

**Sec. 21. EFFECTIVE DATE; APPLICATION.**

(a) Section 3 is effective August 1, 2003, and applies to actions commenced on and after that date.

(b) Sections 12, 15, and 19 are effective January 1, 2004.

(c) Sections 11 and 18 are effective the day following enactment.

Presented to the governor May 27, 2003

Signed by the governor May 30, 2003, 3:50 p.m.

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**CHAPTER 9—H.F.No. 51**

*An act relating to education; providing for early childhood, family, and kindergarten through grade 12 education including general education, education excellence, special programs, facilities and technology, nutrition, school accounting, other programs, libraries, early childhood family support, prevention, self-sufficiency and life long learning, state agencies, deficiencies, and technical amendments; providing for rulemaking; appropriating money; amending Minnesota Statutes 2002, sections 12.21, subdivision 3; 84A.51, subdivision 4; 119A.52; 119A.53; 119B.011, subdivision 20; 120A.05, subdivisions 9, 11; 120A.24, subdivision 4; 120A.41; 121A.21; 121A.41, subdivision 10; 121A.55; 121A.61, subdivision 3; 121A.64; 122A.09, subdivisions 4, 10; 122A.12, subdivisions 1, 2; 122A.18, subdivision 7a; 122A.21; 122A.22; 122A.41, subdivision 2; 122A.414, by adding a subdivision; 122A.415, subdivisions 1, 3; 122A.58; 122A.63, subdivision 3; 123A.06, subdivision 3; 123A.18, subdivision 2; 123A.73, subdivisions 3, 4, 5; 123B.02, subdivision 1; 123B.14, subdivision 1; 123B.51, subdivisions 3, 4; 123B.52, by adding a subdivision; 123B.53, subdivision 4; 123B.57, subdivisions 1, 4, 6; 123B.59, subdivisions 1, 2, 3, 5, by adding a subdivision; 123B.63, subdivisions 1, 2, 3, 4; 123B.72, subdivision 3; 123B.75, subdivision 5; 123B.88, subdivision 2; 123B.90, subdivisions 2, 3; 123B.91, subdivision 1; 123B.92, subdivisions 1, 3, 9; 123B.93; 124D.03, subdivision 12; 124D.081, by adding a subdivision; 124D.09, subdivisions 3, 9, 10, 13, 16, 20; 124D.10, subdivisions 2a, 3, 4, 13, 16, 20, 23a; 124D.11, subdivisions 1, 2, 4, 6, 9; 124D.118, subdivision 4; 124D.13, subdivisions 2, 4, 8; 124D.135, subdivisions 1, 8; 124D.15, subdivision 7; 124D.16, subdivisions 1, 6; 124D.19, subdivision 3; 124D.20, subdivisions 3, 5, by adding subdivisions; 124D.22, subdivision 3; 124D.42, subdivision 6; 124D.454, subdivisions 1, 2, 3, 8, 10, by adding a subdivision; 124D.52, subdivisions 1, 3; 124D.531, subdivisions 1, 2, 4, 7; 124D.59, subdivision 2; 124D.65, subdivision 5; 124D.86, subdivisions 1a, 3, 4, 5, 6; 125A.05; 125A.12; 125A.21, subdivision 2; 125A.28; 125A.30; 125A.76, subdivisions 1, 4; 125A.79, subdivisions 1, 6; 126C.05, subdivisions 8, 14, 15, 16, 17, by adding a subdivision; 126C.10, subdivisions 1, 3, 4, 17, 24, 28, by adding subdivisions; 126C.13, subdivision 4; 126C.15, subdivision 1; 126C.17, subdivisions 1, 2, 5, 7, 7a, 9, 13; 126C.21, subdivision 3; 126C.40, subdivision 1; 126C.42, subdivision 1; 126C.43, subdivisions 2, 3; 126C.44; 126C.45; 126C.457; 126C.48, subdivision 3; 126C.63, subdivisions 5, 8; 126C.69, subdivisions 2, 9; 127A.05, subdivision 4; 127A.45, subdivisions 2, 3, 7a, 10, 12, 13, 14, 14a, 16; 127A.47, subdivisions 7, 8; 127A.49, subdivisions 2, 3; 128C.02, subdivision 1; 128C.05, by adding a subdivision; 128D.11, subdivision 8; 134.34, subdivision 4; 134.47, subdivision 1; 169.26, subdivision 3; 169.28, subdivision 1; 169.435; 169.449, subdivision 1; 169.4501,*

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*subdivisions 3, 4; 169.4503, subdivision 4; 169.454, subdivisions 2, 6; 169.973, subdivision 1; 171.321, subdivision 5; 178.02, subdivision 1; 200.02, subdivisions 7, 23; 205A.03, subdivisions 1, 3, 4; 205A.06, subdivision 1a; 205A.07, by adding a subdivision; 268.052, subdivisions 2, 4; 273.138, subdivision 6; 298.28, subdivision 4; 475.61, subdivisions 1, 3, 4; 611A.78, subdivision 1; Laws 1965, chapter 705, as amended; Laws 2001, First Special Session chapter 6, article 2, section 72; proposing coding for new law in Minnesota Statutes, chapters 123B; 124D; 125A; 126C; 127A; 134; repealing Minnesota Statutes 2002, sections 15.014, subdivision 3; 93.22, subdivision 2; 93.223, subdivision 1; 122A.62; 122A.64; 122A.65; 123A.73, subdivisions 7, 10, 11; 123B.81, subdivision 6; 123B.90, subdivision 1; 124D.09, subdivision 15; 124D.115; 124D.1156; 124D.17; 124D.21; 124D.221; 124D.54; 124D.65, subdivision 4; 124D.84, subdivision 2; 124D.89; 124D.93; 125A.023, subdivision 5; 125A.09; 125A.47; 125A.79, subdivision 2; 125B.11; 126C.01, subdivision 4; 126C.05, subdivision 12; 126C.125; 126C.14; 126C.55, subdivision 5; 127A.41, subdivision 6; 128C.01, subdivision 5; 128C.02, subdivision 8; 128C.13; 144.401, subdivision 5; 169.441, subdivision 4; 239.004; Laws 1993, chapter 224, article 8, section 20, subdivision 2, as amended; Laws 2000, chapter 489, article 2, section 36, as amended; Laws 2001, First Special Session chapter 3, article 4, sections 1, 2; Laws 2001, First Special Session chapter 6, article 2, section 52; Laws 2001, First Special Session chapter 6, article 5, section 12, as amended; Minnesota Rules, parts 3500.0600; 3520.0400; 3520.1400; 3520.3300; 3530.1500; 3530.2700; 3530.4400; 3530.4500; 3530.4700; 3550.0100.*

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

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## ARTICLE 1

### GENERAL EDUCATION

Section 1. Minnesota Statutes 2002, section 123A.06, subdivision 3, is amended to read:

Subd. 3. **HOURS OF INSTRUCTION EXEMPTION.** Notwithstanding any law to the contrary, the center programs must be available throughout the entire year. ~~Pupils in a center may receive instruction for more than or less than the daily number of hours required by the rules of the commissioner of children, families, and learning. However, a pupil must receive instruction each year for at least the total number of instructional hours required by statutes and rules. A center may petition the state board under Minnesota Rules, part 3500.1000, for exemption from other rules.~~

Sec. 2. Minnesota Statutes 2002, section 123A.18, subdivision 2, is amended to read:

Subd. 2. **EXTENDED YEAR INSTRUCTION.** The agreement may provide opportunities for pupils to receive instruction throughout the entire year and for teachers to coordinate educational opportunities and provide instruction throughout the entire year. ~~Pupils may receive instruction for more than or less than the daily number of hours required by the rules of the commissioner of children, families, and learning.~~

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However, the pupil must receive instruction each year for at least the total number of instructional hours required by statutes and rules. A teacher who is employed for the extended year may develop, in consultation with pupils and parents, individual educational programs for not more than 125 pupils.

Sec. 3. Minnesota Statutes 2002, section 123A.73, subdivision 3, is amended to read:

**Subd. 3. VOLUNTARY DISSOLUTION; REFERENDUM REVENUE.** As of the effective date of the voluntary dissolution of a district and its attachment to one or more existing districts pursuant to section 123A.46, the authorization for all referendum revenues previously approved by the voters of all affected districts for those districts pursuant to section 126C.17, subdivision 9, or its predecessor provision, is canceled. However, if all of the territory of any independent district is included in the enlarged district, and if the adjusted net tax capacity of taxable property in that territory comprises 90 percent or more of the adjusted net tax capacity of all taxable property in an enlarged district, the enlarged district's referendum revenue shall be determined as follows:

If the referendum revenue previously approved in the preexisting district is authorized as a tax rate, the referendum revenue in the enlarged district is the tax rate times the net tax capacity of the enlarged district. If referendum revenue previously approved in the preexisting district is authorized as revenue per resident pupil unit, The referendum revenue shall be the revenue per resident marginal cost pupil unit times the number of resident marginal cost pupil units in the enlarged district. If referendum revenue in the preexisting district is authorized both as a tax rate and as revenue per resident pupil unit, the referendum revenue in the enlarged district shall be the sum of both plus any referendum revenue in the preexisting district authorized as a dollar amount. Any new referendum revenue shall be authorized only after approval is granted by the voters of the entire enlarged district in an election pursuant to section 126C.17, subdivision 9.

Sec. 4. Minnesota Statutes 2002, section 123A.73, subdivision 4, is amended to read:

**Subd. 4. CONSOLIDATION; MAXIMUM AUTHORIZED REFERENDUM REVENUES.** As of the effective date of a consolidation pursuant to section 123A.48, if the plan for consolidation so provides, or if the plan for consolidation makes no provision concerning referendum revenues, the authorization for all referendum revenues previously approved by the voters of all affected districts for those districts pursuant to section 126C.17, subdivision 9, or its predecessor provision shall be recalculated as provided in this subdivision. The referendum revenue authorization for the newly created district shall be the net tax capacity rate revenue per resident marginal cost pupil unit that would raise an amount equal to the combined dollar amount of the referendum revenues authorized by each of the component districts for the year preceding the consolidation, unless the referendum revenue authorization of the newly created district is subsequently modified pursuant to section 126C.17,

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subdivision 9. ~~If the referendum revenue authorizations for each of the component districts were limited to a specified number of years, The referendum revenue authorization for the newly created district shall continue for a period of time equal to the longest period authorized for any component district. If the referendum revenue authorization of any component district is not limited to a specified number of years, the referendum revenue authorization for the newly created district shall not be limited to a specified number of years.~~

Sec. 5. Minnesota Statutes 2002, section 123A.73, subdivision 5, is amended to read:

Subd. 5. **ALTERNATIVE METHOD.** As of the effective date of a consolidation pursuant to section 123A.48, if the plan for consolidation so provides, the authorization for all referendum revenues previously approved by the voters of all affected districts for those districts pursuant to section 126C.17, subdivision 9, or its predecessor provision shall be combined as provided in this subdivision. The referendum revenue authorization for the newly created district may be any allowance per resident marginal cost pupil unit provided in the plan for consolidation, but may not exceed the allowance per resident marginal cost pupil unit that would raise an amount equal to the combined dollar amount of the referendum revenues authorized by each of the component districts for the year preceding the consolidation. ~~If the referendum revenue authorizations for each of the component districts were limited to a specified number of years, The referendum revenue authorization for the newly created district shall continue for a period of time equal to the longest period authorized for any component district. If the referendum revenue authorization of any component district is not limited to a specified number of years, the referendum revenue authorization for the newly created district shall not be limited to a specified number of years. The referendum revenue authorization for the newly created district may be modified pursuant to section 126C.17, subdivision 9.~~

Sec. 6. Minnesota Statutes 2002, section 123B.90, subdivision 2, is amended to read:

Subd. 2. **STUDENT TRAINING.** (a) Each district must provide public school pupils enrolled in grades kindergarten through grade 10 with age-appropriate school bus safety training. ~~The training must be results-oriented and shall consist of both classroom instruction and practical training using a school bus. Upon completing the training, a student shall be able to demonstrate knowledge and understanding, as described in this section,~~ of at least the following competencies and concepts:

- (1) transportation by school bus is a privilege and not a right;
- (2) district policies for student conduct and school bus safety;
- (3) appropriate conduct while on the school bus;
- (4) the danger zones surrounding a school bus;
- (5) procedures for safely boarding and leaving a school bus;

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(6) procedures for safe street or road crossing; and

(7) school bus evacuation and other emergency procedures; and

(8) appropriate training on the use of lap belts or lap and shoulder belts, if the district uses buses equipped with lap belts or lap and shoulder belts.

(b) Each nonpublic school located within the district must provide all nonpublic school pupils enrolled in grades kindergarten through grade 10 who are transported by school bus at public expense and attend school within the district's boundaries with training as required in paragraph (a). ~~The school district shall make a bus available for the practical training if the district transports the nonpublic students. Each nonpublic school shall provide the instruction.~~

(c) ~~All~~ Students enrolled in grades kindergarten through 3 grade 6 who are transported by school bus and are enrolled during the first or second week of school must demonstrate achievement of receive the school bus safety training competencies by the end of the third week of school. All Students enrolled in grades 4 7 through 10 who are transported by school bus and are enrolled during the first or second week of school and have not received school bus safety training in kindergarten through grade 6 must demonstrate achievement of receive the competencies training by the end of the sixth week of school. Students in grades 9 and 10 must receive training in the laws and proper procedures when operating a motor vehicle in the vicinity of a school bus. Students enrolled in grades kindergarten through grade 10 who enroll in a school after the second week of school and are transported by school bus and have not received training in their previous school district shall undergo school bus safety training and demonstrate achievement of the school bus safety competencies or receive bus safety instructional materials within four weeks of the first day of attendance. The school transportation safety director in each district must certify to the commissioner superintendent of schools annually that all students transported by school bus within the district have satisfactorily demonstrated knowledge and understanding of received the school bus safety competencies training according to this section or provide an explanation for a student's failure to demonstrate the competencies. The principal or other chief administrator of each nonpublic school must certify annually to the school transportation safety director of the district in which the school is located that all of the school's students transported by school bus at public expense have received training according to this section. A district may deny transportation to a student who fails to demonstrate the competencies, unless the student is unable to achieve the competencies due to a disability, or to a student who attends a nonpublic school that fails to provide training as required by this subdivision.

(d) A district and a nonpublic school with students transported by school bus at public expense ~~must, to the extent possible, may~~ provide kindergarten pupils with bus safety training before the first day of school.

(e) A district and a nonpublic school with students transported by school bus at public expense ~~must~~ may also provide student safety education for bicycling and

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pedestrian safety, for students enrolled in grades kindergarten through grade 5.

(f) A district and a nonpublic school with students transported by school bus at public expense must make reasonable accommodations for the school bus, ~~bicycle,~~ and ~~pedestrian~~ safety training of pupils known to speak English as a second language and pupils with disabilities.

(g) The district must provide students enrolled in kindergarten through grade 3 school bus safety training twice during the school year.

Sec. 7. Minnesota Statutes 2002, section 123B.90, subdivision 3, is amended to read:

Subd. 3. **MODEL TRAINING PROGRAM.** The commissioner shall develop a comprehensive model school bus safety training program for pupils who ride the bus that includes bus safety curriculum for both classroom and practical instruction, ~~methods for assessing attainment of school bus safety competencies,~~ and age-appropriate instructional materials. ~~The model training program for students riding buses with lap belts or lap and shoulder belts must include information on the appropriate use of lap belts or lap and shoulder belts. The program must be adaptable for use by students with disabilities.~~

Sec. 8. Minnesota Statutes 2002, section 123B.91, subdivision 1, is amended to read:

Subdivision 1. **COMPREHENSIVE POLICY.** ~~(a)~~ Each district shall develop and implement a comprehensive, written policy governing pupil transportation safety, including transportation of nonpublic school students, when applicable. The policy, at minimum, must contain:

- (1) provisions for appropriate student bus safety training under section 123B.90;
- (2) rules governing student conduct on school buses and in school bus loading and unloading areas;
- (3) a statement of parent or guardian responsibilities relating to school bus safety;
- (4) ~~provisions for notifying students and parents or guardians of their responsibilities and the rules, including the district's seat belt policy, if applicable;~~
- (5) an intradistrict system for reporting school bus accidents or misconduct and a system for dealing with local law enforcement officials in cases of criminal conduct on a school bus;
- (6) (5) a discipline policy to address violations of school bus safety rules, including procedures for revoking a student's bus riding privileges in cases of serious or repeated misconduct;
- ~~(7)~~ (6) a system for integrating school bus misconduct records with other discipline records;
- ~~(8)~~ a statement of bus driver duties;

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(9) (7) where applicable, provisions governing bus monitor qualifications, training, and duties;

(10) (8) rules governing the use and maintenance of type III vehicles, drivers of type III vehicles, qualifications to drive a type III vehicle, qualifications for a type III vehicle, and the circumstances under which a student may be transported in a type III vehicle;

(11) (9) operating rules and procedures;

(12) provisions for annual bus driver in-service training and evaluation;

(13) (10) emergency procedures;

(14) (11) a system for maintaining and inspecting equipment; and

(15) (12) any other requirements of the school district, if any, that exceed state law minimum requirements for school bus operations; and

(16) requirements for basic first aid training, which must include the Heimlich maneuver and procedures for dealing with obstructed airways, shock, bleeding, and seizures.

(b) Districts are encouraged to use the model policy developed by the Minnesota school boards association, the department of public safety, and the department of children, families, and learning, as well as the current edition of the "National Standards for School Transportation," in developing safety policies. Each district shall review its policy annually to ensure that it conforms to law.

Sec. 9. Minnesota Statutes 2002, section 123B.92, subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** For purposes of this section and section 125A.76, the terms defined in this subdivision have the meanings given to them.

(a) "Actual expenditure per pupil transported in the regular and excess transportation categories" means the quotient obtained by dividing:

(1) the sum of:

(i) all expenditures for transportation in the regular category, as defined in paragraph (b), clause (1), and the excess category, as defined in paragraph (b), clause (2), plus

(ii) an amount equal to one year's depreciation on the district's school bus fleet and mobile units computed on a straight line basis at the rate of 15 percent per year for districts operating a program under section 124D.128 for grades 1 to 12 for all students in the district and 12-1/2 percent per year for other districts of the cost of the fleet, plus

(iii) an amount equal to one year's depreciation on the district's type three school buses, as defined in section 169.01, subdivision 6, clause (5), which must be used a majority of the time for pupil transportation purposes, computed on a straight line basis

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at the rate of 20 percent per year of the cost of the type three school buses by:

(2) the number of pupils eligible for transportation in the regular category, as defined in paragraph (b), clause (1), and the excess category, as defined in paragraph (b), clause (2).

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

(1) Regular transportation is:

(i) transportation to and from school during the regular school year for resident elementary pupils residing one mile or more from the public or nonpublic school they attend, and resident secondary pupils residing two miles or more from the public or nonpublic school they attend, excluding desegregation transportation and noon kindergarten transportation; but with respect to transportation of pupils to and from nonpublic schools, only to the extent permitted by sections 123B.84 to 123B.87;

(ii) transportation of resident pupils to and from language immersion programs;

(iii) transportation of a pupil who is a custodial parent and that pupil's child between the pupil's home and the child care provider and between the provider and the school, if the home and provider are within the attendance area of the school; and

(iv) transportation to and from or board and lodging in another district, of resident pupils of a district without a secondary school; and

(v) transportation to and from school during the regular school year required under subdivision 3 for nonresident elementary pupils when the distance from the attendance area border to the public school is one mile or more, and for nonresident secondary pupils when the distance from the attendance area border to the public school is two miles or more, excluding desegregation transportation and noon kindergarten transportation.

For the purposes of this paragraph, a district may designate a licensed day care facility, respite care facility, the residence of a relative, or the residence of a person chosen by the pupil's parent or guardian as the home of a pupil for part or all of the day, if requested by the pupil's parent or guardian, and if that facility or residence is within the attendance area of the school the pupil attends.

(2) Excess transportation is:

(i) transportation to and from school during the regular school year for resident secondary pupils residing at least one mile but less than two miles from the public or nonpublic school they attend, and transportation to and from school for resident pupils residing less than one mile from school who are transported because of extraordinary traffic, drug, or crime hazards; and

(ii) transportation to and from school during the regular school year required under subdivision 3 for nonresident secondary pupils when the distance from the attendance area border to the school is at least one mile but less than two miles from

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the public school they attend, and for nonresident pupils when the distance from the attendance area border to the school is less than one mile from the school and who are transported because of extraordinary traffic, drug, or crime hazards.

(3) Desegregation transportation is transportation within and outside of the district during the regular school year of pupils to and from schools located outside their normal attendance areas under a plan for desegregation mandated by the commissioner or under court order.

(4) "Transportation services for pupils with disabilities" is:

(i) transportation of pupils with disabilities who cannot be transported on a regular school bus between home or a respite care facility and school;

(ii) necessary transportation of pupils with disabilities from home or from school to other buildings, including centers such as developmental achievement centers, hospitals, and treatment centers where special instruction or services required by sections 125A.03 to 125A.24, 125A.26 to 125A.48, and 125A.65 are provided, within or outside the district where services are provided;

(iii) necessary transportation for resident pupils with disabilities required by sections 125A.12, and 125A.26 to 125A.48;

(iv) board and lodging for pupils with disabilities in a district maintaining special classes;

(v) transportation from one educational facility to another within the district for resident pupils enrolled on a shared-time basis in educational programs, and necessary transportation required by sections 125A.18, and 125A.26 to 125A.48, for resident pupils with disabilities who are provided special instruction and services on a shared-time basis;

(vi) transportation for resident pupils with disabilities to and from board and lodging facilities when the pupil is boarded and lodged for educational purposes; and

(vii) services described in clauses (i) to (vi), when provided for pupils with disabilities in conjunction with a summer instructional program that relates to the pupil's individual education plan or in conjunction with a learning year program established under section 124D.128.

(5) "Nonpublic nonregular transportation" is:

(i) transportation from one educational facility to another within the district for resident pupils enrolled on a shared-time basis in educational programs, excluding transportation for nonpublic pupils with disabilities under clause (4);

(ii) transportation within district boundaries between a nonpublic school and a public school or a neutral site for nonpublic school pupils who are provided pupil support services pursuant to section 123B.44; and

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(iii) late transportation home from school or between schools within a district for nonpublic school pupils involved in after-school activities.

(c) "Mobile unit" means a vehicle or trailer designed to provide facilities for educational programs and services, including diagnostic testing, guidance and counseling services, and health services. A mobile unit located off nonpublic school premises is a neutral site as defined in section 123B.41, subdivision 13.

Sec. 10. Minnesota Statutes 2002, section 123B.92, subdivision 3, is amended to read:

Subd. 3. **ALTERNATIVE ATTENDANCE PROGRAMS.** A district that enrolls nonresident pupils in programs under sections 124D.03, 124D.06, ~~124D.07~~, 124D.08, 123A.05 to 123A.08, and 124D.68, must provide authorized transportation to the pupil within the attendance area for the school that the pupil attends at the same level of service that is provided to resident pupils within the attendance area. ~~The resident district need not provide or pay for transportation between the pupil's residence and the district's border.~~

Sec. 11. Minnesota Statutes 2002, section 123B.92, subdivision 9, is amended to read:

Subd. 9. **NONPUBLIC PUPIL TRANSPORTATION AID.** (a) A district's nonpublic pupil transportation aid for the 1996-1997 and later school years for transportation services for nonpublic school pupils according to sections 123B.88, 123B.84 to 123B.86, and this section, equals the sum of the amounts computed in paragraphs (b) and (c). This aid does not limit the obligation to transport pupils under sections 123B.84 to 123B.87.

(b) For regular and excess transportation according to subdivision 1, paragraph (b), clauses (1) and (2), an amount equal to the product of:

(1) the district's actual expenditure per pupil transported in the regular and excess transportation categories during the second preceding school year; times

(2) the number of nonpublic school pupils residing in the district who receive regular or excess transportation service or reimbursement for the current school year; times

(3) the ratio of the formula allowance pursuant to section 126C.10, subdivision 2, for the current school year to the formula allowance pursuant to section 126C.10, subdivision 2, for the second preceding school year.

(c) For nonpublic nonregular transportation according to subdivision 1, paragraph (b), clause (5), an amount equal to the product of:

(1) the district's actual expenditure for nonpublic nonregular transportation during the second preceding school year; times

(2) the ratio of the formula allowance pursuant to section 126C.10, subdivision 2, for the current school year to the formula allowance pursuant to section 126C.10,

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subdivision 2, for the second preceding school year.

(d) Notwithstanding the amount of the formula allowance for fiscal years 2000, 2001, and 2002 year 2004 in section 126C.10, subdivision 2, the commissioner shall use the amount of the formula allowance for the current year plus \$87 minus \$415 in determining the nonpublic pupil transportation revenue in paragraphs (b) and (c) for fiscal year 2000, and the amount of the formula allowance less \$110 in determining the nonpublic pupil transportation revenue in paragraphs (b) and (c) for fiscal years 2001 and 2002 2004.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2004.

Sec. 12. Minnesota Statutes 2002, section 124D.09, subdivision 13, is amended to read:

Subd. 13. **FINANCIAL ARRANGEMENTS.** For a pupil enrolled in a course under this section, the department must make payments according to this subdivision for courses that were taken for secondary credit.

The department must not make payments to a school district or post-secondary institution for a course taken for post-secondary credit only. The department must not make payments to a post-secondary institution for a course from which a student officially withdraws during the first 14 days of the quarter or semester or who has been absent from the post-secondary institution for the first 15 consecutive school days of the quarter or semester and is not receiving instruction in the home or hospital.

A post-secondary institution shall receive the following:

(1) for an institution granting quarter credit, the reimbursement per credit hour shall be an amount equal to 88 percent of the product of the formula allowance minus \$415, multiplied by 1.3, and divided by 45; or

(2) for an institution granting semester credit, the reimbursement per credit hour shall be an amount equal to 88 percent of the product of the general revenue formula allowance minus \$415, multiplied by 1.3, and divided by 30.

The department must pay to each post-secondary institution 100 percent of the amount in clause (1) or (2) within 30 days of receiving initial enrollment information each quarter or semester. If changes in enrollment occur during a quarter or semester, the change shall be reported by the post-secondary institution at the time the enrollment information for the succeeding quarter or semester is submitted. At any time the department notifies a post-secondary institution that an overpayment has been made, the institution shall promptly remit the amount due.

Sec. 13. Minnesota Statutes 2002, section 124D.59, subdivision 2, is amended to read:

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

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(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) 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 (b) Notwithstanding paragraph (a), a pupil in grades 3 through 12 scores who was enrolled in a Minnesota public school on the dates during the previous school year when a commissioner provided assessment that measures the pupil's emerging academic English was administered, shall not be counted as a pupil of limited English proficiency in calculating limited English proficiency pupil units under section 126C.05, subdivision 17, and shall not generate state limited English proficiency aid under section 124D.65, subdivision 5, unless the pupil scored below the state cutoff score on an assessment measuring emerging academic English provided by the commissioner during the previous school year.~~

(c) Notwithstanding paragraphs (a) and (b), a pupil in kindergarten through grade 12 shall not be counted as a pupil of limited English proficiency in calculating limited English proficiency pupil units under section 126C.05, subdivision 17, and shall not generate state limited English proficiency aid under section 124D.65, subdivision 5, if:

(i) the pupil is not enrolled during the current fiscal year in an educational program for pupils of limited English proficiency in accordance with sections 124D.58 to 124D.64; or

(ii) the pupil has generated five or more years of average daily membership in Minnesota public schools since July 1, 1996.

Sec. 14. Minnesota Statutes 2002, 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 (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

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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.

(e) A district's limited English proficiency programs revenue for fiscal year 2001 and later equals the product of \$584 (1) \$700 in fiscal year 2004 and later times (2) the greater of 20 or the number of adjusted marginal cost average daily membership of eligible pupils of limited English proficiency enrolled in the district during the current fiscal year.

(d) (b) 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 cutoff score on a commissioner-provided assessment that measures the pupil's emerging academic English.

Sec. 15. Minnesota Statutes 2002, section 126C.05, subdivision 8, is amended to read:

Subd. 8. **AVERAGE DAILY MEMBERSHIP.** (a) Membership for pupils in grades kindergarten through 12 and for prekindergarten pupils with disabilities shall mean the number of pupils on the current roll of the school, counted from the date of entry until withdrawal. The date of withdrawal shall mean the day the pupil permanently leaves the school or the date it is officially known that the pupil has left or has been legally excused. However, a pupil, regardless of age, who has been absent from school for 15 consecutive school days during the regular school year or for five consecutive school days during summer school or intersession classes of flexible school year programs without receiving instruction in the home or hospital shall be dropped from the roll and classified as withdrawn. Nothing in this section shall be construed as waiving the compulsory attendance provisions cited in section 120A.22. Average daily membership equals the sum for all pupils of the number of days of the school year each pupil is enrolled in the district's schools divided by the number of days the schools are in session. Days of summer school or intersession classes of flexible school year programs are only included in the computation of membership for pupils with a disability not appropriately served primarily in the regular classroom. A student must not be counted as more than 1.2 pupils in average daily membership under this section. When the initial total average daily membership exceeds 1.2 for a pupil enrolled in more than one school district during the fiscal year, each district's average daily membership must be reduced proportionately.

(b) A student must not be counted as more than one pupil in average daily membership except for purposes of section 126C.10, subdivision 2a.

Sec. 16. Minnesota Statutes 2002, section 126C.05, subdivision 14, is amended to read:

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Subd. 14. **COMPUTING PUPIL UNITS FOR A PRIOR YEAR.** In computing pupil units for a prior year, the number of pupil units shall be adjusted to reflect any change for the current year in relative weightings by grade level or category of special assistance, any change in measurement from average daily attendance to average daily membership, any change in the limit on average daily membership that can be generated by a pupil for a fiscal year as provided in subdivisions 8 and 15, and any change in school district boundaries, but not for the addition for the first time in the current year of a specified category of special assistance as provided in subdivision 1, clause (4).

Sec. 17. Minnesota Statutes 2002, 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 for purposes of section 126C.10, subdivision 2a. 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. A student in grades 1 through 12 must not be counted as more than ~~1.5~~ 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, for the pupil, a continual learning plan 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. 18. Minnesota Statutes 2002, section 126C.05, subdivision 16, is amended to read:

Subd. 16. **FREE AND REDUCED PRICED LUNCHES.** The commissioner shall determine the number of children eligible to receive either a free or reduced priced lunch on October 1 each year. Children enrolled in a building on October 1 and determined to be eligible to receive free or reduced price lunch by January ~~December~~ 15 of the following that school year shall be counted as eligible on October 1 for purposes of subdivision 3. The commissioner may use federal definitions for these purposes and may adjust these definitions as appropriate. The commissioner may adopt reporting guidelines to assure accuracy of data counts and eligibility. Districts shall use any guidelines adopted by the commissioner.

Sec. 19. Minnesota Statutes 2002, section 126C.05, subdivision 17, is amended to read:

Subd. 17. **LEP PUPIL UNITS.** (a) Limited English proficiency pupil units for fiscal year ~~1998~~ 2004 and thereafter shall be determined according to this subdivision.

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

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

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

(c) The limited English proficiency pupil units for each eligible pupil enrolled in a program for pupils of limited English proficiency in accordance with sections 124D.58 to 124D.64 in average daily membership equals the lesser of one or the quotient obtained by dividing the limited English proficiency concentration percentage for the pupil's district of enrollment by 11.5.

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

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

(f) For the purposes of this subdivision, the terms defined in section 124D.59 have the same meaning.

Sec. 20. Minnesota Statutes 2002, section 126C.10, subdivision 1, is amended to read:

Subdivision 1. **GENERAL EDUCATION REVENUE.** (a) ~~For fiscal year 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, 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.~~

(b) For fiscal year 2004 and later, the general education revenue for each district equals the sum of the district's basic revenue, extended time revenue, basic skills revenue, secondary sparsity revenue, elementary sparsity revenue, transportation sparsity revenue, total operating capital revenue, equity revenue, and transition revenue.

Sec. 21. Minnesota Statutes 2002, section 126C.10, is amended by adding a subdivision to read:

Subd. 2a. **EXTENDED TIME REVENUE.** (a) A school district's extended time revenue is equal to the product of \$4,601 and the sum of the adjusted marginal cost pupil units of the district for each pupil in average daily membership in excess of 1.0 and less than 1.2 according to section 126C.05, subdivision 8.

(b) A school district's extended time revenue may be used for extended day programs, extended week programs, summer school, and other programming authorized under the learning year program.

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Sec. 22. Minnesota Statutes 2002, section 126C.10, subdivision 3, is amended to read:

Subd. 3. **COMPENSATORY EDUCATION REVENUE.** The compensatory education revenue for each building in the district equals the formula allowance minus \$415 times the compensation revenue pupil units computed according to section 126C.05, subdivision 3. Revenue shall be paid to the district and must be allocated according to section 126C.15, subdivision 2.

Sec. 23. Minnesota Statutes 2002, section 126C.10, subdivision 4, is amended to read:

Subd. 4. **BASIC SKILLS REVENUE.** (a) ~~For fiscal year 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 and later, 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

(3) ~~\$190~~ \$250 times the limited English proficiency pupil units under section 126C.05, subdivision 17.

Sec. 24. Minnesota Statutes 2002, section 126C.10, is amended by adding a subdivision to read:

Subd. 13a. **OPERATING CAPITAL LEVY.** To obtain operating capital revenue for fiscal year 2005 and later, a district may levy an amount not more than the product of its operating capital revenue for the fiscal year times the lesser of one or the ratio of its adjusted net tax capacity per adjusted marginal pupil cost to \$22,222.

Sec. 25. Minnesota Statutes 2002, section 126C.10, is amended by adding a subdivision to read:

Subd. 13b. **OPERATING CAPITAL AID.** A district's operating capital aid equals its operating capital revenue minus its operating capital levy times the ratio of the actual amount levied to the permitted levy.

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Sec. 26. Minnesota Statutes 2002, section 126C.10, subdivision 17, is amended to read:

Subd. 17. **TRANSPORTATION SPARSITY DEFINITIONS.** The definitions in this subdivision apply to subdivisions 18 and 19.

(a) "Sparsity index" for a district means the greater of .2 or the ratio of the square mile area of the district to the resident pupil units of the district.

(b) "Density index" for a district means the ratio of the square mile area of the district to the resident pupil units of the district. However, the density index for a district cannot be greater than .2 or less than .005.

(c) "Fiscal year 1996 base allowance" for a district means the result of the following computation:

(1) sum the following amounts:

(i) the fiscal year 1996 regular transportation revenue for the district according to Minnesota Statutes 1996, section 124.225, subdivision 7d, paragraph (a), excluding the revenue attributable nonpublic school pupils and to pupils with disabilities receiving special transportation services; plus

(ii) the fiscal year 1996 nonregular transportation revenue for the district according to Minnesota Statutes 1996, section 124.225, subdivision 7d, paragraph (b), excluding the revenue for desegregation transportation according to Minnesota Statutes 1996, section 124.225, subdivision 1, paragraph (c), clause (4), and the revenue attributable to nonpublic school pupils and to pupils with disabilities receiving special transportation services or board and lodging; plus

(iii) the fiscal year 1996 excess transportation levy for the district according to Minnesota Statutes 1996, section 124.226, subdivision 5, excluding the levy attributable to nonpublic school pupils; plus

(iv) the fiscal year 1996 late activity bus levy for the district according to Minnesota Statutes 1996, section 124.226, subdivision 9, excluding the levy attributable to nonpublic school pupils; plus

(v) an amount equal to one-third of the fiscal year 1996 bus depreciation for the district according to Minnesota Statutes 1996, section 124.225, subdivision 1, paragraph (b), clauses (2), (3), and (4).

(2) divide the result in clause (1) by the district's 1995-1996 fund balance pupil units.

Sec. 27. Minnesota Statutes 2002, section 126C.10, subdivision 24, is amended to read:

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

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(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 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 \$13, plus (ii) \$55 \$75, 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 \$13.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2005.

Sec. 28. Minnesota Statutes 2002, section 126C.10, is amended by adding a subdivision to read:

**Subd. 29. EQUITY LEVY.** To obtain equity revenue for fiscal year 2005 and later, a district may levy an amount not more than the product of its equity revenue for the fiscal year times the lesser of one or the ratio of its referendum market value per resident marginal cost pupil unit to \$476,000.

Sec. 29. Minnesota Statutes 2002, section 126C.10, is amended by adding a subdivision to read:

**Subd. 30. EQUITY AID.** A district's equity aid equals its equity revenue minus its equity levy times the ratio of the actual amount levied to the permitted levy.

Sec. 30. Minnesota Statutes 2002, section 126C.10, is amended by adding a subdivision to read:

**Subd. 31. TRANSITION REVENUE.** (a) A district's transition allowance for fiscal years 2004 through 2008 equals the greater of zero or the product of the ratio of the number of adjusted marginal cost pupil units the district would have counted for fiscal year 2004 under Minnesota Statutes 2002 to the district's adjusted marginal cost pupil units for fiscal year 2004, times the difference between: (1) the lesser of the district's general education revenue per adjusted marginal cost pupil unit for fiscal year 2003 or the amount of general education revenue the district would have received per adjusted marginal cost pupil unit for fiscal year 2004 according to Minnesota Statutes 2002, and (2) the district's general education revenue for fiscal year 2004 excluding transition revenue divided by the number of adjusted marginal cost pupil units the district would have counted for fiscal year 2004 under Minnesota Statutes 2002. A district's transition allowance for fiscal year 2009 and later is zero.

(b) A district's transition revenue for fiscal year 2004 and later equals the product of the district's transition allowance times the district's adjusted marginal cost pupil units.

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Sec. 31. Minnesota Statutes 2002, section 126C.10, is amended by adding a subdivision to read:

Subd. 32. TRANSITION LEVY. To obtain transition revenue for fiscal year 2005 and later, a district may levy an amount not more than the product of its transition revenue for the fiscal year times the lesser of one or the ratio of its referendum market value per resident marginal cost pupil unit to \$476,000.

Sec. 32. Minnesota Statutes 2002, section 126C.10, is amended by adding a subdivision to read:

Subd. 33. TRANSITION AID. (a) For fiscal year 2004, a district's transition aid equals its transition revenue.

(b) For fiscal year 2005 and later, a district's transition aid equals its transition revenue minus its transition levy times the ratio of the actual amount levied to the permitted levy.

Sec. 33. Minnesota Statutes 2002, section 126C.13, subdivision 4, is amended to read:

Subd. 4. GENERAL EDUCATION AID. (a) For fiscal year 2004, a district's general education aid is the sum of the following amounts:

- (1) general education revenue;
- (2) shared time aid according to section 126C.01, subdivision 7; and
- (3) referendum aid according to section 126C.17; and
- (4) distance education aid according to section 126C.24.

(b) For fiscal year 2005 and later, a district's general education aid is the sum of the following amounts:

- (1) general education revenue, excluding equity revenue and transition revenue;
- (2) equity aid according to section 126C.10, subdivision 30;
- (3) transition aid according to section 126C.10, subdivision 33;
- (4) shared time aid according to section 126C.01, subdivision 7;
- (5) referendum aid according to section 126C.17; and
- (6) distance education aid according to section 126C.24.

Sec. 34. Minnesota Statutes 2002, 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

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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;

(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.

Sec. 35. Minnesota Statutes 2002, section 126C.17, subdivision 1, is amended to read:

Subdivision 1. **REFERENDUM ALLOWANCE.** (a) ~~For fiscal year 2002, a district's referendum revenue allowance equals the sum of the allowance under section 126C.16, subdivision 2, plus any additional allowance per resident marginal cost pupil~~

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unit authorized under subdivision 9 for fiscal year 2002.

(b) For fiscal year 2003 and later, a district's initial referendum revenue allowance equals the sum of the allowance under section 126C.16, subdivision 2, plus any additional allowance per resident marginal cost pupil unit authorized under subdivision 9 before May 1, 2001, for fiscal year 2002 and later, plus the referendum conversion allowance approved under subdivision 13, minus \$415. For districts with more than one referendum authority, the reduction must be computed separately for each authority. The reduction must be applied first to the referendum conversion allowance and next to the authority with the earliest expiration date. A district's initial referendum revenue allowance may not be less than zero.

(e) (b) For fiscal year 2003 and later, a district's referendum revenue allowance equals the initial referendum allowance plus any additional allowance per resident marginal cost pupil unit authorized under subdivision 9 after between April 30, 2001, and December 30, 2001, for fiscal year 2003 and later.

(c) For fiscal year 2004 and later, a district's referendum revenue allowance equals the sum of:

(1) the product of (i) the ratio of the resident marginal cost pupil units the district would have counted for fiscal year 2004 under Minnesota Statutes 2002, section 126C.05, to the district's resident marginal cost pupil units for fiscal year 2004, times (ii) the initial referendum allowance plus any additional allowance per resident marginal cost pupil unit authorized under subdivision 9 between April 30, 2001, and May 30, 2003, for fiscal year 2003 and later, plus

(2) any additional allowance per resident marginal cost pupil unit authorized under subdivision 9 after May 30, 2003, for fiscal year 2005 and later.

Sec. 36. Minnesota Statutes 2002, section 126C.17, subdivision 2, is amended to read:

Subd. 2. **REFERENDUM ALLOWANCE LIMIT.** (a) Notwithstanding subdivision 1, for fiscal year 2002, a district's referendum allowance must not exceed the greater of:

(1) the district's referendum allowance for fiscal year 1994;

(2) 25 percent of the formula allowance; or

(3) for a newly reorganized district created after July 1, 1994, the sum of the referendum revenue authority for the reorganizing districts for the fiscal year preceding the reorganization, divided by the sum of the resident marginal cost pupil units of the reorganizing districts for the fiscal year preceding the reorganization.

(b) Notwithstanding subdivision 1, for fiscal year 2003 and later fiscal years, a district's referendum allowance must not exceed the greater of:

(1) the sum of a district's referendum allowance for fiscal year 1994 times 1.162 plus its referendum conversion allowance for fiscal year 2003, minus \$415;

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(2) 18.2 percent of the formula allowance;

(3) for a newly reorganized district created on July 1, 2002, the referendum revenue authority for each reorganizing district in the year preceding reorganization divided by its resident marginal cost pupil units for the year preceding reorganization, minus \$415; or

(4) for a newly reorganized district created after July 1, 2002, the referendum revenue authority for each reorganizing district in the year preceding reorganization divided by its resident marginal cost pupil units for the year preceding reorganization.

(b) Notwithstanding subdivision 1, for fiscal year 2004 and later, a district's referendum allowance must not exceed the greater of:

(1) the sum of: (i) a district's referendum allowance for fiscal year 1994 times 1.177 times the annual inflationary increase as calculated under paragraph (c) plus (ii) its referendum conversion allowance for fiscal year 2003, minus (iii) \$415;

(2) the greater of (i) 18.6 percent of the formula allowance or (ii) the previous year's referendum allowance times the annual inflationary increase as calculated under paragraph (c); or

(3) for a newly reorganized district created after July 1, 2002, the referendum revenue authority for each reorganizing district in the year preceding reorganization divided by its resident marginal cost pupil units for the year preceding reorganization.

(c) For purposes of this subdivision, for fiscal year 2005 and later, "inflationary increase" means one plus the percentage change in the Consumer Price Index for urban consumers, as prepared by the United States Bureau of Labor Standards, for the current fiscal year to fiscal year 2004. For fiscal years 2009 and later, for purposes of paragraph (b), clause (1), the inflationary increase equals the inflationary increase for fiscal year 2008 plus one-fourth of the percentage increase in the formula allowance for that year compared with the formula allowance for fiscal year 2008.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2004.

Sec. 37. Minnesota Statutes 2002, section 126C.17, subdivision 5, is amended to read:

Subd. 5. **REFERENDUM EQUALIZATION REVENUE.** (a) For fiscal year 2003 and later, a district's referendum equalization revenue equals the sum of the first tier referendum equalization revenue and the second tier referendum equalization revenue.

(b) A district's first tier referendum equalization revenue equals the district's first tier referendum equalization allowance times the district's resident marginal cost pupil units for that year.

(c) For fiscal years 2003 and 2004, a district's first tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or \$126. For fiscal year 2005, a district's first tier referendum equalization allowance

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equals the lesser of the district's referendum allowance under subdivision 1 or \$405. For fiscal year 2006 and later, a district's first tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or \$500.

(d) A district's second tier referendum equalization revenue equals the district's second tier referendum equalization allowance times the district's resident marginal cost pupil units for that year.

(e) A district's second tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or ~~18.2~~ 18.6 percent of the formula allowance, minus the district's first tier referendum equalization allowance.

(f) Notwithstanding paragraph (e), the second tier referendum allowance for a district qualifying for secondary sparsity revenue under section 126C.10, subdivision 7, or elementary sparsity revenue under section 126C.10, subdivision 8, equals the district's referendum allowance under subdivision 1 minus the district's first tier referendum equalization allowance.

Sec. 38. Minnesota Statutes 2002, section 126C.17, subdivision 7, is amended to read:

Subd. 7. **REFERENDUM EQUALIZATION AID.** (a) A district's referendum equalization aid equals the difference between its referendum equalization revenue and levy.

(b) If a district's actual levy for first or second tier referendum equalization revenue is less than its maximum levy limit for that tier, aid shall be proportionately reduced.

(c) Notwithstanding paragraph (a), the referendum equalization aid for a district, where the referendum equalization aid under paragraph (a) exceeds 90 percent of the referendum revenue, must not exceed ~~18.2~~ 18.6 percent of the formula allowance times the district's resident marginal cost pupil units. A district's referendum levy is increased by the amount of any reduction in referendum aid under this paragraph.

Sec. 39. Minnesota Statutes 2002, section 126C.17, subdivision 7a, is amended to read:

Subd. 7a. **REFERENDUM TAX BASE REPLACEMENT AID.** For each school district that had a referendum allowance for fiscal year 2002 exceeding \$415, for each separately authorized referendum levy, the commissioner of revenue, in consultation with the commissioner of ~~children, families, and learning~~ education, shall certify the amount of the referendum levy in taxes payable year 2001 attributable to the portion of the referendum allowance exceeding \$415 levied against property classified as class 2, noncommercial 4c(1), or 4c(4), under section 273.13, excluding the portion of the tax paid by the portion of class 2a property consisting of the house, garage, and surrounding one acre of land. The resulting amount must be used to reduce the district's referendum levy amount otherwise determined, and must be paid to the district each year that the referendum authority remains in effect, is renewed, or new

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referendum authority is approved. The aid payable under this subdivision must be subtracted from the district's referendum equalization aid under subdivision 7. The referendum equalization aid after the subtraction must not be less than zero.

~~For the purposes of this subdivision, the referendum levy with the latest year of expiration is assumed to be at the highest level of equalization, and the referendum levy with the earliest year of expiration is assumed to be at the lowest level of equalization.~~

Sec. 40. Minnesota Statutes 2002, 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 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

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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."

(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 revenue amount must be based upon the dollar amount, local tax rate, or state the amount per resident marginal cost pupil unit, ~~that was stated to be the basis for the initial authorization by which the authority is to be reduced.~~ Revenue authority approved by the voters of the district pursuant to paragraph (a) must be received available to the school district 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.

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

(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.

Sec. 41. Minnesota Statutes 2002, section 126C.17, subdivision 13, is amended to read:

Subd. 13. **REFERENDUM CONVERSION ALLOWANCE.** (a) A school district that received supplemental or transition revenue in fiscal year 2002 may convert its supplemental revenue conversion allowance and transition revenue conversion allowance to additional referendum allowance under subdivision 1 for fiscal year 2003 and thereafter. A majority of the school board must approve the conversion at a public meeting before November 1, 2001. For a district with other referendum authority, the referendum conversion allowance approved by the board continues until the portion of the district's other referendum authority with the earliest expiration date after June 30, 2006, expires. For a district with no other referendum authority, the referendum conversion allowance approved by the board continues until June 30, 2012.

(b) A school district that received transition revenue in fiscal year 2004 may convert all or part of its transition revenue to referendum revenue with voter approval in a referendum called for the purpose. The referendum must be held in accordance with subdivision 9, except that the ballot may state that existing transition revenue authority is being canceled or is expiring. In this case, the ballot shall compare the proposed referendum allowance to the canceled or expiring transition revenue allowance. For purposes of this comparison, the canceled or expiring transition revenue allowance per adjusted marginal cost pupil unit shall be converted to an allowance per resident marginal cost pupil unit based on the district's ratio of adjusted marginal cost pupil units to resident marginal cost pupil units for the preceding fiscal year. The referendum must be held on the first Tuesday after the first Monday in November. The notice required under section 275.60 may be modified to read: "BY VOTING 'YES' ON THIS BALLOT QUESTION, YOU MAY BE VOTING FOR A PROPERTY TAX INCREASE." Elections under this paragraph must be held in 2007 or earlier.

Sec. 42. Minnesota Statutes 2002, section 126C.21, subdivision 3, is amended to read:

Subd. 3. **COUNTY APPORTIONMENT DEDUCTION.** Each year the amount of money apportioned to a district for that year pursuant to section 127A.34, subdivision 2, ~~excluding any district where the general education levy is determined according to section 126C.13, subdivision 3,~~ must be deducted from the general education aid earned by that district for the same year or from aid earned from other state sources.

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

Sec. 43. Minnesota Statutes 2002, section 126C.457, is amended to read:

**126C.457 CAREER AND TECHNICAL LEVY.**

~~For taxes payable in 2003 only,~~ A school district may levy an amount equal to the greater of (1) \$10,000, or (2) the district's fiscal year 2001 entitlement for career and technical aid under section 124D.453. The district must recognize the full amount of this levy as revenue for the fiscal year in which it is certified. Revenue received under this section must be reserved and used only for career and technical programs.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2004.

Sec. 44. Minnesota Statutes 2002, section 169.28, subdivision 1, is amended to read:

Subdivision 1. **STOP REQUIRED.** (a) The driver of any motor vehicle carrying passengers for hire, or of any school bus whether carrying passengers or not, or of any Head Start bus whether carrying passengers or not, or of any vehicle that is required to stop at railroad grade crossings under Code of Federal Regulations, title 49, section 392.10, before crossing at grade any track or tracks of a railroad, shall stop the vehicle not less than 15 feet nor more than 50 feet from the nearest rail of the railroad and while so stopped shall listen and look in both directions along the track for any approaching train, and for signals indicating the approach of a train, except as hereinafter provided, and shall not proceed until safe to do so. The driver must not shift gears while crossing the railroad tracks.

(b) A school bus or Head Start bus shall not be flagged across railroad grade crossings except at those railroad grade crossings that the local school administrative officer may designate.

(c) A type III school bus, as defined in section 169.01, is exempt from the requirement of school buses to stop at railroad grade crossings.

Sec. 45. Minnesota Statutes 2002, section 169.4503, subdivision 4, is amended to read:

Subd. 4. **CERTIFICATION.** A body manufacturer, school bus dealer, or certified Minnesota Commercial Vehicle Inspector who is also an employee of an organization purchasing a school bus shall certify provide preliminary certification to the department of public safety that the product meets Minnesota standards. Final certification will be granted within 30 days upon reinspection by the department of public safety.

Sec. 46. Minnesota Statutes 2002, section 169.454, subdivision 2, is amended to read:

Subd. 2. **AGE OF VEHICLE.** ~~Vehicles ten~~ 12 years or older must not be used as type III vehicles to transport school children, except those vehicles that are manufactured to meet the structural requirements of federal motor vehicle safety standard 222, Code of Federal Regulations, title 49, part 571.

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

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

Sec. 47. Minnesota Statutes 2002, section 169.454, subdivision 6, is amended to read:

Subd. 6. **IDENTIFICATION.** (a) The vehicle must not have the words "school bus" in any location on the exterior of the vehicle, or in any interior location visible to a motorist.

(b) ~~The vehicle must display to the rear of the vehicle this sign: "VEHICLE STOPS AT RR CROSSINGS."~~

(c) ~~The lettering (except for "AT," which may be one inch smaller) must be a minimum two-inch "Series D" as specified in standard alphabets for highway signs as specified by the Federal Highway Administration. The printing must be in a color giving a marked contrast with that of the part of the vehicle on which it is placed.~~

(d) ~~The sign must have provisions for being covered, or be of a removable or fold-down type.~~

Sec. 48. Minnesota Statutes 2002, section 171.321, subdivision 5, is amended to read:

Subd. 5. **ANNUAL EVALUATION AND LICENSE VERIFICATION.** (a) ~~A school district's pupil transportation safety director, the chief administrator of a nonpublic school, or a private contractor shall certify annually to the school board or governing board of a nonpublic school that, at minimum, each school bus driver meets the school bus driver training competencies under subdivision 4. A school district, nonpublic school, or private contractor also shall provide in-service training annually to each school bus driver.~~

(b) ~~A school district, nonpublic school, or private contractor shall annually verify the validity of the driver's license of each person who transports students for the district with the National Drivers Register or with the department of public safety.~~

Sec. 49. Minnesota Statutes 2002, section 205A.07, is amended by adding a subdivision to read:

Subd. 3a. NOTICE TO COMMISSIONER OF EDUCATION. At least 49 days prior to every school district election, under section 123B.62, 123B.63, 126C.17, 126C.69, or 475.58, the school district clerk shall provide a written notice to the commissioner of education. The notice must include the date of the election and the title and language for each ballot question to be voted on at the election. The certified vote totals for each ballot question shall be provided in a written notice to the commissioner in a timely manner.

**Sec. 50. NONPUBLIC PUPIL MATERIALS AND TESTS.**

Notwithstanding Minnesota Statutes, section 123B.42, subdivision 3, paragraph (b), the inflation adjustment for nonpublic pupil textbooks, individualized instructional or cooperative learning materials, and standardized tests for fiscal year 2004 must be computed using the fiscal year 2004 formula allowance minus \$415.

New language is indicated by underline, deletions by strikeout.

**Sec. 51. STAFF DEVELOPMENT RESERVED REVENUE; FISCAL YEARS 2004 AND 2005.**

Notwithstanding Minnesota Statutes, section 122A.61, subdivision 1, for fiscal years 2004 and 2005 only, a school district must reserve an amount equal to at least zero percent of the basic revenue under Minnesota Statutes, section 126C.10, subdivision 2. A district may waive this requirement by a majority vote of the licensed teachers in the district and a majority vote of the school board. A district in statutory operating debt is exempt from this requirement.

**Sec. 52. LEASE RATE; COOK COUNTY.**

(a) Notwithstanding Minnesota Statutes, section 92.46, and Minnesota Rules, chapter 6122, in 2003, the lease rate for lands leased under Minnesota Statutes, section 92.46, that are located in Section 16, Township 62 North, Range 4 East, Cook county, shall be two percent of the appraised value of the land as determined by the commissioner of natural resources at the fifth anniversary of the lease.

(b) In 2004 and every year thereafter, the amount payable shall be adjusted for inflation and shall be increased to an amount equal to: (1) the amount before the inflation adjustment multiplied by (2) one plus the percentage increase in the implicit price deflator for government consumption expenditures and gross investment for state and local governments prepared by the Bureau of Economic Analysis of the United States Department of Commerce for the last month of the third quarter of the calendar year prior to the year for which the rent is paid.

**Sec. 53. APPROPRIATIONS.**

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

Subd. 2. GENERAL EDUCATION AID. For general education aid under Minnesota Statutes, section 126C.13, subdivision 4:

<u>\$4,764,384,000</u>	<u>.....</u>	<u>2004</u>
<u>\$5,090,303,000</u>	<u>.....</u>	<u>2005</u>

The 2004 appropriation includes \$857,432,000 for 2003 and \$3,906,952,000 for 2004.

The 2005 appropriation includes \$1,009,856,000 for 2004 and \$4,080,447,000 for 2005.

Subd. 3. REFERENDUM TAX BASE REPLACEMENT AID. For referendum tax base replacement aid under Minnesota Statutes, section 126C.17, subdivision 7a:

<u>\$ 7,841,000</u>	<u>.....</u>	<u>2004</u>
<u>\$ 8,543,000</u>	<u>.....</u>	<u>2005</u>

The 2004 appropriation includes \$1,419,000 for 2003 and \$6,422,000 for 2004.

The 2005 appropriation includes \$1,605,000 for 2004 and \$6,938,000 for 2005.

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

Subd. 4. ENROLLMENT OPTIONS TRANSPORTATION. For transportation of pupils attending postsecondary institutions under Minnesota Statutes, section 124D.09, or for transportation of pupils attending nonresident districts under Minnesota Statutes, section 124D.03:

<u>\$50,000</u>	.....	2004
<u>\$55,000</u>	.....	<u>2005</u>

Subd. 5. ABATEMENT REVENUE. For abatement aid under Minnesota Statutes, section 127A.49:

<u>\$2,680,000</u>	.....	2004
<u>\$2,937,000</u>	.....	<u>2005</u>

The 2004 appropriation includes \$472,000 for 2003 and \$2,208,000 for 2004.

The 2005 appropriation includes \$551,000 for 2004 and \$2,386,000 for 2005.

Subd. 6. CONSOLIDATION TRANSITION. For districts consolidating under Minnesota Statutes, section 123A.485:

<u>\$207,000</u>	.....	2004
<u>\$607,000</u>	.....	<u>2005</u>

The 2004 appropriation includes \$35,000 for 2003 and \$172,000 for 2004.

The 2005 appropriation includes \$42,000 for 2004 and \$565,000 for 2005.

Subd. 7. TORNADO IMPACT; YELLOW MEDICINE EAST. For a grant to independent school district No. 2190, Yellow Medicine East, for tornado impact declining enrollment aid:

<u>\$78,000</u>	.....	2004
<u>\$39,000</u>	.....	<u>2005</u>

Subd. 8. DECLINING PUPIL AID; ALBERT LEA. For declining pupil aid to independent school district No. 241, Albert Lea:

<u>\$225,000</u>	.....	2004
<u>\$150,000</u>	.....	<u>2005</u>

Subd. 9. DECLINING PUPIL AID; MESABI EAST. For declining pupil aid to independent school district No. 2711, Mesabi East:

<u>\$150,000</u>	.....	2004
<u>\$100,000</u>	.....	<u>2005</u>

Subd. 10. DECLINING PUPIL AID; ROSEAU. For declining pupil aid to independent school district No. 682, Roseau:

<u>\$30,000</u>	.....	2004
<u>\$20,000</u>	.....	<u>2005</u>

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

Subd. 11. NONPUBLIC PUPIL AID. For nonpublic pupil education aid under Minnesota Statutes, sections 123B.40 to 123B.43 and 123B.87:

<u>\$14,626,000</u>	<u>.....</u>	<u>2004</u>
<u>\$15,594,000</u>	<u>.....</u>	<u>2005</u>

The 2004 appropriation includes \$2,715,000 for 2003 and \$11,911,000 for 2004.

The 2005 appropriation includes \$2,977,000 for 2004 and \$12,617,000 for 2005.

Subd. 12. NONPUBLIC PUPIL TRANSPORTATION. For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

<u>\$21,477,000</u>	<u>.....</u>	<u>2004</u>
<u>\$21,982,000</u>	<u>.....</u>	<u>2005</u>

The 2004 appropriation includes \$3,990,000 for 2003 and \$17,487,000 for 2004.

The 2005 appropriation includes \$4,371,000 for 2004 and \$17,611,000 for 2005.

Subd. 13. ONE-ROOM SCHOOLHOUSE. For a grant to independent school district No. 690, Warroad, to operate the Angle Inlet school:

<u>\$50,000</u>	<u>.....</u>	<u>2004</u>
<u>\$50,000</u>	<u>.....</u>	<u>2005</u>

The budget base for this item for fiscal year 2006 and each year thereafter is \$50,000.

**Sec. 54. REPEALER.**

(a) Minnesota Statutes 2002, sections 123A.73, subdivisions 7, 10, and 11; 123B.81, subdivision 6; 124D.65, subdivision 4; 126C.01, subdivision 4; and 126C.125, are repealed.

(b) Minnesota Statutes 2002, section 126C.14, is repealed effective for revenue for fiscal year 2003.

(c) Minnesota Statutes 2002, section 122A.62, is repealed effective for taxes payable in 2004.

(d) Laws 2001, First Special Session chapter 6, article 5, section 12, as amended by Laws 2002, chapter 377, article 12, section 15, is repealed.

(e) Laws 2000, chapter 489, article 2, section 36, as amended by Laws 2001, First Special Session chapter 6, article 1, section 44, is repealed effective for revenue for fiscal year 2004.

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

## ARTICLE 2

## EDUCATION EXCELLENCE

Section 1. Minnesota Statutes 2002, section 120A.05, subdivision 11, is amended to read:

Subd. 11. **MIDDLE SCHOOL.** "Middle school" means any school other than a secondary school giving an approved course of study in a minimum of ~~three~~ two consecutive grades above 4th but below 10th with building, equipment, courses of study, class schedules, enrollment, and staff meeting the standards established by the commissioner of children, families, and learning education.

**EFFECTIVE DATE.** This section is effective for the 2003-2004 school year and later.

Sec. 2. Minnesota Statutes 2002, section 120A.24, subdivision 4, is amended to read:

Subd. 4. **REPORTS TO THE STATE.** A superintendent must make an annual report to the commissioner of children, families, and learning education. The report must include the following information:

(1) the number of children residing in the district attending nonpublic schools or receiving instruction from persons or institutions other than a public school;

(2) the number of children in clause (1) who are in compliance with section 120A.22 and this section; and

(3) the names, ages, and addresses number of children whom in clause (1) who the superintendent has determined are not in compliance with section 120A.22 and this section.

Sec. 3. Minnesota Statutes 2002, section 120A.41, is amended to read:

**120A.41 LENGTH OF SCHOOL YEAR; DAYS OF INSTRUCTION.**

A school board's annual school calendar must include at least ~~three additional days of student instruction or staff development training related to implementing section 120B.031, subdivision 1, paragraph (f),~~ beyond the number of days of student instruction the board formally adopted as its school calendar at the beginning of the 1996-1997 school year.

**EFFECTIVE DATE.** This section is effective for the 2003-2004 school year.

Sec. 4. Minnesota Statutes 2002, section 121A.55, is amended to read:

**121A.55 POLICIES TO BE ESTABLISHED.**

(a) The commissioner of children, families, and learning education shall promulgate guidelines to assist each school board. Each school board shall establish uniform

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criteria for dismissal and adopt written policies and rules to effectuate the purposes of sections 121A.40 to 121A.56. The policies shall emphasize preventing dismissals through early detection of problems and shall be designed to address students' inappropriate behavior from recurring. The policies shall recognize the continuing responsibility of the school for the education of the pupil during the dismissal period. The alternative educational services, if the pupil wishes to take advantage of them, must be adequate to allow the pupil to make progress towards meeting the graduation standards adopted under section 120B.02 and help prepare the pupil for readmission.

(b) An area learning center under section 123A.05 may not prohibit an expelled or excluded pupil from enrolling solely because a district expelled or excluded the pupil. The board of the area learning center may use the provisions of the Pupil Fair Dismissal Act to exclude a pupil or to require an admission plan.

~~(c) The commissioner shall actively encourage and assist school districts to cooperatively establish alternative educational services within school buildings or at alternative program sites that offer instruction to pupils who are dismissed from school for willfully engaging in dangerous, disruptive, or violent behavior, including for possessing a firearm in a school zone. Each school district shall develop a policy and report it to the commissioner on the appropriate use of peace officers and crisis teams to remove students who have an individualized education plan from school grounds.~~

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

Sec. 5. Minnesota Statutes 2002, section 121A.61, subdivision 3, is amended to read:

Subd. 3. **POLICY COMPONENTS.** The policy must include at least the following components:

(a) rules governing student conduct and procedures for informing students of the rules;

(b) the grounds for removal of a student from a class;

(c) the authority of the classroom teacher to remove students from the classroom pursuant to procedures and rules established in the district's policy;

(d) the procedures for removal of a student from a class by a teacher, school administrator, or other school district employee;

(e) the period of time for which a student may be removed from a class, which may not exceed five class periods for a violation of a rule of conduct;

(f) provisions relating to the responsibility for and custody of a student removed from a class;

(g) the procedures for return of a student to the specified class from which the student has been removed;

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(h) the procedures for notifying a student and the student's parents or guardian of violations of the rules of conduct and of resulting disciplinary actions;

(i) any procedures determined appropriate for encouraging early involvement of parents or guardians in attempts to improve a student's behavior;

(j) any procedures determined appropriate for encouraging early detection of behavioral problems;

(k) any procedures determined appropriate for referring a student in need of special education services to those services;

(l) the procedures for consideration of whether there is a need for a further assessment or of whether there is a need for a review of the adequacy of a current individual education plan of a student with a disability who is removed from class;

(m) procedures for detecting and addressing chemical abuse problems of a student while on the school premises;

(n) the minimum consequences for violations of the code of conduct;

(o) procedures for immediate and appropriate interventions tied to violations of the code; and

(p) a provision that states that a teacher, school employee, school bus driver, or other agent of a district may use reasonable force in compliance with section 121A.582 and other laws; and

(q) an agreement regarding procedures to coordinate crisis services to the extent funds are available with the county board responsible for implementing sections 245.487 to 245.4888 for students with a serious emotional disturbance or other students who have an individualized education plan whose behavior may be addressed by crisis intervention.

Sec. 6. Minnesota Statutes 2002, section 121A.64, is amended to read:

**121A.64 NOTIFICATION; TEACHERS' LEGITIMATE EDUCATIONAL INTEREST.**

(a) A classroom teacher has a legitimate educational interest in knowing which students placed in the teacher's classroom have a history of violent behavior and must be notified before such students are placed in the teacher's classroom.

(b) Representatives of the school board and the exclusive representative of the teachers shall discuss issues related to notification prior to placement the model policy on student records adopted under Laws 1999, chapter 241, article 9, section 50, and any modifications adopted under this act for notifying classroom teachers and other school district employees having a legitimate educational interest in knowing about students with a history of violent behavior placed in classrooms of students with histories of violent behavior and any. The representatives of the school board and the exclusive representative of the teachers also may discuss the need for intervention

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

services or conflict resolution or training for staff in these cases related to placing students with a history of violent behavior in teachers' classrooms.

**EFFECTIVE DATE.** This section is effective for the 2003-2004 school year and later.

Sec. 7. Minnesota Statutes 2002, section 122A.09, subdivision 4, is amended to read:

Subd. 4. **LICENSE AND RULES.** (a) The board must adopt rules to license public school teachers and interns subject to chapter 14.

(b) The board must adopt rules requiring a person to successfully complete a skills examination in reading, writing, and mathematics as a requirement for initial teacher licensure. Such rules must require college and universities offering a board approved teacher preparation program to provide remedial assistance to persons who did not achieve a qualifying score on the skills examination, including those for whom English is a second language.

(c) The board must adopt rules to approve teacher preparation programs. The board, upon the request of a post-secondary student preparing for teacher licensure or a licensed graduate of a teacher preparation program, shall assist in resolving a dispute between the person and a post-secondary institution providing a teacher preparation program when the dispute involves an institution's recommendation for licensure affecting the person or the person's credentials. At the board's discretion, assistance may include the application of chapter 14.

(d) The board must provide the leadership and shall adopt rules for the redesign of teacher education programs to implement a research based, results-oriented curriculum that focuses on the skills teachers need in order to be effective. The board shall implement new systems of teacher preparation program evaluation to assure program effectiveness based on proficiency of graduates in demonstrating attainment of program outcomes.

(e) The board must adopt rules requiring successful completion of an examination of general pedagogical knowledge and examinations of licensure-specific teaching skills. The rules shall be effective on the dates determined by the board but not later than September 1, 2001.

(f) The board must adopt rules requiring teacher educators to work directly with elementary or secondary school teachers in elementary or secondary schools to obtain periodic exposure to the elementary or secondary teaching environment.

(g) The board must grant licenses to interns and to candidates for initial licenses.

(h) The board must design and implement an assessment system which requires a candidate for an initial license and first continuing license to demonstrate the abilities necessary to perform selected, representative teaching tasks at appropriate levels.

(i) The board must receive recommendations from local committees as established by the board for the renewal of teaching licenses.

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

(j) The board must grant life licenses to those who qualify according to requirements established by the board, and suspend or revoke licenses pursuant to sections 122A.20 and 214.10. The board must not establish any expiration date for application for life licenses.

(k) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further preparation in the areas of using positive behavior interventions and in accommodating, modifying, and adapting curricula, materials, and strategies to appropriately meet the needs of individual students and ensure adequate progress toward the state's graduation rule.

(l) In adopting rules to license public school teachers who provide health-related services for disabled children, the board shall adopt rules consistent with license or registration requirements of the commissioner of health and the health-related boards who license personnel who perform similar services outside of the school.

(m) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further reading preparation, consistent with section 122A.06, subdivision 4. The rules do not take effect until they are approved by law.

(n) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further preparation in understanding the key warning signs of early-onset mental illness in children and adolescents.

Sec. 8. Minnesota Statutes 2002, section 122A.414, is amended by adding a subdivision to read:

Subd. 3. **REPORT.** Participating districts and school sites must report on the implementation and effectiveness of the alternative teacher compensation plan, particularly addressing each requirement under subdivision 2 and make biennial recommendations by January 1 to their school boards. The school boards shall transmit a summary of the findings and recommendations of their district to the commissioner.

Sec. 9. Minnesota Statutes 2002, section 122A.415, subdivision 1, is amended to read:

Subdivision 1. **AID AMOUNT.** (a) A school district that meets the conditions of section 122A.414 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 122A.414 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, in approving applications, may give preference to applications involving entire districts or sites in approving applications or to applications that align measures of teacher performance

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with student academic achievement and progress under section 120B.35, subdivision 1.

(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.

Sec. 10. Minnesota Statutes 2002, section 122A.415, subdivision 3, is amended to read:

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 as described in this subdivision. Districts or sites with applications received by the commissioner before June 1 of the first year of a two-year contract shall receive alternative compensation aid for both years of the contract. Districts or sites with applications received by the commissioner after June 1 of the first year of a two-year contract shall receive alternative compensation aid only for the second year of the contract. A qualifying district or site that received alternative compensation aid for the previous fiscal year must receive at least an amount equal to the lesser of the amount it received for the previous fiscal year or its proportionate share of the previous year's appropriation if the district or site submits a timely application and the commissioner determines that the district or site continues to implement an alternative teacher professional pay system, consistent with its application under this section. The commissioner must approve initial applications for school districts qualifying under subdivision 1, paragraph (b), clause (1), by January 15 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.

Sec. 11. Minnesota Statutes 2002, section 122A.63, subdivision 3, is amended to read:

Subd. 3. **REVIEW AND COMMENT.** The commissioner must submit the joint application to the ~~Minnesota~~ Minnesota American Indian scholarship education committee for review and comment.

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

**Sec. 12. [123B.025] SCHOOL SPONSORSHIP AND ADVERTISING REVENUE.**

Subdivision 1. BOARD AUTHORITY; CONTRACTS. A school board may enter into a contract with advertisers, sponsors, or others regarding advertising and naming rights to school facilities under the general charge of the district. A contract authorized under this section must be approved by the school board. The powers granted to a school board under this section are in addition to any other authority the school district may have.

Subd. 2. AUTHORIZED AGREEMENTS. A school district may enter into a contract to:

- (1) lease the naming rights for school facilities, including school buildings, ice arenas, and stadiums;
- (2) sell advertising on or in the facilities listed in clause (1); and
- (3) otherwise enter into an agreement with a sponsoring agent.

Subd. 3. REVENUE USES. Revenue generated under this section must be used according to a plan specified by the school board.

Sec. 13. Minnesota Statutes 2002, section 123B.14, subdivision 1, is amended to read:

Subdivision 1. OFFICER SELECTION. Within ten days after the election of the first board in independent districts and annually thereafter on July 1, On the first Monday of January of each year, or as soon thereafter as practicable, the board must meet and organize by selecting a chair, clerk, and a treasurer, who shall hold their offices for one year and until their successors are selected and qualify. The persons who perform the duties of the clerk and treasurer need not be members of the board and the board by resolution may combine the duties of the offices of clerk and treasurer in a single person in the office of business affairs. They may appoint a superintendent who shall be ex officio a member of the board, but not entitled to vote therein. ~~In districts in which board members are elected at the general election in November, the annual meeting of the board must be held on the first Monday of January or as soon thereafter as practicable.~~

Sec. 14. Minnesota Statutes 2002, section 123B.88, subdivision 2, is amended to read:

Subd. 2. VOLUNTARY SURRENDER OF TRANSPORTATION PRIVILEGES. The parent or guardian of a secondary student may voluntarily surrender the secondary student's to and from school transportation privileges granted under subdivision 1.

Sec. 15. Minnesota Statutes 2002, section 124D.081, is amended by adding a subdivision to read:

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Subd. 9. RESERVE ACCOUNT. First grade preparedness revenue must be placed in a reserve account within the general fund and may only be used for first grade preparedness programs at qualifying school sites.

Sec. 16. Minnesota Statutes 2002, section 124D.09, subdivision 9, is amended to read:

Subd. 9. **ENROLLMENT PRIORITY.** A post-secondary institution shall give priority to its post-secondary students when enrolling 11th and 12th grade pupils in its courses. A post-secondary institution may provide information about its programs to a secondary school or to a pupil or parent, but it may not advertise or otherwise recruit or solicit the participation ~~on financial grounds,~~ of secondary pupils to enroll in its programs on financial grounds. An institution must not enroll secondary pupils, for post-secondary enrollment options purposes, in remedial, developmental, or other courses that are not college level. Once a pupil has been enrolled in a post-secondary course under this section, the pupil shall not be displaced by another student.

Sec. 17. Minnesota Statutes 2002, section 124D.09, subdivision 10, is amended to read:

Subd. 10. **COURSES ACCORDING TO AGREEMENTS.** An eligible pupil, according to subdivision 4 ~~5,~~ may enroll in a nonsectarian course taught by a secondary teacher or a post-secondary faculty member and offered at a secondary school, or another location, according to an agreement between a public school board and the governing body of an eligible public post-secondary system or an eligible private post-secondary institution, as defined in subdivision 3. All provisions of this section shall apply to a pupil, public school board, district, and the governing body of a post-secondary institution, except as otherwise provided.

Sec. 18. Minnesota Statutes 2002, section 124D.09, subdivision 16, is amended to read:

Subd. 16. **FINANCIAL ARRANGEMENTS FOR COURSES PROVIDED ACCORDING TO AGREEMENTS.** (a) The agreement between a board and the governing body of a public post-secondary system or private post-secondary institution shall set forth the payment amounts and arrangements, if any, from the board to the post-secondary institution. No payments shall be made by the department according to subdivision 4 ~~4~~ 13 or 15. For the purpose of computing state aids for a district, a pupil enrolled according to subdivision 10 shall be counted in the average daily membership of the district as though the pupil were enrolled in a secondary course that is not offered in connection with an agreement. Nothing in this subdivision shall be construed to prohibit a public post-secondary system or private post-secondary institution from receiving additional state funding that may be available under any other law.

(b) If a course is provided under subdivision 10, offered at a secondary school, and taught by a secondary teacher, the post-secondary system or institution must not require a payment from the school board that exceeds the cost to the post-secondary institution that is directly attributable to providing that course.

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

Sec. 19. Minnesota Statutes 2002, section 124D.09, subdivision 20, is amended to read:

Subd. 20. **TEXTBOOKS; MATERIALS.** All textbooks and equipment provided to a pupil, and paid for under subdivision 13, are the property of the pupil's school district of residence postsecondary institution. Each pupil is required to return all textbooks and equipment to the district postsecondary institution after the course has ended.

Sec. 20. [124D.095] **ON-LINE LEARNING OPTION.**

Subdivision 1. **CITATION.** This section may be cited as the "On-line Learning Option Act."

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

(a) "On-line learning" is an interactive course or program that delivers instruction to a student by computer; is combined with other traditional delivery methods that include frequent student assessment and may include actual teacher contact time; and meets or exceeds state academic standards.

(b) "On-line learning provider" is a school district, an organization of two or more school districts operating under a joint powers agreement, or a charter school located in Minnesota that provides on-line learning to students.

(c) "Student" is a Minnesota resident enrolled in a school under section 120A.22, subdivision 4, in kindergarten through grade 12.

(d) "On-line learning student" is a student enrolled in an on-line learning course or program delivered by an on-line provider under paragraph (b).

(e) "Enrolling district" means the school district or charter school in which a student is enrolled under section 120A.22, subdivision 4, for purposes of compulsory attendance.

Subd. 3. **AUTHORIZATION; NOTICE; LIMITATIONS ON ENROLLMENT.** (a) A student may apply to an on-line learning provider to enroll in on-line learning. A student age 17 or younger must have the written consent of a parent or guardian to apply. No school district or charter school may prohibit a student from applying to enroll in on-line learning. An on-line learning provider that accepts a student under this section must, within ten days, notify the student and the enrolling district if the enrolling district is not the on-line learning provider. The notice must report the student's course or program and hours of instruction.

(b) An on-line learning student must notify the enrolling district at least 30 days before taking an on-line learning course or program if the enrolling district is not providing the on-line learning. An on-line learning provider must notify the commissioner that it is delivering on-line learning and report the number of on-line learning students it is accepting and the on-line learning courses and programs it is delivering.

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(c) An on-line learning provider may limit enrollment if the provider's school board or board of directors adopts by resolution specific standards for accepting and rejecting students' applications.

(d) An enrolling district may reduce an on-line learning student's regular classroom instructional membership in proportion to the student's membership in on-line learning courses.

**Subd. 4. ON-LINE LEARNING PARAMETERS.** (a) An on-line learning student must receive academic credit for completing the requirements of an on-line learning course or program. Secondary credits granted to an on-line learning student must be counted toward the graduation and credit requirements of the enrolling district. The enrolling district must apply the same graduation requirements to all students, including on-line learning students, and must continue to provide nonacademic services to on-line learning students. If a student completes an on-line learning course or program that meets or exceeds a graduation standard or grade progression requirement at the enrolling district, that standard or requirement is met. The enrolling district must use the same criteria for accepting on-line learning credits or courses as it does for accepting credits or courses for transfer students under section 124D.03, subdivision 9. The enrolling district may reduce the teacher contact time of an on-line learning student in proportion to the number of on-line learning courses the student takes from an on-line learning provider that is not the enrolling district.

(b) An on-line learning student may:

(1) enroll during a single school year in a maximum of 12 semester-long courses or their equivalent delivered by an on-line learning provider or the enrolling district;

(2) complete course work at a grade level that is different from the student's current grade level; and

(3) enroll in additional courses with the on-line learning provider under a separate agreement that includes terms for payment of any tuition or course fees.

(c) A student with a disability may enroll in an on-line learning course or program if the student's IEP team determines that on-line learning is appropriate education for the student.

(d) An on-line learning student has the same access to the computer hardware and education software available in a school as all other students in the enrolling district. An on-line learning provider must assist an on-line learning student whose family qualifies for the education tax credit under section 290.0674 to acquire computer hardware and educational software for on-line learning purposes.

(e) An enrolling district may offer on-line learning to its enrolled students. Such on-line learning does not generate on-line learning funds under this section. An enrolling district that offers on-line learning only to its enrolled students is not subject to the reporting requirements or review criteria under subdivision 7. A teacher with a Minnesota license must assemble and deliver instruction to enrolled students receiving

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on-line learning from an enrolling district. The instruction may include curriculum developed by persons other than a teacher with a Minnesota license.

(f) An on-line learning provider that is not the enrolling district is subject to the reporting requirements and review criteria under subdivision 7. A teacher with a Minnesota license must assemble and deliver instruction to on-line learning students. The instruction may include curriculum developed by persons other than a teacher with a Minnesota license. Unless the commissioner grants a waiver, a teacher providing on-line learning instruction must not instruct more than 40 students in any one on-line learning course or program.

Subd. 5. PARTICIPATION IN EXTRACURRICULAR ACTIVITIES. An on-line learning student may participate in the extracurricular activities of the enrolling district on the same basis as other enrolled students.

Subd. 6. INFORMATION. School districts and charter schools must make available information about on-line learning to all interested people.

Subd. 7. DEPARTMENT OF EDUCATION. (a) The department must review and certify on-line learning providers. The on-line learning courses and programs must be rigorous, aligned with state academic standards, and contribute to grade progression in a single subject. On-line learning providers must affirm to the commissioner that on-line learning courses have equivalent standards or instruction, curriculum, and assessment requirements as other courses offered to enrolled students. The on-line learning provider must also demonstrate expectations for actual teacher contact time or other student-to-teacher communication. Once an on-line learning provider is approved under this paragraph, all of its on-line learning course offerings are eligible for payment under this section unless a course is successfully challenged by an enrolling district or the department under paragraph (b).

(b) An enrolling district may challenge the validity of a course offered by an on-line learning provider. The department must review such challenges based on the certification procedures under paragraph (a). The department may initiate its own review of the validity of an on-line learning course offered by an on-line learning provider.

(c) The department may collect a fee not to exceed \$250 for certifying on-line learning providers or \$50 per course for reviewing a challenge by an enrolling district.

(d) The department must develop, publish, and maintain a list of approved on-line learning providers and on-line learning courses and programs that it has reviewed and certified.

Subd. 8. FINANCIAL ARRANGEMENTS. (a) For a student enrolled in an on-line learning course, the department must calculate average daily membership and make payments according to this subdivision.

(b) The initial on-line learning average daily membership equals 1/12 for each semester course or a proportionate amount for courses of different lengths. The

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adjusted on-line learning average daily membership equals the initial on-line learning average daily membership times .88.

(c) No on-line learning average daily membership shall be generated if: (i) the student does not complete the on-line learning course, or (ii) the student is enrolled in on-line learning provided by the enrolling district and the student was enrolled in a Minnesota public school for the school year before the school year in which the student first enrolled in on-line learning.

(d) On-line learning average daily membership under this subdivision for a student currently enrolled in a Minnesota public school and who was enrolled in a Minnesota public school for the school year before the school year in which the student first enrolled in on-line learning shall be used only for computing average daily membership according to section 126C.05, subdivision 19, paragraph (a), clause (ii), and for computing on-line learning aid according to section 126C.24.

(e) On-line learning average daily membership under this subdivision for students not included in paragraph (c) or (d) shall be used only for computing average daily membership according to section 126C.05, subdivision 19, paragraph (a), clause (ii), and for computing payments under paragraphs (f) and (g).

(f) Subject to the limitations in this subdivision, the department must pay an on-line learning provider an amount equal to the product of the adjusted on-line learning average daily membership for students under paragraph (e) times the student grade level weighting under section 126C.05, subdivision 1, times the formula allowance.

(g) The department must pay each on-line learning provider 100 percent of the amount in paragraph (f) within 45 days of receiving final enrollment and course completion information each quarter or semester.

Subd. 9. PAYMENT PRIORITY. (a) To the extent funds are available, the commissioner must pay an on-line learning provider according to subdivision 8, in the order in which a on-line learning provider notifies the commissioner under subdivision 3, paragraph (b), that it is delivering on-line learning. The on-line learning provider must submit to the commissioner any student information necessary to process payments under this section.

(b) Before paying other on-line learning providers under paragraph (a), the commissioner must pay providers that delivered on-line learning in fiscal year 2003. (i) First, the commissioner must pay for students who were enrolled in a Minnesota on-line learning program during fiscal year 2003 and continue to be enrolled in that on-line learning program during the current fiscal year. (ii) Second, the commissioner must pay for other students enrolled in that on-line learning program during the current fiscal year. A provider's qualifying number of pupils under clauses (i) and (ii) shall not exceed 100 percent of the fiscal year 2003 pupils. An on-line learning provider that qualifies under this paragraph may also submit an application for funding for additional pupils under paragraph (a).

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(c) Notwithstanding paragraph (a), the commissioner may establish criteria to limit the increase in the number of qualifying pupils for an on-line learning provider to enable start-up or growth of other providers.

**EFFECTIVE DATE.** This section is effective for the 2003-2004 school year and later.

Sec. 21. Minnesota Statutes 2002, section 124D.10, subdivision 2a, is amended to read:

Subd. 2a. **CHARTER SCHOOL ADVISORY COUNCIL.** (a) A charter school advisory council is established under section 15.059 except that the term for each council member shall be three years. The advisory council is composed of seven members from throughout the state who have demonstrated experience with or interest in charter schools. The members of the council shall be appointed by the commissioner. 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; and

(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.

(b) The charter school advisory council under this subdivision expires June 30, ~~2003~~ 2007.

Sec. 22. Minnesota Statutes 2002, section 124D.10, subdivision 3, is amended to read:

Subd. 3. **SPONSOR.** (a) A school board; intermediate school district school board; education district organized under sections 123A.15 to 123A.19; charitable organization under section 501(c)(3) of the Internal Revenue Code of 1986 that is a member of the Minnesota council of nonprofits or the Minnesota council on foundations, registered with the attorney general's office, and reports an end-of-year

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fund balance of at least \$2,000,000; Minnesota private college that grants two- or four-year degrees and is registered with the higher education services office under chapter 136A; community college, state university, or technical college, governed by the board of trustees of the Minnesota state colleges and universities; or the University of Minnesota may sponsor one or more charter schools.

(b) A nonprofit corporation subject to chapter 317A, described in section 317A.905, and exempt from federal income tax under section 501(c)(6) of the Internal Revenue Code of 1986, may sponsor one or more charter schools if the charter school has operated for at least three years under a different sponsor and if the nonprofit corporation has existed for at least 25 years.

**EFFECTIVE DATE.** This section is effective for the 2003-2004 school year and later.

Sec. 23. Minnesota Statutes 2002, section 124D.10, subdivision 4, is amended to read:

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. 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 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

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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 a majority of licensed teachers on the board. 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) A sponsor may authorize the operators of a charter school to expand the operation of the charter school to additional sites or to add additional grades at the school beyond those described in the sponsor's application as approved by the commissioner only after submitting a supplemental application to the commissioner in a form and manner prescribed by the commissioner. The supplemental application must provide evidence that:

(1) the expansion of the charter school is supported by need and projected enrollment;

(2) the charter school is fiscally sound;

(3) the sponsor supports the expansion; and

(4) the building of the additional site meets all health and safety requirements to be eligible for lease aid.

(f) 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:

(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 record-keeping requirements; and

(7) address other similar factors that facilitate establishing and maintaining complete records on the charter school's operations.

Sec. 24. Minnesota Statutes 2002, section 124D.10, subdivision 16, is amended to read:

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Subd. 16. **TRANSPORTATION.** (a) By July 1 of each year, a charter school must notify the district in which the school is located and the department of ~~children, families, and learning~~ education if it will provide transportation for pupils enrolled in the school for the fiscal year.

(b) If a charter school elects to provide transportation for pupils, the transportation must be provided by the charter school within the district in which the charter school is located. The state must pay transportation aid to the charter school according to section 124D.11, subdivision 2.

For pupils who reside outside the district in which the charter school is located, the charter school is not required to provide or pay for transportation between the pupil's residence and the border of the district in which the charter school is located. A parent may be reimbursed by the charter school for costs of transportation from the pupil's residence to the border of the district in which the charter school is located if the pupil is from a family whose income is at or below the poverty level, as determined by the federal government. The reimbursement may not exceed the pupil's actual cost of transportation or 15 cents per mile traveled, whichever is less. Reimbursement may not be paid for more than 250 miles per week.

At the time a pupil enrolls in a charter school, the charter school must provide the parent or guardian with information regarding the transportation.

(c) If a charter school does not elect to provide transportation, transportation for pupils enrolled at the school must be provided by the district in which the school is located, according to sections 123B.88, subdivision 6, and 124D.03, subdivision 8, for a pupil residing in the same district in which the charter school is located. Transportation may be provided by the district in which the school is located, according to sections 123B.88, subdivision 6, and 124D.03, subdivision 8, for a pupil residing in a different district. If the district provides the transportation, the scheduling of routes, manner and method of transportation, control and discipline of the pupils, and any other matter relating to the transportation of pupils under this paragraph shall be within the sole discretion, control, and management of the district.

Sec. 25. Minnesota Statutes 2002, section 124D.10, subdivision 20, is amended to read:

Subd. 20. **LEAVE TO TEACH IN A CHARTER SCHOOL.** If a teacher employed by a district makes a written request for an extended leave of absence to teach at a charter school, the district must grant the leave. The district must grant a leave for any number of not to exceed a total of five years requested by the teacher, and must. Any request to extend the leave at the teacher's request shall be granted only at the discretion of the school board. The district may require that the request for a leave or extension of leave be made up to 90 days before the teacher would otherwise have to report for duty. Except as otherwise provided in this subdivision and except for section 122A.46, subdivision 7, the leave is governed by section 122A.46, including, but not limited to, reinstatement, notice of intention to return, seniority, salary, and insurance.

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During a leave, the teacher may continue to aggregate benefits and credits in the teachers' retirement association account by paying both the employer and employee contributions based upon the annual salary of the teacher for the last full pay period before the leave began. The retirement association may impose reasonable requirements to efficiently administer this subdivision.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to approvals of leaves or approvals of extensions of leaves made after that date. Notwithstanding Minnesota Statutes 2002, section 122A.46, subdivision 2, a school district, upon request, must grant a one-year extension for the 2003-2004 school year to a teacher on a leave of absence to teach at a charter school under this subdivision who has taught five or more years as of the 2003-2004 school year.

Sec. 26. Minnesota Statutes 2002, section 124D.11, subdivision 1, is amended to read:

Subdivision 1. **GENERAL EDUCATION REVENUE.** (a) General education revenue must be paid to a charter school as though it were a district. The general education revenue for each adjusted marginal cost pupil unit is the state average general education revenue per pupil unit, plus the referendum equalization aid allowance in the pupil's district of residence, minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485, calculated without basic skills revenue, and transportation sparsity revenue, and the transportation portion of the transition revenue adjustment, plus basic skills revenue and transition revenue as though the school were a school district.

(b) Notwithstanding paragraph (a), for charter schools in the first year of operation, general education revenue shall be computed using the number of adjusted pupil units in the current fiscal year.

Sec. 27. Minnesota Statutes 2002, section 124D.11, subdivision 2, is amended to read:

Subd. 2. **TRANSPORTATION REVENUE.** Transportation revenue must be paid to a charter school that provides transportation services according to section 124D.10, subdivision 16, according to this subdivision. Transportation aid shall equal transportation revenue.

In addition to the revenue under subdivision 1, a charter school providing transportation services must receive general education aid for each pupil unit equal to the sum of an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485, plus the transportation sparsity allowance for the school district in which the charter school is located, plus the transportation transition allowance for the district in which the charter school is located.

Sec. 28. Minnesota Statutes 2002, 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

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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. 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.

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~~ the greater of the charter school's building lease aid per pupil unit served for fiscal year 2003, excluding the adjustment under Laws 2002, chapter 392, article 6, section 4, or \$1,200.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2004.

Sec. 29. Minnesota Statutes 2002, section 124D.11, subdivision 6, is amended to read:

Subd. 6. **OTHER AID, GRANTS, REVENUE.** (a) A charter school is eligible to receive other aids, grants, and revenue according to chapters 120A to 129C, as though it were a district.

(b) Notwithstanding paragraph (a), a charter school may not receive aid, a grant, or revenue if a levy is required to obtain the money, except as otherwise provided in this section.

(c) Federal aid received by the state must be paid to the school, if it qualifies for the aid as though it were a school district.

(d) A charter school may receive money from any source for capital facilities needs. In the year-end report to the commissioner of children, families, and learning education, the charter school shall report the total amount of funds received from grants and other outside sources.

(e) Notwithstanding paragraph (a) or (b), a charter school may apply for a grant to receive the aid portion of integration revenue under section 124D.86, subdivision 3, for enrolled students who are residents of a district that is eligible for integration revenue. The commissioner shall determine grant recipients and may adopt application guidelines. The grants must be competitively determined and must demonstrate that enrolling pupils in the charter school contributes to desegregation or integration purposes as determined by the commissioner. If the charter school has elected not to provide transportation under section 124D.10, subdivision 16, the aid shall be reduced by the amount per pupil unit specified for the district where the charter school is

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located under section ~~123B.02~~, subdivision 8.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2004.

Sec. 30. Minnesota Statutes 2002, section 124D.42, subdivision 6, is amended to read:

Subd. 6. **PROGRAM TRAINING.** (a) The commission must, within available resources, ensure an opportunity for each participant to have three weeks of training in a residential setting. If offered, each training session must:

- (1) orient each participant in the nature, philosophy, and purpose of the program;
- (2) build an ethic of community service through general community service training; and
- (3) provide additional training as it determines necessary, which may include training in evaluating early literacy skills and teaching reading to preschool children through the St. Croix River education district under Laws 2001, First Special Session chapter 6, article 2, section 70, to assist local Head Start organizations in establishing and evaluating Head Start programs for developing children's early literacy skills.

(b) Each grantee organization shall also train participants in skills relevant to the community service opportunity.

Sec. 31. Minnesota Statutes 2002, section 124D.86, subdivision 1a, is amended to read:

Subd. 1a. **BUDGET APPROVAL PROCESS.** Each year before a district receives any revenue under subdivision 3, clause (4), (5), or (6), the district must submit to the department of ~~children, families, and learning~~ education, for its review and approval a budget detailing the costs of the desegregation/integration plan filed under Minnesota Rules, parts 3535.0100 to 3535.0180. Notwithstanding chapter 14, the department may develop criteria for budget approval. The department shall consult with the desegregation advisory board in developing these criteria. The criteria developed by the department should address, at a minimum, the following:

- (1) budget items cannot be approved unless they are part of any overall desegregation plan approved by the district for isolated sites or by the multidistrict collaboration council and participation individual members;
- (2) the budget must indicate how revenue expenditures will be used specifically to support increased opportunities for interracial contact;
- (3) components of the budget to be considered by the department, including staffing, curriculum, transportation, facilities, materials, and equipment and reasonable planning costs, as determined by the department; and
- (4) if plans are proposed to enhance existing programs, the total budget being appropriated to the program must be included, indicating what part is to be funded using integration revenue and what part is to be funded using other revenues.

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**EFFECTIVE DATE.** This section is effective retroactively for revenue for fiscal year 2003.

Sec. 32. Minnesota Statutes 2002, section 124D.86, subdivision 3, is amended to read:

Subd. 3. **INTEGRATION REVENUE.** Integration revenue equals the following amounts:

(1) for independent school district No. 709, Duluth, ~~\$207~~ \$206 times the adjusted pupil units for the school year;

(2) for independent school district No. 625, St. Paul, ~~\$446~~ \$445 times the adjusted pupil units for the school year;

(3) for special school district No. 1, Minneapolis, the sum of ~~\$446~~ \$445 times the adjusted pupil units for the school year and an additional \$35 times the adjusted pupil units for the school year that is provided entirely through a local levy;

(4) for a district not listed in clause (1), (2), or (3), 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~~ \$129 times the adjusted pupil units for the school year;

(5) for a district not listed in clause (1), (2), (3), or (4), 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~~ \$92 times the adjusted pupil units for the school year.

Any money received by districts in clauses (1) to (4) (3) which exceeds the amount received in fiscal year 2000 shall be subject to the budget requirements in subdivision 1a; and

(6) 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 (5).

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2004.

Sec. 33. Minnesota Statutes 2002, section 124D.86, subdivision 4, is amended to read:

Subd. 4. **INTEGRATION LEVY.** A district may levy an amount equal to 37 percent for fiscal year 2003, ~~22~~ 23 percent for fiscal year 2004, ~~29~~ and 30 percent for fiscal year 2005, ~~and 22 percent for fiscal year 2006~~ and thereafter of the district's integration revenue as defined in subdivision 3.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2004.

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

Sec. 34. Minnesota Statutes 2002, section 124D.86, subdivision 5, is amended to read:

Subd. 5. **INTEGRATION AID.** A district's integration aid equals ~~63 percent for fiscal year 2003, 78 percent for fiscal year 2004, 71 percent for fiscal year 2005, and 78 percent for fiscal year 2006 and thereafter of the difference between the~~ district's integration revenue as defined in subdivision 3 and its integration levy.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2004.

Sec. 35. Minnesota Statutes 2002, section 124D.86, subdivision 6, is amended to read:

Subd. 6. **ALTERNATIVE ATTENDANCE PROGRAMS.** (a) The integration aid under subdivision 5 must be adjusted for each pupil residing in a district eligible for integration revenue under subdivision 3, clause (1), (2), or (3), and attending a nonresident district under sections 123A.05 to 123A.08, 124D.03, 124D.06, ~~124D.07,~~ and 124D.08, that is not eligible for integration revenue under subdivision 3, clause (1), (2), or (3), and has implemented a plan under Minnesota Rules, parts 3535.0100 to 3535.0180, if the enrollment of the pupil in the nonresident district contributes to desegregation or integration purposes. The adjustments must be made according to this subdivision.

(b) Aid paid to a district serving nonresidents must be increased by an amount equal to the revenue per pupil unit of the resident district under subdivision 3, clause (1), (2), or (3), minus the revenue attributable to the pupil in the nonresident district under subdivision 3, clause (4), (5), or (6), for the time the pupil is enrolled in the nonresident district.

**EFFECTIVE DATE.** This section is effective retroactively for fiscal year 2003.

Sec. 36. Minnesota Statutes 2002, section 126C.05, is amended by adding a subdivision to read:

Subd. 19. **ON-LINE LEARNING STUDENTS.** (a) The average daily membership for a public school pupil generating on-line learning average daily membership according to section 124D.095, subdivision 8, paragraph (b), equals the sum of: (i) the ratio of the sum of the number of instructional hours the pupil is enrolled in a regular classroom setting at the enrolling school to the actual number of instructional hours in the school year at the enrolling school, plus (ii) .12 times the initial on-line learning average daily membership according to section 124D.095, subdivision 8, paragraph (b).

(b) When the sum of the average daily membership under paragraph (a) and the adjusted on-line learning average daily membership under section 124D.095, subdivision 8, paragraph (b), exceeds the maximum allowed for the student under subdivision 8 or 15, as applicable, the average daily membership under paragraph (a) shall be reduced by the excess over the maximum, but shall not be reduced below .12.

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The adjusted on-line learning average daily membership according to section 124D.095, subdivision 8, paragraph (b), shall be reduced by any remaining excess over the maximum.

**Sec. 37. [124D.096] ON-LINE LEARNING AID.**

(a) The on-line learning aid for an on-line learning provider equals the product of the adjusted on-line learning average daily membership for students under section 124D.095, subdivision 8, paragraph (d), times the student grade level weighting under section 126C.05, subdivision 1, times the formula allowance.

(b) Notwithstanding section 127A.45, the department must pay each on-line learning provider 77 percent of the amount in paragraph (a) within 45 days of receiving final enrollment and course completion information each quarter or semester. A final payment equal to 23 percent of the amount in paragraph (a) must be made on September 30 of the next fiscal year.

Sec. 38. Minnesota Statutes 2002, section 126C.44, is amended to read:

**126C.44 SAFE SCHOOLS LEVY.**

Each district may make a levy on all taxable property located within the district for the purposes specified in this section. The maximum amount which may be levied for all costs under this section shall be equal to \$30 \$27 multiplied by the district's adjusted marginal cost pupil units for the school year. The proceeds of the levy must be used for directly funding the following purposes or for reimbursing the cities and counties who contract with the district for the following purposes: (1) to pay the costs incurred for the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison in services in the district's schools; (2) to pay the costs for a drug abuse prevention program as defined in section 609.101, subdivision 3, paragraph (e), in the elementary schools; (3) to pay the costs for a gang resistance education training curriculum in the district's schools; (4) to pay the costs for security in the district's schools and on school property; or (5) to pay the costs for other crime prevention, drug abuse, student and staff safety, and violence prevention measures taken by the school district. The district must initially attempt to contract for services to be provided by peace officers or sheriffs with the police department of each city or the sheriff's department of the county within the district containing the school receiving the services. If a local police department or a county sheriff's department does not wish to provide the necessary services, the district may contract for these services with any other police or sheriff's department located entirely or partially within the school district's boundaries. The levy authorized under this section is not included in determining the school district's levy limitations.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2004.

Sec. 39. Minnesota Statutes 2002, section 128C.02, subdivision 1, is amended to read:

Subdivision 1. **DECISIONS, POLICIES, ADVISORY COMMITTEES.** The board shall establish and adopt policies, including a policy on corporate sponsorships

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and similar agreements, make decisions on behalf of the league, and establish advisory committees necessary to carry out board functions.

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

Sec. 40. Minnesota Statutes 2002, section 128C.05, is amended by adding a subdivision to read:

**Subd. 1a. SUPERVISED COMPETITIVE HIGH SCHOOL DIVING.** Notwithstanding Minnesota Rules, part 4717.3750, any pool built before January 1, 1987, that was used for a high school diving program during the 2000-2001 school year may be used for supervised competitive high school diving unless a pool that meets the requirements of Minnesota Rules, part 4717.3750, is located within the school district. A school or district using a pool for supervised competitive high school diving that does not meet the requirements of the rule must provide appropriate notice to parents and participants.

**EFFECTIVE DATE.** This section is effective for the 2003-2004 school year and later.

Sec. 41. Minnesota Statutes 2002, section 200.02, subdivision 7, is amended to read:

**Subd. 7. MAJOR POLITICAL PARTY.** (a) "Major political party" means a political party that maintains a party organization in the state, political division or precinct in question and that has presented at least one candidate for election to the office of:

(1) ~~governor and lieutenant governor, secretary of state, state auditor, or attorney general, at the last preceding state general election for those offices; or~~

(2) ~~presidential elector, or U.S. senator at the last preceding state general election for presidential electors; at the last preceding general election, and whose candidate received votes in each county in that election and received votes from not less than five percent of the total number of individuals who voted in that election.~~

(b) "Major political party" also means a political party that maintains a party organization in the state, political subdivision, or precinct in question and whose members present to the secretary of state a petition for a place on the state partisan primary ballot, which petition contains signatures of a number of the party members equal to at least five percent of the total number of individuals who voted in the preceding state general election.

(c) A political party whose candidate receives a sufficient number of votes at a state general election described in paragraph (a) becomes a major political party as of January 1 following that election and retains its major party status notwithstanding that the party fails to present a candidate who receives the number and percentage of votes required under paragraph (a) at the following state general election.

(d) A major political party whose candidates fail to receive the number and percentage of votes required under paragraph (a) at either the next state general

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election described by paragraph (a) loses major party status as of December 31 following the most recent that state general election; except that in a year when presidential elector is the only office of those listed in paragraph (a) to be voted on at the state general election, a major political party retains its major party status until the next state general election.

**EFFECTIVE DATE.** This section is effective August 1, 2003.

Sec. 42. Minnesota Statutes 2002, section 200.02, subdivision 23, is amended to read:

Subd. 23. **MINOR POLITICAL PARTY.** (a) "Minor political party" means a political party that is not a major political party as defined by subdivision 7 and that has adopted a state constitution, designated a state party chair, held a state convention in the last two years, filed with the secretary of state no later than December 31 following the most recent state general election a certification that the party has met the foregoing requirements, and met the requirements of paragraph (b) or (c), as applicable.

(b) To be considered a minor party in all elections statewide;

(1) the political party must have presented at least one candidate for election to the office of:

(1) governor and lieutenant governor, secretary of state, state auditor, or attorney general, at the last preceding state general election for those offices; or

(2) presidential elector, or U.S. senator at the preceding state general election for presidential electors; and at the last preceding general election, who received votes in each county that in the aggregate equal at least one percent of the total number of individuals who voted in the election, or

(2) its members must have presented to the secretary of state a nominating petition in a form prescribed by the secretary of state containing the signatures of party members in a number equal to at least one percent of the total number of individuals who voted in the preceding state general election.

(c) A political party whose candidate receives a sufficient number of votes at a state general election described in paragraph (b) becomes a minor political party as of January 1 following that election and retains its minor party status notwithstanding that the party fails to present a candidate who receives the number and percentage of votes required under paragraph (b) at the following state general election.

(d) A minor political party whose candidates fail to receive the number and percentage of votes required under paragraph (b) at either the next state general election described by paragraph (b) loses minor party status as of December 31 following the most recent that state general election; except that in a year when presidential elector is the only office of those listed in paragraph (b), clause (1), to be voted on at the state general election, a minor political party retains its minor party status until the next state general election.

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

(e) To be considered a minor party in an election in a legislative district, the political party must have presented at least one candidate for a legislative office in that district who received votes from at least ten percent of the total number of individuals who voted for that office, or its members must have presented to the secretary of state a nominating petition in a form prescribed by the secretary of state containing the signatures of party members in a number equal to at least ten percent of the total number of individuals who voted in the preceding state general election for that legislative office.

**EFFECTIVE DATE.** This section is effective August 1, 2003.

Sec. 43. Minnesota Statutes 2002, section 205A.03, subdivision 1, is amended to read:

Subdivision 1. **RESOLUTION REQUIRED PRIMARY IN CERTAIN CIRCUMSTANCES.** The school board of a school district may, by resolution adopted by June 1 of any year, decide to choose nominees for school district elective offices by a primary as provided in subdivisions 1 to 6. The resolution, when adopted, is effective for all ensuing elections of board members in that school district until it is revoked. In a school district election, if there are more than two candidates for a specified school board position or more than twice as many school board candidates as there are at-large school board positions available, a school district must hold a primary.

**EFFECTIVE DATE.** This section is effective the day following final enactment for independent school district No. 742. This section is effective January 1, 2004, for all other school districts and applies to school board elections held in 2004 and thereafter.

Sec. 44. Minnesota Statutes 2002, section 205A.03, subdivision 3, is amended to read:

Subd. 3. **CANDIDATES, FILING.** The clerk shall place upon the primary ballot without partisan designation the names of individuals whose candidacies have been filed and for whom the proper filing fee has been paid. When not more than twice the number of individuals to be elected to a school district elective office as many school board candidates as there are at-large school board positions available file for nomination for the office or when not more than two candidates for a specified school board position file for nomination for that office, their names must not be placed upon the primary ballot and must be placed on the school district general election ballot as the nominees for that office.

Sec. 45. Minnesota Statutes 2002, section 205A.03, subdivision 4, is amended to read:

Subd. 4. **RESULTS.** The school district primary must be conducted and the returns made in the manner provided for the state primary as far as practicable. Within two days after the primary, the school board of the school district shall canvass the returns, and the two candidates for each office specified school board position who receive the highest number of votes, or a number of candidates equal to twice the

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number of individuals to be elected to the office at-large school board positions who receive the highest number of votes, are the nominees for the office named. Their names must be certified to the school district clerk who shall place them on the school district general election ballot without partisan designation and without payment of an additional fee.

Sec. 46. Minnesota Statutes 2002, section 205A.06, subdivision 1a, is amended to read:

Subd. 1a. **FILING PERIOD.** ~~In school districts nominating candidates at a school district primary, Affidavits of candidacy may~~ must be filed with the school district clerk no earlier than the 70th day and no later than the 56th day before the first Tuesday after the second Monday in September in the year when the school district general election is held. ~~In all other school districts, affidavits of candidacy must be filed not more than 70 days and not less than 56 days before the school district general election.~~

**EFFECTIVE DATE.** This section is effective the day following final enactment for independent school district No. 742. This section is effective January 1, 2004, for all other school districts and applies to school board elections held in 2004 and thereafter.

Sec. 47. Minnesota Statutes 2002, section 611A.78, subdivision 1, is amended to read:

Subdivision 1. **MEMBERSHIP.** A crime victim services roundtable is created and shall be convened by the commissioner of administration or a designee. The roundtable membership shall include representatives from the following: the departments of health; human services; ~~children, families, and learning;~~ corrections; and public safety; the supreme court; the Minnesota planning agency; the office of the attorney general; the office of crime victim ombudsman; the county attorneys association; and the office of dispute resolution. The roundtable membership shall also include one person representing the four councils designated in sections 3.922, 3.9223, 3.9225, and 3.9226.

Sec. 48. Laws 2001, First Special Session chapter 6, article 2, section 72, is amended to read:

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

The deadline and penalty under Minnesota Statutes, section 123B.05, subdivision 2, do not apply for aid payment for the ~~2002-2003~~ 2004-2005 biennium.

Sec. 49. **CHARTER SCHOOL ADVISORY BOARD MEMBER TERMS.**

In order to establish staggered terms for charter school advisory board members under Minnesota Statutes, section 124D.10, subdivision 2a, the commissioner of education shall, by lot, determine the length of term for each member serving on the board on the effective date of this section. One-third of the members shall serve a one-year term, one-third shall serve a two-year term, and one-third shall serve a three-year term. Thereafter, the term for each member must be three years.

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

**Sec. 50. PILOT PROJECT TO EVALUATE PARENT INVOLVEMENT POLICIES AND STRATEGIES.**

Subdivision 1. DISTRICT AND SCHOOL SITE POLICY EVALUATION. A school board may elect to participate in a two-year pilot project to evaluate parent involvement policies and strategies in the district and in school sites, with the goal of improving the academic achievement of all students within the district, including at-risk students.

Subd. 2. PARENT INVOLVEMENT REVIEW COMMITTEES. A school board electing to participate and interested school sites within that district must establish a parent involvement review committee or expand the purview of an existing committee composed of a majority of parents. The committees must evaluate the effectiveness of district and school site programs and strategies intended to provide all parents with meaningful opportunities to participate in the process of educating students. The committees, among other things, may evaluate the operation of the instruction and curriculum advisory committee or building team under Minnesota Statutes, section 120B.11, or parent involvement programs developed under Minnesota Statutes, section 124D.895. A majority of committee members must be parents of students enrolled in the district or school site, if applicable. The committee also must include teachers employed by the district and who teach at a school site, if applicable. A district must assist participating school sites at the request of the school site.

Subd. 3. NOTICE OF PARTICIPATION; NOTICE TO PARENTS. (a) A school board electing to participate under this section must notify the commissioner of education of its participation and the participation of interested school sites on a form supplied by the commissioner. The commissioner may assist participating districts and school sites at the request of the district or school site.

(b) Participating school districts must transmit timely effective notice of this project to parent organizations throughout the district and to parents of children enrolled in district schools.

Subd. 4. REPORT. Participating districts and school sites must report the findings of the evaluation and related recommendations annually by March 1 to the school board, which shall transmit a summary of the findings and recommendations to the commissioner. Information the commissioner receives under this subdivision may be used to modify guidelines and model plans for parent involvement programs under Minnesota Statutes, section 124D.895.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to the 2003-2004 and 2004-2005 school years.

**Sec. 51. CHARTER SCHOOL START-UP AID.**

A charter school in its first year of operation during fiscal year 2004 or 2005 is not eligible for charter school start-up aid under Minnesota Statutes, section 124D.11, subdivision 8.

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

**Sec. 52. ALTERNATIVE ATTENDANCE ADJUSTMENTS FOR FISCAL YEAR 2002.**

Notwithstanding Minnesota Statutes, section 124D.86, subdivision 6, for fiscal year 2002 only, integration aid under Minnesota Statutes, section 124D.86, subdivision 5, must be adjusted for each pupil residing in special school district No. 1, Minneapolis; independent school district No. 625, St. Paul; or independent school district No. 709, Duluth, and attending a nonresident district under Minnesota Statutes, sections 123A.05 to 123A.08, 124D.03, 124D.06, and 124D.08, other than Minneapolis, St. Paul or Duluth that has implemented a plan under Minnesota Rules, parts 3535.0100 to 3535.0180, if the enrollment of the pupil in the nonresident district contributes to desegregation or integration purposes. The adjustments must be made according to this subdivision.

(b) Aid paid to a district serving nonresident pupils must be increased by an amount equal to the revenue per pupil of the resident district under Minnesota Statutes, section 124D.86, subdivision 3, minus the revenue attributable to the pupil in the nonresident district for the time the pupil is enrolled in the nonresident district.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to fiscal year 2002.

**Sec. 53. POLICY ON STUDENTS WITH A HISTORY OF VIOLENT BEHAVIOR.**

(a) Representatives of the Minnesota school boards association, Education Minnesota, and the information policy analysis division in the Minnesota department of administration, the parent of a child who has participated in the Title I delinquent education program selected by the commissioner of education, and the commissioner of education or the commissioner's designee, shall develop a model policy by August 1, 2003, on notifying classroom teachers and other school district employees having a legitimate educational interest when a student with a history of violent behavior is placed in the teacher's classroom. The model policy at least must:

(1) define what constitutes a history of violent behavior, consistent with Minnesota Statutes, section 121A.45, subdivision 2, clause (c);

(2) limit reports on violent behavior to a specified number of school years;

(3) define "legitimate educational interest," consistent with Minnesota Statutes, section 121A.64;

(4) indicate the persons at the school or district level who determine which school district employees have a legitimate educational interest;

(5) require school districts that transfer the student records of a student with a history of violent behavior to another school district, charter school, or alternative education program to include all information about the student's history of violent behavior in the student's educational records it transmits to the enrolling school district, charter school, or alternative education program, consistent with this policy;

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

(6) ensure that the parent of a student with a history of violent behavior is able to review the student's educational records and data and to effectively exercise rights under both federal and state data practices laws to challenge records or data on the basis that they are inaccurate, incomplete, misleading, or otherwise violate the student's right to privacy before the classroom teacher or other district employee is notified; and

(7) require school districts to inform the parent or guardian of a student with a history of violent behavior under Minnesota Statutes, section 121A.64, that the district gives notice about the student's history of violent behavior to the classroom teacher and other district employees having a legitimate educational interest before placing the student in the teacher's classroom.

(b) The information policy analysis division in the Minnesota department of administration by August 15, 2003, must post on its division Web site the model policy developed under paragraph (a).

(c) The task force in paragraph (a) expires on August 1, 2003.

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

**Sec. 54. AT-LARGE SCHOOL BOARD MEMBERS; INDEPENDENT SCHOOL DISTRICT NO. 709, DULUTH.**

(a) Notwithstanding Laws 1969, chapter 698, or other law to the contrary, the school board for independent school district No. 709, Duluth, may by resolution reduce from five to three the number of at-large school board members.

(b) If the school board adopts the resolution under paragraph (a), for the November 2003 election and each four years thereafter, the three positions of those members elected at large whose terms expire on December 31, 2003, shall be reduced to one member elected at large.

(c) Nothing in this section prevents a member of the school board on the effective date of this act who is otherwise qualified from running for reelection upon the expiration of that member's term.

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

**Sec. 55. APPROPRIATIONS.**

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

Subd. 2. CHARTER SCHOOL BUILDING LEASE AID. For building lease aid under Minnesota Statutes, section 124D.11, subdivision 4:

<u>\$17,140,000</u>	<u>.....</u>	<u>2004</u>
<u>\$21,018,000</u>	<u>.....</u>	<u>2005</u>

The 2004 appropriation includes \$2,524,000 for 2003 and \$14,616,000 for 2004.

The 2005 appropriation includes \$3,654,000 for 2004 and \$17,364,000 for 2005.

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

Subd. 3. CHARTER SCHOOL STARTUP AID. For charter school startup cost aid under Minnesota Statutes, section 124D.11:

<u>\$824,000</u>	.....	<u>2004</u>
<u>\$151,000</u>	.....	<u>2005</u>

The 2004 appropriation includes \$220,000 for 2003 and \$604,000 for 2004.

The 2005 appropriation includes \$151,000 for 2004 and \$0 for 2005.

Subd. 4. CHARTER SCHOOL INTEGRATION GRANTS. For grants to charter schools to promote integration and desegregation under Minnesota Statutes, section 124D.11, subdivision 6, paragraph (e):

<u>\$8,000</u>	.....	<u>2004</u>
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This appropriation includes \$8,000 for 2003 and \$0 for 2004.

Subd. 5. INTEGRATION AID. For integration aid under Minnesota Statutes, section 124D.86, subdivision 5:

<u>\$56,869,000</u>	.....	<u>2004</u>
<u>\$56,092,000</u>	.....	<u>2005</u>

The 2004 appropriation includes \$8,428,000 for 2003 and \$48,441,000 for 2004.

The 2005 appropriation includes \$12,110,000 for 2004 and \$43,982,000 for 2005.

Subd. 6. MAGNET SCHOOL GRANTS. For magnet school and program grants:

<u>\$750,000</u>	.....	<u>2004</u>
<u>\$750,000</u>	.....	<u>2005</u>

\$90,000 of the fiscal year 2004 appropriation is for continuation of the magnet school program authorized under Laws 2000, chapter 489, article 7, section 15, subdivision 5, for independent school district No. 696, Ely.

These amounts may be used for magnet school programs under Minnesota Statutes, section 124D.88.

Subd. 7. MAGNET SCHOOL STARTUP AID. For magnet school startup aid under Minnesota Statutes, section 124D.88:

<u>\$ 37,000</u>	.....	<u>2004</u>
<u>\$454,000</u>	.....	<u>2005</u>

The 2004 appropriation includes \$37,000 for 2003 and \$0 for 2004.

The 2005 appropriation includes \$0 for 2004 and \$437,000 for 2005.

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

**Subd. 8. INTERDISTRICT DESEGREGATION OR INTEGRATION TRANSPORTATION GRANTS.** For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

<u>\$5,796,000</u>	.....	<u>2004</u>
<u>\$8,401,000</u>	.....	<u>2005</u>

**Subd. 9. SUCCESS FOR THE FUTURE.** For American Indian success for the future grants under Minnesota Statutes, section 124D.81:

<u>\$2,073,000</u>	.....	<u>2004</u>
<u>\$2,137,000</u>	.....	<u>2005</u>

The 2004 appropriation includes \$363,000 for 2003 and \$1,710,000 for 2004.

The 2005 appropriation includes \$427,000 for 2004 and \$1,710,000 for 2005.

**Subd. 10. AMERICAN INDIAN SCHOLARSHIPS.** For American Indian scholarships under Minnesota Statutes, section 124D.84:

<u>\$1,875,000</u>	.....	<u>2004</u>
<u>\$1,875,000</u>	.....	<u>2005</u>

**Subd. 11. AMERICAN INDIAN TEACHER PREPARATION GRANTS.** For joint grants to assist American Indian people to become teachers under Minnesota Statutes, section 122A.63:

<u>\$190,000</u>	.....	<u>2004</u>
<u>\$190,000</u>	.....	<u>2005</u>

**Subd. 12. TRIBAL CONTRACT SCHOOLS.** For tribal contract school aid under Minnesota Statutes, section 124D.83:

<u>\$2,135,000</u>	.....	<u>2004</u>
<u>\$2,336,000</u>	.....	<u>2005</u>

The 2004 appropriation includes \$285,000 for 2003 and \$1,850,000 for 2004.

The 2005 appropriation includes \$462,000 for 2004 and \$1,874,000 for 2005.

**Subd. 13. EARLY CHILDHOOD PROGRAMS AT TRIBAL SCHOOLS.** For early childhood family education programs at tribal contract schools under Minnesota Statutes, section 124D.83, subdivision 4:

<u>\$68,000</u>	.....	<u>2004</u>
<u>\$68,000</u>	.....	<u>2005</u>

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

Subd. 14. STATEWIDE TESTING SUPPORT. For statewide testing support under Minnesota Statutes, section 120B.30.

<u>\$9,000,000</u>	<u>.....</u>	<u>2004</u>
<u>\$9,000,000</u>	<u>.....</u>	<u>2005</u>

Subd. 15. BEST PRACTICES SEMINARS. For best practices seminars and other professional development capacity building activities that assure proficiency in teaching and implementation of graduation rule standards:

<u>\$1,000,000</u>	<u>.....</u>	<u>2004</u>
<u>\$1,000,000</u>	<u>.....</u>	<u>2005</u>

\$250,000 per year is for a grant to A Chance to Grow/New Visions for the Minnesota learning resource center's comprehensive training program for education professionals charged with helping children acquire basic reading and math skills.

Subd. 16. ALTERNATIVE TEACHER COMPENSATION. For alternative teacher compensation established under Minnesota Statutes, sections 122A.413 to 122A.415:

<u>\$3,700,000</u>	<u>.....</u>	<u>2004</u>
<u>\$3,700,000</u>	<u>.....</u>	<u>2005</u>

If the appropriations under this subdivision are insufficient to fund all program participants, a participant may receive less than the maximum per pupil amount available under Minnesota Statutes, section 122A.415, subdivision 1. A qualifying district or site receiving alternative teacher compensation funding under this subdivision may use the funding it receives to leverage additional funds from a national program for enhancing teacher professionalism.

Subd. 17. EXAMINATION FEES; TEACHER TRAINING AND SUPPORT PROGRAMS. (a) For students' advanced placement and international baccalaureate examination fees under Minnesota Statutes, section 120B.13, subdivision 3, and the training and related costs for teachers and other interested educators under Minnesota Statutes, section 120B.13, subdivision 1:

<u>\$ 778,000</u>	<u>.....</u>	<u>2004</u>
<u>\$ 778,000</u>	<u>.....</u>	<u>2005</u>

(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.

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

(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) The commissioner shall pay all examination fees for all students of low-income families under Minnesota Statutes, section 120B.13, subdivision 3, and to the extent of available appropriations shall also pay examination fees for students sitting for an advanced placement examination, international baccalaureate examination, or both.

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

Subd. 18. FIRST GRADE PREPAREDNESS. For first grade preparedness grants under Minnesota Statutes, section 124D.081:

<u>\$7,250,000</u>	<u>.....</u>	<u>2004</u>
<u>\$7,250,000</u>	<u>.....</u>	<u>2005</u>

Subd. 19. YOUTH WORKS PROGRAM. For funding youth works programs under Minnesota Statutes, sections 124D.37 to 124D.45:

<u>\$900,000</u>	<u>.....</u>	<u>2004</u>
<u>\$900,000</u>	<u>.....</u>	<u>2005</u>

(a) \$150,000 per year is for training in evaluating early literacy skills and teaching reading to preschool children under Minnesota Statutes, section 124D.42, subdivision 6, paragraph (a), clause (3).

(b) 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 extent such coverage is not otherwise available.

Subd. 20. STUDENT ORGANIZATIONS. For student organizations:

<u>\$625,000</u>	<u>.....</u>	<u>2004</u>
<u>\$625,000</u>	<u>.....</u>	<u>2005</u>

The allocation for a student organization in fiscal year 2004 or fiscal year 2005 shall be no less than its fiscal year 2003 allocation.

Subd. 21. DISTANCE EDUCATION. For distance education under Minnesota Statutes, section 124D.095:

<u>\$1,000,000</u>	<u>.....</u>	<u>2004</u>
<u>\$1,250,000</u>	<u>.....</u>	<u>2005</u>

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**Subd. 22. COLLABORATIVE URBAN EDUCATOR RECRUITMENT AND TRAINING PROGRAMS.** For grants to collaborative urban educator recruitment and training programs:

<u>\$528,000</u>	<u>.....</u>	<u>2004</u>
<u>\$528,000</u>	<u>.....</u>	<u>2005</u>

\$198,000 each year is for the Southeast Asian teacher program at Concordia University, St. Paul; \$165,000 each year is for the collaborative urban educator program at the University of St. Thomas; and \$165,000 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.

**Sec. 56. REPEALER.**

(a) Minnesota Statutes 2002, sections 122A.64; 122A.65; 124D.84, subdivision 2; and 124D.89, are repealed.

(b) Minnesota Statutes 2002, sections 128C.01, subdivision 5; 128C.02, subdivision 8; and 128C.13, are repealed.

(c) Laws 1993, chapter 224, article 8, section 20, subdivision 2, as amended by Laws 1994, chapter 647, article 8, section 29, is repealed.

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**ARTICLE 3**

**SPECIAL PROGRAMS**

Section 1. Minnesota Statutes 2002, 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

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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 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 and other qualified personnel 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.

**Sec. 2. [124D.452] DISTRICT REPORT; CAREER AND TECHNICAL EDUCATION.**

Each district and cooperative center must report data to the department of education for all career and technical education programs as required by the department.

Sec. 3. Minnesota Statutes 2002, section 124D.454, subdivision 1, is amended to read:

Subdivision 1. **PURPOSE.** The purpose of this section is to provide a method to fund transition career and technical education programs for children with a disability that are components of the student's transition plan. As used in this section, the term "children with a disability" shall have the meaning ascribed to it in section 125A.02.

Sec. 4. Minnesota Statutes 2002, section 124D.454, subdivision 2, is amended to read:

Subd. 2. **DEFINITIONS.** For the purposes of this section, the definitions in this subdivision apply.

(a) "Base year" for fiscal year 1996 means fiscal year 1995. Base year for later fiscal years means the second fiscal year preceding the fiscal year for which aid will be paid.

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(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) "Average daily membership" has the meaning given it in section 126C.05.

(d) "Program growth factor" means 1.00 for fiscal year 1998 and later.

(e) "Aid percentage factor" means 60 percent for fiscal year 1996, 70 percent for fiscal year 1997, 80 percent for fiscal year 1998, 90 percent for fiscal year 1999, and 100 percent for fiscal year 2000 and later.

(f) "Essential personnel" means a licensed teacher, licensed support services staff person, paraprofessional providing direct services to students, or licensed personnel under subdivision 12, paragraph (c). This definition is not intended to change or modify the definition of essential employee in chapter 179A.

Sec. 5. Minnesota Statutes 2002, section 124D.454, subdivision 3, is amended to read:

Subd. 3. **BASE REVENUE.** (a) The transition program-disabled transition-disabled program base revenue equals the sum of the following amounts computed using base year data:

(1) 68 percent of the salary of each essential licensed person or approved paraprofessional who provides direct instructional services to students employed during that fiscal year for services rendered in that district's transition program for children with a disability;

(2) 47 percent of the costs of necessary equipment for transition programs for children with a disability;

(3) 47 percent of the costs of necessary travel between instructional sites by transition program teachers of children with a disability but not including travel to and from local, regional, district, state, or national ~~vocational~~ career and technical student organization meetings;

(4) 47 percent of the costs of necessary supplies for transition programs for children with a disability but not to exceed an average of \$47 in any one school year for each child with a disability receiving these services;

(5) for transition programs for children with disabilities provided by a contract approved by the commissioner with public, private, or voluntary agencies other than a Minnesota school district or cooperative center, in place of programs provided by the district, 52 percent of the difference between the amount of the contract and the basic revenue of the district for that pupil for the fraction of the school day the pupil receives services under the contract;

(6) for transition programs for children with disabilities provided by a contract approved by the commissioner with public, private, or voluntary agencies other than a Minnesota school district or cooperative center, that are supplementary to a full

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educational program provided by the school district, 52 percent of the amount of the contract; and

(7) for a contract approved by the commissioner with another Minnesota school district or cooperative center for vocational evaluation services for children with a disability for children that are not yet enrolled in grade 12, 52 percent of the amount of the contract.

(b) If requested by a school district for transition programs during the base year for less than the full school 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 year.

Sec. 6. Minnesota Statutes 2002, section 124D.454, subdivision 8, is amended to read:

Subd. 8. **USE OF AID.** The aid provided under this section shall be paid only for services rendered or for the costs which are incurred according to this section for transition programs for children with a disability which are approved by the commissioner of ~~children, families, and learning~~ education and operated in accordance with rules promulgated by the commissioner. ~~These rules shall be subject to the restrictions provided in section 124D.453, subdivision 6 12.~~ The procedure for application for approval of these programs shall be as provided in section 125A.75, subdivisions 4 and 6, and the application review process shall be conducted by the ~~office~~ division of lifework development federal programs in the department.

Sec. 7. Minnesota Statutes 2002, section 124D.454, subdivision 10, is amended to read:

Subd. 10. **EXCLUSION.** A district shall not receive aid pursuant to section ~~124D.453~~ or 125A.76 for salaries, supplies, travel or equipment for which the district receives aid pursuant to this section.

Sec. 8. Minnesota Statutes 2002, section 124D.454, is amended by adding a subdivision to read:

Subd. 12. **COMPLIANCE WITH RULES.** Aid must be paid under this section only for services rendered or for costs incurred in career and technical education programs approved by the commissioner and operated in accordance with rules promulgated by the commissioner. This aid shall be paid only for services rendered and for costs incurred by essential, licensed personnel who meet the requirements for licensure pursuant to the rules of the Minnesota board of teaching. Licensed personnel means persons holding a valid career and technical license issued by the commissioner. If an average of five or fewer secondary full-time equivalent students are enrolled per teacher in an approved postsecondary program at intermediate district No. 287, 916, or 917, licensed personnel means persons holding a valid vocational license issued by the commissioner or the board of trustees of the Minnesota state colleges and universities. Notwithstanding section 127A.42, the commissioner may modify or withdraw the program or aid approval and withhold aid under this section without proceeding under

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section 127A.42 at any time. To do so, the commissioner must determine that the program does not comply with rules of the department of education or that any facts concerning the program or its budget differ from the facts in the district's approved application.

**Sec. 9. [125A.091] ALTERNATIVE DISPUTE RESOLUTION AND DUE PROCESS HEARINGS.**

**Subdivision 1. DISTRICT OBLIGATION.** A school district must use the procedures in federal law and state law and rule to reach decisions about the identification, evaluation, educational placement, manifestation determination, interim alternative educational placement, or the provision of a free appropriate public education to a child with a disability.

**Subd. 2. PRIOR WRITTEN NOTICE.** A parent must receive prior written notice a reasonable time before the district proposes or refuses to initiate or change the identification, evaluation, educational placement, or the provision of a free appropriate public education to a child with a disability.

**Subd. 3. CONTENT OF NOTICE.** The notice under subdivision 2 must:

- (1) describe the action the district proposes or refuses;
- (2) explain why the district proposes or refuses to take the action;
- (3) describe any other option the district considered and the reason why it rejected the option;
- (4) describe each evaluation procedure, test, record, or report the district used as a basis for the proposed or refused action;
- (5) describe any other factor affecting the proposal or refusal of the district to take the action;
- (6) state that the parent of a child with a disability is protected by procedural safeguards and, if this notice is not an initial referral for evaluation, how a parent can get a description of the procedural safeguards; and
- (7) identify where a parent can get help in understanding this law.

**Subd. 4. UNDERSTANDABLE NOTICE.** (a) The written notice under subdivision 2 must be understandable to the general public and available in the parent's native language or by another communication form, unless it is clearly not feasible to do so.

(b) If the parent's native language or other communication form is not written, the district must take steps to ensure that:

- (1) the notice is translated orally or by other means to the parent in the parent's native language or other communication form;
- (2) the parent understands the notice; and
- (3) written evidence indicates the requirements in subdivision 2 are met.

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Subd. 5. INITIAL ACTION; PARENT CONSENT. The district must not proceed with the initial evaluation 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. A district may not override the written refusal of a parent to consent to an initial evaluation or reevaluation.

Subd. 6. DISPUTE RESOLUTION PROCESSES; GENERALLY. Parties are encouraged to resolve disputes over the identification, evaluation, educational placement, manifestation determination, interim alternative educational placement, or the provision of a free appropriate public education to a child with a disability through conciliation, mediation, facilitated team meetings, or other alternative process. All dispute resolution options are voluntary on the part of the parent and must not be used to deny or delay the right to a due process hearing. All dispute resolution processes under this section are provided at no cost to the parent.

Subd. 7. CONCILIATION CONFERENCE. A parent must have an opportunity to meet with appropriate district staff in at least one conciliation conference if the parent objects to any proposal of which the parent receives notice under subdivision 2. If the parent refuses district efforts to conciliate the dispute, the conciliation requirement is satisfied. Following a conciliation conference, the district must prepare and provide to the parent a conciliation conference memorandum that describes the district's final proposed offer of service. This memorandum is admissible in evidence in any subsequent proceeding.

Subd. 8. VOLUNTARY DISPUTE RESOLUTION OPTIONS. In addition to offering at least one conciliation conference, a district must inform a parent of other dispute resolution processes, including at least mediation and facilitated team meetings. The fact that an alternative dispute resolution process was used is admissible in evidence at any subsequent proceeding. State-provided mediators and team meeting facilitators shall not be subpoenaed to testify at a due process hearing or civil action under federal special education law nor are any records of mediators or state-provided team meeting facilitators accessible to the parties.

Subd. 9. MEDIATION. Mediation is a dispute resolution process that involves a neutral party provided by the state to assist a parent and a district in resolving disputes over the identification, evaluation, educational placement, manifestation determination, interim alternative educational placement, or the provision of a free appropriate public education to a child with a disability. A mediation process is available as an informal alternative to a due process hearing but must not be used to deny or postpone the opportunity of a parent or district to obtain a due process hearing. Mediation is voluntary for all parties. All mediation discussions are confidential and inadmissible in evidence in any subsequent proceeding, unless the:

- (1) parties expressly agree otherwise;
- (2) evidence is otherwise available; or
- (3) evidence is offered to prove bias or prejudice of a witness.

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Subd. 10. MEDIATED AGREEMENTS. Mediated agreements are not admissible unless the parties agree otherwise or a party to the agreement believes the agreement is not being implemented, in which case the aggrieved party may enter the agreement into evidence at a due process hearing. The parties may request another mediation to resolve a dispute over implementing the mediated agreement. After a due process hearing is requested, a party may request mediation and the commissioner must provide a mediator who conducts a mediation session no later than the third business day after the mediation request is made to the commissioner.

Subd. 11. FACILITATED TEAM MEETING. A facilitated team meeting is an IEP, IFSP, or IIP team meeting led by an impartial state-provided facilitator to promote effective communication and assist a team in developing an individualized education plan.

Subd. 12. IMPARTIAL DUE PROCESS HEARING. (a) A parent or a district is entitled to an impartial due process hearing conducted by the state when a dispute arises over the identification, evaluation, educational placement, manifestation determination, interim alternative educational placement, or the provision of a free appropriate public education to a child with a disability. The hearing must be held in the district responsible for ensuring that a free appropriate public education is provided according to state and federal law. The proceedings must be recorded and preserved, at state expense, pending ultimate disposition of the action.

(b) The due process hearing must be conducted according to the rules of the commissioner and federal law.

Subd. 13. HEARING OFFICER QUALIFICATIONS. The commissioner must appoint an individual who is qualified under this subdivision to serve as a hearing officer. The hearing officer must:

- (1) be knowledgeable and impartial;
- (2) have no personal interest in or specific involvement with the student who is a party to the hearing;
- (3) not have been employed as an administrator by the district that is a party to the hearing;
- (4) not have been involved in selecting the district administrator who is a party to the hearing;
- (5) have no personal, economic, or professional interest in the outcome of the hearing other than properly administering federal and state laws, rules, and policies;
- (6) have no substantial involvement in developing state or local policies or procedures challenged in the hearing;
- (7) not be a current employee or board member of a Minnesota public school district, education district, intermediate unit or regional education agency, or the

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department if the department is the service provider; and

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

Subd. 14. REQUEST FOR HEARING. A request for a due process hearing must:

(1) be in writing;

(2) describe the nature of the dispute about providing special education services to the student including facts relating to the dispute; and

(3) state, to the extent known, the relief sought.

Any school district administrator receiving a request for a due process hearing must immediately forward the request to the commissioner. Within two business days of receiving a request for a due process hearing, the commissioner must appoint a hearing officer. The commissioner must not deny a request for hearing because the request is incomplete. A party may disqualify a hearing officer only by affirmatively showing prejudice or bias to the commissioner or to the chief administrative law judge if the hearing officer is an administrative law judge. If a party affirmatively shows prejudice against a hearing officer, the commissioner must assign another hearing officer to hear the matter.

Subd. 15. PREHEARING CONFERENCE. A prehearing conference must be held within five business days of the date the commissioner appoints the hearing officer. The hearing officer must initiate the prehearing conference which may be conducted in person, at a location within the district, or by telephone. The hearing officer must create a written verbatim record of the prehearing conference which is available to either party upon request. At the prehearing conference, the hearing officer must:

(1) identify the questions that must be answered to resolve the dispute and eliminate claims and complaints that are without merit;

(2) set a scheduling order for the hearing and additional prehearing activities;

(3) determine if the hearing can be disposed of without an evidentiary hearing and, if so, establish the schedule and procedure for doing so; and

(4) establish the management, control, and location of the hearing to ensure its fair, efficient, and effective disposition.

Subd. 16. BURDEN OF PROOF. The burden of proof at a due process hearing is on the district to demonstrate, by a preponderance of the evidence, that it is complying with the law and offered or provided a free appropriate public education to the child in the least restrictive environment. If the district has not offered or provided a free appropriate public education in the least restrictive environment and the parent wants the district to pay for a private placement, the burden of proof is on the parent

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to demonstrate, by a preponderance of the evidence, that the private placement is appropriate.

**Subd. 17. ADMISSIBLE EVIDENCE.** The hearing officer may admit all evidence that possesses probative value, including hearsay, if it is the type of evidence on which reasonable, prudent persons are accustomed to rely in conducting their serious affairs. The hearing officer must give effect to the rules of privilege recognized by law and exclude evidence that is incompetent, irrelevant, immaterial, or unduly repetitious.

**Subd. 18. HEARING OFFICER AUTHORITY.** (a) A hearing officer must limit an impartial due process hearing to the time sufficient for each party to present its case.

(b) A hearing officer must establish and maintain control and manage the hearing. This authority includes, but is not limited to:

(1) requiring attorneys representing parties at the hearing, after notice and an opportunity to be heard, to pay court reporting and hearing officer costs, or fines payable to the state, for failing to: (i) obey scheduling or prehearing orders, (ii) appear, (iii) be prepared, or (iv) participate in the hearing process in good faith;

(2) administering oaths and affirmations;

(3) issuing subpoenas;

(4) determining the responsible and providing districts and joining those districts, if not already notified, in the proceedings;

(5) making decisions involving identification, evaluation, educational placement, manifestation determination, interim alternative educational placement, or the provision of a free appropriate public education to a child with a disability; and

(6) ordering an independent educational evaluation of a child at district expense.

**Subd. 19. EXPEDITED DUE PROCESS HEARINGS.** A parent has the right to an expedited due process hearing when there is a dispute over a manifestation determination or a proposed or actual placement in an interim alternative educational setting. A district has the right to an expedited due process hearing when proposing or seeking to maintain placement in an interim alternative educational setting. A hearing officer must hold an expedited due process hearing and must issue a decision within ten calendar days of the request for a hearing. A hearing officer may extend by up to five additional calendar days the time for issuing a decision in an expedited due process hearing. All policies in this section apply to expedited due process hearings to the extent they do not conflict with federal law.

**Subd. 20. HEARING OFFICER'S DECISION; TIME PERIOD.** (a) The hearing officer must issue a decision within 45 calendar days of the date on which the commissioner receives the request for a due process hearing. A hearing officer is encouraged to accelerate the time line to 30 days for a child under the age of three whose needs change rapidly and who requires quick resolution of a dispute. A hearing

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officer may not extend the time beyond the 45-day period unless requested by either party for good cause shown on the record. Extensions of time must not exceed a total of 30 calendar days unless both parties and the hearing officer agree or time is needed to complete an independent educational evaluation. Good cause includes, but is not limited to, the time required for mediation or other settlement discussions, independent educational evaluation, complexity and volume of issues, or finding or changing counsel.

(b) The hearing officer's decision must:

(1) be in writing;

(2) state the controlling and material facts upon which the decision is made in order to apprise the reader of the basis and reason for the decision; and

(3) be based on local standards, state statute, the rules of the commissioner, and federal law.

**Subd. 21. COMPENSATORY EDUCATIONAL SERVICES.** The hearing officer may require the resident or responsible district to provide compensatory educational services to the child if the hearing officer finds that the district has not offered or made available to the child a free appropriate public education in the least restrictive environment and the child suffered a loss of educational benefit. Such services take the form of direct and indirect special education and related services designed to address any loss of educational benefit that may have occurred. The hearing officer's finding must be based on a present determination of whether the child has suffered a loss of educational benefit.

**Subd. 22. CHILD'S EDUCATIONAL PLACEMENT DURING A DUE PROCESS HEARING.** (a) Until a due process hearing under this section is completed or the district and the parent agree otherwise, the child must remain in the child's current educational placement and must not be denied initial admission to school.

(b) Until an expedited due process hearing challenging an interim alternative educational placement is completed, the child must remain in the interim alternative educational setting until the decision of the hearing officer or the expiration of the 45 days permitted for an interim alternative educational setting, whichever occurs first, unless the parent and district agree otherwise.

**Subd. 23. IMPLEMENTATION OF HEARING OFFICER ORDER.** (a) That portion of a hearing officer's decision granting relief requested by the parent must be implemented upon issuance.

(b) Except as provided under paragraph (a) or the district and parent agree otherwise, following a hearing officer's decision granting relief requested by the district, the child must remain in the current educational placement until the time to request judicial review under subdivision 24 expires or, if judicial review is requested,

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at the time the Minnesota court of appeals or the federal district court issues its decision, whichever is later.

Subd. 24. REVIEW OF HEARING OFFICER DECISIONS. The parent or district may seek review of the hearing officer's decision in the Minnesota court of appeals or in the federal district court, consistent with federal law. A party must appeal to the Minnesota court of appeals within 60 days of receiving the hearing officer's decision.

Subd. 25. ENFORCEMENT OF ORDERS. The commissioner must monitor final hearing officer decisions and ensure enforcement of hearing officer orders.

Subd. 26. HEARING OFFICER AND PERSON CONDUCTING ALTERNATIVE DISPUTE RESOLUTION ARE STATE EMPLOYEES. A hearing officer or person conducting alternative dispute resolution under this section is an employee of the state under section 3.732 for purposes of section 3.736 only.

Subd. 27. HEARING OFFICER TRAINING. A hearing officer must participate in training and follow procedures established by the commissioner.

Subd. 28. DISTRICT LIABILITY. A district is not liable for harmless technical violations of this section or rules implementing this section if the school district can demonstrate on a case-by-case basis that the violations did not harm a student's educational progress or the parent's right to notice, participation, or due process.

Sec. 10. Minnesota Statutes 2002, section 125A.21, subdivision 2, is amended to read:

Subd. 2. **THIRD PARTY REIMBURSEMENT.** (a) Beginning July 1, 2000, districts shall seek reimbursement from insurers and similar third parties for the cost of services provided by the district whenever the services provided by the district are otherwise covered by the child's health coverage. Districts shall request, but may not require, the child's family to provide information about the child's health coverage when a child with a disability begins to receive services from the district of a type that may be reimbursable, and shall request, but may not require, updated information after that as needed.

(b) For children enrolled in medical assistance under chapter 256B or MinnesotaCare under chapter 256L who have no other health coverage, a district shall provide an initial written notice to the enrolled child's parent or legal representative of its intent to seek reimbursement from medical assistance or MinnesotaCare for the individual education plan health-related services provided by the district.

(c) The district shall give the parent or legal representative annual written notice of:

(1) the district's intent to seek reimbursement from medical assistance or MinnesotaCare for individual education plan health-related services provided by the district;

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(2) the right of the parent or legal representative to request a copy of all records concerning individual education plan health-related services disclosed by the district to any third party; and

(3) the right of the parent or legal representative to withdraw consent for disclosure of a child's records at any time without consequence.

The written notice shall be provided as part of the written notice required by Code of Federal Regulations, title 34, section ~~300.503~~ 300.504.

(d) In order to access the private health care coverage of a child who is covered by private health care coverage in whole or in part, a district must:

(1) obtain annual written informed consent from the parent or legal representative, in compliance with subdivision 5; and

(2) inform the parent or legal representative that a refusal to permit the district or state Medicaid agency to access their private health care coverage does not relieve the district of its responsibility to provide all services necessary to provide free and appropriate public education at no cost to the parent or legal representative.

(e) If the commissioner of human services obtains federal approval to exempt covered individual education plan health-related services from the requirement that private health care coverage refuse payment before medical assistance may be billed, paragraphs (b), (c), and (d) shall also apply to students with a combination of private health care coverage and health care coverage through medical assistance or MinnesotaCare.

(f) In the event that Congress or any federal agency or the Minnesota legislature or any state agency establishes lifetime limits, limits for any health care services, cost-sharing provisions, or otherwise provides that individual education plan health-related services impact benefits for persons enrolled in medical assistance or MinnesotaCare, the amendments to this subdivision adopted in 2002 are repealed on the effective date of any federal or state law or regulation that imposes the limits. In that event, districts must obtain informed consent consistent with this subdivision as it existed prior to the 2002 amendments and subdivision 5, before seeking reimbursement for children enrolled in medical assistance under chapter 256B or MinnesotaCare under chapter 256L who have no other health care coverage.

Sec. 11. Minnesota Statutes 2002, section 125A.28, is amended to read:

**125A.28 STATE INTERAGENCY COORDINATING COUNCIL.**

An interagency coordinating council of at least 17, but not more than 25 members is established, in compliance with Public Law ~~Number~~ 102-119, section 682. The members must be appointed by the governor. Council members must elect the council chair. The representative of the commissioner may not serve as the chair. The council must be composed of at least five parents, including persons of color, of children with disabilities under age 12, including at least three parents of a child with a disability under age seven, five representatives of public or private providers of services for

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children with disabilities under age five, including a special education director, county social service director, local Head Start director, and a community health services or public health nursing administrator, one member of the senate, one member of the house of representatives, one representative of teacher preparation programs in early childhood-special education or other preparation programs in early childhood intervention, at least one representative of advocacy organizations for children with disabilities under age five, one physician who cares for young children with special health care needs, one representative each from the commissioners of commerce, ~~children, families, and learning~~ education, health, human services, a representative from the state agency responsible for child care, and a representative from Indian health services or a tribal council. Section 15.059, subdivisions 2 to 5, apply to the council. The council must meet at least quarterly.

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

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

By September 1, the council must recommend to the governor and the commissioners of ~~children, families, and learning~~ education, health, human services, commerce, and economic security policies for a comprehensive and coordinated system.

Notwithstanding any other law to the contrary, the state interagency coordinating council expires on June 30, ~~2003~~ 2005.

Sec. 12. Minnesota Statutes 2002, section 125A.30, is amended to read:

**125A.30 INTERAGENCY EARLY INTERVENTION COMMITTEES.**

(a) A school district, group of districts, or special education cooperative, in cooperation with the health and human service agencies located in the county or counties in which the district or cooperative is located, must establish an interagency early intervention committee for children with disabilities under age five and their families under this section, and for children with disabilities ages three to 22 consistent with the requirements under sections 125A.023 and 125A.027. Committees must include representatives of local and ~~regional~~ health, education, and county human service agencies, county boards, school boards, early childhood family education programs, Head Start, parents of young children with disabilities under age 12, child care resource and referral agencies, school readiness programs, current service providers, and may also include representatives from other private or public agencies and school nurses. The committee must elect a chair from among its members and must meet at least quarterly.

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

(1) develop public awareness systems designed to inform potential recipient families of available programs and services;

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

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

(4) assure the development of individualized family service plans for all eligible infants and toddlers with disabilities from birth through age two, and their families, and individual education plans and individual service plans when necessary to appropriately serve children with disabilities, age three and older, and their families and recommend assignment of financial responsibilities to the appropriate agencies;

(5) encourage agencies to develop individual family service plans for children with disabilities, age three and older;

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

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

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

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

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

(c) The local committee shall also:

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

(2) review and comment on the early intervention section of the total special education system for the district, the county social service plan, the section or sections of the community health services plan that address needs of and service activities targeted to children with special health care needs, the section on children with special

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needs in the county child care fund plan, sections in Head Start plans on coordinated planning and services for children with special needs, any relevant portions of early childhood education plans, such as early childhood family education or school readiness, or other applicable coordinated school and community plans for early childhood programs and services, and the section of the maternal and child health special project grants that address needs of and service activities targeted to children with chronic illness and disabilities.

Sec. 13. Minnesota Statutes 2002, 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 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 1.0 for fiscal year 2004 and later.

Sec. 14. Minnesota Statutes 2002, section 125A.76, subdivision 4, is amended to read:

Subd. 4. **STATE TOTAL SPECIAL EDUCATION AID.** The state total special education aid for fiscal year ~~2000~~ 2004 equals ~~\$463,000,000~~ \$530,642,000. The state total special education aid for ~~fiscal year 2001~~ 2005 equals ~~\$474,000,000~~ \$529,164,000. The state total special education aid for later fiscal years equals:

- (1) the state total special education aid for the preceding fiscal year; times
- (2) the program growth factor; times
- (3) the ratio of the state total average daily membership for the current fiscal year to the state total average daily membership for the preceding fiscal year.

Sec. 15. Minnesota Statutes 2002, section 125A.79, subdivision 1, is amended to read:

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Subdivision 1. **DEFINITIONS.** For the purposes of this section, the definitions in this subdivision apply.

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

(1) expenditures for teachers' salaries, contracted services, supplies, equipment, and transportation services eligible for revenue under section 125A.76; plus

(2) expenditures for tuition bills received under sections 125A.03 to 125A.24 and 125A.65 for services eligible for revenue under section 125A.76, subdivision 2; minus

(3) revenue for teachers' salaries, contracted services, supplies, and equipment under section 125A.76; minus

(4) tuition receipts under sections 125A.03 to 125A.24 and 125A.65 for services eligible for revenue under section 125A.76, subdivision 2.

(b) "General revenue" means for fiscal year 1996, the sum of the general education revenue according to section 126C.10, subdivision 1, as adjusted according to section 127A.47, subdivision 7, plus the total referendum revenue according to section 126C.17, subdivision 4. For fiscal years 1997 and later, "general revenue" means the sum of the general education revenue according to section 126C.10, subdivision 1, as adjusted according to section 127A.47, subdivisions 7 and 8, plus the total referendum revenue minus transportation sparsity revenue minus total operating capital revenue.

(c) "Average daily membership" has the meaning given it in section 126C.05.

(d) "Program growth factor" means ~~1.044~~ for fiscal year 2002 and 1.02 for fiscal year 2003, and 1.0 for fiscal year 2004 and later.

Sec. 16. Minnesota Statutes 2002, section 125A.79, subdivision 6, is amended to read:

Subd. 6. **STATE TOTAL SPECIAL EDUCATION EXCESS COST AID.** The state total special education excess cost aid for fiscal year 2004 equals \$92,067,000. The state total special education aid for fiscal year 2005 equals \$91,811,000. The state total special education excess cost aid for fiscal year ~~2002~~ 2006 and later fiscal years equals:

(1) the state total special education excess cost aid for the preceding fiscal year; times

(2) the program growth factor; times

(3) the ratio of the state total average daily membership for the current fiscal year to the state total average daily membership for the preceding fiscal year.

Sec. 17. **SPECIAL EDUCATION CROSS-SUBSIDY REDUCTION AID.**

(a) For fiscal year 2004, a district shall receive special education cross-subsidy reduction aid equal to \$5,000,000 times the ratio of the district's special education

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excess cost aid for the previous fiscal year according to Minnesota Statutes, section 125A.79, subdivision 7, to the state total special education excess cost aid for the previous fiscal year according to Minnesota Statutes, section 125A.79, subdivision 6.

(b) For fiscal year 2005, a district shall receive special education cross-subsidy reduction aid equal to \$11,000,000 times the ratio of the district's special education excess cost aid for the previous fiscal year according to Minnesota Statutes, section 125A.79, subdivision 7, to the state total special education excess cost aid for the previous fiscal year according to Minnesota Statutes, section 125A.79, subdivision 6.

(c) Special education cross-subsidy reduction aid must be used to pay for a district's unfunded special education costs that would otherwise be cross-subsidized by a district's general education revenue.

**Sec. 18. IMPACT OF WAIVING SPECIFIC SPECIAL EDUCATION REQUIREMENTS THAT EXCEED FEDERAL LAW; THREE-YEAR PILOT PROJECT.**

Subdivision 1. ESTABLISHMENT; GOAL. A three-year pilot project is established to permit independent school district No. 535, Rochester, and up to three other geographically diverse school districts or cooperative units under Minnesota Statutes, section 125A.11, subdivision 3, selected by the commissioner of education to determine the impact, if any, of waiving specific special education requirements listed in subdivision 3 on the quality and cost-effectiveness of the instructional services and educational outcomes provided to eligible students by the project participant.

Subd. 2. ELIGIBILITY; APPLICATIONS. The commissioner must transmit information about the pilot project and make application forms available to interested school districts or cooperative units. Applications must be submitted to the commissioner by July 1, 2003. An applicant must identify the specific special education requirements listed in subdivision 3 for which the applicant seeks a waiver and indicate how the applicant proposes to modify the activities and procedures affected by the waiver. The commissioner must approve the applications by August 1, 2003.

Subd. 3. WAIVERS. The following state special education requirements are waived for the 2003-2004, 2004-2005, and 2005-2006 school years for independent school district No. 535, Rochester, and the other school districts or cooperative units participating in this pilot project:

(1) Minnesota Statutes, section 125A.56, governing prereferral interventions;

(2) Minnesota Statutes, section 125A.08, paragraph (a), clause (1), governing transitional services for students when reaching age 14 or grade 9, who transition from secondary services to postsecondary education and training, employment, community participation, recreation and leisure, and home living;

(3) Minnesota Statutes, section 125A.22, governing community transition inter-agency committees; and

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(4) Minnesota Statutes, section 125A.023, governing coordinated interagency services but only affecting eligible children with disabilities age seven or older.

Subd. 4. STUDENTS' RIGHTS. Eligible students enrolled in a district or receiving special instruction and services through a cooperative unit that is participating in this pilot project remain entitled to the procedural protections provided under federal law in any matter that affects the students' identification, evaluation, and placement or change in placement, or protections provided under state law in dismissal proceedings that may result in students' suspension, exclusion, or expulsion. Project participants must ensure that students' civil rights are protected, provide equal educational opportunities, and prohibit discrimination. Failure to comply with this subdivision will at least cause a district or cooperative unit to become ineligible to participate in the pilot project.

Subd. 5. TECHNICAL ASSISTANCE. The commissioner must provide project participants, upon request, assistance in developing and implementing a valid and uniform procedure under subdivision 6 to evaluate the participants' experience.

Subd. 6. EVALUATION; REPORT. All participating school districts and cooperative units must evaluate the impact, if any, of waiving specific special education requirements listed in subdivision 3 on the quality and cost-effectiveness of the instructional services and educational outcomes provided to eligible students by the project participant. Project participants must focus the evaluation on the overall efficacy of modifying the activities and procedures affected by the waiver. The evaluation must include a mechanism for documenting parents' response to the pilot project. Project participants must submit to the commissioner a progress report by September 1, 2004, and a final report by November 1, 2005. The commissioner must compile and present the results of the reports to the legislature by February 1, 2006, and recommend appropriate amendments to the statutory requirements listed in subdivision 3.

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

**Sec. 19. DEPARTMENT RESPONSIBILITY.**

By January 1, 2004, the commissioner of education must adopt rules that:

(1) establish criteria for selecting hearing officers, the standards of conduct to which a hearing officer must adhere, and a process to evaluate the hearing system;

(2) ensure that appropriately trained and knowledgeable persons conduct due process hearings in compliance with federal law; and

(3) create standards for expedited due process hearings under federal law.

By March 1, 2004, the commissioner of education must develop and make available a notice for participants in state-provided dispute resolution processes that informs participants of their rights concerning dispute resolution.

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**Sec. 20. APPROPRIATIONS.**

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

Subd. 2. SPECIAL EDUCATION; REGULAR. For special education aid under Minnesota Statutes, section 125A.75:

<u>\$515,091,000</u>	<u>.....</u>	<u>2004</u>
<u>\$529,460,000</u>	<u>.....</u>	<u>2005</u>

The 2004 appropriation includes \$90,577,000 for 2003 and \$424,514,000 for 2004.

The 2005 appropriation includes \$106,128,000 for 2004 and \$423,332,000 for 2005.

Subd. 3. SPECIAL EDUCATION CROSS-SUBSIDY REDUCTION AID. For special education cross-subsidy reduction aid under section 17:

<u>\$ 5,000,000</u>	<u>.....</u>	<u>2004</u>
<u>\$11,000,000</u>	<u>.....</u>	<u>2005</u>

This is a onetime appropriation.

Subd. 4. AID FOR CHILDREN WITH DISABILITIES. For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

<u>\$2,177,000</u>	<u>.....</u>	<u>2004</u>
<u>\$2,244,000</u>	<u>.....</u>	<u>2005</u>

If the appropriation for either year is insufficient, the appropriation for the other year is available.

Subd. 5. TRAVEL FOR HOME-BASED SERVICES. For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

<u>\$220,000</u>	<u>.....</u>	<u>2004</u>
<u>\$261,000</u>	<u>.....</u>	<u>2005</u>

The 2004 appropriation includes \$34,000 for 2003 and \$186,000 for 2004.

The 2005 appropriation includes \$46,000 for 2004 and \$215,000 for 2005.

Subd. 6. SPECIAL EDUCATION; EXCESS COSTS. For excess cost aid under Minnesota Statutes, section 125A.79, subdivision 7:

<u>\$92,606,000</u>	<u>.....</u>	<u>2004</u>
<u>\$92,984,000</u>	<u>.....</u>	<u>2005</u>

The 2004 appropriation includes \$41,754,000 for 2003 and \$50,852,000 for 2004.

The 2005 appropriation includes \$41,215,000 for 2004 and \$51,769,000 for 2005.

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**Subd. 7. LITIGATION COSTS FOR SPECIAL EDUCATION.** For paying the costs a district incurs under Minnesota Statutes, section 125A.75, subdivision 8:

\$346,000	.....	2004
<u>\$ 17,000</u>	.....	<u>2005</u>

**Subd. 8. TRANSITION FOR DISABLED STUDENTS.** For aid for transition programs for children with disabilities under Minnesota Statutes, section 124D.454:

\$8,625,000	.....	2004
<u>\$8,867,000</u>	.....	<u>2005</u>

The 2004 appropriation includes \$1,516,000 for 2003 and \$7,109,000 for 2004.

The 2005 appropriation includes \$1,777,000 for 2004 and \$7,090,000 for 2005.

**Subd. 9. 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:

\$152,000	.....	2004
<u>\$160,000</u>	.....	<u>2005</u>

**Subd. 10. OUT-OF-STATE TUITION SPECIAL EDUCATION.** For special education out-of-state tuition according to Minnesota Statutes, section 125A.79, subdivision 8:

\$250,000	.....	2004
<u>\$250,000</u>	.....	<u>2005</u>

**Sec. 21. REPEALER.**

Minnesota Statutes 2002, sections 125A.023, subdivision 5; 125A.09; 125A.47; and 125A.79, subdivision 2, are repealed.

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**ARTICLE 4**

**FACILITIES AND TECHNOLOGY**

Section 1. Minnesota Statutes 2002, section 123B.51, subdivision 3, is amended to read:

Subd. 3. **LEASE ROOMS OR BUILDINGS REAL PROPERTY.** When necessary, the board may lease ~~rooms or buildings~~ real property for school purposes.

Sec. 2. Minnesota Statutes 2002, section 123B.51, subdivision 4, is amended to read:

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Subd. 4. **LEASE FOR NONSCHOOL PURPOSE.** (a) The board may lease to any person, business, or organization a ~~schoolhouse~~ real property that is not needed for school purposes, or part of a ~~schoolhouse~~ the property that is not needed for school purposes if the board determines that leasing part of a ~~schoolhouse~~ the property does not interfere with the educational programs taking place in the rest of the ~~building on the property~~. The board may charge and collect reasonable consideration for the lease and may determine the terms and conditions of the lease.

(b) In districts with outstanding bonds, the net proceeds of the lease must be first deposited in the debt retirement fund of the district in an amount sufficient to meet when due that percentage of the principal and interest payments for outstanding bonds that is ascribable to the payment of expenses necessary and incidental to the construction or purchase of the particular building or property that is leased. Any remaining net proceeds in these districts may be deposited in either the debt redemption fund or operating capital expenditure fund account. All net proceeds of the lease in districts without outstanding bonds shall be deposited in the operating capital expenditure fund account of the district.

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

Sec. 3. Minnesota Statutes 2002, section 123B.52, is amended by adding a subdivision to read:

Subd. 1a. CONSTRUCTION CONTRACTS. A project labor agreement is a hiring agreement that establishes wages, uniform work schedules, and rules for dispute resolution to manage construction projects that generally require, among other things, payment of union dues or fees to a labor organization or membership in or affiliation with a labor organization. A school board must adopt at a public meeting a written resolution authorizing a project labor agreement to construct or repair a facility through a contract or bid. The board must publish in the official newspaper of the district notice of the meeting at least 30 days in advance.

Sec. 4. Minnesota Statutes 2002, section 123B.53, subdivision 4, is amended to read:

Subd. 4. **DEBT SERVICE EQUALIZATION REVENUE.** (a) The debt service equalization revenue of a district equals the sum of the first tier debt service equalization revenue and the second tier debt service equalization revenue.

(b) The first tier debt service equalization revenue of a district equals the greater of zero or the eligible debt service revenue minus the amount raised by a levy of 15

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percent times the adjusted net tax capacity of the district minus the second tier debt service equalization revenue of the district.

(c) The second tier debt service equalization revenue of a district equals the greater of zero or the eligible debt service revenue, excluding alternative facilities levies under section 123B.59, subdivision 5, minus the amount raised by a levy of 25 percent times the adjusted net tax capacity of the district.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2005.

Sec. 5. Minnesota Statutes 2002, section 123B.57, subdivision 1, is amended to read:

Subdivision 1. **HEALTH AND SAFETY PROGRAM.** (a) To receive health and safety revenue for any fiscal year a district must submit to the commissioner an application for aid and levy by the date determined by the commissioner. The application may be for hazardous substance removal, fire and life safety code repairs, labor and industry regulated facility and equipment violations, and health, safety, and environmental management, including indoor air quality management. The application must include a health and safety program adopted by the school district board. The program must include the estimated cost, per building, of the program by fiscal year. Upon approval through the adoption of a resolution by each of an intermediate district's member school district boards and the approval of the department of ~~children, families, and learning~~ education, a school district may include its proportionate share of the costs of health and safety projects for an intermediate district in its application.

(b) Health and safety projects with an estimated cost of \$500,000 or more per site, approved after February 1, 2003, are not eligible for health and safety revenue. Health and safety projects with an estimated cost of \$500,000 or more per site, approved after February 1, 2003, that meet all other requirements for health and safety funding, are eligible for alternative facilities bonding and levy revenue according to section 123B.59. A school board shall not separate portions of a single project into components to qualify for health and safety revenue, and shall not combine unrelated projects into a single project to qualify for alternative facilities bonding and levy revenue.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to projects approved after February 1, 2003, for taxes payable in 2004 and later.

Sec. 6. Minnesota Statutes 2002, section 123B.57, subdivision 4, is amended to read:

Subd. 4. **HEALTH AND SAFETY LEVY.** To receive health and safety revenue, a district may levy an amount equal to the district's health and safety revenue as defined in subdivision 3 multiplied by the lesser of one, or the ratio of the quotient derived by dividing the adjusted net tax capacity of the district for the year preceding the year the levy is certified by the adjusted marginal cost pupil units in the district for the school year to which the levy is attributable, to ~~\$3,956~~ \$2,935.

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Sec. 7. Minnesota Statutes 2002, section 123B.57, subdivision 6, is amended to read:

Subd. 6. **USES OF HEALTH AND SAFETY REVENUE.** (a) Health and safety revenue may be used only for approved expenditures necessary to correct fire and life 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 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 Minnesota occupational safety and health administration regulated facility and equipment hazards, indoor air quality mold abatement, upgrades or replacement of mechanical ventilation systems to meet American Society of Heating, Refrigerating and Air Conditioning Engineers standards and state mechanical code, department of health food code and swimming pool hazards excluding depth correction,~~ 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.

(b) Notwithstanding paragraph (a), health and safety revenue must not be used for replacement of building materials or facilities including roof, walls, windows, internal fixtures and flooring, nonhealth and safety costs associated with demolition of facilities, structural repair or replacement of facilities due to unsafe conditions, violence prevention and facility security, ergonomics, building and heating, ventilating and air conditioning supplies, maintenance, cleaning, testing, and calibration activities. All assessments, investigations, inventories, and support equipment not leading to the engineering or construction of a project shall be included in the health, safety, and environmental management costs in subdivision 8, paragraph (a).

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to projects approved after February 1, 2003, for taxes payable in 2004 and later.

Sec. 8. Minnesota Statutes 2002, section 123B.59, subdivision 1, is amended to read:

Subdivision 1. **TO QUALIFY.** (a) 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;

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(2) over 1,850,000 square feet of space 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;

(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

(4) a ten-year facility plan approved by the commissioner according to subdivision 2.

(b) An independent or special school district not eligible to participate in the alternative facilities bonding and levy program under paragraph (a) qualifies for limited participation in the program if the district has:

(1) one or more health and safety projects with an estimated cost of \$500,000 or more per site that would qualify for health and safety revenue except for the project size limitation in section 123B.57, subdivision 1, paragraph (b); and

(2) insufficient funds from capital facilities revenue to fund those projects.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2005.

Sec. 9. Minnesota Statutes 2002, section 123B.59, subdivision 2, is amended to read:

Subd. 2. ~~TEN-YEAR FACILITY PLAN.~~ (a) A district qualifying district under subdivision 1, paragraph (a), must have a ten-year facility plan approved by the commissioner that includes an inventory of projects and costs that would be eligible for:

(1) health and safety revenue, without restriction as to project size;

(2) disabled access levy; and

(3) deferred capital expenditures and maintenance projects necessary to prevent further erosion of facilities.

(b) A district qualifying under subdivision 1, paragraph (b), must have a five-year plan approved by the commissioner that includes an inventory of projects and costs for health and safety projects with an estimated cost of \$500,000 or more per site that would qualify for health and safety revenue except for the project size limitation in section 123B.57, subdivision 1, paragraph (b).

(c) The school district must:

(1) annually update the plan plans;

(2) biennially submit a facility maintenance plan; and

(3) indicate whether the district will issue bonds to finance the plan or levy for the costs.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2005.

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

Sec. 10. Minnesota Statutes 2002, section 123B.59, subdivision 3, is amended to read:

Subd. 3. **BOND AUTHORIZATION.** (a) A school district, upon approval of its board and the commissioner, may issue general obligation bonds under this section to finance approved facilities plans approved by its board and the commissioner. Chapter 475, except sections 475.58 and 475.59, must be complied with. The district may levy under subdivision 5 for the debt service revenue. The authority to issue bonds under this section is in addition to any bonding authority authorized by this chapter, or other law. The amount of bonding authority authorized under this section must be disregarded in calculating the bonding or net debt limits of this chapter, or any other law other than section 475.53, subdivision 4.

(b) Before a district issues bonds under this subdivision, it must publish notice of the intended projects, the amount of the bond issue, and the total amount of district indebtedness.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to bonds issued after April 15, 2003, for taxes payable in 2004 and later.

Sec. 11. Minnesota Statutes 2002, section 123B.59, is amended by adding a subdivision to read:

Subd. 3a. **LEVY AUTHORIZATION.** (a) A school district may levy under this section to finance the portion of facilities plans approved by its board and the commissioner that are not financed through bond issues according to subdivision 3.

(b) Before a district levies under this subdivision, it must publish notice of the intended projects, including the total estimated project cost.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to levies for taxes payable in 2004 and later.

Sec. 12. Minnesota Statutes 2002, section 123B.59, subdivision 5, is amended to read:

Subd. 5. **LEVY AUTHORIZED.** A district, ~~after local board approval,~~ may levy for costs related to an approved facility plan as follows:

(a) if the district has indicated to the commissioner that bonds will be issued, the district may levy for the principal and interest payments on outstanding bonds issued according to subdivision 3 ~~after reduction for any alternative facilities aid receivable under subdivision 6;~~ or

(b) if the district has indicated to the commissioner that the plan will be funded through levy, the district may levy according to ~~the schedule approved in the plan after reduction for any alternative facilities aid receivable under subdivision 6~~ 3a.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2004.

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Sec. 13. Minnesota Statutes 2002, section 123B.63, subdivision 1, is amended to read:

Subdivision 1. **CREATION OF A ~~DOWN PAYMENT CAPITAL PROJECT REFERENDUM~~ ACCOUNT.** A district may create a down payment capital project referendum account as a separate account in its general fund or its building construction fund. All proceeds from the down payment capital project levy must be deposited in the capital expenditure fund and transferred to this account project referendum account in its general fund. The portion of the proceeds to be used for building construction must be transferred to the capital project referendum account in its building construction fund. Interest income attributable to the down payment capital project referendum account must be credited to the account.

Sec. 14. Minnesota Statutes 2002, section 123B.63, subdivision 2, is amended to read:

Subd. 2. **USES OF THE ACCOUNT.** Money in the down payment capital project referendum account must be used as a down payment for the future costs of acquisition and betterment for a project that has been reviewed under section 123B.71 and has been approved according to subdivision 3.

Sec. 15. Minnesota Statutes 2002, section 123B.63, subdivision 3, is amended to read:

Subd. 3. **~~FACILITIES DOWN PAYMENT CAPITAL PROJECT LEVY REFERENDUM~~.** A district may levy the local tax rate approved by a majority of the electors voting on the question to provide funds for a down payment for an approved project. The election must take place no more than five years before the estimated date of commencement of the project. The referendum must be held on a date set by the board. A referendum for a project not receiving a positive review and comment by the commissioner under section 123B.71 must be approved by at least 60 percent of the voters at the election. The referendum may be called by the school board and may be held:

(1) separately, before an election for the issuance of obligations for the project under chapter 475; or

(2) in conjunction with an election for the issuance of obligations for the project under chapter 475; or

(3) notwithstanding section 475.59, as a conjunctive question authorizing both the down payment capital project levy and the issuance of obligations for the project under chapter 475. Any obligations authorized for a project may be issued within five years of the date of the election.

The ballot must provide a general description of the proposed project, state the estimated total cost of the project, state whether the project has received a positive or negative review and comment from the commissioner, state the maximum amount of the down payment capital project levy as a percentage of net tax capacity, state the

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amount that will be raised by that local tax rate in the first year it is to be levied, and state the maximum number of years that the levy authorization will apply.

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

“Shall the ~~down payment~~ capital project levy proposed by the board of ..... School District No. .... be approved?”

If approved, the amount provided by the approved local tax rate applied to the net tax capacity for the year preceding the year the levy is certified may be certified for the number of years approved.

In the event a conjunctive question proposes to authorize both the ~~down payment~~ capital project levy and the issuance of obligations for the project, appropriate language authorizing the issuance of obligations must also be included in the question.

The district must notify the commissioner of the results of the referendum.

Sec. 16. Minnesota Statutes 2002, section 123B.63, subdivision 4, is amended to read:

Subd. 4. **EXCESS BUILDING CONSTRUCTION FUND LEVY PROCEEDS.** Any funds remaining in the ~~down payment~~ capital project referendum account that are not applied to the payment of the costs of the approved project before its final completion must be transferred to the district's debt redemption fund.

Sec. 17. Minnesota Statutes 2002, section 126C.40, subdivision 1, is amended to read:

Subdivision 1. **TO LEASE BUILDING OR LAND.** (a) When an independent or a special school district or a group of independent or special school districts 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.

(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 90 percent of 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

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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~~ \$90 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 education 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 education 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

(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 90 percent of the costs associated with leases of administrative and classroom space for intermediate school district programs. This authority must not exceed ~~\$25~~ \$22.50 times the adjusted marginal cost pupil units of

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the member districts. This authority is in addition to any other authority authorized under this section.

(i) In addition to the allowable capital levies in paragraph (a), a district that is a member of the "Technology and Information Education Systems" data processing joint board, that finds it economically advantageous to enter into a lease purchase agreement for a building for a group of school districts or special school districts for staff development purposes, may levy for its portion of lease costs attributed to the district within the total levy limit in paragraph (e).

**EFFECTIVE DATE.** This section is effective for taxes payable in 2004.

Sec. 18. Minnesota Statutes 2002, section 126C.63, subdivision 5, is amended to read:

Subd. 5. **LEVY.** "Levy" means a district's net debt service levy after the reduction of debt service equalization aid under section 123B.53, subdivision 6. For taxes payable in ~~1994~~ 2003 and later, each district's maximum effort debt service levy for purposes of subdivision 8, must be reduced by an equal number of percentage points if the commissioner of finance determines that the levy reduction will not result in a statewide property tax payment from the general fund in the state treasury according to section 16A.641, as would be required under Minnesota Statutes ~~1992~~, section ~~124.46~~ 126C.72, subdivision 3. A district's levy that is adjusted under this section must not be reduced below ~~22.3~~ 30.1 percent of the district's adjusted net tax capacity.

Sec. 19. Minnesota Statutes 2002, section 126C.63, subdivision 8, is amended to read:

Subd. 8. **MAXIMUM EFFORT DEBT SERVICE LEVY.** (a) "Maximum effort debt service levy" means the lesser of:

(1) a levy in whichever of the following amounts is applicable:

(a) (i) 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~~ 2002, a levy in total dollar amount computed at a rate of ~~30~~ 40 percent of adjusted net tax capacity for taxes payable in 2002 and thereafter;

(b) (ii) in any district receiving a debt service loan for a debt service levy payable in ~~1994~~ and thereafter 2001 or earlier, or granted a capital loan ~~after~~ before January ~~1~~ 2, ~~1990~~ 2001, a levy in a total dollar amount computed at a rate of ~~24~~ 32 percent of adjusted net tax capacity for taxes payable in ~~1994~~ 2002 and thereafter;

(e) in any district ~~granted~~ granted a debt service loan after July ~~31, 1981~~, or ~~granted~~ 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 ~~1994~~ 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

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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.

(b) The board in any district affected by the provisions of paragraph (a), clause (2), may elect instead to determine the amount of its levy according to the provisions of paragraph (a), 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 paragraph (a), clause (2), the liability of the district for the amount of the difference between the amount it levied under paragraph (a), clause (2), and the amount it would have levied under paragraph (a), 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.

Sec. 20. Minnesota Statutes 2002, 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 30 40 percent of adjusted net tax capacity. The estimate must assume a 20-year maturity schedule for new debt.

Sec. 21. Minnesota Statutes 2002, 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 450 607 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 450 607 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. 22. Minnesota Statutes 2002, section 475.61, subdivision 1, is amended to read:

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Subdivision 1. **DEBT SERVICE RESOLUTION.** The governing body of any municipality issuing general obligations shall, prior to delivery of the obligations, levy by resolution a direct general ad valorem tax upon all taxable property in the municipality to be spread upon the tax rolls for each year of the term of the obligations. The tax levies for all years for municipalities other than school districts shall be specified and such that if collected in full they, together with estimated collections of special assessments and other revenues pledged for the payment of said obligations, will produce at least five percent in excess of the amount needed to meet when due the principal and interest payments on the obligations. The tax levies for school districts shall be specified and such that if collected in full they, together with estimated collection of other revenues pledged for the payment of the obligations, will produce ~~between five and six~~ percent in excess of the amount needed to meet when due the principal and interest payments on the obligations, rounded up to the nearest dollar; except that, with the permission of the commissioner of ~~children, families, and learning~~ education, a school board may specify a tax levy in a higher amount if necessary either to meet an anticipated tax delinquency or for cash flow needs to meet the required payments from the debt redemption fund. Such resolution shall irrevocably appropriate the taxes so levied and any special assessments or other revenues so pledged to the municipality's debt service fund or a special debt service fund or account created for the payment of one or more issues of obligations. The governing body may, in its discretion, at any time after the obligations have been authorized, adopt a resolution levying only a portion of such taxes, to be filed, assessed, extended, collected, and remitted as hereinafter provided, and the amount or amounts therein levied shall be credited against the tax required to be levied prior to delivery of the obligations.

Sec. 23. Minnesota Statutes 2002, 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.

(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~~ education 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 a district has an excess debt redemption fund balance, the commissioner shall ~~report the amount of the excess to the county auditor and the~~

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~~auditor shall~~ reduce the tax levy otherwise to be included in the rolls next prepared by the amount certified.

(f) The school board may, with the approval of the commissioner, retain all or part of the excess balance if it is necessary to ensure the prompt and full payment of its obligations and any call premium on its obligations, will be used for redemption of 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.

#### Sec. 24. **BONDS; MOUNDS VIEW.**

Notwithstanding Minnesota Statutes, section 123B.59, subdivision 3, independent school district No. 621, Mounds View, may issue bonds according to Minnesota Statutes 2002, section 123B.59, subdivision 3, for projects approved by the commissioner before February 1, 2003.

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

#### Sec. 25. **LEASE LEVY EXCEPTION.**

Notwithstanding Minnesota Statutes, section 126C.40, subdivision 1, a school district that has entered into a completed agreement under Laws 2000, chapter 492, article 1, section 3, subdivision 4, may continue to levy for 100 percent of the costs of any lease required by the agreement.

#### Sec. 26. **PROPERTY SALE; ST. FRANCIS SCHOOL DISTRICT.**

Notwithstanding Minnesota Statutes, section 123B.51, subdivision 6, or any other law to the contrary, independent school district No. 15, St. Francis, may deposit the proceeds from the sale of land that was purchased with funds obtained according to Laws 1992, chapter 558, section 7, subdivision 7, in the district's general fund reserved for operating capital account. The district may only use the proceeds of the sale for projects designed to create or improve safe walking routes for the students of independent school district No. 15, St. Francis.

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

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**Sec. 27. DISABLED ACCESS LEVY AUTHORITY; SOUTHLAND.**

Notwithstanding the time limits in Minnesota Statutes, section 123B.58, subdivision 3, independent school district No. 500, Southland, may levy up to \$66,000 of its remaining disabled access levy authority over five or fewer years.

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

**Sec. 28. LEVY; ELGIN-MILLVILLE.**

Subdivision 1. LEVY. For taxes payable in 2004 only, independent school district No. 806, Elgin-Millville, may levy an amount up to \$8,000 for handicapped access and fire safety improvements to school buildings.

Subd. 2. LEVY LIMITATION. The sum of the levy in subdivision 1 and other levies under Minnesota Statutes, section 123B.58, must not exceed \$300,000.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2005 and thereafter.

**Sec. 29. GARAGE LEASE LEVY; SARTELL.**

For taxes payable in 2004, 2005, and 2006, independent school district No. 740, Sartell, may levy up to \$107,000 each year for the purpose of leasing a school bus storage facility. The department of education shall include this levy in the calculation of eligible building lease levy under Minnesota Statutes, section 126C.40, subdivision 1. This levy shall not allow the district to exceed the \$100 per resident marginal cost pupil unit cap in that section. The district is eligible to make this levy only if it sells its current school bus storage site to the city of Sartell and the district may not use this levy as part of a lease purchase agreement to replace its current school bus storage facility.

**Sec. 30. HEALTH AND SAFETY EXCEPTION, ULEN-HITTERDAL.**

Notwithstanding Minnesota Statutes, section 123B.57, independent school district No. 914, Ulen-Hitterdal, may submit to the commissioner of education an application that the demolition of a portion of the Ulen high school building be included in its health and safety revenue for fiscal year 2005. The department of education shall consider the district's application for health and safety revenue based on the eligibility criteria under Minnesota Statutes 2002, section 123B.57.

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

**Sec. 31. APPROPRIATIONS.**

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

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Subd. 2. **HEALTH AND SAFETY REVENUE.** For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

\$7,839,000	.....	2004
\$6,068,000	.....	2005

The 2004 appropriation includes \$1,516,000 for 2003 and \$6,323,000 for 2004.

The 2005 appropriation includes \$1,580,000 for 2004 and \$4,488,000 for 2005.

Subd. 3. **DEBT SERVICE EQUALIZATION.** For debt service aid according to Minnesota Statutes, section 123B.53, subdivision 6:

\$34,500,000	.....	2004
\$37,575,000	.....	2005

The 2004 appropriation includes \$5,586,000 for 2003 and \$28,914,000 for 2004.

The 2005 appropriation includes \$7,228,000 for 2004 and \$30,347,000 for 2005.

Subd. 4. **ALTERNATIVE FACILITIES BONDING AID.** For alternative facilities bonding aid, according to Minnesota Statutes, section 123B.59, subdivision 1:

\$18,708,000	.....	2004
\$19,287,000	.....	2005

The 2004 appropriation includes \$3,278,000 for 2003 and \$15,430,000 for 2004.

The 2005 appropriation includes \$3,857,000 for 2004 and \$15,430,000 for 2005.

Sec. 32. **REPEALER.**

Minnesota Statutes 2002, section 125B.11, is repealed.

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## ARTICLE 5

### NUTRITION, SCHOOL ACCOUNTING, OTHER PROGRAMS

Section 1. Minnesota Statutes 2002, section 12.21, subdivision 3, is amended to read:

Subd. 3. **SPECIFIC AUTHORITY.** In performing duties under this chapter and to effect its policy and purpose, the governor may:

(1) make, amend, and rescind the necessary orders and rules to carry out the provisions of this chapter and section 216C.15 within the limits of the authority conferred by this section, with due consideration of the plans of the federal government and without complying with sections 14.001 to 14.69, but no order or rule has the effect of law except as provided by section 12.32;

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(2) ensure that a comprehensive emergency operations plan and emergency management program for this state are developed and maintained, and are integrated into and coordinated with the emergency plans of the federal government and of other states to the fullest possible extent;

(3) in accordance with the emergency operations plan and the emergency management program of this state, procure supplies, equipment, and facilities; institute training programs and public information programs; and take all other preparatory steps, including the partial or full activation of emergency management organizations in advance of actual disaster to ensure the furnishing of adequately trained and equipped forces of emergency management personnel in time of need;

(4) make studies and surveys of the industries, resources, and facilities in this state as may be necessary to ascertain the capabilities of the state for emergency management and to plan for the most efficient emergency use of those industries, resources, and facilities;

(5) on behalf of this state, enter into mutual aid arrangements or cooperative agreements with other states, tribal authorities, and Canadian provinces, and coordinate mutual aid plans between political subdivisions of this state;

(6) delegate administrative authority vested in the governor under this chapter, except the power to make rules, and provide for the subdelegation of that authority;

(7) cooperate with the president and the heads of the armed forces, the emergency management agency of the United States and other appropriate federal officers and agencies, and with the officers and agencies of other states in matters pertaining to the emergency management of the state and nation, including the direction or control of:

(i) emergency preparedness drills and exercises;

(ii) warnings and signals for drills or actual emergencies and the mechanical devices to be used in connection with them;

(iii) shutting off water mains, gas mains, electric power connections and the suspension of all other utility services;

(iv) the conduct of persons in the state, including entrance or exit from any stricken or threatened public place, occupancy of facilities, and the movement and cessation of movement of pedestrians, vehicular traffic, and all forms of private and public transportation during, prior, and subsequent to drills or actual emergencies;

(v) public meetings or gatherings; and

(vi) the evacuation, reception, and sheltering of persons;

(8) contribute to a political subdivision, within the limits of the appropriation for that purpose, not more than 25 percent of the cost of acquiring organizational equipment that meets standards established by the governor;

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(9) formulate and execute, with the approval of the executive council, plans and rules for the control of traffic in order to provide for the rapid and safe movement over public highways and streets of troops, vehicles of a military nature, and materials for national defense and war or for use in any war industry, for the conservation of critical materials, or for emergency management purposes; coordinate the activities of the departments or agencies of the state and its political subdivisions concerned directly or indirectly with public highways and streets, in a manner that will best effectuate those plans;

(10) alter or adjust by executive order, without complying with sections 14.01 to 14.69, the working hours, work days and work week of, and annual and sick leave provisions and payroll laws regarding all state employees in the executive branch as the governor deems necessary to minimize the impact of the disaster or emergency, conforming the alterations or adjustments to existing state laws, rules, and collective bargaining agreements to the extent practicable;

(11) authorize the commissioner of children, families, and learning education to alter school schedules, curtail school activities, or order schools closed ~~without affecting state aid to schools~~, as defined in section 120A.05, subdivisions 9, 11, 13, and 17, and including charter schools under section 124D.10, and elementary schools enrolling prekindergarten pupils in district programs; and

(12) transfer the direction, personnel, or functions of state agencies to perform or facilitate response and recovery programs.

Sec. 2. Minnesota Statutes 2002, section 84A.51, subdivision 4, is amended to read:

Subd. 4. **COUNTY'S USE OF FUNDS.** The funds received by each county must be apportioned by the county auditor as follows:

(1) 30 percent to a county development fund, which is created, to be spent under the direction of the county board for the rehabilitation and development of the portion of the county within the conservation area;

(2) 40 percent to the capital outlay general fund of the school district from which derived;

(3) 20 percent to the county revenue fund; and

(4) ten percent to the township road and bridge fund of the township from which derived.

If the proceeds are derived from an unorganized township with no levy for road and bridge purposes, the township portion must be credited to the county revenue fund.

Sec. 3. Minnesota Statutes 2002, section 120A.05, subdivision 9, is amended to read:

Subd. 9. **ELEMENTARY SCHOOL.** "Elementary school" means any school with building, equipment, courses of study, class schedules, enrollment of pupils

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ordinarily in prekindergarten through grade 6 or any portion thereof, and staff meeting the standards established by the commissioner.

The commissioner of children, families, and learning shall not close a school or deny any state aids to a district for its elementary schools because of enrollment limitations classified in accordance with the provisions of this subdivision.

Sec. 4. Minnesota Statutes 2002, 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 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 2003, 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) (b), (5) (c), and (6) (d); 126C.43, subdivision 2; 126C.457; and 126C.48, subdivision 6.~~

(c) For fiscal year 2004 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:

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(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) the greater of the percent of the referendum levy certified according to section 126C.17, in the prior calendar year or 45 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 (b), (c), and (d); 126C.43, subdivision 2; 126C.457; and 126C.48, subdivision 6; plus

(iii) 45 percent of the amount of the levy certified in the prior calendar year for the school district's general and community service funds, plus or minus auditor's adjustments, not including levy portions that are assumed by the state, that remains after subtracting the referendum levy certified according to section 126C.17 and the amount recognized according to clause (ii).

(3) For fiscal year 2005 and later, the percent of the referendum levy that is shifted is the greater of 31 percent or the percent computed under paragraph (c), clause (2), item (i), for fiscal year 2004.

Sec. 5. Minnesota Statutes 2002, 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, ~~83~~ 80 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), ~~83~~ 80 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 education. 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

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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.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2004.

**Sec. 6. [124D.1158] SCHOOL BREAKFAST PROGRAM.**

**Subdivision 1. PURPOSE.** The purpose of the school breakfast program is to provide affordable morning nutrition to children so that they can effectively learn. Public and nonpublic schools that participate in the federal school breakfast program may receive state breakfast aid. Schools shall encourage all children to eat a nutritious breakfast, either at home or at school, and shall work to eliminate barriers to breakfast participation at school such as inadequate facilities and transportation.

**Subd. 2. PROGRAM; ELIGIBILITY.** Each school year, public and nonpublic schools that participate in the federal school breakfast program are eligible for the state breakfast program.

**Subd. 3. PROGRAM REIMBURSEMENT.** Each school year, the state must reimburse each participating school 30 cents for each reduced price breakfast and 55 cents for each fully paid breakfast.

**Subd. 4. NO FEES.** A school that receives school breakfast aid under this section must make breakfast available without charge to all participating students who qualify for free or reduced price meals.

Sec. 7. Minnesota Statutes 2002, section 124D.118, subdivision 4, is amended to read:

**Subd. 4. REIMBURSEMENT.** In accordance with program guidelines, the commissioner shall prepay or reimburse each participating districts for the state share of the district's cost for providing public or nonpublic school nine cents for each half-pint of milk that is served to kindergarten students and is not part of a school lunch or breakfast reimbursed under section 124D.111 or 124D.1158.

Sec. 8. Minnesota Statutes 2002, section 126C.42, subdivision 1, is amended to read:

**Subdivision 1. 1977 STATUTORY OPERATING DEBT.** (a) In each year in which so required by this subdivision, a district must make an additional levy to eliminate its statutory operating debt, determined as of June 30, 1977, and certified and adjusted by the commissioner. This levy shall not be made in more than 30 successive years and each year before it is made, it must be approved by the commissioner and the approval shall specify its amount. This levy shall be an amount which is equal to the amount raised by a levy of a net tax rate of ~~1.98~~ 2.67 percent times the adjusted net tax capacity of the district for the preceding year for taxes payable in ~~2000~~ 2002 and

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thereafter; provided that in the last year in which the district is required to make this levy, it must levy an amount not to exceed the amount raised by a levy of a net tax rate of ~~1.98~~ 2.67 percent times the adjusted net tax capacity of the district for the preceding year for taxes payable in ~~2000~~ 2002 and thereafter. When the sum of the cumulative levies made pursuant to this subdivision and transfers made according to section 123B.79, subdivision 6, equals an amount equal to the statutory operating debt of the district, the levy shall be discontinued.

(b) The district must establish a special account in the general fund which shall be designated "appropriated fund balance reserve account for purposes of reducing statutory operating debt" on its books and records. This account shall reflect the levy authorized pursuant to this subdivision. The proceeds of this levy must be used only for cash flow requirements and must not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.

~~(c) Any district which is required to levy pursuant to this subdivision must certify the maximum levy allowable under section 126C.13, subdivision 2, in that same year.~~

(d) Each district shall make permanent fund balance transfers so that the total statutory operating debt of the district is reflected in the general fund as of June 30, 1977.

Sec. 9. Minnesota Statutes 2002, section 126C.43, subdivision 2, is amended to read:

**Subd. 2. PAYMENT TO UNEMPLOYMENT INSURANCE PROGRAM TRUST FUND BY STATE AND POLITICAL SUBDIVISIONS.** A district may levy 90 percent of the amount exceeding \$10 times the district's adjusted marginal cost pupil units for the fiscal year ending in the year before the year the levy is certified necessary (i) to pay the district's obligations under section 268.052, subdivision 1, and ~~the amounts necessary~~ (ii) to pay for job placement services offered to employees who may become eligible for benefits pursuant to section 268.085 for the fiscal year the levy is certified.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2004.

Sec. 10. Minnesota Statutes 2002, section 126C.43, subdivision 3, is amended to read:

**Subd. 3. TAX LEVY FOR JUDGMENT.** A district may levy 90 percent of the amount exceeding \$10 times the district's adjusted marginal cost pupil units for the fiscal year ending in the year before the year the levy is certified necessary to pay judgments against the district under section 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. Upon approval through the adoption of a resolution by each of an intermediate district's member school district boards, a member school district may include its proportionate share of the costs of a judgment against an intermediate school district that became final under section 123B.25 after the date that the earliest member school

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district certified its proposed levy in the previous year. With the approval of the commissioner, an intermediate school district member school district may spread this levy over a period not to exceed three years.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2004.

**Sec. 11. [127A.441] AID REDUCTION; LEVY REVENUE RECOGNITION CHANGE.**

Each year, the state aids payable to any school district for that fiscal year that are recognized as revenue in the school district's general and community service funds shall be adjusted by an amount equal to (1) the amount the district recognized as revenue for the prior fiscal year pursuant to section 123B.75, subdivision 5, paragraph (b) or (c), minus (2) the amount the district recognized as revenue for the current fiscal year pursuant to section 123B.75, subdivision 5, paragraph (c). For purposes of making the aid adjustments under this section, the amount the district recognizes as revenue for either the prior fiscal year or the current fiscal year pursuant to section 123B.75, subdivision 5, paragraph (b) or (c), shall not include any amount levied pursuant 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 (b), (c), and (d); 126C.43, subdivision 2; 126C.457; and 126C.48, subdivision 6. Payment from the permanent school fund shall not be adjusted pursuant to this section. The school district shall be notified of the amount of the adjustment made to each payment pursuant to this section.

Sec. 12. Minnesota Statutes 2002, section 126C.45, is amended to read:

**126C.45 ICE ARENA LEVY.**

(a) Each year, an independent school district operating and maintaining an ice arena, may levy for the net operational costs of the ice arena. The levy may not exceed 90 percent of the net actual costs of operation of the arena for the previous year. Net actual costs are defined as operating costs less any operating revenues.

(b) Any district operating and maintaining an ice arena must demonstrate to the satisfaction of the office of monitoring in the department that the district will offer equal sports opportunities for male and female students to use its ice arena, particularly in areas of access to prime practice time, team support, and providing junior varsity and younger level teams for girls' ice sports and ice sports offerings.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2004.

Sec. 13. Minnesota Statutes 2002, section 126C.48, subdivision 3, is amended to read:

Subd. 3. **ADJUSTMENTS.** If any district levy is found to be excessive as a result of a decision of the tax court or a redetermination by the commissioner of revenue under section 127A.48, subdivisions 7 to 16, or for any other reason, the amount of the excess shall be deducted from the levy certified in the next year for the same purpose. If no levy is certified in the next year for the same purpose or if the amount certified

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is less than the amount of the excess, the excess must be deducted from that levy and the general fund levy certified pursuant to section 126C.13, subdivision 2 chapters 122A, 123A, 123B, 124D, and 126C. If the amount of any aid would have been increased in a prior year as a result of a decision of the tax court or a redetermination by the commissioner of revenue, the amount of the increase shall be added to the amount of current aid for the same purposes.

Sec. 14. Minnesota Statutes 2002, section 127A.45, subdivision 2, is amended to read:

Subd. 2. **DEFINITIONS.** (a) The term "other district receipts" means payments by county treasurers pursuant to section 276.10, apportionments from the school endowment fund pursuant to section 127A.33, apportionments by the county auditor pursuant to section 127A.34, subdivision 2, and payments to school districts by the commissioner of revenue pursuant to chapter 298.

(b) The term "cumulative amount guaranteed" means the product of

(1) the cumulative disbursement percentage shown in subdivision 3; times

(2) the sum of

(i) ~~83~~ 80 percent of the estimated aid and credit entitlements paid according to subdivision ~~13~~; plus

(ii) 100 percent of the entitlements paid according to subdivisions 11 and 12; plus

(iii) the other district receipts.

(c) The term "payment date" means the date on which state payments to districts are made by the electronic funds transfer method. If a payment date falls on a Saturday, a Sunday, or a weekday which is a legal holiday, the payment shall be made on the immediately preceding business day. The commissioner may make payments on dates other than those listed in subdivision 3, but only for portions of payments from any preceding payment dates which could not be processed by the electronic funds transfer method due to documented extenuating circumstances.

Sec. 15. Minnesota Statutes 2002, section 127A.45, subdivision 3, is amended to read:

Subd. 3. **PAYMENT DATES AND PERCENTAGES.** (a) ~~For fiscal year 2003, the commissioner shall pay to a district on the dates indicated an amount computed as follows: the cumulative amount guaranteed minus the sum of (a) the district's other district receipts through the current payment, and (b) the aid and credit payments through the immediately preceding payment. For purposes of this computation, the payment dates and the cumulative disbursement percentages are as follows:~~

	Payment date	Percentage
Payment 1	July 15:	5.1
Payment 2	July 30:	7.7

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Payment 3	August 15:	16.9
Payment 4	August 30:	19.3
Payment 5	September 15:	21.8
Payment 6	September 30:	24.3
Payment 7	October 15:	26.3
Payment 8	October 30:	28.3
Payment 9	November 15:	32.8
Payment 10	November 30:	39.1
Payment 11	December 15:	42.4
Payment 12	December 30:	45.6
Payment 13	January 15:	50.5
Payment 14	January 30:	55.0
Payment 15	February 15:	60.2
Payment 16	February 28:	65.0
Payment 17	March 15:	69.7
Payment 18	March 30:	74.3
Payment 19	April 15:	78.3
Payment 20	April 30:	84.2
Payment 21	May 15:	88.7
Payment 22	May 30:	93.3
Payment 23	June 20:	100.0

(b) In addition to the amounts paid under paragraph (a), for fiscal year 2003, the commissioner shall pay to a district on the dates indicated an amount computed as follows:

Payment 3	August 15: the final adjustment for the prior fiscal year for the state paid property tax credits established in section 273.1392
Payment 7	October 15: one-half of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits
Payment 8	October 30: one-half of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits

(e) For fiscal year 2004 and later, the commissioner shall pay to a district on the dates indicated an amount computed as follows: the cumulative amount guaranteed minus the sum of (a) the district's other district receipts through the current payment, and (b) the aid and credit payments through the immediately preceding payment. For purposes of this computation, the payment dates and the cumulative disbursement percentages are as follows:

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	Payment date	Percentage
Payment 1	July 15:	<del>5.1</del> 5.5
Payment 2	July 30:	<del>7.7</del> 8.0
Payment 3	August 15:	<del>16.9</del> 17.5
Payment 4	August 30:	<del>19.3</del> 20.0
Payment 5	September 15:	<del>21.8</del> 22.5
Payment 6	September 30:	<del>24.3</del> 25.0
Payment 7	October 15:	<del>26.3</del> 27.0
Payment 8	October 30:	<del>28.3</del> 30.0
Payment 9	November 15:	<del>30.3</del> 32.5
Payment 10	November 30:	<del>35.0</del> 36.5
Payment 11	December 15:	<del>40.0</del> 42.0
Payment 12	December 30:	<del>43.0</del> 45.0
Payment 13	January 15:	<del>48.0</del> 50.0
Payment 14	January 30:	<del>52.0</del> 54.0
Payment 15	February 15:	<del>56.0</del> 58.0
Payment 16	February 28:	<del>61.0</del> 63.0
Payment 17	March 15:	<del>66.0</del> 68.0
Payment 18	March 30:	<del>72.0</del> 74.0
Payment 19	April 15:	<del>76.0</del> 78.0
Payment 20	April 30:	<del>83.0</del> 85.0
Payment 21	May 15:	<del>88.0</del> 90.0
Payment 22	May 30:	95.0
Payment 23	June 20:	100.0

(d) (b) In addition to the amounts paid under paragraph (e) (a), for fiscal year 2004 and later, the commissioner shall pay to a district on the dates indicated an amount computed as follows:

- Payment 3 August 15: the final adjustment for the prior fiscal year for the state paid property tax credits established in section 273.1392
- Payment 4 August 30: one-third of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits
- Payment 6 September 30: one-third of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits
- Payment 8 October 30: one-third of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits

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(c) In addition to the amounts paid under paragraph (a), for fiscal year 2005 and later, the commissioner shall pay to a district on the dates indicated an amount computed as follows:

- Payment 3     August 15: the final adjustment for the prior fiscal year for the state paid property tax credits established in section 273.1392
- Payment 4     August 30: 30 percent of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits
- Payment 6     September 30: 40 percent of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits
- Payment 8     October 30: 30 percent of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits

Sec. 16. Minnesota Statutes 2002, section 127A.45, subdivision 7a, is amended to read:

Subd. 7a. **ADVANCE FINAL PAYMENT.** (a) Notwithstanding subdivisions 3 and 7, a school district or a charter school exceeding its expenditure limitations under section 123B.83 as of June 30 of the prior fiscal year may receive a portion of its final payment for the current fiscal year on June 20, if requested by the district. The amount paid under this subdivision must not exceed the lesser of:

(1) seven percent of the district or charter school's general education aid for the current fiscal year; or

(2) the amount by which the district or charter school's net negative unreserved general fund balance as of June 30 of the prior fiscal year exceeds 2.5 percent of the district or charter school's expenditures for that fiscal year.

(b) The state total advance final payment under this subdivision for any year must not exceed \$17,500,000 \$12,000,000. If the amount requested exceeds \$17,500,000 \$12,000,000, the advance final payment for each eligible district must be reduced proportionately.

Sec. 17. Minnesota Statutes 2002, section 127A.45, subdivision 10, is amended to read:

Subd. 10. **PAYMENTS TO SCHOOL NONOPERATING FUNDS.** Each fiscal year state general fund payments for a district nonoperating fund must be made at 83 ~~80~~ percent of the estimated entitlement during the fiscal year of the entitlement. This amount shall be paid in 12 equal monthly installments. The amount of the actual

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entitlement, after adjustment for actual data, minus the payments made during the fiscal year of the entitlement must be paid prior to October 31 of the following school year. The commissioner may make advance payments of debt service equalization aid or homestead and agricultural credit aid for a district's debt service fund earlier than would occur under the preceding schedule if the district submits evidence showing a serious cash flow problem in the fund. The commissioner may make earlier payments during the year and, if necessary, increase the percent of the entitlement paid to reduce the cash flow problem.

Sec. 18. Minnesota Statutes 2002, section 127A.45, subdivision 13, is amended to read:

Subd. 13. **AID PAYMENT PERCENTAGE.** Except as provided in subdivisions 11, 12, 12a, and 14, each fiscal year, all education aids and credits in this chapter and chapters 120A, 120B, 121A, 122A, 123A, 123B, 124D, 125A, 125B, 126C, 134, and section 273.1392, shall be paid at 83 80 percent of the estimated entitlement during the fiscal year of the entitlement. For the purposes of this subdivision, a district's estimated entitlement for special education excess cost aid under section 125A.79 equals 70 percent of the district's entitlement for the second prior fiscal year. The final adjustment payment, according to subdivision 9, must be the amount of the actual entitlement, after adjustment for actual data, minus the payments made during the fiscal year of the entitlement.

Sec. 19. Minnesota Statutes 2002, section 127A.45, subdivision 14, is amended to read:

Subd. 14. **NONPUBLIC AIDS.** The state shall pay aid according to sections 123B.40 to 123B.48 for pupils attending nonpublic schools as follows:

(1) an advance payment by November 30 equal to 83 80 percent of the estimated entitlement for the current fiscal year; and

(2) a final payment by October 31 of the following fiscal year, adjusted for actual data.

If a payment advance to meet cash flow needs is requested by a district and approved by the commissioner, the state shall pay nonpublic pupil transportation aid according to section 123B.92 by October 31.

Sec. 20. Minnesota Statutes 2002, section 127A.45, subdivision 14a, is amended 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,~~ 124D.1158, and 124D.118 and 83 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 17 percent according to section 124D.1156 shall be paid by October 30 of the following fiscal year.~~

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Sec. 21. Minnesota Statutes 2002, section 127A.45, subdivision 16, is amended to read:

Subd. 16. **PAYMENTS TO THIRD PARTIES.** Notwithstanding subdivision 3, ~~83~~ 80 percent of the amounts under section 123A.26, subdivision 3, shall be paid in equal installments on August 30, December 30, and March 30, with a ~~17~~ 20 percent final adjustment payment on October 30 of the next fiscal year.

Sec. 22. Minnesota Statutes 2002, section 127A.47, subdivision 7, is amended to read:

Subd. 7. **ALTERNATIVE ATTENDANCE PROGRAMS.** The general education aid for districts must be adjusted for each pupil attending a nonresident district under sections 123A.05 to 123A.08, 124D.03, 124D.06, ~~124D.07~~, 124D.08, and 124D.68. The adjustments must be made according to this subdivision.

(a) General education aid paid to a resident district must be reduced by an amount equal to the referendum equalization aid attributable to the pupil in the resident district.

(b) General education aid paid to a district serving a pupil in programs listed in this subdivision must be increased by an amount equal to the referendum equalization aid attributable to the pupil in the nonresident district.

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

(d) The district of residence must pay tuition to a district or an area learning center, operated according to paragraph (e), providing special instruction and services to a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is enrolled in a program listed in this subdivision. The tuition must be equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for debt service and for capital expenditure facilities and equipment, and debt service but not including any amount for transportation, minus (2) the amount of general education revenue and special education aid but not including any amount for transportation, attributable to that pupil, that is received by the district providing special instruction and services.

(e) An area learning center operated by a service cooperative, intermediate district, education district, or a joint powers cooperative may elect through the action of the constituent boards to charge the resident district tuition for pupils rather than to calculate general education aid adjustments under paragraph (a), (b), or (c). ~~The tuition must be equal to the greater of the average general education revenue per pupil unit attributable to the pupil, or the actual cost of providing the instruction, excluding transportation costs, if the pupil meets the requirements of section 125A.02 or 125A.51 have the general education revenue paid to a fiscal agent school district. Except as provided in paragraph (d), the district of residence must pay tuition equal to at least 90 percent of the district average general education revenue per pupil unit minus an amount equal to the product of the formula allowance according to section 126C.10,~~

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subdivision 2, times .0485, calculated without basic skills revenue and transportation sparsity revenue, times the number of pupil units for pupils attending the area learning center, plus the amount of compensatory revenue generated by pupils attending the area learning center.

Sec. 23. Minnesota Statutes 2002, section 127A.47, subdivision 8, is amended to read:

Subd. 8. **CHARTER SCHOOLS.** (a) The general education aid for districts must be adjusted for each pupil attending a charter school under section 124D.10. The adjustments must be made according to this subdivision.

(b) General education aid paid to a district in which a charter school not providing transportation according to section 124D.10, subdivision 16, is located must be increased by an amount equal to the product of: (1) the sum of an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485, plus the transportation sparsity allowance for the district, plus the transportation transition allowance for the district; times (2) the pupil units attributable to the pupil.

Sec. 24. Minnesota Statutes 2002, section 127A.49, subdivision 2, is amended to read:

Subd. 2. **ABATEMENTS.** Whenever by virtue of chapter 278, sections 270.07, 375.192, or otherwise, the net tax capacity of any district for any taxable year is changed after the taxes for that year have been spread by the county auditor and the local tax rate as determined by the county auditor based upon the original net tax capacity is applied upon the changed net tax capacities, the county auditor shall, prior to February 1 of each year, certify to the commissioner of children, families, and learning education the amount of any resulting net revenue loss that accrued to the district during the preceding year. Each year, the commissioner shall pay an abatement adjustment to the district in an amount calculated according to the provisions of this subdivision. This amount shall be deducted from the amount of the levy authorized by section 126C.46. The amount of the abatement adjustment must be the product of:

(1) the net revenue loss as certified by the county auditor, times

(2) the ratio of:

(i) the sum of the amounts of the district's certified levy in the preceding year according to the following:

(A) ~~section 126C.13 if the district received general education aid according to that section for the second preceding year;~~

~~(B) section 123B.57, if the district received health and safety aid according to that section for the second preceding year;~~

~~(C) sections (B) section 124D.20, 124D.21, and 124D.56, if the district received aid for community education programs according to any of these sections that section for the second preceding year;~~

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~~(D)~~ (C) section 124D.135, subdivision 3, if the district received early childhood family education aid according to section 124D.135 for the second preceding year; and

~~(E)~~ (D) section 126C.17, subdivision 6, if the district received referendum equalization aid according to that section for the second preceding year; to

(ii) the total amount of the district's certified levy in the preceding December, plus or minus auditor's adjustments.

Sec. 25. Minnesota Statutes 2002, section 127A.49, subdivision 3, is amended to read:

Subd. 3. **EXCESS TAX INCREMENT.** (a) If a return of excess tax increment is made to a district pursuant to section 469.176, subdivision 2, or upon decertification of a tax increment district, the school district's aid and levy limitations must be adjusted for the fiscal year in which the excess tax increment is paid under the provisions of this subdivision.

(b) An amount must be subtracted from the district's aid for the current fiscal year equal to the product of:

(1) the amount of the payment of excess tax increment to the district, times

(2) the ratio of:

(i) the sum of the amounts of the district's certified levy for the fiscal year in which the excess tax increment is paid according to the following:

~~(A)~~ section 126C.13, if the district received general education aid according to that section for the second preceding year;

~~(B)~~ section 123B.57, if the district received health and safety aid according to that section for the second preceding year;

~~(C)~~ sections (B) section 124D.20, 124D.21, and 124D.56, if the district received aid for community education programs according to any of these sections that section for the second preceding year;

~~(D)~~ (C) section 124D.135, subdivision 3, if the district received early childhood family education aid according to section 124D.135 for the second preceding year; and

~~(E)~~ (D) section 126C.17, subdivision 6, if the district received referendum equalization aid according to that section for the second preceding year; to

(ii) the total amount of the district's certified levy for the fiscal year, plus or minus auditor's adjustments.

(c) An amount must be subtracted from the school district's levy limitation for the next levy certified equal to the difference between:

(1) the amount of the distribution of excess increment; and

(2) the amount subtracted from aid pursuant to clause (a).

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If the aid and levy reductions required by this subdivision cannot be made to the aid for the fiscal year specified or to the levy specified, the reductions must be made from aid for subsequent fiscal years, and from subsequent levies. The school district must use the payment of excess tax increment to replace the aid and levy revenue reduced under this subdivision.

(d) This subdivision applies only to the total amount of excess increments received by a district for a calendar year that exceeds \$25,000.

Sec. 26. Minnesota Statutes 2002, section 128D.11, subdivision 8, is amended to read:

Subd. 8. **NET DEBT LIMIT.** The school district shall not be subject to a net debt in excess of ~~102~~ 144 percent of the net tax capacity of all taxable property therein.

Sec. 27. Minnesota Statutes 2002, section 268.052, subdivision 2, is amended to read:

Subd. 2. **ELECTION BY STATE OR POLITICAL SUBDIVISION TO BE A TAXPAYING EMPLOYER.** (a) The state or political subdivision excluding a school district may elect to be a taxpaying employer for any calendar year if a notice of election is filed within 30 calendar days following January 1 of that calendar year. Upon election, the state or political subdivision shall be assigned the new employer tax rate under section 268.051, subdivision 5, for the calendar year of the election and until it qualifies for an experience rating under section 268.051, subdivision 3.

(b) An election shall be for a minimum period of two calendar years following the effective date of the election and continue unless a notice terminating the election is filed not later than 30 calendar days before the beginning of the calendar year. The termination shall be effective at the beginning of the next calendar year. Upon election, the commissioner shall establish a reimbursable account for the state or political subdivision. A termination of election shall be allowed only if the state or political subdivision has, since the beginning of the experience rating period under section 268.051, subdivision 3, paid taxes and made voluntary payments under section 268.051, subdivision 7, equal to or more than 125 percent of the unemployment benefits used in computing the experience rating. In addition, any unemployment benefits paid after the experience rating period shall be transferred to the new reimbursable account of the state or political subdivision. If the amount of taxes and voluntary payments paid since the beginning of the experience rating period exceeds 125 percent of the amount of unemployment benefits paid during the experience rating period, that amount in excess shall be applied against any unemployment benefits paid after the experience rating period.

(c) The method of payments to the fund under subdivisions 3 and 4 shall apply to all taxes paid by or due from the state or political subdivision that elects to be taxpaying employers under this subdivision.

(d) The commissioner may allow a notice of election or a notice terminating election to be filed by mail or electronic transmission.

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

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Sec. 28. Minnesota Statutes 2002, section 268.052, subdivision 4, is amended to read:

Subd. 4. **METHOD OF PAYMENT BY POLITICAL SUBDIVISION.** A political subdivision or instrumentality thereof is authorized and directed to pay its liabilities by money collected from taxes or other revenues. Every political subdivision authorized to levy taxes except school districts may include in its tax levy the amount necessary to pay its liabilities. School districts may levy according to section 126C.43, subdivision 2. If the taxes authorized to be levied cause the total amount of taxes levied to exceed any limitation upon the power of a political subdivision to levy taxes, the political subdivision may levy taxes in excess of the limitations in the amounts necessary to meet its liability. The expenditures authorized shall not be included in computing the cost of government as defined in any home rule charter. The governing body of a municipality, for the purpose of meeting its liabilities, in the event of a deficit, may issue its obligations payable in not more than two years, in an amount that may cause its indebtedness to exceed any statutory or charter limitations, without an election, and may levy taxes in the manner provided in section 475.61.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2004.

Sec. 29. Minnesota Statutes 2002, section 273.138, subdivision 6, is amended to read:

Subd. 6. The amount of aid calculated for a school district pursuant to subdivision 3, clauses (2), (3), (4), and (5) shall be deducted from the school district's general fund levy limitation established pursuant to ~~section 126C.13~~ chapters 122A, 123A, 123B, 124D, and 126C in determining the amount of taxes the school district may levy for general and special purposes.

Sec. 30. Minnesota Statutes 2002, section 298.28, subdivision 4, is amended to read:

Subd. 4. **SCHOOL DISTRICTS.** (a) 17.15 cents per taxable ton plus the increase provided in paragraph (d) must be allocated to qualifying school districts to be distributed, based upon the certification of the commissioner of revenue, under paragraphs (b) and (c), except as otherwise provided in paragraph (f).

(b) 3.43 cents per taxable ton must be distributed to the school districts in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. The distribution must be based on the apportionment formula prescribed in subdivision 2.

(c)(i) 13.72 cents per taxable ton, less any amount distributed under paragraph (e), shall be distributed to a group of school districts comprised of those school districts in which the taconite was mined or quarried or the concentrate produced or in which there is a qualifying municipality as defined by section 273.134, paragraph (b), in direct proportion to school district indexes as follows: for each school district, its pupil units

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determined under section 126C.05 for the prior school year shall be multiplied by the ratio of the average adjusted net tax capacity per pupil unit for school districts receiving aid under this clause as calculated pursuant to chapters 122A, 126C, and 127A for the school year ending prior to distribution to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that portion of the distribution which its index bears to the sum of the indices for all school districts that receive the distributions.

(ii) Notwithstanding clause (i), each school district that receives a distribution under sections 298.018; 298.23 to 298.28, exclusive of any amount received under this clause; 298.34 to 298.39; 298.391 to 298.396; 298.405; or any law imposing a tax on severed mineral values after reduction for any portion distributed to cities and towns under section 126C.48, subdivision 8, paragraph (5), that is less than the amount of its levy reduction under section 126C.48, subdivision 8, for the second year prior to the year of the distribution shall receive a distribution equal to the difference; the amount necessary to make this payment shall be derived from proportionate reductions in the initial distribution to other school districts under clause (i).

(d) Any school district described in paragraph (c) where a levy increase pursuant to section 126C.17, subdivision 9, was authorized by referendum for taxes payable in 2001, shall receive a distribution from a fund that receives a distribution in 1998 of 21.3 cents per ton. On July 15 of 1999, and each year thereafter, the increase over the amount established for the prior year shall be determined according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1. Each district shall receive \$175 times the pupil units identified in section 126C.05, subdivision 1, enrolled in the second previous year or the 1983-1984 school year, whichever is greater, less the product of 1.8 percent times the district's taxable net tax capacity in the second previous year.

If the total amount provided by paragraph (d) is insufficient to make the payments herein required then the entitlement of \$175 per pupil unit shall be reduced uniformly so as not to exceed the funds available. Any amounts received by a qualifying school district in any fiscal year pursuant to paragraph (d) shall not be applied to reduce general education aid which the district receives pursuant to section 126C.13 or the permissible levies of the district. Any amount remaining after the payments provided in this paragraph shall be paid to the commissioner of iron range resources and rehabilitation who shall deposit the same in the taconite environmental protection fund and the northeast Minnesota economic protection trust fund as provided in subdivision 11.

Each district receiving money according to this paragraph shall reserve the lesser of the amount received under this paragraph or \$25 times the number of pupil units served in the district. It may use the money for early childhood programs or for outcome-based learning programs that enhance the academic quality of the district's curriculum. The outcome-based learning programs must be approved by the commissioner of children, families, and learning education.

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

(f) Effective for the distribution in 2003 only, five percent of the distributions to school districts under paragraphs (b), (c), and (e); subdivision 6, paragraph (c); subdivision 11; and section 298.225, shall be distributed to the general fund. The remainder less any portion distributed to cities and towns under section 126C.48, subdivision 8, paragraph (5), shall be distributed to the northeast Minnesota economic protection trust fund created in section 298.292. Fifty percent of the amount distributed to the northeast Minnesota economic protection trust fund shall be made available for expenditure under section 298.293 as governed by section 298.296. Effective in 2003 only, 100 percent of the distributions to school districts under section 477A.15 less any portion distributed to cities and towns under section 126C.48, subdivision 8, paragraph (5), shall be distributed to the general fund.

Sec. 31. Minnesota Statutes 2002, section 475.61, subdivision 4, is amended to read:

Subd. 4. **SURPLUS FUNDS.** (a) All such taxes shall be collected and remitted to the municipality by the county treasurer as other taxes are collected and remitted, and shall be used only for payment of the obligations on account of which levied or to repay advances from other funds used for such payments, except that any surplus remaining in the debt service fund when the obligations and interest thereon are paid may be appropriated to any other general purpose by the municipality. However, the amount of any surplus remaining in the debt service fund of a school district when the obligations and interest thereon are paid shall be used to reduce the general education fund levy authorized pursuant to section ~~126C.13~~ chapters 122A, 123A, 123B, 124D, and 126C and the state aids authorized pursuant to chapters 122A, 123A, 123B, 124D, 125A, 126C, and 127A.

(b) The reduction to state aids equals the lesser of (1) the amount of the surplus times the ratio of the district's debt service equalization aid to the district's debt service equalization revenue for the last year that the district qualified for debt service equalization aid; or (2) the district's cumulative amount of debt service equalization aid.

(c) The reduction to the general education fund levy equals the total amount of the surplus minus the reduction to state aids.

Sec. 32. Laws 1965, chapter 705, as amended by Laws 1975, chapter 261, section 4; Laws 1980, chapter 609, article 6, section 37; and Laws 1989, chapter 329, article 13, section 18, is amended to read:

Sec. 6. **ST. PAUL SEVERANCE LEVY.** The school board of independent school district No. 625, St. Paul, for the purpose of providing moneys for the payment of its severance pay obligations under a plan approved by resolution of the district, in addition to all other powers possessed by the school district and in addition to and in excess of any existing limitation upon the amount it is otherwise authorized by law to

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levy as taxes, is authorized to levy taxes annually not exceeding in any one year an amount equal to a ~~gross tax capacity rate of .17 percent for taxes payable in 1990 or a net tax capacity rate of .21 .34 percent for taxes payable in 1991~~ 2002 and thereafter upon all taxable property within the school district which taxes as levied shall be spread upon the tax rolls, and all corrections thereof shall be held by the school district, and allocated therefor to be disbursed and expended by the school district in payment of any public school severance pay obligations and for no other purpose. Disbursements and expenditures previously authorized on behalf of the school district for payment of severance pay obligations shall not be deemed to constitute any part of the cost of the operation and maintenance of the school district within the meaning of any statutory limitation of any school district expenditures.

The amount of such severance pay allowable or to become payable in respect of any such employment or to any such employee shall not exceed the amount permitted by Minnesota Statutes, Section 465.72.

**EFFECTIVE DATE.** This section is effective retroactively for taxes payable in 2002 and thereafter.

**Sec. 33. FUND TRANSFERS.**

Subdivision 1. CHISHOLM. Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2003, independent school district No. 695, Chisholm, may permanently transfer up to \$500,000 from its reserved operating capital account in its general fund to the undesignated general fund balance.

Subd. 2. SWANVILLE. Notwithstanding Minnesota Statutes, sections 123B.79, 123B.80, and 475.61, subdivision 4, independent school district No. 486, Swanville, on June 30, 2003, may permanently transfer up to \$61,000 from its debt redemption fund to its capital account in its general fund without making an aid or levy reduction.

Subd. 3. WESTONKA. Notwithstanding Minnesota Statutes, sections 123B.79, 123B.80, and 475.61, subdivision 4, independent school district No. 277, Westonka, on June 30, 2003, may permanently transfer the lesser of \$170,000 or the actual fund balance from its debt redemption fund to its general fund without making a levy reduction.

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

**Sec. 34. DIRECTION TO COMMISSIONER.**

Notwithstanding Minnesota Statutes, section 123B.75, subdivision 5, the commissioner shall calculate the property tax recognition shift percentage that raises \$230,378,000 in fiscal year 2004. The commissioner shall apply this percentage to the property tax recognition shift in fiscal year 2004 and later.

**Sec. 35. APPROPRIATIONS.**

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

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

Subd. 2. SCHOOL LUNCH. (a) For school lunch aid according to Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

<u>\$7,800,000</u>	<u>.....</u>	<u>2004</u>
<u>\$7,950,000</u>	<u>.....</u>	<u>2005</u>

Subd. 3. TRADITIONAL SCHOOL BREAKFAST; KINDERGARTEN MILK. For traditional school breakfast aid and kindergarten milk under Minnesota Statutes, sections 124D.1158 and 124D.118:

<u>\$3,088,000</u>	<u>.....</u>	<u>2004</u>
<u>\$3,217,000</u>	<u>.....</u>	<u>2005</u>

Subd. 4. FAST BREAK TO LEARNING BREAKFAST. For fast break to learning breakfast under Minnesota Statutes, section 124D.1156:

<u>\$747,000</u>	<u>.....</u>	<u>2004</u>
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The 2004 appropriation includes \$747,000 for 2003 and \$0 for 2004.

Subd. 5. SUMMER SCHOOL SERVICE REPLACEMENT AID. For summer food service replacement aid under Minnesota Statutes, section 124D.119:

<u>\$150,000</u>	<u>.....</u>	<u>2004</u>
<u>\$150,000</u>	<u>.....</u>	<u>2005</u>

**Sec. 36. REVISOR INSTRUCTION.**

In the next and subsequent editions of Minnesota Statutes, the revisor shall codify section 32 as Minnesota Statutes, section 126C.41, subdivision 5.

**Sec. 37. REPEALER.**

Minnesota Statutes 2002, sections 93.22, subdivision 2; 93.223, subdivision 1; 124D.115; 124D.1156; and 127A.41, subdivision 6, are repealed.

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**ARTICLE 6**

**LIBRARIES**

Section 1. Minnesota Statutes 2002, section 134.34, subdivision 4, is amended to read:

Subd. 4. **LIMITATION.** A regional library basic system support grant shall not be made to a regional public library system for a participating city or county which decreases the dollar amount provided for support for operating purposes of public library service below 90 percent of the amount provided by it for the second preceding year. This subdivision shall not apply to participating cities or counties where the adjusted net tax capacity of that city or county has decreased, if the dollar amount of

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the reduction in support is not greater than the dollar amount by which support would be decreased if the reduction in support were made in direct proportion to the decrease in adjusted net tax capacity.

**EFFECTIVE DATE.** This section is effective for grants distributed in 2004 and 2005 only.

**Sec. 2. [134.355] BASIC REGIONAL LIBRARY SYSTEM; SUPPORT.**

Subdivision 1. APPROPRIATIONS. Basic system support grants and regional library telecommunications aid provide the appropriations for the basic regional library system.

Sec. 3. Minnesota Statutes 2002, section 134.47, subdivision 1, is amended to read:

Subdivision 1. **ELIGIBILITY.** (a) A regional public library system may apply for regional library telecommunications aid. The aid must be used for data and video access costs and other related costs to improve or maintain electronic access and connect the library system with the state information infrastructure administered by the department of administration under section 16B.465. Priority shall be given to public libraries that have not received access, maintenance, equipment, or installation of telecommunication lines. To be eligible, a regional public library system must be officially designated by the commissioner of children, families, and learning education as a regional public library system as defined in section 134.34, subdivision 3, and each of its participating cities and counties must meet local support levels defined in section 134.34, subdivision 1. A public library building that receives aid under this section must be open a minimum of 20 hours per week.

(b) Aid received under this section may not be used to substitute for any existing local funds allocated to provide electronic access, equipment for library staff or the public, or local funds dedicated to other library operations.

(c) (b) An application for regional library telecommunications aid must, at a minimum, contain information to document the following:

(1) the connections are adequate and employ an open network architecture that will ensure interconnectivity and interoperability with school districts, post-secondary education, or other governmental agencies;

(2) that the connection is established through the most cost-effective means and that the regional library has explored and coordinated connections through school districts, post-secondary education, or other governmental agencies;

(3) that the regional library system has filed an e-rate application; and

(4) other information, as determined by the commissioner of children, families, and learning, to ensure that connections are coordinated, efficient, and cost-effective, take advantage of discounts, and meet applicable state standards.

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The library system may include costs associated with cooperative arrangements with post-secondary institutions, school districts, and other governmental agencies.

**Sec. 4. APPROPRIATIONS.**

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

Subd. 2. BASIC SYSTEM SUPPORT. For basic system support grants under Minnesota Statutes, section 134.355:

\$8,072,000	.....	2004
\$8,570,000	.....	2005

The 2004 appropriation includes \$1,456,000 for 2003 and \$6,616,000 for 2004.

The 2005 appropriation includes \$1,654,000 for 2004 and \$6,916,000 for 2005.

Subd. 3. REGIONAL LIBRARY TELECOMMUNICATIONS AID. For regional library telecommunications aid under Minnesota Statutes, section 134.355:

\$1,200,000	.....	2004
\$1,200,000	.....	2005

Subd. 4. MULTICOUNTY, MULTITYPE LIBRARY SYSTEMS. For grants according to Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

\$876,000	.....	2004
\$903,000	.....	2005

The 2004 appropriation includes \$153,000 for 2003 and \$723,000 for 2004.

The 2005 appropriation includes \$180,000 for 2004 and \$723,000 for 2005.

Subd. 5. 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:

\$400,000	.....	2004
\$400,000	.....	2005

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

**Sec. 5. REVISOR INSTRUCTION.**

The revisor of statutes shall renumber each section of Minnesota Statutes listed in column A with the number listed in column B. The revisor shall also make necessary cross-reference changes consistent with the renumbering.

<u>Column A</u>	<u>Column B</u>
134.35, subd. 1	134.355, subd. 2

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

<u>134.35, subd. 2</u>	<u>134.355, subd. 3</u>
<u>134.35, subd. 3</u>	<u>134.355, subd. 4</u>
<u>134.35, subd. 4</u>	<u>134.355, subd. 5</u>
<u>134.35, subd. 5</u>	<u>134.355, subd. 6</u>
<u>134.35, subd. 6</u>	<u>134.355, subd. 7</u>
<u>134.47, subd. 1</u>	
<u>paragraph (a)</u>	<u>134.355, subd. 8</u>
<u>134.47, subd. 1</u>	
<u>paragraph (b)</u>	<u>134.355, subd. 9</u>
<u>134.47, subd. 2</u>	<u>134.355, subd. 10</u>

**Sec. 6. REPEALER.**

The changes made to Minnesota Statutes, section 134.34, subdivision 4, in section 1 are repealed effective July 1, 2005.

**ARTICLE 7****EARLY CHILDHOOD FAMILY SUPPORT**

Section 1. Minnesota Statutes 2002, section 119A.52, is amended to read:

**119A.52 DISTRIBUTION OF APPROPRIATION AND PROGRAM COORDINATION.**

(a) ~~The commissioner of children, families, and learning education~~ must distribute money appropriated for that purpose to Head Start program grantees to expand services and to serve additional low-income children. Money must be allocated to each project Head Start grantee in existence on the effective date of Laws 1989, chapter 282. Migrant and Indian reservation grantees must be initially allocated money based on the grantees' share of federal funds. The remaining money must be initially allocated to the remaining local agencies based equally on the agencies' share of federal funds and on the proportion of eligible children in the agencies' service area who are not currently being served. A Head Start grantee must be funded at a per child rate equal to its contracted, federally funded base level for program accounts 20, 22, and 25 at the start of the fiscal year. In allocating funds under this paragraph, the commissioner of ~~children, families, and learning education~~ must assure that each Head Start grantee is allocated no less funding in any fiscal year than was allocated to that grantee in fiscal year 1993. The commissioner may provide additional funding to grantees for start-up costs incurred by grantees due to the increased number of children to be served. Before paying money to the grantees, the commissioner must notify each grantee of its initial allocation, how the money must be used, and the number of low-income children that must be served with the allocation. Each grantee must ~~notify~~ present a work plan to the

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commissioner ~~of~~ for approval. The work plan must include the estimated number of low-income children and families it will be able to serve, a description of the program design and service delivery area which meets the needs of and encourages access by low-income working families, a program design that ensures fair and equitable access to Head Start services for all populations and parts of the service area, and a plan for coordinating services to maximize assistance for child care costs available to families under chapter 119B. For any grantee that cannot utilize its full allocation, the commissioner must reduce the allocation proportionately. Money available after the initial allocations are reduced must be redistributed to eligible grantees.

~~(b) Up to 11 percent of the funds appropriated annually may be used to provide grants to local Head Start agencies to provide funds for innovative programs designed either to target Head Start resources to particular at-risk groups of children or to provide services in addition to those currently allowable under federal Head Start regulations. The commissioner must award funds for innovative programs under this paragraph on a competitive basis.~~

Sec. 2. Minnesota Statutes 2002, section 119A.53, is amended to read:

**119A.53 FEDERAL REQUIREMENTS.**

Grantees and the commissioner of children, families, and learning shall comply with federal regulations governing the federal Head Start program, except for innovative programs funded under section 119A.52, paragraph (b) funding for innovative initiatives under section 119A.52, which may be used to operate differently than federal Head Start regulations, and except that when. If a state statute or regulation rule conflicts with a federal statute or regulation, the state statute or regulation rule prevails.

Sec. 3. Minnesota Statutes 2002, section 124D.13, subdivision 2, is amended to read:

Subd. 2. **PROGRAM CHARACTERISTICS.** Early childhood family education programs are programs for children in the period of life from birth to kindergarten, for the parents of such children, and for expectant parents. ~~The~~ To the extent that funds are insufficient to provide programs for all children, early childhood family education programs should emphasize programming for a child from birth to age three and encourage parents to involve four- and five-year-old children in school readiness programs, and other public and nonpublic early learning programs. Early childhood family education programs may include the following:

- (1) programs to educate parents about the physical, mental, and emotional development of children;
- (2) programs to enhance the skills of parents in providing for their children's learning and development;
- (3) learning experiences for children and parents that promote children's development;

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

- (4) activities designed to detect children's physical, mental, emotional, or behavioral problems that may cause learning problems;
- (5) activities and materials designed to encourage self-esteem, skills, and behavior that prevent sexual and other interpersonal violence;
- (6) educational materials which may be borrowed for home use;
- (7) information on related community resources;
- (8) programs to prevent child abuse and neglect;
- (9) other programs or activities to improve the health, development, and school readiness of children; or
- (10) activities designed to maximize development during infancy.

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

Sec. 4. Minnesota Statutes 2002, section 124D.13, subdivision 4, is amended to read:

Subd. 4. **HOME VISITING PROGRAM.** (a) The commissioner A district that levies for home visiting under section 124D.135, subdivision 6, shall use this revenue to include as part of the early childhood family education programs a parent education component to prevent child abuse and neglect. This parent education component must include:

- (1) expanding statewide the home visiting component of the early childhood family education programs;
- (2) training parent educators, child educators, community outreach workers, and home visitors in the dynamics of child abuse and neglect and positive parenting and discipline practices; and
- (3) developing and disseminating education and public information materials that promote positive parenting skills and prevent child abuse and neglect.

(b) The parent education component must:

- (1) offer to isolated or at-risk families home visiting parent education services that at least address parenting skills, a child's development and stages of growth, communication skills, managing stress, problem-solving skills, positive child discipline practices, methods of improving parent-child interactions and enhancing self-esteem, using community support services and other resources, and encouraging parents to have fun with and enjoy their children;

(2) develop a that is designed to reach isolated or at-risk families.

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

The home visiting program must use:

- (1) an established risk assessment tool to determine the family's level of risk;
- (3) (2) establish clear objectives and protocols for home visits;
- (4) determine the frequency and duration of home visits based on a risk-need assessment of the client, with home visits beginning in the second trimester of pregnancy and continuing, based on client need, until a child is six years old;
- (5) (3) encourage families to make a transition from home visits to site-based parenting programs to build a family support network and reduce the effects of isolation;
- (6) develop and distribute education materials on preventing child abuse and neglect that may be used in home visiting programs and parent education classes and distributed to the public;
- (7) initially provide at least 40 hours of training and thereafter ongoing training for parent educators, child educators, community outreach workers, and home visitors that covers the dynamics of child abuse and neglect, domestic violence and victimization within family systems, signs of abuse or other indications that a child may be at risk of being abused or neglected, what child abuse and neglect are, how to properly report cases of child abuse and neglect, respect for cultural preferences in child rearing, what community resources, social service agencies, and family support activities and programs are available, child development and growth, parenting skills, positive child discipline practices, identifying stress factors and techniques for reducing stress, home visiting techniques, and risk assessment measures;
- (8) (4) provide program services that are community-based, accessible, and culturally relevant; and
- (9) (5) foster collaboration among existing agencies and community-based organizations that serve young children and their families.
- (e) Home visitors should reflect the demographic composition of the community the home visitor is serving to the extent possible.

Sec. 5. Minnesota Statutes 2002, section 124D.13, subdivision 8, is amended to read:

Subd. 8. **COORDINATION.** (a) A district is encouraged to coordinate the program with its special education and vocational education programs and with related services provided by other governmental agencies and nonprofit agencies. must describe strategies to coordinate and maximize public and private community resources and reduce duplication of services.

(b) A district is encouraged to coordinate adult basic education programs provided to parents and early childhood family education programs provided to children to accomplish the goals of section 124D.895.

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

Sec. 6. Minnesota Statutes 2002, section 124D.135, subdivision 1, is amended to read:

Subdivision 1. **REVENUE.** The revenue for early childhood family education programs for a school district equals \$113.50 for fiscal years 2000 and 2001 and \$120 for 2002 and later fiscal years for fiscal years 2003 and 2004 and \$96 for fiscal year 2005 and later, times the greater of:

- (1) 150; or
- (2) the number of people under five years of age residing in the district on October 1 of the previous school year.

Sec. 7. Minnesota Statutes 2002, section 124D.135, subdivision 8, is amended to read:

Subd. 8. **RESERVE ACCOUNT LIMIT.** (a) Under this section, the average balance, during the most recent three-year period in a district's early childhood family education reserve account on June 30 of each year, adjusted for any prior reductions under this subdivision, must not be greater than 25 percent of the sum of the district's maximum early childhood family education annual revenue under subdivision 1, excluding adjustments under this subdivision, plus any fees, grants, or other revenue received by the district for early childhood family education programs for the prior year.

(b) If a district's adjusted average early childhood family education reserve over the three-year period is in excess of 25 percent of the prior year annual revenue the limit under paragraph (a), the district's early childhood family education state aid and levy authority for the current school year must be reduced by the lesser of the current year revenue under subdivision 1 or the excess reserve amount. The aid reduction equals the product of the lesser of the excess reserve amount or the current year revenue under subdivision 1 times the ratio of the district's aid for the prior current year under subdivision 1 to the district's revenue for the prior current year under subdivision 1. The levy reduction equals the excess reserve amount minus the aid reduction. The commissioner must reallocate aid and levy reduced under this subdivision to other eligible early childhood family education programs in proportion to each district's revenue for the prior year under subdivision 1. For purposes of this paragraph, if a district does not levy the entire amount permitted under subdivision 3, the revenue under subdivision 1 must be reduced in proportion to the actual amount levied.

(b) (c) Notwithstanding paragraph (a), for fiscal year 2003, the excess reserve amount shall be computed using the balance in a district's early childhood family education reserve account on June 30, 2002. For fiscal year 2004, the excess reserve amount shall be computed using the adjusted average balance in a district's early childhood family education reserve account on June 30, 2002, and June 30, 2003.

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

Sec. 8. Minnesota Statutes 2002, section 124D.15, subdivision 7, is amended to read:

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

Subd. 7. **ADVISORY COUNCIL.** Each school readiness program must have an advisory council composed of members of existing early education-related boards, parents of participating children, child care providers, culturally specific service organizations, local resource and referral agencies, local early intervention committees, and representatives of early childhood service providers. The council must advise the board in creating and administering the program and must monitor the progress of the program. The council must ensure that children at greatest risk receive appropriate services. If the board is unable to appoint to the advisory council members of existing early education-related boards, it must appoint parents of children enrolled in the program who represent the racial, cultural, and economic diversity of the district and representatives of early childhood service providers as representatives to an existing advisory council.

Sec. 9. Minnesota Statutes 2002, section 124D.16, subdivision 1, is amended to read:

Subdivision 1. **PROGRAM REVIEW AND APPROVAL.** A school district shall biennially by May 1 submit to the commissioners of ~~children, families, and learning education~~ and health the program plan required under this subdivision. As determined by the commissioners, one-half of the districts shall first submit the plan by May 1 of the 2000-2001 school year and one-half of the districts shall first submit the plan by May 1 of the 2001-2002 school year. The program plan must include:

- (1) a description of the services to be provided;
- (2) a plan to ensure children at greatest risk receive appropriate services;
- (3) a description of ~~procedures and methods to be used~~ strategies to coordinate and maximize public and private community resources to maximize use of existing community resources, including school districts, health care facilities, government agencies, neighborhood organizations, and other resources knowledgeable in early childhood development and reduce duplication of services;
- (4) comments about the district's proposed program by the advisory council required by section 124D.15, subdivision 7; and
- (5) agreements with all participating service providers.

Each commissioner may review and comment on the program, and make recommendations to the commissioner of ~~children, families, and learning education~~, within ~~30~~ 90 days of receiving the plan.

Sec. 10. Minnesota Statutes 2002, section 124D.16, subdivision 6, is amended to read:

Subd. 6. **RESERVE ACCOUNT LIMIT.** (a) Under this section, the average balance, during the most recent three-year period, in a district's school readiness reserve account on June 30 of each year, adjusted for any prior reductions under this subdivision, must not be greater than 25 percent of the district's school readiness annual revenue for the prior year, excluding adjustments under this subdivision.

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

(b) If a district's adjusted average school readiness reserve over the three-year period is in excess of 25 percent of the prior year annual revenue the limit under paragraph (a), the district's current year school readiness state aid must be reduced by the lesser of the excess reserve amount or the current year aid. The commissioner must reallocate aid reduced under this subdivision to other eligible school readiness programs in proportion to each district's aid for the prior year under subdivision 2.

(b) (c) Notwithstanding paragraph (a), for fiscal year 2003, the excess reserve amount shall be computed using the balance in a district's school readiness reserve account on June 30, 2002. For fiscal year 2004, the excess reserve amount shall be computed using the adjusted average balance in a district's school readiness reserve account on June 30, 2002, and June 30, 2003.

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

**Sec. 11. APPROPRIATIONS.**

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

Subd. 2. SCHOOL READINESS. For revenue for school readiness programs under Minnesota Statutes, sections 124D.15 and 124D.16:

\$ 9,536,000	.....	2004
\$ 9,258,000	.....	2005

The 2004 appropriation includes \$1,605,000 for 2003 and \$7,931,000 for 2004.

The 2005 appropriation includes \$1,982,000 for 2004 and \$7,276,000 for 2005.

Subd. 3. EARLY CHILDHOOD FAMILY EDUCATION AID. For early childhood family education aid under Minnesota Statutes, section 124D.135:

\$19,675,000	.....	2004
\$15,129,000	.....	2005

The 2004 appropriation includes \$3,239,000 for 2003 and \$16,436,000 for 2004.

The 2005 appropriation includes \$4,109,000 for 2004 and \$11,020,000 for 2005.

Subd. 4. HEALTH AND DEVELOPMENTAL SCREENING AID. For health and developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

\$2,581,000	.....	2004
\$2,661,000	.....	2005

The 2004 appropriation includes \$452,000 for 2003 and \$2,129,000 for 2004.

The 2005 appropriation includes \$532,000 for 2004 and \$2,129,000 for 2005.

Subd. 5. HEAD START PROGRAM. For Head Start programs under Minnesota Statutes, section 119A.52:

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

<u>\$16,475,000</u>	.....	<u>2004</u>
<u>\$17,100,000</u>	.....	<u>2005</u>

**Sec. 12. REPEALER.**

Minnesota Statutes 2002, section 124D.17, is repealed.

**ARTICLE 8****PREVENTION**

Section 1. Minnesota Statutes 2002, section 124D.19, subdivision 3, is amended to read:

Subd. 3. **COMMUNITY EDUCATION DIRECTOR.** (a) Except as provided under paragraphs (b) and (c), each board shall employ a licensed community education director. The board shall submit the name of the person who is serving as director of community education under this section on the district's annual community education report to the commissioner.

(b) A board may apply to the ~~commissioner~~ Minnesota board of school administrators under Minnesota Rules, part 3512.3500, subpart 9, for authority to use an individual who is not licensed as a community education director.

(c) A board of a district with a total population of 2,000 or less may identify an employee who holds a valid Minnesota principal or superintendent license under Minnesota Rules, chapter 3512, to serve as director of community education. To be eligible for an exception under this paragraph, the board shall certify in writing to the commissioner that the district has not placed a licensed director of community education on unrequested leave.

Sec. 2. Minnesota Statutes 2002, section 124D.20, subdivision 3, is amended to read:

Subd. 3. **GENERAL COMMUNITY EDUCATION REVENUE.** The general community education revenue for a district equals \$5.95 for fiscal year 2003 and 2004 and \$5.23 for fiscal year 2005 and later, times the greater of 1,335 or the population of the district. ~~The population of the district is determined according to section 275.14.~~

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2005.

Sec. 3. Minnesota Statutes 2002, section 124D.20, subdivision 5, is amended to read:

Subd. 5. **TOTAL COMMUNITY EDUCATION LEVY.** To obtain total community education revenue, a district ~~operating a youth after-school enrichment program under section 124D.19, subdivision 12,~~ may levy the amount raised by a

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

maximum tax rate of ~~.7431~~ .985 percent times the adjusted net tax capacity of the district. ~~To obtain total community education revenue, a district not operating a youth after-school enrichment program may levy the amount raised by a maximum tax rate of .4795 percent times the adjusted net tax capacity of the district. If the amount of the total community education levy would exceed the total community education revenue, the total community education levy shall be determined according to subdivision 6.~~

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2005.

Sec. 4. Minnesota Statutes 2002, section 124D.20, is amended by adding a subdivision to read:

**Subd. 11. RESERVE ACCOUNT LIMIT.** (a) Under this section, the sum of the average balances during the most recent three-year period in a district's community education reserve account and unreserved/undesignated community service fund account on June 30 of each year, adjusted for any prior reductions under this subdivision, must not be greater than 25 percent of the sum of the district's maximum total community education revenue under subdivision 1, excluding adjustments under this subdivision, plus the district's additional community education levy under section 124D.21, plus any fees, grants, or other revenue received by the district for community education programs for the prior year. For purposes of this paragraph, "community education programs" means programs according to subdivisions 8, paragraph (a), and 9, and section 124D.19, subdivision 12, excluding early childhood family education programs under section 124D.13, school readiness programs under sections 124D.15 and 124D.17, and adult basic education programs under section 124D.52.

(b) If the sum of the average balances during the most recent three-year period in a district's community education reserve account and unreserved/undesignated community service fund account on June 30 of each year, adjusted for any prior reductions under this subdivision, is in excess of the limit under paragraph (a), the district's community education state aid and levy authority for the current school year must be reduced by the lesser of the current year revenue under subdivision 1 or the excess reserve amount. The aid reduction equals the product of the lesser of the excess reserve amount or the current year revenue under subdivision 1 times the ratio of the district's aid for the current year under subdivision 7 to the district's revenue for the current year under subdivision 1. The levy reduction equals the excess reserve amount minus the aid reduction. For purposes of this paragraph, if a district does not levy the entire amount permitted under subdivision 5 or 6, the revenue under subdivision 1 must be reduced in proportion to the actual amount levied.

(c) Notwithstanding paragraph (a), for fiscal year 2003, the excess reserve amount shall be computed using the balances in a district's community education reserve account and unreserved/undesignated community service fund account on June 30, 2002. For fiscal year 2004, the excess reserve amount shall be computed using the adjusted average balances in a district's community education reserve account and unreserved/undesignated community service fund account on June 30, 2002, and June 30, 2003.

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

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

Sec. 5. Minnesota Statutes 2002, section 124D.20, is amended by adding a subdivision to read:

Subd. 12. WAIVER. (a) If a district anticipates that the reserve account may exceed the 25 percent limit established under subdivision 11 because of extenuating circumstances, prior approval to exceed the limit must be obtained in writing from the commissioner.

(b) Notwithstanding paragraph (a), for fiscal year 2003, a district may submit a waiver request within 30 days of the date of final enactment.

EFFECTIVE DATE. This section is effective the day following final enactment for revenue for fiscal year 2003.

Sec. 6. Minnesota Statutes 2002, section 124D.22, subdivision 3, is amended to read:

Subd. 3. **SCHOOL-AGE CARE LEVY.** To obtain school-age care revenue, a school district may levy an amount equal to the district's school-age care revenue as defined in subdivision 2 multiplied by the lesser of one, or the ratio of the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the resident pupil units in the district for the school year to which the levy is attributable, to ~~\$3,280~~ \$2,433.

Sec. 7. **APPROPRIATIONS.**

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

Subd. 2. COMMUNITY EDUCATION AID. For community education aid under Minnesota Statutes, section 124D.20:

<u>\$5,495,000</u>	<u>.....</u>	<u>2004</u>
<u>\$3,406,000</u>	<u>.....</u>	<u>2005</u>

The 2004 appropriation includes \$956,000 for 2003 and \$4,539,000 for 2004.

The 2005 appropriation includes \$1,134,000 for 2004 and \$2,272,000 for 2005.

Subd. 3. ADULTS WITH DISABILITIES PROGRAM AID. For adults with disabilities programs under Minnesota Statutes, section 124D.56:

<u>\$688,000</u>	<u>.....</u>	<u>2004</u>
<u>\$710,000</u>	<u>.....</u>	<u>2005</u>

The 2004 appropriation includes \$120,000 for 2003 and \$568,000 for 2004.

The 2005 appropriation includes \$142,000 for 2004 and \$568,000 for 2005.

Subd. 4. HEARING-IMPAIRED ADULTS. For programs for hearing-impaired adults under Minnesota Statutes, section 124D.57:

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

<u>\$70,000</u>	.....	<u>2004</u>
<u>\$70,000</u>	.....	<u>2005</u>

Subd. 5. SCHOOL-AGE CARE REVENUE. For extended day care aid under Minnesota Statutes, section 124D.22:

<u>\$41,000</u>	.....	<u>2004</u>
<u>\$22,000</u>	.....	<u>2005</u>

The 2004 appropriation includes \$14,000 for 2003 and \$27,000 for 2004.

The 2005 appropriation includes \$6,000 for 2004 and \$16,000 for 2005.

**Sec. 8. REPEALER.**

Minnesota Statutes 2002, sections 124D.21; 124D.221; 124D.93; and 144.401, subdivision 5, are repealed.

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**ARTICLE 9**

**SELF-SUFFICIENCY AND LIFE LONG LEARNING**

Section 1. Minnesota Statutes 2002, section 124D.52, subdivision 1, is amended to read:

Subdivision 1. **PROGRAM REQUIREMENTS.** (a) An adult basic education program is a day or evening program offered by a district that is for people over 16 years of age who do not attend an elementary or secondary school. The program offers academic instruction necessary to earn a high school diploma or equivalency certificate. ~~Tuition and fees may not be charged to a learner for instruction paid under this section, except for~~

(b) Notwithstanding any law to the contrary, a school board or the governing body of a consortium offering an adult basic education program may adopt a sliding fee schedule based on a family's income, but must waive the fee for participants who are under the age of 21 or unable to pay. The fees charged must be designed to enable individuals of all socioeconomic levels to participate in the program. A program may charge a security deposit to assure return of materials, supplies, and equipment.

(c) Each approved adult basic education program must develop a memorandum of understanding with the local workforce development centers located in the approved program's service delivery area. The memorandum of understanding must describe how the adult basic education program and the workforce development centers will cooperate and coordinate services to provide unduplicated, efficient, and effective services to clients.

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

(d) Adult basic education aid must be spent for adult basic education purposes as specified in sections 124D.518 to 124D.531.

Sec. 2. Minnesota Statutes 2002, section 124D.52, subdivision 3, is amended to read:

Subd. 3. **ACCOUNTS; REVENUE; AID.** (a) Each district, group of districts, or private nonprofit organization providing adult basic education programs must establish and maintain ~~accounts separate from all other district accounts~~ a reserve account within the community service fund for the receipt and disbursement of all funds related to these programs. All revenue received pursuant to this section must be utilized solely for the purposes of adult basic education programs. State aid must not equal more than 100 percent of the unreimbursed expenses of providing these programs, excluding in-kind costs.

(b) Notwithstanding section 123A.26 or any other law to the contrary, an adult basic education consortium providing an approved adult basic education program may be its own fiscal agent and is eligible to receive state-aid payments directly from the commissioner.

Sec. 3. Minnesota Statutes 2002, section 124D.531, subdivision 1, is amended to read:

Subdivision 1. **STATE TOTAL ADULT BASIC EDUCATION AID.** (a) The state total adult basic education aid for fiscal year ~~2001~~ 2004 equals ~~\$30,157,000~~ \$34,388,000. The state total adult basic education aid for fiscal year 2005 and later is \$36,509,000. The state total adult basic education aid for later years equals:

(1) ~~the state total adult basic education aid for the preceding fiscal year, times~~

(2) ~~the lesser of:~~

(i) ~~1.08, or~~

(ii) ~~the greater of 1.00 or the ratio of the state total contact hours in the first prior program year to the state total contact hours in the second prior program year.~~ Beginning in fiscal year 2002, two percent of the state total adult basic education aid must be set aside for adult basic education supplemental service grants under section 124D.522.

(b) The state total adult basic education aid, excluding basic population aid, equals the difference between the amount computed in paragraph (a), and the state total basic population aid under subdivision 2.

Sec. 4. Minnesota Statutes 2002, section 124D.531, subdivision 2, is amended to read:

Subd. 2. **BASIC POPULATION AID.** A district is eligible for basic population aid if the district has a basic service level approved by the commissioner under section 124D.52, subdivision 5, or is a member of a consortium with an approved basic service level. Basic population aid is equal to the greater of \$4,000 \$3,844 or ~~\$1.80~~ \$1.73 times

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

the population of the district. District population is determined according to section 275.14.

Sec. 5. Minnesota Statutes 2002, section 124D.531, subdivision 4, is amended to read:

Subd. 4. **ADULT BASIC EDUCATION PROGRAM AID LIMIT.** (a) Notwithstanding subdivisions 2 and 3, the total adult basic education aid for a program per prior year contact hour must not exceed ~~four times the rate~~ \$21 per prior year contact hour computed under subdivision 3, clause (2).

(b) For fiscal year 2004, the aid for a program under subdivision 3, clause (2), adjusted for changes in program membership, must not exceed the aid for that program under subdivision 3, clause (2), for fiscal year 2003 by more than the greater of eight percent or \$10,000.

(c) For fiscal year 2005, the aid for a program under subdivision 3, clause (2), adjusted for changes in program membership, must not exceed the sum of the aid for that program under subdivision 3, clause (2), and section 8, paragraph (a), for the preceding fiscal year by more than the greater of eight percent or \$10,000.

(d) For fiscal year 2002 2006 and later, the aid for a program under subdivision 3, clause (2), adjusted for changes in program membership, must not exceed the aid for that program under subdivision 3, clause (2), for the first preceding fiscal year by more than the greater of 17 eight percent or \$20,000 \$10,000.

(e) (d) Adult basic education aid is payable to a program for unreimbursed costs.

Sec. 6. Minnesota Statutes 2002, section 124D.531, subdivision 7, is amended to read:

Subd. 7. **PROGRAM AUDITS.** Programs that receive aid under this section must maintain records that support the aid payments. The commissioner may audit these records upon request. The commissioner must establish procedures for conducting fiscal audits of adult basic education programs ~~according to the schedule in this subdivision. In calendar year 2003, the commissioner must audit one-half of approved adult basic education programs that received aid for fiscal year 2002, and in calendar year 2004, the commissioner must audit the remaining unaudited programs for aid received in fiscal year 2003. Beginning with fiscal year 2005, the commissioner must, at a minimum, audit each adult basic education program once every five years.~~ The commissioner must establish procedures to reconcile any discrepancies between aid payments based on information reported to the commissioner and aid estimates based on a program audit.

Sec. 7. **ADULT BASIC EDUCATION PROGRAM APPROVAL AND AID, FISCAL YEAR 2004.**

(a) Notwithstanding Minnesota Statutes 2002, section 124D.54, subdivision 2, a district or consortium of districts that provided a program funded under Minnesota Statutes 2002, section 124D.54, in fiscal year 2003 may request an extension of the

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

application deadline for approval of an adult basic education program for fiscal year 2004.

(b) For purposes of computing the fiscal year 2005 adult basic education aid for a program under Minnesota Statutes, section 124D.531, subdivision 3, clause (2), the contact hours for students participating in the program during the first prior program year must be increased by 17 percent of the adult graduation aid average daily attendance for fiscal year 2002.

#### Sec. 8. **ADULT BASIC EDUCATION TRANSITION AID.**

(a) For fiscal year 2004, adult basic education transition aid for each qualifying district equals the district's adult high school graduation aid for fiscal year 2002. This aid amount must be used to provide an adult basic education program under Minnesota Statutes, section 124D.52. To qualify for aid under this section a district must establish or join an approved adult basic education program according to Minnesota Statutes, section 124D.52, subdivision 2.

(b) For fiscal year 2005, the adult high school graduation aid program is eliminated.

#### Sec. 9. **APPROPRIATIONS.**

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

Subd. 2. ADULT BASIC EDUCATION AID. For adult basic education aid under Minnesota Statutes, section 124D.52, in fiscal year 2004 and Minnesota Statutes, section 124D.531, in fiscal year 2005:

<u>\$33,153,000</u>	<u>.....</u>	<u>2004</u>
<u>\$35,823,000</u>	<u>.....</u>	<u>2005</u>

The 2004 appropriation includes \$5,905,000 for 2003 and \$27,248,000 for 2004.

The 2005 appropriation includes \$6,811,000 for 2004 and \$29,012,000 for 2005.

Subd. 3. ADULT GRADUATION AID. For adult graduation aid under Minnesota Statutes, section 124D.54:

<u>\$2,094,000</u>	<u>.....</u>	<u>2004</u>
<u>\$ 424,000</u>	<u>.....</u>	<u>2005</u>

The 2004 appropriation includes \$396,000 for 2003 and \$1,698,000 for 2004.

The 2005 appropriation includes \$424,000 for 2004 and \$0 for 2005.

Subd. 4. GED TESTS. For payment of 60 percent of the costs of GED tests under Laws 1993, chapter 224, article 4, section 44, subdivision 10:

<u>\$125,000</u>	<u>.....</u>	<u>2004</u>
<u>\$125,000</u>	<u>.....</u>	<u>2005</u>

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

Subd. 5. **LEAD ABATEMENT.** For lead abatement according to Minnesota Statutes, section 119A.46:

\$ 100,000	.....	2004
\$ 100,000	.....	2005

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

Sec. 10. **REPEALER.**

Minnesota Statutes 2002, sections 124D.09, subdivision 15; 124D.54; and 126C.05, subdivision 12, are repealed.

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## ARTICLE 10

### STATE AGENCIES

Section 1. Minnesota Statutes 2002, section 122A.09, subdivision 10, is amended to read:

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

(b) To enable a school district to meet the needs of students enrolled in an alternative education program and to enable licensed teachers instructing those students to satisfy content area licensure requirements, the board of teaching annually may permit a licensed teacher teaching in an alternative education program to instruct students in a content area for which the teacher is not licensed, consistent with paragraph (a).

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

Sec. 2. Minnesota Statutes 2002, section 122A.12, subdivision 1, is amended to read:

Subdivision 1. **MEMBERSHIP.** A board of school administrators is established and must consist of ~~nine~~ ten 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;

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

(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;

(8) one special education director; and

~~(8)~~ (9) 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)~~ (9).

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

Sec. 3. Minnesota Statutes 2002, section 122A.12, subdivision 2, is amended to read:

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~~ four 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 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.

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

Sec. 4. Minnesota Statutes 2002, section 122A.18, subdivision 7a, is amended to read:

Subd. 7a. **PERMISSION TO SUBSTITUTE TEACH.** (a) The board of teaching may allow a person who is enrolled in and making satisfactory progress in a board-approved teacher program and who has successfully completed student teaching to be employed as a short-call substitute teacher.

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

(b) The board of teaching may issue a lifetime qualified short-call substitute teaching license to a person who:

(1) was a qualified teacher under section 122A.16 while holding a continuing five-year teaching license issued by the board, and receives a retirement annuity from the teachers retirement association, Minneapolis teachers retirement fund association, St. Paul teachers retirement fund association, or Duluth teachers retirement fund association;

(2) holds an out-of-state teaching license and receives a retirement annuity as a result of the person's teaching experience; or

(3) held a continuing five-year license issued by the board, taught at least three school years in an accredited nonpublic school in Minnesota, and receives a retirement annuity as a result of the person's teaching experience.

A person holding a lifetime qualified short-call substitute teaching license is not required to complete continuing education clock hours. A person holding this license may reapply to the board for a continuing five-year license and must again complete continuing education clock hours one school year after receiving the continuing five-year license.

**EFFECTIVE DATE.** This section is effective for the 2003-2004 school year.

Sec. 5. Minnesota Statutes 2002, 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 must be accompanied by a processing fee in an amount set by the board of teaching by rule of \$57. 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. The executive secretary of the board 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.

Sec. 6. Minnesota Statutes 2002, section 122A.22, is amended to read:

**122A.22 DISTRICT RECORDING VERIFICATION OF TEACHER LICENSES.**

No person shall be accounted a qualified teacher until the person has filed for record with the district superintendent where the person intends to teach a license, or certified copy of a license, authorizing the person to teach school in the district school

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

system school district or charter school contracting with the person for teaching services verifies through the Minnesota education licensing system available on the department Web site that the person is a qualified teacher, consistent with sections 122A.16 and 122A.44, subdivision 1.

EFFECTIVE DATE. This section is effective for the 2003-2004 school year and later.

Sec. 7. Minnesota Statutes 2002, section 169.26, subdivision 3, is amended to read:

Subd. 3. **DRIVER TRAINING.** All driver education courses approved by the commissioner of ~~children, families, and learning~~ and the commissioner of public safety must include instruction on railroad-highway grade crossing safety. The ~~commissioner of children, families, and learning~~ and the commissioner of public safety shall by rule establish minimum standards of course content relating to operation of vehicles at railroad-highway grade crossings.

Sec. 8. Minnesota Statutes 2002, section 169.973, subdivision 1, is amended to read:

Subdivision 1. **COMMISSIONER'S AUTHORITY; RULES; CURRICULUM.** The commissioner of public safety shall supervise the administration and conduct of driver improvement clinics and youth-oriented driver improvement clinics. The commissioner of public safety shall promulgate rules setting forth standards for the curriculum and mode of instruction of driver improvement clinics and youth-oriented driver improvement clinics and such other matters as the commissioner of public safety considers necessary for the proper administration of such clinics. In the preparation of such standards the commissioner of public safety shall consult with the ~~commissioner of children, families, and learning~~ and state associations of judges. A driver improvement clinic established under sections 169.971 to 169.973 and 171.20, subdivision 3, shall conform to the standards promulgated by the commissioner of public safety. The course of study at a driver improvement clinic and youth-oriented driver improvement clinic may not exceed a cumulative total of nine hours with no single class session lasting more than three hours. The course of study at a driver improvement clinic and youth-oriented driver improvement clinic shall include instruction in railroad crossing safety.

Sec. 9. Minnesota Statutes 2002, section 178.02, subdivision 1, is amended to read:

Subdivision 1. **MEMBERS.** The commissioner of labor and industry, hereinafter called the commissioner, shall appoint an apprenticeship advisory council, hereinafter referred to as the council, composed of three representatives each from employer and employee organizations, and two representatives of the general public. The ~~assistant commissioner~~ director of children, families, and learning education responsible for ~~vocational career and technical~~ education or designee shall be an ex officio member of the council and shall serve in an advisory capacity only.

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

**Sec. 10. APPROPRIATIONS; DEPARTMENT OF EDUCATION.**

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

Subd. 2. DEPARTMENT. (a) For the department of education:

<u>\$23,653,000</u>	<u>.....</u>	<u>2004</u>
<u>\$23,653,000</u>	<u>.....</u>	<u>2005</u>

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

(b) \$260,000 each year is for the Minnesota children's museum.

(c) \$41,000 each year is for the Minnesota academy of science.

(d) \$237,000 of the balance in the state education courseware development account in the state government special revenue fund as of July 1, 2004, is canceled to the general fund.

(e) \$160,000 of the balance in the state item bank revolving account in the state government special revenue fund as of July 1, 2004, is canceled to the general fund.

(f) \$621,000 each year is for the board of teaching.

(g) \$165,000 each year is for the board of school administrators.

(h) The commissioner is encouraged to give priority consideration to the Minnesota humanities commission when issuing grants for professional development of teachers or content development from best practices, Federal Title II, Part A, Federal Title V, Part A, or other appropriate grant resources that have a stated objective of improvement of teacher performance.

(i) An additional \$96,000 in fiscal year 2004 and \$96,000 in fiscal year 2005 are appropriated from the special revenue fund under Minnesota Statutes, section 517.08, subdivision 1c, for family visitation centers. Any balance in the first year does not cancel but is available for the second year.

Subd. 3. FEDERAL GRANTS AND AIDS. 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.

**Sec. 11. 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>\$10,466,000</u>	<u>.....</u>	<u>2004</u>
<u>\$10,466,000</u>	<u>.....</u>	<u>2005</u>

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

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

**Sec. 12. 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>\$6,864,000</u>	.....	<u>2004</u>
<u>\$6,423,000</u>	.....	<u>2005</u>

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

**Sec. 13. REVISOR'S INSTRUCTION.**

In the next and subsequent editions of Minnesota Statutes, the revisor shall change all references to the "commissioner of children, families, and learning" to the "commissioner of public safety" in Minnesota Statutes, sections 123B.88, subdivision 9; 168.102; 169.441, subdivision 5; and 171.321, subdivision 4c; and "Part H" to "Part C" in Minnesota Statutes, sections 125A.27, subdivisions 7 and 8; 125A.32; 125A.35; 125A.37; 125A.39; 125A.44; and 125A.45.

**Sec. 14. REPEALER.**

(a) Minnesota Statutes 2002, sections 15.014, subdivision 3; 123B.90, subdivision 1; 169.441, subdivision 4; and 239.004, are repealed.

(b) Minnesota Rules, parts 3500.0600; 3520.0400; 3520.1400; 3520.3300; 3530.1500; 3530.2700; 3530.4400; 3530.4500; 3530.4700; and 3550.0100, are repealed.

**ARTICLE 11****DEFICIENCIES****Section 1. DEPARTMENT OF EDUCATION.**

The dollar amounts shown are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2001, First Special Session chapter 6, as amended by Laws 2002, chapter 220, and Laws 2002, chapter 374, or other law, and are appropriated from the general fund to the department of education for the purposes specified in this article, to be available for the fiscal year indicated for each purpose. The figure "2003" used in this article means that the appropriation or appropriations listed are available for the fiscal year ending June 30, 2003.

	2003
APPROPRIATION ADJUSTMENTS	\$ 10,869,000

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

## APPROPRIATION CHANGE

Sec. 2. APPROPRIATIONS; DEPARTMENT OF  
EDUCATION

Subdivision 1. Community Education Aid 219,000

Subd. 2. General and Supplemental  
Education Aid 8,791,000This change includes (\$7,420,000) for  
2002 and \$16,211,000 for 2003.

Subd. 3. Nonpublic Pupil Aid 437,000

Subd. 4. Consolidation Transition Aid 5,000

Subd. 5. Interdistrict Desegregation  
or Integration Transportation Grants 169,000

Subd. 6. Travel for Home-Based Services 48,000

Subd. 7. Debt Service Aid 19,000

Subd. 8. School Breakfast 100,000

Subd. 9. Fast Break to Learning 1,081,000

Sec. 3. **EFFECTIVE DATE.**Sections 1 and 2 are effective the day following final enactment.

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ARTICLE 12

## TECHNICAL AMENDMENTS

Section 1. Minnesota Statutes 2002, section 119B.011, subdivision 20, is amended to read:

Subd. 20. **TRANSITION YEAR FAMILIES.** "Transition year families" means families who have received MFIP assistance, or who were eligible to receive MFIP assistance after choosing to discontinue receipt of the cash portion of MFIP assistance under section 256J.31, subdivision 12, for at least three of the last six months before losing eligibility for MFIP ~~or families participating in work first under chapter 256K~~New language is indicated by underline, deletions by ~~strikeout~~.

who meet the requirements of section ~~256K.07~~. Transition year child care may be used to support employment or job search. Transition year child care is not available to families who have been disqualified from MFIP due to fraud.

Sec. 2. Minnesota Statutes 2002, section 121A.21, is amended to read:

**121A.21 SCHOOL HEALTH SERVICES.**

(a) Every school board must provide services to promote the health of its pupils.

(b) The board of a district with 1,000 pupils or more in average daily membership in early childhood family education, preschool handicapped, elementary, and secondary programs must comply with the requirements of this paragraph. It may use one or a combination of the following methods:

(1) employ personnel, including at least one full-time equivalent licensed school nurse or ~~continue to employ a registered nurse not yet certified as a public health nurse as defined in section 145A.02, subdivision 18, who is enrolled in a program that would lead to certification within four years of August 1, 1988;~~

(2) contract with a public or private health organization or another public agency for personnel during the regular school year, determined appropriate by the board, who are currently licensed under chapter 148 and who are certified public health nurses; or

(3) enter into another arrangement approved by the commissioner.

Sec. 3. Minnesota Statutes 2002, section 122A.41, subdivision 2, is amended to read:

**Subd. 2. PROBATIONARY PERIOD; DISCHARGE OR DEMOTION.** All teachers in the public schools in cities of the first class during the first three years of consecutive employment shall be deemed to be in a probationary period of employment during which period any annual contract with any teacher may, or may not, be renewed as the school board, after consulting with the peer review committee charged with evaluating the probationary teachers under subdivision ~~2a~~ or 3, shall see fit. The school site management team or the school board if there is no school site management team, shall adopt a plan for a written evaluation of teachers during the probationary period according to subdivision ~~2a~~ 3. Evaluation by the peer review committee charged with evaluating probationary teachers under subdivision ~~2a~~ 3 shall occur at least three times each year for a teacher performing services on 120 or more school days, at least two times each year for a teacher performing services on 60 to 119 school days, and at least one time each year for a teacher performing services on fewer than 60 school days. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school shall not be included in determining the number of school days on which a teacher performs services. The school board may, during such probationary period, discharge or demote a teacher for any of the causes as specified in this code. A written statement of the cause of such discharge or demotion shall be given to the teacher by the school board at least 30 days before such removal or demotion shall become effective, and the teacher so notified shall have no right of appeal therefrom.

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Sec. 4. Minnesota Statutes 2002, section 122A.58, is amended to read:

**122A.58 COACHES, TERMINATION OF DUTIES.**

Subdivision 1. **TERMINATION; HEARING.** Before a district terminates the coaching duties of an employee who is required to hold a license as an athletic coach from the commissioner of ~~children, families, and learning~~ education, the district must notify the employee in writing and state its reason for the proposed termination. Within 14 days of receiving this notification, the employee may request in writing a hearing on the termination before the ~~commissioner board~~. If a hearing is requested, the ~~commissioner board~~ must hold a hearing within 25 days according to the hearing procedures specified in section 122A.40, subdivision 14, and the termination is final upon the order of the ~~commissioner board~~ after the hearing.

Subd. 2. **FINAL DECISION.** Within ten days after the hearing, the ~~commissioner board~~ must issue a written decision regarding the termination. If the ~~commissioner board~~ decides to terminate the employee's coaching duties, the decision must state the reason on which it is based and include findings of fact based upon competent evidence in the record. The ~~commissioner board~~ may terminate the employee's duties or not, as it sees fit, for any reason which is found to be true based on substantial and competent evidence in the record.

Subd. 3. **NONAPPLICATION OF SECTION.** This section shall not apply to the termination of coaching duties pursuant to a district transfer policy or as a result of the nonrenewal or termination of the employee's contract or the employee's discharge, demotion or suspension pursuant to section 122A.40 or 122A.41. This section shall not apply to the termination of an employee's coaching duties ~~prior to completion of~~ before completing the probationary period of employment.

Sec. 5. Minnesota Statutes 2002, section 123B.02, subdivision 1, is amended to read:

Subdivision 1. **BOARD AUTHORITY.** The board must have the general charge of the business of the district, the school houses, and of the interests of the schools thereof. The board's authority to govern, manage, and control the district; to carry out its duties and responsibilities; and to conduct the business of the district includes implied powers in addition to any specific powers granted by the legislature.

Sec. 6. Minnesota Statutes 2002, section 123B.72, subdivision 3, is amended to read:

Subd. 3. **CERTIFICATION.** Prior to occupying or reoccupying a school facility affected by this section, a school board or its designee shall submit a document prepared by a system inspector to the building official or to the commissioner, verifying that the facility's heating, ventilation, and air conditioning system has been installed and operates according to design specifications and code, according to section 123B.71, subdivision ~~10~~ 9, clause ~~(3)~~ (11). A systems inspector shall also verify that

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the facility's design will provide the ability for monitoring of outdoor airflow and total airflow of ventilation systems in new school facilities and that any heating, ventilation, or air conditioning system that is installed or modified for a project subject to this section must provide a filtration system with a current ASHRAE standard.

Sec. 7. Minnesota Statutes 2002, section 123B.93, is amended to read:

**123B.93 ADVERTISING ON SCHOOL BUSES.**

(a) The commissioner, through a competitive process, and ~~with the approval of the school bus safety advisory committee~~ may contract with advertisers regarding advertising on school buses. At a minimum, the contract must prohibit advertising and advertising images that:

(1) solicit the sale of, or promote the use of, alcoholic beverages and tobacco products;

(2) are discriminatory in nature or content;

(3) imply or declare an endorsement of the product or service by the school district;

(4) contain obscene material;

(5) are false, misleading, or deceptive; or

(6) relate to an illegal activity or antisocial behavior.

(b) Advertisement must meet the following conditions:

(1) the advertising attached to the school bus does not interfere with bus identification under section 169.441; and

(2) the bus with attached advertising meets the school bus equipment standards under sections 169.4501 to 169.4504.

(c) All buses operated by school districts may be attached with advertisements under the state contract. All school district contracts shall include a provision for advertisement. Each school district shall be reimbursed by the advertiser for all costs incurred by the district and its contractors for supporting the advertising program, including, but not limited to, retrofitting buses, storing advertising, attaching advertising to the bus, and related maintenance.

(d) The commissioner shall hold harmless and indemnify each district for all liabilities arising from the advertising program. Each district must tender defense of all such claims to the commissioner within five days of receipt.

(e) All revenue from the contract shall be deposited in the general fund.

Sec. 8. Minnesota Statutes 2002, section 124D.03, subdivision 12, is amended to read:

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Subd. 12. **TERMINATION OF ENROLLMENT.** A district may terminate the enrollment of a nonresident student enrolled under this section or section ~~124D.07~~ or 124D.08 at the end of a school year if the student meets the definition of a habitual truant under section 260C.007, subdivision 19, the student has been provided appropriate services under chapter 260A, and the student's case has been referred to juvenile court. A district may also terminate the enrollment of a nonresident student over the age of 16 enrolled under this section if the student is absent without lawful excuse for one or more periods on 15 school days and has not lawfully withdrawn from school under section 120A.22, subdivision 8.

Sec. 9. Minnesota Statutes 2002, section 124D.09, subdivision 3, is amended to read:

Subd. 3. **DEFINITIONS.** For purposes of this section, the following terms have the meanings given to them.

(a) "Eligible institution" means a Minnesota public post-secondary institution, a private, nonprofit two-year trade and technical school granting associate degrees, an opportunities industrialization center accredited by the North Central Association of Colleges and Schools, or a private, residential, two-year or four-year, liberal arts, degree-granting college or university located in Minnesota. ~~"Course" means a course or program.~~

(b) "Course" means a course or program.

Sec. 10. Minnesota Statutes 2002, section 124D.10, subdivision 13, is amended to read:

Subd. 13. **LENGTH OF SCHOOL YEAR.** A charter school must provide instruction each year for at least the number of days required by section ~~120A.22,~~ subdivision 5 120A.41. It may provide instruction throughout the year according to sections 124D.12 to 124D.127 or 124D.128.

Sec. 11. Minnesota Statutes 2002, section 124D.10, subdivision 23a, is amended 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.

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(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~~ 124D.11, subdivision 4, clause (1).

Sec. 12. Minnesota Statutes 2002, section 125A.05, is amended to read:

**125A.05 METHOD OF SPECIAL INSTRUCTION.**

(a) As defined in this ~~subdivision~~ section, to the extent required by federal law as of July 1, 1999, special instruction and services for children with a disability must be based on the assessment and individual education plan. The instruction and services may be provided by one or more of the following methods:

- (1) in connection with attending regular elementary and secondary school classes;
- (2) establishment of special classes;
- (3) at the home or bedside of the child;
- (4) in other districts;
- (5) instruction and services by special education cooperative centers established under this section, or in another member district of the cooperative center to which the resident district of the child with a disability belongs;
- (6) in a state residential school or a school department of a state institution approved by the commissioner;
- (7) in other states;
- (8) by contracting with public, private or voluntary agencies;
- (9) for children under age five and their families, programs and services established through collaborative efforts with other agencies;
- (10) for children under age five and their families, programs in which children with a disability are served with children without a disability; and
- (11) any other method approved by the commissioner.

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

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

Sec. 13. Minnesota Statutes 2002, section 125A.12, is amended to read:

**125A.12 ATTENDANCE IN ANOTHER DISTRICT.**

No resident of a district who is eligible for special instruction and services pursuant to this section may be denied provision of this instruction and service because of attending a public school in another district pursuant to section 123B.88, subdivision 5, if the attendance is not subject to section 124D.06, ~~124D.07~~, or 124D.08. If the pupil attends a public school located in a contiguous district and the district of attendance does not provide special instruction and services, the district of residence must provide necessary transportation for the pupil between the boundary of the district of residence and the educational facility where special instruction and services are provided within the district of residence. The district of residence may provide necessary transportation for the pupil between its boundary and the school attended in the contiguous district, but must not pay the cost of transportation provided outside the boundary of the district of residence.

Sec. 14. Minnesota Statutes 2002, section 126C.10, subdivision 28, is amended to read:

Subd. 28. **EQUITY REGION.** For the purposes of computing equity revenue under subdivision ~~23~~ 24, a district whose administrative offices on July 1, 1999, is located in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington county is part of the metro equity region. Districts whose administrative offices on July 1, 1999, are not located in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington county are part of the rural equity region.

Sec. 15. Minnesota Statutes 2002, section 127A.05, subdivision 4, is amended to read:

Subd. 4. **ADMINISTRATIVE RULES.** The commissioner may adopt new rules or amend any existing rules only under specific authority and consistent with the requirements of chapter 14. The commissioner may repeal any existing rules adopted by the commissioner. ~~Notwithstanding the provisions of section 14.05, subdivision 4,~~ The commissioner may grant a variance to rules adopted by the commissioner upon

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application by a school district for purposes of implementing experimental programs in learning or school management. This subdivision shall not prohibit the commissioner from making technical changes or corrections to rules adopted by the commissioner.

Sec. 16. Minnesota Statutes 2002, 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, according to sections 124D.03, subdivision 8, 124D.09, subdivision 22, and 124D.10; 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~~ 124D.80.

(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. 17. Minnesota Statutes 2002, section 169.435, is amended to read:

**169.435 STATE SCHOOL BUS SAFETY ADMINISTRATION.**

Subdivision 1. **RESPONSIBILITY; DEPARTMENT OF PUBLIC SAFETY.** The department of public safety has the primary responsibility for school transportation safety. ~~To oversee school transportation safety, the commissioner of public safety shall establish a school bus safety advisory committee according to subdivision 2. The commissioner or the commissioner's designee shall serve as state director of pupil transportation according to subdivision 3.~~

Subd. 3. **PUPIL TRANSPORTATION SAFETY DIRECTOR.** (a) The commissioner of public safety or the commissioner's designee shall serve as pupil transportation safety director.

(b) The duties of the pupil transportation safety director shall include:

- (1) overseeing all department activities related to school bus safety;
- (2) assisting in the development, interpretation, and implementation of laws and policies relating to school bus safety;
- (3) supervising preparation of the school bus inspection manual; and
- (4) in conjunction with the department of ~~children, families, and learning education~~, assisting school districts in developing and implementing comprehensive transportation policies; and
- (5) ~~providing information requested by the school bus safety advisory committee.~~

Sec. 18. Minnesota Statutes 2002, section 169.449, subdivision 1, is amended to read:

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Subdivision 1. **RULES.** The commissioner of public safety, ~~in consultation with the school bus safety advisory committee,~~ shall adopt rules governing the operation of school buses used for transportation of school children, when owned or operated by a school or privately owned and operated under a contract with a school, and these rules must be made a part of that contract by reference. Each school, its officers and employees, and each person employed under the contract is subject to these rules.

Sec. 19. Minnesota Statutes 2002, section 169.4501, subdivision 3, is amended to read:

Subd. 3. **INSPECTION MANUAL.** The department of public safety shall develop a school bus inspection manual based on the national standards adopted in subdivision 1 and Minnesota standards adopted in sections 169.4502 to 169.4504. The Minnesota state patrol shall use the manual as the basis for inspecting buses as provided in section 169.451. ~~When appropriate, the school bus safety advisory committee shall recommend to the education committees of the legislature modifications to the standards upon which the school bus inspection manual is based.~~ The department of public safety has no rulemaking authority to alter the standards upon which school buses are inspected.

Sec. 20. Minnesota Statutes 2002, section 169.4501, subdivision 4, is amended to read:

Subd. 4. **VARIANCE.** The commissioner of public safety may grant a variance to any of the school bus standards to accommodate testing of new equipment related to school buses. A variance from the standards must be for the sole purpose of testing and evaluating new equipment for increased safety, efficiency, and economy of pupil transportation. The variance expires 18 months from the date on which it is granted unless the commissioner specifies an earlier expiration date. ~~The school bus safety advisory committee shall annually review all variances that are granted under this subdivision and consider whether to recommend modifications to the Minnesota school bus equipment standards based on the variances.~~

Sec. 21. **REPEALER.**

(a) Minnesota Statutes 2002, section 126C.55, subdivision 5, is repealed.

(b) Laws 2001, First Special Session chapter 3, article 4, sections 1 and 2; and Laws 2001, First Special Session chapter 6, article 2, section 52, are repealed.

Presented to the governor May 27, 2003

Signed by the governor May 30, 2003, 3:44 p.m.

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## CHAPTER 10—S.F.No. 27

*An act relating to municipalities; extending the maximum length of guaranteed energy*

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