

Sec. 15. SUNSET OF UNCODIFIED LANGUAGE.

All uncodified language contained in this article expires on June 30, 2007, unless a different expiration date is explicit.

Sec. 16. EFFECTIVE DATE; RELATIONSHIP TO OTHER APPROPRIATIONS.

Appropriations in this act are effective retroactively from July 1, 2005, and supersede and replace funding authorized by order of the Ramsey County District Court in Case No. C9-05-5928, as well as by Laws 2005, First Special Session chapter 2, which provided temporary funding through July 14, 2005. The other language in this article is effective August 1, 2005.

Presented to the governor July 13, 2005

Signed by the governor July 14, 2005, 1:05 p.m.

CHAPTER 5—H.F.No. 141

An act relating to the operation and financing of government; providing for early childhood, adult, family, and kindergarten through grade 12 education including general education, education excellence, special programs, facilities and technology, nutrition and accounting, libraries, early childhood education, prevention, self-sufficiency and lifelong learning, state agencies, and technical and conforming amendments; reestablishing statutory authority for the Humanities Commission; authorizing certain nonprofit contracts; reimbursing local governments; authorizing certain state agencies and constitutional officers to carry forward unencumbered balances for fiscal year 2005; appropriating money for lets go fishing to promote opportunities for fishing in the state; authorizing rulemaking; providing for reports; appropriating money; amending Minnesota Statutes 2004, sections 13.32, subdivision 8; 13.321, by adding a subdivision; 119A.46, subdivisions 1, 2, 3, 8; 120A.05, by adding a subdivision; 120A.22, subdivision 12; 120B.02; 120B.021, by adding a subdivision; 120B.11, subdivisions 1, 2, 3, 4, 5, 8; 120B.13, subdivisions 1, 3, by adding a subdivision; 120B.22, subdivision 1; 120B.30, subdivisions 1, 1a, by adding a subdivision; 120B.31, subdivision 4; 121A.03, subdivision 1; 121A.06, subdivisions 2, 3; 121A.15, subdivision 3; 121A.17, subdivisions 1, 5; 121A.19; 121A.41, subdivision 10; 121A.47, subdivision 14; 121A.53; 121A.66, subdivision 5, by adding subdivisions; 121A.67; 122A.06, subdivision 4; 122A.12, subdivision 2; 122A.18, subdivision 2a; 122A.33; 122A.40, subdivision 5, as amended; 122A.41, subdivisions 2, as amended, 5a, 14; 122A.413; 122A.414; 122A.415, subdivisions 1, 3; 122A.60, subdivision 1, by adding subdivisions; 123A.05, subdivision 2; 123B.02, by adding subdivisions; 123B.04, subdivisions 1, 2; 123B.42, by adding a subdivision; 123B.49, subdivision 4; 123B.492; 123B.53, subdivision 1; 123B.54; 123B.59, subdivisions 3, 3a; 123B.63, subdivision 2; 123B.71, subdivisions 8, 9, 12; 123B.75, subdivision 5, by adding a subdivision; 123B.76, subdivision 3; 123B.79, subdivision 6; 123B.81, subdivision 1; 123B.82; 123B.83, subdivision 2; 123B.88, by adding a subdivision; 123B.92, subdivisions 1, 5; 124D.09, subdivision 12; 124D.095, subdivisions 2, 4, 8, by adding a subdivision; 124D.10, subdivisions 4, 6, 15, 23; 124D.11, subdivisions 1, 2, 5, 6; 124D.111, subdivisions 1, 2; 124D.118, subdivision 4; 124D.135, subdivisions 1, 5; 124D.15, subdivisions 1, 3, 5, 10, 12, by adding subdivisions; 124D.16, subdivisions 2, 3; 124D.20,

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

subdivisions 3, 5; 124D.40; 124D.454, subdivision 5; 124D.52, subdivision 3; 124D.531, subdivisions 1, 4; 124D.66, subdivision 3; 124D.68, subdivision 9; 124D.69, subdivision 1; 124D.74, subdivision 1; 124D.81, subdivision 1; 124D.84, subdivision 1; 125A.11, subdivision 1; 125A.24; 125A.28; 125A.51; 125A.76, subdivision 4; 125A.79, subdivisions 1, 6; 126C.01, subdivision 11; 126C.05, by adding a subdivision; 126C.10, subdivisions 1, 2, 13, 13a, 24, 31, by adding subdivisions; 126C.13, subdivision 4; 126C.15, subdivisions 2, 3; 126C.17, subdivisions 2, 5, 7, 9, 13; 126C.21, subdivision 4; 126C.40, subdivision 1; 126C.43, subdivisions 2, 3; 126C.457; 126C.48, subdivisions 2, 8; 126C.63, subdivisions 5, 8; 127A.41, subdivision 8; 127A.45, subdivisions 2, 10, 11, 12, 13, 14, 16; 127A.47, subdivisions 7, 8; 127A.49, subdivisions 2, 3; 128C.05, by adding a subdivision; 128C.12, subdivisions 1, 3; 128D.11, subdivision 9; 134.31, by adding a subdivision; 179A.03, subdivision 14, as amended; 260C.201, subdivision 1, as amended; 275.14; 275.16; 469.177, subdivision 9; 475.61, subdivision 4; Laws 1996, chapter 412, article 5, section 24; Laws 2003, First Special Session chapter 9, article 3, section 20, subdivision 6, as amended; Laws 2003, First Special Session chapter 9, article 4, section 29, as amended; proposing coding for new law in Minnesota Statutes, chapters 120B; 121A; 122A; 123A; 123B; 124D; 125B; 127A; 129C; 138; 171; repealing Minnesota Statutes 2004, sections 122A.415, subdivision 2; 123B.83, subdivision 1; 124D.095, subdivision 9; 124D.15, subdivisions 2, 4, 6, 7, 8, 9, 11, 13; 124D.16, subdivisions 1, 4; 125A.75, subdivision 8; 126C.42, subdivisions 1, 4; 128C.12, subdivision 4.

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

ARTICLE 1

GENERAL EDUCATION

Section 1. Minnesota Statutes 2004, section 120A.05, is amended by adding a subdivision to read:

Subd. 10a. KINDERGARTEN. "Kindergarten" means a program designed for pupils five years of age on September 1 of the calendar year in which the school year commences that prepares pupils to enter first grade the following school year. A program designed for pupils younger than five years of age on September 1 of the calendar year in which the school year commences that prepares pupils to enter kindergarten the following school year is a prekindergarten program.

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

Sec. 2. Minnesota Statutes 2004, section 123A.05, subdivision 2, is amended to read:

Subd. 2. RESERVE REVENUE. Each district that is a member of an area learning center must reserve revenue in an amount equal to the sum of (1) 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,

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

subdivision 2, times .0485, calculated without basic skills revenue, and transportation sparsity revenue, and the transportation portion of the transition revenue adjustment, times the number of pupil units attending an area learning center program under this section, plus (2) the amount of basic skills revenue generated by pupils attending the area learning center. The amount of reserved revenue under this subdivision may only be spent on program costs associated with the area learning center. ~~Compensatory revenue must be allocated according to section 126C.15, subdivision 2.~~

Sec. 3. Minnesota Statutes 2004, section 123B.75, is amended by adding a subdivision to read:

Subd. 4a. TACONITE REVENUE. Taconite revenue received in a calendar year by a school district under section 298.28, subdivisions 4, paragraphs (b) and (c), and 11, paragraph (d), is fully recognized in the fiscal year in which the February payment falls.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2006.

Sec. 4. Minnesota Statutes 2004, section 123B.76, subdivision 3, is amended to read:

Subd. 3. EXPENDITURES BY BUILDING. (a) For the purposes of this section, "building" means education site as defined in section 123B.04, subdivision 1.

(b) Each district shall maintain separate accounts to identify general fund expenditures, ~~excluding capital expenditures and pupil transportation,~~ for each building. All expenditures for regular instruction, secondary vocational instruction, and school administration must be reported to the department separately for each building. All expenditures for special education instruction, instructional support services, and pupil support services provided within a specific building must be reported to the department separately for each building. Salary expenditures reported by building must reflect actual salaries for staff at the building and must not be based on districtwide averages. All other general fund expenditures may be reported by building or on a districtwide basis.

(c) The department must annually report information showing school district general fund expenditures per pupil by program category for each building and estimated school district general fund revenue generated by pupils attending each building on its Web site. For purposes of this report:

(1) expenditures not required to be reported by building shall be allocated among buildings on a uniform per pupil basis;

(2) basic skills revenue shall be allocated according to section 126C.10, subdivision 4;

(3) secondary sparsity revenue and elementary sparsity revenue shall be allocated according to section 126C.10, subdivisions 7 and 8;

(4) other general education revenue shall be allocated on a uniform per pupil unit basis;

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

(5) first grade preparedness aid shall be allocated according to section 124D.081;

(6) state and federal special education aid and Title I aid shall be allocated in proportion to district expenditures for these programs by building; and

(7) other general fund revenues shall be allocated on a uniform per pupil basis, except that the department may allocate other revenues attributable to specific buildings directly to those buildings.

Sec. 5. Minnesota Statutes 2004, section 123B.79, subdivision 6, is amended to read:

Subd. 6. **ACCOUNT TRANSFER FOR STATUTORY OPERATING DEBT.** On June 30 of each year, a district may make a permanent transfer from the general fund account entitled "~~undesignated net unreserved~~ general fund balance since statutory operating debt" to the account entitled "reserved fund balance reserve account for purposes of statutory operating debt reduction." The amount of the transfer is limited to the lesser of (a) the net ~~undesignated operating unreserved~~ general fund balance, or (b) the sum of the remaining statutory operating debt levies authorized for all future years according to section 126C.42, subdivision 1. If the net ~~undesignated operating unreserved~~ general fund balance is less than zero, the district may not make a transfer.

Sec. 6. Minnesota Statutes 2004, section 123B.81, subdivision 1, is amended to read:

Subdivision 1. **OPERATING DEBT.** The "operating debt" of a school district means the net negative ~~undesignated unreserved general fund balance in all school district funds, other than capital expenditure, building construction, debt service, and trust and agency,~~ undesignated unreserved general fund balance in all school district funds, other than building construction, debt service, and trust and agency, calculated as of June 30 of each year in accordance with the uniform financial accounting and reporting standards for Minnesota school districts.

Sec. 7. Minnesota Statutes 2004, section 123B.82, is amended to read:

123B.82 REORGANIZATION OPERATING DEBT.

The "reorganization operating debt" of a school district means the net negative ~~undesignated unreserved fund balance~~ balances in all school district funds, other than building construction, debt redemption, and trust and agency, calculated in accordance with the uniform financial accounting and reporting standards for Minnesota school districts as of:

(1) June 30 of the fiscal year before the first year that a district receives revenue according to section 123A.39, subdivision 3; or

(2) June 30 of the fiscal year before the effective date of reorganization according to section 123A.46 or 123A.48.

Sec. 8. Minnesota Statutes 2004, section 123B.83, subdivision 2, is amended to read:

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

Subd. 2. **UNDESIGNATED NET UNRESERVED GENERAL FUND BALANCES.** ~~Beginning in fiscal year 1978 and each year thereafter, any A school district not subject to the provisions of subdivision 1 must limit its expenditures so that its undesignated net unreserved general fund balances do~~ balance does not constitute statutory operating debt as defined in section 126C.42.

Sec. 9. Minnesota Statutes 2004, 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 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

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

school, if the home and provider are within the attendance area of the school;

(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 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;

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

(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 or if resident pupils are not transported, the costs of necessary travel between public and private schools or neutral instructional sites by essential personnel employed by the district's program for children with a disability;

(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.

For purposes of computing special education base revenue under section 125A.76, subdivision 2, the cost of providing transportation for children with disabilities includes (A) the additional cost of transporting a homeless student from a temporary nonshelter home in another district to the school of origin, or a formerly homeless student from a permanent home in another district to the school of origin but only through the end of the academic year; and (B) depreciation on district-owned school buses purchased after July 1, 2005, and used primarily for transportation of pupils with disabilities, calculated according to paragraph (a), clauses (ii) and (iii). Depreciation costs included in the disabled transportation category must be excluded in calculating the actual expenditure per pupil transported in the regular and excess transportation categories according to paragraph (a).

(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

(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.

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

Sec. 10. Minnesota Statutes 2004, section 123B.92, subdivision 5, is amended to read:

Subd. 5. **DISTRICT REPORTS.** (a) Each district must report data to the department as required by the department to account for transportation expenditures.

(b) Salaries and fringe benefits of district employees whose primary duties are other than transportation, including central office administrators and staff, building administrators and staff, teachers, social workers, school nurses, and instructional aides, must not be included in a district's transportation expenditures, except that a district may include salaries and benefits according to paragraph (c) for (1) an employee designated as the district transportation director, (2) an employee providing direct support to the transportation director, or (3) an employee providing direct transportation services such as a bus driver or bus aide.

(c) Salaries and fringe benefits of other district employees who work part time in transportation and part time in other areas must not be included in a district's transportation expenditures unless the district maintains documentation of the employee's time spent on pupil transportation matters in the form and manner prescribed by the department.

(d) Pupil transportation expenditures, excluding expenditures for capital outlay, leased buses, student board and lodging, crossing guards, and aides on buses, must be allocated among transportation categories based on cost-per-mile, cost-per-student, cost-per-hour, or cost-per-route, regardless of whether the transportation services are provided on district-owned or contractor-owned school buses. Expenditures for school bus driver salaries and fringe benefits may either be directly charged to the appropriate transportation category or may be allocated among transportation categories based on cost-per-mile, cost-per-student, cost-per-hour, or cost-per-route. Expenditures by private contractors or individuals who provide transportation exclusively in one transportation category must be charged directly to the appropriate transportation category. Transportation services provided by contractor-owned school bus companies incorporated under different names but owned by the same individual or group of individuals must be treated as the same company for cost allocation purposes.

EFFECTIVE DATE. This section is effective for expenditure reporting for fiscal year 2006.

Sec. 11. Minnesota Statutes 2004, section 124D.68, subdivision 9, is amended to read:

Subd. 9. **ENROLLMENT VERIFICATION.** (a) For a pupil attending an eligible program full time under subdivision 3, paragraph (d), the department must pay 90 percent of the district's average general education revenue less basic skills revenue to the eligible program and ten percent of the district's average general education revenue less basic skills revenue to the contracting district within 30 days after the eligible program verifies enrollment using the form provided by the department. For a pupil attending an eligible program part time, revenue, excluding compensatory

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

revenue, shall be reduced proportionately, according to the amount of time the pupil attends the program, and the payments to the eligible program and the contracting district shall be reduced accordingly. A pupil for whom payment is made according to this section may not be counted by any district for any purpose other than computation of general education revenue. If payment is made for a pupil under this subdivision, a district shall not reimburse a program under section 124D.69 for the same pupil. The basic skills revenue shall be paid generated by pupils attending the eligible program according to section 126C.10, subdivision 4, shall be paid to the eligible program.

(b) The department must pay up to 100 percent of the revenue to the eligible program if there is an agreement to that effect between the school district and the eligible program.

(c) Notwithstanding paragraphs (a) and (b), for an eligible program that provides chemical treatment services to students, the department must pay 100 percent of the revenue to the eligible program.

Sec. 12. Minnesota Statutes 2004, section 124D.69, subdivision 1, is amended to read:

Subdivision 1. **AID.** If a pupil enrolls in an alternative program, eligible under section 124D.68, subdivision 3, paragraph (d), or subdivision 4, operated by a private organization that has contracted with a school district to provide educational services for eligible pupils under section 124D.68, subdivision 2, the district contracting with the private organization must reimburse the provider an amount equal to the sum of (1) at least 95 percent of the district's average general education less basic skills revenue per pupil unit times the number of pupil units for pupils attending the program, and (2) the amount of basic skills revenue shall be paid generated by pupils attending the program according to section 126C.10, subdivision 4. ~~Compensatory revenue must be allocated according to section 126C.15, subdivision 2.~~ For a pupil attending the program part time, the revenue paid to the program, excluding compensatory revenue, must be reduced proportionately, according to the amount of time the pupil attends the program, and revenue paid to the district shall be reduced accordingly. Pupils for whom a district provides reimbursement may not be counted by the district for any purpose other than computation of general education revenue. If payment is made to a district or program for a pupil under this section, the department must not make a payment for the same pupil under section 124D.68, subdivision 9. Notwithstanding sections 125A.15, 125A.51, and 125A.515, general education revenue for a student who receives educational services under this section shall be paid according to this section.

Sec. 13. Minnesota Statutes 2004, section 125A.51, is amended to read:

125A.51 PLACEMENT OF CHILDREN WITHOUT DISABILITIES; EDUCATION AND TRANSPORTATION.

The responsibility for providing instruction and transportation for a pupil without a disability who has a short-term or temporary physical or emotional illness or disability, as determined by the standards of the commissioner, and who is temporarily

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

placed for care and treatment for that illness or disability, must be determined as provided in this section.

(a) The school district of residence of the pupil is the district in which the pupil's parent or guardian resides.

(b) When parental rights have been terminated by court order, the legal residence of a child placed in a residential or foster facility for care and treatment is the district in which the child resides.

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

(d) When a pupil without a disability is temporarily placed for care and treatment in a day program and the pupil continues to live within the district of residence during the care and treatment, the district of residence must provide instruction and necessary transportation to and from the treatment facility for the pupil. Transportation shall only be provided by the district during regular operating hours of the district. The district may provide the instruction at a school within the district of residence, at the pupil's residence, or in the case of a placement outside of the resident district, in the district in which the day treatment program is located by paying tuition to that district. The district of placement may contract with a facility to provide instruction by teachers licensed by the state Board of Teaching.

(e) When a pupil without a disability is temporarily placed in a residential program for care and treatment, the district in which the pupil is placed must provide instruction for the pupil and necessary transportation while the pupil is receiving instruction, and in the case of a placement outside of the district of residence, the nonresident district must bill the district of residence for the actual cost of providing the instruction for the regular school year and for summer school, excluding transportation costs.

(f) Notwithstanding paragraph (e), if the pupil is homeless and placed in a public or private homeless shelter, then the district that enrolls the pupil under section 127A.47, subdivision 2, shall provide the transportation, unless the district that enrolls the pupil and the district in which the pupil is temporarily placed agree that the district in which the pupil is temporarily placed shall provide transportation. When a pupil without a disability is temporarily placed in a residential program outside the district of residence, the administrator of the court placing the pupil must send timely written notice of the placement to the district of residence. The district of placement may contract with a residential facility to provide instruction by teachers licensed by the state Board of Teaching. For purposes of this section, the state correctional facilities operated on a fee-for-service basis are considered to be residential programs for care and treatment.

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

~~(f)~~ (g) The district of residence must include the pupil in its residence count of pupil units and pay tuition as provided in section 123A.488 to the district providing the instruction. Transportation costs must be paid by the district providing the transportation and the state must pay transportation aid to that district. For purposes of computing state transportation aid, pupils governed by this subdivision must be included in the disabled transportation category if the pupils cannot be transported on a regular school bus route without special accommodations.

Sec. 14. Minnesota Statutes 2004, section 126C.01, subdivision 11, is amended to read:

Subd. 11. **NET UNAPPROPRIATED OPERATING UNRESERVED GENERAL FUND BALANCE.** "Net unappropriated operating unreserved general fund balance" means the sum of the unreserved general fund balances in the general, food service, and community service funds minus the balances reserved for statutory operating debt reduction, bus purchase, severance pay, taconite, unemployment benefits, maintenance levy reduction, operating capital, disabled access, health and safety, balance and encumbrances, computed as of June 30 each year.

Sec. 15. Minnesota Statutes 2004, section 126C.05, is amended by adding a subdivision to read:

Subd. 20. **PROJECT-BASED AVERAGE DAILY MEMBERSHIP.** (a) To receive general education revenue for a pupil enrolled in a public school with a project-based program, a school must meet the requirements in this paragraph. The school must:

(1) register with the commissioner as a project-based program by May 30 of the preceding fiscal year;

(2) provide a minimum teacher contact of no less than one hour per week per project-based credit for each pupil;

(3) maintain a record system that shows when each credit or portion thereof was reported for membership for each pupil; and

(4) report pupil membership consistent with paragraph (b).

(b) The commissioner must develop a formula for reporting pupil membership to compute average daily membership for each registered project-based school. Average daily membership for a pupil in a registered project-based program is the lesser of:

(1) 1.0; or

(2) the ratio of (i) the number of membership hours generated by project-based credits completed during the school year plus membership hours generated by credits completed in a seat-based setting to (ii) the annual required instructional hours at that grade level. Membership hours for a partially completed project-based credit must be prorated.

New language is indicated by underline, deletions by strikeout.

Sec. 16. Minnesota Statutes 2004, section 126C.10, subdivision 1, is amended to read:

Subdivision 1. **GENERAL EDUCATION REVENUE.** (a) For fiscal year 2003, 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 2006 and later, the general education revenue for each district equals the sum of the district's basic revenue, extended time revenue, gifted and talented revenue, basic skills revenue, training and experience revenue, secondary sparsity revenue, elementary sparsity revenue, transportation sparsity revenue, total operating capital revenue, equity revenue, alternative teacher compensation revenue, and transition revenue.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2006.

Sec. 17. Minnesota Statutes 2004, section 126C.10, subdivision 2, is amended to read:

Subd. 2. **BASIC REVENUE.** The basic revenue for each district equals the formula allowance times the adjusted marginal cost pupil units for the school year. The formula allowance for fiscal year 2001 2005 is \$3,964 \$4,601. The formula allowance for fiscal year 2002 2006 is \$4,068 \$4,783. The formula allowance for fiscal year 2003 2007 and subsequent years is \$4,601 \$4,974.

Sec. 18. Minnesota Statutes 2004, section 126C.10, is amended by adding a subdivision to read:

Subd. 2b. **GIFTED AND TALENTED REVENUE.** Gifted and talented revenue for each district equals \$4 times the district's adjusted marginal cost pupil units for fiscal year 2006 and \$9 for fiscal year 2007 and later. A school district must reserve gifted and talented revenue and, consistent with section 120B.15, must spend the revenue only to:

- (1) identify gifted and talented students;
- (2) provide education programs for gifted and talented students; or
- (3) provide staff development to prepare teachers to best meet the unique needs of gifted and talented students.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2006 and later.

Sec. 19. Minnesota Statutes 2004, section 126C.10, subdivision 13, is amended to read:

Subd. 13. **TOTAL OPERATING CAPITAL REVENUE.** (a) For fiscal year 2000 and thereafter, Total operating capital revenue for a district equals the amount

New language is indicated by underline, deletions by strikeout.

determined under paragraph (b) or (c), plus \$73 times the adjusted marginal cost pupil units for the school year. The revenue must be placed in a reserved account in the general fund and may only be used according to paragraph (d) or subdivision 14.

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

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

(d) ~~For fiscal years 2001, 2002, and 2003, the district must reserve an amount equal to \$5 per adjusted marginal cost pupil unit for telecommunication access costs. Reserve revenue under this paragraph must first be used to pay for ongoing or recurring telecommunication access costs, including access to data and video connections, including Internet access. Any revenue remaining after covering all ongoing or recurring access costs may be used for computer hardware or equipment.~~

Sec. 20. Minnesota Statutes 2004, section 126C.10, subdivision 13a, is amended to read:

Subd. 13a. **OPERATING CAPITAL LEVY.** To obtain operating capital revenue for fiscal year ~~2005~~ 2007 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 cost pupil unit to ~~\$22,222~~ the operating capital equalizing factor. The operating capital equalizing factor equals \$22,222 for fiscal year 2006, and \$10,700 for fiscal year 2007 and later.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2007.

Sec. 21. Minnesota Statutes 2004, section 126C.10, subdivision 24, is amended to read:

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

(1) the school district's adjusted marginal cost pupil unit amount of basic revenue, supplemental revenue, transition revenue, and referendum revenue is less than the value of the school district at or immediately above the 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) \$13, plus (ii) \$75, times the school district's equity index computed under subdivision 27.

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

(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 \$13.

(d) A school district's equity revenue is increased by the greater of zero or an amount equal to the district's resident marginal pupil units times the difference between ten percent of the statewide average amount of referendum revenue per resident marginal cost pupil unit for that year and the district's referendum revenue per resident marginal cost pupil unit. A school district's revenue under this paragraph must not exceed \$100,000 for that year.

(e) A school district's equity revenue for a school district located in the metro equity region equals the amount computed in paragraphs (b), (c), and (d) multiplied by 1.25.

(f) For fiscal year 2007 and later, notwithstanding paragraph (a), clause (2), a school district that has per pupil referendum revenue below the 95th percentile qualifies for additional equity revenue equal to \$46 times its adjusted marginal cost pupil unit.

(g) A district that does not qualify for revenue under paragraph (f) qualifies for equity revenue equal to one-half of the per pupil allowance in paragraph (f) times its adjusted marginal cost pupil units.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2006.

Sec. 22. Minnesota Statutes 2004, section 126C.10, subdivision 31, is amended 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 2006 and later equals the sum of (1) the product of the district's transition allowance times the district's adjusted marginal cost pupil units, plus (2) the amount of referendum revenue under section 126C.17 and general education revenue, excluding transition revenue, for fiscal year 2004 attributable to pupils four or five years of age on September 1, 2003, enrolled in a prekindergarten program implemented by the district before July 1,

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

2003, and reported as kindergarten pupils under section 126C.05, subdivision 1, for fiscal year 2004, plus (3) the amount of compensatory education revenue under subdivision 3 for fiscal year 2005 attributable to pupils four years of age on September 1, 2003, enrolled in a prekindergarten program implemented by the district before July 1, 2003, and reported as kindergarten pupils under section 126C.05, subdivision 1, for fiscal year 2004 multiplied by .04.

Sec. 23. Minnesota Statutes 2004, section 126C.10, is amended by adding a subdivision to read:

Subd. 34. BASIC ALTERNATIVE TEACHER COMPENSATION AID. (a) For fiscal year 2006, the basic alternative teacher compensation aid for a school district or an intermediate school district with a plan approved under section 122A.414, subdivision 2b, equals the alternative teacher compensation revenue under section 122A.415, subdivision 1. The basic alternative teacher compensation aid for a charter school with an approved plan under section 122A.414, subdivision 2b, equals \$260 times the number of pupils enrolled in the school on October 1 of the previous school year, or on October 1 of the current fiscal year for a charter school in the first year of operation:

(b) For fiscal year 2007 and later, the basic alternative teacher compensation aid for a school district with a plan approved under section 122A.414, subdivision 2b, equals 73.1 percent of the alternative teacher compensation revenue under section 122A.415, subdivision 1. The basic alternative teacher compensation aid for an intermediate school district or charter school with a plan approved under section 122A.414, subdivision 2b, and subdivision 2a, if the recipient is a charter school, equals \$260 times the number of pupils enrolled in the school on October 1 of the previous fiscal year, or on October 1 of the current fiscal year for a charter school in the first year of operation, times the ratio of the sum of the alternative teacher compensation aid and alternative teacher compensation levy for all participating school districts to the maximum alternative teacher compensation revenue for those districts under section 122A.415, subdivision 1.

(c) Notwithstanding paragraphs (a) and (b) and section 122A.415, subdivision 1, the state total basic alternative teacher compensation aid entitlement must not exceed \$19,329,000 for fiscal year 2006 and \$75,636,000 for fiscal year 2007 and later. The commissioner must limit the amount of alternative teacher compensation aid approved under section 122A.415 so as not to exceed these limits.

Sec. 24. Minnesota Statutes 2004, section 126C.10, is amended by adding a subdivision to read:

Subd. 35. ALTERNATIVE TEACHER COMPENSATION LEVY. For fiscal year 2007 and later, the alternative teacher compensation levy for a district receiving basic alternative teacher compensation aid equals the product of (1) the difference between the district's alternative teacher compensation revenue and the district's basic alternative teacher compensation aid times (2) the lesser of one or the ratio of the district's adjusted net tax capacity per adjusted pupil unit to \$5,913.

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

Sec. 25. Minnesota Statutes 2004, section 126C.10, is amended by adding a subdivision to read:

Subd. 36. ALTERNATIVE TEACHER COMPENSATION AID. (a) For fiscal year 2007 and later, a district's alternative teacher compensation equalization aid equals the district's alternative teacher compensation revenue minus the district's basic alternative teacher compensation aid minus the district's alternative teacher compensation levy. If a district does not levy the entire amount permitted, the alternative teacher compensation equalization aid must be reduced in proportion to the actual amount levied.

(b) A district's alternative teacher compensation aid equals the sum of the district's basic alternative teacher compensation aid and the district's alternative teacher compensation equalization aid.

Sec. 26. Minnesota Statutes 2004, 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;
- (3) referendum aid according to section 126C.17; and
- (4) online learning aid according to section 126C.24.

(b) For fiscal year 2005 and later 2006, a district's general education aid is the sum of the following amounts:

- (1) general education revenue, excluding equity revenue, total operating capital, and transition revenue;
- (2) operating capital aid according to section 126C.10, subdivision 13b;
- (3) equity aid according to section 126C.10, subdivision 30;
- (4) transition aid according to section 126C.10, subdivision 33;
- (5) shared time aid according to section 126C.01, subdivision 7;
- (6) referendum aid according to section 126C.17; and
- (7) online learning aid according to section ~~126C.24~~ 124D.096.

(b) For fiscal year 2007 and later, a district's general education aid is the sum of the following amounts:

- (1) general education revenue, excluding equity revenue, total operating capital revenue, alternative teacher compensation revenue, and transition revenue;

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

- (2) operating capital aid under section 126C.10, subdivision 13b;
- (3) equity aid under section 126C.10, subdivision 30;
- (4) alternative teacher compensation aid under section 126C.10, subdivision 36;
- (5) transition aid under section 126C.10, subdivision 33;
- (6) shared time aid under section 126C.01, subdivision 7;
- (7) referendum aid under section 126C.17; and
- (8) online learning aid according to section 124D.096.

Sec. 27. Minnesota Statutes 2004, section 126C.15, subdivision 2, is amended to read:

Subd. 2. **BUILDING ALLOCATION.** (a) A district must allocate its compensatory revenue to each school building in the district where the children who have generated the revenue are served unless the school district has received permission under section 50 to allocate compensatory revenue according to student performance measures developed by the school board.

(b) Notwithstanding paragraph (a), a district may allocate up to five percent of the amount of compensatory revenue that the district received during the previous fiscal year receives to school sites according to a plan adopted by the school board.

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

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

EFFECTIVE DATE. This section is retroactively effective from July 1, 2005, for revenue for fiscal year 2006.

Sec. 28. Minnesota Statutes 2004, section 126C.15, subdivision 3, is amended to read:

Subd. 3. **RECOMMENDATION.** A school site decision-making team, as defined in section 123B.04, subdivision 2, paragraph (a), or the instruction and curriculum advisory committee under section 120B.11, if the school has no school site decision team, shall recommend how the compensatory education revenue will be used to carry out the purpose of this section. A school district that has received permission under section 50 to allocate compensatory revenue according to school performance measures shall share its plan for the distribution of compensatory revenue with the school site decision team.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2005, for revenue for fiscal year 2006.

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

Sec. 29. Minnesota Statutes 2004, section 126C.17, subdivision 2, is amended to read:

Subd. 2. **REFERENDUM ALLOWANCE LIMIT.** (a) Notwithstanding subdivision 1, for fiscal year 2003, 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;

(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 2007 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 (e) (b) plus (ii) its referendum conversion allowance for fiscal year 2003, minus (iii) ~~\$415~~ \$215;

(2) the greater of (i) ~~18.6~~ 26 percent of the formula allowance or (ii) ~~\$855.79~~ \$1,294 times the annual inflationary increase as calculated under paragraph (e) (b); or

(3) for a newly reorganized district created after July 1, ~~2002~~ 2006, 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.

(e) (b) 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) (a), 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 revenue for fiscal year 2007.

Sec. 30. Minnesota Statutes 2004, section 126C.17, subdivision 5, is amended to read:

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

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 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. For fiscal year 2007, a district's first tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or \$600.

For fiscal year 2008 and later, a district's first tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or \$700.

(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) For fiscal year 2006, a district's second tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or 18.6 percent of the formula allowance, minus the district's first tier referendum equalization allowance. For fiscal year 2007 and later, a district's second tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or 26 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. 31. Minnesota Statutes 2004, 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.

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

(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 ~~18.6~~ 26 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.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2007.

Sec. 32. Minnesota Statutes 2004, 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 ballot, including a ballot on the question to revoke or reduce the increased revenue amount under paragraph (c), must abbreviate the term "per resident marginal cost pupil unit" as "per pupil." 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

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

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 revenue amount must state the amount per resident marginal cost pupil unit by which the authority is to be reduced. Revenue authority approved by the voters of the district pursuant to paragraph (a) must be 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. 33. Minnesota Statutes 2004, 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. 34. Minnesota Statutes 2004, section 126C.21, subdivision 4, is amended to read:

Subd. 4. **TACONITE DEDUCTIONS.** (1) Notwithstanding any provisions of any other law to the contrary, the adjusted net tax capacity used in calculating general education aid may include only that property that is currently taxable in the district.

(2) For districts that received payments have revenue under sections 298.018; 298.225; 298.24 to 298.28, excluding 298.26 and 298.28, subdivision 4, paragraph (d);

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

298.34 to 298.39; 298.391 to 298.396; and 298.405; and 477A.15, or any law imposing a tax upon severed mineral values; or ~~recognized revenue under section 477A.15;~~ the general education aid must be reduced in the final adjustment payment by (1) the difference between the dollar amount of the payments received ~~revenue recognized pursuant to those sections; or revenue recognized under section 477A.15~~ in for the fiscal year to which the final adjustment is attributable ~~and, less (2) the amount that was calculated, pursuant to section 126C.48, subdivision 8, as a reduction of the levy attributable to the fiscal year to which the final adjustment is attributable.~~ If the final adjustment of a district's general education aid for a fiscal year is a negative amount because of this ~~clause~~ subdivision, the next fiscal year's general education aid to that district must be reduced by this negative amount in the following manner: there must be withheld from each scheduled general education aid payment due the district in such fiscal year, 15 percent of the total negative amount, until the total negative amount has been withheld. The amount reduced from general education aid pursuant to this ~~clause~~ subdivision ~~must be recognized as reduce~~ revenue in the fiscal year to which the final adjustment payment is attributable.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2006.

Sec. 35. Minnesota Statutes 2004, 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 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

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

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 \$90 \$100 times the resident pupil units for the fiscal year to which the levy is attributable.

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

(g) The commissioner of 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 ~~\$22.50~~ \$25 times the adjusted marginal cost pupil units of the member districts. This authority is in addition to any other authority authorized under this section.

(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

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

development purposes, may levy for its portion of lease costs attributed to the district within the total levy limit in paragraph (e).

Sec. 36. Minnesota Statutes 2004, 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 (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 2006.

Sec. 37. Minnesota Statutes 2004, 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 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 2006.

Sec. 38. Minnesota Statutes 2004, section 126C.48, subdivision 2, is amended to read:

Subd. 2. **NOTICE TO COMMISSIONER; FORMS.** By October 7 of each year each district must notify the commissioner of the proposed levies in compliance with the levy limitations of this chapter and chapters 120B, 122A, 123A, 123B, 124D, 125A, 127A, and 136D. By January 15 of each year each district must notify the commissioner of the final levies certified. The commissioner shall prescribe the form of these notifications and may request any additional information necessary to compute certified levy amounts.

Sec. 39. Minnesota Statutes 2004, section 126C.48, subdivision 8, is amended to read:

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

Subd. 8. **TACONITE PAYMENT AND OTHER REDUCTIONS.** (1) Reductions in levies pursuant to subdivision 1 must be made prior to the reductions in clause (2).

(2) Notwithstanding any other law to the contrary, districts which received payments that have revenue pursuant to sections 298.018; 298.225; 298.24 to 298.28, except an amount distributed under section sections 298.26; 298.28, subdivision 4, paragraph paragraphs (c), clause (ii), and (d); 298.34 to 298.39; 298.391 to 298.396; 298.405; 477A.15; and any law imposing a tax upon severed mineral values; or recognized revenue under section 477A.15 must not include a portion of these aids in their permissible levies pursuant to those sections, but instead must reduce the permissible levies authorized by this chapter and chapters 120B, 122A, 123A, 123B, 124A, 124D, 125A, and 127A by the greater of the following: 95 percent of the previous year's revenue specified under this clause.

(a) an amount equal to 50 percent of the total dollar amount of the payments received pursuant to those sections or revenue recognized under section 477A.15 in the previous fiscal year; or

(b) an amount equal to the total dollar amount of the payments received pursuant to those sections or revenue recognized under section 477A.15 in the previous fiscal year less the product of the same dollar amount of payments or revenue times five percent.

For levy year 2002 only, 77 percent of the amounts distributed under section 298.225 and 298.28, and 100 percent of the amounts distributed under sections 298.018; 298.34 to 298.39; 298.391 to 298.396; 298.405; and any law imposing a tax upon severed mineral values, or recognized revenue under section 477A.15, shall be used for purposes of the calculations under this paragraph. For levy year 2003 only, the levy reductions under this subdivision must be calculated as if section 298.28, subdivision 4, paragraph (f), did not apply for the 2003 distribution.

(3) The amount of any voter approved referendum, facilities down payment, and debt levies shall not be reduced by more than 50 percent under this subdivision. In administering this paragraph, the commissioner shall first reduce the nonvoter approved levies of a district; then, if any payments, severed mineral value tax revenue or recognized revenue under paragraph (2) remains, the commissioner shall reduce any voter approved referendum levies authorized under section 126C.17; then, if any payments, severed mineral value tax revenue or recognized revenue under paragraph (2) remains, the commissioner shall reduce any voter approved facilities down payment levies authorized under section 123B.63 and then, if any payments, severed mineral value tax revenue or recognized revenue under paragraph (2) remains, the commissioner shall reduce any voter approved debt levies.

(4) Before computing the reduction pursuant to this subdivision of the health and safety levy authorized by sections 123B.57 and 126C.40, subdivision 5, the commissioner shall ascertain from each affected school district the amount it proposes to levy

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

under each section or subdivision. The reduction shall be computed on the basis of the amount so ascertained.

(5) To the extent the levy reduction calculated under paragraph (2) exceeds the limitation in paragraph (3), an amount equal to the excess must be distributed from the school district's distribution under sections 298.225, 298.28, and 477A.15 in the following year to the cities and townships within the school district in the proportion that their taxable net tax capacity within the school district bears to the taxable net tax capacity of the school district for property taxes payable in the year prior to distribution. No city or township shall receive a distribution greater than its levy for taxes payable in the year prior to distribution. The commissioner of revenue shall certify the distributions of cities and towns under this paragraph to the county auditor by September 30 of the year preceding distribution. The county auditor shall reduce the proposed and final levies of cities and towns receiving distributions by the amount of their distribution. Distributions to the cities and towns shall be made at the times provided under section 298.27.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2006.

Sec. 40. Minnesota Statutes 2004, section 127A.45, subdivision 11, is amended to read:

Subd. 11. **PAYMENT PERCENTAGE FOR REIMBURSEMENT AIDS.** One hundred percent of the aid for the previous fiscal year must be paid in the current year for the following aids: telecommunications/Internet access equity and according to section 125B.26, special education special pupil aid according to section 125A.75, subdivision 3, aid for litigation costs according to section 125A.75, subdivision 8, aid for court-placed special education expenses according to section 125A.79, subdivision 4, and aid for special education out-of-state tuition according to section 125A.79, subdivision 8, and shared time aid according to section 126C.01, subdivision 7.

Sec. 41. Minnesota Statutes 2004, 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 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:

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

(i) the sum of the amounts of the district's certified levy in the third preceding year according to the following:

(A) section 123B.57, if the district received health and safety aid according to that section for the second preceding year;

(B) section 124D.20, if the district received aid for community education programs according to that section for the second preceding year;

(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

(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 third preceding December, plus or minus auditor's adjustments.

Sec. 42, Minnesota Statutes 2004, 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 sections 469.176, subdivision 2, and 469.177, subdivision 9, 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 123B.57, if the district received health and safety aid according to that section for the second preceding year;

(B) section 124D.20, if the district received aid for community education programs according to that section for the second preceding year;

(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

(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).

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. 43. Minnesota Statutes 2004, section 275.14, is amended to read:

275.14 CENSUS.

For the purposes of sections ~~275.124 to 275.16~~, the population of a city shall be that established by the last federal census, by a special census taken by the United States Bureau of the Census, by an estimate made by the Metropolitan Council, or by the state demographer made according to section 4A.02, whichever has the latest stated date of count or estimate, before July 2 of the current levy year. The population of a school district must be as certified by the Department of Education from the most recent federal census. In any year in which no federal census is taken pursuant to law in any school district affected by sections ~~275.124 to 275.16~~ 124D.20 and 124D.531 a population estimate may be made and submitted to the state demographer for approval as hereinafter provided. The school board of a school district, in case it desires a population estimate, shall pass a resolution by July 1 containing a current estimate of the population of the school district and shall submit the resolution to the state demographer. The resolution shall describe the criteria on which the estimate is based and shall be in a form and accompanied by the data prescribed by the state demographer. The state demographer shall determine whether or not the criteria and process described in the resolution provide a reasonable basis for the population estimate and shall inform the school district of that determination within 30 days of receipt of the resolution. If the state demographer determines that the criteria and process described in the resolution do not provide a reasonable basis for the population estimate, the resolution shall be of no effect. If the state demographer determines that the criteria and process do provide a reasonable basis for the population estimate, the estimate shall be treated as the population of the school district for the purposes of sections ~~275.124 to 275.16~~ 124D.20 and 124D.531 until the population of the school district has been established by the next federal census or until a more current population estimate is prepared and approved as provided herein, whichever occurs first. The state demographer shall establish guidelines for acceptable population estimation criteria and processes. The state demographer shall issue advisory opinions upon request in writing to cities or school districts as to proposed criteria and processes

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

prior to their implementation in an estimation. The advisory opinion shall be final and binding upon the demographer unless the demographer can show cause why it should not be final and binding.

In the event that a census tract employed in taking a federal or local census overlaps two or more school districts, the county auditor shall, on the basis of the best information available, allocate the population of said census tract to the school districts involved.

The term "council," as used in sections 275.124 to 275.16, means any board or body, whether composed of one or more branches, authorized to make ordinances for the government of a city within this state.

Sec. 44. Minnesota Statutes 2004, section 275.16, is amended to read:

275.16 COUNTY AUDITOR TO FIX AMOUNT OF LEVY.

If any such municipality shall return to the county auditor a levy greater than permitted by chapters 123A, 123B, 124D, 126C, and 136C, and ~~136D~~, sections 275.124 to 275.16, and 275.70 to 275.74, such county auditor shall extend only such amount of taxes as the limitations herein prescribed will permit; provided, if such levy shall include any levy for the payment of bonded indebtedness or judgments, such levies for bonded indebtedness or judgments shall be extended in full, and the remainder of the levies shall be reduced so that the total thereof, including levies for bonds and judgments, shall not exceed such amount as the limitations herein prescribed will permit.

Sec. 45. Minnesota Statutes 2004, section 469.177, subdivision 9, is amended to read:

Subd. 9. DISTRIBUTIONS OF EXCESS TAXES ON CAPTURED NET TAX CAPACITY. (a) If the amount of tax paid on captured net tax capacity exceeds the amount of tax increment, the county auditor shall distribute the excess to the municipality, county, and school district as follows: each governmental unit's share of the excess equals

(1) the total amount of the excess for the tax increment financing district, multiplied by

(2) a fraction, the numerator of which is the current local tax rate of the governmental unit less the governmental unit's local tax rate for the year the original local tax rate for the district was certified (in no case may this amount be less than zero) and the denominator of which is the sum of the numerators for the municipality, county, and school district.

If the entire increase in the local tax rate is attributable to a taxing district, other than the municipality, county, or school district, then the excess must be distributed to the municipality, county, and school district in proportion to their respective local tax rates.

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

(b) The amounts distributed shall be deducted in computing the levy limits of the taxing district for the succeeding taxable year. ~~In the case of a school district, only the proportion of the excess taxes attributable to unequalized levies that are subject to a fixed dollar amount levy limit shall be deducted from the levy limit.~~

(c) In the case of distributions to a school district that are attributable to state equalized levies, the county auditor shall report amounts distributed to the commissioner of education in the same manner as provided for excess increments under section 469.176, subdivision 2, and the distribution shall be deducted from the school district's state aid payments and levy limitation according to section 127A.49, subdivision 3.

Sec. 46. KINDERGARTEN REPORTING.

Notwithstanding Minnesota Statutes, sections 120A.05, subdivision 10a; 120A.20, subdivision 1; and 124D.02, subdivision 1, pupils four or five years of age on September 1 of the calendar year in which the school year commences and enrolled in a prekindergarten program implemented by the district before July 1, 2003, may be reported as kindergarten pupils under Minnesota Statutes, section 126C.05, subdivision 1, for fiscal years 2004 and earlier.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to fiscal years 2004 and earlier.

Sec. 47. ALTERNATIVE TEACHER COMPENSATION REVENUE GUARANTEE.

Notwithstanding Minnesota Statutes, sections 122A.415, subdivision 1, and 126C.10, subdivision 34, paragraphs (a) and (b), a school district that received alternative teacher compensation aid for fiscal year 2005, but does not qualify for alternative teacher compensation revenue for all sites in the district for fiscal year 2006 or 2007, shall receive additional basic alternative teacher compensation aid for that fiscal year equal to the lesser of the amount of alternative teacher compensation aid it received for fiscal year 2005 or the amount it would have received for that fiscal year under Minnesota Statutes 2004, section 122A.415, subdivision 1, for teachers at sites not qualifying for alternative teacher compensation revenue for that fiscal year, if the district submits a timely application and the commissioner determines that the district continues to implement an alternative teacher compensation system, consistent with its application under Minnesota Statutes 2004, section 122A.415, for fiscal year 2005. The additional basic alternative teacher compensation aid under this section must not be used in calculating the alternative teacher compensation levy under Minnesota Statutes, section 126C.10, subdivision 35. This section applies only to fiscal years 2006 and 2007 and does not apply to later fiscal years.

Sec. 48. INITIAL APPROVAL PROCESS.

Notwithstanding Minnesota Statutes, sections 122A.414, subdivision 2b, and 122A.415, subdivision 3, paragraph (b), or other law to the contrary, until July 1, 2006, only, the commissioner of education may accept, and subsequently approve an

New language is indicated by underline, deletions by strikeout.

application to participate in the alternative teacher compensation system under Minnesota Statutes, section 122A.414, based on the proportionate distribution of the student population in the seven-county metropolitan area and in rural Minnesota. The commissioner must provide timely public notice of the applicants the commissioner approves under this section.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2007.

Sec. 49. SCHOOL BUS LEVY; CARPENTER SCHOOL BUSES.

For taxes payable in 2006 through 2010, a school district may levy an amount, not to exceed in the aggregate, \$30,000 times the number of Carpenter school buses in its fleet as of January 1, 2003, that have been determined to have potentially defective welds and are subject to limitations imposed by the Department of Public Safety.

Sec. 50. COMPENSATORY REVENUE ALLOCATION; TEST SCORE PILOT PROGRAM.

Subdivision 1. PILOT PROGRAM CREATED. A pilot program is created to allow a school district to allocate compensatory revenue received under Minnesota Statutes, section 126C.10, subdivision 3, among its school buildings according to each building's school performance measures.

Subd. 2. APPLICATION PROCESS. Independent School Districts Nos. 11, Anoka-Hennepin; 279, Osseo; 281, Robbinsdale; 535, Rochester; and 833, South Washington may submit an application to the commissioner of education by August 15, 2005, for a plan to allocate compensatory revenue to school sites based on student performance. The application must include a written resolution approved by the school board that: (1) identifies the test results that will be used to assess student performance; (2) describes the method for distribution of compensatory revenue to the school sites; and (3) summarizes the evaluation procedure the district will use to determine if the redistribution of compensatory revenue improves overall student performance. The application must be submitted in the form and manner specified by the commissioner. The commissioner must notify the selected school districts by September 1, 2005.

Subd. 3. REPORT. The commissioner of education must submit a report by February 15, 2008, to the education committees of the legislature evaluating the effectiveness of the pilot program.

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

Sec. 51. INCREASE IN EQUITY REVENUE; FISCAL YEAR 2006 ONLY.

For fiscal year 2006 only, the increase in equity revenue under section 21 is payable entirely in state aid.

Sec. 52. RED LAKE FISCAL YEAR 2005 PUPIL UNITS.

Notwithstanding Minnesota Statutes, section 126C.05, the fiscal year 2005 average daily membership for Independent School District No. 38, Red Lake, shall be the greater of the amount that would have been computed if the district's school

New language is indicated by underline, deletions by strikeout.

buildings had not reopened after March 21, 2005, or the amount computed using actual data for the entire school year. Notwithstanding Minnesota Statutes, section 126C.05, subdivision 15, for fiscal year 2005, learning year pupil units for Independent School District No. 38, Red Lake, must be calculated using the hours in excess of the actual number of instructional hours in the calendar year for the school attended by the student, instead of the number of hours in excess of 1,020 for a secondary school pupil.

Sec. 53. FISCAL YEARS 2006 AND 2007 DECLINING PUPIL UNIT AID, RED LAKE.

For fiscal years 2006 and 2007 only, Independent School District No. 38, Red Lake, is eligible for declining pupil unit aid equal to the greater of zero or the product of the general education formula allowance times the difference between the district's adjusted marginal cost pupil units for fiscal year 2005 and the district's adjusted marginal cost pupil units for that fiscal year. Notwithstanding Minnesota Statutes, section 126C.13, the declining pupil unit aid must be included in calculating the district's general education aid.

Sec. 54. 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 and include and supersede any amounts appropriated in Laws 2005, First Special Session chapter 2, or authorized by order of the Ramsey County District Court in Case No. C9-05-5928.

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

\$5,136,578,000	.....	2006
\$5,390,196,000	.....	2007

The 2006 appropriation includes \$784,978,000 for 2005 and \$4,351,600,000 for 2006.

The 2007 appropriation includes \$817,588,000 for 2006 and \$4,572,608,000 for 2007.

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

\$8,704,000	.....	2006
\$8,704,000	.....	2007

The 2006 appropriation includes \$1,366,000 for 2005 and \$7,338,000 for 2006.

The 2007 appropriation includes \$1,366,000 for 2006 and \$7,338,000 for 2007.

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 Minne-

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

sota Statutes, section 124D.03:

\$55,000	.....	2006
\$55,000	.....	2007

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

\$903,000	.....	2006
\$955,000	.....	2007

The 2006 appropriation includes \$187,000 for 2005 and \$716,000 for 2006.

The 2007 appropriation includes \$133,000 for 2006 and \$822,000 for 2007.

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

\$253,000	2007
-----------	-------	------

The 2007 appropriation includes \$0 for 2006 and \$253,000 for 2007.

Subd. 7. NONPUBLIC PUPIL EDUCATION AID. For nonpublic pupil education aid under Minnesota Statutes, sections 123B.87 and 123B.40 to 123B.43:

\$15,370,000	.....	2006
\$16,434,000	.....	2007

The 2006 appropriation includes \$2,305,000 for 2005 and \$13,065,000 for 2006.

The 2007 appropriation includes \$2,433,000 for 2006 and \$14,001,000 for 2007.

Subd. 8. NONPUBLIC PUPIL TRANSPORTATION. For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

\$21,451,000	.....	2006
\$23,043,000	.....	2007

The 2006 appropriation includes \$3,274,000 for 2005 and \$18,177,000 for 2006.

The 2007 appropriation includes \$3,385,000 for 2006 and \$19,658,000 for 2007.

Subd. 9. ONE ROOM SCHOOLHOUSE. For a grant to Independent School District No. 690, Warroad, to operate the Angle Inlet School:

\$50,000	.....	2006
\$50,000	.....	2007

Subd. 10. DECLINING PUPIL AID; ALBERT LEA. For declining pupil aid to Independent School District No. 241, Albert Lea:

\$75,000	2006
----------	-------	------

Subd. 11. DECLINING PUPIL AID; MESABI EAST. For declining pupil aid to Independent School District No. 2711, Mesabi East:

\$50,000	2006
----------	-------	------

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

Subd. 12. DECLINING PUPIL AID; ROSEAU. For declining pupil aid to Independent School District No. 682, Roseau:

\$10,000	2006
----------	-------	------

Subd. 13. COMPENSATORY REVENUE PILOT PROJECT. For grants for participation in the compensatory revenue pilot program under section 50:

\$2,100,000	.....	2006
\$2,100,000	.....	2007

Of this amount, \$1,500,000 in each year is for a grant to Independent School District No. 11, Anoka-Hennepin, \$210,000 in each year is for a grant to Independent School District No. 279, Osseo, \$160,000 in each year is for a grant to Independent School District No. 281, Robbinsdale, \$165,000 each year is for a grant to Independent School District No. 535, Rochester, and \$65,000 in each year is for Independent School District No. 833, South Washington.

If a grant to a specific school district is not awarded, the commissioner may increase the aid amounts to any of the remaining participating school districts.

This appropriation is part of the base budget for subsequent fiscal years.

Sec. 55. REPEALER.

Minnesota Statutes 2004, sections 122A.415, subdivision 2; 123B.83, subdivision 1; and 126C.42, subdivisions 1 and 4, are repealed.

Sec. 56. EFFECTIVE DATE.

Any section in this article without a specified effective date is retroactively effective from July 1, 2005.

ARTICLE 2

EDUCATION EXCELLENCE

Section 1. Minnesota Statutes 2004, section 13.32, subdivision 8, is amended to read:

Subd. 8. ACCESS BY JUVENILE JUSTICE SYSTEM. (a) Upon request, the following education data shall be disclosed under subdivision 3, clause (i), to the juvenile justice system: a student's full name, home address, telephone number, date of birth; a student's school schedule, daily attendance record, and photographs, if any; and parents' names, home addresses, and telephone numbers.

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

(b) In addition, the existence of the following data about a student may be disclosed under subdivision 3, clause (i):

(1) use of a controlled substance, alcohol, or tobacco;

(2) assaultive or threatening conduct that could result in dismissal from school under section 121A.45, subdivision 2, clause (b) or (c);

(3) possession or use of weapons or look-alike weapons;

(4) theft; or

(5) vandalism or other damage to property.

Any request for access to data under this paragraph must contain an explanation of why access to the data is necessary to serve the student.

(c) A principal or chief administrative officer of a school who receives a request to disclose information about a student to the juvenile justice system under paragraph (b) shall, to the extent permitted by federal law, notify the student's parent or guardian by certified mail of the request to disclose information before disclosing the information. If the student's parent or guardian notifies the principal or chief administrative officer within ten days of receiving the certified notice that the parent or guardian objects to the disclosure, the principal or chief administrative officer must not disclose the information. The principal or chief administrative officer must inform the requesting member of the juvenile justice system of the objection.

(d) A principal or chief administrative officer is not required to create data under this subdivision. Information provided in response to a data request under paragraph (b) shall indicate only whether the data described in paragraph (b) exist. The principal or chief administrative officer is not authorized under paragraph (b) to disclose the actual data or other information contained in the student's education record. A principal or chief administrative officer is not required to provide data that are protected by court order. A principal or chief administrative officer must respond to a data request within 14 days if no objection is received from the parent or guardian.

(e) Nothing in this subdivision shall limit the disclosure of educational data pursuant to court order.

(f) A school district, its agents, and employees who provide data in good faith under this subdivision are not liable for compensatory or exemplary damages or an award of attorney fees in an action under section 13.08, or other law, or for a penalty under section 13.09.

(g) Section 13.03, subdivision 4, applies to data that are shared under this subdivision with a government entity. If data are shared with a member of the juvenile justice system who is not a government entity, the person receiving the shared data must treat the data consistent with the requirements of this chapter applicable to a government entity.

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

(h) A member of the juvenile justice system who falsely certifies a request for data under this section is subject to the penalties under section 13.09.

Sec. 2. Minnesota Statutes 2004, section 13.321, is amended by adding a subdivision to read:

Subd. 10. **TEACHER DATA FROM VALUE-ADDED ASSESSMENT MODEL.** Data on individual teachers generated from a value-added assessment model are governed under section 120B.362.

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

Sec. 3. Minnesota Statutes 2004, section 120A.22, subdivision 12, is amended to read:

Subd. 12. **LEGITIMATE EXEMPTIONS.** A parent, guardian, or other person having control of a child may apply to a school district to have the child excused from attendance for the whole or any part of the time school is in session during any school year. Application may be made to any member of the board, a truant officer, a principal, or the superintendent. The school district may state in its school attendance policy that it may ask the student's parent or legal guardian to verify in writing the reason for the child's absence from school. The board of the district in which the child resides may approve the application upon the following being demonstrated to the satisfaction of that board:

(1) that the child's bodily or mental condition is such as to prevent attendance at school or application to study for the period required; or, which includes:

(i) child illness, medical, dental, orthodontic, or counseling appointments;

(ii) family emergencies;

(iii) the death or serious illness or funeral of an immediate family member;

(iv) active duty in any military branch of the United States; or

(v) other exemptions included in the district's school attendance policy;

(2) that for the school years ~~1988-1989 through 1999-2000~~ the child has already completed the studies ordinarily required in the 10th grade and that for the school years beginning with the ~~2000-2001~~ school year the child has already completed the studies ordinarily required to graduate the child has already completed state and district standards required for graduation from high school; or

(3) that it is the wish of the parent, guardian, or other person having control of the child, that the child attend for a period or periods not exceeding in the aggregate three hours in any week, a school for religious instruction conducted and maintained by some church, or association of churches, or any Sunday school association incorporated under the laws of this state, or any auxiliary thereof. This school for religious instruction must be conducted and maintained in a place other than a public school building, and it must not, in whole or in part, be conducted and maintained at public

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

expense. However, a child may be absent from school on such days as the child attends upon instruction according to the ordinances of some church.

Sec. 4. Minnesota Statutes 2004, section 120B.02, is amended to read:

120B.02 EDUCATIONAL EXPECTATIONS FOR MINNESOTA'S STUDENTS.

(a) The legislature is committed to establishing rigorous academic standards for Minnesota's public school students. To that end, the commissioner shall adopt in rule statewide academic standards. The commissioner shall not prescribe in rule or otherwise the delivery system, classroom assessments, or form of instruction that school sites must use. For purposes of this chapter, a school site is a separate facility, or a separate program within a facility that a local school board recognizes as a school site for funding purposes.

(b) All commissioner actions regarding the rule must be premised on the following:

(1) the rule is intended to raise academic expectations for students, teachers, and schools;

(2) any state action regarding the rule must evidence consideration of school district autonomy; and

(3) the Department of Education, with the assistance of school districts, must make available information about all state initiatives related to the rule to students and parents, teachers, and the general public in a timely format that is appropriate, comprehensive, and readily understandable.

(c) When fully implemented, the requirements for high school graduation in Minnesota must require students to pass the basic skills test requirements and satisfactorily complete, as determined by the school district, the course credit requirements under section 120B.024 and:

(1) for students enrolled in grade 8 before the 2005-2006 school year, to pass the basic skills test requirements; and

(2) for students enrolled in grade 8 in the 2005-2006 school year and later, to pass the Minnesota Comprehensive Assessments Second Edition (MCA-IIIs).

(d) The commissioner shall periodically review and report on the state's assessment process.

(e) School districts are not required to adopt specific provisions of ~~the Goals 2000 and the federal School-to-Work programs.~~

Sec. 5. Minnesota Statutes 2004, section 120B.021, is amended by adding a subdivision to read:

Subd. 1a. RIGOROUS COURSE OF STUDY; WAIVER. (a) Upon receiving a student's application signed by the student's parent or guardian, a school district, area

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

learning center, or charter school must declare that a student meets or exceeds a specific academic standard required for graduation under this section if the local school board, the school board of the school district in which the area learning center is located, or the charter school board of directors determines that the student:

(1) is participating in a course of study, including an advanced placement or international baccalaureate course or program; a learning opportunity outside the curriculum of the district, area learning center, or charter school; or an approved preparatory program for employment or postsecondary education that is equally or more rigorous than the corresponding state or local academic standard required by the district, area learning center, or charter school;

(2) would be precluded from participating in the rigorous course of study, learning opportunity, or preparatory employment or postsecondary education program if the student were required to achieve the academic standard to be waived; and

(3) satisfactorily completes the requirements for the rigorous course of study, learning opportunity, or preparatory employment or postsecondary education program. Consistent with the requirements of this section, the local school board, the school board of the school district in which the area learning center is located, or the charter school board of directors also may formally determine other circumstances in which to declare that a student meets or exceeds a specific academic standard that the site requires for graduation under this section.

(b) A student who satisfactorily completes a postsecondary enrollment options course or program under section 124D.09 is not required to complete other requirements of the academic standards corresponding to that specific rigorous course of study.

Sec. 6. Minnesota Statutes 2004, section 120B.11, subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** For the purposes of this section and section 120B.10, the following terms have the meanings given them.

(a) "Instruction" means methods of providing learning experiences that enables enable a student to meet state and district academic standards and graduation standards requirements.

(b) "Curriculum" means district or school adopted programs and written plans for providing students with learning experiences that lead to expected knowledge, and skills, and positive attitudes.

Sec. 7. Minnesota Statutes 2004, section 120B.11, subdivision 2, is amended to read:

Subd. 2. **ADOPTING POLICIES.** (a) A school board shall adopt annually a have in place an adopted written policy that includes the following:

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

(1) district goals for instruction and including the use of best practices, district and school curriculum, and achievement for all student subgroups;

(2) a process for evaluating each student's progress toward meeting ~~graduation~~ academic standards and identifying the strengths and weaknesses of instruction and curriculum affecting students' progress;

(3) a system for periodically reviewing and evaluating all instruction and curriculum;

(4) a plan for improving instruction and curriculum, and student achievement; and

(5) ~~an instruction plan that includes education effectiveness processes developed under plan aligned with section 122A.625 and that integrates instruction, curriculum, and technology.~~

Sec. 8. Minnesota Statutes 2004, section 120B.11, subdivision 3, is amended to read:

Subd. 3. **INSTRUCTION AND CURRICULUM DISTRICT ADVISORY COMMITTEE.** Each school board shall establish an ~~Instruction and Curriculum~~ advisory committee to ensure active community participation in all phases of planning and improving the instruction and curriculum affecting state ~~graduation and district academic standards~~. A district advisory committee, to the extent possible, shall reflect the diversity of the district and its learning sites, and shall include teachers, parents, support staff, ~~pupils~~ students, and other community residents. The district may establish building teams as subcommittees of the district advisory committee under subdivision 4. The district advisory committee shall recommend to the school board ~~districtwide education standards rigorous academic standards, student achievement goals and measures,~~ assessments, and program evaluations. Learning sites may expand upon district evaluations of instruction, curriculum, assessments, or programs. Whenever possible, parents and other community residents shall comprise at least two-thirds of advisory committee members.

Sec. 9. Minnesota Statutes 2004, section 120B.11, subdivision 4, is amended to read:

Subd. 4. **BUILDING TEAM.** A school may establish a building team to develop and implement an education effectiveness plan to improve instruction and curriculum, and student achievement. The team shall advise the board and the advisory committee ~~about developing an instruction and curriculum improvement plan that aligns curriculum, assessment of student progress in meeting state graduation and district academic standards, and instruction.~~

Sec. 10. Minnesota Statutes 2004, section 120B.11, subdivision 5, is amended to read:

Subd. 5. **REPORT.** (a) By October 1 of each year, the school board shall use standard statewide reporting procedures the commissioner develops and adopt a report that includes the following:

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

(1) student performance achievement goals for meeting state graduation academic standards adopted for that year;

(2) results of local assessment data, and any additional test data;

(3) the annual school district improvement plans including staff development goals under section 122A.60;

(4) information about district and learning site progress in realizing previously adopted improvement plans; and

(5) the amount and type of revenue attributed to each education site as defined in section 123B.04.

(b) The school board shall publish the report in the local newspaper with the largest circulation in the district ~~or~~, by mail, or by electronic means such as the district Web site. If electronic means are used, school districts must publish notice of the report in a periodical of general circulation in the district. School districts must make copies of the report available to the public on request. The board shall make a copy of the report available to the public for inspection. The board shall send a copy of the report to the commissioner of education by October 15 of each year.

(c) The title of the report shall contain the name and number of the school district and read "Annual Report on Curriculum, Instruction, and Student Performance Achievement." The report must include at least the following information about advisory committee membership:

(1) the name of each committee member and the date when that member's term expires;

(2) the method and criteria the school board uses to select committee members; and

(3) the date by which a community resident must apply to next serve on the committee.

Sec. 11. Minnesota Statutes 2004, section 120B.11, subdivision 8, is amended to read:

Subd. 8. **BIENNIAL EVALUATION; ASSESSMENT PROGRAM.** At least once every two years, the district report shall include an evaluation of the district testing programs, according to the following:

(1) written objectives of the assessment program;

(2) names of tests and grade levels tested;

(3) use of test results; and

(4) implementation of an assurance of mastery program student achievement results compared to previous years.

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

Sec. 12. [120B.128] EDUCATIONAL PLANNING AND ASSESSMENT SYSTEM (EPAS) PROGRAM.

(a) School districts and charter schools may elect to participate in the Educational Planning and Assessment System (EPAS) program offered by ACT, Inc. to provide a longitudinal, systematic approach to student educational and career planning, assessment, instructional support, and evaluation. The EPAS achievement tests include English, reading, mathematics, science, and components on planning for high school and postsecondary education, interest inventory, needs assessments, and student education plans. These tests are linked to the ACT assessment for college admission and allow students, parents, teachers, and schools to determine the student's college readiness before grades 11 and 12.

(b) The commissioner of education shall provide ACT Explore tests for students in grade 8 and the ACT Plan test for students in grade 10 to assess individual student academic strengths and weaknesses, academic achievement and progress, higher order thinking skills, and college readiness. The state shall pay the test costs for school districts and charter schools that choose to participate in the EPAS program. The commissioner shall establish an application procedure and a process for state payment of costs.

Sec. 13. Minnesota Statutes 2004, section 120B.13, subdivision 1, is amended to read:

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

(b) Critical to schools' educational success is ongoing advanced placement/international baccalaureate-approved teacher training. A secondary teacher assigned by a district to teach an advanced placement or international baccalaureate course or other interested educator may participate in a training program offered by The College Board or International Baccalaureate North America, Inc. The state may pay a portion of the tuition, room, and board, and out-of-state travel costs a teacher or other interested educator incurs in participating in a training program. The commissioner shall determine application procedures and deadlines, and select teachers and other interested educators to participate in the training program, and determine the payment process and amount of the subsidy. The procedures determined by the commissioner shall, to the extent possible, ensure that advanced placement and

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

international baccalaureate courses become available in all parts of the state and that a variety of course offerings are available in school districts. This subdivision does not prevent teacher or other interested educator participation in training programs offered by The College Board or International Baccalaureate North America, Inc., when tuition is paid by a source other than the state.

Sec. 14. Minnesota Statutes 2004, section 120B.13, subdivision 3, is amended to read:

Subd. 3. **SUBSIDY FOR EXAMINATION FEES.** The state may pay all or part of the fee for advanced placement or international baccalaureate examinations for pupils of low-income families in public and nonpublic schools. The commissioner shall adopt a schedule for fee subsidies that may allow payment of the entire fee for pay all examination fees for all public and nonpublic students of low-income families, as defined by the commissioner, and to the limit of the available appropriation, shall also pay a portion or all of the examination fees for other public and nonpublic students sitting for an advanced placement examination, international baccalaureate examination, or both. The commissioner shall determine procedures for state payments of fees.

Sec. 15. Minnesota Statutes 2004, section 120B.13, is amended by adding a subdivision to read:

Subd. 3a. **COLLEGE CREDIT.** The colleges and universities of the Minnesota State Colleges and Universities system must award, and the University of Minnesota and private postsecondary institutions are encouraged to award, college credit to high school students who receive a score of three or higher on an advanced placement or four or higher on the international baccalaureate program examination.

Sec. 16. **[120B.131] COLLEGE-LEVEL EXAMINATION PROGRAM (CLEP).**

Subdivision 1. PROGRAM STRUCTURE. The College-Level Examination Program (CLEP) offered by the College Board provides students with the opportunity to demonstrate college-level achievement and receive college credit or advanced standing through a program of examinations in undergraduate college courses. Schools must provide information about CLEP and the opportunity to receive college credit from a Minnesota postsecondary institution to students successfully completing a college-level course.

Subd. 2. **REIMBURSEMENT FOR EXAMINATION FEES.** The state may reimburse college level examination program (CLEP) fees for a Minnesota public high school student who has successfully completed one or more college-level courses in high school and earned a satisfactory score on one or more CLEP examinations in the following subjects: composition and literature, mathematics and science, social sciences and history, foreign languages, and business and humanities. The state may reimburse each successful student for up to six examination fees. The commissioner shall establish application procedures and a process and schedule for fee reimbursements. The commissioner must give priority to reimburse the CLEP examination fees of students of low-income families.

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

Subd. 3. COLLEGE CREDIT. The colleges and universities of the Minnesota State Colleges and Universities system must award, and the University of Minnesota and private postsecondary institutions are encouraged to award, college credit to high school students who receive a satisfactory score on a CLBP examination under this section. The commissioner, in consultation with the Minnesota State Colleges and Universities, shall set a passing score for college credits.

Sec. 17. [120B.15] GIFTED AND TALENTED STUDENTS PROGRAMS.

School districts may identify students, locally develop programs, provide staff development, and evaluate programs to provide gifted and talented students with challenging educational programs.

School districts may adopt guidelines for assessing and identifying students for participation in gifted and talented programs. The guidelines should include the use of:

(1) multiple and objective criteria; and

(2) assessments and procedures that are valid and reliable, fair, and based on current theory and research.

EFFECTIVE DATE. This section is effective for the 2005-2006 school year.

Sec. 18. Minnesota Statutes 2004, section 120B.22, subdivision 1, is amended to read:

Subdivision 1. **VIOLENCE PREVENTION CURRICULUM.** (a) The commissioner of education, in consultation with the commissioners of health and human services, state minority councils, battered women's and domestic abuse programs, battered women's shelters, sexual assault centers, representatives of religious communities, and the assistant commissioner of the Office of Drug Policy and Violence Prevention, shall assist districts on request in developing or implementing a violence prevention program for students in kindergarten to grade 12 that can be integrated into existing curriculum. The purpose of the program is to help students learn how to resolve conflicts within their families and communities in nonviolent, effective ways.

(b) Each district is encouraged to integrate into its existing curriculum a program for violence prevention that includes at least:

(1) a comprehensive, accurate, and age appropriate curriculum on violence prevention, nonviolent conflict resolution, sexual, racial, and cultural harassment, self-protection, and student hazing that promotes equality, respect, understanding, effective communication, individual responsibility, thoughtful decision making, positive conflict resolution, useful coping skills, critical thinking, listening and watching skills, and personal safety;

(2) planning materials, guidelines, and other accurate information on preventing physical and emotional violence, identifying and reducing the incidence of sexual, racial, and cultural harassment, and reducing child abuse and neglect;

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

(3) a special parent education component of early childhood family education programs to prevent child abuse and neglect and to promote positive parenting skills, giving priority to services and outreach programs for at-risk families;

(4) involvement of parents and other community members, including the clergy, business representatives, civic leaders, local elected officials, law enforcement officials, and the county attorney;

(5) collaboration with local community services, agencies, and organizations that assist in violence intervention or prevention, including family-based services, crisis services, life management skills services, case coordination services, mental health services, and early intervention services;

(6) collaboration among districts and service cooperatives;

(7) targeting early adolescents for prevention efforts, especially early adolescents whose personal circumstances may lead to violent or harassing behavior;

(8) opportunities for teachers to receive in-service training or attend other programs on strategies or curriculum designed to assist students in intervening in or preventing violence in school and at home; and

(9) administrative policies that reflect, and a staff that models, nonviolent behaviors that do not display or condone sexual, racial, or cultural harassment or student hazing.

(c) The department may provide assistance at a neutral site to a nonpublic school participating in a district's program.

Sec. 19. [120B.232] CHARACTER DEVELOPMENT EDUCATION.

Subdivision 1. CHARACTER DEVELOPMENT EDUCATION. The legislature encourages districts to integrate or offer instruction on character education including, but not limited to, character qualities such as attentiveness, truthfulness, respect for authority, diligence, gratefulness, self-discipline, patience, forgiveness, respect for others, peacemaking, and resourcefulness. Instruction should be integrated into a district's existing programs, curriculum, or the general school environment. The commissioner shall provide assistance at the request of a district to develop character education curriculum and programs.

Subd. 2. FUNDING SOURCES. The commissioner must first use federal funds for character development education programs to the extent available under United States Code, title 20, section 7247. Districts may accept funds from private and other public sources for character development education programs developed and implemented under this section.

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

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

Sec. 20. [120B.235] AMERICAN HERITAGE EDUCATION.

(a) School districts shall permit grade-level instruction for students to read and study America's founding documents, including documents that contributed to the foundation or maintenance of America's representative form of limited government, the Bill of Rights, our free-market economic system, and patriotism.

(b) Districts may not censor or restrain instruction in American or Minnesota state history or heritage based on religious references in original source documents, writings, speeches, proclamations, or records.

Sec. 21. Minnesota Statutes 2004, section 120B.30, subdivision 1, is amended to read:

Subdivision 1. **STATEWIDE TESTING.** (a) The commissioner, with advice from experts with appropriate technical qualifications and experience and stakeholders, consistent with subdivision 1a, shall include in the comprehensive assessment system, for each grade level to be tested, state-constructed tests developed from and aligned with the state's required academic standards under section 120B.021 and administered annually to all students in grades 3 through 8 and at the high school level. A state-developed test in a subject other than writing, developed after the 2002-2003 school year, must include both ~~multiple choice~~ machine-scoreable and constructed response questions. The commissioner shall establish one or more months during which schools shall administer the tests to students each school year. For students enrolled in grade 8 before the 2005-2006 school year, only Minnesota basic skills tests in reading, mathematics, and writing shall fulfill students' basic skills testing requirements for a passing state notation. The passing scores of the state tests in reading and mathematics are the equivalent of:

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

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

For students enrolled in grade 8 in the 2005-2006 school year and later, only the Minnesota Comprehensive Assessments Second Edition (MCA-II) in reading, mathematics, and writing shall fulfill students' academic standard requirements.

(b) The third through 8th grade and high school level test results shall be available to districts for diagnostic purposes affecting student learning and district instruction and curriculum, and for establishing educational accountability. The commissioner must disseminate to the public the test results upon receiving those results.

(c) State tests must be constructed and aligned with state academic standards. The testing process and the order of administration shall be determined by the commissioner. The statewide results shall be aggregated at the site and district level, consistent with subdivision 1a.

(d) In addition to the testing and reporting requirements under this section, the commissioner shall include the following components in the statewide public reporting system:

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

(1) uniform statewide testing of all students in grades 3 through 8 and at the high school level that provides exemptions, only with parent or guardian approval, for those very few students for whom the student's individual education plan team under sections 125A.05 and 125A.06, determines that the student is incapable of taking a statewide test, or for a limited English proficiency student under section 124D.59, subdivision 2, if the student has been in the United States for fewer than three years;

(2) educational indicators that can be aggregated and compared across school districts and across time on a statewide basis, including average daily attendance, high school graduation rates, and high school drop-out rates by age and grade level;

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

(4) state results from participation in the National Assessment of Educational Progress so that the state can benchmark its performance against the nation and other states, and, where possible, against other countries, and contribute to the national effort to monitor achievement.

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

Sec. 22. Minnesota Statutes 2004, section 120B.30, subdivision 1a, is amended to read:

Subd. 1a. **STATEWIDE AND LOCAL ASSESSMENTS; RESULTS.** (a) The commissioner must develop language arts reading, mathematics, and science assessments aligned with state academic standards that districts and sites must use to monitor student growth toward achieving those standards. The commissioner must not develop statewide assessments for academic standards in social studies, health and physical education, and the arts. The commissioner must require:

(1) annual language arts reading and mathematics assessments in grades 3 through 8 and at the high school level for the 2005-2006 school year and later; and

(2) annual science assessments in one grade in the grades 3 through 5 span, the grades 6 through 9 span, and a life sciences assessment in the grades 10 through 12 span for the 2007-2008 school year and later.

(b) The commissioner must ensure that all statewide tests administered to elementary and secondary students measure students' academic knowledge and skills and not students' values, attitudes, and beliefs.

(c) Reporting of assessment results must:

(1) provide timely, useful, and understandable information on the performance of individual students, schools, school districts, and the state;

(2) include, by the 2006-2007 school year, a value-added component to measure student achievement growth over time; and

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

(3)(i) for students enrolled in grade 8 before the 2005-2006 school year, determine whether students have met the state's basic skills requirements; and

(ii) for students enrolled in grade 8 in the 2005-2006 school year and later, determine whether students have met the state's academic standards.

(d) Consistent with applicable federal law and subdivision 1, paragraph (d), clause (1), the commissioner must include alternative assessments for the very few students with disabilities for whom statewide assessments are inappropriate and for students with limited English proficiency.

(e) A school, school district, and charter school must administer statewide assessments under this section, as the assessments become available, to evaluate student progress in achieving the academic standards. If a state assessment is not available, a school, school district, and charter school must determine locally if a student has met the required academic standards. A school, school district, or charter school may use a student's performance on a statewide assessment as one of multiple criteria to determine grade promotion or retention. A school, school district, or charter school may use a high school student's performance on a statewide assessment as a percentage of the student's final grade in a course, or place a student's assessment score on the student's transcript.

Sec. 23. Minnesota Statutes 2004, section 120B.30, is amended by adding a subdivision to read:

Subd. 4. ACCESS TO TESTS. The commissioner must adopt and publish a policy to provide public and parental access for review of basic skills tests, Minnesota Comprehensive Assessments, or any other such statewide test and assessment. Upon receiving a written request, the commissioner must make available to parents or guardians a copy of their student's actual answer sheet to the test questions to be reviewed by the parent.

Sec. 24. [120B.362] VALUE-ADDED ASSESSMENT PROGRAM.

(a) The commissioner of education must implement a value-added assessment program to assist school districts, public schools, and charter schools in assessing and reporting individual students' growth in academic achievement under section 120B.30, subdivision 1a. The program must use assessments of individual students' academic achievement to make longitudinal comparisons of each student's academic growth over time. School districts, public schools, and charter schools may apply to the commissioner to participate in the initial trial program using a form and in the manner the commissioner prescribes. The commissioner must select program participants from urban, suburban, and rural areas throughout the state.

(b) The commissioner may issue a request for proposals to contract with an organization that provides a value-added assessment model that reliably estimates school and school district effects on students' academic achievement over time. The model the commissioner selects must accommodate diverse data and must use each student's test data across grades. Data on individual teachers generated under the

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

model are personnel data under section 13.43.

(c) The contract under paragraph (b) must be consistent with the definition of "best value" under section 16C.02, subdivision 4.

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

Sec. 25. Minnesota Statutes 2004, section 121A.03, subdivision 1, is amended to read:

Subdivision 1. **MODEL POLICY.** The commissioner shall maintain and make available to school boards a model sexual, religious, and racial harassment and violence policy. The model policy shall address the requirements of subdivision 2, and may encourage violence prevention and character development education programs, consistent with section 120B.232, subdivision 1, to prevent and reduce policy violations.

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

Sec. 26. Minnesota Statutes 2004, section 121A.06, subdivision 2, is amended to read:

Subd. 2. **REPORTS; CONTENT.** By January 1, 1994, the commissioner, in consultation with the criminal and juvenile information policy group, shall develop a standardized form to be used by schools to report incidents involving the use or possession of a dangerous weapon in school zones. School districts must electronically report to the commissioner of education incidents involving the use or possession of a dangerous weapon in school zones. The form shall must include the following information:

(1) a description of each incident, including a description of the dangerous weapon involved in the incident;

(2) where, at what time, and under what circumstances the incident occurred;

(3) information about the offender, other than the offender's name, including the offender's age; whether the offender was a student and, if so, where the offender attended school; and whether the offender was under school expulsion or suspension at the time of the incident;

(4) information about the victim other than the victim's name, if any, including the victim's age; whether the victim was a student and, if so, where the victim attended school; and if the victim was not a student, whether the victim was employed at the school;

(5) the cost of the incident to the school and to the victim; and

(6) the action taken by the school administration to respond to the incident.

The commissioner also shall develop provide an alternative electronic reporting format that allows school districts to provide aggregate data; with an option to use computer technology to report the data.

New language is indicated by underline, deletions by strikeout.

Sec. 27. Minnesota Statutes 2004, section 121A.06, subdivision 3, is amended to read:

Subd. 3. **REPORTS; FILING REQUIREMENTS.** By ~~February 1~~ and July 1 31 of each year, each public school shall report incidents involving the use or possession of a dangerous weapon in school zones to the commissioner. The reports must be ~~made on the standardized forms or using the alternative format submitted using the electronic reporting system developed by the commissioner under subdivision 2.~~ The commissioner shall compile the information it receives from the schools and report it annually to the commissioner of public safety, the ~~criminal and juvenile information policy group,~~ and the legislature.

Sec. 28. **[121A.0695] SCHOOL BOARD POLICY; PROHIBITING INTIMIDATION AND BULLYING.**

Each school board shall adopt a written policy prohibiting intimidation and bullying of any student.

EFFECTIVE DATE. This section is effective for the 2005-2006 school year and later.

Sec. 29. Minnesota Statutes 2004, section 121A.15, subdivision 3, is amended to read:

Subd. 3. **EXEMPTIONS FROM IMMUNIZATIONS.** (a) If a person is at least seven years old and has not been immunized against pertussis, the person must not be required to be immunized against pertussis.

(b) If a person is at least 18 years old and has not completed a series of immunizations against poliomyelitis, the person must not be required to be immunized against poliomyelitis.

(c) If a statement, signed by a physician, is submitted to the administrator or other person having general control and supervision of the school or child care facility stating that an immunization is contraindicated for medical reasons or that laboratory confirmation of the presence of adequate immunity exists, the immunization specified in the statement need not be required.

(d) If a notarized statement signed by the minor child's parent or guardian or by the emancipated person is submitted to the administrator or other person having general control and supervision of the school or child care facility stating that the person has not been immunized as prescribed in subdivision 1 because of the conscientiously held beliefs of the parent or guardian of the minor child or of the emancipated person, the immunizations specified in the statement shall not be required. This statement must also be forwarded to the commissioner of the Department of Health.

(e) If the person is under 15 months, the person is not required to be immunized against measles, rubella, or mumps.

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

(f) If a person is at least five years old and has not been immunized against haemophilus influenza type b, the person is not required to be immunized against haemophilus influenza type b.

(g) If a person who is not a Minnesota resident enrolls in a Minnesota school online learning course or program that delivers instruction to the person only by computer and does not provide any teacher or instructor contact time or require classroom attendance, the person is not subject to the immunization, statement, and other requirements of this section.

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

Sec. 30. Minnesota Statutes 2004, section 121A.47, subdivision 14, is amended to read:

Subd. 14. **ADMISSION OR READMISSION PLAN.** (a) A school administrator shall prepare and enforce an admission or readmission plan for any pupil who is excluded or expelled from school. The plan may include measures to improve the pupil's behavior, including completing a character education program, consistent with section 120B.232, subdivision 1, and require parental involvement in the admission or readmission process, and may indicate the consequences to the pupil of not improving the pupil's behavior.

(b) The definition of suspension under section 121A.41, subdivision 10, does not apply to a student's dismissal from school for one school day or less, except as provided under federal law for a student with a disability. Each suspension action may include a readmission plan. A readmission plan must provide, where appropriate, alternative education services, which must not be used to extend the student's current suspension period. Consistent with section 125A.091, subdivision 5, a readmission plan must not obligate a parent or guardian to provide psychotropic drugs to their student as a condition of readmission. School officials must not use the refusal of a parent or guardian to consent to the administration of psychotropic drugs to their student or to consent to a psychiatric evaluation, screening or examination of the student as a ground, by itself, to prohibit the student from attending class or participating in a school-related activity, or as a basis of a charge of child abuse, child neglect or medical or educational neglect.

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

Sec. 31. Minnesota Statutes 2004, section 121A.53, is amended to read:

121A.53 **REPORT TO COMMISSIONER OF EDUCATION.**

Subdivision 1. **EXCLUSIONS AND EXPULSIONS.** The school board shall must report through the department electronic reporting system each exclusion or expulsion within 30 days of the effective date of the action to the commissioner of education. This report shall must include a statement of alternative educational services given the pupil and the reason for, the effective date, and the duration of the exclusion

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

or expulsion. The report must also include the student's age, grade, gender, race, and special education status.

Subd. 2. **REPORT.** The school board must include state student identification numbers of affected pupils on all dismissal reports required by the department. The department must report annually to the commissioner summary data on the number of dismissals by age, grade, gender, race, and special education status of the affected pupils. All dismissal reports must be submitted through the department electronic reporting system.

Sec. 32. [121A.575] ALTERNATIVES TO PUPIL SUSPENSION.

Notwithstanding any law to the contrary and in accordance with sections 121A.40 to 121A.56, after a school administration notifies a pupil of the grounds for suspension, the school administration may, instead of imposing the suspension, do one or more of the following:

(1) strongly encourage a parent or guardian of the pupil to attend school with the pupil for one day;

(2) assign the pupil to attend school on Saturday as supervised by the principal or the principal's designee; and

(3) petition the juvenile court that the student is in need of services under chapter 260C.

Sec. 33. Minnesota Statutes 2004, section 122A.06, subdivision 4, is amended to read:

Subd. 4. **COMPREHENSIVE, SCIENTIFICALLY BASED READING INSTRUCTION.** "Comprehensive, scientifically based reading instruction" includes instruction and practice in phonemic awareness, phonics and other word-recognition skills, and guided oral reading for beginning readers, as well as extensive silent reading, vocabulary instruction, instruction in comprehension, and instruction that fosters understanding and higher-order thinking for readers of all ages and proficiency levels. "Comprehensive, scientifically based reading instruction" includes a program or collection of instructional practices that is based on reliable, valid evidence showing that when these programs or practices are used, students can be expected to achieve, at a minimum, satisfactory reading progress. The program or collection of practices must include, at a minimum, instruction in five areas of reading: phonemic awareness, phonics, fluency, vocabulary, and text comprehension.

Comprehensive, scientifically based reading instruction also includes and integrates instructional strategies for continuously assessing, evaluating, and communicating the student's reading progress and needs in order to design and implement ongoing interventions so that students of all ages and proficiency levels can read and comprehend text and apply higher level thinking skills.

Sec. 34. Minnesota Statutes 2004, section 122A.12, subdivision 2, is amended to read:

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

Subd. 2. **TERMS; COMPENSATION; REMOVAL; ADMINISTRATION; REIMBURSEMENT.** (a) 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) 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.

(b) The board may reimburse local school districts for the cost of a substitute teacher employed when a regular teacher is providing professional assistance to the state by serving on the board or on a committee or task force appointed by the board.

Sec. 35. Minnesota Statutes 2004, section 122A.18, subdivision 2a, is amended to read:

Subd. 2a. **READING STRATEGIES.** (a) All colleges and universities approved by the Board of Teaching to prepare persons for classroom teacher licensure must include in their teacher preparation programs reading best practices that enable classroom teacher licensure candidates to know how to teach reading, such as phonics or other research-based best practices in reading, consistent with section 122A.06, subdivision 4, that enable the licensure candidate to know how to teach reading in the candidate's content areas.

(b) Board-approved teacher preparation programs for teachers of elementary education must require instruction in the application of comprehensive, scientifically based, and balanced reading instruction programs: that:

(1) teach students to read using foundational knowledge, practices, and strategies consistent with section 122A.06, subdivision 4, so that all students will achieve continuous progress in reading; and

(2) teach specialized instruction in reading strategies, interventions, and remediations that enable students of all ages and proficiency levels to become proficient readers.

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

Sec. 36. Minnesota Statutes 2004, section 122A.33, is amended to read:

122A.33 LICENSE AND DEGREE EXEMPTION FOR HEAD COACH.

Subdivision 1. EMPLOYMENT. Notwithstanding section 122A.15, subdivision 1, a school district may employ as a head varsity coach of an interscholastic sport at its secondary school a person who does not have a license as head varsity coach of interscholastic sports and who does not have a bachelor's degree if:

(1) in the judgment of the school board, the person has the knowledge and experience necessary to coach the sport;

(2) can verify completion of six quarter credits, or the equivalent, or 60 clock hours of instruction in first aid and the care and prevention of athletic injuries; and

(3) can verify completion of a coaching methods or theory course.

Subd. 2. ANNUAL CONTRACT. Notwithstanding section 122A.58, a person employed as a head varsity coach ~~under this section~~ has an annual contract as a coach that the school board may or may not renew as the board sees fit.

Subd. 3. NOTICE OF NONRENEWAL; OPPORTUNITY TO RESPOND. A school board that declines to renew the coaching contract of a licensed or nonlicensed head varsity coach must notify the coach within 14 days of that decision. If the coach requests reasons for not renewing the coaching contract, the board must give the coach its reasons in writing within ten days of receiving the request. Upon request, the board must provide the coach with a reasonable opportunity to respond to the reasons at a board meeting. The hearing may be opened or closed at the election of the coach unless the board closes the meeting under section 13D.05, subdivision 2, to discuss nonpublic data.

EFFECTIVE DATE. This section is effective August 1, 2005.

Sec. 37. Minnesota Statutes 2004, section 122A.41, subdivision 5a, is amended to read:

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

EFFECTIVE DATE. This section is effective August 1, 2005.

Sec. 38. Minnesota Statutes 2004, section 122A.41, subdivision 14, is amended to read:

Subd. 14. SERVICES TERMINATED BY DISCONTINUANCE OR LACK OF PUPILS; PREFERENCE GIVEN. (a) A teacher whose services are terminated on account of discontinuance of position or lack of pupils must receive first consideration for other positions in the district for which that teacher is qualified. In the event it becomes necessary to discontinue one or more positions, in making such

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

discontinuance, teachers must be discontinued in any department in the inverse order in which they were employed, unless a board and the exclusive representative of teachers in the district negotiate a plan providing otherwise.

(b) Notwithstanding the provisions of clause (a), a teacher is not entitled to exercise any seniority when that exercise results in that teacher being retained by the district in a field for which the teacher holds only a provisional license, as defined by the Board of Teaching, unless that exercise of seniority results in the termination of services, on account of discontinuance of position or lack of pupils, of another teacher who also holds a provisional license in the same field. The provisions of this clause do not apply to vocational education licenses.

(c) Notwithstanding the provisions of clause (a), a teacher must not be reinstated to a position in a field in which the teacher holds only a provisional license, other than a vocational education license, while another teacher who holds a nonprovisional license in the same field is available for reinstatement.

EFFECTIVE DATE. This section is effective August 1, 2005.

Sec. 39. Minnesota Statutes 2004, section 122A.413, is amended to read:

122A.413 EDUCATIONAL IMPROVEMENT PLAN.

Subdivision 1. **QUALIFYING PLAN.** A district or intermediate school district may develop an educational improvement plan for the purpose of qualifying for alternative teacher compensation aid the alternative teacher professional pay system under sections 122A.414 and ~~122A.415~~ section 122A.414. The plan must include measures for improving school district, intermediate school district, school site, teacher, and individual student performance.

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

- (1) assessment and evaluation tools to measure student performance and progress;
- (2) performance goals and benchmarks for improvement;
- (3) measures of student attendance and completion rates;
- (4) a rigorous professional development system, consistent with section 122A.60, that is aligned with educational improvement, designed to achieve teaching quality improvement, and consistent with clearly defined research-based standards;
- (5) measures of student, family, and community involvement and satisfaction;
- (6) a data system about students and their academic progress that provides parents and the public with understandable information; ~~and~~
- (7) a teacher induction and mentoring program for probationary teachers that provides continuous learning and sustained teacher support. ~~The process for developing the plan must involve district teachers; and~~

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

(8) substantial participation by the exclusive representative of the teachers in developing the plan.

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

Sec. 40. Minnesota Statutes 2004, section 122A.414, is amended to read:

122A.414 ALTERNATIVE TEACHER COMPENSATION PAY.

Subdivision 1. **RESTRUCTURED PAY SYSTEM.** A restructured alternative teacher ~~compensation~~ professional pay system is established under subdivision 2 to provide incentives ~~for~~ to encourage teachers to improve their knowledge and instructional skills in order to improve student learning and for school districts, intermediate school districts, and charter schools to recruit and retain highly qualified teachers, encourage highly qualified teachers to undertake challenging assignments, and to support teachers' roles in improving students' educational achievement.

Subd. 1a. **TRANSITIONAL PLANNING YEAR.** (a) To be eligible to participate in an alternative teacher professional pay system, a school district, intermediate school district, or site, at least one school year before it expects to fully implement an alternative pay system, must:

(1) submit to the department a letter of intent executed by the school district or intermediate school district and the exclusive representative of the teachers to complete a plan preparing for full implementation, consistent with subdivision 2, that may include, among other activities, training to evaluate teacher performance, a restructured school day to develop integrated ongoing site-based professional development activities, release time to develop an alternative pay system agreement, and teacher and staff training on using multiple data sources; and

(2) agree to use up to two percent of basic revenue for staff development purposes, consistent with sections 122A.60 and 122A.61, to develop the alternative teacher professional pay system agreement under this section.

(b) To be eligible to participate in an alternative teacher professional pay system, a charter school, at least one school year before it expects to fully implement an alternative pay system, must:

(1) submit to the department a letter of intent executed by the charter school and the charter school board of directors;

(2) submit the record of a formal vote by the teachers employed at the charter school indicating at least 70 percent of all teachers agree to implement the alternative pay system; and

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

(3) agree to use up to two percent of basic revenue for staff development purposes, consistent with sections 122A.60 and 122A.61, to develop the alternative teacher professional pay system.

(c) The commissioner may waive the planning year if the commissioner determines, based on the criteria under subdivision 2, that the school district, intermediate school district, site or charter school is ready to fully implement an alternative pay system.

Subd. 2. ALTERNATIVE TEACHER PROFESSIONAL PAY SYSTEM. (a) To participate in this program, a school district, intermediate school district, school site, or charter school must have an educational improvement plan as described in under section 122A.413 and an alternative teacher professional pay system as described in agreement under paragraph (b). A charter school participant also must comply with subdivision 2a.

(b) The alternative teacher professional pay system agreement must:

(1) describe the conditions necessary for how teachers can achieve career advancement and additional compensation;

(2) describe how the school district, intermediate school district, school site, or charter school will provide teachers with career advancement options for teachers retaining that allow teachers to retain primary roles in student instruction and facilitate site-focused professional development that helps other teachers improve their skills;

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

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

(5) implement an objective evaluation system, including classroom observation, that is aligned with the district's or the site's educational improvement plan as described in section 122A.413. reform the "steps and lanes" salary schedule, prevent any teacher's compensation paid before implementing the pay system from being reduced as a result of participating in this system, and base at least 60 percent of any compensation increase on teacher performance using:

(i) schoolwide student achievement gains under section 120B.35 or locally selected standardized assessment outcomes, or both;

(ii) measures of student achievement; and

(iii) an objective evaluation program that includes:

(A) individual teacher evaluations aligned with the educational improvement plan under section 122A.413 and the staff development plan under section 122A.60; and

(B) objective evaluations using multiple criteria conducted by a locally selected and periodically trained evaluation team that understands teaching and learning;

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

(4) provide integrated ongoing site-based professional development activities to improve instructional skills and learning that are aligned with student needs under section 122A.413, consistent with the staff development plan under section 122A.60 and led during the school day by trained teacher leaders such as master or mentor teachers;

(5) allow any teacher in a participating school district, intermediate school district, school site, or charter school that implements an alternative pay system to participate in that system without any quota or other limit; and

(6) encourage collaboration rather than competition among teachers.

Subd. 2a. CHARTER SCHOOL APPLICATIONS. For charter school applications, the board of directors of a charter school that satisfies the conditions under subdivisions 2 and 2b must submit to the commissioner an application that contains:

(1) an agreement to implement an alternative teacher professional pay system under this section;

(2) a resolution by the charter school board of directors adopting the agreement; and

(3) the record of a formal vote by the teachers employed at the charter school indicating that at least 70 percent of all teachers agree to implement the alternative teacher professional pay system, unless the charter school submits an alternative teacher professional pay system agreement under this section before the first year of operation.

Alternative compensation revenue for a qualifying charter school must be calculated under section 126C.10, subdivision 34, paragraphs (a) and (b).

Subd. 2b. APPROVAL PROCESS. (a) Consistent with the requirements of this section and sections 122A.413 and 122A.415, the department must prepare and transmit to interested school districts, intermediate school districts, school sites, and charter schools a standard form for applying to participate in the alternative teacher professional pay system. An interested school district, intermediate school district, school site, or charter school must submit to the commissioner a completed application executed by the district superintendent and the exclusive bargaining representative of the teachers if the applicant is a school district, intermediate school district, or school site, or executed by the charter school board of directors if the applicant is a charter school. The application must include the proposed alternative teacher professional pay system agreement under subdivision 2. The department must convene a review committee that at least includes teachers and administrators within 30 days of receiving a completed application to recommend to the commissioner whether to approve or disapprove the application. The commissioner must approve applications on a first-come, first-served basis. The applicant's alternative teacher professional pay system agreement must be legally binding on the applicant and the collective bargaining representative before the applicant receives alternative compensation

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

revenue. The commissioner must approve or disapprove an application based on the requirements under subdivisions 2 and 2a.

(b) If the commissioner disapproves an application, the commissioner must give the applicant timely notice of the specific reasons in detail for disapproving the application. The applicant may revise and resubmit its application and related documents to the commissioner within 30 days of receiving notice of the commissioner's disapproval and the commissioner must approve or disapprove the revised application, consistent with this subdivision. Applications that are revised and then approved are considered submitted on the date the applicant initially submitted the application.

Subd. 3. REPORT; CONTINUED FUNDING. (a) Participating districts and, intermediate school districts, school sites, and charter schools must report on the implementation and effectiveness of the alternative teacher compensation plan professional pay system, particularly addressing each requirement under subdivision 2 and make biennial annual recommendations by January 1 June 15 to their school boards. The school boards board or board of directors shall transmit a copy of the report with a summary of the findings and recommendations of their the district, intermediate school district, school site, or charter school to the commissioner.

(b) If the commissioner determines that a school district, intermediate school district, school site, or charter school that receives alternative teacher compensation revenue is not complying with the requirements of this section, the commissioner may withhold funding from that participant. Before making the determination, the commissioner must notify the participant of any deficiencies and provide the participant an opportunity to comply.

Subd. 4. PLANNING AND STAFF DEVELOPMENT. A school district that qualifies to participate in the alternative teacher professional pay system transitional planning year under subdivision 1a may use up to two percent of basic revenue that would otherwise be reserved under section 122A.61 for complying with the planning and staff development activities under this section.

Sec. 41. [122A.4144] SUPPLEMENTAL AGREEMENTS; ALTERNATIVE TEACHER PAY.

Notwithstanding section 179A.20 or other law to the contrary, a school board and the exclusive representative of the teachers may agree to reopen a collective bargaining agreement for the purpose of entering into an alternative teacher professional pay system agreement under sections 122A.413, 122A.414, and 122A.415. Negotiations for a contract reopened under this section must be limited to issues related to the alternative teacher professional pay system.

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

Sec. 42. Minnesota Statutes 2004, section 122A.415, subdivision 1, is amended to read:

New language is indicated by underline, deletions by strikeout.

Subdivision 1. ~~AID REVENUE AMOUNT.~~ (a) A school district, intermediate school district, school site, or charter school that meets the conditions of section 122A.414 and submits an application approved by the commissioner is eligible for alternative teacher compensation aid revenue.

(b) For school district and intermediate school district applications, the commissioner must consider only those applications to participate that are 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 an alternative teacher professional pay system agreement that:

(1) 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 or to applications that align measures of teacher performance with student academic achievement and progress under section 120B.35, subdivision 1

(2) is negotiated and adopted according to the Public Employment Labor Relations Act under chapter 179A, except that notwithstanding section 179A.20, subdivision 3, a district may enter into a contract for a term of two or four years.

(b) Alternative teacher compensation aid revenue for a qualifying school district, or 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 teacher professional pay system equals \$150 \$260 times the district's or the site's number of pupils enrolled at the district or site 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. Alternative teacher compensation revenue for a qualifying intermediate school district must be calculated under section 126C.10, subdivision 34, paragraphs (a) and (b).

(c) For a newly combined or consolidated district, the revenue shall be computed using the sum of pupils enrolled on October 1 of the previous year in the districts entering into the combination or consolidation. The commissioner may adjust the revenue computed for a site using prior year data to reflect changes attributable to school closings, school openings, or grade level reconfigurations between the prior year and the current year.

(d) The revenue is available only to school districts, intermediate school districts, school sites, and charter schools that fully implement an alternative teacher professional pay system by October 1 of the current school year.

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

Sec. 43. Minnesota Statutes 2004, section 122A.415, subdivision 3, is amended to read:

Subd. 3. **AID REVENUE TIMING.** (a) Districts or, intermediate school districts, school sites, or charter schools with approved applications must receive alternative compensation aid revenue for each school year that the district or, intermediate school district, school site participates in the program as described in, or charter school implements an alternative teacher professional pay system under this subdivision and section 122A.414. 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. For fiscal year 2007 and later, a qualifying district or, intermediate school district, school site, or charter school that received alternative teacher compensation aid for the previous fiscal year must receive at least an amount of alternative teacher compensation revenue equal to the lesser of the amount it received for the previous fiscal year or its proportionate share of the previous year's appropriation the amount it qualifies for under subdivision 1 for the current fiscal year if the district or, intermediate school district, school site, or charter school submits a timely application and the commissioner determines that the district or, intermediate school district, school site, or charter school 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 approve applications that comply with sections 122A.414, subdivisions 2, paragraph (b), and 2a, if the applicant is a charter school, and 122A.415, subdivision 1, in the order in which they are received, select applicants that qualify for this program, notify school districts and, intermediate school districts, school sites, and charter schools about the program, develop and disseminate application materials, and carry out other activities needed to implement this section.

(c) For applications approved under section 122A.415 before August 1 of the fiscal year for which the aid is paid, the portion of the state total basic alternative teacher compensation aid entitlement allocated to charter schools must not exceed \$522,000 for fiscal year 2006 and \$3,374,000 for fiscal year 2007. For fiscal year 2008 and later, the portion of the state total basic alternative teacher compensation aid entitlement allocated to charter schools must not exceed the product of \$3,374,000 times the ratio of the state total charter school enrollment for the previous fiscal year to the state total charter school enrollment for the second previous year. Additional basic alternative teacher compensation aid may be approved for charter schools after August 1, not to exceed the charter school limit for the following fiscal year, if the

New language is indicated by underline, deletions by strikeout.

basic alternative teacher compensation aid entitlement for school districts based on applications approved by August 1 does not expend the remaining amount under the limit.

EFFECTIVE DATE. This section is effective August 1, 2005.

Sec. 44. Minnesota Statutes 2004, section 122A.60, subdivision 1, is amended to read:

Subdivision 1. **STAFF DEVELOPMENT COMMITTEE.** A school board must use the revenue authorized in section 122A.61 for in-service education for programs under section 120B.22, subdivision 2, or for staff development plans under this section. The board must establish an advisory staff development committee to develop the plan, assist site professional development teams in developing a site plan consistent with the goals of the plan, and evaluate staff development efforts at the site level. A majority of the advisory committee and the site professional development team must be teachers representing various grade levels, subject areas, and special education. The advisory committee must also include nonteaching staff, parents, and administrators. ~~Districts must report staff development results and expenditures to the commissioner in the form and manner determined by the commissioner. The expenditure report must include expenditures by the board for district level activities and expenditures made by the staff. The report must provide a breakdown of expenditures for (1) curriculum development and programs, (2) in-service education, workshops, and conferences, and (3) the cost of teachers or substitute teachers for staff development purposes. Within each of these categories, the report must also indicate whether the expenditures were incurred at the district level or the school site level, and whether the school site expenditures were made possible by the grants to school sites that demonstrate exemplary use of allocated staff development revenue. These expenditures are to be reported using the UFARS system. The commissioner shall report the staff development expenditure data to the education committees of the legislature by February 15 each year.~~

Sec. 45. Minnesota Statutes 2004, section 122A.60, is amended by adding a subdivision to read:

Subd. 1a. **EFFECTIVE STAFF DEVELOPMENT ACTIVITIES.** (a) Staff development activities must:

(1) focus on the school classroom and research-based strategies that improve student learning;

(2) provide opportunities for teachers to practice and improve their instructional skills over time;

(3) provide opportunities for teachers to use student data as part of their daily work to increase student achievement;

(4) enhance teacher content knowledge and instructional skills;

(5) align with state and local academic standards;

New language is indicated by underline, deletions by strikeout.

(6) provide opportunities to build professional relationships, foster collaboration among principals and staff who provide instruction, and provide opportunities for teacher-to-teacher mentoring; and

(7) align with the plan of the district or site for an alternative teacher professional pay system.

Staff development activities may include curriculum development and curriculum training programs, and activities that provide teachers and other members of site-based teams training to enhance team performance. The school district also may implement other staff development activities required by law and activities associated with professional teacher compensation models.

(b) Release time provided for teachers to supervise students on field trips and school activities, or independent tasks not associated with enhancing the teacher's knowledge and instructional skills, such as preparing report cards, calculating grades, or organizing classroom materials, may not be counted as staff development time that is financed with staff development reserved revenue under section 122A.61.

Sec. 46. Minnesota Statutes 2004, section 122A.60, is amended by adding a subdivision to read:

Subd. 4. STAFF DEVELOPMENT REPORT. (a) By October 15 of each year, the district and site staff development committees shall write and submit a report of staff development activities and expenditures for the previous year, in the form and manner determined by the commissioner. The report, signed by the district superintendent and staff development chair, must include assessment and evaluation data indicating progress toward district and site staff development goals based on teaching and learning outcomes, including the percentage of teachers and other staff involved in instruction who participate in effective staff development activities under subdivision 3.

(b) The report must break down expenditures for:

(1) curriculum development and curriculum training programs; and

(2) staff development training models, workshops, and conferences, and the cost of releasing teachers or providing substitute teachers for staff development purposes.

The report also must indicate whether the expenditures were incurred at the district level or the school site level, and whether the school site expenditures were made possible by grants to school sites that demonstrate exemplary use of allocated staff development revenue. These expenditures must be reported using the uniform financial and accounting and reporting standards.

(c) The commissioner shall report the staff development progress and expenditure data to the house of representatives and senate committees having jurisdiction over education by February 15 each year.

Sec. 47. [122A.628] SCHOOLS MENTORING SCHOOLS REGIONAL SITES.

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

Subdivision 1. PROGRAM. The commissioner of education shall select up to four school districts, or partnerships of school districts, for the purpose of assisting other school districts in the region with the development of thorough and effective teacher mentoring programs. The commissioner shall use geographic balance and proven teacher induction programs as criteria when selecting the sites. One site must include the Brainerd teacher support system, which has been cited by the Minnesota Board of Teaching as a model program and was one of only six programs in the nation to be recognized for the 2004 NEA-Saturn/UAW partnership award. The sites shall be known as schools mentoring schools regional sites.

The sites shall provide high quality mentoring assistance programs and services to other nearby school districts for the development of effective systems of support for new teachers. The sites shall offer coaching/mentor training, in-class observation training, and train-the-teacher opportunities for teams of participating teachers. The sites shall use their recognized experience and methods to equip schools to work with their own new and beginning teachers. The commissioner shall review and report annually to the legislature on the operation of each training center.

Subd. 2. REVENUE. A school district that is selected to participate in the schools mentoring schools program under this section may utilize its professional compensation revenue under section 122A.4142, subdivision 4, to pay regional training sites for staff development and training services.

Sec. 48. [122A.74] PRINCIPALS' LEADERSHIP INSTITUTE.

Subdivision 1. ESTABLISHMENT. (a) The commissioner of education may contract with the regents of the University of Minnesota to establish a Principals' Leadership Institute to provide professional development to school principals by:

(1) creating a network of leaders in the educational and business communities to communicate current and future trends in leadership techniques;

(2) helping to create a vision for the school that is aligned with the community and district priorities; and

(3) developing strategies to retain highly qualified teachers.

(b) The University of Minnesota must cooperate with participating members of the business community to provide funding and content for the institute.

(c) Participants must agree to attend the Principals' Leadership Institute for four weeks during the academic summer.

(d) The Principals' Leadership Institute must incorporate program elements offered by leadership programs at the University of Minnesota and program elements used by the participating members of the business community to enhance leadership within their businesses.

Subd. 2. METHOD OF SELECTION AND REQUIREMENTS. (a) The board of each school district in the state may select a principal, upon the recommendation of

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

the district's superintendent and based on the principal's leadership potential, to attend the institute.

(b) The school board shall forward its list of recommended participants to the commissioner of education by February 1 each year. In addition, a principal may submit an application directly to the commissioner by February 1. The commissioner of education shall notify the school board, the principal candidates, and the University of Minnesota of the principals selected to participate in the Principals' Leadership Institute each year.

Sec. 49. [123A.12] AGREEMENT REGARDING ADMINISTRATIVE SERVICES.

Subdivision 1. AGREEMENT. (a) Two or more school districts may enter into an agreement pursuant to section 471.59 to increase efficiency in the delivery of administrative services and to reduce costs by the provision of an administrative service by a district or an entity created by or specified in the agreement and the purchase of that service by one or more other districts that are a party to that agreement.

(b) Administrative services include, but are not limited to:

- (1) a superintendent, deputy superintendent, or assistant superintendent;
- (2) a principal, assistant principal, or vice principal; or
- (3) a director, manager, coordinator, supervisor, dean, or other administrative position regardless of title.

(c) A person providing administrative services to another district pursuant to the agreement shall remain an employee of the employing district or the entity created by or specified in the agreement for all purposes.

Subd. 2. LEVY. If an administrative position is discontinued in a district as a result of the purchase of administrative services under the agreement in subdivision 1, the district may levy over a period of up to three years for costs approved by the commissioner for retirement incentives or severance pay or other costs related to the discontinuance of that position.

Sec. 50. Minnesota Statutes 2004, section 123B.02, is amended by adding a subdivision to read:

Subd. 14a. EMPLOYEE RECOGNITION. A school board may establish and operate an employee recognition program for district employees, including teachers, and may expend funds as necessary to achieve the objectives of the program. The employee recognition program shall not include monetary awards.

Sec. 51. Minnesota Statutes 2004, section 123B.02, is amended by adding a subdivision to read:

New language is indicated by underline, deletions by strikeout.

Subd. 22. REWARD. A school board, after formally adopting a policy consistent with this subdivision, may offer a reward to a person who provides accurate and reliable information leading to the conviction of a person who has committed or conspired to commit a crime against students or school employees, volunteers or board members as a result of their affiliation with the school district, or against school district property.

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

Sec. 52. Minnesota Statutes 2004, section 123B.02, is amended by adding a subdivision to read:

Subd. 23. CREDIT CARDS. A board may authorize the use of a credit card by any officer or employee otherwise authorized to make a purchase on behalf of the district. If a district officer or employee makes or directs a purchase by credit card that is not approved by the school board, the officer or employee is personally liable for the amount of the purchase. A purchase by credit card must otherwise comply with all statutes, rules, or district policy applicable to school district purchases.

EFFECTIVE DATE. This section is effective the day following final enactment and applies for fiscal year 2005 and later.

Sec. 53. Minnesota Statutes 2004, section 123B.04, subdivision 1, is amended to read:

Subdivision 1. **DEFINITION.** "Education site" means a separate facility. A program within a facility or within a district is an education site if the school board recognizes it as a site.

Sec. 54. Minnesota Statutes 2004, section 123B.04, subdivision 2, is amended to read:

Subd. 2. **AGREEMENT.** (a) ~~Either the school board or the school site decision-making team may request that the school board enter into an agreement with a school site decision-making team concerning~~ Upon the request of 60 percent of the licensed employees of a site or a school site decision-making team, the school board shall enter into discussions to reach an agreement concerning the governance, management, or control of the school. A school site decision-making team may include the school principal, teachers in the school or their designee, other employees in the school, parents of pupils in the school, representatives of pupils in the school, or other members in the community. A school site decision-making team must include at least one parent of a pupil in the school. For purposes of formation of a new site, a school site decision-making team may be a team of teachers that is recognized by the board as a site. The school site decision-making team shall include the school principal or other person having general control and supervision of the school. The site decision-making team must reflect the diversity of the education site. ~~No more than~~ At least one-half of the members shall be employees of the district, unless an employee is the parent of a student enrolled in the school site, in which case the employee may elect to serve as a parent member of the site team.

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

(b) School site decision-making agreements must delegate powers, duties, and broad management responsibilities to site teams and involve staff members, students as appropriate, and parents in decision making.

(c) An agreement shall include a statement of powers, duties, responsibilities, and authority to be delegated to and within the site.

(d) An agreement may include:

(1) an achievement contract according to subdivision 4;

(2) a mechanism to allow principals, a site leadership team, or other persons having general control and supervision of the school, to make decisions regarding how financial and personnel resources are best allocated at the site and from whom goods or services are purchased;

(3) a mechanism to implement parental involvement programs under section 124D.895 and to provide for effective parental communication and feedback on this involvement at the site level;

(4) a provision that would allow the team to determine who is hired into licensed and nonlicensed positions;

(5) a provision that would allow teachers to choose the principal or other person having general control;

(6) an amount of revenue allocated to the site under subdivision 3; and

(7) any other powers and duties determined appropriate by the board.

The school board of the district remains the legal employer under clauses (4) and (5).

(e) Any powers or duties not delegated to the school site management team in the school site management agreement shall remain with the school board.

(f) Approved agreements shall be filed with the commissioner. If a school board denies a request or the school site and school board fail to reach an agreement to enter into a school site management agreement, ~~the school board shall provide a copy of the request and the reasons for its denial to the commissioner.~~

(g) A site decision-making grant program is established, consistent with this subdivision, to allow sites to implement an agreement that at least:

(1) notwithstanding subdivision 3, allocates to the site all revenue that is attributable to the students at that site;

(2) a provision, consistent with current law and the collective bargaining agreement in effect, allows the site team to decide who is selected from within the district for licensed and nonlicensed positions at the site and to make staff assignments in the site; and

(3) includes a completed performance agreement under subdivision 4.

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

The commissioner shall establish the form and manner of the application for a grant and annually, at the end of each fiscal year, report to the house of representative and senate committees having jurisdiction over education on the progress of the program.

Sec. 55. Minnesota Statutes 2004, section 123B.49, subdivision 4, is amended to read:

Subd. 4. **BOARD CONTROL OF EXTRACURRICULAR ACTIVITIES.** (a) The board may take charge of and control all extracurricular activities of the teachers and children of the public schools in the district. Extracurricular activities means all direct and personal services for pupils for their enjoyment that are managed and operated under the guidance of an adult or staff member. The board shall allow all resident pupils receiving instruction in a home school as defined in section 123B.36, subdivision 1, paragraph (a), to be eligible to fully participate in extracurricular activities on the same basis as public school students.

(b) Extracurricular activities have all of the following characteristics:

(1) they are not offered for school credit nor required for graduation;

(2) they are generally conducted outside school hours, or if partly during school hours, at times agreed by the participants, and approved by school authorities;

(3) the content of the activities is determined primarily by the pupil participants under the guidance of a staff member or other adult.

(c) If the board does not take charge of and control extracurricular activities, these activities shall be self-sustaining with all expenses, except direct salary costs and indirect costs of the use of school facilities, met by dues, admissions, or other student fund-raising events. The general fund must reflect only those salaries directly related to and readily identified with the activity and paid by public funds. Other revenues and expenditures for extra curricular activities must be recorded according to the "Manual of Instruction for Uniform Student Activities Accounting for Minnesota School Districts and Area Vocational-Technical Colleges." Manual for Activity Fund Accounting. Extracurricular activities not under board control must have an annual financial audit and must also be audited annually for compliance with this section.

(d) If the board takes charge of and controls extracurricular activities, any or all costs of these activities may be provided from school revenues and all revenues and expenditures for these activities shall be recorded in the same manner as other revenues and expenditures of the district.

(e) If the board takes charge of and controls extracurricular activities, the teachers or pupils in the district must not participate in such activity, nor shall the school name or any allied name be used in connection therewith, except by consent and direction of the board.

Sec. 56. Minnesota Statutes 2004, section 123B.88, is amended by adding a subdivision to read:

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

Subd. 3a. PUPIL TRANSPORTATION SAFETY COMMITTEE. (a) A school board may establish a pupil transportation safety committee. The chair of the pupil transportation safety committee is the district's school transportation safety director. The school board shall appoint the other members of the pupil transportation safety committee. Membership may include parents, school bus drivers, representatives of school bus companies, local law enforcement officials, other school district staff, and representatives from other units of local government.

(b) The duties of the pupil transportation safety committee include: (1) reviewing and recommending changes to the district's pupil transportation safety policy required under subdivision 1; and (2) developing a comprehensive plan for the safe transportation of students who face hazardous transportation conditions. The comprehensive hazardous transportation plan shall consider safety factors including the types of roads that students must cross, the speed of traffic on those roads, the age of the students, and any other factors as determined by the committee.

(c) The pupil transportation safety committee must hold at least one public meeting before adopting its comprehensive plan for transporting students who face hazardous transportation conditions.

(d) Any recommended changes to the district's pupil transportation safety policy and the comprehensive plan for hazardous transportation must be submitted to the school board.

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

Sec. 57. Minnesota Statutes 2004, section 124D.09, subdivision 12, is amended to read:

Subd. 12. CREDITS. A pupil may enroll in a course under this section for either secondary credit or postsecondary credit. At the time a pupil enrolls in a course, the pupil shall designate whether the course is for secondary or postsecondary credit. A pupil taking several courses may designate some for secondary credit and some for postsecondary credit. A pupil must not audit a course under this section.

A district shall grant academic credit to a pupil enrolled in a course for secondary credit if the pupil successfully completes the course. Seven quarter or four semester college credits equal at least one full year of high school credit. Fewer college credits may be prorated. A district must also grant academic credit to a pupil enrolled in a course for postsecondary credit if secondary credit is requested by a pupil. If no comparable course is offered by the district, the district must, as soon as possible, notify the commissioner, who shall determine the number of credits that shall be granted to a pupil who successfully completes a course. If a comparable course is offered by the district, the school board shall grant a comparable number of credits to the pupil. If there is a dispute between the district and the pupil regarding the number of credits granted for a particular course, the pupil may appeal the board's decision to the commissioner. The commissioner's decision regarding the number of credits shall be final.

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

The secondary credits granted to a pupil must be counted toward the graduation requirements and subject area requirements of the district. Evidence of successful completion of each course and secondary credits granted must be included in the pupil's secondary school record. A pupil shall provide the school with a copy of the pupil's grade in each course taken for secondary credit under this section. Upon the request of a pupil, the pupil's secondary school record must also include evidence of successful completion and credits granted for a course taken for postsecondary credit. In either case, the record must indicate that the credits were earned at a postsecondary institution.

If a pupil enrolls in a postsecondary institution after leaving secondary school, the postsecondary institution must award postsecondary credit for any course successfully completed for secondary credit at that institution. Other postsecondary institutions may award, after a pupil leaves secondary school, postsecondary credit for any courses successfully completed under this section. An institution may not charge a pupil for the award of credit.

The Board of Trustees of the Minnesota State Colleges and Universities and the Board of Regents of the University of Minnesota must, and private nonprofit and proprietary postsecondary institutions, should award postsecondary credit for any successfully completed courses in a program certified by the National Alliance of Concurrent Enrollment Partnerships offered according to an agreement under subdivision 10.

Sec. 58. Minnesota Statutes 2004, section 124D.095, subdivision 8, is amended to read:

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 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: (1) the student does not complete the on-line learning course, or (2) 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~~ 124D.096.

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

(e) On-line learning average daily membership under this subdivision for students not included in paragraph (e) 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.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2006.

Sec. 59. Minnesota Statutes 2004, 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 who 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 and how the sponsor intends to oversee the fiscal and student performance of the charter school and to comply with the terms of the written contract between the sponsor and the charter school board of directors under subdivision 6. The commissioner must approve or disapprove the sponsor's proposed authorization within 60 90 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

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

members until a timely election for members of the charter school board of directors is held according to the school's articles and bylaws. A charter school board of directors must be composed of at least five members. Any staff members who are employed at the school, including teachers providing instruction under a contract with a cooperative, and all parents of children enrolled in the school may participate in the election for members of the school's board of directors. Licensed teachers employed at the school, including teachers providing instruction under a contract with a cooperative, must be a majority of the members of the board of directors before the school completes its third year of operation, unless the commissioner waives the requirement for 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

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

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

EFFECTIVE DATE. This section is effective for the 2005-2006 school year and later.

Sec. 60. Minnesota Statutes 2004, section 124D.10, subdivision 6, is amended to read:

Subd. 6. **CONTRACT.** The sponsor's authorization for a charter school must be in the form of a written contract signed by the sponsor and the board of directors of the charter school. The contract must be completed within 90 days of the commissioner's approval of the sponsor's proposed authorization. The contract for a charter school must be in writing and contain at least the following:

(1) a description of a program that carries out one or more of the purposes in subdivision 1;

(2) specific outcomes pupils are to achieve under subdivision 10;

(3) admission policies and procedures;

(4) management and administration of the school;

(5) requirements and procedures for program and financial audits;

(6) how the school will comply with subdivisions 8, 13, 16, and 23;

(7) assumption of liability by the charter school;

(8) types and amounts of insurance coverage to be obtained by the charter school;

(9) the term of the contract, which may be up to three years; and

(10) if the board of directors or the operators of the charter school provide special instruction and services for children with a disability under sections 125A.03 to 125A.24, and 125A.65, a description of the financial parameters within which the charter school will operate to provide the special instruction and services to children with a disability; and

(11) the process and criteria the sponsor intends to use to monitor and evaluate the fiscal and student performance of the charter school, consistent with subdivision 15.

EFFECTIVE DATE. This section is effective for the 2005-2006 school year and later.

Sec. 61. Minnesota Statutes 2004, section 124D.10, subdivision 15, is amended to read:

Subd. 15. **REVIEW AND COMMENT.** (a) The department must review and comment on the evaluation, by the sponsor, of the performance of a charter school before the charter school's contract is renewed for another contract term. The sponsor must submit to the commissioner timely information for the review and comment.

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

(b) A sponsor shall monitor and evaluate the fiscal and student performance of the school, and may for this purpose annually assess a charter school: (1) in its first, second, or third year of operation up to \$30 per student up to a maximum of \$10,000; and (2) in its fourth or a subsequent year of operation up to \$10 per student up to a maximum of \$3,500. ~~The information for the review and comment shall be reported by the sponsor to the commissioner of education in a timely manner.~~

EFFECTIVE DATE. This section is effective for the 2005-2006 school year and later.

Sec. 62. Minnesota Statutes 2004, section 124D.10, subdivision 23, is amended to read:

Subd. 23. CAUSES FOR NONRENEWAL OR TERMINATION OF CHARTER SCHOOL CONTRACT. (a) The duration of the contract with a sponsor must be for the term contained in the contract according to subdivision 6. The sponsor may or may not renew a contract at the end of the term for any ground listed in paragraph (b). A sponsor may unilaterally terminate a contract during the term of the contract for any ground listed in paragraph (b). At least 60 days before not renewing or terminating a contract, the sponsor shall notify the board of directors of the charter school of the proposed action in writing. The notice shall state the grounds for the proposed action in reasonable detail and that the charter school's board of directors may request in writing an informal hearing before the sponsor within 14 days of receiving notice of nonrenewal or termination of the contract. Failure by the board of directors to make a written request for a hearing within the 14-day period shall be treated as acquiescence to the proposed action. Upon receiving a timely written request for a hearing, the sponsor shall give reasonable notice to the charter school's board of directors of the hearing date. The sponsor shall conduct an informal hearing before taking final action. The sponsor shall take final action to renew or not renew a contract by the last day of classes in the school year. If the sponsor is a local board, the school's board of directors may appeal the sponsor's decision to the commissioner.

(b) A contract may be terminated or not renewed upon any of the following grounds:

- (1) failure to meet the requirements for pupil performance contained in the contract;
- (2) failure to meet generally accepted standards of fiscal management;
- (3) violations of law; or
- (4) other good cause shown.

If a contract is terminated or not renewed under this paragraph, the school must be dissolved according to the applicable provisions of chapter 308A or 317A, except when the commissioner approves the decision of a different eligible sponsor to authorize the charter school.

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

(c) If at the end of a contract term, either the sponsor or the charter school board of directors wants to voluntarily terminate the contract, a change in sponsors is allowed if the commissioner approves the decision of a different eligible sponsor to authorize the charter school. The party intending to terminate the contract must notify the other party and the commissioner of its intent at least 90 days before the date on which the contract ends. The sponsor that is a party to the existing contract at least must inform the approved different eligible sponsor about the fiscal and student performance of the school. If no different eligible sponsor is approved, the school must be dissolved according to applicable law and the terms of the contract.

(d) The commissioner, after providing reasonable notice to the board of directors of a charter school and the existing sponsor, and after providing an opportunity for a public hearing, may terminate the existing sponsorial relationship if the charter school has a history of:

- (1) financial mismanagement; or
- (2) repeated violations of the law.

EFFECTIVE DATE. This section is effective for the 2005-2006 school year and later.

Sec. 63. Minnesota Statutes 2004, 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, extended time revenue, alternative teacher compensation revenue, transition revenue, and transportation sparsity revenue, plus basic skills revenue, extended time revenue, basic alternative teacher compensation aid according to section 126C.10, subdivision 34, and transition revenue as though the school were a school district. The general education revenue for each extended time marginal cost pupil unit equals \$4,378.

(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. 64. Minnesota Statutes 2004, 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.

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

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 the product of (i) 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 times (ii) the adjusted marginal cost pupil units, plus the product of \$223 times the extended time marginal cost pupil units.

Sec. 65. Minnesota Statutes 2004, 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, or if the aid, grant, or revenue replaces levy revenue that is not general education revenue, 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 education, the charter school shall report the total amount of funds received from grants and other outside sources.

Sec. 66. **[124D.4531] CAREER AND TECHNICAL LEVY.**

Subdivision 1. CAREER AND TECHNICAL LEVY. (a) A district with a career and technical program approved under this section for the fiscal year in which the levy is certified may levy an amount equal to the lesser of:

(1) \$80 times the district's average daily membership in grades 10 through 12 for the fiscal year in which the levy is certified; or

(2) 25 percent of approved expenditures in the fiscal year in which the levy is certified for the following:

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

(ii) contracted services provided by a public or private agency other than a Minnesota school district or cooperative center under subdivision 7;

(iii) necessary travel between instructional sites by licensed career and technical education personnel;

(iv) necessary travel by licensed career and technical education personnel for vocational student organization activities held within the state for instructional purposes;

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

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

(vi) necessary travel by licensed career and technical education personnel for noncollegiate credit-bearing professional development; and

(vii) specialized vocational instructional supplies.

(b) Up to ten percent of a district's career and technical levy may be spent on equipment purchases. Districts using the career and technical levy for equipment purchases must report to the department on the improved learning opportunities for students that result from the investment in equipment.

(c) The district must recognize the full amount of this levy as revenue for the fiscal year in which it is certified.

Subd. 2. ALLOCATION FROM COOPERATIVE CENTERS AND INTER-MEDIATE DISTRICTS. For purposes of this section, a cooperative center or an intermediate district must allocate its approved expenditures for career and technical education programs among participating districts.

Subd. 3. LEVY GUARANTEE. Notwithstanding subdivision 1, the career and technical education levy for a district is not less than the lesser of:

(1) the district's career and technical education levy authority for the previous fiscal year; or

(2) 100 percent of the approved expenditures for career and technical programs included in subdivision 1, paragraph (b), for the fiscal year in which the levy is certified.

Subd. 4. DISTRICT REPORTS. Each district or cooperative center must report data to the department for all career and technical education programs as required by the department to implement the career and technical levy formula.

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 67. Minnesota Statutes 2004, section 124D.66, subdivision 3, is amended to read:

Subd. 3. ELIGIBLE SERVICES. (a) Assurance of mastery programs may provide direct instructional services to an eligible pupil, or a group of eligible pupils, under the following conditions in paragraphs (b) to (d).

(b) Instruction may be provided at one or more grade levels from kindergarten to grade 8 and for students in grades 9 through 12 who were enrolled in grade 8 before the 2005-2006 school year and have failed the basic skills tests, or were enrolled in grade 8 in the 2005-2006 school year and later and who have failed the Minnesota Comprehensive Assessments (MCA-II)s in reading, mathematics, or writing as required for high school graduation under section 120B.02. If an assessment of pupils' needs within a district demonstrates that the eligible pupils in grades kindergarten to

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

grade 8 are being appropriately served, a district may serve eligible pupils in grades 9 to 12.

(c) Instruction must be provided under the supervision of the eligible pupil's regular classroom teacher. Instruction may be provided by the eligible pupil's classroom teacher, by another teacher, by a team of teachers, or by an education assistant or aide. A special education teacher may provide instruction, but instruction that is provided under this section is not eligible for aid under section 125A.76.

(d) The instruction that is provided must differ from the initial instruction the pupil received in the regular classroom setting. The instruction may differ by presenting different curriculum than was initially presented in the regular classroom or by presenting the same curriculum:

- (1) at a different rate or in a different sequence than it was initially presented;
- (2) using different teaching methods or techniques than were used initially; or
- (3) using different instructional materials than were used initially.

Sec. 68. Minnesota Statutes 2004, section 124D.74, subdivision 1, is amended to read:

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

- (1) support postsecondary preparation for pupils;
- (2) support the academic achievement of American Indian students with identified focus to improve reading and mathematic skills;
- (3) make the curriculum more relevant to the needs, interests, and cultural heritage of American Indian pupils;
- (4) provide positive reinforcement of the self-image of American Indian pupils;
- (5) develop intercultural awareness among pupils, parents, and staff; and
- (6) supplement, not supplant, state and federal educational and cocurricular programs.

Program components may include: development of support components for students in the areas of academic achievement, retention, and attendance; development of support components for staff, including in-service training and technical assistance in methods of teaching American Indian pupils; research projects, including experimentation with and evaluation of methods of relating to American Indian pupils; provision of personal and vocational counseling to American Indian pupils; modification of curriculum, instructional methods, and administrative procedures to meet the needs of American Indian pupils; and supplemental instruction in American Indian language, literature, history, and culture. Districts offering programs may make contracts for the provision

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

of program components by establishing cooperative liaisons with tribal programs and American Indian social service agencies. These programs may also be provided as components of early childhood and family education programs.

Sec. 69. Minnesota Statutes 2004, section 124D.81, subdivision 1, is amended to read:

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

Sec. 70. Minnesota Statutes 2004, section 124D.84, subdivision 1, is amended to read:

Subdivision 1. **AWARDS.** ~~The commissioner, with the advice and counsel of the Minnesota Indian Education Committee,~~ may award scholarships to any Minnesota resident student who is of one-fourth or more Indian ancestry, who has applied for other existing state and federal scholarship and grant programs, and who, in the opinion of the commissioner, has the capabilities to benefit from further education. Scholarships must be for accredited degree programs in accredited Minnesota colleges or universities or for courses in accredited Minnesota business, technical, or vocational schools. Scholarships may also be given to students attending Minnesota colleges that are in candidacy status for obtaining full accreditation, and are eligible for and receiving federal financial aid programs. Students are also eligible for scholarships when enrolled as students in Minnesota higher education institutions that have joint programs with other accredited higher education institutions. Scholarships shall be used to defray the total cost of education including tuition, incidental fees, books, supplies, transportation, other related school costs and the cost of board and room and shall be paid directly to the college or school concerned where the student receives federal financial aid. The total cost of education includes all tuition and fees for each student enrolling in a public institution and the portion of tuition and fees for each student enrolling in a private institution that does not exceed the tuition and fees at a comparable public institution. Each student shall be awarded a scholarship based on the total cost of the student's education and a federal standardized need analysis. Applicants are encouraged to apply for all other sources of financial aid. ~~The amount and type of each scholarship shall be determined through the advice and counsel of the Minnesota Indian education committee.~~

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

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

Sec. 71. Minnesota Statutes 2004, section 126C.457, is amended to read:

126C.457 CAREER AND TECHNICAL LEVY.

For taxes payable in 2006 and 2007, 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 Minnesota Statutes 2000, 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.

Sec. 72. [127A.095] IMPLEMENTATION OF NO CHILD LEFT BEHIND ACT.

Subdivision 1. CONTINUED IMPLEMENTATION. The Department of Education shall continue to implement the federal No Child Left Behind Act, Public Law 107-110, without interruption.

Subd. 2. NO CHILD LEFT BEHIND REVIEW. (a) The legislature intends to require the Department of Education to conduct a comprehensive review of the consolidated state plan the state submitted to the federal Department of Education to implement the No Child Left Behind Act. The Minnesota Department of Education shall seek waivers under paragraph (b). If the Department of Education is unable to obtain waivers under paragraph (b), it should recommend in its report under paragraph (b) whether the state should opt out of the No Child Left Behind Act.

(b) The commissioner, by January 15, 2007, shall report to the house of representatives and senate committees having jurisdiction over kindergarten through grade 12 education policy and finance whether the department has received approval from the federal Department of Education to:

(1) allow the state to develop a plan for determining adequate yearly progress that uses multiple measures of student achievement that include value-added measurement of student achievement in addition to standardized test results to evaluate school and student performance;

(2) exclude from sanctions a school that is classified as not having made adequate yearly progress due solely to different subgroups testing below proficient levels for at least two consecutive years;

(3) allow the state to average three years of data for the purposes of identifying a school for improvement;

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

(4) allow the state to use No Child Left Behind Act money to provide supplemental education services only in the academic subject area that causes a school to miss adequate yearly progress;

(5) exclude from sanctions schools that have not made adequate yearly progress due solely to a subgroup of students with disabilities not testing at a proficient level;

(6) identify a school as not making adequate yearly progress only after the school has missed the adequate yearly progress targets in the same subject and subgroup for two consecutive years;

(7) limit the score of a student within multiple subgroups to the smallest subgroup in which that student is included when calculating adequate yearly progress;

(8) determine when to hold schools accountable for including a student with limited English proficiency in adequate yearly progress calculations; and

(9) use a fully computer-adaptive test for purposes of compliance with the No Child Left Behind Act.

Subd. 3. DEPARTMENT OF FINANCE CERTIFICATION. If the federal Department of Education does not transmit to the commissioner of education its approval of the conditions in subdivision 2, paragraph (b), the commissioner of finance shall certify and report to the legislature annually beginning January 1, 2008, the amount of federal revenue, if any, that the federal government may withhold as a result of a potential state decision to discontinue implementation of the No Child Left Behind Act. The report shall also specify the intended purpose of the federal revenue and the amount of revenue that the federal government may withhold from the state, each school district, and each charter school in each fiscal year.

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

Sec. 73. Minnesota Statutes 2004, 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 sum of:

(1) the product of: (1) (i) 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; times (2) (ii) the adjusted marginal cost pupil units attributable to the pupil; plus

(2) the product of \$223 and the extended time marginal cost pupil units attributable to the pupil.

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

Sec. 74. Minnesota Statutes 2004, section 128C.05, is amended by adding a subdivision to read:

Subd. 3. EXEMPTION. The appropriate regional committee must hear a request for a waiver to allow a nonresident student to participate in another district when that participation affects a school's classification for interscholastic athletic activities. The regional committee must review requests for waivers and make timely recommendations to the Minnesota State High School League Board of Directors.

Sec. 75. Minnesota Statutes 2004, section 128C.12, subdivision 1, is amended to read:

Subdivision 1. DUES AND EVENTS REVENUE. (a) The state auditor annually must examine the accounts of, and audit all money paid to, the State High School League by its members. The audit must include financial and compliance issues. The state auditor audit must also audit include all money derived from any event sponsored by the league. League audits must include audits of administrative regions of the league. The league and its administrative regions may not contract with private auditors. The scope of the state auditor's examinations of the league must be agreed upon by the board and the state auditor, provided that all requirements of this section must be met.

(b) The administrative regions of the league may contract with the state auditor or with a private certified public accountant for the audit required by this section. If a private certified public accountant performs the audit, the state auditor may require additional information from the private certified public accountant as the state auditor deems in the public interest. The state auditor may accept the audit or make additional examinations as the state auditor deems to be in the public interest.

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

Sec. 76. Minnesota Statutes 2004, section 128C.12, subdivision 3, is amended to read:

Subd. 3. COPIES. The state auditor board must file copies of the financial and compliance audit report with the commissioner of education and the director of the Legislative Reference Library.

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

Sec. 77. **[129C.105] BOARD MEETINGS BY TELEPHONE OR OTHER ELECTRONIC MEANS.**

(a) Notwithstanding section 13D.01 and if complying with section 13D.02 is impractical, the Board of the Perpich Center for Arts Education may conduct a meeting of its members by telephone or other electronic means when:

(1) all members of the board participating in the meeting, wherever the members' physical locations, can hear one another and all discussion and testimony;

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

(2) members of the public present at the regular meeting location of the board can hear all discussion and testimony and all votes of members of the board;

(3) at least one member of the board is, physically present at the regular meeting location; and

(4) all votes are conducted by roll call, so each member's vote on each issue can be identified and recorded.

(b) Each member of the board participating in a meeting by telephone or other electronic means is considered present at the meeting for purposes of determining a quorum and participating in all proceedings.

(c) If telephone or other electronic means is used to conduct a meeting, the board, to the extent practical, shall allow a person to monitor the meeting electronically from a remote location. The board may require the person making such a connection to pay for documented marginal costs that the board incurs as a result of the additional connection.

(d) If telephone or other electronic means is used to conduct a regular, special, or emergency meeting, the board shall provide notice of the regular meeting location, of the fact that some members may participate by telephone or other electronic means, and of the provisions of paragraph (c). The timing and method of providing notice is governed by section 13D.04.

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

Sec. 78. [138.911] MINNESOTA HUMANITIES COMMISSION.

Subdivision 1. ESTABLISHMENT. The Minnesota Humanities Commission, a nonprofit organization, is established to advance the study of the humanities and enhance the work of schools, colleges, and cultural organizations throughout the state.

Subd. 2. REPORTS. The Minnesota Humanities Commission shall report to the legislature by September 1 of each year on the use of state funds appropriated to the commission. The report shall include an itemized account of the programs and projects supported and the source of money for each. The report shall show actual expenditures for the fiscal year ending the preceding June 30 and proposed expenditures for the fiscal year beginning the preceding July 1.

Subd. 3. HUMANITIES CENTER. (a) The Minnesota Humanities Commission may establish a humanities center to ensure balance in public education and in the cultural life of the state, and to improve humanities education through the establishment of two institutes: the Minnesota Institute for Lifelong Learning and the Minnesota Institute for the Advancement of Teaching.

(b) The humanities center may transport people and resources to small towns, rural communities, and urban settings to provide grants, technical assistance, and high-quality educational and cultural programs to schools and community organizations throughout Minnesota.

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

(c) The Minnesota Institute for the Advancement of Teaching may conduct seminars and other activities for the recognition of the teaching profession and the advancement of teaching in Minnesota.

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

Sec. 79. [171.176] REVOCATION OR SUSPENSION; SCHOOL ATTENDANCE.

The commissioner of public safety may not link or condition issuing, suspending, or revoking a person's license to operate a motor vehicle to attendance at a secondary school.

Sec. 80. Minnesota Statutes 2004, section 260C.201, subdivision 1, as amended by Laws 2005, chapter 159, article 2, section 16, is amended to read:

Subdivision 1. **DISPOSITIONS.** (a) If the court finds that the child is in need of protection or services or neglected and in foster care, it shall enter an order making any of the following dispositions of the case:

(1) place the child under the protective supervision of the responsible social services agency or child-placing agency in the home of a parent of the child under conditions prescribed by the court directed to the correction of the child's need for protection or services:

(i) the court may order the child into the home of a parent who does not otherwise have legal custody of the child, however, an order under this section does not confer legal custody on that parent;

(ii) if the court orders the child into the home of a father who is not adjudicated, he must cooperate with paternity establishment proceedings regarding the child in the appropriate jurisdiction as one of the conditions prescribed by the court for the child to continue in his home; and

(iii) the court may order the child into the home of a noncustodial parent with conditions and may also order both the noncustodial and the custodial parent to comply with the requirements of a case plan under subdivision 2; or

(2) transfer legal custody to one of the following:

(i) a child-placing agency; or

(ii) the responsible social services agency. In making a foster care placement for a child whose custody has been transferred under this subdivision, the agency shall make an individualized determination of how the placement is in the child's best interests using the consideration for relatives and the best interest factors in section 260C.212, subdivision 2, paragraph (b); or

(3) order a trial home visit without modifying the transfer of legal custody to the responsible social services agency under clause (2). Trial home visit means the child is returned to the care of the parent or guardian from whom the child was removed for

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

a period not to exceed six months. During the period of the trial home visit, the responsible social services agency:

(i) shall continue to have legal custody of the child, which means the agency may see the child in the parent's home, at school, in a child care facility, or other setting as the agency deems necessary and appropriate;

(ii) shall continue to have the ability to access information under section 260C.208;

(iii) shall continue to provide appropriate services to both the parent and the child during the period of the trial home visit;

(iv) without previous court order or authorization, may terminate the trial home visit in order to protect the child's health, safety, or welfare and may remove the child to foster care;

(v) shall advise the court and parties within three days of the termination of the trial home visit when a visit is terminated by the responsible social services agency without a court order; and

(vi) shall prepare a report for the court when the trial home visit is terminated whether by the agency or court order which describes the child's circumstances during the trial home visit and recommends appropriate orders, if any, for the court to enter to provide for the child's safety and stability. In the event a trial home visit is terminated by the agency by removing the child to foster care without prior court order or authorization, the court shall conduct a hearing within ten days of receiving notice of the termination of the trial home visit by the agency and shall order disposition under this subdivision or conduct a permanency hearing under subdivision 11 or 11a. The time period for the hearing may be extended by the court for good cause shown and if it is in the best interests of the child as long as the total time the child spends in foster care without a permanency hearing does not exceed 12 months;

(4) if the child has been adjudicated as a child in need of protection or services because the child is in need of special services or care to treat or ameliorate a physical or mental disability, the court may order the child's parent, guardian, or custodian to provide it. The court may order the child's health plan company to provide mental health services to the child. Section 62Q.535 applies to an order for mental health services directed to the child's health plan company. If the health plan, parent, guardian, or custodian fails or is unable to provide this treatment or care, the court may order it provided. Absent specific written findings by the court that the child's disability is the result of abuse or neglect by the child's parent or guardian, the court shall not transfer legal custody of the child for the purpose of obtaining special treatment or care solely because the parent is unable to provide the treatment or care. If the court's order for mental health treatment is based on a diagnosis made by a treatment professional, the court may order that the diagnosing professional not provide the treatment to the child if it finds that such an order is in the child's best interests; or

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

(5) if the court believes that the child has sufficient maturity and judgment and that it is in the best interests of the child, the court may order a child 16 years old or older to be allowed to live independently, either alone or with others as approved by the court under supervision the court considers appropriate, if the county board, after consultation with the court, has specifically authorized this dispositional alternative for a child.

(b) If the child was adjudicated in need of protection or services because the child is a runaway or habitual truant, the court may order any of the following dispositions in addition to or as alternatives to the dispositions authorized under paragraph (a):

(1) counsel the child or the child's parents, guardian, or custodian;

(2) place the child under the supervision of a probation officer or other suitable person in the child's own home under conditions prescribed by the court, including reasonable rules for the child's conduct and the conduct of the parents, guardian, or custodian, designed for the physical, mental, and moral well-being and behavior of the child; or with the consent of the commissioner of corrections, place the child in a group foster care facility which is under the commissioner's management and supervision;

(3) subject to the court's supervision, transfer legal custody of the child to one of the following:

(i) a reputable person of good moral character. No person may receive custody of two or more unrelated children unless licensed to operate a residential program under sections 245A.01 to 245A.16; or

(ii) a county probation officer for placement in a group foster home established under the direction of the juvenile court and licensed pursuant to section 241.021;

(4) require the child to pay a fine of up to \$100. The court shall order payment of the fine in a manner that will not impose undue financial hardship upon the child;

(5) require the child to participate in a community service project;

(6) order the child to undergo a chemical dependency evaluation and, if warranted by the evaluation, order participation by the child in a drug awareness program or an inpatient or outpatient chemical dependency treatment program;

(7) if the court believes that it is in the best interests of the child and or of public safety that the child's driver's license or instruction permit be canceled, the court may order the commissioner of public safety to cancel the child's license or permit for any period up to the child's 18th birthday. If the child does not have a driver's license or permit, the court may order a denial of driving privileges for any period up to the child's 18th birthday. The court shall forward an order issued under this clause to the commissioner, who shall cancel the license or permit or deny driving privileges without a hearing for the period specified by the court. At any time before the expiration of the period of cancellation or denial, the court may, for good cause, order the commissioner of public safety to allow the child to apply for a license or permit, and the commissioner shall so authorize;

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

(8) order that the child's parent or legal guardian deliver the child to school at the beginning of each school day for a period of time specified by the court; or

(9) require the child to perform any other activities or participate in any other treatment programs deemed appropriate by the court.

To the extent practicable, the court shall enter a disposition order the same day it makes a finding that a child is in need of protection or services or neglected and in foster care, but in no event more than 15 days after the finding unless the court finds that the best interests of the child will be served by granting a delay. If the child was under eight years of age at the time the petition was filed, the disposition order must be entered within ten days of the finding and the court may not grant a delay unless good cause is shown and the court finds the best interests of the child will be served by the delay.

(c) If a child who is 14 years of age or older is adjudicated in need of protection or services because the child is a habitual truant and truancy procedures involving the child were previously dealt with by a school attendance review board or county attorney mediation program under section 260A.06 or 260A.07, the court shall order a cancellation or denial of driving privileges under paragraph (b), clause (7), for any period up to the child's 18th birthday.

(d) In the case of a child adjudicated in need of protection or services because the child has committed domestic abuse and been ordered excluded from the child's parent's home, the court shall dismiss jurisdiction if the court, at any time, finds the parent is able or willing to provide an alternative safe living arrangement for the child, as defined in Laws 1997, chapter 239, article 10, section 2.

(e) When a parent has complied with a case plan ordered under subdivision 6 and the child is in the care of the parent, the court may order the responsible social services agency to monitor the parent's continued ability to maintain the child safely in the home under such terms and conditions as the court determines appropriate under the circumstances.

Sec. 81. BOARD OF SCHOOL ADMINISTRATORS; RULEMAKING AUTHORITY.

On or before June 30, 2007, the Board of School Administrators may adopt expedited rules under Minnesota Statutes, section 14.389, to make technical revisions and clarifications to Minnesota Rules, chapter 3512.

Sec. 82. COLLEGE PREPARATION STANDARDS.

(a) The Higher Education Advisory Council must convene a working group to develop standards describing the skills and knowledge a high school graduate must have at entry into postsecondary education in order to successfully graduate from college. The standards must, to the extent possible, be applicable for all postsecondary education but may describe differences in the skills and knowledge necessary for success in different higher education institutions and programs. The standards need not

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

be comprehensive but must, at a minimum, be the essential skills and knowledge that will enable a student to succeed in college. The Higher Education Services Office must provide staff for the working group.

(b) The Higher Education Advisory Council must submit the standards to the commissioner of education no later than January 15, 2006. No later than March 15, 2006, the commissioner of education must report, to the chairs of the legislative committees with jurisdiction over kindergarten through grade 12 education policy and finance and higher education policy and finance, its recommendations regarding the changes, if any, that must be made in Minnesota's academic standards in order to ensure that Minnesota high school graduates meet the college readiness standards established by the Higher Education Advisory Council.

(c) The Higher Education Advisory Council must invite the University of Minnesota, Minnesota State Colleges and Universities, representatives of private colleges, and other private postsecondary institutions, to participate in the working group and may invite other individuals or entities to participate. The Higher Education Advisory Council and its working group may collaborate with the Minnesota P-16 Education Partnership in developing the college readiness standards.

Sec. 83. MINNESOTA COMPREHENSIVE ASSESSMENTS; RULES.

The commissioner of education shall adopt rules on or before January 1, 2006, to implement the Minnesota Comprehensive Assessments Second Edition (MCA-II) in reading, mathematics, and writing. For purposes of state and local high school graduation requirements, the rules must include criteria enabling school districts to:

(1) appropriately accommodate a student who fails but seeks to pass the Minnesota Comprehensive Assessments Second Edition; and

(2) exempt a disabled student, consistent with the student's individualized education plan, or an English language learner from the Minnesota Comprehensive Assessments Second Edition or administer an alternative assessment either to a disabled student, consistent with the student's individualized education plan, or to an English language learner.

Sec. 84. APPROPRIATIONS.

Subdivision 1. DEPARTMENT. The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated and include and supersede any amounts appropriated in Laws 2005, First Special Session chapter 2, or authorized by order of the Ramsey County District Court in Case No. C9-05-5928.

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

<u>\$25,465,000</u>	<u>....</u>	<u>2006</u>
<u>\$30,929,000</u>	<u>....</u>	<u>2007</u>

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

The 2006 appropriation includes \$3,324,000 for 2005 and \$22,141,000 for 2006.

The 2007 appropriation includes \$4,123,000 for 2006 and \$26,806,000 for 2007.

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

<u>\$1,393,000</u>	.....	<u>2006</u>
<u>\$3,185,000</u>	.....	<u>2007</u>

The 2006 appropriation includes \$0 for 2005 and \$1,393,000 for 2006.

The 2007 appropriation includes \$259,000 for 2006 and \$2,926,000 for 2007.

Subd. 4. INTEGRATION AID. For integration aid under Minnesota Statutes, section 124D.86, subdivision 5:

<u>\$57,801,000</u>	.....	<u>2006</u>
<u>\$57,536,000</u>	.....	<u>2007</u>

The 2006 appropriation includes \$8,545,000 for 2005 and \$49,256,000 for 2006.

The 2007 appropriation includes \$9,173,000 for 2006 and \$48,363,000 for 2007.

Subd. 5. MAGNET SCHOOL GRANTS. For magnet school and program grants:

<u>\$ 750,000</u>	.....	<u>2006</u>
<u>\$ 750,000</u>	.....	<u>2007</u>

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

Subd. 6. INTERDISTRICT DESEGREGATION OR INTEGRATION TRANSPORTATION GRANTS. For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

<u>\$7,768,000</u>	.....	<u>2006</u>
<u>\$9,908,000</u>	.....	<u>2007</u>

Subd. 7. SUCCESS FOR THE FUTURE. For American Indian success for the future grants under Minnesota Statutes, section 124D.81:

<u>\$2,137,000</u>	.....	<u>2006</u>
<u>\$2,137,000</u>	.....	<u>2007</u>

The 2006 appropriation includes \$335,000 for 2005 and \$1,802,000 for 2006.

The 2007 appropriation includes \$335,000 for 2006 and \$1,802,000 for 2007.

Subd. 8. AMERICAN INDIAN SCHOLARSHIPS. For American Indian scholarships under Minnesota Statutes, section 124D.84:

<u>\$1,875,000</u>	.....	<u>2006</u>
<u>\$1,875,000</u>	.....	<u>2007</u>

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

Subd. 9. AMERICAN INDIAN TEACHER PREPARATION GRANTS. For joint grants to assist American Indian people to become teachers under Minnesota Statutes, section 122A.63:

\$ 190,000	.....	2006
\$ 190,000	.....	2007

Subd. 10. TRIBAL CONTRACT SCHOOLS. For tribal contract school aid under Minnesota Statutes, section 124D.83:

\$2,389,000	.....	2006
\$2,603,000	.....	2007

The 2006 appropriation includes \$348,000 for 2005 and \$2,041,000 for 2006.

The 2007 appropriation includes \$380,000 for 2006 and \$2,223,000 for 2007.

Subd. 11. EARLY CHILDHOOD PROGRAMS AT TRIBAL SCHOOLS. For early childhood family education programs at tribal contract schools under Minnesota Statutes, section 124D.83, subdivision 4:

\$ 68,000	.....	2006
\$ 68,000	.....	2007

Subd. 12. STATEWIDE TESTING. For statewide testing support under Minnesota Statutes, section 120B.30:

\$10,200,000	.....	2006
\$10,200,000	.....	2007

Of this appropriation, \$1,200,000 each year is for development of interactive science assessments.

Subd. 13. 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:

\$4,500,000	.....	2006
\$4,500,000	.....	2007

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

(c) Notwithstanding Minnesota Statutes, section 120B.13, subdivision 1, at least \$500,000 each year is for teachers to attend subject matter summer training programs

New language is indicated by underline, deletions by strikeout.

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

\$ 7,250,000	.....	2006
\$ 7,250,000	.....	2007

Subd. 15. COLLABORATIVE URBAN EDUCATOR. For the collaborative urban educator program:

\$ 528,000	.....	2006
\$ 528,000	.....	2007

\$210,000 each year is for the Southeast Asian teacher program at Concordia University, St. Paul; \$159,000 each year is for the collaborative urban educator program at the University of St. Thomas; and \$159,000 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.

Subd. 16. YOUTH WORKS PROGRAM. For funding youth works programs under Minnesota Statutes, sections 124D.37 to 124D.45:

\$ 900,000	.....	2006
\$ 900,000	.....	2007

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. 17. STUDENT ORGANIZATIONS. For student organizations:

\$ 725,000	.....	2006
\$ 725,000	.....	2007

\$40,000 each year is for student organizations serving health occupations.

\$38,000 each year is for student organizations serving service occupations.

New language is indicated by underline, deletions by strikeout.

\$88,000 each year is for student organizations serving trade and industry occupations.

\$84,000 each year is for student organizations serving business occupations.

\$131,000 each year is for student organizations serving agriculture occupations.

\$125,000 each year is for student organizations serving family and consumer science occupations.

\$95,000 each year is for student organizations serving marketing occupations.

Subd. 18. EDUCATION PLANNING AND ASSESSMENT PROGRAM. For the Educational Planning and Assessment (EPAS) program under Minnesota Statutes, section 120B.128:

\$ 829,000	.....	2006
\$ 829,000	.....	2007

Subd. 19. COLLEGE LEVEL EXAMINATION PROGRAM (CLEP). For the College Level Examination program (CLEP) under Minnesota Statutes, section 120B.131:

\$ 825,000	.....	2006
\$1,650,000	.....	2007

Subd. 20. SITE DECISION-MAKING PROGRAM GRANTS. For planning and implementation grants to five school sites and school boards that have reached preliminary board approval or entered into school site decision-making agreements under Minnesota Statutes, section 123B.04:

\$ 250,000	2006
------------	-------	------

Any balance in the first year does not cancel but is available in the second year. This is a onetime appropriation.

Subd. 21. BEST PRACTICES. (a) For best practices grants:

\$1,260,000	.....	2006
\$1,210,000	.....	2007

(b) \$400,000 each year is for a grant to the Minnesota Humanities Commission under Minnesota Statutes, section 138.911.

(c) \$150,000 each year is for a grant to the Minnesota Historical Society.

(d) \$160,000 each 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 mathematic skills.

(e) \$50,000 in fiscal year 2006 is for schools mentoring schools under Minnesota Statutes, section 122A.628. 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.

(f) \$400,000 each year is for the Principals' Leadership Institute under Minnesota Statutes, section 122A.74.

(g) \$100,000 each year is for the quantum opportunities program.

Sec. 85. REPEALER.

(a) Minnesota Statutes 2004, section 124D.095, subdivision 9, is repealed.

(b) Minnesota Statutes 2004, section 128C.12, subdivision 4, is repealed.

EFFECTIVE DATE. This section, paragraph (a), is effective for revenue for fiscal year 2006. This section, paragraph (b), is effective the day following final enactment.

Sec. 86. EFFECTIVE DATE.

Any section in this article without a specified effective date is retroactively effective from July 1, 2005.

ARTICLE 3

SPECIAL PROGRAMS

Section 1. Minnesota Statutes 2004, section 121A.66, subdivision 5, is amended to read:

Subd. 5. **EMERGENCY.** "Emergency" means a situation in which immediate intervention is necessary to protect a pupil or other individual from physical injury or to prevent serious property damage.

Sec. 2. Minnesota Statutes 2004, section 121A.66, is amended by adding a subdivision to read:

Subd. 6. **POSITIVE BEHAVIORAL INTERVENTIONS AND SUPPORTS.** "Positive behavioral interventions and supports" means those strategies used to improve the school environment and teach pupils skills likely to increase pupil ability to exhibit appropriate behaviors.

Sec. 3. Minnesota Statutes 2004, section 121A.66, is amended by adding a subdivision to read:

Subd. 7. **TIME-OUT.** "Time-out" means:

(1) a contingent observation, which is not a regulated intervention, and involves instructing the pupil to leave the school activity during the school day and not participate for a period of time, but to observe the activity and listen to the discussion from a time-out area within the same setting;

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

(2) an exclusionary time-out, which is not a regulated intervention, and involves instructing the pupil to leave the school activity during the school day and not participate in or observe the classroom activity, but to go to another area from which the pupil may leave; or

(3) a locked time-out, which is a regulated intervention, and involves involuntarily removing the pupil from the school activity during the school day and placing the pupil in a specially designed and continuously supervised isolation room that the pupil is prevented from leaving.

Sec. 4. Minnesota Statutes 2004, section 121A.67, is amended to read:

121A.67 AVERSIVE AND DEPRIVATION PROCEDURES.

Subdivision 1. RULES. The commissioner, after consultation with interested parent organizations and advocacy groups, the Minnesota Administrators for Special Education, the Minnesota Association of School Administrators, Education Minnesota, the Minnesota School Boards Association, the Minnesota Police Officers Association, a representative of a bargaining unit that represents paraprofessionals, the Elementary School Principals Association, and the Secondary School Principals Association, must adopt amend rules governing the use of aversive and deprivation procedures by school district employees or persons under contract with a school district. The rules must:

(1) promote the use of positive approaches behavioral interventions and supports and must not encourage or require the use of aversive or deprivation procedures;

(2) require that planned application of aversive and deprivation procedures only be a part of an instituted after completing a functional behavior assessment and developing a behavior intervention plan that is included in or maintained with the individual education plan;

(3) require parents or guardians to be notified after the use of educational personnel to notify a parent or guardian of a pupil with an individual education plan on the same day aversive or deprivation procedures are used in an emergency or in writing within two school days if district personnel are unable to provide same-day notice;

(4) establish health and safety standards for the use of locked time-out procedures that require a safe environment, continuous monitoring of the child, ventilation, and adequate space, a locking mechanism that disengages automatically when not continuously engaged by school personnel, and full compliance with state and local fire and building codes, including state rules on time-out rooms; and

(5) contain a list of prohibited procedures;

(6) consolidate and clarify provisions related to behavior intervention plans;

(7) require school districts to register with the commissioner any room used for locked time-out, which the commissioner must monitor by making announced and unannounced on-site visits;

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

(8) place a student in locked time-out only if the intervention is:

(i) part of the comprehensive behavior intervention plan that is included in or maintained with the student's individual education plan, and the plan uses positive behavioral interventions and supports, and data support its continued use; or

(ii) used in an emergency for the duration of the emergency only; and

(9) require a providing school district or cooperative to establish an oversight committee composed of at least one member with training in behavioral analysis and other appropriate education personnel to annually review aggregate data regarding the use of aversive and deprivation procedures.

Subd. 2. REMOVAL BY PEACE OFFICER. If a pupil who has an individual education plan is restrained or removed from a classroom, school building, or school grounds by a peace officer at the request of a school administrator or a school staff person during the school day twice in a 30-day period, the pupil's individual education program team must meet to determine if the pupil's individual education plan is adequate or if additional evaluation is needed.

EFFECTIVE DATE. Subdivision 1 of this section is effective the day following final enactment.

Sec. 5. Minnesota Statutes 2004, section 124D.11, subdivision 5, is amended to read:

Subd. 5. SPECIAL EDUCATION AID. (a) Except as provided in subdivision 2, special education aid must be paid to a charter school according to section 125A.76, as though it were a school district.

(b) For fiscal year 2006, the charter school may charge tuition to the district of residence as follows:

(1) if the charter school does not receive general education revenue on behalf of the student according to subdivision 1, tuition shall be charged as provided in section 125A.11; or

(2) if the charter school receives general education revenue on behalf of the student according to subdivision 1, tuition shall be charged as provided in section 127A.47, subdivision 7, paragraph (d).

(c) For fiscal year 2007 and later, the special education aid paid to the charter school shall be adjusted as follows:

(1) if the charter school does not receive general education revenue on behalf of the student according to subdivision 1, the aid shall be adjusted as provided in section 125A.11; or

(2) if the charter school receives general education revenue on behalf of the student according to subdivision 1, the aid shall be adjusted as provided in section 127A.47, subdivision 7, paragraph (d).

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

Sec. 6. Minnesota Statutes 2004, section 124D.454, subdivision 5, is amended to read:

Subd. 5. **STATE TOTAL TRANSITION PROGRAM-DISABLED REVENUE.** The state total transition program-disabled revenue for fiscal year 2000 equals \$8,982,000. The state total transition program-disabled revenue for fiscal year 2001 equals \$8,966,000. The state total transition program-disabled revenue for later fiscal years equals:

- (1) the state total transition program-disabled revenue for the preceding fiscal year; times
- (2) the program growth factor; times
- (3) the greater of one, or 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.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 7. Minnesota Statutes 2004, section 125A.11, subdivision 1, is amended to read:

Subdivision 1. **NONRESIDENT TUITION RATE; OTHER COSTS.** (a) For fiscal year 2006, when a school district provides instruction and services outside the district of residence, board and lodging, and any tuition to be paid, shall be paid by the district of residence. The tuition rate to be charged for any child with a disability, excluding a pupil for whom tuition is calculated according to section 127A.47, subdivision 7, paragraph (d), must be the sum of (1) the actual cost of providing special instruction and services to the child including a proportionate amount for ~~capital outlay and debt service but not including any amount for special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, plus (2) the amount of general education revenue and referendum aid attributable to the pupil, minus (3) the amount of special education aid for children with a disability received on behalf of that child, minus (4) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum aid, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, attributable to that pupil for the portion of time the pupil receives instruction in the regular classroom. If the boards involved do not agree upon the tuition rate, either board may apply to the commissioner to fix the rate. Notwithstanding chapter 14, the commissioner must then set a date for a hearing or request a written statement from each board, giving each board at least ten days' notice, and after the hearing or review of the written statements the commissioner must make an order fixing the tuition rate, which is binding on both school districts. General education revenue and referendum aid attributable to a pupil must be calculated using the resident district's average general education and referendum revenue per adjusted pupil unit.~~

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

(b) For fiscal year 2007 and later, when a school district provides special instruction and services for a pupil with a disability as defined in section 125A.02 outside the district of residence, excluding a pupil for whom an adjustment to special education aid is calculated according to section 127A.47, subdivision 7, paragraph (e), special education aid paid to the resident district must be reduced by an amount equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, plus (2) the amount of general education revenue and referendum aid attributable to that pupil, minus (3) the amount of special education aid for children with a disability received on behalf of that child, minus (4) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum aid, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, attributable to that pupil for the portion of time the pupil receives instruction in the regular classroom. General education revenue and referendum aid attributable to a pupil must be calculated using the resident district's average general education revenue and referendum aid per adjusted pupil unit. Special education aid paid to the district or cooperative providing special instruction and services for the pupil must be increased by the amount of the reduction in the aid paid to the resident district. Amounts paid to cooperatives under this subdivision and section 127A.47, subdivision 7, shall be recognized and reported as revenues and expenditures on the resident school district's books of account under sections 123B.75 and 123B.76. If the resident district's special education aid is insufficient to make the full adjustment, the remaining adjustment shall be made to other state aid due to the district.

(c) Notwithstanding paragraphs (a) and (b) and section 127A.47, subdivision 7, paragraphs (d) and (e), a charter school where more than 30 percent of enrolled students receive special education and related services, an intermediate district, or a special education cooperative may apply to the commissioner for authority to charge the resident district an additional amount to recover any remaining unreimbursed costs of serving pupils with a disability. The application must include a description of the costs and the calculations used to determine the unreimbursed portion to be charged to the resident district. Amounts approved by the commissioner under this paragraph must be included in the tuition billings or aid adjustments under paragraph (a) or (b), or section 127A.47, subdivision 7, paragraph (d) or (e), as applicable.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2005, for revenue for fiscal year 2006.

Sec. 8. Minnesota Statutes 2004, section 125A.24, is amended to read:

125A.24 PARENT ADVISORY COUNCILS.

In order to increase the involvement of parents of children with disabilities in district policy making and decision making, school districts must have a special

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

education advisory council that is incorporated into the district's special education system plan.

(1) This advisory council may be established either for individual districts or in cooperation with other districts who are members of the same special education cooperative.

(2) A district may set up this council as a subgroup of an existing board, council, or committee.

(3) At least half of the designated council members must be parents of students with a disability. When a nonpublic school is located in the district, the council must include at least one member who is a parent of a nonpublic school student with a disability, or an employee of a nonpublic school if no parent of a nonpublic school student with a disability is available to serve. Each local council must meet no less than once each year. The number of members, frequency of meetings, and operational procedures are to be locally determined.

Sec. 9. Minnesota Statutes 2004, 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 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 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, 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

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

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 ~~On the date that Minnesota Part C Annual Performance Report is submitted to the federal Office of Special Education, the council must recommend to the governor and the commissioners of education, health, human services, commerce, and employment and economic development policies for a comprehensive and coordinated system.~~

Notwithstanding any other law to the contrary, the State Interagency Coordinating Council expires on June 30, ~~2005~~ 2009.

Sec. 10. Minnesota Statutes 2004, 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 2004 equals \$530,642,000. The state total special education aid for fiscal year 2005 equals \$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 greater of one, or 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.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 11. Minnesota Statutes 2004, section 125A.79, subdivision 1, is amended to read:

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.

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

(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 qualifying referendum revenue specified in paragraph (e) 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 1.02 for fiscal year 2003, and 1.0 for fiscal year 2004 and later.

(e) "Total qualifying referendum revenue" means two-thirds of the district's total referendum revenue for fiscal year 2006, one-third of the district's total referendum revenue for fiscal year 2007, and none of the district's total referendum revenue for fiscal year 2008 and later.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2006.

Sec. 12. Minnesota Statutes 2004, 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 excess cost aid for fiscal year 2005 equals \$91,811,000. The state total special education excess cost aid equals \$103,600,000 for fiscal year 2006 and \$104,700,000 for fiscal year 2007. The state total special education excess cost aid for fiscal year 2006 2008 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 greater of one, or 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.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2006.

Sec. 13. Minnesota Statutes 2004, 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 80 percent the current year aid payment percentage 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

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

aid under section 125A.79 for fiscal year 2005 equals 70 percent of the district's entitlement for the second prior fiscal year. For the purposes of this subdivision, a district's estimated entitlement for special education excess cost aid under section 125A.79 for fiscal year 2006 and later equals 74.0 percent of the district's entitlement for the current 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.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to aid payments for fiscal year 2005 and later.

Sec. 14. Minnesota Statutes 2004, section 127A.47, subdivision 7, is amended to read:

Subd. 7. **ALTERNATIVE ATTENDANCE PROGRAMS.** The general education aid and special 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.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) For fiscal year 2006, the district of residence must pay tuition to a district or an area learning center, operated according to paragraph (e) (f), 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 special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, minus (2) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum aid attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, minus (3) 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. For purposes of this paragraph, general education revenue and referendum aid attributable to a pupil must be

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

calculated using the serving district's average general education revenue and referendum aid per adjusted pupil unit.

(e) For fiscal year 2007 and later, special education aid paid to a resident district must be reduced by an amount equal to (1) the actual cost of providing special instruction and services, including special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, for 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, minus (2) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum aid attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, minus (3) special education aid attributable to that pupil, that is received by the district providing special instruction and services. For purposes of this paragraph, general education revenue and referendum aid attributable to a pupil must be calculated using the serving district's average general education revenue and referendum aid per adjusted pupil unit. Special education aid paid to the district or cooperative providing special instruction and services for the pupil, or to the fiscal agent district for a cooperative, must be increased by the amount of the reduction in the aid paid to the resident district. If the resident district's special education aid is insufficient to make the full adjustment, the remaining adjustment shall be made to other state aids due to the district.

(f) 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 have the general education revenue paid to a fiscal agent school district. Except as provided in paragraph (d) or (e), 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, 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. 15. Minnesota Statutes 2004, section 134.31, is amended by adding a subdivision to read:

Subd. 6. ADVISORY COMMITTEE. The commissioner shall appoint an advisory committee of five members to advise the staff of the Minnesota Library for the Blind and Physically Handicapped on long-range plans and library services. Members shall be people who use the library. Section 15.059 governs this committee except that the committee shall not expire.

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

Sec. 16. Laws 2003, First Special Session chapter 9, article 3, section 20, subdivision 6, as amended by Laws 2004, chapter 272, article 1, section 16, is amended to read:

Subd. 6. **SPECIAL EDUCATION; EXCESS COSTS.** For excess cost aid under Minnesota Statutes, section 125A.79, subdivision 7:

\$92,605,000	.....	2004
\$92,799,000	\$95,572,000	..... 2005

The 2004 appropriation includes \$41,754,000 for 2003 and \$50,851,000 for 2004.

The 2005 appropriation includes \$41,216,000 for 2004 and \$51,583,000 \$54,356,000 for 2005.

Of the state total excess cost aid for fiscal year 2005, \$150,000 shall be paid to Independent School District No. 2580, East Central, for unfunded special education costs that would otherwise be cross-subsidized with general education aid. For purposes of Minnesota Statutes, section 125A.79, subdivision 7, the state total excess cost aid used in calculating district special education excess cost aid must be reduced by the amount paid to Independent School District No. 2580, East Central.

EFFECTIVE DATE. This section is effective retroactively from June 30, 2005.

Sec. 17. **TASK FORCE ON DELIVERY OF SPECIAL EDUCATION TO NONPUBLIC SCHOOL STUDENTS BY PUBLIC SCHOOL DISTRICTS.**

Subdivision 1. PURPOSE; ESTABLISHMENT. A task force on the delivery of special education services to nonpublic school students by public school districts shall be established to compare and evaluate how the individual needs of each child are being met, if services are provided in the least restrictive environment, and whether best practices and program efficiencies are being used in the specific areas of transportation, location of services, and shared time aid.

Subd. 2. MEMBERS. The governor shall appoint the members of the task force from each of the following:

(1) two members from the Department of Education, one representing special education programs and policy and one representing district finances;

(2) two special education teachers with one member from a public school and one member from a nonpublic school;

(3) two special education administrators with one member from a public school and one member from a nonpublic school;

(4) two members with one from each of two special education advocacy organizations;

(5) two parents of children receiving special education services with one member from a public school and one member from a nonpublic school;

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

(6) two elementary school principals with one member from a public school and one member from a nonpublic school;

(7) two superintendents with one member from a public school district and one member from a nonpublic school district;

(8) two school business officials with one from a public school and one from a nonpublic school; and

(9) two school board officials with one from a public school and one from a nonpublic school.

The task force may select additional members to work on the task force. The commissioner of education shall provide necessary materials and assistance.

Subd. 3. REPORT. The task force shall submit a report by January 15, 2006, to the house of representatives and senate committees having jurisdiction over education on the delivery of special education services to nonpublic school students by public school districts, to compare and evaluate how the individual needs of each child are being met in the least restrictive environment, and whether best practices and program efficiencies are being used.

Subd. 4. EXPIRATION. This section expires January 31, 2006.

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

Sec. 18. 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 and include and supersede any amounts appropriated in Laws 2005, First Special Session chapter 2 or authorized by order of the Ramsey County District Court in Case No. C9-05-5928.

Subd. 2. SPECIAL EDUCATION; REGULAR. For special education aid under Minnesota Statutes, section 125A.75:

<u>\$528,846,000</u>	<u>.....</u>	<u>2006</u>
<u>\$527,446,000</u>	<u>.....</u>	<u>2007</u>

The 2006 appropriation includes \$83,078,000 for 2005 and \$445,768,000 for 2006.

The 2007 appropriation includes \$83,019,000 for 2006 and \$444,427,000 for 2007.

Subd. 3. 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>\$2,212,000</u>	<u>.....</u>	<u>2006</u>
<u>\$2,615,000</u>	<u>.....</u>	<u>2007</u>

New language is indicated by underline, deletions by strikeout.

If the appropriation for either year is insufficient, the appropriation for the other year is available.

Subd. 4. TRAVEL FOR HOME-BASED SERVICES. For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

\$ 187,000	.....	2006
\$ 195,000	.....	2007

The 2006 appropriation includes \$28,000 for 2005 and \$159,000 for 2006.

The 2007 appropriation includes \$29,000 for 2006 and \$166,000 for 2007.

Subd. 5. SPECIAL EDUCATION; EXCESS COSTS. For excess cost aid under Minnesota Statutes, section 125A.79, subdivision 7:

\$102,083,000	.....	2006
\$104,286,000	.....	2007

The 2006 appropriation includes \$37,455,000 for 2005 and \$64,628,000 for 2006.

The 2007 appropriation includes \$38,972,000 for 2006 and \$65,314,000 for 2007.

Subd. 6. TRANSITION FOR DISABLED STUDENTS. For aid for transition programs for children with disabilities under Minnesota Statutes, section 124D.454:

\$8,788,000	.....	2006
\$8,765,000	.....	2007

The 2006 appropriation includes \$1,380,000 for 2005 and \$7,408,000 for 2006.

The 2007 appropriation includes \$1,379,000 for 2006 and \$7,386,000 for 2007.

Subd. 7. 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:

\$ 65,000	.....	2006
\$ 70,000	.....	2007

Subd. 8. SPECIAL EDUCATION OUT-OF-STATE TUITION. For special education out-of-state tuition according to Minnesota Statutes, section 125A.79, subdivision 8:

\$ 250,000	.....	2006
\$ 250,000	.....	2007

Sec. 19. REPEALER.

Minnesota Statutes 2004, section 125A.75, subdivision 8, is repealed.

New language is indicated by underline, deletions by strikeout.

Sec. 20. EFFECTIVE DATE.

Any section in this article without a specified effective date is retroactively effective from July 1, 2005.

ARTICLE 4**FACILITIES AND TECHNOLOGY**

Section 1. Minnesota Statutes 2004, section 123B.42, is amended by adding a subdivision to read:

Subd. 1a. CURRICULUM; ELECTRONIC COMPONENTS. A school district that provides curriculum to resident students that has both physical and electronic components must make the electronic component accessible to a resident student in a home school in compliance with sections 120A.22 and 120A.24 at the request of the student or the student's parent or guardian, provided that the district does not incur more than an incidental cost as a result of providing access electronically.

Sec. 2. Minnesota Statutes 2004, section 123B.492, is amended to read:

123B.492 SUPERVISED COMPETITIVE HIGH SCHOOL DIVING.

Notwithstanding Minnesota Rules, part 4717.3750, any pool built before January 1, 1987, that was used for a one-meter board high school diving program during the 2000-2001 school year may be used for supervised competitive one-meter board high school diving. Schools and school districts are strongly encouraged to use a pool for supervised competitive high school diving that meets the requirements of Minnesota Rules, part 4717.3750. A school or district using a pool for supervised ~~training practice~~ for competitive high school diving for either training practice or competition that does not meet the requirements of Minnesota Rules, part 4717.3750, must provide appropriate notice to parents and participants as to the type of variance from Minnesota Rules and risk it may present.

Sec. 3. Minnesota Statutes 2004, section 123B.53, subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** (a) For purposes of this section, the eligible debt service revenue of a district is defined as follows:

(1) the amount needed to produce between five and six percent in excess of the amount needed to meet when due the principal and interest payments on the obligations of the district for eligible projects according to subdivision 2, including the amounts necessary for repayment of energy loans according to section 216C.37 or sections 298.292 to 298.298, debt service loans and capital loans, lease purchase payments under section 126C.40, subdivision 2, alternative facilities levies under section 123B.59, subdivision 5, minus

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

(2) the amount of debt service excess levy reduction for that school year calculated according to the procedure established by the commissioner.

(b) The obligations in this paragraph are excluded from eligible debt service revenue:

(1) obligations under section 123B.61;

(2) the part of debt service principal and interest paid from the taconite environmental protection fund or northeast Minnesota economic protection trust;

(3) obligations issued under Laws 1991, chapter 265, article 5, section 18, as amended by Laws 1992, chapter 499, article 5, section 24; and

(4) obligations under section 123B.62.

(c) For purposes of this section, if a preexisting school district reorganized under sections 123A.35 to 123A.43, 123A.46, and 123A.48 is solely responsible for retirement of the preexisting district's bonded indebtedness, capital loans or debt service loans, debt service equalization aid must be computed separately for each of the preexisting districts.

(d) For purposes of this section, the adjusted net tax capacity determined according to section 127A.48 shall be adjusted to include a portion of the tax capacity of property generally exempted from ad valorem taxes under section 272.02, subdivisions 64 and 65, equal to the product of that tax capacity times the ratio of the eligible debt service revenue attributed to general obligation bonds to the total eligible debt service revenue of the district.

Sec. 4. Minnesota Statutes 2004, section 123B.54, is amended to read:

123B.54 DEBT SERVICE APPROPRIATION.

(a) ~~\$28,367,000~~ \$21,624,000 in fiscal year ~~2006~~ 2008 and ~~\$25,560,000~~ \$20,403,000 in fiscal year ~~2007~~ 2009 and later are appropriated from the general fund to the commissioner of education for payment of debt service equalization aid under section 123B.53.

(b) The appropriations in paragraph (a) must be reduced by the amount of any money specifically appropriated for the same purpose in any year from any state fund.

Sec. 5. Minnesota Statutes 2004, section 123B.59, subdivision 3, is amended to read:

Subd. 3. **BOND AUTHORIZATION.** (a) A school district may issue general obligation bonds under this section to finance 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

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

this chapter, or any other law other than section 475.53, subdivision 4.

(b) At least 20 days before a district issues bonds the earliest of solicitation of bids, the issuance of bonds, or the final certification of levies under this subdivision 5, if the district must publish notice of the intended projects, the amount of the bond issue, and the total amount of district indebtedness, and the commissioner's review and comment, if applicable.

Sec. 6. Minnesota Statutes 2004, section 123B.59, subdivision 3a, is amended 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) At least 20 days before a final district certification of levies under this subdivision 5, if the district must publish notice of the intended projects, including the total estimated project cost, and the commissioner's review and comment, if applicable.

Sec. 7. [123B.59] DEFERRED MAINTENANCE REVENUE.

Subdivision 1. ELIGIBILITY. An independent or special school district that does not qualify to participate in the alternative facilities bonding and levy under section 123B.59, subdivision 1, paragraph (a), is eligible to receive deferred maintenance revenue.

Subd. 2. DEFERRED MAINTENANCE REVENUE. The deferred maintenance revenue for an eligible school district equals the product of \$60 times the adjusted marginal cost pupil units for the school year times the lesser of one or the ratio of the district's average age of building space to 35 years.

Subd. 3. DEFERRED MAINTENANCE LEVY. To obtain deferred maintenance revenue for fiscal year 2008 and later, a district may levy an amount not more than the product of its deferred maintenance revenue for the fiscal year times the lesser of one or the ratio of its adjusted net tax capacity per adjusted marginal cost pupil unit to \$5,900.

Subd. 4. DEFERRED MAINTENANCE AID. For fiscal year 2008 and later, a district's deferred maintenance aid equals its deferred maintenance revenue minus its deferred maintenance levy times the ratio of the actual amount levied to the permitted levy.

Subd. 5. RESERVE ACCOUNT. Deferred maintenance revenue must be maintained in a reserve account within the general fund. Deferred maintenance revenue may be used only for expenditures that would be eligible for alternative facilities bonding and levy revenue under section 123B.59, subdivision 2, paragraph (a), if the district qualified for that revenue under section 123B.59, subdivision 1, paragraph (a).

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

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

Sec. 8. Minnesota Statutes 2004, section 123B.63, subdivision 2, is amended to read:

Subd. 2. **USES OF THE ACCOUNT.** Money in the capital project referendum account must be used only for the purposes specified in section 126C.10, subdivision 14, for operating capital revenue, including the 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. 9. Minnesota Statutes 2004, section 123B.71, subdivision 8, is amended to read:

Subd. 8. **REVIEW AND COMMENT.** A school district, a special education cooperative, or a cooperative unit of government, as defined in section 123A.24, subdivision 2, must not initiate an installment contract for purchase or a lease agreement, hold a referendum for bonds, nor solicit bids for new construction, expansion, or remodeling of an educational facility that requires an expenditure in excess of \$500,000 per school site prior to review and comment by the commissioner. The commissioner may exempt a facility maintenance project funded with general education aid and levy, alternative facilities bonding and levy program, or health and safety revenue from this provision after reviewing a written request from a school district describing the scope of work. A school board shall not separate portions of a single project into components to avoid the requirements of this subdivision.

Sec. 10. Minnesota Statutes 2004, section 123B.71, subdivision 9, is amended to read:

Subd. 9. **INFORMATION REQUIRED.** A school board proposing to construct a facility described in subdivision 8 shall submit to the commissioner a proposal containing information including at least the following:

(1) the geographic area and population to be served, preschool through grade 12 student enrollments for the past five years, and student enrollment projections for the next five years;

(2) a list of existing facilities by year constructed, their uses, and an assessment of the extent to which alternate facilities are available within the school district boundaries and in adjacent school districts;

(3) a list of the specific deficiencies of the facility that demonstrate the need for a new or renovated facility to be provided, and a list of the specific benefits that the new or renovated facility will provide to the students, teachers, and community users served by the facility;

(4) the relationship of the project to any priorities established by the school district, educational cooperatives that provide support services, or other public bodies in the service area;

(5) a specification of how the project will increase community use of the facility and whether and how the project will increase collaboration with other governmental or nonprofit entities;

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

(6) a description of the project, including the specification of site and outdoor space acreage and square footage allocations for classrooms, laboratories, and support spaces; estimated expenditures for the major portions of the project; and the dates the project will begin and be completed;

(7) a specification of the source of financing the project; the scheduled date for a bond issue or school board action; a schedule of payments, including debt service equalization aid; and the effect of a bond issue on local property taxes by the property class and valuation;

(8) an analysis of how the proposed new or remodeled facility will affect school district operational or administrative staffing costs, and how the district's operating budget will cover any increased operational or administrative staffing costs;

(9) a description of the consultation with local or state road and transportation officials on school site access and safety issues, and the ways that the project will address those issues;

(10) a description of how indoor air quality issues have been considered and a certification that the architects and engineers designing the facility will have professional liability insurance;

(11) as required under section 123B.72, for buildings coming into service after July 1, 2002, a certification that the plans and designs for the extensively renovated or new facility's heating, ventilation, and air conditioning systems will meet or exceed code standards; will provide for the monitoring of outdoor airflow and total airflow of ventilation systems; and will provide an indoor air quality filtration system that meets ASHRAE standard 52.1;

(12) a specification of any desegregation requirements that cannot be met by any other reasonable means; and

(13) a specification, if applicable, of how the facility will utilize environmentally sustainable school facility design concepts; and

(14) a description of how the architects and engineers have considered the American National Standards Institute Acoustical Performance Criteria, Design Requirements and Guidelines for Schools of the maximum background noise level and reverberation times.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 11. Minnesota Statutes 2004, section 123B.71, subdivision 12, is amended to read:

Subd. 12. **PUBLICATION.** (a) At least 20 days but not more than 60 days before a referendum for bonds or solicitation of bids for a project that has received a positive or unfavorable review and comment under section 123B.70, the school board shall publish the commissioner's review and comment of that project in the legal newspaper of the district. Supplementary information shall be available to the public.

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

(b) The publication requirement in paragraph (a) does not apply to alternative facilities projects approved under section 123B.59. Publication for alternative facilities projects shall be as specified in section 123B.59, subdivisions 3 and 3a.

Sec. 12. Minnesota Statutes 2004, section 124D.095, subdivision 2, is amended to read:

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

(a) "Online learning" is an interactive course or program that delivers instruction from a teacher 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) "Online learning provider" is a school district, an intermediate 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 online 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) "Online learning student" is a student enrolled in an online learning course or program delivered by an online 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.

Sec. 13. Minnesota Statutes 2004, section 124D.095, subdivision 4, is amended to read:

Subd. 4. **ONLINE LEARNING PARAMETERS.** (a) An online learning student must receive academic credit for completing the requirements of an online learning course or program. Secondary credits granted to an online 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 online learning students, and must continue to provide nonacademic services to online learning students. If a student completes an online 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 online 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 online learning student in proportion to the number of online learning courses the student takes from an online learning provider that is not the enrolling district.

(b) An online learning student may:

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

(1) enroll during a single school year in a maximum of 12 semester-long courses or their equivalent delivered by an online 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 online 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 online learning course or program if the student's IEP team determines that online learning is appropriate education for the student.

(d) An online 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 online learning provider must assist an online learning student whose family qualifies for the education tax credit under section 290.0674 to acquire computer hardware and educational software for online learning purposes.

(e) An enrolling district may offer online learning to its enrolled students. Such online learning does not generate online learning funds under this section. An enrolling district that offers online 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 online learning from an enrolling district. The delivery of instruction occurs when the student interacts with the computer or the teacher and receives ongoing assistance and assessment of learning. The instruction may include curriculum developed by persons other than a teacher with a Minnesota license.

(f) An online 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 online learning students. The delivery of instruction occurs when the student interacts with the computer or the teacher and receives ongoing assistance and assessment of learning. 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 online learning instruction must not instruct more than 40 students in any one online learning course or program.

Sec. 14. Minnesota Statutes 2004, section 124D.095, is amended by adding a subdivision to read:

Subd. 10. ONLINE LEARNING ADVISORY COUNCIL. (a) An online learning 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 12 members from throughout the state who have demonstrated experience with or interest in online learning. The members of the council shall be appointed by the commissioner. The advisory council shall bring to the attention of the commissioner any matters

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

related to online learning and provide input to the department in matters related, but not restricted, to:

- (1) quality assurance;
- (2) teacher qualifications;
- (3) program approval;
- (4) special education;
- (5) attendance;
- (6) program design and requirements; and
- (7) fair and equal access to programs.

(b) The online learning advisory council under this subdivision expires June 30, 2008.

Sec. 15. [125B.26] TELECOMMUNICATIONS/INTERNET ACCESS EQUITY AID.

Subdivision 1. COSTS TO BE SUBMITTED. (a) A district or charter school shall submit its actual telecommunications/Internet access costs for the previous fiscal year, adjusted for any e-rate revenue received, to the department by August 15 of each year as prescribed by the commissioner. Costs eligible for reimbursement under this program are limited to the following:

(1) ongoing or recurring telecommunications/Internet access costs associated with Internet access, data lines, and video links providing:

(i) the equivalent of one data line, video link, or integrated data/video link that relies on a transport medium that operates at a minimum speed of 1.544 megabytes per second (T1) for each elementary school, middle school, or high school under section 120A.05, subdivisions 9, 11, and 13, including the recurring telecommunications line lease costs and ongoing Internet access service fees; or

(ii) the equivalent of one data line or video circuit, or integrated data/video link that relies on a transport medium that operates at a minimum speed of 1.544 megabytes per second (T1) for each district, including recurring telecommunications line lease costs and ongoing Internet access service fees;

(2) recurring costs of contractual or vendor-provided maintenance on the school district's wide area network to the point of presence at the school building up to the router, codec, or other service delivery equipment located at the point of presence termination at the school or school district;

(3) recurring costs of cooperative, shared arrangements for regional delivery of telecommunications/Internet access between school districts, postsecondary institutions, and public libraries including network gateways, peering points, regional

New language is indicated by underline, deletions by strikeout.

network infrastructure, Internet2 access, and network support, maintenance, and coordination; and

(4) service provider installation fees for installation of new telecommunications lines or increased bandwidth.

(b) Costs not eligible for reimbursement under this program include:

(1) recurring costs of school district staff providing network infrastructure support;

(2) recurring costs associated with voice and standard telephone service;

(3) costs associated with purchase of network hardware, telephones, computers, or other peripheral equipment needed to deliver telecommunications access to the school or school district;

(4) costs associated with laying fiber for telecommunications access;

(5) costs associated with wiring school or school district buildings;

(6) costs associated with purchase, installation, or purchase and installation of Internet filtering; and

(7) costs associated with digital content, including online learning or distance learning programming, and information databases.

Subd. 2. E-RATES. To be eligible for aid under this section, a district or charter school is required to file an e-rate application either separately or through its telecommunications access cluster and have a current technology plan on file with the department. Discounts received on telecommunications expenditures shall be reflected in the costs submitted to the department for aid under this section.

Subd. 3. REIMBURSEMENT CRITERIA. The commissioner shall develop criteria for approving costs submitted by organized school districts and charter schools under subdivision 1.

Subd. 4. DISTRICT AID. For fiscal year 2006 and later, a district or charter school's Internet access equity aid equals the district or charter school's approved cost for the previous fiscal year according to subdivision 1 exceeding \$15 times the district's adjusted marginal cost pupil units for the previous fiscal year or no reduction if the district is part of an organized telecommunications access cluster. Equity aid must be distributed to the telecommunications access cluster for districts that are members of the cluster or to individual districts and charter schools not part of a telecommunications access cluster.

Subd. 5. TELECOMMUNICATIONS/INTERNET ACCESS SERVICES FOR NONPUBLIC SCHOOLS. (a) Districts shall provide each year upon formal request by or on behalf of a nonpublic school, not including home schools, located in that district or area, ongoing or recurring telecommunications access services to the

New language is indicated by underline, deletions by strikeout.

nonpublic school either through existing district providers or through separate providers.

(b) The amount of district aid for telecommunications access services for each nonpublic school under this subdivision equals the lesser of:

(1) 90 percent of the nonpublic school's approved cost for the previous fiscal year according to subdivision 1 exceeding \$10 for fiscal year 2006 and later times the number of weighted pupils enrolled at the nonpublic school as of October 1 of the previous school year; or

(2) the product of the district's aid per pupil unit according to subdivision 4 times the number of weighted pupils enrolled at the nonpublic school as of October 1 of the previous school year.

(c) For purposes of this subdivision, nonpublic school pupils shall be weighted by grade level using the weighting factors defined in section 126C.05, subdivision 1.

(d) Each year, a district providing services under paragraph (a) may claim up to five percent of the aid determined in paragraph (b) for costs of administering this subdivision. No district may expend an amount for these telecommunications access services which exceeds the amount allocated under this subdivision. The nonpublic school is responsible for the Internet access costs not covered by this section.

(e) At the request of a nonpublic school, districts may allocate the amount determined in paragraph (b) directly to the nonpublic school to pay for or offset the nonpublic school's costs for telecommunications access services; however, the amount allocated directly to the nonpublic school may not exceed the actual amount of the school's ongoing or recurring telecommunications access costs.

Subd. 6. SEVERABILITY. If any portion of this section is found by a court to be unconstitutional, the remaining portions of the section shall remain in effect.

Sec. 16. Minnesota Statutes 2004, 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 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 payment from the general fund in the state treasury according to section 16A.641, as would be required under section 126C.72, subdivision 3. A district's levy that is adjusted under this section must not be reduced below ~~30.4~~ 25 percent of the district's adjusted net tax capacity.

Sec. 17. Minnesota Statutes 2004, 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:

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

(1) a levy in whichever of the following amounts is applicable:

(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, 2002, a levy in total dollar amount computed at a rate of 40 32 percent of adjusted net tax capacity for taxes payable in 2002 and thereafter;

(ii) in any district receiving a debt service loan for a debt service levy payable in 2001 or earlier, or granted a capital loan before January 2, ~~2001~~ 2002, a levy in a total dollar amount computed at a rate of ~~32~~ 28 percent of adjusted net tax capacity for taxes payable in 2002 and thereafter; or

(2) a levy in any district for which a capital loan was approved prior to August 1, 1981, a levy in a total dollar amount equal to the sum of the amount of the required debt service levy and an amount which when levied annually will in the opinion of the commissioner be sufficient to retire the remaining interest and principal on any outstanding loans from the state within 30 years of the original date when the capital loan was granted.

(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. 18. Minnesota Statutes 2004, section 128D.11, subdivision 9, is amended to read:

Subd. 9. **NET DEBT DEFINED.** The net debt of the school district for the purposes of this limitation is the amount of bonds less the amount of all money and the face value of all securities then held as a sinking fund for the payment of such bonds, and shall not include school aid and tax anticipation certificates of indebtedness not in default or bonds issued to pay pension fund liabilities under section 475.52, subdivision 6.

Sec. 19. Minnesota Statutes 2004, 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, for obligations authorized before July 1, 2005, the amount of any surplus remaining in the

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

debt service fund of a school district when the obligations and interest thereon are paid shall be used to reduce the general fund levy levies authorized pursuant to chapters 122A, 123A, 123B, 124D, and 126C and the state aids authorized pursuant to chapters 122A, 123A, 123B, 124D, 125A, 126C, and 127A. For obligations authorized on July 1, 2005, or thereafter, the amount of any surplus remaining in the debt service fund of a school district when the obligations and interest thereon are paid in full may be appropriated to any other general purpose by the school district without any reduction in state aid or levies or may be used to reduce the general fund levies authorized under chapters 122A, 123A, 123B, 124D, and 126C, and the state aids authorized under chapters 122A, 123A, 123B, 124D, 125A, 126C, and 127A.

(b) If the district qualified for second tier debt service equalization aid in the last year that it qualified for debt service equalization aid, the reduction to state aids equals the lesser of (1) the amount of the surplus times the ratio of the district's second tier debt service equalization aid to the district's second tier 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) If the district did not qualify for second tier debt service equalization aid in the last year that it qualified for debt service equalization aid, 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.

(d) The reduction to the general fund levy levies equals the total amount of the surplus minus the reduction to state aids.

Sec. 20. Laws 1996, chapter 412, article 5, section 24, is amended to read:

Sec. 24. **BONDS PAID FROM TACONITE PRODUCTION TAX REVENUES.**

Subdivision 1. **REFUNDING BONDS.** The appropriation of funds from the distribution of taconite production tax revenues to the taconite environmental protection tax fund and the northeast Minnesota economic protection fund made by Laws 1988, chapter 718, article 7, sections 62 and 63, Laws 1989, chapter 329, article 5, section 20, Laws 1990, chapter 604, article 8, section 13, Laws 1992, chapter 499, article 5, section 29, and by sections 18 to 20 Laws 1996, chapter 412, article 5, sections 20 to 22, and Laws 2000, chapter 489, article 5, sections 24 to 26, shall continue to apply to bonds issued under Minnesota Statutes, chapter 475, to refund bonds originally issued pursuant to those chapters.

Subd. 2. **LOCAL PAYMENTS.** School districts that are required in Laws 1988, chapter 718, article 7, sections 62 and 63, Laws 1989, chapter 329, article 5, section 20, Laws 1990, chapter 604, article 8, section 13, Laws 1992, chapter 499, article 5, section 29, and by sections 18 to 20 Laws 1996, chapter 412, article 5, sections 20 to 22, and Laws 2000, chapter 489, article 5, sections 24 to 26, to impose levies to pay

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

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

Sec. 21. Laws 2003, First Special Session chapter 9, article 4, section 29, as amended by Laws 2003, First Special Session chapter 23, section 18, is amended to read:

Sec. 29. GARAGE LEASE LEVY; SARTELL.

For taxes payable in 2004, 2005, and 2006, and 2007, independent school district No. 740 748, Sartell, may levy up to \$107,000 each year and for taxes payable in 2008 may levy up to \$67,000 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 \$90 \$100 per resident 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. 22. LEVY; GLENCOE-SILVER LAKE.

For taxes payable in 2006 only, Independent School District No. 2859, Glencoe-Silver Lake, may levy an amount up to \$81,000. Of that amount, \$64,000 is for recovering the cost of replacing a gymnasium floor at Lakeside Elementary School resulting from storm damage and \$17,000 is for recovering the cost of the Lincoln Junior High School water service line and associated work.

EFFECTIVE DATE. This section is effective for taxes payable in 2006.

Sec. 23. LEASE LEVY; ADMINISTRATIVE SPACE, WACONIA.

Independent School District No. 110, Waconia, may lease administrative space under Minnesota Statutes, section 126C.40, subdivision 1, if the district can demonstrate to the commissioner's satisfaction that the administrative space is less expensive than instructional space that the district would otherwise lease. The commissioner must deny this levy authority unless the district passes a resolution stating its intent to lease instructional space under Minnesota Statutes, section 126C.40, subdivision 1, if the commissioner does not grant authority under this section. The resolution must also certify that a lease of administrative space under this section is less expensive than the district's proposed instructional lease. Levy authority under this section shall not exceed the total levy authority under Minnesota Statutes, section 126C.40, subdivision 1, paragraph (e).

EFFECTIVE DATE. This section is effective for revenue for taxes payable in 2006 through 2011.

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

Sec. 24. RESIDENTIAL PROGRAM FACILITIES; WORTHINGTON.

Subject to Minnesota Statutes, section 16A.695, Independent School District No. 518, Worthington, may use the facilities provided under Laws 1994, chapter 643, section 14, subdivision 8, as amended by Laws 1995, chapter 76, section 1, to provide adult foster care or child foster care services licensed by the commissioner of human services or for other special education purposes.

Sec. 25. 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 and include and supersede any amounts appropriated in Laws 2005, First Special Session chapter 2, or authorized by order of the Ramsey County District Court in case No. C9-05-5928.

Subd. 2. HEALTH AND SAFETY REVENUE. For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

\$ 802,000	.....	2006
\$ 578,000	.....	2007

The 2006 appropriation includes \$211,000 for 2005 and \$591,000 for 2006.

The 2007 appropriation includes \$109,000 for 2006 and \$469,000 for 2007.

Subd. 3. DEBT SERVICE EQUALIZATION. For debt service aid according to Minnesota Statutes, section 123B.53, subdivision 6:

\$25,654,000	.....	2006
\$24,134,000	.....	2007

The 2006 appropriation includes \$4,654,000 for 2005 and \$21,000,000 for 2006.

The 2007 appropriation includes \$3,911,000 for 2006 and \$20,223,000 for 2007.

Subd. 4. ALTERNATIVE FACILITIES BONDING AID. For alternative facilities bonding aid, according to Minnesota Statutes, section 123B.59, subdivision 1:

\$19,287,000	.....	2006
\$19,287,000	.....	2007

The 2006 appropriation includes \$3,028,000 for 2005 and \$16,259,000 for 2006.

The 2007 appropriation includes \$3,028,000 for 2006 and \$16,259,000 for 2007.

Subd. 5. EQUITY IN TELECOMMUNICATIONS ACCESS. For equity in telecommunications access:

\$3,750,000	.....	2006
\$3,750,000	.....	2007

If the appropriation amount is insufficient, the commissioner shall reduce the reimbursement rate in Minnesota Statutes, section 125B.26, subdivisions 4 and 5, and

New language is indicated by underline, deletions by strikeout.

the revenue for the fiscal years 2006 and 2007 shall be prorated. The base for this program in fiscal year 2008 and later is \$3,750,000. Any balance in the first year does not cancel but is available in the second year.

Subd. 6. EMERGENCY AID, RED LAKE. For Independent School District No. 38, Red Lake, for onetime emergency aid to repair infrastructure damage to the Red Lake High School as a result of the March 21, 2005, school shooting:

\$ 50,000 2006

The school district must submit proposed expenditures for these funds for review and comment approval under Minnesota Statutes, section 123B.71, before the commissioner releases the funds to the district. The district must report the amount of its unreimbursed costs to the commissioner.

Sec. 26. EFFECTIVE DATE.

Any section in this article without a specified effective date is retroactively effective from July 1, 2005.

ARTICLE 5

NUTRITION AND ACCOUNTING

Section 1. Minnesota Statutes 2004, 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 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,

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

paragraphs (b), (c), and (d); 126C.43, subdivision 2; 126C.457; and 126C.48, subdivision 6.

(e) 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:

(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 ~~45~~ 48.6 percent of the referendum levy certified according to section 126C.17, in the prior calendar year or 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 (b), (c), and (d); 126C.43, subdivision 2; 126C.457; and 126C.48, subdivision 6; plus

(iii) ~~45~~ 48.6 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).

Sec. 2. Minnesota Statutes 2004, section 124D.111, subdivision 1, is amended to read:

Subdivision 1. **SCHOOL LUNCH AID COMPUTATION.** Each school year, the state must pay ~~districts participating participants~~ in the national school lunch program the amount of ~~eight ten~~ cents for each full paid, reduced, and free student lunch served to students ~~in the district~~.

EFFECTIVE DATE. This section is effective for fiscal year 2006.

Sec. 3. Minnesota Statutes 2004, section 124D.111, subdivision 2, is amended to read:

Subd. 2. **APPLICATION.** ~~A school districts district, charter school, nonpublic school, or other participant in the national school lunch program~~ shall apply to the department for this payment on forms provided by the department.

EFFECTIVE DATE. This section is effective for fiscal year 2006.

Sec. 4. Minnesota Statutes 2004, section 124D.118, subdivision 4, is amended to read:

Subd. 4. **REIMBURSEMENT.** In accordance with program guidelines, the commissioner shall reimburse each participating public or nonpublic school ~~nine~~ 14

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

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.

EFFECTIVE DATE. This section is effective for fiscal year 2006.

Sec. 5. Minnesota Statutes 2004, 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) ~~80 percent~~ the current year aid payment percentage 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.

EFFECTIVE DATE. This section is effective for state aid payments for fiscal year 2006.

Sec. 6. Minnesota Statutes 2004, 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 ~~80 percent~~ the current year aid payment percentage of the estimated entitlement during the fiscal year of the entitlement. This amount shall be paid in 12 equal monthly installments. The amount of the actual entitlement, after adjustment for actual data, minus the payments made during the fiscal year of the entitlement must be paid prior to October 31 of the following school year. The commissioner may make advance payments of debt service equalization 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

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

during the year and, if necessary, increase the percent of the entitlement paid to reduce the cash flow problem.

EFFECTIVE DATE. This section is effective for state aid payments for fiscal year 2006.

Sec. 7. Minnesota Statutes 2004, 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 ~~80 percent~~ the current year aid payment percentage 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.

EFFECTIVE DATE. This section is effective for state aid payments for fiscal year 2006.

Sec. 8. Minnesota Statutes 2004, section 127A.45, subdivision 16, is amended to read:

Subd. 16. **PAYMENTS TO THIRD PARTIES.** Notwithstanding subdivision 3, ~~80 percent~~ the current year aid payment percentage 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 ~~20 percent~~ final adjustment payment on October 30 of the next fiscal year of the remaining amount.

EFFECTIVE DATE. This section is effective for state aid payments for fiscal year 2006.

Sec. 9. **FUND TRANSFERS.**

Subdivision 1. **LAKE CRYSTAL-WELCOME MEMORIAL.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, as of June 30, 2005, upon approval of the commissioner of education, Independent School District No. 2071, Lake Crystal-Wellcome Memorial, may permanently transfer up to \$133,000 from its reserved account for handicapped access to its undesignated general fund balance.

Subd. 2. **ROCKFORD.** Notwithstanding Minnesota Statutes, sections 123B.79, 123B.80, and 475.61, subdivision 4, Independent School District No. 883, Rockford, as of June 30, 2005, may permanently transfer up to \$660,000 from its debt redemption fund to the undesignated balance of its general fund without making a levy reduction.

Subd. 3. **RUSSELL.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, as of June 30, 2005, Independent School District No. 418, Russell, may

New language is indicated by underline, deletions by strikeout.

transfer up to \$50,000 from its reserved capital accounts in its general fund to its undesignated fund balance.

Subd. 4. **RUTHTON.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, as of June 30, 2005, Independent School District No. 584, Ruthton, may permanently transfer up to \$140,000 from its reserved for operating capital account to the undesignated general fund balance.

Subd. 5. **WINDOM.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, Independent School District No. 177, Windom, as of June 30, 2005, may permanently transfer up to \$270,000 from its reserved for operating capital account to the undesignated balance in its general fund.

Subd. 6. **CHOKIO-ALBERTA.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, as of June 30, 2005, Independent School District No. 771, Chokio-Alberta, may permanently transfer up to \$150,000 from its reserved operating capital account and up to \$50,000 from its reserved account for disabled accessibility to the undesignated general fund balance.

Subd. 7. **BUTTERFIELD.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, for calendar years 2005 through 2007, as of June 30 of each year, Independent School District No. 836, Butterfield, may permanently transfer up to \$50,000 from its reserved operating capital account in its general fund to its undesignated general fund balance and \$60,000 from its reserved bus purchase account in its general fund to its undesignated general fund balance. The total amount transferred for the three-year period must not total more than \$50,000 from the reserved operating capital account and \$60,000 from the reserved bus purchase account.

Subd. 8. **CLINTON-GRACEVILLE-BEARDSLEY.** Notwithstanding Minnesota Statutes, sections 123B.79, 123B.80, and 475.64, subdivision 4, as of June 30, 2005, Independent School District No. 2888, Clinton-Graceville-Beardsley may permanently transfer up to \$244,000 from its reserved for disabled accessibility account to its unrestricted general fund account without making a levy reduction.

Subd. 9. **HASTINGS.** Notwithstanding Minnesota Statutes, section 123A.27, as of June 30, 2005, Independent School District No. 200, Hastings, may permanently transfer up to \$300,000 from its reserved account for instructional services from entities formed for cooperative services for special education and secondary vocational programs in its general fund to its unrestricted general fund account.

Subd. 10. **M.A.C.C.R.A.Y.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, upon approval of the commissioner of education, as of June 30, 2005, Independent School District No. 2180, M.A.C.C.R.A.Y., may permanently transfer up to \$230,000 from its reserved account for handicapped access to its undesignated general fund balance.

Subd. 11. **MCLEOD WEST.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on or before June 30, 2007, Independent School District No.

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

2887, McLeod West, may permanently transfer up to \$200,000 from its reserved operating capital account in its general fund to the undesignated fund balance.

Subd. 12. WIN-E-MAC. Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, as of June 30, 2005, Independent School District No. 2609, Win-E-Mac, may permanently transfer up to \$87,000 from its reserved account for disabled accessibility to its reserved operating capital account in its general fund.

EFFECTIVE DATE. This section is retroactively effective from June 30, 2005.

Sec. 10. DISABLED ACCESS LEVY AUTHORITY; EAST GRAND FORKS.

Notwithstanding the time limits established in Minnesota Statutes, section 123B.58, subdivision 3, Independent School District No. 595, East Grand Forks, may levy its remaining disabled access levy authority over five or fewer years.

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

Sec. 11. TAX BASE ADJUSTMENTS, FERTILE-BELTRAMI.

(a) Notwithstanding Minnesota Statutes, section 123B.61, the commissioner of education, when making offsetting levy adjustments between levy categories to ensure that each levy category is positive for Independent School District No. 599, Fertile-Beltrami, shall make such adjustments first between levy categories that are imposed on identical tax bases before making such adjustments between levy categories that are imposed on different tax bases. The commissioner may make offsetting levy adjustments between the general fund and the debt service fund, if necessary.

(b) The commissioner of education must make the offsetting levy adjustments according to the process in paragraph (a) until Independent School District No. 599, Fertile-Beltrami's current referendum authority, under Minnesota Statutes, section 126C.17, expires.

Sec. 12. NONPROFIT GRANT AND CONTRACT DECISIONS.

Subdivision 1. PAYMENT FOR CONTINUING SERVICES. If a nonprofit corporation has provided services based on an appropriation to a state agency for the fiscal year ending June 30, 2005, that names the nonprofit corporation or based on a grant award letter from a state agency to the nonprofit corporation for fiscal year 2005, and the state agency has delayed its final decision on whether to enter into a grant or contract with the same nonprofit corporation to provide essentially the same services for the fiscal year ending June 30, 2006, pending enactment of an appropriation to continue paying for the services, then within 30 business days after the effective date of this section, the state agency must:

- (1) process the grant or contract with the nonprofit corporation; and
- (2) issue payment to the nonprofit corporation for services already provided on and after July 1, 2005.

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

Subd. 2. CONTRACTS RETROACTIVE. A contract encumbered or a grant awarded by a state agency to a nonprofit corporation before September 1, 2005, for services rendered in the fiscal year ending June 30, 2006, is retroactive from the date that services of the kind covered by the contract or grant were first provided on or after July 1, 2005.

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

Sec. 13. REIMBURSEMENT TO LOCAL GOVERNMENTS.

During the fiscal year beginning July 1, 2005, if a county or other local unit of government advances money from its own resources to carry out a program under state law for which it is authorized to spend money received from a state agency, and the advance of local money was made necessary because of a delay in the appropriation of state or federal money, the state agency administering the program must use the state or federal money, when it becomes available, to reimburse the local government for the advance of local money to pay obligations that would otherwise have been paid from the state or federal money.

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

Sec. 14. CONTRACT RETROACTIVITY.

A contract encumbered or a grant awarded by the commissioner of health, human services, or education before September 1, 2005, and not mandated by section 12 to be made retroactive, may be made retroactive from July 1, 2005.

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

Sec. 15. CARRYFORWARD.

Notwithstanding Minnesota Statutes, section 16A.28, or other law to the contrary, the unexpended and unencumbered balance of an appropriation from the general fund to a state agency or constitutional officer for operations, but not for grants, for the fiscal year ending June 30, 2005, does not lapse on that date and is available for the fiscal year ending June 30, 2006.

EFFECTIVE DATE. This section is retroactively effective from June 30, 2005.

Sec. 16. LET'S GO FISHING APPROPRIATION.

Notwithstanding Minnesota Statutes, section 297A.94, paragraph (e), clause (1), \$325,000 is appropriated from the revenue credited to the game and fish fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (1), to the commissioner of natural resources for a grant to "Let's Go Fishing" of Minnesota to promote opportunities for fishing. The grant recipient must report back to the commissioner by February 1, 2006, on the use and results of the appropriation. This is a onetime appropriation.

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

New language is indicated by underline, deletions by strikeout.

Sec. 17. 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 and include and supersede any amounts appropriated in Laws 2005, First Special Session chapter 2, or authorized by order of Ramsey County District Court in Case No. C9-05-5928.

Subd. 2. SCHOOL LUNCH. For school lunch aid according to Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

\$8,998,000	.....	2006
\$9,076,000	.....	2007

Subd. 3. TRADITIONAL SCHOOL BREAKFAST; KINDERGARTEN MILK. For traditional school breakfast aid and kindergarten milk under Minnesota Statutes, sections 124D.1158 and 124D.118:

\$4,878,000	.....	2006
\$4,968,000	.....	2007

Subd. 4. SUMMER SCHOOL SERVICE REPLACEMENT AID. For summer food service replacement aid under Minnesota Statutes, section 124D.119:

\$ 150,000	.....	2006
\$ 150,000	.....	2007

Sec. 18. EFFECTIVE DATE.

Any section in this article without a specified effective date is retroactively effective from July 1, 2005.

ARTICLE 6

LIBRARIES

Section 1. DEPARTMENT OF EDUCATION; LIBRARY APPROPRIATIONS.

Subdivision 1. DEPARTMENT OF EDUCATION. The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated and include and supersede any amounts appropriated in Laws 2005, First Special Session chapter 2, or authorized by order of the Ramsey County District Court in case No. C9-05-5928.

Subd. 2. BASIC SYSTEM SUPPORT. For basic system support grants under Minnesota Statutes, section 134.355:

\$ 8,570,000	.....	2006
\$ 8,570,000	.....	2007

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

The 2006 appropriation includes \$1,345,000 for 2005 and \$7,225,000 for 2006.

The 2007 appropriation includes \$1,345,000 for 2006 and \$7,225,000 for 2007.

Subd. 3. MULTICOUNTY, MULTITYPE LIBRARY SYSTEMS. For grants under Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

\$ 903,000	.....	2006
\$ 903,000	.....	2007

The 2006 appropriation includes \$141,000 for 2005 and \$762,000 for 2006.

The 2007 appropriation includes \$141,000 for 2006 and \$762,000 for 2007.

Subd. 4. ELECTRONIC LIBRARY FOR MINNESOTA. For statewide licenses to online 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:

\$ 900,000	.....	2006
\$ 900,000	.....	2007

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

Subd. 5. REGIONAL LIBRARY TELECOMMUNICATIONS AID. For regional library telecommunications aid under Minnesota Statutes, section 134.355:

\$1,200,000	.....	2006
\$1,200,000	.....	2007

The 2006 appropriation includes \$188,000 for 2005 and \$1,012,000 for 2006.

The 2007 appropriation includes \$188,000 for 2006 and \$1,012,000 for 2007.

EFFECTIVE DATE. This section is retroactively effective from July 1, 2005.

ARTICLE 7

EARLY CHILDHOOD EDUCATION

Section 1. Minnesota Statutes 2004, section 121A.17, subdivision 1, is amended to read:

Subdivision 1. **EARLY CHILDHOOD DEVELOPMENTAL SCREENING.** Every school board must provide for a mandatory program of early childhood developmental screening for children at least once before school entrance, targeting children who are between 3-1/2 three and four years old. This screening program must

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

be established either by one board, by two or more boards acting in cooperation, by service cooperatives, by early childhood family education programs, or by other existing programs. This screening examination is a mandatory requirement for a student to continue attending kindergarten or first grade in a public school. A child need not submit to developmental screening provided by a board if the child's health records indicate to the board that the child has received comparable developmental screening from a public or private health care organization or individual health care provider. A student identification number, as defined by the commissioner of education, shall be assigned at the time of early childhood developmental screening or at the time of the provision of health records indicating a comparable screening. Each school district must provide the essential data in accordance with section 125B.07, subdivision 6, to the Department of Education. Districts are encouraged to reduce the costs of preschool developmental screening programs by utilizing volunteers and public or private health care organizations or individual health care providers in implementing the program.

Sec. 2. Minnesota Statutes 2004, section 121A.17, subdivision 5, is amended to read:

Subd. 5. DEVELOPMENTAL SCREENING PROGRAM INFORMATION.

The board must inform each resident family with a child eligible to participate in the developmental screening program about the availability of the program and the state's requirement that a child receive a developmental screening or provide health records indicating that the child received a comparable developmental screening from a public or private health care organization or individual health care provider not later than 30 days after the first day of attending kindergarten in a public school. A school district must inform all resident families with eligible children under age seven that their children may receive a developmental screening conducted either by the school district or by a public or private health care organization or individual health care provider.

Sec. 3. Minnesota Statutes 2004, section 121A.19, is amended to read:

121A.19 DEVELOPMENTAL SCREENING AID.

Each school year, the state must pay a district \$40 \$50 for each three-year-old child screened; \$40 for each four-year-old child screened; and \$30 for each five-year-old child screened by the district prior to kindergarten according to the requirements of section 121A.17. If this amount of aid is insufficient, the district may permanently transfer from the general fund an amount that, when added to the aid, is sufficient.

Sec. 4. Minnesota Statutes 2004, 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 \$120 for fiscal years 2003 and 2004 and \$96 for fiscal year 2005 and \$104 for fiscal year 2006 and later, times the greater of:

- (1) 150; or

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

(2) the number of people under five years of age residing in the district on October 1 of the previous school year.

Sec. 5. Minnesota Statutes 2004, section 124D.135, subdivision 5, is amended to read:

Subd. 5. **USE OF REVENUE RESTRICTED.** Early childhood family education revenue may be used only for early childhood family education programs. Not more than five percent of early childhood family education revenue, as defined in subdivision 7, may be used to administer early childhood family education programs.

Sec. 6. Minnesota Statutes 2004, section 124D.15, subdivision 1, is amended to read:

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

Sec. 7. Minnesota Statutes 2004, section 124D.15, subdivision 3, is amended to read:

Subd. 3. **PROGRAM ELIGIBILITY REQUIREMENTS.** A school readiness program provider must include the following:

(1) a comprehensive plan to anticipate and meet the needs of participating families by coordinating existing social services programs and by fostering collaboration among agencies or other community-based organizations and programs that provide a full range of flexible, family-focused services to families with young children assess each child's cognitive skills when the child enters and again before the child leaves the program to inform program planning and promote kindergarten readiness;

(2) a development and learning component to help children develop appropriate social, cognitive, and physical skills, and emotional well-being;

(3) health referral services to address children's medical, dental, mental health, and nutritional needs provide comprehensive program content based on early childhood research and professional practice that is focused on children's cognitive skills and development and prepares children for the transition to kindergarten;

(4) (3) a nutrition component to meet children's daily nutritional needs arrange for early childhood screening and appropriate referral;

(5) (4) parents' involvement in meeting children's educational, health, social service, and other needs involve parents in program planning and decision making;

(6) (5) community outreach to ensure participation by families who represent the racial, cultural, and economic diversity of the community; coordinate with relevant community-based services; and

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

~~(7) (6) community-based staff and program resources, including interpreters, that reflect the racial and ethnic characteristics of the children participating in the program; and~~

(8) a literacy component to ensure that the literacy needs of parents are addressed through referral to and cooperation cooperate with adult basic education programs and other adult literacy programs.

Sec. 8. Minnesota Statutes 2004, section 124D.15, is amended by adding a subdivision to read:

Subd. 3a. APPLICATION AND REPORTING REQUIREMENTS. (a) A school readiness program provider must submit a biennial plan for approval by the commissioner before receiving aid under section 124D.16. The plan must describe how the program meets the program requirements under subdivision 3. A school district by April 1 must submit the plan for approval by the commissioner in the form and manner prescribed by the commissioner. One-half the districts must first submit the plan by April 1, 2006, and one-half the districts must first submit the plan by April 1, 2007, as determined by the commissioner.

(b) Programs receiving school readiness funds annually must submit a report to the department.

Sec. 9. Minnesota Statutes 2004, section 124D.15, subdivision 5, is amended to read:

Subd. 5. SERVICES WITH NEW OR EXISTING PROVIDERS. ~~A district is encouraged to may contract with a public charter school or nonprofit community-based organization to provide eligible children developmentally appropriate services that meet the program requirements in subdivision 3. In the alternative, a district may pay tuition or fees to place an eligible child in an existing program. A district may establish a new program where no existing, reasonably accessible program meets the program requirements in subdivision 3. Districts must submit a copy of each contract to the commissioner with the biennial plan. Services may be provided in a site-based program or in the home of the child or a combination of both. The district may not restrict participation to district residents.~~

Sec. 10. Minnesota Statutes 2004, section 124D.15, subdivision 10, is amended to read:

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

Sec. 11. Minnesota Statutes 2004, section 124D.15, subdivision 12, is amended to read:

New language is indicated by underline, deletions by strikeout.

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

Sec. 12. Minnesota Statutes 2004, section 124D.15, is amended by adding a subdivision to read:

Subd. 14. ASSISTANCE. The department must assist districts, upon request, with programs under this section.

Sec. 13. Minnesota Statutes 2004, section 124D.16, subdivision 2, is amended to read:

Subd. 2. **AMOUNT OF AID.** (a) A district is eligible to receive school readiness aid for eligible prekindergarten pupils enrolled in a school readiness program under section 124D.15 if the program biennial plan required by subdivision 1 section 124D.15, subdivision 3a, has been approved by the commissioner.

(b) For fiscal year 2002 and thereafter, a district must receive school readiness aid equal to:

(1) the number of ~~eligible~~ four-year-old children in the district on October 1 for the previous school year times the ratio of 50 percent of the total school readiness aid for that year to the total number of ~~eligible~~ four-year-old children reported to the commissioner for the previous school year; plus

(2) the number of pupils enrolled in the school district from families eligible for the free or reduced school lunch program for the ~~second~~ previous school year times the ratio of 50 percent of the total school readiness aid for that year to the total number of pupils in the state from families eligible for the free or reduced school lunch program for the ~~second~~ previous school year.

Sec. 14. Minnesota Statutes 2004, section 124D.16, subdivision 3, is amended to read:

Subd. 3. **USE OF AID.** School readiness aid shall be used only to provide a school readiness program and may be used to provide transportation. Not more than five percent of the aid program revenue, as defined in subdivision 5, may be used for the cost of administering the program. Aid must be used to supplement and not supplant local, state, and federal funding. Aid may not be used for instruction and services required under sections 125A.03 to 125A.24 and 125A.65. Aid may not be used to purchase land or construct buildings, but may be used to lease or renovate existing buildings.

Sec. 15. **[124D.175] MINNESOTA EARLY LEARNING FOUNDATION PROPOSAL.**

(a) The commissioner must implement an early childhood development grant program for low-income and other challenged families that increases the effectiveness

New language is indicated by underline, deletions by strikeout.

and expands the capacity of public and nonpublic early childhood development programs, which may include child care programs, and leads to improved early childhood parent education and children's kindergarten readiness. The program must include:

(1) grant awards to existing early childhood development program providers that also provide parent education programs and to qualified providers proposing to implement pilot programs for this same purpose;

(2) grant awards to enable low-income families to participate in these programs;

(3) grant awards to improve overall programmatic quality; and

(4) an evaluation of the programmatic and financial efficacy of all these programs, which may be performed using measures of services, staffing, and management systems that provide consistent information about system performance, show trends, confirm successes, and identify potential problems in early childhood development programs.

This grant program must not supplant existing early childhood development programs or child care funds.

(b) The commissioner must contract with a private nonprofit, section 501(c)(3) organization to implement the requirements of paragraph (a). The private nonprofit organization must be governed by a board of directors composed of members from the public and nonpublic sectors, where the nonpublic sector members compose a simple majority of board members and where the public sector members are state and local government officials, kindergarten through grade 12 or postsecondary educators, and early childhood providers appointed by the governor. Membership on the board of directors by a state agency official are work duties for the official and are not a conflict of interest under section 43A.38. The board of directors must appoint an executive director and must seek advice from geographically and ethnically diverse parents of young children and representatives of early childhood development providers, kindergarten through grade 12 and postsecondary educators, public libraries, and the business sector. The board of directors is subject to the open meeting law under chapter 13D. All other terms and conditions under which board members serve and operate must be described in the articles and bylaws of the organization. The private nonprofit organization is not a state agency and is not subject to laws governing public agencies except the provisions of chapter 13, salary limits under section 15A.0815, subdivision 2, and audits by the legislative auditor under chapter 3 apply.

(c) This section expires June 30, 2011. If no state appropriation is made for purposes of this section, the commissioner must not implement paragraphs (a) and (b).

Sec. 16. Minnesota Statutes 2004, section 179A.03, subdivision 14, as amended by Laws 2005, chapter 125, article 2, section 2, is amended to read:

Subd. 14. **PUBLIC EMPLOYEE OR EMPLOYEE.** "Public employee" or "employee" means any person appointed or employed by a public employer except:

New language is indicated by underline, deletions by strikeout.

- (a) elected public officials;
- (b) election officers;
- (c) commissioned or enlisted personnel of the Minnesota National Guard;
- (d) emergency employees who are employed for emergency work caused by natural disaster;
- (e) part-time employees whose service does not exceed the lesser of 14 hours per week or 35 percent of the normal work week in the employee's appropriate unit;
- (f) employees whose positions are basically temporary or seasonal in character and: (1) are not for more than 67 working days in any calendar year; or (2) are not for more than 100 working days in any calendar year and the employees are under the age of 22, are full-time students enrolled in a nonprofit or public educational institution prior to being hired by the employer, and have indicated, either in an application for employment or by being enrolled at an educational institution for the next academic year or term, an intention to continue as students during or after their temporary employment;
- (g) employees providing services for not more than two consecutive quarters to the Board of Trustees of the Minnesota State Colleges and Universities under the terms of a professional or technical services contract as defined in section 16C.08, subdivision 1;
- (h) employees of charitable hospitals as defined by section 179.35, subdivision 3;
- (i) full-time undergraduate students employed by the school which they attend under a work-study program or in connection with the receipt of financial aid, irrespective of number of hours of service per week;
- (j) an individual who is employed for less than 300 hours in a fiscal year as an instructor in an adult vocational education program;
- (k) an individual hired by the Board of Trustees of the Minnesota State Colleges and Universities to teach one course for three or fewer credits for one semester in a year;
 - (l) with respect to court employees:
 - (1) personal secretaries to judges;
 - (2) law clerks;
 - (3) managerial employees;
 - (4) confidential employees; and
 - (5) supervisory employees;
 - (m) with respect to employees of Hennepin Healthcare System, Inc., managerial, supervisory, and confidential employees.

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

The following individuals are public employees regardless of the exclusions of clauses (e) and (f):

- (i) An employee hired by a school district or the Board of Trustees of the Minnesota State Colleges and Universities except at the university established in section 136F.13 or for community services or community education instruction offered on a noncredit basis: (A) to replace an absent teacher or faculty member who is a public employee, where the replacement employee is employed more than 30 working days as a replacement for that teacher or faculty member; or (B) to take a teaching position created due to increased enrollment, curriculum expansion, courses which are a part of the curriculum whether offered annually or not, or other appropriate reasons; and
- (ii) An employee hired for a position under clause (f)(1) if that same position has already been filled under clause (f)(1) in the same calendar year and the cumulative number of days worked in that same position by all employees exceeds 67 calendar days in that year. For the purpose of this paragraph, "same position" includes a substantially equivalent position if it is not the same position solely due to a change in the classification or title of the position; and
- (iii) an early childhood family education teacher employed by a school district.

Sec. 17. GRANTS TO PROMOTE KINDERGARTEN READINESS AND SUPPORT FAMILIES.

Subdivision 1. ADMINISTRATION. The commissioner of education shall award a planning grant for \$50,000 to develop a project in Northwest Hennepin County that will promote the school readiness of children by coordinating and collaborating with community-based and neighborhood-based services that help stabilize at-risk families, and that support and assist parents in meeting the health and developmental needs of their children at the earliest possible age.

Subd. 2. PROGRAM COMPONENTS. (a) Planning projects eligible for grant funding under this section must propose to:

- (1) collaborate and coordinate delivery of services with community organizations and agencies serving children and their families;
- (2) target services to families with children with services increasing based on financial needs;
- (3) build on existing services and coordinate a continuum of essential services, including, but not limited to, health services, family economic assistance, parent education and support, and preschool programs;
- (4) provide strategic outreach efforts to families using culturally specific social support, information, outreach, and other programs to promote healthy development of children and to help parents obtain the information, resources, and parenting skills needed to nurture and care for their children;
- (5) offer programs to expand public and private collaboration to promote the development of a coordinated and culturally specific system of services available to all families; and

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

Subd. 3. ELIGIBLE GRANTEEES. An application for a grant may be submitted by a nonprofit organization, or consortium of nonprofit organizations, that demonstrates collaborative effort with at least one unit of local government.

Subd. 4. DISTRIBUTION. To the extent possible, the commissioner shall award a grant to applicants with experience or demonstrated ability in providing comprehensive, multidisciplinary, community-based programs with objectives similar to those listed in subdivision 2, or in providing other human services or social services programs using a multidisciplinary, community-based approach.

Subd. 5. APPLICATIONS. The application must be submitted on forms provided by the commissioner of education. The grant application must include:

(1) a description of the specific community that will be served under the program and the name, address, and a description of each community agency or agencies involved in the planning process;

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

(3) a description of how public and private resources, including schools, health care facilities, government agencies, neighborhood organizations, and other resources, will be coordinated in the planning process.

Subd. 6. MATCH. Each dollar of state money must be matched with 50 cents of nonstate money. A program may match state money with in-kind contributions, including volunteer assistance.

Subd. 7. ADVISORY COMMITTEE. Each grantee must establish a program advisory board to advise the grantee on program design. The board must include representatives of local units of government and representatives of the project area who reflect the geographic, cultural, racial, and ethnic diversity of that community.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2006.

Sec. 18. COORDINATION OF EARLY CARE AND EDUCATION PROGRAMS.

(a) The commissioners of education, human services, and health shall identify how they will coordinate activities and resources, with input from local communities and tribal governments, including setting priorities, aligning policies, and leveraging existing resources to achieve the goal for increased school readiness of all Minnesota children. The commissioners shall report on the progress made, which must include information on:

(1) coordinating and disseminating resources and information on school readiness and early care and education, health and nutrition, including child mental health and family support to:

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

(i) parents and families with children birth to age five through key entry points, such as women, infants, and children (WIC), family home visiting, child welfare, public and private health care providers, and other public programs; and

(ii) early care and education providers, public and private health care providers, foster care providers, temporary care providers, shelters, crisis nurseries, and other facilities providing long-term or temporary care for young children, birth to age five;

(2) supporting families, schools, and communities in facilitating the transition of young children into the kindergarten environment;

(3) identifying, coordinating, and sharing resources and strategies between state departments that address the cultural and linguistic needs of families served;

(4) amending the state Medicaid plan to expand the use of the child and teen checkup funding for allowable child development services, such as outreach for early childhood screening, and streamlining the process for voluntary certification of school districts as child and teen checkup providers; and

(5) referring children ages three to five in the child welfare system to the Interagency Early Intervention System for a developmental screening and referral to services if problems are identified.

(b) The commissioners shall report to the senate and house of representatives committees having jurisdiction over early care and education by March 1, 2006.

Sec. 19. MELF PROGRESS REPORT.

Consistent with Minnesota Statutes, section 124D.175, the private nonprofit organization under contract with the commissioner of education must submit to the education policy and finance committees of the legislature by February 1, 2008, an interim progress report evaluating the programmatic and financial efficacy of the programs receiving grant awards.

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 and include and supersede any amounts appropriated in Laws 2005, First Special Session chapter 2 or authorized by order of the Ramsey County District Court in Case No. C9-05-5928.

Subd. 2. SCHOOL READINESS. For revenue for school readiness programs under Minnesota Statutes, sections 124D.15 and 124D.16:

<u>\$9,020,000</u>	<u>.....</u>	<u>2006</u>
<u>\$9,042,000</u>	<u>.....</u>	<u>2007</u>

The 2006 appropriation includes \$1,417,000 for 2005 and \$7,603,000 for 2006.

The 2007 appropriation includes \$1,415,000 for 2006 and \$7,627,000 for 2007.

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

Subd. 3. EARLY CHILDHOOD FAMILY EDUCATION AID. For early childhood family education aid under Minnesota Statutes, section 124D.135:

<u>\$14,356,000</u>	<u>.....</u>	<u>2006</u>
<u>\$15,137,000</u>	<u>.....</u>	<u>2007</u>

The 2006 appropriation includes \$1,861,000 for 2005 and \$12,495,000 for 2006.

The 2007 appropriation includes \$2,327,000 for 2006 and \$12,810,000 for 2007.

Subd. 4. HEALTH AND DEVELOPMENTAL SCREENING AID. For health and developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

<u>\$3,076,000</u>	<u>.....</u>	<u>2006</u>
<u>\$3,511,000</u>	<u>.....</u>	<u>2007</u>

The 2006 appropriation includes \$417,000 for 2005 and \$2,659,000 for 2006.

The 2007 appropriation includes \$494,000 for 2006 and \$3,017,000 for 2007.

Subd. 5. HEAD START PROGRAM. For Head Start programs under Minnesota Statutes, section 119A.52:

<u>\$19,100,000</u>	<u>.....</u>	<u>2006</u>
<u>\$19,100,000</u>	<u>.....</u>	<u>2007</u>

Subd. 6. MINNESOTA EARLY LEARNING FOUNDATION. For the purposes of Minnesota Statutes, section 124D.175:

<u>\$ 1,000,000</u>	<u>.....</u>	<u>2006</u>
---------------------	--------------	-------------

This is a onetime appropriation. Any balance in the first year does not cancel but is available in the second year.

Subd. 7. KINDERGARTEN READINESS AND FAMILY SUPPORT. For grants to promote kindergarten readiness and support families under section 26:

<u>\$ 50,000</u>	<u>.....</u>	<u>2006</u>
------------------	--------------	-------------

This appropriation is available until June 30, 2007.

Sec. 21. REPEALER.

(a) Minnesota Statutes 2004, sections 124D.15, subdivisions 2, 4, 6, 7, 8, 9, 11, and 13; and 124D.16, subdivision 4, are repealed retroactively effective from July 1, 2005.

(b) Minnesota Statutes 2004, section 124D.16, subdivision 1, is repealed effective July 1, 2006.

EFFECTIVE DATE. This section is retroactively effective from July 1, 2005.

New language is indicated by underline, deletions by strikethrough.

Sec. 22. EFFECTIVE DATE.

Any section in this article without a specified effective date is retroactively effective from July 1, 2005.

ARTICLE 8**PREVENTION**

Section 1. Minnesota Statutes 2004, section 119A.46, subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** (a) The definitions in section 144.9501 and in this subdivision apply to this section.

(b) "Eligible organization" means a lead contractor, city, board of health, community health department, community action agency as defined in section 119A.374; or community development corporation.

(c) "Commissioner" means the commissioner of education health, or the commissioner of the Minnesota Housing Finance Agency as authorized by section 462A.05, subdivision 15c.

Sec. 2. Minnesota Statutes 2004, section 119A.46, subdivision 2, is amended to read:

Subd. 2. **GRANTS; ADMINISTRATION.** Within the limits of the available appropriation, the commissioner must develop a swab team services program which may make demonstration and training grants to eligible organizations to train workers to provide swab team services and swab team services for residential property. Grants may be awarded to nonprofit organizations to provide technical assistance and training to ensure quality and consistency within the statewide program. Grants must be awarded to help ensure full-time employment to workers providing swab team services and must be awarded for a two-year period.

Grants awarded under this section must be made in consultation with the ~~commissioners of the Department of Health and~~ commissioner of the Housing Finance Agency, and representatives of neighborhood groups from areas at high risk for toxic lead exposure, a labor organization, the lead coalition, community action agencies, and the legal aid society. The consulting team must review grant applications and recommend awards to eligible organizations that meet requirements for receiving a grant under this section.

Sec. 3. Minnesota Statutes 2004, section 119A.46, subdivision 3, is amended to read:

Subd. 3. **APPLICANTS.** (a) Interested eligible organizations may apply to the commissioner for grants under this section. Two or more eligible organizations may

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

jointly apply for a grant. Priority shall be given to community action agencies in greater Minnesota and to either community action agencies or neighborhood based nonprofit organizations in cities of the first class. Of the total annual appropriation, 12.5 percent may be used for administrative purposes. The commissioner may deviate from this percentage if a grantee can justify the need for a larger administrative allowance. Of this amount, up to five percent may be used by the commissioner for state administrative purposes. Applications must provide information requested by the commissioner, including at least the information required to assess the factors listed in paragraph (d).

(b) ~~The commissioner must coordinate with the commissioner of health who must~~ consult with boards of health to provide swab team services for purposes of secondary prevention. The priority for swab teams created by grants to eligible organizations under this section must be work assigned by the commissioner of health, or by a board of health if so designated by the commissioner of health, to provide secondary prevention swab team services to fulfill the requirements of section 144.9504, subdivision 6, in response to a lead order. Swab teams assigned work under this section by the commissioner, that are not engaged daily in fulfilling the requirements of section 144.9504, subdivision 6, must deliver swab team services in response to elevated blood lead levels as defined in section 144.9501, subdivision 9, where lead orders were not issued, and for purposes of primary prevention in census tracts known to be in areas at high risk for toxic lead exposure as described in section 144.9503, subdivision 2.

(c) Any additional money must be used for grants to establish swab teams for primary prevention under section 144.9503, in census tracts in areas at high risk for toxic lead exposure as determined under section 144.9503, subdivision 2.

(d) In evaluating grant applications, the commissioner must consider the following criteria:

- (1) the use of lead contractors and lead workers for residential swab team services;
- (2) the participation of neighborhood groups and individuals, as swab team workers, in areas at high risk for toxic lead exposure;
- (3) plans for the provision of swab team services for primary and secondary prevention as required under subdivision 4;
- (4) plans for supervision, training, career development, and postprogram placement of swab team members;
- (5) plans for resident and property owner education on lead safety;
- (6) plans for distributing cleaning supplies to area residents and educating residents and property owners on cleaning techniques;
- (7) sources of other funding and cost estimates for training, lead inspections, swab team services, equipment, monitoring, testing, and administration;
- (8) measures of program effectiveness;

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

(9) coordination of program activities with other federal, state, and local public health, job training, apprenticeship, and housing renovation programs including programs under sections 116L.86 to 116L.881; and

(10) prior experience in providing swab team services.

Sec. 4. Minnesota Statutes 2004, section 119A.46, subdivision 8, is amended to read:

Subd. 8. **TESTING AND EVALUATION.** (a) Testing of the environment is not necessary by swab teams whose work is assigned by the commissioner of health or a designated board of health under section 144.9504. The commissioner of health or designated board of health must share the analytical testing data collected on each residence for purposes of secondary prevention under section 144.9504 with the swab team workers in order to provide constructive feedback on their work and to the commissioner for the purposes set forth in paragraph (c).

(b) For purposes of primary prevention evaluation, the following samples must be collected: pretesting and posttesting of one noncarpeted floor dust lead sample and a notation of the extent and location of bare soil and of deteriorated lead-based paint. The analytical testing data collected on each residence for purposes of primary prevention under section 144.9503 must be shared with the swab team workers in order to provide constructive feedback on their work and to the commissioner for the purposes set forth in paragraph (c).

(c) The commissioner of health must establish a program ~~in cooperation with the commissioner~~ to collect appropriate data as required under paragraphs (a) and (b), in order to conduct an ongoing evaluation of swab team services for primary and secondary prevention. ~~Within the limits of available appropriations, the commissioner of health must conduct or contract with the commissioner,~~ on up to 1,000 residences which have received primary or secondary prevention swab team services, a postremediation evaluation, on at least a quarterly basis for a period of at least two years for each residence. The evaluation must note the condition of the paint within the residence, the extent of bare soil on the grounds, and collect and analyze one noncarpeted floor dust lead sample. The data collected must be evaluated to determine the efficacy of providing swab team services as a method of reducing lead exposure in young children. In evaluating this data, the commissioner of health must consider city size, community location, historic traffic flow, soil lead level of the property by area or census tract, distance to industrial point sources that emit lead, season of the year, age of the housing, age and number of children living at the residence, the presence of pets that move in and out of the residence, and other relevant factors as the commissioner of health may determine.

Sec. 5. Minnesota Statutes 2004, 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~~

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

and \$5.23 for fiscal year years 2005 and 2006 and \$5.42 for fiscal year 2007 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 2007.

Sec. 6. Minnesota Statutes 2004, section 124D.20, subdivision 5, is amended to read:

Subd. 5. **TOTAL COMMUNITY EDUCATION LEVY.** To obtain total community education revenue, a district may levy the amount raised by a maximum tax rate of .985 .9 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 2007.

Sec. 7. **REVISOR'S INSTRUCTION.**

In the next edition of Minnesota Statutes, the revisor of statutes shall renumber Minnesota Statutes, section 119A.46, as section 144.9512 and make necessary cross-reference changes.

Sec. 8. **APPROPRIATION.**

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 and include and supersede any amounts appropriated in Laws 2005, First Special Session chapter 2, or authorized by order of the Ramsey County District Court in case number C9-05-5928.

Subd. 2. **COMMUNITY EDUCATION AID.** For community education aid under Minnesota Statutes, section 124D.20:

\$1,918,000	.....	2006
\$1,837,000	.....	2007

The 2006 appropriation includes \$390,000 for 2005 and \$1,528,000 for 2006.

The 2007 appropriation includes \$284,000 for 2006 and \$1,553,000 for 2007.

Subd. 3. **ADULTS WITH DISABILITIES PROGRAM AID.** For adults with disabilities programs under Minnesota Statutes, section 124D.56:

\$ 710,000	.....	2006
\$ 710,000	.....	2007

The 2006 appropriation includes \$111,000 for 2005 and \$599,000 for 2006.

The 2007 appropriation includes \$111,000 for 2006 and \$599,000 for 2007.

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>2006</u>
\$	<u>70,000</u>	.....	<u>2007</u>

Subd. 5. SCHOOL-AGE CARE REVENUE. For extended day aid under Minnesota Statutes, section 124D.22:

\$	<u>17,000</u>	.....	<u>2006</u>
\$	<u>7,000</u>	.....	<u>2007</u>

The 2006 appropriation includes \$4,000 for 2005 and \$13,000 for 2006.

The 2007 appropriation includes \$2,000 for 2006 and \$5,000 for 2007.

Sec. 9. EFFECTIVE DATE.

Any section in this article without a specified effective date is retroactively effective from July 1, 2005.

ARTICLE 9

SELF-SUFFICIENCY AND LIFELONG LEARNING

Section 1. Minnesota Statutes 2004, 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 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) For purposes of paragraph (a), an adult basic education program may include as valid expenditures for the previous fiscal year program spending that occurs from July 1 to September 30 of the following year. A program may carry over a maximum of 20 percent of its adult basic education aid revenue into the next fiscal year. Program spending may only be counted for one fiscal year.

(c) 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. 2. Minnesota Statutes 2004, section 124D.531, subdivision 1, is amended to read:

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

Subdivision 1. **STATE TOTAL ADULT BASIC EDUCATION AID.** (a) The state total adult basic education aid for fiscal year 2004 equals \$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 fiscal year 2006 and later is \$36,509,000 plus any amount that is not paid for during the previous fiscal year, as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3. 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.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to revenue distributions for fiscal year 2006.

Sec. 3. Minnesota Statutes 2004, 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 \$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 Laws 2003, First Special Session chapter 9, article 9, section 8, paragraph (a), for the preceding fiscal year by more than the greater of eight percent or \$10,000.

(d) For fiscal year 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 eight percent or \$10,000.

(e) Adult basic education aid is payable to a program for unreimbursed costs occurring in the program year as defined in section 124D.52, subdivision 3.

(f) Any adult basic education aid that is not paid to a program because of the program aid limitation under paragraph (a) must be added to the state total adult basic education aid for the next fiscal year under subdivision 1. Any adult basic education aid that is not paid to a program because of the program aid limitations under paragraph (b), (c), or (d), must be reallocated among programs by adjusting the rate per contact hour under subdivision 3, clause (2).

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

EFFECTIVE DATE. This section is effective the day following final enactment and applies to revenue distributions for fiscal year 2006.

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 and include and supersede any amounts appropriated in Laws 2005, First Special Session chapter 2, or authorized by order of the Ramsey County District Court in Case No. C9-05-5928.

Subd. 2. ADULT BASIC EDUCATION AID. For adult basic education aid under Minnesota Statutes:

\$36,518,000	.....	2006
\$36,540,000	.....	2007

The 2006 appropriation includes \$5,707,000 for 2005 and \$30,811,000 for 2006.

The 2007 appropriation includes \$5,737,000 for 2006 and \$30,803,000 for 2007.

Subd. 3. GED TESTS. For payment of 60 percent of the costs of GED tests under Laws 1993, chapter 224, article 4, section 44, subdivision 10:

\$ 125,000	.....	2006
\$ 125,000	.....	2007

Subd. 4. LEAD HAZARD REDUCTION. For lead hazard reduction under Minnesota Statutes, section 119A.46:

\$ 100,000	.....	2006
\$ 100,000	.....	2007

The commissioner of education may transfer this appropriation to the commissioner of health.

Sec. 5. EFFECTIVE DATE.

Any section in this article without a specified effective date is retroactively effective from July 1, 2005.

ARTICLE 10

STATE AGENCIES

Section 1. Minnesota Statutes 2004, section 122A.40, subdivision 5, as amended by Laws 2005, chapter 36, section 1, is amended to read:

New language is indicated by underline, deletions by strikeout.

Subd. 5. **PROBATIONARY PERIOD.** (a) The first three consecutive years of a teacher's first teaching experience in Minnesota in a single district is deemed to be a probationary period of employment, and after completion thereof, the probationary period in each district in which the teacher is thereafter employed shall be one year. The school board must adopt a plan for written evaluation of teachers during the probationary period. Evaluation must 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 must not be included in determining the number of school days on which a teacher performs services. Except as otherwise provided in paragraph (b), during the probationary period any annual contract with any teacher may or may not be renewed as the school board shall see fit. However, the board must give any such teacher whose contract it declines to renew for the following school year written notice to that effect before July 1. If the teacher requests reasons for any nonrenewal of a teaching contract, the board must give the teacher its reason in writing, including a statement that appropriate supervision was furnished describing the nature and the extent of such supervision furnished the teacher during the employment by the board, within ten days after receiving such request. The school board may, after a hearing held upon due notice, discharge a teacher during the probationary period for cause, effective immediately, under section 122A.44.

(b) A board must discharge a probationary teacher, effective immediately, upon receipt of notice under section 122A.20, subdivision 1, paragraph (b), that the teacher's license has been revoked due to a conviction for child abuse or sexual abuse.

(c) A probationary teacher whose first three years of consecutive employment are interrupted for active military service and who promptly resumes teaching consistent with federal reemployment timelines for uniformed service personnel under United States Code, title 38, section 4312(e), is considered to have a consecutive teaching experience for purposes of paragraph (a).

(d) A probationary teacher must complete at least 60 days of teaching service each year during the probationary period. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school do not count as days of teaching service under this paragraph.

Sec. 2. Minnesota Statutes 2004, section 122A.41, subdivision 2, as amended by Laws 2005, chapter 36, section 2, is amended to read:

Subd. 2. **PROBATIONARY PERIOD; DISCHARGE OR DEMOTION.** (a) 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

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

charged with evaluating the probationary teachers under subdivision 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 3. Evaluation by the peer review committee charged with evaluating probationary teachers under subdivision 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.

(b) A probationary teacher whose first three years of consecutive employment are interrupted for active military service and who promptly resumes teaching consistent with federal reemployment timelines for uniformed service personnel under United States Code, title 38, section 4312(e), is considered to have a consecutive teaching experience for purposes of paragraph (a).

(c) A probationary teacher must complete at least 60 days of teaching service each year during the probationary period. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school do not count as days of teaching service under this paragraph.

Sec. 3. BOARD OF TEACHING REPORT.

By January 16, 2006, the Board of Teaching, in consultation with the Department of Education and other education stakeholders, must prepare and submit to the house of representatives and senate committees having jurisdiction over kindergarten through grade 12 education policy and finance:

(1) proposed licensure requirements for teachers of interdisciplinary curriculum to facilitate learning in state-approved innovative schools and programs; and

(2) recommendations for accommodating the needs for appropriately licensed teachers in charter, alternative, small, and rural schools.

Sec. 4. LICENSED STUDENT SUPPORT SERVICES.

Subdivision 1. ACCESS TO SERVICES. School districts and the Department of Education shall work to provide for students' educational achievement, to provide for student safety, and to enhance student physical, emotional, and social well-being by providing access to licensed student support services, such as licensed school nurses, licensed school counselors, licensed school social workers, licensed alcohol and drug

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

abuse counselors, and licensed school psychologists.

Subd. 2. FUNDING. School districts and the Department of Education shall explore opportunities for obtaining additional funds to improve students' access to needed licensed student support services including, at least, medical assistance reimbursements, local collaborative time study funds, federal funds, public health funds, and specifically designated funds.

Subd. 3. IMPROVING ACCESS. School districts and the Department of Education must consider nationally recommended licensed staff-to-student ratios, work loads, and best practices when working to improve student access to needed licensed student support services.

Sec. 5. 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 and include and supersede any amounts appropriated in Laws 2005, First Special Session chapter 2, or authorized by order of the Ramsey County District Court in case No. C9-05-5928.

Subd. 2. DEPARTMENT. (a) For the Department of Education:

\$21,997,000	.....	2006
\$22,847,000	.....	2007

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) \$605,000 each year is for the Board of Teaching.

(e) \$160,000 each year is for the Board of School Administrators.

(f) \$300,000 in fiscal year 2006 and \$1,150,000 in fiscal year 2007 are for the value-added index assessment model.

(g) The expenditures of federal grants and aids as shown in the biennial budget document and its supplements are approved and appropriated and shall be spent as indicated.

Sec. 6. 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 and include and supersede any amounts appropriated in Laws 2005, First Special Session chapter 2, or authorized by order of the Ramsey County District Court in case No. C9-05-5928:

\$10,966,000	.....	2006
\$10,966,000	.....	2007

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. 7. 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 and include and supersede any amounts appropriated in Laws 2005, First Special Session chapter 2, or authorized by order of the Ramsey County District Court in case No. C9-05-5928:

\$6,623,000	.....	2006
\$6,623,000	.....	2007

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

Sec. 8. EFFECTIVE DATE.

Sections 1 to 7 are retroactively effective from July 1, 2005.

ARTICLE 11**TECHNICAL AND CONFORMING AMENDMENTS**

Section 1. Minnesota Statutes 2004, section 120B.31, subdivision 4, is amended to read:

Subd. 4. **STATISTICAL ADJUSTMENTS.** In developing policies and assessment processes to hold schools and districts accountable for high levels of academic standards, including the profile of learning under section 120B.021, the commissioner shall aggregate student data over time to report student performance levels measured at the school district, regional, or statewide level. When collecting and reporting the data, the commissioner shall: (1) acknowledge the impact of significant demographic factors such as residential instability, the number of single parent families, parents' level of education, and parents' income level on school outcomes; and (2) organize and report the data so that state and local policy makers can understand the educational implications of changes in districts' demographic profiles over time. Any report the commissioner disseminates containing summary data on student performance must integrate student performance and the demographic factors that strongly correlate with that performance.

Sec. 2. Minnesota Statutes 2004, 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

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

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~~ 125A.091, subdivision 3 5, the readmission plan must not obligate a parent to provide a sympathomimetic medication for the parent's child as a condition of readmission. The school administration may not impose consecutive suspensions against the same pupil for the same course of conduct, or incident of 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. 3. Minnesota Statutes 2004, section 124D.40, is amended to read:

124D.40 YOUTH WORKS GRANTS.

Subdivision 1. **APPLICATION.** An eligible organization interested in receiving a grant under sections 124D.39 to 124D.44 may prepare and submit an application to the commission ~~an application that complies with section 124D.41.~~

Subd. 2. **GRANT AUTHORITY.** The commission must use any state appropriation and any available federal funds, including any grant received under federal law, to award grants to establish programs for youth works ~~meeting the requirements of section 124D.41.~~ At least one grant each must be available for a metropolitan proposal, a rural proposal, and a statewide proposal. If a portion of the suburban metropolitan area is not included in the metropolitan grant proposal, the statewide grant proposal must incorporate at least one suburban metropolitan area. In awarding grants, the commission may select at least one residential proposal and one nonresidential proposal, ~~provided the proposals meet or exceed the criteria in section 124D.41.~~

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

Sec. 4. Minnesota Statutes 2004, section 127A.41, subdivision 8, is amended to read:

Subd. 8. **APPROPRIATION TRANSFERS.** (a) If a direct appropriation from the general fund to the department for any education aid or grant authorized in this chapter and chapters 122A, 123A, 123B, 124D, 125A, 126C, and 134, excluding appropriations under sections 124D.135, 124D.16, 124D.20, ~~124D.21~~, 124D.22, 124D.52, 124D.531, ~~124D.54~~, 124D.55, and 124D.56, exceeds the amount required, the commissioner may transfer the excess to any education aid or grant appropriation that is insufficient. However, section 126C.20 applies to a deficiency in the direct appropriation for general education aid. Excess appropriations must be allocated proportionately among aids or grants that have insufficient appropriations. The commissioner of finance shall make the necessary transfers among appropriations according to the determinations of the commissioner. If the amount of the direct appropriation for the aid or grant plus the amount transferred according to this subdivision is insufficient, the commissioner shall prorate the available amount among eligible districts. The state is not obligated for any additional amounts.

(b) Transfers for aids paid under section 127A.45, subdivisions 12, paragraph (a), 12a, paragraph (a), and 13, shall be made during the fiscal year after the fiscal year of the entitlement. Transfers for aids paid under section 127A.45, subdivisions 11, 12, paragraph (b), and 12a, paragraph (b), shall be made during the fiscal year of the appropriation.

Sec. 5. Minnesota Statutes 2004, 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; and hearing impaired support services aid, according to section 124D.57; ~~and Indian postsecondary preparation grants according to section 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. 6. **EFFECTIVE DATE.**

Sections 1 through 5 are retroactively effective from July 1, 2005.

Presented to the governor July 13, 2005

Signed by the governor July 14, 2005, 11:45 a.m.

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