

SENATE
STATE OF MINNESOTA
EIGHTY-SEVENTH LEGISLATURE **S.F. No. 618**

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DATE	D-PG	OFFICIAL STATUS
03/07/2011	427	Introduction and first reading Referred to Education

A bill for an act

1.1 relating to education; establishing the learn-to-read grant program; providing for
1.2 general education access grants; repealing compensatory revenue; appropriating
1.3 money; amending Minnesota Statutes 2010, sections 124D.68, subdivision
1.4 9; 124D.69, subdivision 1; 125A.11, subdivision 1; 125A.50, subdivision 1;
1.5 125A.65, subdivision 3; 126C.10, subdivision 4; 127A.47, subdivision 7;
1.6 128B.03, subdivision 3a; proposing coding for new law in Minnesota Statutes,
1.7 chapter 124D; repealing Minnesota Statutes 2010, sections 126C.05, subdivision
1.8 3; 126C.10, subdivision 3; 126C.15, subdivisions 2, 3.

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

1.11 Section 1. **[124D.655] LEARN-TO-READ GRANT PROGRAM.**

1.12 Subdivision 1. **Establishment.** A grant program is established to assist school
1.13 districts and charter schools in teaching all children how to read by the end of third grade.
1.14 A school district or charter school must use grant proceeds to reach a goal of having 90
1.15 percent of its students being able to read by the end of third grade.

1.16 Subd. 2. **Proficiency.** For the purposes of this section, proficiency means meeting
1.17 or exceeding proficiency on the reading portion of the Minnesota Comprehensive
1.18 Assessment (MCA) II.

1.19 Subd. 3. **Commissioner.** The commissioner shall award grants to school districts
1.20 and charter schools to assist them in reaching the goal of having 90 percent of their third
1.21 grade students proficient on the third grade Minnesota Comprehensive Assessment II. A
1.22 district or charter school is eligible to receive a grant if less than 90 percent of its third
1.23 grade students met or exceeded proficiency on Minnesota Comprehensive Assessment
1.24 II in reading in the 2010-2011 school year and later. In order to participate in the
1.25 grant program, a district or charter school must submit a proposal to the commissioner
1.26 including, but not limited to, a proposed budget and annual proficiency goals for its third

2.1 grade students over a three-year period, reaching the 90 percent goal by the end of the
2.2 third year. The commissioner shall prescribe the form and manner of application for
2.3 grants. The commissioner shall determine each grant amount based on the appropriation
2.4 available for the grant program.

2.5 Subd. 4. **Participating school districts and charter schools.** Notwithstanding
2.6 section 120B.021, a district or charter school receiving a grant award under this
2.7 section is not required to provide instruction in the subject areas required for statewide
2.8 accountability. The district or charter school is only required to teach reading for the
2.9 duration of the grant. The full amount of the grant must be used for reading instruction
2.10 in kindergarten through grade 3. A school district or charter school board can choose to
2.11 provide instruction in other subject areas.

2.12 Subd. 5. **Duration of grant.** (a) The commissioner may award one-year grants to
2.13 school districts or charter schools. The grant award may be renewed one year at a time for
2.14 a maximum of three years. For purposes of this subdivision, "base percentage" means
2.15 the percentage of students in a district or charter school who met or exceeded proficiency
2.16 on the third grade Minnesota Comprehensive Assessment II in the year preceding the
2.17 first grant year.

2.18 (b) The commissioner shall renew a grant in the second year if, in the first year of
2.19 the grant, the school district or charter school increased the number of third grade students
2.20 meeting and exceeding proficiency by at least one-third of the difference between 90
2.21 percent and the district's or charter school's base percentage.

2.22 (c) The commissioner shall renew a grant in the third year if, in the second year of
2.23 the grant, the school district or charter school increased the number of third grade students
2.24 meeting and exceeding proficiency by at least two-thirds of the difference between 90
2.25 percent and the district's or charter school's base percentage.

2.26 (d) In a district's fourth consecutive year, if the third grade reading proficiency does
2.27 not exceed 90 percent, then the amount of the grant that the district received in the third
2.28 year must be distributed among the district's kindergarten through sixth grade students for
2.29 use as general education access grants under section 124D.6551.

2.30 (e) If, at any time in the renewal process, the district's third grade students attain 90
2.31 percent proficiency, the district is no longer eligible for the grant.

2.32 **Sec. 2. [124D.6551] GENERAL EDUCATION ACCESS GRANTS.**

2.33 Subdivision 1. **Enrollment; application.** (a) For purposes of this section, a student
2.34 may enroll in and be eligible to receive an access grant for the cost of attendance at a

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3.1 Minnesota elementary nonpublic school, other than a home school, that is providing
3.2 instruction in compliance with section 120A.22, if:

3.3 (1) the student did not test as proficient, as defined in section 124D.655, subdivision
3.4 2, in reading at the third grade level using the state administered exam;

3.5 (2) the student was enrolled in a school district that received a learn-to-read grant in
3.6 the previous fiscal year under section 124D.655;

3.7 (3) the student is eligible for free or reduced-price lunch; and

3.8 (4) the student's application for an access grant is approved by the commissioner.

3.9 (b) Applications that are properly submitted in the form and manner prescribed
3.10 by the commissioner shall be acted on by May 1 for the following school year. The
3.11 commissioner shall notify an applicant in writing of the status of the application.

3.12 Additional applications may be accepted and approved following May 1.

3.13 Subd. 2. **Access grant payments.** (a) On a regular basis, as determined by the
3.14 commissioner, but at least quarterly, access grant payments shall be made to the parent or
3.15 guardian of an approved student applicant in the form of a check that must be restrictively
3.16 endorsed by the parent or guardian for the school providing the instruction. Access
3.17 grant payments are considered financial assistance solely to the parent or guardian who
3.18 is primarily responsible for ensuring that the child acquires knowledge and skills under
3.19 section 120A.22.

3.20 (b) The total amount of the access grant for a school year shall not exceed the
3.21 tuition and fees charged at the school where the student is enrolled and attending, or the
3.22 amount of the learn-to-read grant under section 124D.655 in that fiscal year divided by the
3.23 number of eligible students under subdivision 1, paragraph (a), whichever is less. The
3.24 commissioner shall only recognize tuition and fees that are equal to what comparable
3.25 students are charged who do not receive access grants.

3.26 (c) Prior to distribution of payments, the commissioner must require of the parent
3.27 or guardian, and must receive in the form and manner prescribed by the commissioner,
3.28 information necessary to validate the cost of attendance and enrollment status of the
3.29 student. The commissioner shall prorate the access grant if the student is enrolled for
3.30 only part of the school year.

3.31 (d) The commissioner must withhold access grant payments while it is reasonably
3.32 believed that false information concerning the cost of attendance and enrollment status
3.33 of the student has been intentionally submitted by an involved party. The commissioner
3.34 shall audit and verify submitted information according to program integrity guidelines
3.35 adopted by the commissioner.

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4.1 Subd. 3. **Conference.** The commissioner shall offer an informal conference to
4.2 applicants and recipients adversely affected by an agency action to attempt to resolve
4.3 the dispute.

4.4 Subd. 4. **Duration.** A student with an approved application must continue to receive
4.5 the access grant until the student withdraws from the nonpublic school or the student
4.6 completes sixth grade, whichever occurs first.

4.7 **EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2015 and
4.8 later.

4.9 Sec. 3. Minnesota Statutes 2010, section 124D.68, subdivision 9, is amended to read:

4.10 **Subd. 9. Enrollment verification.** (a) For a pupil attending an eligible program
4.11 full time under subdivision 3, paragraph (d), the department must pay 90 percent of
4.12 the district's average general education revenue less basic skills revenue to the eligible
4.13 program and ten percent of the district's average general education revenue less basic
4.14 skills revenue to the contracting district within 30 days after the eligible program
4.15 verifies enrollment using the form provided by the department. For a pupil attending an
4.16 eligible program part time, revenue, ~~excluding compensatory revenue,~~ shall be reduced
4.17 proportionately, according to the amount of time the pupil attends the program, and the
4.18 payments to the eligible program and the contracting district shall be reduced accordingly.
4.19 A pupil for whom payment is made according to this section may not be counted by any
4.20 district for any purpose other than computation of general education revenue. If payment
4.21 is made for a pupil under this subdivision, a district shall not reimburse a program
4.22 under section 124D.69 for the same pupil. The basic skills revenue generated by pupils
4.23 attending the eligible program according to section 126C.10, subdivision 4, shall be paid
4.24 to the eligible program.

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

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

4.30 Sec. 4. Minnesota Statutes 2010, section 124D.69, subdivision 1, is amended to read:

4.31 **Subdivision 1. Aid.** If a pupil enrolls in an alternative program, eligible under
4.32 section 124D.68, subdivision 3, paragraph (d), or subdivision 4, operated by a private
4.33 organization that has contracted with a school district to provide educational services for
4.34 eligible pupils under section 124D.68, subdivision 2, the district contracting with the

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5.1 private organization must reimburse the provider an amount equal to the sum of (1) at
5.2 least 95 percent of the district's average general education less basic skills revenue per
5.3 pupil unit times the number of pupil units for pupils attending the program, and (2) the
5.4 amount of basic skills revenue generated by pupils attending the program according to
5.5 section 126C.10, subdivision 4. For a pupil attending the program part time, the revenue
5.6 paid to the program, ~~excluding compensatory revenue~~, must be reduced proportionately,
5.7 according to the amount of time the pupil attends the program, and revenue paid to the
5.8 district shall be reduced accordingly. Pupils for whom a district provides reimbursement
5.9 may not be counted by the district for any purpose other than computation of general
5.10 education revenue. If payment is made to a district or program for a pupil under this
5.11 section, the department must not make a payment for the same pupil under section
5.12 124D.68, subdivision 9. Notwithstanding sections 125A.15, 125A.51, and 125A.515,
5.13 general education revenue for a student who receives educational services under this
5.14 section shall be paid according to this section.

5.15 Sec. 5. Minnesota Statutes 2010, section 125A.11, subdivision 1, is amended to read:

5.16 Subdivision 1. **Nonresident tuition rate; other costs.** (a) For fiscal year 2006,
5.17 when a school district provides instruction and services outside the district of residence,
5.18 board and lodging, and any tuition to be paid, shall be paid by the district of residence.
5.19 The tuition rate to be charged for any child with a disability, excluding a pupil for whom
5.20 tuition is calculated according to section 127A.47, subdivision 7, paragraph (d), must be
5.21 the sum of (1) the actual cost of providing special instruction and services to the child
5.22 including a proportionate amount for special transportation and unreimbursed building
5.23 lease and debt service costs for facilities used primarily for special education, plus (2)
5.24 the amount of general education revenue and referendum aid attributable to the pupil,
5.25 minus (3) the amount of special education aid for children with a disability received
5.26 on behalf of that child, minus (4) if the pupil receives special instruction and services
5.27 outside the regular classroom for more than 60 percent of the school day, the amount of
5.28 general education revenue and referendum aid, excluding portions attributable to district
5.29 and school administration, district support services, operations and maintenance, capital
5.30 expenditures, and pupil transportation, attributable to that pupil for the portion of time
5.31 the pupil receives special instruction and services outside of the regular classroom. If
5.32 the boards involved do not agree upon the tuition rate, either board may apply to the
5.33 commissioner to fix the rate. Notwithstanding chapter 14, the commissioner must then set
5.34 a date for a hearing or request a written statement from each board, giving each board
5.35 at least ten days' notice, and after the hearing or review of the written statements the

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6.1 commissioner must make an order fixing the tuition rate, which is binding on both school
6.2 districts. General education revenue and referendum equalization aid attributable to a
6.3 pupil must be calculated using the resident district's average general education revenue
6.4 and referendum equalization aid per adjusted pupil unit.

6.5 (b) For fiscal year 2007 and later, when a school district provides special instruction
6.6 and services for a pupil with a disability as defined in section 125A.02 outside the district
6.7 of residence, excluding a pupil for whom an adjustment to special education aid is
6.8 calculated according to section 127A.47, subdivision 7, paragraph (e), special education
6.9 aid paid to the resident district must be reduced by an amount equal to (1) the actual
6.10 cost of providing special instruction and services to the pupil, including a proportionate
6.11 amount for special transportation and unreimbursed building lease and debt service costs
6.12 for facilities used primarily for special education, plus (2) the amount of general education
6.13 revenue and referendum equalization aid attributable to that pupil, calculated using the
6.14 resident district's average general education revenue and referendum equalization aid
6.15 per adjusted pupil unit excluding basic skills revenue, elementary sparsity revenue and
6.16 secondary sparsity revenue, minus (3) the amount of special education aid for children
6.17 with a disability received on behalf of that child, minus (4) if the pupil receives special
6.18 instruction and services outside the regular classroom for more than 60 percent of the
6.19 school day, the amount of general education revenue and referendum equalization aid,
6.20 excluding portions attributable to district and school administration, district support
6.21 services, operations and maintenance, capital expenditures, and pupil transportation,
6.22 attributable to that pupil for the portion of time the pupil receives special instruction
6.23 and services outside of the regular classroom, calculated using the resident district's
6.24 average general education revenue and referendum equalization aid per adjusted pupil unit
6.25 excluding basic skills revenue, elementary sparsity revenue and secondary sparsity revenue
6.26 and the serving district's basic skills revenue, elementary sparsity revenue and secondary
6.27 sparsity revenue per adjusted pupil unit. Notwithstanding clauses (1) and (4), for pupils
6.28 served by a cooperative unit without a fiscal agent school district, the general education
6.29 revenue and referendum equalization aid attributable to a pupil must be calculated using
6.30 the resident district's average general education revenue and referendum equalization aid
6.31 excluding ~~compensatory revenue~~, elementary sparsity revenue, and secondary sparsity
6.32 revenue. Special education aid paid to the district or cooperative providing special
6.33 instruction and services for the pupil must be increased by the amount of the reduction in
6.34 the aid paid to the resident district. Amounts paid to cooperatives under this subdivision
6.35 and section 127A.47, subdivision 7, shall be recognized and reported as revenues and
6.36 expenditures on the resident school district's books of account under sections 123B.75

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7.1 and 123B.76. If the resident district's special education aid is insufficient to make the full
7.2 adjustment, the remaining adjustment shall be made to other state aid due to the district.

7.3 (c) Notwithstanding paragraphs (a) and (b) and section 127A.47, subdivision 7,
7.4 paragraphs (d) and (e), a charter school where more than 30 percent of enrolled students
7.5 receive special education and related services, a site approved under section 125A.515,
7.6 an intermediate district, a special education cooperative, or a school district that served
7.7 as the applicant agency for a group of school districts for federal special education aids
7.8 for fiscal year 2006 may apply to the commissioner for authority to charge the resident
7.9 district an additional amount to recover any remaining unreimbursed costs of serving
7.10 pupils with a disability. The application must include a description of the costs and the
7.11 calculations used to determine the unreimbursed portion to be charged to the resident
7.12 district. Amounts approved by the commissioner under this paragraph must be included
7.13 in the tuition billings or aid adjustments under paragraph (a) or (b), or section 127A.47,
7.14 subdivision 7, paragraph (d) or (e), as applicable.

7.15 (d) For purposes of this subdivision and section 127A.47, subdivision 7, paragraphs
7.16 (d) and (e), "general education revenue and referendum equalization aid" means the sum
7.17 of the general education revenue according to section 126C.10, subdivision 1, excluding
7.18 alternative teacher compensation revenue, plus the referendum equalization aid according
7.19 to section 126C.17, subdivision 7, as adjusted according to section 127A.47, subdivision
7.20 7, paragraphs (a) to (c).

7.21 Sec. 6. Minnesota Statutes 2010, section 125A.50, subdivision 1, is amended to read:

7.22 Subdivision 1. **Commissioner approval.** The commissioner may approve
7.23 applications from districts initiating or significantly changing a program to provide
7.24 prevention services as an alternative to special education ~~and other compensatory~~
7.25 programs. A district with an approved program may provide instruction and services in a
7.26 regular education classroom, or an area learning center, to eligible pupils. Pupils eligible
7.27 to participate in the program are pupils who need additional academic or behavioral
7.28 support to succeed in the general education environment and who may eventually qualify
7.29 for special education instruction or related services under sections 125A.03 to 125A.24
7.30 and 125A.65 if the intervention services authorized by this section were unavailable.
7.31 Pupils may be provided services during extended school days and throughout the entire
7.32 year and through the assurance of mastery program under sections 125A.03 to 125A.24
7.33 and 125A.65.

7.34 Sec. 7. Minnesota Statutes 2010, section 125A.65, subdivision 3, is amended to read:

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8.1 Subd. 3. **Educational program; tuition.** (a) When it is determined pursuant to
8.2 section 125A.69, subdivision 1 or 2, that the child is entitled to attend either school,
8.3 the board of the Minnesota State Academies must provide the appropriate educational
8.4 program for the child.

8.5 (b) For fiscal year 2006, the board of the Minnesota State Academies must make a
8.6 tuition charge to the child's district of residence for the cost of providing the program.
8.7 The amount of tuition charged must not exceed ~~the sum of (1)~~ the general education
8.8 revenue formula allowance times the pupil unit weighting factor pursuant to section
8.9 126C.05 for that child, for the amount of time the child is in the program, ~~plus (2), if~~
8.10 ~~the child was enrolled at the Minnesota State Academies on October 1 of the previous~~
8.11 ~~fiscal year, the compensatory education revenue attributable to that child under section~~
8.12 ~~126C.10, subdivision 3.~~ The district of the child's residence must pay the tuition and
8.13 may claim general education aid for the child. Tuition received by the board of the
8.14 Minnesota State Academies, except for tuition for compensatory education revenue under
8.15 this paragraph and tuition received under subdivision 4, must be deposited in the state
8.16 treasury as provided in subdivision 8.

8.17 (c) For fiscal year 2007 and later, the district of the child's residence shall
8.18 claim general education revenue for the child, except as provided in this paragraph.
8.19 Notwithstanding section 127A.47, subdivision 1, an amount equal to the general education
8.20 revenue formula allowance times the pupil unit weighting factor pursuant to section
8.21 126C.05 for that child for the amount of time the child is in the program, as adjusted
8.22 according to subdivision 8, paragraph (d), must be paid to the Minnesota State Academies.
8.23 Notwithstanding section 126C.15, subdivision 2, paragraph (d), the compensatory
8.24 education revenue under section 126C.10, subdivision 3, attributable to children enrolled
8.25 at the Minnesota State Academies on October 1 of the previous fiscal year must be paid
8.26 to the Minnesota State Academies. General education aid paid to the Minnesota State
8.27 Academies under this paragraph must be credited to their general operation account.
8.28 Other general education aid attributable to the child must be paid to the district of the
8.29 child's residence.

8.30 Sec. 8. Minnesota Statutes 2010, section 126C.10, subdivision 4, is amended to read:

8.31 Subd. 4. **Basic skills revenue.** A school district's basic skills revenue equals the
8.32 sum of:

8.33 ~~(1) compensatory revenue under subdivision 3; plus~~

8.34 ~~(2) limited English proficiency revenue under section 124D.65, subdivision 5; plus~~

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9.1 ~~(3)~~ , and \$250 times the limited English proficiency pupil units under section
9.2 126C.05, subdivision 17.

9.3 Sec. 9. Minnesota Statutes 2010, section 127A.47, subdivision 7, is amended to read:

9.4 Subd. 7. **Alternative attendance programs.** The general education aid and special
9.5 education aid for districts must be adjusted for each pupil attending a nonresident district
9.6 under sections 123A.05 to 123A.08, 124D.03, 124D.08, and 124D.68. The adjustments
9.7 must be made according to this subdivision.

9.8 (a) General education aid paid to a resident district must be reduced by an amount
9.9 equal to the referendum equalization aid attributable to the pupil in the resident district.

9.10 (b) General education aid paid to a district serving a pupil in programs listed in this
9.11 subdivision must be increased by an amount equal to the greater of (1) the referendum
9.12 equalization aid attributable to the pupil in the nonresident district; or (2) the product of
9.13 the district's open enrollment concentration index, the maximum amount of referendum
9.14 revenue in the first tier, and the district's net open enrollment pupil units for that year. A
9.15 district's open enrollment concentration index equals the greater of: (i) zero, or (ii) the
9.16 lesser of 1.0, or the difference between the district's ratio of open enrollment pupil units
9.17 served to its resident pupil units for that year and 0.2. This clause does not apply to a
9.18 school district where more than 50 percent of the open enrollment students are enrolled
9.19 solely in online learning courses.

9.20 (c) If the amount of the reduction to be made from the general education aid of the
9.21 resident district is greater than the amount of general education aid otherwise due the
9.22 district, the excess reduction must be made from other state aids due the district.

9.23 (d) For fiscal year 2006, the district of residence must pay tuition to a district or an
9.24 area learning center, operated according to paragraph (f), providing special instruction and
9.25 services to a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in
9.26 section 125A.51, who is enrolled in a program listed in this subdivision. The tuition must
9.27 be equal to (1) the actual cost of providing special instruction and services to the pupil,
9.28 including a proportionate amount for special transportation and unreimbursed building
9.29 lease and debt service costs for facilities used primarily for special education, minus (2)
9.30 if the pupil receives special instruction and services outside the regular classroom for
9.31 more than 60 percent of the school day, the amount of general education revenue and
9.32 referendum aid attributable to that pupil for the portion of time the pupil receives special
9.33 instruction and services outside of the regular classroom, excluding portions attributable to
9.34 district and school administration, district support services, operations and maintenance,
9.35 capital expenditures, and pupil transportation, minus (3) special education aid attributable

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10.1 to that pupil, that is received by the district providing special instruction and services.
10.2 For purposes of this paragraph, general education revenue and referendum equalization
10.3 aid attributable to a pupil must be calculated using the serving district's average general
10.4 education revenue and referendum equalization aid per adjusted pupil unit.

10.5 (e) For fiscal year 2007 and later, special education aid paid to a resident district
10.6 must be reduced by an amount equal to (1) the actual cost of providing special instruction
10.7 and services, including special transportation and unreimbursed building lease and debt
10.8 service costs for facilities used primarily for special education, for a pupil with a disability,
10.9 as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is enrolled
10.10 in a program listed in this subdivision, minus (2) if the pupil receives special instruction
10.11 and services outside the regular classroom for more than 60 percent of the school day,
10.12 the amount of general education revenue and referendum equalization aid attributable
10.13 to that pupil for the portion of time the pupil receives special instruction and services
10.14 outside of the regular classroom, excluding portions attributable to district and school
10.15 administration, district support services, operations and maintenance, capital expenditures,
10.16 and pupil transportation, minus (3) special education aid attributable to that pupil, that is
10.17 received by the district providing special instruction and services. For purposes of this
10.18 paragraph, general education revenue and referendum equalization aid attributable to a
10.19 pupil must be calculated using the serving district's average general education revenue
10.20 and referendum equalization aid per adjusted pupil unit. Special education aid paid to the
10.21 district or cooperative providing special instruction and services for the pupil, or to the
10.22 fiscal agent district for a cooperative, must be increased by the amount of the reduction
10.23 in the aid paid to the resident district. If the resident district's special education aid is
10.24 insufficient to make the full adjustment, the remaining adjustment shall be made to other
10.25 state aids due to the district.

10.26 (f) An area learning center operated by a service cooperative, intermediate district,
10.27 education district, or a joint powers cooperative may elect through the action of the
10.28 constituent boards to charge the resident district tuition for pupils rather than to have the
10.29 general education revenue paid to a fiscal agent school district. Except as provided in
10.30 paragraph (d) or (e), the district of residence must pay tuition equal to at least 90 percent
10.31 of the district average general education revenue per pupil unit minus an amount equal to
10.32 the product of the formula allowance according to section 126C.10, subdivision 2, times
10.33 .0485, calculated without ~~compensatory revenue and~~ transportation sparsity revenue,
10.34 times the number of pupil units for pupils attending the area learning center.

10.35 Sec. 10. Minnesota Statutes 2010, section 128B.03, subdivision 3a, is amended to read:

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11.1 Subd. 3a. **State revenues.** The state shall pay to the council for the support of the
11.2 school all aids, revenues, and grants available to a school district as though the school
11.3 were a school district. The aids, revenues, and grants include, but are not limited to,
11.4 the following:

11.5 (1) general education revenue, as defined in section 126C.10, subdivision 1;
11.6 ~~including at least compensatory revenue;~~

11.7 (2) transportation revenue;

11.8 (3) capital expenditure facilities revenue;

11.9 (4) capital expenditure equipment revenue;

11.10 (5) special education revenue;

11.11 (6) limited English proficiency aid;

11.12 (7) family connections aid;

11.13 (8) assurance of mastery revenue;

11.14 (9) school lunch revenue;

11.15 (10) school milk revenue;

11.16 (11) health and safety revenue;

11.17 (12) Indian language and culture grants;

11.18 (13) arts planning grants; and

11.19 (14) all other aids, revenues, or grants available to a school district.

11.20 If there are eligibility requirements for an aid, revenue, or grant, the requirements
11.21 shall be met in order to obtain the aid, revenue, or grant, except that a requirement to levy
11.22 shall be waived. To compute the amount of aid, revenue, or grant requiring a levy, the
11.23 amount of the levy shall be zero.

11.24 If a school district obtains revenue from the proceeds of a levy, the council shall be
11.25 deemed to have levied and the state shall pay aid equal to the amount that would have
11.26 been levied. The amount shall be approved by the commissioner of education.

11.27 The proceeds of any aid, grant, or revenue shall be used only as provided in the
11.28 applicable statute.

11.29 **Sec. 11. APPROPRIATION.**

11.30 Subdivision 1. **Department of Education.** The sums indicated in this section are
11.31 appropriated from the general fund to the Department of Education for the fiscal years
11.32 designated.

11.33 Subd. 2. **Learn-to-read grants.** For learn-to-read grants to school districts and
11.34 charter schools under Minnesota Statutes, section 124D.655.

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12.1 \$ 300,000,000 2012

12.2 \$ 300,000,000 2013

12.3 Sec. 12. **REPEALER.**

12.4 Minnesota Statutes 2010, sections 126C.05, subdivision 3; 126C.10, subdivision 3;

12.5 and 126C.15, subdivisions 2 and 3, are repealed.

126C.05 DEFINITION OF PUPIL UNITS.

Subd. 3. **Compensation revenue pupil units.** Compensation revenue pupil units for fiscal year 1998 and thereafter must be computed according to this subdivision.

(a) The compensation revenue concentration percentage for each building in a district equals the product of 100 times the ratio of:

(1) the sum of the number of pupils enrolled in the building eligible to receive free lunch plus one-half of the pupils eligible to receive reduced priced lunch on October 1 of the previous fiscal year; to

(2) the number of pupils enrolled in the building on October 1 of the previous fiscal year.

(b) The compensation revenue pupil weighting factor for a building equals the lesser of one or the quotient obtained by dividing the building's compensation revenue concentration percentage by 80.0.

(c) The compensation revenue pupil units for a building equals the product of:

(1) the sum of the number of pupils enrolled in the building eligible to receive free lunch and one-half of the pupils eligible to receive reduced priced lunch on October 1 of the previous fiscal year; times

(2) the compensation revenue pupil weighting factor for the building; times

(3) .60.

(d) Notwithstanding paragraphs (a) to (c), for charter schools and contracted alternative programs in the first year of operation, compensation revenue pupil units shall be computed using data for the current fiscal year. If the charter school or contracted alternative program begins operation after October 1, compensatory revenue pupil units shall be computed based on pupils enrolled on an alternate date determined by the commissioner, and the compensation revenue pupil units shall be prorated based on the ratio of the number of days of student instruction to 170 days.

(e) The percentages in this subdivision must be based on the count of individual pupils and not on a building average or minimum.

126C.10 GENERAL EDUCATION REVENUE.

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

(b) When the district contracting with an alternative program under section 124D.69 changes prior to the start of a school year, the compensatory revenue generated by pupils attending the program shall be paid to the district contracting with the alternative program for the current school year, and shall not be paid to the district contracting with the alternative program for the prior school year.

(c) When the fiscal agent district for an area learning center changes prior to the start of a school year, the compensatory revenue shall be paid to the fiscal agent district for the current school year, and shall not be paid to the fiscal agent district for the prior school year.

126C.15 BASIC SKILLS REVENUE; COMPENSATORY EDUCATION REVENUE.

Subd. 2. **Building allocation.** (a) A district or cooperative must allocate its compensatory revenue to each school building in the district or cooperative where the children who have generated the revenue are served unless the school district or cooperative has received permission under Laws 2005, First Special Session chapter 5, article 1, section 50, to allocate compensatory revenue according to student performance measures developed by the school board.

(b) Notwithstanding paragraph (a), a district or cooperative may allocate up to five percent of the amount of compensatory revenue that the district receives to school sites according to a plan adopted by the school board. The money reallocated under this paragraph must be spent for the purposes listed in subdivision 1, but may be spent on students in any grade, including students attending school readiness or other prekindergarten programs.

(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) Notwithstanding section 123A.26, subdivision 1, compensatory revenue generated by students served at a cooperative unit shall be paid to the cooperative unit.

(e) A district or cooperative with school building openings, school building closings, changes in attendance area boundaries, or other changes in programs or student demographics

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between the prior year and the current year may reallocate compensatory revenue among sites to reflect these changes. A district or cooperative must report to the department any adjustments it makes according to this paragraph and the department must use the adjusted compensatory revenue allocations in preparing the report required under section 123B.76, subdivision 3, paragraph (c).

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 Laws 2005, First Special Session chapter 5, article 1, 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.