for children who are residents of the facility including chemical dependency and other substance abuse programs, shelter care facilities, hospitals, correctional facilities, mental health programs, and detention facilities.

Sec. 12. Minnesota Statutes 2000, section 125A.76, subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** For the purposes of this section, the definitions in this subdivision apply.

(a) "Base year" for fiscal year 1998 and later fiscal years means the second fiscal year preceding the fiscal year for which aid will be paid.

(b) "Basic revenue" has the meaning given it in section 126C.10, subdivision 2. For the purposes of computing basic revenue pursuant to this section, each child with a disability shall be counted as prescribed in section 126C.05, subdivision 1.

(c) "Essential personnel" means teachers, cultural liaisons, related services, and support services staff providing direct services to students. Essential personnel may

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also include special education paraprofessionals or clericals providing support to teachers and students by preparing paperwork and making arrangements related to special education compliance requirements, including parent meetings and individual education plans.

(d) "Average daily membership" has the meaning given it in section 126C.05.

(e) "Program growth factor" means 1.08 for fiscal year 2002, and 1.046 for fiscal year 2003 and later.

Sec. 13. Minnesota Statutes 2000, section 125A.76, 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 fiscal year, ~~not including the share of salaries for personnel providing health-related services counted in clause (8), 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 amount of the basic revenue, as defined in section 126C.10, subdivision 2, special education aid, and any other aid earned on behalf of the child 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, ~~not including the portion of the expenses for supplies and equipment used to provide health-related services counted in clause (8);~~ 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

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(7) for fiscal years 1999 and later, the cost of providing transportation services for children with disabilities under section 123B.92, subdivision 1, paragraph (b), clause (4).

The department shall establish procedures through the uniform financial accounting and reporting system to identify and track all revenues generated from third-party billings as special education revenue at the school district level; include revenue generated from third-party billings as special education revenue in the annual cross-subsidy report; and exclude third-party revenue from calculation of excess cost aid to the districts.

(b) If requested by a school district operating a special education program during the base year for less than the full 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 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 facility's first year of operating on a fee-for-service basis shall be computed using current year data.

Sec. 14. Minnesota Statutes 2000, section 260A.01, is amended to read:

**260A.01 TRUANCY PROGRAMS AND SERVICES.**

(a) The programs in this chapter are designed to provide a continuum of intervention and services to support families and children in keeping children in school and combating truancy and educational neglect. School districts, county attorneys, and law enforcement may establish the programs and coordinate them with other community-based truancy services in order to provide the necessary and most effective intervention for children and their families. This continuum of intervention and services involves progressively intrusive intervention, beginning with strong service-oriented efforts at the school and community level and involving the court's authority only when necessary.

(b) Consistent with section 125A.09, subdivision 3, a parent's refusal to provide the parent's child with sympathomimetic medications does not constitute educational neglect.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 15. Minnesota Statutes 2000, section 260C.163, subdivision 11, is amended to read:

Subd. 11. **PRESUMPTIONS REGARDING TRUANCY OR EDUCATIONAL NEGLECT.** (a) A child's absence from school is presumed to be due to the parent's, guardian's, or custodian's failure to comply with compulsory instruction laws if the child is under 12 years old and the school has made appropriate efforts to resolve

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the child's attendance problems; this presumption may be rebutted based on a showing by clear and convincing evidence that the child is habitually truant. A child's absence from school without lawful excuse, when the child is 12 years old or older, is presumed to be due to the child's intent to be absent from school; this presumption may be rebutted based on a showing by clear and convincing evidence that the child's absence is due to the failure of the child's parent, guardian, or custodian to comply with compulsory instruction laws, sections 120A.22 and 120A.24.

(b) Consistent with section 125A.09, subdivision 3, a parent's refusal to provide the parent's child with sympathomimetic medications does not constitute educational neglect.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 16. Minnesota Statutes 2000, section 626.556, subdivision 2, is amended to read:

Subd. 2. **DEFINITIONS.** As used in this section, the following terms have the meanings given them unless the specific content indicates otherwise:

(a) "Sexual abuse" means the subjection of a child by a person responsible for the child's care, by a person who has a significant relationship to the child, as defined in section 609.341, or by a person in a position of authority, as defined in section 609.341, subdivision 10, to any act which constitutes a violation of section 609.342 (criminal sexual conduct in the first degree), 609.343 (criminal sexual conduct in the second degree), 609.344 (criminal sexual conduct in the third degree), 609.345 (criminal sexual conduct in the fourth degree), or 609.3451 (criminal sexual conduct in the fifth degree). Sexual abuse also includes any act which involves a minor which constitutes a violation of prostitution offenses under sections 609.321 to 609.324 or 617.246. Sexual abuse includes threatened sexual abuse.

(b) "Person responsible for the child's care" means (1) an individual functioning within the family unit and having responsibilities for the care of the child such as a parent, guardian, or other person having similar care responsibilities, or (2) an individual functioning outside the family unit and having responsibilities for the care of the child such as a teacher, school administrator, or other lawful custodian of a child having either full-time or short-term care responsibilities including, but not limited to, day care, babysitting whether paid or unpaid, counseling, teaching, and coaching.

(c) "Neglect" means:

(1) failure by a person responsible for a child's care to supply a child with necessary food, clothing, shelter, health, medical, or other care required for the child's physical or mental health when reasonably able to do so;

(2) failure to protect a child from conditions or actions which imminently and seriously endanger the child's physical or mental health when reasonably able to do so;

(3) failure to provide for necessary supervision or child care arrangements appropriate for a child after considering factors as the child's age, mental ability,

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physical condition, length of absence, or environment, when the child is unable to care for the child's own basic needs or safety, or the basic needs or safety of another child in their care;

(4) failure to ensure that the child is educated as defined in sections 120A.22 and 260C.163, subdivision 11, which does not include a parent's refusal to provide the parent's child with sympathomimetic medications, consistent with section 125A.09, subdivision 3;

(5) nothing in this section shall be construed to mean that a child is neglected solely because the child's parent, guardian, or other person responsible for the child's care in good faith selects and depends upon spiritual means or prayer for treatment or care of disease or remedial care of the child in lieu of medical care; except that a parent, guardian, or caretaker, or a person mandated to report pursuant to subdivision 3, has a duty to report if a lack of medical care may cause serious danger to the child's health. This section does not impose upon persons, not otherwise legally responsible for providing a child with necessary food, clothing, shelter, education, or medical care, a duty to provide that care;

(6) prenatal exposure to a controlled substance, as defined in section 253B.02, subdivision 2, used by the mother for a nonmedical purpose, as evidenced by withdrawal symptoms in the child at birth, results of a toxicology test performed on the mother at delivery or the child at birth, or medical effects or developmental delays during the child's first year of life that medically indicate prenatal exposure to a controlled substance;

(7) "medical neglect" as defined in section 260C.007, subdivision 4, clause (5);

(8) chronic and severe use of alcohol or a controlled substance by a parent or person responsible for the care of the child that adversely affects the child's basic needs and safety; or

(9) emotional harm from a pattern of behavior which contributes to impaired emotional functioning of the child which may be demonstrated by a substantial and observable effect in the child's behavior, emotional response, or cognition that is not within the normal range for the child's age and stage of development, with due regard to the child's culture.

(d) "Physical abuse" means any physical injury, mental injury, or threatened injury, inflicted by a person responsible for the child's care on a child other than by accidental means, or any physical or mental injury that cannot reasonably be explained by the child's history of injuries, or any aversive and deprivation procedures that have not been authorized under section 245.825. Abuse does not include reasonable and moderate physical discipline of a child administered by a parent or legal guardian which does not result in an injury. Actions which are not reasonable and moderate include, but are not limited to, any of the following that are done in anger or without regard to the safety of the child:

(1) throwing, kicking, burning, biting, or cutting a child;

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- (2) striking a child with a closed fist;
  - (3) shaking a child under age three;
  - (4) striking or other actions which result in any nonaccidental injury to a child under 18 months of age;
  - (5) unreasonable interference with a child's breathing;
  - (6) threatening a child with a weapon, as defined in section 609.02, subdivision 6;
  - (7) striking a child under age one on the face or head;
  - (8) purposely giving a child poison, alcohol, or dangerous, harmful, or controlled substances which were not prescribed for the child by a practitioner, in order to control or punish the child; or other substances that substantially affect the child's behavior, motor coordination, or judgment or that results in sickness or internal injury, or subjects the child to medical procedures that would be unnecessary if the child were not exposed to the substances; or
  - (9) unreasonable physical confinement or restraint not permitted under section 609.379, including but not limited to tying, caging, or chaining.
- (e) "Report" means any report received by the local welfare agency, police department, or county sheriff pursuant to this section.
- (f) "Facility" means a licensed or unlicensed day care facility, residential facility, agency, hospital, sanitarium, or other facility or institution required to be licensed under sections 144.50 to 144.58, 241.021, or 245A.01 to 245A.16, or chapter 245B; or a school as defined in sections 120A.05, subdivisions 9, 11, and 13; and 124D.10; or a nonlicensed personal care provider organization as defined in sections 256B.04, subdivision 16, and 256B.0625, subdivision 19a.
- (g) "Operator" means an operator or agency as defined in section 245A.02.
- (h) "Commissioner" means the commissioner of human services.
- (i) "Assessment" includes authority to interview the child, the person or persons responsible for the child's care, the alleged perpetrator, and any other person with knowledge of the abuse or neglect for the purpose of gathering the facts; assessing the risk to the child, and formulating a plan.
- (j) "Practice of social services," for the purposes of subdivision 3, includes but is not limited to employee assistance counseling and the provision of guardian ad litem and parenting time expeditor services.
- (k) "Mental injury" means an injury to the psychological capacity or emotional stability of a child as evidenced by an observable or substantial impairment in the child's ability to function within a normal range of performance and behavior with due regard to the child's culture.

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(l) "Threatened injury" means a statement, overt act, condition, or status that represents a substantial risk of physical or sexual abuse or mental injury.

(m) Persons who conduct assessments or investigations under this section shall take into account accepted child-rearing practices of the culture in which a child participates, which are not injurious to the child's health, welfare, and safety.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 17. Laws 2000, chapter 489, article 3, section 24, is amended to read:

Sec. 24. **SPECIAL EDUCATION CROSS-SUBSIDY REVENUE.**

(a) For fiscal year 2000, a school district shall receive an amount of revenue equal to \$8.15 times the district's adjusted marginal cost pupil units.

(b) For fiscal year 2001, a school district shall receive an amount of revenue equal to \$19 times the district's adjusted marginal cost pupil units. Special education cross-subsidy revenue must be used to pay for a district's unfunded special education costs that are currently cross-subsidized by a district's general education revenue.

(c) The fiscal year 2001 revenue is paid entirely in fiscal year 2001 based on estimated data. By January 31, 2002, the department of children, families, and learning shall recalculate the revenue for each district using actual data, and shall adjust the general education aid paid to school districts for fiscal year 2002 by the amount of the difference between the estimated revenue and the actual revenue.

Sec. 18. **IDENTIFY REVENUE OPTIONS FOR COORDINATION OF SERVICES.**

By July 1, 2002, the commissioner of children, families, and learning shall, in conjunction with the commissioner of human services, develop a plan to identify possible revenue options from medical assistance funds, including targeted case management, and other appropriate federal funds and develop a recommended procedure for use at the local level for the purpose of coordination of services needed to implement the individual interagency intervention plan required in Minnesota Statutes, section 125A.023, subdivision 4, paragraph (b), clause (4).

Sec. 19. **STATE BILLING PROCESS.**

The commissioner of children, families, and learning, in consultation with the commissioner of human services, shall develop and recommend a billing process consistent with Minnesota Statutes, sections 125A.21 and 125A.744, for school districts to use to optimize processing third-party bills, including medical assistance. The commissioner of children, families, and learning shall report to the legislature by February 1, 2002, on recommendations for a billing system.

Sec. 20. **BOARD OF TEACHING.**

The board of teaching must review and report to the education committees of the 2002 legislature on rules that would require board-approved teacher preparation

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programs to include in their teacher preparation programs information on special education laws, teaching strategies, and positive behavior interventions.

**Sec. 21. 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. SPECIAL EDUCATION AID. For special education aid according to Minnesota Statutes, section 125A.75:

<u>\$507,448,000</u>	<u>.....</u>	<u>2002</u>
<u>\$531,481,000</u>	<u>.....</u>	<u>2003</u>

The 2002 appropriation includes \$47,400,000 for 2001 and \$460,048,000 for 2002.

The 2003 appropriation includes \$51,116,000 for 2002 and \$480,365,000 for 2003.

Subd. 3. AID FOR CHILDREN WITH A DISABILITY. For aid according to Minnesota Statutes, section 125A.75, subdivision 3, for children with a disability placed in residential facilities within the district boundaries for whom no district of residence can be determined:

<u>\$1,877,000</u>	<u>.....</u>	<u>2002</u>
<u>\$2,033,000</u>	<u>.....</u>	<u>2003</u>

If the appropriation for either year is insufficient, the appropriation for the other year is available.

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

Subd. 4. TRAVEL FOR HOME-BASED SERVICES. For aid for teacher travel for home-based services according to Minnesota Statutes, section 125A.75, subdivision 1:

<u>\$135,000</u>	<u>.....</u>	<u>2002</u>
<u>\$138,000</u>	<u>.....</u>	<u>2003</u>

The 2002 appropriation includes \$13,000 for 2001 and \$122,000 for 2002.

The 2003 appropriation includes \$13,000 for 2002 and \$125,000 for 2003.

Subd. 5. SPECIAL EDUCATION EXCESS COST AID. For excess cost aid:

<u>\$102,665,000</u>	<u>.....</u>	<u>2002</u>
<u>\$104,773,000</u>	<u>.....</u>	<u>2003</u>

The 2002 appropriation includes \$9,889,000 for 2001 and \$92,776,000 for 2002.

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The 2003 appropriation includes \$10,308,000 for 2002 and \$94,465,000 for 2003.

Subd. 6. LITIGATION COSTS. For paying the costs a district incurs under Minnesota Statutes, section 125A.75, subdivision 8:

\$375,000            .....            2003

Subd. 7. TRANSITION PROGRAMS; STUDENTS WITH DISABILITIES. For aid for transition programs for pupils with disabilities according to Minnesota Statutes, section 124D.454:

\$8,954,000            .....            2002  
\$8,939,000            .....            2003

The 2002 appropriation includes \$896,000 for 2001 and \$8,058,000 for 2002.

The 2003 appropriation includes \$895,000 for 2002 and \$8,044,000 for 2003.

Subd. 8. 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 125A.79, subdivision 4:

\$350,000            .....            2003

Subd. 9. OUT-OF-STATE TUITION SPECIAL EDUCATION. For special education out-of-state tuition according to Minnesota Statutes, section 125A.79, subdivision 8:

\$250,000            .....            2003

Subd. 10. USE OF SYMPATHOMIMETIC MEDICATIONS; STUDY. For the purpose of contracting with a qualified expert to determine and report, consistent with Minnesota Statutes, chapter 13, the number and overall incidence rate of Minnesota children ages three to 18, by age, grade level, gender, and race, diagnosed with attention deficit disorder (ADD) or attention deficit hyperactivity disorder (ADHD) currently taking sympathomimetic medications such as Ritalin:

\$50,000            .....            2002

In preparing the report, the contractor also must determine the number and overall incidence rate of children not identified with ADD or ADHD currently taking sympathomimetic medications such as Ritalin. The contractor is encouraged to examine the number of children who take sympathomimetic medications at home and not at school, the previous interventions tried with children taking sympathomimetic medications, the types of practitioners who prescribe the sympathomimetic medications, and what pressures families have experienced in terms of providing their children with sympathomimetic medications. The commissioner must submit the

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report to the education committees of the legislature by February 15, 2002.

**Subd. 11. WEB-BASED, INDIVIDUAL INTERAGENCY INTERVENTION PLAN.** For ongoing development, administration, and interagency training costs associated with a statewide, Web-based application for the individual interagency intervention plan required in Minnesota Statutes, section 125A.023:

<u>\$250,000</u>	<u>.....</u>	<u>2002</u>
<u>\$250,000</u>	<u>.....</u>	<u>2003</u>

**Subd. 12. HIV/STI EDUCATION.** For regional training sites for HIV/STI education in schools established under Laws 1997, First Special Session chapter 4, article 6, section 18:

<u>\$350,000</u>	<u>.....</u>	<u>2002</u>
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Of this amount, \$300,000 must be used for continued development of the existing sites and \$50,000 for department of children, families, and learning technical assistance and contract management services. This appropriation is available until June 30, 2003.

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## ARTICLE 4

### FACILITIES AND TECHNOLOGY

Section 1. Minnesota Statutes 2000, section 16B.616, subdivision 4, is amended to read:

Subd. 4. **ENFORCEMENT.** (a) A statutory or home rule charter city that is not covered by the code because of action taken under section 16B.72 or 16B.73 is responsible for enforcement in the city of the code's requirements for bleacher safety. In all other areas where the code does not apply because of action taken under section 16B.72 or 16B.73, the county is responsible for enforcement of those requirements.

(b) Municipalities that have not adopted the code may enforce the code requirements for bleacher safety by either entering into a joint powers agreement for enforcement with another municipality that has adopted the code or contracting for enforcement with a qualified and certified building official or state licensed design professional to enforce the code.

(c) Municipalities, school districts, organizations, individuals, and other persons operating or owning places of public accommodation with bleachers that are subject to the safety requirements in subdivision 3 shall provide a signed certification of compliance to the commissioner by January 1, 2002. For bleachers subject to the exception in subdivision 3, clause (1), entities covered by this paragraph must have on file a bleacher safety management plan and amortization schedule. The certification

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shall be prepared by a qualified and certified building official or state licensed design professional and shall certify that the bleachers have been inspected and are in compliance with the requirements of this section and are structurally sound. For bleachers owned by a school district or nonpublic school, the person the district or nonpublic school designates to be responsible for buildings and grounds may make the certification.

Sec. 2. Minnesota Statutes 2000, section 123B.54, is amended to read:

**123B.54 DEBT SERVICE APPROPRIATION.**

(a) \$33,141,000 in fiscal year 2000, \$29,400,000 in fiscal year 2001, \$26,934,000 in fiscal year 2002, and \$24,540,000 in fiscal year 2003 and each year thereafter is \$25,989,000 in fiscal year 2002, \$35,163,000 in fiscal year 2003, \$31,787,000 in fiscal year 2004, and \$26,453,000 in fiscal years 2005 and later are appropriated from the general fund to the commissioner of children, families, and learning for payment of debt service equalization aid under section 123B.53.

(b) The appropriations in paragraph (a) must be reduced by the amount of any money specifically appropriated for the same purpose in any year from any state fund.

Sec. 3. Minnesota Statutes 2000, section 123B.57, subdivision 3, is amended to read:

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

(1) the sum of (a) the total approved cost of the district's hazardous substance plan for fiscal years 1985 through 1989, plus (b) the total approved cost of the district's health and safety program for fiscal year 1990 through the fiscal year to which the levy is attributable, excluding expenditures funded with bonds issued under section 123B.59 or 123B.62, or chapter 475; certificates of indebtedness or capital notes under section 123B.61; levies under section 123B.58, 123B.59, 123B.63, or 126C.40, subdivision 1 or 6; and other federal, state, or local revenues, minus

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

Sec. 4. Minnesota Statutes 2000, section 123B.57, subdivision 6, is amended to read:

Subd. 6. **USES OF HEALTH AND SAFETY REVENUE.** Health and safety revenue may be used only for approved expenditures necessary to correct fire safety hazards, life safety hazards, or for the removal or encapsulation of asbestos from school buildings or property owned or being acquired by the district, asbestos-related repairs, cleanup and disposal of polychlorinated biphenyls found in school buildings or

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property owned or being acquired by the district, or the cleanup, removal, disposal, and repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296A.01, labor and industry regulated facility and equipment hazards, and health, safety, and environmental management. Health and safety revenue must not be used to finance a lease purchase agreement, installment purchase agreement, or other deferred payments agreement. Health and safety revenue must not be used for the construction of new facilities or the purchase of portable classrooms, for interest or other financing expenses, or for energy efficiency projects under section 123B.65. The revenue may not be used for a building or property or part of a building or property used for post-secondary instruction or administration or for a purpose unrelated to elementary and secondary education.

Sec. 5. Minnesota Statutes 2000, section 123B.57, 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) The department 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. The department shall not exclude private contractors from the opportunity to provide any health and safety services to school districts.

(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. 6. Minnesota Statutes 2000, section 123B.59, subdivision 1, is amended to read:

Subdivision 1. **TO QUALIFY.** An independent or special school district qualifies to participate in the alternative facilities bonding and levy program if the district has:

(1) more than 66 students per grade;

(2) over 1,850,000 square feet of space;

(3) and the average age of building space is 15 years or older or over 1,500,000 square feet and the average age of building space is 35 years or older;

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(4) (3) insufficient funds from projected health and safety revenue and capital facilities revenue to meet the requirements for deferred maintenance, to make accessibility improvements, or to make fire, safety, or health repairs; and

(5) (4) a ten-year facility plan approved by the commissioner according to subdivision 2.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2004 and later.

Sec. 7. Minnesota Statutes 2000, section 123B.71, subdivision 1, is amended to read:

Subdivision 1. **CONSULTATION.** A school district shall consult with the commissioner of children, families, and learning before developing any plans and specifications to construct, remodel, or improve the building or site of an educational facility for which the estimated cost exceeds ~~\$100,000~~ \$250,000. This consultation shall occur before a referendum for bonds, solicitation for bids, or use of capital expenditure facilities revenue according to section 126C.10, subdivision 14, clause (2). The commissioner may require the district to participate in a management assistance plan before conducting a review and comment on the project.

Sec. 8. Minnesota Statutes 2000, section 123B.71, subdivision 4, is amended to read:

Subd. 4. **PLAN SUBMITTAL.** For a project for which consultation is required under subdivision 1, the commissioner, after the consultation required in subdivision 1, may require a school district to submit the following preliminary and final plans for approval:

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

(b) ~~one set of final plans for each construction, remodeling, or site improvement project.~~ The commissioner shall approve or disapprove the plans within 90 days after submission.

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

Sec. 9. Minnesota Statutes 2000, section 123B.71, subdivision 8, is amended to read:

Subd. 8. **REVIEW AND COMMENT.** A school district, a special education cooperative, or a cooperative unit of government, as defined in section 123A.24, subdivision 2, 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 \$500,000 per school site prior to review and comment by the

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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. 10. Minnesota Statutes 2000, section 123B.71, subdivision 9, is amended to read:

Subd. 9. **INFORMATION REQUIRED.** A school board proposing to construct a facility described in subdivision 8 shall submit to the commissioner a proposal containing information including at least the following:

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

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

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

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

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

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

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

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

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

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

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

(l) ~~the level of collaboration at the facility between the district and other governmental or nonprofit entities; and~~

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~~(m) the extent to which the district has minimized administrative overhead among facilities;~~

(1) the geographic area and population to be served, preschool through grade 12 student enrollments for the past five years, and student enrollment projections for the next five years;

(2) a list of existing facilities by year constructed, their uses, and an assessment of the extent to which alternate facilities are available within the school district boundaries and in adjacent school districts;

(3) a list of the specific deficiencies of the facility that demonstrate the need for a new or renovated facility to be provided, and a list of the specific benefits that the new or renovated facility will provide to the students, teachers, and community users served by the facility;

(4) the relationship of the project to any priorities established by the school district, educational cooperatives that provide support services, or other public bodies in the service area;

(5) a specification of how the project will increase community use of the facility and whether and how the project will increase collaboration with other governmental or nonprofit entities;

(6) a description of the project, including the specification of site and outdoor space acreage and square footage allocations for classrooms, laboratories, and support spaces; estimated expenditures for the major portions of the project; and the dates the project will begin and be completed;

(7) a specification of the source of financing the project; the scheduled date for a bond issue or school board action; a schedule of payments, including debt service equalization aid; and the effect of a bond issue on local property taxes by the property class and valuation;

(8) an analysis of how the proposed new or remodeled facility will affect school district operational or administrative staffing costs, and how the district's operating budget will cover any increased operational or administrative staffing costs;

(9) a description of the consultation with local or state road and transportation officials on school site access and safety issues, and the ways that the project will address those issues;

(10) a description of how indoor air quality issues have been considered and a certification that the architects and engineers designing the facility will have professional liability insurance;

(11) as required under section 123B.72, for buildings coming into service after July 1, 2002, a certification that the plans and designs for the extensively renovated or new facility's heating, ventilation, and air conditioning systems will meet or exceed code standards; will provide for the monitoring of outdoor airflow and total airflow of

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ventilation systems; and will provide an indoor air quality filtration system that meets ASHRAE standard 52.1;

(12) a specification of any desegregation requirements that cannot be met by any other reasonable means; and

(13) a specification, if applicable, of how the facility will utilize environmentally sustainable school facility design concepts.

Sec. 11. Minnesota Statutes 2000, section 125B.21, is amended to read:

**125B.21 MINNESOTA EDUCATION TELECOMMUNICATIONS COUNCIL.**

Subdivision 1. **STATE COUNCIL MEMBERSHIP.** The membership of the Minnesota education telecommunications council established in Laws 1993, First Special Session chapter 2, is expanded to include representatives of elementary and secondary education. The membership shall consist of three representatives from the University of Minnesota; three representatives of the board of trustees for Minnesota state colleges and universities; one representative of the higher education services offices; one representative appointed by the private college council; one representative selected by the commissioner of administration; eight representatives selected by the commissioner of children, families, and learning, at least one of which must come from each of the six higher education telecommunication regions; a representative from the office of technology; two members each from the senate and the house of representatives selected by the subcommittee on committees of the committee on rules and administration of the senate and the speaker of the house, one member from each body must be a member of the minority party; and three representatives of libraries, one representing regional public libraries, one representing multitype libraries, and one representing community libraries, selected by the governor; and two members, one selected from and representing the higher education regional coordinators and one selected from and representing the kindergarten through grade 12 cluster regions. The council shall serve as a forum to establish and advocate for a statewide vision and plans for the use of distance learning technologies, including:

(1) develop a statewide vision and plans for the use of distance learning technologies and provide leadership in implementing the use of such technologies the coordination and collaboration of distance learning opportunities;

(2) recommend educational policy relating to telecommunications the implementation of the use of distance learning technologies;

(3) determine priorities for use the collaboration of distance learning users;

(4) oversee coordination of networks for post-secondary campuses, kindergarten through grade 12 education, and regional and community libraries the implementation of educational policy relating to telecommunications;

(5) review application for telecommunications access grants under Minnesota Statutes, section 125B.20, and recommend to the department grants for funding the exchange of ideas;

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(6) determine priorities for grant funding proposals the communications with state government and related agencies and entities; and

(7) work with the information policy office to ensure consistency of the operation of the learning network with standards of an open system architecture the coordination of networks for post-secondary campuses, kindergarten through grade 12 education, and regional and community libraries; and

(8) the promotion of consistency of the operation of the learning network with standards of an open system architecture.

The council shall consult with representatives of the telecommunication industry in implementing this section.

Subd. 2. **DISTRICT COUNCIL MEMBERSHIP.** District organizations that coordinate applications for telecommunication access grants are encouraged to become members of the regional higher education telecommunication council in their area.

Subd. 3. **CRITERIA.** In addition to responsibilities of the council under Laws 1993, First Special Session chapter 2, as amended, the telecommunications council shall evaluate grant applications under section 125B.20 and applications from district organizations using the following criteria:

(1) evidence of cooperative arrangements with other post-secondary institutions, school districts, and community and regional libraries in the geographic region;

(2) plans for shared classes and programs;

(3) avoidance of network duplication;

(4) evidence of efficiencies to be achieved in delivery of instruction due to use of telecommunications;

(5) a plan for development of a list of all courses available in the region for delivery at a distance;

(6) a plan for coordinating and scheduling courses; and

(7) a plan for evaluation of costs, access, and outcomes.

Sec. 12. Minnesota Statutes 2000, section 125B.25, subdivision 1, is amended to read:

Subdivision 1. **COSTS TO BE SUBMITTED.** A district shall submit its outstanding ongoing or recurring telecommunications access costs associated with data lines and video links connections to the department of children, families, and learning. Costs of telecommunications hardware or equipment must not be included in the costs submitted by districts to the department. A district may include installation charges associated with new lines or upgraded lines, but may not include costs of hardware or equipment.

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Sec. 13. Minnesota Statutes 2000, section 125B.25, subdivision 2, is amended to read:

Subd. 2. **GUARANTEED MINIMUM ACCESS.** (a) The ongoing or recurring telecommunications access costs submitted to the department by each district under this section are limited to the operation costs equal to the greater of:

(1) one data ~~line~~ or video ~~link~~ connection that relies on a transport medium that operates at a minimum speed of 1.544 megabytes per second for each elementary school, middle school, or high school under section 120A.05, subdivisions 9, 11, and 13; or

(2) one data ~~line~~ or video ~~link~~ connection that relies on a transport medium that operates at a minimum speed of 1.544 megabytes per second for each district.

(b) A district may include costs associated with cooperative arrangements with other post-secondary institutions, school districts, and community and regional libraries in its geographic region. A district may continue to purchase its ongoing or recurring telecommunications access services through existing contracts.

Sec. 14. Minnesota Statutes 2000, section 125B.25, subdivision 6, is amended to read:

Subd. 6. **REVENUE FOR CHARTER SCHOOLS.** (a) Each charter school shall receive revenue equal to the greater of:

(1) the per marginal cost pupil unit amount for the district in which the charter school is located as determined by the commissioner according to subdivision 4; or

(2) \$5;

times the adjusted marginal cost pupil units for that year, times 65 percent.

(b) A charter school's revenue under this subdivision must be used to pay for ongoing or recurring telecommunication access costs, including access to data ~~lines~~, and video ~~lines~~ connections, ~~or including~~ Internet access.

Sec. 15. Minnesota Statutes 2000, section 126C.40, 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 purposes or for school storage or furniture repair, and it determines that the operating capital revenue authorized under section 126C.10, subdivision 13, 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.

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(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) Notwithstanding paragraph (b), a district may levy under this subdivision for the purpose of leasing or renting a district-owned building or site to itself only if the amount is needed by the district to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payments agreement authorized by law, and the levy meets the requirements of paragraph (c). A levy authorized for a district by the commissioner under this paragraph may be in the amount needed by the district to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payments agreement authorized by law, provided that any agreement include a provision giving the school districts the right to terminate the agreement annually without penalty.

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

(f) 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.

(g) The commissioner of children, families, and learning may authorize a school district to exceed the limit in paragraph (e) if the school district petitions the commissioner for approval. The commissioner shall grant approval to a school district to exceed the limit in paragraph (e) for not more than five years if the district meets the following criteria:

- (1) the school district has been experiencing pupil enrollment growth in the preceding five years;
  - (2) the purpose of the increased levy is in the long-term public interest;
  - (3) the purpose of the increased levy promotes colocation of government services;
- and

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(4) the purpose of the increased levy is in the long-term interest of the district by avoiding over construction of school facilities.

(h) A school district that is a member of an intermediate school district may include in its authority under this section the costs associated with leases of administrative and classroom space for intermediate school district programs. This authority must not exceed \$25 times the adjusted marginal cost pupil units of the member districts. This authority is in addition to any other authority authorized under this section.

Sec. 16. Minnesota Statutes 2000, section 126C.63, subdivision 8, is amended to read:

Subd. 8. **MAXIMUM EFFORT DEBT SERVICE LEVY.** "Maximum effort debt service levy" means the lesser of:

(1) a levy in whichever of the following amounts is applicable:

(a) in any district receiving a debt service loan for a debt service levy payable in 2002 and thereafter, or granted a capital loan after January 1, 2001, a levy in total dollar amount computed at a rate of 30 percent of adjusted net tax capacity for taxes payable in 2002 and thereafter;

(b) in any district receiving a debt service loan for a debt service levy payable in 1991 and thereafter, or granted a capital loan after January 1, 1990, a levy in a total dollar amount computed at a rate of 24 percent of adjusted net tax capacity for taxes payable in 1991 and thereafter;

~~(b)~~ (c) in any district granted a debt service loan after July 31, 1981, or granted a capital loan which is approved after July 31, 1981, a levy in a total dollar amount computed as a tax rate of 21.92 percent on the adjusted net tax capacity for taxes payable in 1991 and thereafter; or

(2) a levy in any district for which a capital loan was approved prior to August 1, 1981, a levy in a total dollar amount equal to the sum of the amount of the required debt service levy and an amount which when levied annually will in the opinion of the commissioner be sufficient to retire the remaining interest and principal on any outstanding loans from the state within 30 years of the original date when the capital loan was granted.

The board in any district affected by the provisions of clause (2) may elect instead to determine the amount of its levy according to the provisions of clause (1). If a district's capital loan is not paid within 30 years because it elects to determine the amount of its levy according to the provisions of clause (2), the liability of the district for the amount of the difference between the amount it levied under clause (2) and the amount it would have levied under clause (1), and for interest on the amount of that difference, must not be satisfied and discharged pursuant to Minnesota Statutes 1988, or an earlier edition of Minnesota Statutes if applicable, section 124.43, subdivision 4.

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Sec. 17. Minnesota Statutes 2000, section 126C.69, subdivision 2, is amended to read:

Subd. 2. **CAPITAL LOANS ELIGIBILITY.** Beginning July 1, 1999, a district is not eligible for a capital loan unless the district's estimated net debt tax rate as computed by the commissioner after debt service equalization aid would be more than 24 30 percent of adjusted net tax capacity. The estimate must assume a 20-year maturity schedule for new debt.

Sec. 18. Minnesota Statutes 2000, section 126C.69, subdivision 9, is amended to read:

Subd. 9. **LOAN AMOUNT LIMITS.** (a) A loan must not be recommended for approval for a district exceeding an amount computed as follows:

(1) the amount requested by the district under subdivision 6;

(2) plus the aggregate principal amount of general obligation bonds of the district outstanding on June 30 of the year following the year the application was received, not exceeding the limitation on net debt of the district in section 475.53, subdivision 4, or ~~363~~ 450 percent of its adjusted net tax capacity as most recently determined, whichever is less;

(3) less the maximum net debt permissible for the district on December 1 of the year the application is received, under the limitation in section 475.53, subdivision 4, or ~~363~~ 450 percent of its adjusted net tax capacity as most recently determined, whichever is less;

(4) less any amount by which the amount voted exceeds the total cost of the facilities for which the loan is granted.

(b) The loan may be approved in an amount computed as provided in paragraph (a), clauses (1) to (3), subject to later reduction according to paragraph (a), clause (4).

Sec. 19. Laws 2000, chapter 489, article 5, section 21, is amended to read:

Sec. 21. **ONE-TIME DEFERRED MAINTENANCE AID.**

(a) For fiscal year 2001 only, a district's one-time deferred maintenance aid is equal to:

(1) \$10 times the adjusted marginal cost pupil units for the school year; plus

(2) \$21.90 times the adjusted marginal cost pupil units for the school year for a district that does not qualify for alternative facilities bonding under Minnesota Statutes, section 123B.59, or under Laws 1999, chapter 241, article 4, section 25.

(b) Aid received under this section must be used for deferred maintenance, to make accessibility improvements, or to make fire, safety, or health repairs.

(c) This aid is paid entirely in fiscal year 2001 based on estimated data. By January 31, 2002, the department of children, families, and learning shall recalculate

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the aid for each district using actual data, and shall adjust the general education aid paid to school districts for fiscal year 2002 by the amount of the difference between the estimated aid and the actual aid.

Sec. 20. Laws 2000, chapter 489, article 7, section 15, subdivision 3, is amended to read:

Subd. 3. **COOPERATIVE SECONDARY FACILITY FACILITIES NEEDS; PLANNING AND EXPENSES.** For a grant and administrative expenses to facilitate for facilities and curricular planning for a cooperative secondary facility under a joint powers agreement for school district districts Nos. 411, Balaton, 402, Hendricks, 403, Ivanhoe, 404, Lake Benton, 418, Russell, 584, Ruthton, and 409, Tyler:

\$100,000           .....           ~~2001~~ 2002

This is a one-time appropriation. This appropriation is available until June 30, 2003.

Sec. 21. **INTERMEDIATE SCHOOL DISTRICTS; BONDING AUTHORITY WITHOUT VOTER APPROVAL.**

Subdivision 1. **INTERMEDIATE SCHOOL DISTRICT NO. 916.** Notwithstanding Minnesota Statutes, chapter 136D, the school board of intermediate school district No. 916 may sell and issue up to \$2,000,000 in bonds for acquisition and betterment purposes upon adoption of a resolution by the board authorizing the bonds.

The bonds shall be general obligations of the intermediate school district; however, each member school district must each year certify its proportionate share of the debt service levy on the bonds, with the allocation of its share of that levy determined in accordance with the resolution authorizing the project previously adopted by each member school board. For purposes of section 123B.53, the debt service levies certified for this purpose by an individual member school district shall be considered debt service levies of that school district. By July 1 and December 1 of each year, the school board of each member school district shall transfer to the intermediate school district an amount equal to 50 percent of the debt service levy certified by that member school district in the previous fiscal year to pay its proportionate share.

Subd. 2. **INTERMEDIATE SCHOOL DISTRICT NO. 917.** Notwithstanding Minnesota Statutes, chapter 136D, the school board of intermediate school district No. 917 may sell and issue up to \$5,000,000 in bonds for acquisition and betterment purposes upon adoption of a resolution by the board authorizing the bonds.

The bonds shall be general obligations of the intermediate school district; however, each member school district must each year certify its proportionate share of the debt service levy on the bonds, with the allocation of its share of that levy determined in accordance with the resolution authorizing the project previously adopted by each member school board. For purposes of section 123B.53, the debt

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service levies certified for this purpose by an individual member school district shall be considered debt service levies of that school district. By July 1 and December 1 of each year, the school board of each member school district shall transfer to the intermediate school district an amount equal to 50 percent of the debt service levy certified by that member school district in the previous fiscal year to pay its proportionate share.

**Sec. 22. ENVIRONMENTALLY SUSTAINABLE SCHOOL FACILITIES.**

The department of administration must provide information to a school district interested in providing environmentally sustainable facilities.

**Sec. 23. 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 the board of directors issue general obligation bonds in one or more series in calendar years 2003 to 2008, 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 123B, or other law. The amount of bonding authority authorized under this section must be disregarded in calculating the bonding limit of Minnesota Statutes, chapter 123B, or any other law other than Minnesota Statutes, section 475.53, subdivision 4.

**Sec. 24. TAX LEVY FOR DEBT SERVICE.**

To pay the principal of and interest on bonds issued under section 11, 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 123B, 124D, or 126C, or other law.

**Sec. 25. INTERACTIVE WEB-BASED AND INDEPENDENT STUDY PROGRAMS.**

Subdivision 1. PUPIL REVENUE. (a) General education revenue for an eligible pupil in an approved interactive Web-based program offered by a school district or a charter school, or an approved alternative program that has an independent study component offered by a charter school, under the supervision of a teacher with a Minnesota license, must be paid for each hour of completed coursework needed for grade progression, credit, or alignment with state graduation standards. For purposes of this section, an eligible pupil is a public school pupil concurrently enrolled in the district or charter school or concurrently enrolled in another district or charter school and participating in the program by agreement with the district or charter school of enrollment. The course of study must be approved by the commissioner of children,

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families, and learning for alignment with the state graduation standards and compliance with Minnesota Statutes, chapter 125A. An alternative program that has an independent study component must also meet the requirements of Minnesota Statutes, section 126C.05, subdivision 15, paragraph (b), clauses (i) and (iv). Average daily membership for a pupil shall equal the number of hours of coursework completed divided by the number of hours required for a full-time student in the district or charter school. Pupils enrolled in the program must not be counted as more than 1.0 pupil in average daily membership. A school district or charter school is not required to provide a pupil enrolled in the program with access to a computer or to the Internet.

(b) Notwithstanding paragraph (a), pupils enrolled in a Web-based public alternative program approved by the commissioner before June 1, 2001, are not required to be concurrently enrolled in the district and may be counted as more than 1.0 pupil in average daily membership under Minnesota Statutes, section 126C.05, subdivision 15.

(c) Notwithstanding paragraph (a), pupils enrolled in a charter school with a Web-based program, approved by the commissioner before June 1, 2001, are not required to be concurrently enrolled in the charter school.

(d) Notwithstanding paragraph (a), pupils enrolled in a charter school with an alternative program that has an independent study component, approved by the commissioner for fiscal year 2001, may be counted as more than 1.0 pupil in average daily membership under Minnesota Statutes, section 126C.05, subdivision 15, paragraph (b), clause (iii).

Subd. 2. REIMBURSEMENT. Notwithstanding Minnesota Statutes, section 126C.19, subdivision 4, for fiscal year 2002 only, the commissioner shall establish a process for providing additional revenue to school districts or charter schools for:

(1) an eligible pupil in an approved interactive Web-based program under subdivision 1, paragraph (a), that may be counted as more than 1.0 pupil in average daily membership; or

(2) a nonpublic pupil in an approved interactive Web-based program in a public school under subdivision 1, paragraph (a).

The commissioner may award additional general education revenue to school districts and charter schools up to the amount appropriated for this section. The amount of additional revenue awarded to a school district under this section shall be based on additional pupils in average daily membership that are generated according to this subdivision with the prior approval from the commissioner. The commissioner shall establish a process to prioritize the awards under this subdivision based on the estimated number of students the school district or charter school expects to serve under this section.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2002 only.

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

**Sec. 26. BUILDING REMODELING.**

If the commissioner of human services uses a portion of its appropriation for repairs and betterments to remodel building 6 at the Brainerd regional human services center to make the structure suitable for school programs, the Brainerd school district may levy an amount equal to district appropriations for taxes payable in 2002 and to reimburse the commissioner for these remodeling costs.

**Sec. 27. 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. HEALTH AND SAFETY AID. For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

<u>\$14,980,000</u>	<u>.....</u>	<u>2002</u>
<u>\$14,550,000</u>	<u>.....</u>	<u>2003</u>

The 2002 appropriation includes \$1,480,000 for 2001 and \$13,500,000 for 2002.

The 2003 appropriation includes \$1,500,000 for 2002 and \$13,050,000 for 2003.

Subd. 3. DEBT SERVICE AID. For debt service aid according to Minnesota Statutes, section 123B.53, subdivision 6:

<u>\$25,989,000</u>	<u>.....</u>	<u>2002</u>
<u>\$35,523,000</u>	<u>.....</u>	<u>2003</u>

The 2002 appropriation includes \$2,890,000 for 2001 and \$23,099,000 for 2002.

The 2003 appropriation includes \$2,567,000 for 2002 and \$32,956,000 for 2003.

Subd. 4. INTERACTIVE TELEVISION (ITV) AID. For interactive television (ITV) aid under Minnesota Statutes, section 126C.40, subdivision 4:

<u>\$1,418,000</u>	<u>.....</u>	<u>2002</u>
<u>\$ 129,000</u>	<u>.....</u>	<u>2003</u>

The 2002 appropriation includes \$260,000 for 2001 and \$1,158,000 for 2002.

The 2003 appropriation includes \$129,000 for 2002 and \$0 for 2003.

Subd. 5. ALTERNATIVE FACILITIES BONDING AID. For alternative facilities bonding aid, according to Minnesota Statutes, section 123B.59, subdivision 1:

<u>\$19,279,000</u>	<u>.....</u>	<u>2002</u>
<u>\$19,287,000</u>	<u>.....</u>	<u>2003</u>

The 2002 appropriation includes \$1,921,000 for 2001 and \$17,358,000 for 2002.

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The 2003 appropriation includes \$1,929,000 for 2002 and \$17,358,000 for 2003.

Subd. 6. TELECOMMUNICATION ACCESS COST REVENUE. For telecommunication access cost revenue under Minnesota Statutes, section 125B.25:

<u>\$15,387,000</u>	<u>.....</u>	<u>2002</u>
<u>\$ 1,565,000</u>	<u>.....</u>	<u>2003</u>

The 2002 appropriation includes \$1,300,000 for 2001 and \$14,087,000 for 2002.

The 2003 appropriation includes \$1,565,000 for 2002 and \$0 for 2003.

If the appropriation amount is insufficient, the commissioner shall reduce the reimbursement rate in Minnesota Statutes, section 125B.25, subdivisions 5 and 6, and the revenue for the 2001-2002 school year shall be prorated. The reimbursement rate shall not exceed 100 percent.

Subd. 7. FLOODS; DECLINING PUPIL AID. For declining pupil aid under Laws 1999, chapter 241, article 4, section 23:

<u>\$ 829,000</u>	<u>.....</u>	<u>2002</u>
<u>\$ 92,000</u>	<u>.....</u>	<u>2003</u>

The 2002 appropriation includes \$0 for 2001 and \$829,000 for 2002.

The 2003 appropriation includes \$92,000 for 2002 and \$0 for 2003.

Subd. 8. ELECTRONIC LIBRARY FOR MINNESOTA. For statewide licenses to on-line databases selected in cooperation with the higher education services office for school media centers, public libraries, state government agency libraries, and public or private college or university libraries:

<u>\$400,000</u>	<u>.....</u>	<u>2002</u>
<u>\$400,000</u>	<u>.....</u>	<u>2003</u>

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

Subd. 9. REIMBURSEMENT FOR WEB-BASED AND INDEPENDENT STUDY COURSES. For grants to school districts and charter schools for additional pupils taking on-line courses according to section 25:

<u>\$100,000</u>	<u>.....</u>	<u>2002</u>
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**Sec. 28. REPEALER.**

Minnesota Statutes 2000, section 123B.71, subdivisions 3 and 10, are repealed.

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## ARTICLE 5

## NUTRITION; SCHOOL ACCOUNTING; AND OTHER PROGRAMS

Section 1. Minnesota Statutes 2000, section 123B.80, subdivision 1, is amended to read:

Subdivision 1. **COMMISSIONER'S AUTHORIZATION.** The commissioner may authorize a board to transfer money from any fund or account ~~other than the debt redemption fund~~ to another fund or account according to this section.

Sec. 2. **[124D.1156] FAST BREAK TO LEARNING BREAKFAST PROGRAM.**

Subdivision 1. **ELIGIBILITY.** The commissioner shall provide funding to the 41 targeted breakfast program grant recipients under Laws 1997, First Special Session chapter 4, article 6, section 19, and then to public or nonpublic elementary schools that participate in the federal School Breakfast and Lunch Programs where at least 33 percent of the lunches served to children during the second preceding school year were provided free or at a reduced price. Schools shall not charge student households for fast break to learning meals. Schools shall encourage all children to eat a nutritious breakfast, either at home or at school, and shall work to eliminate barriers to participation at school such as inadequate facilities and transportation.

Subd. 2. **PROGRAM.** The fast break to learning school breakfast program enables schools participating in the federal School Breakfast and Lunch Programs to cover the costs for school breakfast without charging student households.

Subd. 3. **PROGRAM REIMBURSEMENT.** State funds are provided to reimburse fast break to learning school breakfasts. Each school year, the state must reimburse schools for the difference between the per meal federal rate of reimbursement and the per meal state average cost. Meals that are reimbursed at a federal rate that is equal to or higher than the state average cost do not qualify for fast break to learning funds. Schools must use the funds to provide school breakfast to school children every day school is in session.

Sec. 3. **[124D.1195] COMMODITY DONATED FOOD REVOLVING FUND.**

A revolving fund is established for the purpose of depositing cash received for commodity donated foods that have been lost, damaged, recalled, or diverted for processing. The state shall use the fund to issue payments for the value of the lost, damaged, recalled, or diverted commodity donated foods and related costs.

Sec. 4. Minnesota Statutes 2000, section 127A.41, subdivision 8, is amended to read:

Subd. 8. **APPROPRIATION TRANSFERS.** (a) If a direct appropriation from the general fund to the department for any education aid or grant authorized in this chapter and chapters 122A, 123A, 123B, 124D, 125A, 126C, and 134, excluding appropriations under sections 124D.135, 124D.16, 124D.20, 124D.21, 124D.22,

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124D.52, ~~124D.53~~ 124D.531, 124D.54, 124D.55, and 124D.56, exceeds the amount required, the commissioner may transfer the excess to any education aid or grant appropriation that is insufficient. However, section 126C.20 applies to a deficiency in the direct appropriation for general education aid. Excess appropriations must 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. 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.

(b) Transfers for aids paid under section 127A.45, subdivisions 12, paragraph (a), 12a, paragraph (a), and 13 shall be made during the fiscal year after the fiscal year of the entitlement. Transfers for aids paid under section 127A.45, subdivisions 11, 12, paragraph (b), and 12a, paragraph (b), shall be made during the fiscal year of the appropriation.

Sec. 5. Minnesota Statutes 2000, section 127A.42, is amended to read:

**127A.42 REDUCTION OF AID FOR VIOLATION OF LAW.**

Subdivision 1. **STATE AIDS.** The amount of special state aids to which a district is entitled shall be the amount computed according to statutes. The annual state aid certificate made by the commissioner to the commissioner of finance shall show the amount of any reductions made.

Subd. 2. **VIOLATIONS OF LAW.** The commissioner shall may reduce or withhold the district's special state aid for any school year whenever the board of the district authorizes or permits violations of law within the district by:

(1) employing a teacher who does not hold a valid teaching license or permit in a public school;

(2) noncompliance with a mandatory rule of general application promulgated by the commissioner in accordance with statute, unless special circumstances make enforcement inequitable, impose an extraordinary hardship on the district, or the rule is contrary to the district's best interests;

(3) the district's continued performance of a contract made for the rental of rooms or buildings for school purposes or for the rental of any facility owned or operated by or under the direction of any private organization, if the contract has been disapproved, the time for review of the determination of disapproval has expired, and no proceeding for review is pending;

(4) any practice which is a violation of sections 1 and 2 of article 13 of the Constitution of the state of Minnesota;

(5) failure to reasonably provide for a resident pupil's school attendance under Minnesota Statutes; or

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(6) noncompliance with state laws prohibiting discrimination because of race, color, creed, religion, national origin, sex, age, marital status, status with regard to public assistance or disability, as defined in section 363.03; or

(7) using funds contrary to the statutory purpose of the funds.

The reduction or withholding must be made in the amount and upon the procedure provided in this section ~~or, in the case of the violation stated in clause (1), upon the procedure provided in section 127A.43.~~

Subd. 3. **ASSURANCE OF COMPLIANCE.** (a) After consultation with the commissioner of human rights, the commissioner of children, families, and learning shall adopt rules in conformance with chapter 14. The rules must direct districts to file with the commissioner of children, families, and learning assurances of compliance with state and federal laws prohibiting discrimination. The assurances must be provided in a form and manner prescribed by the commissioner.

(b) If it appears that one or more violations of the Minnesota Human Rights Act are occurring in a district, the commissioner of human rights shall notify the commissioner of the violations, and the commissioner of children, families, and learning may then proceed pursuant to subdivision 4.

Subd. 4. **NOTICE TO BOARD.** When it appears that an enumerated violation is occurring in a district, the commissioner shall notify the board of that district in writing. The notice must specify the violations, set a reasonable time within which the district must correct the specified violations, describe the correction required, and advise that if the correction is not made within the time allowed, special state aids to the district will be reduced or withheld. The time allowed for correction may be extended by the commissioner if there is reasonable ground therefor.

Subd. 5. **DISPUTE VIOLATIONS; HEARING.** The board to which such notice is given may, by a majority vote of the whole board, decide to dispute that the specified violation exists or that the time allowed is reasonable or the correction specified is correct, or that the commissioner may reduce or withhold aids. The board must give the commissioner written notice of the decision. If the commissioner, after further investigation as the commissioner deems necessary, adheres to the previous notice, the board shall be entitled to a hearing by the commissioner under this subdivision and notwithstanding chapter 14. The commissioner must set a hearing time and place and the board of the district must be given notice by mail. The hearings must be designed to give a full and fair hearing and permit interested parties an opportunity to produce evidence relating to the issues involved. A stenographic record must be made of all testimony given and other proceedings during the hearing. If practicable, rules governing admission of evidence in courts shall apply to the hearing. The final decision of the commissioner must be in writing and the controlling facts upon which the decision is made must be stated in sufficient detail to apprise the parties and the reviewing court of the basis and reason for the decision. The decision must be confined

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to whether any of the specified violations existed at the date of the commissioner's first notice, whether the violations were corrected within the time permitted, whether the violations require withholding or reduction of the state aids under this section, and in what amount.

**Subd. 6. VIOLATION; AID REDUCTION OR WITHHOLDING.** The commissioner shall not reduce state aids payable to the district if the violation specified is corrected within the time permitted, or if the commissioner on being notified of the district board's decision to dispute decides the violation does not exist, or if the commissioner decides after hearing no violation specified in the commissioner's notice existed at the time of the notice, or that the violations were corrected within the time permitted. Otherwise state aids payable to the district for the year in which the violation occurred shall may be reduced or withheld as follows: The total amount of state aids to which the district may be entitled shall be reduced in the proportion that the period during which a specified violation continued, computed from the last day of the time permitted for correction, bears to the total number of days school is held in the district during the year in which a violation exists, multiplied by up to 60 percent of the basic revenue, as defined in section 126C.10, subdivision 2, of the district for that year.

**Subd. 7. REDUCTION IN AIDS PAYABLE.** Reductions in aid under this section and sections 127A.41 and 127A.43 must be from general education aid. If there is not sufficient general education aid remaining to be paid for the school year in which the violation occurred, the reduction shall be from the other aids listed in section 127A.44, subdivision 2, that are payable to the district for that year in the order in which the aids are listed in section 127A.44, subdivision 2. If there is not a sufficient amount of state aids remaining payable to the district for the school year in which the violation occurred to permit the full amount of reduction required, that part of the required reduction not taken from that school year's aids will be taken from the state aids payable to the district for the next school year, and the reduction will be made from the various aids payable for the next year in the order above specified.

**Subd. 8a. APPEAL.** A final decision of the commissioner under this section may be appealed in accordance with section 480A.06, subdivision 3.

**Subd. 9. NOTICE TO DISTRICT.** Any notice given to the board of a district will be deemed given when a copy thereof is mailed, registered, to the superintendent of the district, if there is a superintendent, and to the clerk of the board of the district. If it is shown that neither the superintendent nor the clerk in fact received such notice in the ordinary course of mail, then the time for correction will be accordingly extended by the commissioner so that a reasonable time will be allowed from actual receipt of notice for correction. If notice is sent by the commissioner with respect to a violation which is continued by the district in a succeeding year, no separate notice for that violation for the succeeding year will be required. Proceedings initiated by such notice shall include any continuing violation notwithstanding that a part thereof occurs in a year different from the year in which it started. The commissioner may require reasonable proof of the time that a violation ceased for the determination of the

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amount of aids to be reduced or withheld. Costs and disbursements of the review by the ~~district court~~ court of appeals, exclusive of those incurred in the administrative proceedings, may be taxed against the losing party and in the event taxed against the state must be paid from the appropriations made to the department for the payment of special state aids.

Sec. 6. Minnesota Statutes 2000, section 127A.45, subdivision 11, is amended to read:

Subd. 11. **PAYMENT PERCENTAGE FOR REIMBURSEMENT AIDS.** One hundred percent of the aid for the previous fiscal year must be paid in the current year for the following aids: special education special pupil aid according to section 125A.75, subdivision 3, for the previous fiscal year must be paid in the current year aid for litigation costs according to section 125A.75, subdivision 8, aid for court-placed special education expenses according to section 125A.79, subdivision 4, and aid for special education out-of-state tuition according to section 125A.79, subdivision 8.

Sec. 7. Minnesota Statutes 2000, section 127A.45, subdivision 12, is amended to read:

Subd. 12. **PAYMENT PERCENTAGE FOR CERTAIN AIDS.** (a) One hundred percent of the aid for the current fiscal year must be paid for the following aids: reimbursement for enrollment options transportation to post-secondary institutions, according to ~~section~~ sections 124D.03, subdivision 8, 124D.09, subdivision 22, and 124D.10; aid for the program for adults with disabilities, according to section 124D.56, subdivision 2; school lunch aid, according to section 124D.111; hearing impaired support services aid, according to section 124D.57; and Indian post-secondary preparation grants according to section 124D.85; integration grants according to Laws 1989, chapter 329, article 8, section 14, subdivision 3; and debt service aid according to section 123B.53, subdivision 6.

(b) One hundred percent of the aid for the current fiscal year, based on enrollment in the previous year, must be paid for the first grade preparedness program according to section 124D.081.

Sec. 8. Minnesota Statutes 2000, section 127A.45, is amended by adding a subdivision to read:

Subd. 14a. **STATE NUTRITION PROGRAMS.** Notwithstanding subdivision 3, the state shall pay 100 percent of the aid for the current year according to sections 124D.111, 124D.115, and 124D.118 and 90 percent of the aid for the current year according to section 124D.1156 based on submitted monthly vouchers showing meals and milk served. The remaining ten percent according to section 124D.1156 shall be paid by October 30 of the following fiscal year.

Sec. 9. Minnesota Statutes 2000, section 475.61, subdivision 3, is amended to read:

Subd. 3. **IRREVOCABILITY.** (a) Tax levies so made and filed shall be irrevocable, except as provided in this subdivision.

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(b) For purposes of this subdivision, "excess debt redemption fund balance" means the greater of zero or the balance in the district's debt redemption fund as of June 30 of the fiscal year ending in the year before the year the levy is certified, minus any debt redemption fund balance attributable to refunding of existing bonds, minus the amount of the levy reduction for the current year and the prior year under paragraphs (e) and (f), minus five percent of the district's required debt service levy for the next year.

(c) By July 15 each year, a district shall report to the commissioner of children, families, and learning the amount of the districts' debt redemption fund balance as of June 30 of the prior year attributable to refunding of existing bonds.

(d) By August 15 each year, the commissioner shall determine the excess debt redemption fund balance for each school district, and shall certify the amount of the excess balance to the school district superintendent.

(e) In each year when there is on hand any a district has an excess amount in the debt redemption fund of a school district at the time the district makes its property tax levies, the amount of the excess shall be certified by the school board to the commissioner. balance, the commissioner shall report the amount of the excess to the county auditor and the auditor shall reduce the tax levy otherwise to be included in the rolls next prepared by the amount certified. The commissioner shall prescribe the form and calculation to be used in computing the excess amount.

(f) The school board may, with the approval of the commissioner, retain all or part of the excess amount balance if it is necessary to ensure the prompt and full payment of the its obligations and any call premium on the its obligations, or will be used for redemption of the its obligations in accordance with their terms, or to level out the debt service tax rate, excluding the debt excess adjustment, for its obligations over the next two years. A school district requesting authority to retain all or part of the excess balance shall provide written documentation to the commissioner describing the rationale for its request by September 15 including the issuance of new obligations within the next year or the refunding of existing obligations. A school district that retains an excess may request to transfer the excess to its operating capital account in the general fund under section 123B.80. The school board may, with the approval of the commissioner, specify a tax levy in a higher amount if necessary because of anticipated tax delinquency or for cash flow needs to meet the required payments from the debt redemption fund.

(g) If the governing body, including the governing body of a school district, in any year makes an irrevocable appropriation to the debt service fund of money actually on hand or if there is on hand any excess amount in the debt service fund, the recording officer may certify to the county auditor the fact and amount thereof and the auditor shall reduce by the amount so certified the amount otherwise to be included in the rolls next thereafter prepared.

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

Sec. 10. **FUND TRANSFERS.**

Subdivision 1. **LAPORTE.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2001, independent school district No. 306, LaPorte, may permanently transfer up to \$141,000 from the bus purchase account in its transportation fund to its capital expenditure fund without making a levy reduction.

Subd. 2. **LAC QUI PARLE VALLEY.** Notwithstanding Minnesota Statutes, sections 123B.58, 123B.79, or 123B.80, on June 30, 2001, independent school district No. 2853, Lac qui Parle Valley, may permanently transfer up to \$250,000 from its reserved account for disabled accessibility to its reserved account for operating capital in the general fund. This transfer is contingent upon the school district demonstrating to the commissioner's satisfaction that the district's school buildings are accessible to students or employees with disabilities.

Subd. 3. **CLEVELAND.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2001, independent school district No. 391, Cleveland, may permanently transfer up to \$107,000 from its reserved operating capital account in its general fund to the undesignated fund balance.

Subd. 4. **LEWISTON.** (a) Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, for calendar years 2002 through 2012, on June 30 of each year, independent school district No. 857, Lewiston, may permanently transfer up to \$175,000 from its capital accounts in its general fund or from its unrestricted general fund to the debt redemption fund.

(b) The eligible debt service revenue and debt service equalization aid, if any, for independent school district No. 857, Lewiston, must be determined prior to the annual transfer of general fund revenue authorized in subdivision 1.

Subd. 5. **RUSSELL.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2001, independent school district No. 418, Russell, may permanently transfer up to \$160,000 from its reserved operating capital account in its general fund to the undesignated fund balance.

Subd. 6. **MOUNTAIN LAKE.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2001, independent school district No. 173, Mountain Lake, may permanently transfer up to \$300,000 from its reserved capital accounts in its general fund to the undesignated fund balance.

Subd. 7. **ISLE.** (a) Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2001, upon approval of the commissioner of children, families, and learning, independent school district No. 473, Isle, may permanently transfer up to \$175,000 from its reserved account for disability access to its undesignated general fund balance.

(b) Prior to making the fund transfer, independent school district No. 473, Isle, must demonstrate to the commissioner's satisfaction that the district's school buildings are accessible to students or employees with disabilities.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

New language is indicated by underline, deletions by strikeout.

**Sec. 11. OPERATING CAPITAL ACCOUNT DEFICIT; EXCEPTION.**

Notwithstanding Minnesota Statutes, section 123B.78, subdivision 5, the commissioner of children, families, and learning may allow independent school district No. 492, Austin, to incur a deficit of up to \$4,200,000 in its reserve for capital operating account for the Westcott Field improvement project. The deficit must be eliminated by June 30, 2011. Any donations or contributions received by the district for the Westcott Field improvement project must be deposited in the reserve for capital operating account to repay the deficit. The commissioner of children, families, and learning must certify the financial viability of the Westcott Field improvement project prior to approving authority under this section.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

**Sec. 12. SCHOOL DISTRICT FORMULA ADJUSTMENTS.**

**Subdivision 1. TAX RATE ADJUSTMENT.** The commissioner of children, families, and learning must adjust each tax rate established under Minnesota Statutes, chapters 120A to 127A, by multiplying the rate by the ratio of the statewide net tax capacity as calculated using the class rates in effect for assessment year 2000 to the statewide total net tax capacity as calculated using the class rates in effect for assessment year 2001, in both cases using taxable market values for assessment year 2000.

**Subd. 2. EQUALIZING FACTORS.** The commissioner of children, families, and learning must adjust each equalizing factor based upon adjusted net tax capacity per actual pupil unit established under Minnesota Statutes, chapters 120A to 127A, by multiplying the equalizing factor by the ratio of the statewide net tax capacity as calculated using the class rates in effect for assessment year 2001 to the statewide total net tax capacity as calculated using the class rates in effect for assessment year 2000, in both cases using taxable market values for assessment year 2000.

**Subd. 3. DEBT SERVICE TAX RATES AND EQUALIZING FACTORS.** The provisions in subdivisions 1 and 2 do not apply to the equalizing factors and tax rates of the debt service equalization aid program under Minnesota Statutes, section 123B.53.

**EFFECTIVE DATE.** This section is effective for aid and levy calculations for fiscal year 2003 and subsequent years.

**Sec. 13. 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. SCHOOL LUNCH.** (a) For school lunch aid according to Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17, and for school milk aid according to Minnesota Statutes, section 124D.118:

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

<u>\$8,710,000</u>	.....	<u>2002</u>
<u>\$8,950,000</u>	.....	<u>2003</u>

(b) Not more than \$800,000 of the amount appropriated each year may be used for school milk aid.

Subd. 3. SCHOOL BREAKFAST. For school breakfast aid under Minnesota Statutes, section 124D.115:

<u>\$640,000</u>	.....	<u>2002</u>
<u>\$700,000</u>	.....	<u>2003</u>

Subd. 4. SUMMER FOOD SERVICE REPLACEMENT AID. For summer food service replacement aid under Minnesota Statutes, section 124D.119:

<u>\$150,000</u>	.....	<u>2002</u>
<u>\$150,000</u>	.....	<u>2003</u>

Subd. 5. FAST BREAK TO LEARNING GRANTS. For fast break to learning grants under Minnesota Statutes, section 124D.1156:

<u>\$2,446,000</u>	.....	<u>2002</u>
<u>\$2,839,000</u>	.....	<u>2003</u>

The 2002 appropriation includes \$0 for 2001 and \$2,446,000 for 2002.

The 2003 appropriation includes \$272,000 for 2002 and \$2,567,000 for 2003.

#### **Sec. 14. REPEALER.**

Minnesota Statutes 2000, section 124D.1155, is repealed.

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## ARTICLE 6

### DEFICIENCIES

#### Section 1. APPROPRIATIONS; DEFICIENCIES.

Subdivision 1. DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING. Unless otherwise indicated, 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 for the funding of programs subject to state-aid deficiencies in fiscal year 2001. These appropriations are in addition to any other appropriations for those purposes.

New language is indicated by underline, deletions by strikeout.

Subd. 2. GENERAL EDUCATION AID. For general education aid:\$19,754,000 ..... 2001Subd. 3. SECONDARY VOCATIONAL AID. For secondary vocational aid:\$ 6,000 ..... 2001Subd. 4. SPECIAL EDUCATION EXCESS COST AID. For special education excess cost aid:\$6,740,000 ..... 2001Subd. 5. HEALTH AND SAFETY AID. For health and safety aid:\$ 273,000 ..... 2001Subd. 6. INTERACTIVE TELEVISION AID. For interactive television aid:\$ 6,000 ..... 2001Subd. 7. ALTERNATIVE FACILITIES BONDING AID. For alternative facilities bonding aid:\$ 68,000 ..... 2001

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**ARTICLE 7****STATE AGENCIES**

Section 1. Minnesota Statutes 2000, section 122A.162, is amended to read:

**122A.162 LICENSURE RULES.**

The commissioner may make rules relating to licensure of school personnel not licensed by the board of teaching or board of school administrators.

**EFFECTIVE DATE.** This section is effective September 1, 2001.

Sec. 2. Minnesota Statutes 2000, section 122A.163, is amended to read:

**122A.163 TEACHER RULE VARIANCES; COMMISSIONER.**

Notwithstanding any law to the contrary, and only upon receiving the agreement of the state board of teaching or board of school administrators, whichever has jurisdiction over the licensure, the commissioner of children, families, and learning may grant a variance to rules governing licensure of teachers for those teachers persons licensed by the board of teaching or board of school administrators, whichever has

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

jurisdiction. 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.

**EFFECTIVE DATE.** This section is effective September 1, 2001.

Sec. 3. Minnesota Statutes 2000, section 122A.18, subdivision 1, is amended to read:

Subdivision 1. **AUTHORITY TO LICENSE.** (a) The board of teaching must license teachers, as defined in section 122A.15, subdivision 1, except for supervisory personnel, as defined in section 122A.15, subdivision 2.

(b) The commissioner of children, families, and learning board of school administrators must license supervisory personnel as defined in section 122A.15, subdivision 2, except for athletic coaches.

(c) Licenses under the jurisdiction of the board of teaching, the board of school administrators, and the commissioner of children, families, and learning must be issued through the licensing section of the department.

**EFFECTIVE DATE.** This section is effective September 1, 2001.

Sec. 4. Minnesota Statutes 2000, section 122A.18, subdivision 4, is amended to read:

Subd. 4. **EXPIRATION AND RENEWAL.** (a) Each license the department of children, families, and learning issues through its licensing section must bear the date of issue. Licenses must expire and be renewed according to the respective rules the board of teaching, the board of school administrators, or the commissioner of children, families, and learning adopts. Requirements for renewing a license must include showing satisfactory evidence of successful teaching or administrative experience for at least one school year during the period covered by the license in grades or subjects for which the license is valid or completing such additional preparation as the board of teaching prescribes. The commissioner of children, families, and learning board of school administrators shall establish requirements for renewing the licenses of supervisory personnel except athletic coaches. The state board of teaching shall establish requirements for renewing the licenses of athletic coaches.

(b) The board of teaching shall offer alternative continuing relicensure options for teachers who are accepted into and complete the national board for professional teaching standards certification process, and offer additional continuing relicensure options for teachers who earn national board for professional teaching standards certification. Continuing relicensure requirements for teachers who do not maintain national board for professional teaching standards certification are those the board prescribes.

**EFFECTIVE DATE.** This section is effective September 1, 2001.

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



Sec. 5. [122A.191] DEFINITIONS.

Subdivision 1. SCOPE. For the purposes of sections 122A.191 to 122A.193, the terms in this section have the meanings given them, unless another meaning is clearly indicated.

Subd. 2. BOARD. "Board" means board of school administrators.

Subd. 3. SUPERVISORY PERSONNEL. "Supervisory personnel" means supervisory personnel as defined in section 122A.15, subdivision 2, excluding athletic coaches.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 6. [122A.192] BOARD OF SCHOOL ADMINISTRATORS.

Subdivision 1. MEMBERSHIP. A board of school administrators is established and must consist of nine members appointed by the governor with the advice and consent of the senate, including at least:

- (1) one elementary school principal;
- (2) one secondary school principal;
- (3) one higher education faculty member in an educational administration program approved by the board;
- (4) one higher education administrator for an educational administration program approved by the board;
- (5) one school superintendent;
- (6) one classroom teacher;
- (7) one community education director or a special education director; and
- (8) two members of the public, one of whom must be a present or former school board member.

In making appointments, the governor shall solicit recommendations from groups representing persons in clauses (1) to (8).

Subd. 2. TERMS; COMPENSATION; REMOVAL; ADMINISTRATION. Membership terms, removal of members, and the filling of membership vacancies are as provided in section 214.09. The terms of the initial board members must be determined by lot as follows:

- (1) three members must be appointed for terms that expire August 1, 2002;
- (2) three members must be appointed for terms that expire August 1, 2003; and
- (3) three members must be appointed for terms that expire August 1, 2004.

Members shall not receive the daily payment under section 214.09, subdivision 3. The public employer of a member shall not reduce the member's compensation or benefits for the member's absence from employment when engaging in the business of the board. The provision of staff, administrative services, and office space; the review

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and processing of complaints; the setting of fees; the selection and duties of an executive secretary to serve the board; and other provisions relating to board operations are as provided in chapter 214. Fiscal year and reporting requirements are as provided in sections 214.07 and 214.08.

Subd. 3. VACANT POSITION. The position of a member who leaves Minnesota or whose employment status changes to a category different from that from which appointed shall be deemed vacant.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

**Sec. 7. [122A.193] MEETINGS.**

Subdivision 1. MEETINGS. The board of school administrators shall meet regularly at the times and places determined by the board. The board shall nominate and elect a chair and other officers from its membership. Meetings shall be called by the chair or at the written request of any three members.

Subd. 2. EXECUTIVE SECRETARY. The board of school administrators may hire an executive secretary and other staff or may arrange to share an executive secretary and staff with the board of teaching. If the board hires an executive secretary, the person is in the unclassified service.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

**Sec. 8. [122A.194] DUTIES OF BOARD OF SCHOOL ADMINISTRATORS.**

Subdivision 1. LICENSING. The board shall license school administrators. The board shall adopt rules to license school administrators under chapter 14. Other than the rules transferred to the board under section 122A.18, subdivision 4, the board may not adopt or amend rules under this section until the rules are approved by law. The rules shall include the licensing of persons who have successfully completed alternative preparation programs under section 122A.27 or other alternative competency-based preparation programs. The board may enter into agreements with the board of teaching regarding multiple license matters.

Subd. 2. PREPARATION PROGRAMS. The board shall review and approve preparation programs for school administrators and alternative preparation programs for administrators under section 122A.27, and must consider other alternative competency-based preparation programs leading to licensure.

Subd. 3. RULES FOR CONTINUING EDUCATION REQUIREMENTS. The board shall adopt rules establishing continuing education requirements that promote continuous improvement and acquisition of new and relevant skills by school administrators.

Subd. 4. CODE OF ETHICS. The board shall adopt by rule a code of ethics covering standards of professional practice, including ethical conduct, professional performance, and methods of enforcement, and advise school administrators in interpreting the code of ethics.

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

**Subd. 5. COMMISSIONER'S REPRESENTATIVE TO COMMENT ON PROPOSED RULE.** Before adopting any rule that must be submitted to public hearing, a representative of the commissioner of children, families, and learning shall appear before the board and at any hearing required under section 14.14, subdivision 1, to comment on the cost and educational implications of the proposed rule.

**Subd. 6. REGISTER OF PERSONS LICENSED.** The executive director of the board shall keep a record of board proceedings and a register of all persons licensed under this chapter. The register must show the name, address, license number, and the renewal of the license. The board must on July 1 of each year, or as soon thereafter as is practicable, compile a list of licensed school administrators and transmit a copy of the list to the board. A copy of the register must be available during business hours at the office of the board to any interested person.

**Subd. 7. COMMISSIONER'S ASSISTANCE; BOARD MONEY.** The commissioner shall provide all necessary materials and assistance for transacting board business and all money received by the board shall be paid into the state treasury as provided by law. The expenses of administering the board of school administrators shall be paid for from appropriations made to the board of school administrators.

**Subd. 8. ACCOUNTABILITY.** The board must develop accountability measures for programs preparing students for licensure and report the progress of the programs to the legislature by January 15 of every other year beginning with the 2003 legislature.

**Subd. 9. ANNUAL FEE.** Each person licensed by the board of school administrators shall pay the board an annual fee of \$75. The board may provide a lower fee for persons on retired or inactive status. The executive secretary shall deposit the fees in the state treasury.

**EFFECTIVE DATE.** This section is effective September 1, 2001, except that the fee imposed by subdivision 9 is effective July 1, 2001.

Sec. 9. Minnesota Statutes 2000, section 122A.20, subdivision 2, is amended to read:

**Subd. 2. MANDATORY REPORTING.** A school board must report to the board of teaching, the board of school administrators, or the board of trustees of the Minnesota state colleges and universities, whichever has jurisdiction over the teacher's or administrator's license, when its teacher or administrator is discharged or resigns from employment after a charge is filed with the school board under section 122A.41, subdivisions 6, clauses (1), (2), and (3), and 7, or after charges are filed that are ground for discharge under section 122A.40, subdivision 13, paragraph (a), clauses (1) to (5), or when a teacher or administrator is suspended or resigns while an investigation is pending under section 122A.40, subdivision 13, paragraph (a) clauses (1) to (5); 122A.41, subdivisions 6, clauses (1), (2), and (3), and 7; or 626.556. The report must be made to the appropriate licensing board within ten days after the discharge, suspension, or resignation has occurred. The licensing board to which the report is made must investigate the report for violation of subdivision 1 and the reporting board

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

must cooperate in the investigation. Notwithstanding any provision in chapter 13 or any law to the contrary, upon written request from the licensing board having jurisdiction over the teacher's license, a board or school superintendent shall provide the licensing board with information about the teacher or administrator from the district's files, any termination or disciplinary proceeding, any settlement or compromise, or any investigative file. Upon written request from the appropriate licensing board, a board or school superintendent may, at the discretion of the board or school superintendent, solicit the written consent of a student and the student's parent to provide the licensing board with information that may aid the licensing board in its investigation and license proceedings. The licensing board's request need not identify a student or parent by name. The consent of the student and the student's parent must meet the requirements of chapter 13 and Code of Federal Regulations, title 34, section 99.30. The licensing board may provide a consent form to the district. Any data transmitted to any board under this section is private data under section 13.02, subdivision 12, notwithstanding any other classification of the data when it was in the possession of any other agency.

The licensing board to which a report is made must transmit to the attorney general's office any record or data it receives under this subdivision for the sole purpose of having the attorney general's office assist that board in its investigation. When the attorney general's office has informed an employee of the appropriate licensing board in writing that grounds exist to suspend or revoke a teacher's license to teach, that licensing board must consider suspending or revoking or decline to suspend or revoke the teacher's or administrator's license within 45 days of receiving a stipulation executed by the teacher or administrator under investigation or a recommendation from an administrative law judge that disciplinary action be taken.

**EFFECTIVE DATE.** This section is effective September 1, 2001.

Sec. 10. Minnesota Statutes 2000, section 122A.21, is amended to read:

**122A.21 TEACHERS' AND ADMINISTRATORS' LICENSES; FEES.**

Each application for the issuance, renewal, or extension of a license to teach and each application for the issuance, renewal, or extension of a license as supervisory personnel must be accompanied by a processing fee in an amount set by the board of teaching by rule. Each application for issuing, renewing, or extending the license of a school administrator or supervisor must be accompanied by a processing fee in the amount set by the board of teaching. The processing fee for a teacher's license and for the licenses of supervisory personnel must be paid to the executive secretary of the appropriate board of teaching. The executive secretary of the board of teaching shall deposit the fees with the state treasurer, as provided by law, and report each month to the commissioner of finance the amount of fees collected. The fees as set by the board are nonrefundable for applicants not qualifying for a license. However, a fee must be refunded by the state treasurer in any case in which the applicant already holds a valid unexpired license. The board may waive or reduce fees for applicants who apply at the same time for more than one license.

**EFFECTIVE DATE.** This section is effective September 1, 2001.

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

**Sec. 11. CONTRACTS AND GRANTS UNIT; INTERNAL AUDITS OFFICE.**

(a) The commissioner of children, families, and learning shall establish a contracts and grants unit within the department to manage the contracting process for the department. The unit must be separate from individual program functions. The duties of the unit include:

- (1) supporting the fiscal management of contracts and grants;
- (2) technical assistance to program areas in setting up and monitoring grants;
- (3) legal review of contracts for compliance with state law and requirements of private grants;
- (4) training and advising program areas on how the contracting process should be handled;
- (5) reviewing requests for proposals for compliance with legal requirements;
- (6) drafting and maintaining a contracts manual for use by program areas; and
- (7) approving all contracts entered into by program areas.

(b) The commissioner of children, families, and learning shall establish an internal audits office. Any significant audit violations must be reported to the commissioner in writing. The office must report at least annually to the commissioner on contract policies, procedures, and controls. Duties of the internal audits office include:

- (1) serving as an independent appraisal function to examine and evaluate the department's activities;
- (2) measuring and evaluating the effectiveness of accounting, financial and operating policies, procedures, and controls on a department basis; and
- (3) examining contracts and grants for compliance with federal and state law.

**Sec. 12. RETROACTIVITY.**

A contract encumbered or a grant awarded by the department of children, families, and learning for the Perpich Center for Arts Education or the Minnesota state academies before September 1, 2001, may be made retroactive to July 1, 2001.

**Sec. 13. APPROPRIATIONS; DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.**

Subdivision 1. DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING. Unless otherwise indicated, 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.

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Subd. 2. DEPARTMENT. (a) For the department of children, families, and learning:

<u>\$31,530,000</u>	<u>.....</u>	<u>2002</u>
<u>\$31,748,000</u>	<u>.....</u>	<u>2003</u>

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

(b) \$684,000 in 2002 and \$690,000 in 2003 are for the board of teaching.

(c) \$165,000 each year is for the board of school administrators.

(d) \$400,000 in fiscal year 2002 and \$400,000 in fiscal year 2003 are for the office of educational accountability under Minnesota Statutes, section 120B.31, subdivision 3.

(e) \$500,000 in 2002 and \$250,000 in 2003 and thereafter are for the Minnesota Academic Excellence Foundation.

(f) \$260,000 each year is for the Minnesota Children's Museum; \$50,000 in fiscal year 2002 is for the Duluth Children's Museum.

(g) 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.

(h) In preparing the department budget for fiscal years 2004-2005, the department shall shift all administrative funding from aids appropriations into the appropriation for the department.

**Sec. 14. APPROPRIATIONS; PERPICH CENTER FOR ARTS EDUCATION.**

The sums indicated in this section are appropriated from the general fund to the Perpich Center for Arts Education for the fiscal years designated:

<u>\$7,681,000</u>	<u>.....</u>	<u>2002</u>
<u>\$7,816,000</u>	<u>.....</u>	<u>2003</u>

\$150,000 each year is to extend the partnership network to up to five new partnership sites and for developing whole-school, arts-based teaching and learning curriculum at new sites.

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

**Sec. 15. APPROPRIATIONS; MINNESOTA STATE ACADEMIES.**

The sums indicated in this section are appropriated from the general fund to the Minnesota state academies for the deaf and the blind for the fiscal years designated:

<u>\$10,761,000</u>	<u>.....</u>	<u>2002</u>
<u>\$10,966,000</u>	<u>.....</u>	<u>2003</u>

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

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## ARTICLE 8

## TECHNICAL AMENDMENTS

Section 1. Minnesota Statutes 2000, section 122A.26, subdivision 3, is amended to read:

Subd. 3. **ENGLISH AS A SECOND LANGUAGE.** Notwithstanding subdivision 2, a person who possesses a bachelor's or master's degree in English as a second language, applied linguistics, or bilingual education, or who possesses a related degree as approved by the commissioner, shall be permitted to teach English as a second language in an adult basic education program that receives funding under section ~~124D.53~~ 124D.531.

Sec. 2. Minnesota Statutes 2000, section 124D.11, subdivision 5, is amended to read:

Subd. 5. **SPECIAL EDUCATION AID.** Except as provided in subdivision 2, special education aid must be paid to a charter school according to section 125A.76, as though it were a school district. The charter school may charge tuition to the district of residence as provided in section 125A.11. ~~The charter school shall allocate its special education levy equalization revenue to the resident districts of the pupils attending the charter school. The districts of residence shall levy as though they were participating in a cooperative, as provided in section 125A.77, subdivision 3.~~

Sec. 3. Minnesota Statutes 2000, section 124D.454, subdivision 11, is amended to read:

Subd. 11. **REVENUE ALLOCATION FROM COOPERATIVE CENTERS AND INTERMEDIATE DISTRICTS.** For purposes of this section ~~and section 125A.77~~, a cooperative center or an intermediate district must allocate its approved expenditures for transition programs for children with a disability among participating school districts. Aid for transition programs for children with a disability for services provided by a cooperative or intermediate district shall be paid to the participating districts.

Sec. 4. Minnesota Statutes 2000, section 125A.17, is amended to read:

**125A.17 LEGAL RESIDENCE OF A CHILD WITH A DISABILITY PLACED IN A FOSTER FACILITY.**

The legal residence of a child with a disability placed in a foster facility for care and treatment is the district in which the child resides when:

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- (1) parental rights have been terminated by court order;
- (2) the parent or guardian is not living within the state;
- (3) no other district residence can be established; or

(4) the parent or guardian having legal custody of the child is an inmate of a Minnesota correctional facility or is a resident of a halfway house under the supervision of the commissioner of corrections;  
is the district in which the child resides. The school board of the district of residence must provide the same educational program for the child as it provides for all resident children with a disability in the district.

Sec. 5. Minnesota Statutes 2000, section 127A.41, subdivision 9, is amended to read:

Subd. 9. **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 124D.135, 124D.16, 124D.20, 124D.21, 124D.22, 124D.52, ~~124D.53~~ 124D.531, 124D.54, 124D.55, or 124D.56 exceeds the amount required, the commissioner of children, families, and learning may transfer the excess to any education aid or grant appropriation 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. **REPEALER.**

Laws 2000, chapter 254, section 30; and Laws 2000, chapter 489, article 1, section 18, are repealed.

Sec. 7. **GENERAL EFFECTIVE DATE OF ACT.**

If a section in this act does not specify its effective date, the section is effective July 1, 2001, unless the language or context clearly indicates that a different effective date is intended.

Presented to the governor June 30, 2001

Signed by the governor June 30, 2001, 8:41 p.m.

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**CHAPTER 7—S.F.No. 18**

*An act relating to employment; requiring certain apartment manager background checks to*

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