

CHAPTER 124

SCHOOL FINANCE

124.14	Distribution of school aids; appropriation.	124.311	Assurance of mastery revenue; Handicapped children.
124.155	Aid reductions due to tax levy revenue recognition change.	124.321	Special education levy equalization revenue.
124.17	Definition of pupil units.	124.322	Alternative delivery revenue.
124.19	Requirements for aid generally.	124.332	Individualized learning and development aid.
124.195	Payment of aids and credits to school districts.	124.39	Fund established; division into accounts.
124.2139	Reduction of payments to school districts.	124.40	Appropriation.
124.214	Aid adjustments.	124.46	Issuance and sale of bonds.
124.223	Transportation aid authorization.	124.47	Repealed.
124.225	Transportation aid entitlement.	124.477	Bond issue; maximum effort school loans; 1988.
124.244	Capital expenditure equipment revenue.	124.479	Bond issue; maximum effort school loans, 1991.
124.245	Adjustments to capital expenditure aids.	124.48	Indian scholarships.
124.248	Revenue for an outcome-based school.	124.493	Approval authority; application forms.
124.252	Repealed.	124.573	Current funding for secondary vocational education.
124.26	Adult basic education.	124.574	Secondary vocational education for handicapped children.
124.2601	Adult basic education revenue.	124.575	Secondary vocational cooperative revenue.
124.2605	GED test fees.	124.646	Lunch aid; food service accounting.
124.261	Adult high school graduation aid.	124.6472	School breakfast program
124.2615	Learning readiness aid.	124.83	Capital expenditure; health and safety.
124.2711	Early childhood family education revenue.	124.84	Handicapped access and fire safety improvements to school buildings.
124.2713	Community education revenue.	124.86	State revenue for American Indian tribal contract or grant schools.
124.2721	Education district revenue.	124.95	Debt service equalization program.
124.2725	Cooperation and combination revenue.	124.97	Debt service levy.
124.2727	Intermediate district revenue.		
124.273	Limited English proficiency programs aid.		
124.278	Minority teacher incentives.		

124.14 DISTRIBUTION OF SCHOOL AIDS; APPROPRIATION.

Subdivision 1. The state board shall supervise distribution of school aids and grants in accordance with law. It may make rules consistent with law for the distribution to enable districts to perform efficiently the services required by law and further education in the state, including reasonable requirements for the reports and accounts to it as will assure accurate and lawful apportionment of aids. State and federal aids and discretionary or entitlement grants distributed by the state board shall not be subject to the contract approval procedures of the commissioner of administration or to chapter 16A or 16B. The commissioner of education shall adopt internal procedures for administration and monitoring of aids and grants.

[For text of subs 2 to 6, see M.S.1990]

Subd. 7. Appropriation transfers. If a direct appropriation from the general fund to the department of education for any education aid or grant authorized in this chapter and chapters 121, 123, 124A, 124C, 125, 126, and 134 exceeds the amount required, the commissioner of education may transfer the excess to any education aid or grant appropriation that is insufficient. However, section 124A.032 applies to a deficiency in the direct appropriation for general education aid. Excess appropriations shall be allocated proportionately among aids or grants that have insufficient appropriations. The commissioner of finance shall make the necessary transfers among appropriations according to the determinations of the commissioner of education. 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.

History: 1991 c 130 s 8; 1991 c 265 art 11 s 8

124.155 AID REDUCTIONS DUE TO TAX LEVY REVENUE RECOGNITION CHANGE.

[For text of subd 1, see M.S.1990]

Subd. 2. **Adjustment to aids.** The amount specified in subdivision 1 shall be used to adjust the following state aids and credits in the order listed:

- (a) general education aid authorized in sections 124A.23 and 124B.20;
- (b) secondary vocational aid authorized in section 124.573;
- (c) special education aid authorized in section 124.32;
- (d) secondary vocational aid for handicapped children authorized in section 124.574;
- (e) aid for pupils of limited English proficiency authorized in section 124.273;
- (f) transportation aid authorized in section 124.225;
- (g) community education programs aid authorized in section 124.2713;
- (h) adult education aid authorized in section 124.26;
- (i) early childhood family education aid authorized in section 124.2711;
- (j) capital expenditure aid authorized in sections 124.243, 124.244, and 124.83;
- (k) education district aid according to section 124.2721;
- (l) secondary vocational cooperative aid according to section 124.575;
- (m) assurance of mastery aid according to section 124.311;
- (n) individual learning and development aid according to section 124.331;
- (o) homestead credit under section 273.13 for taxes payable in 1989 and additional homestead and agricultural credit guarantee under section 273.1398, subdivision 5, for taxes payable in 1990 and thereafter;
- (p) agricultural credit under section 273.132 for taxes payable in 1989 and additional homestead and agricultural credit guarantee under section 273.1398, subdivision 5, for taxes payable in 1990 and thereafter;
- (q) homestead and agricultural credit aid and disparity reduction aid authorized in section 273.1398, subdivision 2; and
- (r) attached machinery aid authorized in section 273.138, subdivision 3.

The commissioner of education shall schedule the timing of the adjustments to state aids and credits specified in subdivision 1, as close to the end of the fiscal year as possible.

[For text of subd 3, see M.S.1990]

History: 1991 c 130 s 9

124.17 DEFINITION OF PUPIL UNITS.

Subdivision 1. **Pupil unit.** Pupil units for each resident pupil in average daily membership shall be counted according to this subdivision.

(a) A handicapped prekindergarten pupil who is enrolled for the entire fiscal year in a program approved by the commissioner and has an individual education plan that requires up to 437 hours of assessment and education services in the fiscal year is counted as one-half of a pupil unit. If the plan requires more than 437 hours of assessment and education services, the pupil is counted as the ratio of the number of hours of assessment and education service to 875, but not more than one.

(b) A handicapped prekindergarten pupil who is enrolled for less than the entire fiscal year in a program approved by the commissioner is counted as the greater of:

(1) one-half times the ratio of the number of instructional days from the date the pupil is enrolled to the date the pupil withdraws to the number of instructional days in the school year; or

(2) the ratio of the number of hours of assessment and education service required

in the fiscal year by the pupil's individual education program plan to 875, but not more than one.

(c) A prekindergarten pupil who is assessed but determined not to be handicapped is counted as the ratio of the number of hours of assessment service to 875.

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

(e) A kindergarten pupil who is not included in paragraph (d) is counted as one-half of a pupil unit.

(f) A pupil who is in any of grades 1 to 6 is counted as one pupil unit.

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

Subd. 1b. Fiscal year 1992 AFDC pupil units. AFDC pupil units for fiscal year 1992 shall be computed according to this subdivision. In a district in which the number of pupils from families receiving aid to families with dependent children according to subdivision 1e equals six percent or more of the actual pupil units in the district for the current school year, as computed in subdivision 1, each such pupil shall be counted as an additional one-tenth of a pupil unit for each percent of concentration over five percent of such pupils in the district. The percent of concentration shall be rounded down to the nearest whole percent. In a district in which the percent of concentration is less than six, additional pupil units may not be counted for such pupils. A pupil may not be counted as more than .6 additional pupil unit under this subdivision. The weighting in this subdivision is in addition to the weighting provided in subdivision 1.

Subd. 1c. Foreign exchange pupils. Notwithstanding section 123.35, subdivision 8c, or any other law to the contrary, a foreign exchange pupil enrolled in a district under a cultural exchange program may be counted as a resident pupil for the purposes of this chapter and chapter 124A and section 275.125 even if the pupil has graduated from high school or the equivalent.

Subd. 1d. AFDC pupil units. AFDC pupil units for fiscal year 1993 and thereafter must be computed according to this subdivision.

(a) The AFDC concentration percentage for a district equals the product of 100 times the ratio of:

(1) the number of pupils enrolled in the district from families receiving aid to families with dependent children according to subdivision 1e; to

(2) the number of pupils in average daily membership according to subdivision 1e enrolled in the district.

(b) The AFDC pupil weighting factor for a district equals the lesser of one or the quotient obtained by dividing the district's AFDC concentration percentage by 11.5.

(c) The AFDC pupil units for a district for fiscal year 1993 and thereafter equals the product of:

(1) the number of pupils enrolled in the district from families receiving aid to families with dependent children according to subdivision 1e; times

(2) the AFDC pupil weighting factor for the district; times

(3) .65.

Subd. 1e. AFDC pupil counts. AFDC pupil counts and average daily membership for subdivisions 1b and 1d shall be determined according to this subdivision:

(a) For districts where the number of pupils from families receiving aid to families with dependent children has increased over the preceding year for each of the two previous years, the number of pupils enrolled in the district from families receiving aid to families with dependent children shall be those counted on October 1 of the previous school year. The average daily membership used shall be from the previous school year.

(b) For districts that do not meet the requirement of paragraph (a), the number

of pupils enrolled in the district from families receiving aid to families with dependent children shall be the average number of pupils on October 1 of the second previous school year and October 1 of the previous school year. The average daily membership used shall be the average number enrolled in the previous school year and the second previous school year.

[For text of subds 2 to 3, see M.S.1990]

History: 1991 c 265 art 1 s 4-7; art 9 s 42

NOTE: Subdivision 1d, as added by Laws 1991, chapter 265, article 1, section 6, is effective July 1, 1992. See Laws 1991, chapter 265, article 1, section 34.

124.19 REQUIREMENTS FOR AID GENERALLY.

Subdivision 1. Instructional time. Every district shall maintain school in session or provide instruction in other districts for at least the number of days required in subdivision 1b, not including summer school, or the equivalent in a district operating a flexible school year program. A district that holds school for the required minimum number of days and is otherwise qualified is entitled to state aid as provided by law. If school is not held for the required minimum number of days, state aid shall be reduced by the ratio that the difference between the required number of days and the number of days school is held bears to the required number of days, multiplied by 60 percent of the basic revenue, as defined in section 124A.22, subdivision 2, of the district for that year. However, districts maintaining school for fewer than the required minimum number of days do not lose state aid (1) if the circumstances causing loss of school days below the required minimum number of days are beyond the control of the board, (2) if proper evidence is submitted, and (3) if a good faith attempt made to make up time lost due to these circumstances. The loss of school days resulting from a lawful employee strike shall not be considered a circumstance beyond the control of the board. Days devoted to meetings authorized or called by the commissioner may not be included as part of the required minimum number of days of school. For grades 1 to 12, days devoted to parent-teacher conferences, teachers' workshops, or other staff development opportunities as part of the required minimum number of days must not exceed the difference between the number of days required in subdivision 1b and the number of instructional days required in subdivision 1b. For kindergarten, days devoted to parent-teacher conferences, teachers' workshops, or other staff development opportunities as part of the required minimum number of days must not exceed twice the number of days for grades 1 to 12.

Subd. 1b. Required days. Each district shall maintain school in session or provide instruction in other districts for at least the number of days required for the school years listed below:

- (1) 1995-1996, 177;
- (2) 1996-1997, 179;
- (3) 1997-1998, 181;
- (4) 1998-1999, 183;
- (5) 1999-2000, 185;
- (6) 2000-2001, 187;
- (7) 2001-2002, 189;
- (8) 2002-2003, 191;
- (9) 2003-2004, 193; and
- (10) 2004-2005, and later school years, 195.

[For text of subds 3 to 6, see M.S.1990]

Subd. 7. Alternative programs. (a) This subdivision applies to an alternative program that has been approved by the state board of education pursuant to Minnesota Rules, part 3500.3500, as exempt from Minnesota Rules, part 3500.1500, requiring a school day to be at least six hours in duration.

(b) To receive general education revenue for a pupil in an alternative program, a school district must meet the requirements in this paragraph. The program must be approved by the commissioner of education. In approving a program, the commissioner may use the process used for approving state designated area learning centers under section 124C.49.

(c) In addition to the requirements in paragraph (b), to receive general education revenue for a pupil in an alternative program that has an independent study component, a school district must meet the requirements in this paragraph.

The school district must develop with the pupil a continual learning plan for the pupil. A district must allow a minor pupil's parent or guardian to participate in developing the plan, if the parent or guardian wants to participate. The plan must identify the learning experiences and expected outcomes needed for satisfactory credit for the year and for graduation. The plan must be updated each year.

General education revenue for a pupil in an approved alternative program without an independent study component must be prorated for a pupil participating for less than a full school year, or its equivalent.

General education revenue for a pupil in an approved alternative program that has an independent study component must be paid for each hour of teacher contact time and each hour of independent study time completed toward a credit necessary for graduation. Average daily membership for a pupil shall equal the number of hours of teacher contact time and independent study time divided by the product of the number of instructional days required for that year and six, but not more than one, except as otherwise provided in section 121.585.

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

History: 1991 c 265 art 7 s 10-12

124.195 PAYMENT OF AIDS AND CREDITS TO SCHOOL DISTRICTS.

[For text of subd 1, see M.S.1990]

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 124.09, apportionments by the county auditor pursuant to section 124.10, subdivision 2, and payments to school districts by the commissioner of revenue pursuant to chapter 298.

(b) The term "cumulative amount guaranteed" means the sum of the following:

(1) one-third of the final adjustment payment according to subdivision 6; plus

(2) the product of

(i) the cumulative disbursement percentage shown in subdivision 3; times

(ii) the sum of

85 percent of the estimated aid and credit entitlements paid according to subdivision 10; plus

100 percent of the entitlements paid according to subdivisions 8 and 9; plus

the other district receipts; plus

the final adjustment payment according to subdivision 6.

(c) The term "payment date" means the date on which state payments to school districts are made by the electronic funds transfer method. If a payment date falls on a Saturday, the payment shall be made on the immediately preceding business day. If a payment date falls on a Sunday, the payment shall be made on the immediately following business day. If a payment date falls on a weekday which is a legal holiday, the payment shall be made on the immediately preceding business day. The commissioner of education 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.

Subd. 3. Payment dates and percentages. The commissioner of education shall pay to a school district on the dates indicated an amount computed as follows: the cumulative amount guaranteed minus the sum of (a) the district's other district receipts through the current payment, and (b) the aid and credit payments through the immediately preceding payment. For purposes of this computation, the payment dates and the cumulative disbursement percentages are as follows:

	Payment date	Percentage
Payment 1	July 15:	2.25
Payment 2	July 30:	4.50
Payment 3	August 15:	6.75
Payment 4	August 30:	9.0
Payment 5	September 15: the greater of (a) one-half of the final adjustment for the prior fiscal year for the state paid property tax credits established in section 273.1392, or (b) the amount needed to provide 12.75 percent	
Payment 6	September 30: the greater of (a) one-half of the final adjustment for the prior fiscal year for the state paid property tax credits established in section 273.1392, or (b) the amount needed to provide 16.5 percent	
Payment 7	October 15: the greater of (a) one-half of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits, or (b) the amount needed to provide 20.75 percent	
Payment 8	October 30: the greater of (a) one-half of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits, or (b) the amount needed to provide 25.0 percent	
Payment 9	November 15:	31.0
Payment 10	November 30:	37.0
Payment 11	December 15:	40.0
Payment 12	December 30:	43.0
Payment 13	January 15:	47.25
Payment 14	January 30:	51.5
Payment 15	February 15:	56.0
Payment 16	February 28:	60.5
Payment 17	March 15:	65.25
Payment 18	March 30:	70.0
Payment 19	April 15:	73.0
Payment 20	April 30:	79.0
Payment 21	May 15:	82.0
Payment 22	May 30:	90.0
Payment 23	June 20:	100.0

Subd. 3a. Appeal. The commissioner may revise the payment dates and percentages in subdivision 3 for a district if it is determined that there is an emergency or there are serious cash flow problems in the district that cannot be resolved by issuing warrants or other forms of indebtedness. The commissioner shall establish a process and criteria for school districts to appeal the payment dates and percentages established in subdivision 3.

[For text of subs 4 to 8, see M.S.1990]

Subd. 9. Payment percentage for certain aids. One hundred percent of the aid for the current fiscal year must be paid for the following aids: management information center subsidies, according to section 121.935; reimbursement for transportation to post-secondary institutions, according to section 123.3514, subdivision 8; aid for the program for adults with disabilities, according to section 124.2715, subdivision 2; school lunch aid, according to section 124.646; tribal contract school aid, according to section 124.85; hearing impaired support services aid, according to section 121.201; Indian post-secondary preparation grants according to section 124.481; integration grants according to Laws 1989, chapter 329, article 8, section 14, subdivision 3; and debt service aid according to section 124.95, subdivision 5.

Subd. 10. Aid payment percentage. Except as provided in subdivisions 8, 9, and 11, each fiscal year, all education aids and credits in this chapter and chapters 121, 123, 124A, 124B, 125, 126, 134, and section 273.1392, shall be paid at 85 percent of the estimated entitlement during the fiscal year of the entitlement, unless a higher rate has been established according to section 121.904, subdivision 4d. The amount of the actual entitlement, after adjustment for actual data, minus the payments made during the fiscal year of the entitlement shall be paid as the final adjustment payment according to subdivision 6.

Subd. 11. Nonpublic aids. The state shall pay aid according to sections 123.931 to 123.947 for pupils attending nonpublic schools as follows:

- (1) an advance payment by November 30 equal to 85 percent of the estimated entitlement for the current fiscal year; and
- (2) a final payment by October 31 of the following fiscal year, adjusted for actual data.

If a payment advance to meet cash flow needs is requested by a district and approved by the commissioner, the state shall pay basic transportation aid according to section 124.225 attributable to pupils attending nonpublic schools by October 31.

[For text of subs 12 and 13, see M.S.1990]

History: 1991 c 130 s 10-14; 1991 c 199 art 2 s 9; 1991 c 265 art 2 s 3; art 5 s 5

NOTE: Subdivision 9, as amended by Laws 1991, chapter 265, article 5, section 5, is effective for revenue for fiscal year 1993. See Laws 1991, chapter 265, article 5, section 25.

124.2139 REDUCTION OF PAYMENTS TO SCHOOL DISTRICTS.

The commissioner of revenue shall reduce the sum of the additional homestead and agricultural credit guarantee, homestead and agricultural credit aid, and disparity reduction aid payments under section 273.1398 made to school districts by the product of:

- (1) the district's fiscal year 1984 payroll for coordinated plan members of the public employees retirement association, times
- (2) the difference between the employer contribution rate in effect prior to July 1, 1984, and the total employer contribution rate in effect after June 30, 1984.

History: 1991 c 130 s 15

124.214 AID ADJUSTMENTS.

[For text of subd 1, see M.S.1990]

Subd. 2. Abatements. Whenever by virtue of chapter 278, sections 270.07, 375.192, or otherwise, the net tax capacity of any school 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 school 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 275.48. The amount of the abatement adjustment shall be the product of:

- (1) the net revenue loss as certified by the county auditor, times
- (2) the ratio of:
 - (a) the sum of the amounts of the district's certified levy in the preceding year according to the following:
 - (i) section 124A.23 if the district receives general education aid according to that section, or section 124B.20, if the education district of which the district is a member receives general education aid according to that section;
 - (ii) section 275.125, subdivisions 5 and 5c, if the district receives transportation aid according to section 124.225;
 - (iii) section 124.243, if the district receives capital expenditure facilities aid according to that section;
 - (iv) section 124.244, if the district receives capital expenditure equipment aid according to that section;
 - (v) section 124.83, if the district receives health and safety aid according to that section;
 - (vi) sections 124.2713, 124.2714, and 124.2715, if the district receives aid for community education programs according to any of those sections; and
 - (vii) section 275.125, subdivision 8b, if the district receives early childhood family education aid according to section 124.2711;
 - (b) to the total amount of the district's certified levy in the preceding October, plus or minus auditor's adjustments.

Subd. 3. Excess tax increment. If a return of excess tax increment is made to a school district pursuant to section 469.176, subdivision 2, or upon decertification of a tax increment district, the school district's aid and levy limitations must be adjusted for the fiscal year in which the excess tax increment is paid under the provisions of this subdivision.

- (a) An amount must be subtracted from the school 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 school district, times
 - (2) the ratio of:
 - (A) the sum of the amounts of the school district's certified levy for the fiscal year in which the excess tax increment is paid according to the following:
 - (i) section 124A.23, if the district receives general education aid according to that section, or section 124B.20, if the education district of which the district is a member receives general education aid according to that section;
 - (ii) section 275.125, subdivisions 5 and 5c, if the school district receives transportation aid according to section 124.225;
 - (iii) section 124.243, if the district receives capital expenditure facilities aid according to that section;
 - (iv) section 124.244, if the district receives capital expenditure equipment aid according to that section;
 - (v) section 124.83, if the district receives health and safety aid according to that section;
 - (vi) sections 124.2713, 124.2714, and 124.2715, if the district receives aid for community education programs according to any of those sections; and
 - (vii) section 275.125, subdivision 8b, if the district receives early childhood family education aid according to section 124.2711;
 - (B) to the total amount of the school district's certified levy for the fiscal year, plus or minus auditor's adjustments.

(b) 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 shall use the payment of excess tax increment to replace the aid and levy revenue reduced under this subdivision.

This subdivision applies only to the total amount of excess increments received by a school district for a calendar year that exceeds \$25,000.

History: 1991 c 130 s 16,17

124.223 TRANSPORTATION AID AUTHORIZATION.

Subdivision 1. **To and from school; between schools.** (a) State transportation aid is authorized for transportation or board of resident elementary pupils who reside one mile or more from the public schools which they could attend; transportation or board of resident secondary pupils who reside two miles or more from the public schools which they could attend; transportation to and from schools the resident pupils attend according to a program approved by the commissioner of education, or between the schools the resident pupils attend for instructional classes; transportation of resident elementary pupils who reside one mile or more from a nonpublic school actually attended; transportation of resident secondary pupils who reside two miles or more from a nonpublic school actually attended; but with respect to transportation of pupils to nonpublic schools actually attended, only to the extent permitted by sections 123.76 to 123.79; transportation of a pupil who is a custodial parent and that pupil's child between the pupil's home and the child care provider and between the provider and the school, if the home and provider are within the attendance area of the school. State transportation aid is not authorized for late transportation home from school for pupils involved in after school activities. State transportation aid is not authorized for summer program transportation except as provided in subdivision 8.

(b) For the purposes of this subdivision, 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.

(c) State transportation aid is authorized for transportation to and from school of an elementary pupil who moves during the school year within an area designated by the district as a mobility zone, but only for the remainder of the school year. The attendance areas of schools in a mobility zone must be contiguous. To be in a mobility zone, a school must meet both of the following requirements:

(1) more than 50 percent of the pupils enrolled in the school are eligible for free or reduced school lunch; and

(2) the pupil withdrawal rate for the last year is more than 12 percent.

(d) A pupil withdrawal rate is determined by dividing:

(1) the sum of the number of pupils who withdraw from the school, during the school year, and the number of pupils enrolled in the school as a result of transportation provided under this paragraph, by

(2) the number of pupils enrolled in the school.

(e) The district may establish eligibility requirements for individual pupils to receive transportation in the mobility zone.

[For text of subs 2 to 7, see M.S.1990]

Subd. 8. Summer instructional programs. State transportation aid is authorized for

services described in subdivisions 1 to 7, 9, and 10 when provided for handicapped pupils in conjunction with a summer program that meets the requirements of section 124A.27, subdivision 9. State transportation aid is authorized for services described in subdivision 1 when provided during the summer in conjunction with a learning year program established under section 121.585.

[For text of subs 9 and 10, see M.S.1990]

History: 1991 c 265 art 2 s 4,5

124.225 TRANSPORTATION AID ENTITLEMENT.

Subdivision 1. **Definitions.** For purposes of this section, the terms defined in this subdivision have the meanings given to them.

(a) "FTE" means a transported full-time equivalent pupil whose transportation is authorized for aid purposes by section 124.223.

(b) "Authorized cost for regular transportation" means the sum of:

(1) all expenditures for transportation in the regular category, as defined in paragraph (c), clause (1), for which aid is authorized in section 124.223, plus

(2) 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 12-1/2 percent per year of the cost of the fleet, plus

(3) an amount equal to one year's depreciation on district school buses reconditioned by the department of corrections computed on a straight line basis at the rate of 33-1/3 percent per year of the cost to the district of the reconditioning, plus

(4) an amount equal to one year's depreciation on the district's type three school buses, as defined in section 169.44, subdivision 15, which were purchased after July 1, 1982, for authorized transportation of pupils, with the prior approval of the commissioner, computed on a straight line basis at the rate of 20 percent per year of the cost of the type three school buses.

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

(1) Regular transportation is transportation services provided during the regular school year under section 124.223, subdivisions 1 and 2, excluding the following transportation services provided under section 124.223, subdivision 1: transportation between schools; noon transportation to and from school for kindergarten pupils attending half-day sessions; transportation of pupils to and from schools located outside their normal attendance areas under the provisions of a plan for desegregation mandated by the state board of education or under court order; and transportation of elementary pupils to and from school within a mobility zone.

(2) Nonregular transportation is transportation services provided under section 124.223, subdivision 1, that are excluded from the regular category and transportation services provided under section 124.223, subdivisions 3, 4, 5, 6, 7, 8, 9, and 10.

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

(4) Desegregation transportation is transportation 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 state board or under court order.

(5) Handicapped transportation is transportation provided under section 124.223, subdivision 4, for handicapped pupils between home or a respite care facility and school or other buildings where special instruction required by section 120.17 is provided.

(d) "Mobile unit" means a vehicle or trailer designed to provide facilities for edu-

ational 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 123.932, subdivision 9.

(e) "Current year" means the school year for which aid will be paid.

(f) "Base year" means the second school year preceding the school year for which aid will be paid.

(g) "Base cost" means the ratio of:

(1) the sum of the authorized cost in the base year for regular transportation as defined in paragraph (b) plus the actual cost in the base year for excess transportation as defined in paragraph (c);

(2) to the sum of the number of weighted FTE pupils transported in the regular and excess categories in the base year.

(h) "Pupil weighting factor" for the excess transportation category for a school district means the lesser of one, or the result of the following computation:

(1) Divide the square mile area of the school district by the number of FTE pupils transported in the regular and excess categories in the base year.

(2) Raise the result in clause (1) to the one-fifth power.

(3) Divide four-tenths by the result in clause (2).

The pupil weighting factor for the regular transportation category is one.

(i) "Weighted FTE's" means the number of FTE's in each transportation category multiplied by the pupil weighting factor for that category.

(j) "Sparsity index" for a school district means the greater of .005 or the ratio of the square mile area of the school district to the sum of the number of weighted FTE's transported by the district in the regular and excess categories in the base year.

(k) "Density index" for a school district means the greater of one or the result obtained by subtracting the product of the district's sparsity index times 20 from two.

(l) "Contract transportation index" for a school district means the greater of one or the result of the following computation:

(1) Multiply the district's sparsity index by 20.

(2) Select the lesser of one or the result in clause (1).

(3) Multiply the district's percentage of regular FTE's transported in the current year using vehicles that are not owned by the school district by the result in clause (2).

(m) "Adjusted predicted base cost" means the predicted base cost as computed in subdivision 3a as adjusted under subdivision 7a.

(n) "Regular transportation allowance" means the adjusted predicted base cost, inflated and adjusted under subdivision 7b.

Subd. 3. [Repealed, 1991 c 265 art 2 s 20]

Subd. 3a. **Predicted base cost.** A district's predicted base cost equals the result of the following computation:

(a) Multiply the transportation formula allowance by the district's sparsity index raised to the one-fourth power. The transportation formula allowance is \$421 for the 1989-1990 base year and \$434 for the 1990-1991 base year.

(b) Multiply the result in paragraph (a) by the district's density index raised to the 35/100 power.

(c) Multiply the result in paragraph (b) by the district's contract transportation index raised to the 1/20 power.

Subd. 4b. [Repealed, 1991 c 265 art 2 s 20]

Subd. 7a. **Base year softening formula.** Each district's predicted base cost determined according to subdivision 3a must be adjusted as provided in this subdivision to determine the district's adjusted predicted base cost for that year. The adjusted predicted base cost equals 50 percent of the district's base cost plus 50 percent of the district's predicted base cost, but the adjusted predicted base cost cannot be less than 80 percent, nor more than 105 percent, of the base cost.

Subd. 7b. Inflation factors. The adjusted predicted base cost determined for a district under subdivision 7a for the base year must be increased by 4.0 percent to determine the district's regular transportation allowance for the 1991-1992 school year and by 2.0 percent to determine the district's regular transportation allowance for the 1992-1993 school year, but the regular transportation allowance for a district cannot be less than the district's minimum regular transportation allowance according to Minnesota Statutes 1990, section 124.225, subdivision 1, paragraph (t).

Subd. 7c. [Repealed, 1991 c 265 art 2 s 20]

Subd. 7d. Transportation revenue. Transportation revenue for each district equals the sum of the district's regular transportation revenue and the district's nonregular transportation revenue.

(a) The regular transportation revenue for each district equals the district's regular transportation allowance according to subdivision 7b times the sum of the number of FTE's transported by the district in the regular, desegregation, and handicapped categories in the current school year.

(b) The nonregular transportation revenue for each district for the 1991-1992 school year equals the lesser of the district's actual costs in the 1991-1992 school year for nonregular transportation services or the product of the district's actual cost in the 1990-1991 school year for nonregular transportation services as defined for the 1991-1992 school year in subdivision 1, paragraph (c), times the ratio of the district's average daily membership for the 1991-1992 school year to the district's average daily membership for the 1990-1991 school year according to section 124.17, subdivision 2, times 1.03, minus the amount of regular transportation revenue attributable to FTE's transported in the desegregation and handicapped categories in the current school year, plus the excess nonregular transportation revenue for the 1991-1992 school year according to subdivision 7e.

(c) For the 1992-1993 and later school years, the nonregular transportation revenue for each district equals the lesser of the district's actual cost in the current school year for nonregular transportation services or the product of the district's actual cost in the base year for nonregular transportation services as defined for the current year in subdivision 1, paragraph (c), times the ratio of the district's average daily membership for the current year to the district's average daily membership for the base year according to section 124.17, subdivision 2, times the nonregular transportation inflation factor for the current year, minus the amount of regular transportation revenue attributable to FTE's transported in the desegregation and handicapped categories in the current school year, plus the excess nonregular transportation revenue for the current year according to subdivision 7e. The nonregular transportation inflation factor for the 1992-1993 school year is 1.061.

Subd. 7e. Excess nonregular transportation revenue. (a) A district's excess nonregular transportation revenue for the 1991-1992 school year equals an amount equal to 80 percent of the difference between:

(1) the district's actual cost in the 1991-1992 school year for nonregular transportation services as defined for the 1991-1992 school year in subdivision 1, paragraph (c), and

(2) the product of the district's actual cost in the 1990-1991 school year for nonregular transportation services as defined for the 1991-1992 school year in subdivision 1, paragraph (c), times 1.15, times the ratio of the district's average daily membership for the 1991-1992 school year to the district's average daily membership for the 1990-1991 school year.

(b) A district's excess nonregular transportation revenue for the 1992-1993 school year and later school years equals an amount equal to 80 percent of the difference between:

(1) the district's actual cost in the current year for nonregular transportation services as defined for the current year in subdivision 1, paragraph (c), and

(2) the product of the district's actual cost in the base year for nonregular transpor-

tation services as defined for the current year in subdivision 1, paragraph (c), times 1.30, times the ratio of the district's average daily membership for the current year to the district's average daily membership for the base year.

(c) The state total excess nonregular transportation revenue must not exceed \$2,000,000 for the 1991-1992 school year and \$2,000,000 for the 1992-1993 school year. If the state total revenue according to paragraph (a) or (b) exceeds the limit set in this paragraph, the excess nonregular transportation revenue for each district equals the district's revenue according to paragraph (a) or (b), times the ratio of the limitation set in this paragraph to the state total revenue according to paragraph (a) or (b).

Subd. 8a. Transportation aid. (a) A district's transportation aid equals the product of:

(1) the difference between the transportation revenue and the sum of:

(i) the maximum basic transportation levy for that school year under section 275.125, subdivision 5, plus

(ii) the maximum nonregular transportation levy for that school year under section 275.125, subdivision 5c, plus

(iii) the contracted services aid reduction under subdivision 8k,

(2) times the ratio of the sum of the actual amounts levied under section 275.125, subdivisions 5 and 5c, to the sum of the permitted maximum levies under section 275.125, subdivisions 5 and 5c.

(b) If the total appropriation for transportation aid for any fiscal year is insufficient to pay all districts the full amount of aid earned, the department of education shall reduce each district's aid in proportion to the number of resident pupils in average daily membership in the district to the state total average daily membership, and shall reduce the transportation levy of off-formula districts in the same proportion.

Subd. 8b. [Repealed, 1991 c 265 art 2 s 20]

Subd. 8i. [Repealed, 1991 c 265 art 2 s 20]

Subd. 8j. [Repealed, 1991 c 265 art 2 s 20]

Subd. 8k. Contracted services aid reduction. (a) Each year, a district's transportation aid shall be reduced according to the provisions of this subdivision, if the district contracted for some or all of the transportation services provided in the regular category.

(b) The department of education shall determine the subtraction by computing the district's regular transportation revenue, excluding revenue based on the district's minimum regular transportation allowance according to Minnesota Statutes 1990, section 124.225, subdivision 1, paragraph (t), under two circumstances, once including the factor specified in subdivision 3a, paragraph (c), and once excluding the factor. The aid subtraction equals the difference between the district's revenue computed under the two circumstances.

Subd. 8l. Alternative attendance programs. A district that enrolls nonresident pupils in programs under sections 120.062, 120.075, 120.0751, 120.0752, 124C.45 to 124C.48, and 126.22, shall provide authorized transportation to the pupil within the attendance area for the school that the pupil attends. The state shall pay transportation aid attributable to the pupil to the nonresident district according to this section. The resident district need not provide or pay for transportation between the pupil's residence and the district's border.

[For text of subd 9, see M.S.1990]

Subd. 10. Depreciation. Any school district that owns school buses or mobile units shall transfer annually from the undesignated fund balance account in its transportation fund to the reserved fund balance account for bus purchases in its transportation fund at least an amount equal to 12-1/2 percent of the original cost of each type one or type two bus or mobile unit until the original cost of each type one or type two bus or mobile unit is fully amortized, plus 20 percent of the original cost of each type three

bus included in the district's authorized cost under the provisions of subdivision 1, paragraph (b), clause (4), until the original cost of each type three bus is fully amortized, plus 33-1/3 percent of the cost to the district as of July 1 of each year for school bus reconditioning done by the department of corrections until the cost of the reconditioning is fully amortized; provided, if the district's transportation aid or levy is reduced pursuant to subdivision 8a because the appropriation for that year is insufficient, this amount shall be reduced in proportion to the reduction pursuant to subdivision 8a as a percentage of the district's transportation revenue under subdivision 7d.

History: 1991 c 199 art 2 s 10; 1991 c 265 art 2 s 6-14

124.244 CAPITAL EXPENDITURE EQUIPMENT REVENUE.

[For text of subs 1 and 2, see M.S.1990]

Subd. 3. Capital expenditure equipment aid. A district's capital expenditure equipment aid is the difference between the capital expenditure equipment revenue and the capital expenditure equipment levy. If a district does not levy the entire amount permitted, capital expenditure equipment aid must be reduced in proportion to the actual amount levied. Capital expenditure equipment aid must not be reduced as a result of a reduction of its capital expenditure equipment levy under section 121.912 or 124.2445.

[For text of subd 4, see M.S.1990]

History: 1991 c 130 s 18

124.245 ADJUSTMENTS TO CAPITAL EXPENDITURE AIDS.

Subd. 6. Alternative attendance programs. The capital expenditure facilities aid under section 124.243 and the capital expenditure equipment aid under section 124.244 for districts must be adjusted for each pupil, excluding a handicapped pupil as defined in section 120.03, attending a nonresident district under sections 120.062, 120.075, 120.0751, 120.0752, 124C.45 to 124C.48, and 126.22. The adjustments must be made according to this subdivision.

(a) Aid paid to a district of the pupil's residence must be reduced by an amount equal to the revenue amount per actual pupil unit of the resident district times the number of pupil units of pupils enrolled in nonresident districts.

(b) Aid paid to a district serving nonresidents must be increased by an amount equal to the revenue amount per actual pupil unit of the nonresident district times the number of pupil units of nonresident pupils enrolled in the district.

(c) If the amount of the reduction to be made from the aid of a district is greater than the amount of aid otherwise due the district, the excess reduction must be made from other state aids due the district.

History: 1991 c 199 art 2 s 11

124.248 REVENUE FOR AN OUTCOME-BASED SCHOOL.

Subdivision 1. General education revenue. General education revenue shall be paid to an outcome-based school as though it were a school district. The general education revenue for each pupil unit is the state average general education revenue per pupil unit, calculated without compensatory revenue, plus compensatory revenue as though the school were a school district.

Subd. 2. Capital expenditure equipment revenue. Capital expenditure equipment aid shall be paid to an outcome-based school according to section 124.245, subdivision 6, as though it were a school district. Capital expenditure equipment aid shall equal capital expenditure equipment revenue. Notwithstanding section 124.244, subdivision 4, an outcome-based school may use the revenue for any purpose related to the school.

Subd. 3. Special education aid. Special education aid shall be paid to an outcome-based school according to section 124.32 as though it were a school district. The school

may charge tuition to the district of residence as provided in section 120.17, subdivision 4. The district of residence shall levy as provided in section 275.125, subdivision 8c, as though it were participating in a cooperative.

Subd. 4. Other aid, grants, revenue. An outcome-based school is eligible to receive other aids, grants, and revenue according to chapters 120 to 129, as though it were a school district. However, it may not receive aid, a grant, or revenue if a levy is required to obtain the money, except as otherwise provided in this section. 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.

Subd. 5. Use of state money. Money received from the state may not be used to purchase land or buildings. The school may own land and buildings if obtained through nonstate sources.

History: 1991 c 265 art 9 s 43

124.252 [Repealed, 1991 c 265 art 8 s 20]

124.26 ADULT BASIC EDUCATION.

[For text of subd 1b, see M.S.1990]

Subd. 1c. Program approval. To receive aid under this section, a district must submit an application by June 1 describing the program, on a form provided by the department. The program must be approved by the commissioner according to the following criteria:

- (1) how the needs of different levels of learning will be met;
- (2) for continuing programs, an evaluation of results;
- (3) anticipated number and education level of participants;
- (4) coordination with other resources and services;
- (5) participation in a consortium, if any, and money available from other participants;
- (6) management and program design;
- (7) volunteer training and use of volunteers;
- (8) staff development services;
- (9) program sites and schedules; and
- (10) program expenditures that qualify for aid.

The commissioner may contract with a private, nonprofit organization to provide services that are not offered by a district or that are supplemental to a district's program. The program provided under a contract must be approved according to the same criteria used for district programs.

Adult basic education programs may be approved under this subdivision for up to two years. Two-year program approval shall be granted to an applicant who has demonstrated the capacity to:

- (1) offer comprehensive learning opportunities and support service choices appropriate for and accessible to adults at all basic skill need levels;
- (2) provide a participatory and experimental learning approach based on the strengths, interests, and needs of each adult, that enables adults with basic skill needs to:
 - (i) identify, plan for, and evaluate their own progress toward achieving their defined educational and occupational goals;
 - (ii) master the basic academic reading, writing, and computational skills, as well as the problem-solving, decision making, interpersonal effectiveness, and other life and learning skills they need to function effectively in a changing society;
 - (iii) locate and be able to use the health, governmental, and social services and resources they need to improve their own and their families' lives; and

(iv) continue their education, if they desire, to at least the level of secondary school completion, with the ability to secure and benefit from continuing education that will enable them to become more employable, productive, and responsible citizens;

(3) plan, coordinate, and develop cooperative agreements with community resources to address the needs that the adults have for support services, such as transportation, flexible course scheduling, convenient class locations, and child care;

(4) collaborate with business, industry, labor unions, and employment-training agencies, as well as with family and occupational education providers, to arrange for resources and services through which adults can attain economic self-sufficiency;

(5) provide sensitive and well trained adult education personnel who participate in local, regional, and statewide adult basic education staff development events to master effective adult learning and teaching techniques;

(6) participate in regional adult basic education peer program reviews and evaluations; and

(7) submit accurate and timely performance and fiscal reports.

Subd. 2. Each district or group of districts providing adult basic education programs shall establish and maintain accounts separate from all other district accounts for the receipt and disbursement of all funds related to these programs. All aid received pursuant to this section shall be utilized solely for the purposes of adult basic education programs. In no case shall federal and state aid equal more than 90 percent of the actual cost of providing these programs.

[For text of subd 7, see M.S.1990]

Subd. 8. [Repealed, 1991 c 265 art 4 s 33]

History: 1991 c 265 art 4 s 8,9

NOTE: Subdivision 7 is repealed by Laws 1991, chapter 265, article 4, section 33, effective July 1, 1992.

124.2601 ADULT BASIC EDUCATION REVENUE.

Subdivision 1. **Full-time equivalent.** In this section "full-time equivalent" means 408 contact hours for a student at the adult secondary instructional level and 240 contact hours for a student at a lower instructional level. "Full-time equivalent" for an English as a second language student means 240 contact hours.

Subd. 2. **Programs funded.** Adult basic education programs established under section 124.26 and approved by the commissioner are eligible for revenue under this section.

Subd. 3. **Aid.** Adult basic education aid for each district with an eligible program equals 65 percent of the general education formula allowance times the number of full-time equivalent students in its adult basic education program.

Subd. 4. **Levy.** A district with an eligible program may levy an amount not to exceed the amount raised by .21 percent times the adjusted tax capacity of the district for the preceding year.

Subd. 5. **Revenue.** Adult basic education revenue is equal to the sum of a district's adult basic education aid and its adult basic education levy.

Subd. 6. **Aid guarantee.** Any adult basic education program that receives less state aid under subdivision 3 than from the aid formula for fiscal year 1992 shall receive the amount of aid it received in fiscal year 1992.

Subd. 7. **Proration.** If the total appropriation for adult basic education aid is insufficient to pay all districts the full amount of aid earned, the department of education shall proportionately reduce each district's aid.

History: 1991 c 265 art 4 s 10

NOTE: This section was added by Laws 1991, chapter 265, article 4, section 10. Subdivisions 1, 2, 3, 5, 6, and 7 are effective July 1, 1992. See Laws 1991, chapter 265, article 4, section 34.

124.2605 GED TEST FEES.

The commissioner of education shall pay 60 percent of the costs of a GED test taken by an eligible individual.

History: 1991 c 265 art 4 s 11

NOTE: This section was added by Laws 1991, chapter 265, article 4, section 11. "Reimbursements according to section 11 are available July 1, 1992." See Laws 1991, chapter 265, article 4, section 34.

124.261 ADULT HIGH SCHOOL GRADUATION AID.

Subdivision 1. Aid eligibility. Adult high school graduation aid for eligible pupils age 21 or over, equals 65 percent of the general education formula allowance times 1.30 times the average daily membership under section 124.17, subdivision 2e. Adult high school graduation aid must be paid in addition to any other aid to the district. Pupils age 21 or over may not be counted by the district for any purpose other than adult high school graduation aid.

Subd. 2. Aid follows pupil. Adult high school graduation aid accrues to the account and the fund of the eligible programs, under section 126.22, subdivision 3, that serve adult diploma students.

History: 1991 c 265 art 4 s 12

124.2615 LEARNING READINESS AID.

Subdivision 1. Program review and approval. By February 15, 1991, for the 1991-1992 school year or by January 1 of subsequent school years, a district must submit to the commissioners of education, health, human services, and jobs and training:

- (1) a description of the services to be provided;
- (2) a plan to ensure children at greatest risk receive appropriate services;
- (3) a description of procedures and methods to be used to coordinate public and private resources to maximize use of existing community resources, including school districts, health care facilities, government agencies, neighborhood organizations, and other resources knowledgeable in early childhood development;
- (4) comments about the district's proposed program by the advisory council required by section 121.831, subdivision 7; and
- (5) agreements with all participating service providers.

Each commissioner may review and comment on the program, and make recommendations to the commissioner of education, within 30 days of receiving the plan.

Subd. 2. Amount of aid. A district is eligible to receive learning readiness aid if the program plan as required by subdivision 1 has been approved by the commissioner of education. For fiscal year 1992, the aid is equal to:

- (1) \$200 times the number of eligible four-year old children residing in the district, as determined according to section 124.2711, subdivision 2; plus
- (2) \$100 times the result of;
- (3) the ratio of the number of pupils enrolled in the school district from families eligible for the free or reduced school lunch program to the total number of pupils enrolled in the school district; times
- (4) the number of children in clause (1).

For fiscal year 1993 and thereafter, a district shall receive learning readiness aid equal to:

- (1) \$500 times the number of all participating eligible children; plus
- (2) \$200 times the number of participating eligible children identified according to section 121.831, subdivision 8.

Subd. 3. Use of aid. Learning readiness aid shall be used only to provide a learning readiness program and may be used to provide transportation. Not more than five percent of the aid 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

to purchase land or construct buildings, but may be used to lease or renovate existing buildings.

Subd. 4. **Separate accounts.** The district shall deposit learning readiness aid in a separate account within the community education fund.

History: 1991 c 265 art 7 s 13

124.2711 EARLY CHILDHOOD FAMILY EDUCATION REVENUE.

Subdivision 1. **Revenue.** The revenue for early childhood family education programs for a school district is the amount of revenue earned by multiplying \$96.50 for fiscal year 1992 or \$101.25 for fiscal year 1993 times the greater of:

(1) 150; or

(2) the number of people under five years of age residing in the school district on September 1 of the last school year.

Subd. 2. **Population.** For the purposes of subdivision 1, data reported to the department of education according to the provisions of section 120.095 may be used to determine the number of people under five years of age residing in the district. The commissioner, with the assistance of the state demographer, shall review the number reported by any district operating an early childhood family education program. If requested, the district shall submit to the commissioner an explanation of its methods and other information necessary to document accuracy. If the commissioner determines that the district has not provided sufficient documentation of accuracy, the commissioner may request the state demographer to prepare an estimate of the number of people under five years of age residing in the district and may use this estimate for the purposes of subdivision 1.

Subd. 2a. **Early childhood family education levy.** To obtain early childhood family education revenue, a district may levy an amount equal to the tax rate of .596 percent times the adjusted tax capacity of the district for the year preceding the year the levy is certified. If the amount of the early childhood family education levy would exceed the early childhood family education revenue, the early childhood family education levy shall equal the early childhood family education revenue.

Subd. 3. **Early childhood family education aid.** If a district complies with the provisions of section 121.882, it shall receive early childhood family education aid equal to the difference between the early childhood family education revenue and the early childhood family education levy. If the district does not levy the entire amount permitted, the early childhood family education aid shall be reduced in proportion to the actual amount levied.

Subd. 4. **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 may be used to administer early childhood family education programs. The increase in revenue for fiscal years 1992 and 1993 shall be used to:

(1) increase participation of families so that the total participation in early childhood family education programs in the district more nearly reflects the demographic, racial, cultural, and ethnic diversity of the district; and

(2) provide programs for families who, because of poverty and other barriers to learning, may need programs designed to meet their needs.

History: 1991 c 265 art 4 s 13

124.2713 COMMUNITY EDUCATION REVENUE.

Subdivision 1. **Total community education revenue.** Community education revenue equals the sum of a district's general community education revenue and youth service program revenue.

[For text of subd 2, see M.S.1990]

Subd. 3. General community education revenue. The general community education revenue for a district equals \$5.95 times the greater of 1,335 or the population of the district. The population of the district is determined according to section 275.14.

Subd. 4. [Repealed, 1991 c 265 art 4 s 33]

Subd. 5. Youth service revenue. Youth service program revenue is available to a district that has implemented a youth development plan and a youth service program. Youth service revenue equals 75 cents for fiscal year 1992 and 85 cents for fiscal year 1993 and thereafter, times the greater of 1,335 or the population of the district.

Subd. 6. Community education levy. To obtain community education revenue, a district may levy the amount raised by a tax rate of 1.07 percent for fiscal year 1992 and 1.095 percent for fiscal year 1993 and thereafter, times the adjusted net tax capacity of the district. If the amount of the community education levy would exceed the community education revenue, the community education levy shall equal the community education revenue.

[For text of subs 7 and 8, see M.S.1990]

Subd. 9. Use of youth service revenue. Youth service revenue may be used to implement a youth development plan approved by the school board and to provide a youth service program according to section 121.88, subdivision 9.

History: 1991 c 265 art 4 s 14-18

124.2721 EDUCATION DISTRICT REVENUE.

[For text of subd 1, see M.S.1990]

Subd. 1a. Eligibility. A school district is eligible for education district revenue if the district certified a levy for education district revenue in 1992 for taxes payable in 1993. The pupil units of a school district that is a member of intermediate district No. 287, 916, or 917 may not be used to obtain revenue under this section. The pupil units of a school district may not be used to obtain revenue under this section and section 124.575.

Subd. 2. Revenue. Each year the education district board shall certify to the department of education the amount of education district revenue to be raised. Education district revenue shall be the lesser of:

- (1) the amount certified by the education district board, or
- (2) \$50 times the actual pupil units in the education district.

Subd. 2a. Revenue. For fiscal year 1994 and thereafter, education district revenue shall be \$50 times the number of pupil units in the district.

Subd. 3. Levy. The education district levy is equal to the following:

- (1) the education district revenue according to subdivision 2, times
- (2) the lesser of
 - (a) one, or
 - (b) the ratio of the adjusted net tax capacity of the education district divided by the number of actual pupil units in the education district to an amount equal to \$50 divided by 1.87 percent.

The department of education shall allocate the levy amount proportionately among the member districts based on adjusted tax capacity. The member districts shall levy the amount allocated.

[For text of subd 3a, see M.S.1990]

Subd. 3b. Levy. Beginning with the levy attributable to fiscal year 1994 and thereafter, the education district levy for a school district is equal to the following:

- (1) the sum of the education district revenue according to subdivision 2 for all member school districts of the education district, times

- (2) the lesser of
- (a) one, or
 - (b) the ratio of the adjusted net tax capacity of the education district divided by the number of actual pupil units in the education district to the amount in clause (1) divided by 1.87 percent, times
- (3) the ratio of the adjusted net tax capacity of the school district to the total adjusted net tax capacity of the education district.

[For text of subd 4, see M.S.1990]

Subd. 4a. Aid. For fiscal year 1994 and thereafter, education district aid equals the education district revenue minus the education district levy, times the ratio of the actual amount levied to the permitted levy. If the permitted education district levy exceeds the education district revenue, the department shall reduce other aids due the district by the amount equal to the difference between the permitted levy and the revenue. The amount reduced is annually appropriated to the department of education for aid payments under this subdivision.

[For text of subd 5, see M.S.1990]

Subd. 5a. Uses of revenue. For fiscal year 1994 and thereafter, education district revenue shall be used only for one or more of the following purposes:

- (1) purchase educational programs offered by another school district, education district, secondary vocational cooperative, special education cooperative, intermediate school district, joint powers board, or an ECSU;
- (2) provide educational programs offered by an education district;
- (3) provide additional revenue for early childhood family education programs, head start programs, or other educational programs for children who have not entered kindergarten;
- (4) provide additional revenue for early childhood health and developmental screening or other health services for children from birth through 12th grade;
- (5) provide services needed by pupils described in section 126.22 or children of any age who have characteristics, as designated by the district, that may interfere with learning and developing;
- (6) provide secondary course offerings if the courses have specific learner outcomes and teachers participate in determining the outcomes;
- (7) provide preparation time for elementary teachers or additional revenue for staff development for outcome-based education or site-based decision making;
- (8) provide revenue for expenditures related to interdistrict cooperation according to section 122.541, agreements for secondary education according to section 122.535, additional revenue for cooperation and combination according to sections 122.241 to 122.248, dissolution and attachment according to section 122.22, or consolidation according to section 122.23;
- (9) provide additional revenue for education programs for adults to earn high school diplomas or equivalency certificates;
- (10) collaborate with local health and human service agencies to provide comprehensive and coordinated services for children and families;
- (11) implement a career teacher program according to sections 124C.27 to 124C.31;
- (12) provide extended day programs for children in elementary school;
- (13) pay fees charged by a regional management information center, according to section 121.935, subdivision 6, or an educational cooperative service unit, according to section 123.58, subdivision 9; or
- (14) make repairs or improvements to buildings as required by a fire safety inspection according to section 121.1502.

The school district may provide the programs and services itself or contract with a public education organization or a public or private health or human service organization. The school district shall not use education district revenue to increase the salaries of the employees of the school district.

Subd. 5b. Fund transfer authorized. For fiscal year 1994 and thereafter, notwithstanding section 121.912, a district using the education district revenue for fire safety improvements required by fire inspections shall transfer each year the amount needed to make the improvements from the general fund to the capital expenditure fund. A district using education district revenue for purposes that would otherwise be paid from the community service fund shall transfer each year the amount needed from the general fund to the community service fund.

[For text of subd 6, see M.S.1990]

History: 1991 c 265 art 6 s 26-33

NOTE: Subdivisions 1a, 2a, 3b, 4a, 5a, and 5b, as added by Laws 1991, chapter 265, article 6, sections 26 to 33, are effective July 1, 1993. See Laws 1991, chapter 265, article 6, section 68.

NOTE: Subdivision 3a is repealed by Laws 1991, chapter 265, article 6, section 67, subdivision 3, effective July 1, 1993.

124.2725 COOPERATION AND COMBINATION REVENUE.

[For text of subds 1 to 3, see M.S.1990]

Subd. 4. Increasing levy. (a) For districts that combine without cooperating, the percentage in subdivision 3, clause (2), shall be:

- (1) 50 percent for the first year of combination; and
- (2) 25 percent for the second year of combination.

(b) For districts that combine after one year of cooperation, the percentage in subdivision 3, clause (2), shall be:

- (1) 100 percent for the first year of cooperation;
- (2) 75 percent for the first year of combination;
- (3) 50 percent for the second year of combination; and
- (4) 25 percent for the third year of combination.

(c) For districts that combine after two years of cooperation, the percentage in subdivision 3, clause (2), shall be:

- (1) 100 percent for the first year of cooperation;
- (2) 75 percent for the second year of cooperation;
- (3) 50 percent for the first year of combination; and
- (4) 25 percent for the second year of combination.

Subd. 5. Cooperation and combination aid. (a) Districts that combine without cooperating shall receive cooperation and combination aid for the first two years of combination. Cooperation and combination aid shall not be paid after two years of combining.

(b) Districts that combine after one year of cooperation shall receive cooperation and combination aid for the first year of cooperation and three years of combination. Aid shall not be paid after three years of combining.

(c) Districts that combine after two years of cooperation shall receive cooperation and combination aid for the first two years of cooperation and the first two years of combination. Aid shall not be paid after two years of combining.

(d) In each case, cooperation and combination aid is equal to the difference between the cooperation and combination revenue and the cooperation and combination levy.

Subd. 6. Additional aid. In addition to the aid in subdivision 5, districts shall receive aid according to the following:

(1) for districts that combine without cooperating, \$100 times the actual pupil units in the district in the first year of combination; or

(2) for districts that combine after one year of cooperation, \$100 times the actual pupil units in each district for the first year of cooperation, for each resident and non-resident pupil receiving instruction in the cooperating district, and \$100 times the actual pupil units in the combined district for the first year of combination; or

(3) for districts that combine after two years of cooperation, \$100 times the actual pupil units in each district for the first year of cooperation, for each resident and non-resident pupil receiving instruction in the cooperating district, and \$100 times the actual pupil units in the combined district for the first year of combination.

[For text of subd 7, see M.S.1990]

Subd. 8. Permanent revenue. (a) When a combined district is no longer eligible for aid under subdivision 5, it may receive revenue according to this subdivision. A combined district that is not a member of an education district that receives revenue under section 124.2721 may levy each year the lesser of

(i) \$50 times the actual pupil units in the combined district; or

(ii) \$50,000.

(b) A combined district that is a member of an education district receiving revenue under section 124.2721 must not receive revenue under this subdivision.

[For text of subd 9, see M.S.1990]

Subd. 10. Revenue limit. Revenue under this section shall not exceed the revenue received by cooperating districts or a combined district with 2,000 actual pupil units. Revenue for cooperating districts subject to the limitation in this subdivision shall be allocated according to the number of pupil units in the districts.

[For text of subds 11 to 16, see M.S.1990]

History: 1991 c 265 art 6 s 34-38

124.2727 INTERMEDIATE DISTRICT REVENUE.

Subdivision 1. Eligibility. A school district is eligible for intermediate school district revenue if the property in the school district was subject to taxation by or on behalf of an intermediate school district for taxes payable in 1991. Independent school district Nos. 138 and 141 are eligible for intermediate school district revenue upon joining intermediate district No. 916.

Subd. 2. Revenue. Intermediate school district revenues for an eligible school district are equal to the product of:

(1) the greater of:

(i) the quotient obtained by dividing five-sixths of the levy certified by the intermediate school district for taxes payable in 1989 by the sum of the actual pupil units of the eligible school districts for the fiscal year to which the levy is attributable; or

(ii) \$50, times

(2) the actual pupil units in the school district for the year to which the levy is attributable.

Subd. 3. Levy. The intermediate school district levy for an eligible school district is equal to the product of:

(1) the quotient obtained by dividing the sum of the amounts computed in subdivision 2 for all eligible member districts of the intermediate school district by the total adjusted net tax capacity of the intermediate school district; times

(2) the adjusted net tax capacity of the school district.

Subd. 4. Revenue adjustments. The intermediate school district revenue adjustment for an eligible school district is equal to the intermediate school district revenue

minus the intermediate school district levy times the ratio of the actual amount levied to the permitted levy. If the permitted intermediate school district levy exceeds the intermediate school district revenue, the department shall reduce other aid due the district by the amount equal to the difference between the permitted levy and the revenue. The amount reduced is annually appropriated to the department of education for revenue adjustments under this subdivision.

Subd. 5. Revenue uses. Five-elevenths of the proceeds of the revenue must be used for special education and six-elevenths of the proceeds of the revenue must be used for secondary vocational education. The district may provide special education or secondary vocational education, or both. The district may purchase some or all of either type of education from the intermediate district, another school district, or any other provider.

Subd. 6. Alternative levy authority. (a) An intermediate school district may levy, as a single taxing district, according to this paragraph, an amount that may not exceed the greater of:

(1) five-sixths of the levy certified for taxes payable in 1989; or

(2) the lesser of (i) \$50 times the actual pupil units in each participating district for the fiscal year to which the levy is attributable, or (ii) 1.43 percent of the adjusted net tax capacity. The levy shall be certified according to section 275.07. Upon such certification, the county auditors shall levy and collect the levies and remit the proceeds of the levy to the intermediate school district. The levies shall not be included in computing the limitation upon the levy of any of the participating districts.

(b) Five-sixths of the proceeds of the levy shall be used for special education. Six-elevenths of the proceeds of the levy shall be used for secondary vocational education.

(c) To levy according to paragraph (a), a majority of the full membership of the school board of each member of the intermediate school district shall adopt a resolution in August of any year stating its decision not to levy according to this section and authorizing the intermediate district to levy according to paragraph (a). Any member district may adopt a resolution by the following February 1 or February 1 of any subsequent year to levy as a school district the amount authorized by this section. The resolution may or may not also contain the school board's decision to withdraw from the intermediate school district or to cease participating in or providing financial support for any of the services or activities of the intermediate school district. Upon withdrawal from or cessation of participation in or support for the services or activities of the intermediate district, the board of the intermediate district shall pay to the district \$50 times the number of actual pupil units in the school district, or a prorated amount if the member district ceases participation in or providing financial support for any activities or services of the intermediate district.

History: 1991 c 265 art 6 s 39

124.273 LIMITED ENGLISH PROFICIENCY PROGRAMS AID.

Subd. 1b. Teachers salaries. Each year the state shall pay a school district a portion of the salary of one full-time equivalent teacher for each 45 pupils of limited English proficiency enrolled in the district. Notwithstanding the foregoing, the state shall pay a portion of the salary of one-half of a full-time equivalent teacher to a district with 22 or fewer pupils of limited English proficiency enrolled. The portion for a full-time teacher shall be the lesser of 55.2 percent of the salary or \$15,320. The portion for a part-time or limited-time teacher shall be the lesser of 55.2 percent of the salary or the product of \$15,320 times the ratio of the person's actual employment to full-time employment.

[For text of subs 3 to 7, see M.S.1990]

History: 1991 c 265 art 3 s 5

124.278 MINORITY TEACHER INCENTIVES.

Subdivision 1. **Eligible district.** A district is eligible for reimbursement under this section if the district has:

- (1) a minority enrollment of more than ten percent; or
- (2) a desegregation plan approved by the state board of education.

Subd. 2. **Eligible employee.** The following employees are eligible for reimbursement under this section:

(1) a teacher who is a member of a minority group and who has not taught in a Minnesota school district during the school year before the year the teacher is employed according to this section; and

(2) an aide or an education assistant who is a member of a minority group and who has not been employed as an aide or an education assistant in a Minnesota school district during the school year before the year the aide or education assistant is employed according to this section.

Subd. 3. **Reimbursement.** Reimbursement shall equal one-half of the salary and fringe benefits, but not more than \$20,000. The district shall receive reimbursement for each year a minority teacher, aide, or education assistant is employed. The department of education shall establish application or other procedures for districts to obtain the reimbursement. The department shall not prorate the reimbursement.

Subd. 4. **Minority group.** For the purposes of this section, a person is a member of a minority group if the person is African American, American Indian, Asian Pacific American, or an American of Mexican, Puerto Rican, or Spanish origin or ancestry.

History: 1991 c 265 art 8 s 4

124.311 ASSURANCE OF MASTERY REVENUE.

[For text of subs 1 to 3, see M.S.1990]

Subd. 4. **Eligible services.** Assurance of mastery revenue must be used to provide direct instructional services to an eligible pupil, or group of eligible pupils, under the following conditions:

(a) Instruction may be provided at one or more grade levels from kindergarten through grade 8. If an assessment of pupils' needs within a district demonstrates that the eligible pupils in grades kindergarten through 8 are being appropriately served, a district may serve eligible pupils in grades 9 through 12.

(b) Instruction must be provided in the usual and customary classroom of the eligible pupil.

(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 124.32.

(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.

[For text of subs 5 to 7, see M.S.1990]

History: 1991 c 265 art 3 s 6

124.32 HANDICAPPED CHILDREN.

Subd. 1b. **Teachers salaries.** (a) Each year the state shall pay to a district a portion of the salary of each essential person employed in the district's program for handicapped children during the regular school year, whether the person is employed by one or more districts. The state shall also pay to the Minnesota state academy for the deaf or the Minnesota state academy for the blind a part of the salary of each instructional aide assigned to a child attending the academy, if that aide is required by the child's individual education plan.

(b) For the 1991-1992 school year, the portion for a full-time person shall be an amount not to exceed the lesser of 56.4 percent of the salary or \$15,700. The portion for a part-time or limited-time person shall be an amount not to exceed the lesser of 56.4 percent of the salary or the product of \$15,700 times the ratio of the person's actual employment to full-time employment.

(c) For the 1992-1993 school year and thereafter, the portion for a full-time person is an amount not to exceed the lesser of 55.2 percent of the salary or \$15,320. The portion for a part-time or limited-time person is an amount not to exceed the lesser of 55.2 percent of the salary or the product of \$15,320 times the ratio of the person's actual employment to full-time employment.

[For text of subs 1c to 8, see M.S.1990]

Subd. 10. **Summer school.** The state shall pay aid for summer school programs for handicapped children on the basis of subdivisions 1b, 1d, and 5 for the current school year. The state shall also pay to the Minnesota state academy for the deaf or the Minnesota state academy for the blind a part of the salary of each instructional aide assigned to a child attending the academy, if that aide is required by the child's individual education plan. By March 15 of each year, districts shall submit separate applications for program and budget approval for summer school programs. The review of these applications shall be as provided in subdivision 7. By May 1 of each year, the commissioner shall approve, disapprove or modify the applications and notify the districts of the action and of the estimated amount of aid for the summer school programs.

History: 1991 c 265 art 3 s 7,8

124.321 SPECIAL EDUCATION LEVY EQUALIZATION REVENUE.

Subdivision 1. **Levy equalization revenue.** Special education levy equalization revenue for a school district, excluding an intermediate school district, equals the sum of the following amounts:

(1) 66 percent of the salaries paid to essential personnel in that district minus the amount of state aid and any federal aid, if applicable, paid to that district for salaries of these essential personnel under section 124.32, subdivisions 1b and 10, for the year to which the levy is attributable, plus

(2) 66 percent of the salaries paid to essential personnel in that district minus the amount of state aid and any federal aid, if applicable, paid to that district for salaries of those essential personnel under section 124.574, subdivision 2b, for the year to which the levy is attributable, plus

(3) 61 percent of the salaries paid to limited English proficiency program teachers in that district minus the amount of state aid and any federal aid, if applicable, paid to that district for salaries of these teachers under section 124.273, subdivision 1b, for the year to which the levy is attributable, plus

(4) the alternative delivery levy revenue determined according to section 124.322, subdivision 4, plus

(5) the amount allocated to the district by special education cooperatives or intermediate districts in which it participates according to subdivision 2.

A district that receives alternative delivery levy revenue according to section 124.322, subdivision 4, shall not receive levy equalization revenue under clause (1) or subdivision 2, clause (1), for the same fiscal year.

Subd. 2. Revenue allocation from cooperatives and intermediate districts. (a) For purposes of this section, a special education cooperative or an intermediate district shall allocate to participating school districts the sum of the following amounts:

(1) 66 percent of the salaries paid to essential personnel in that cooperative or intermediate district minus the amount of state aid and any federal aid, if applicable, paid to that cooperative or intermediate district for salaries of these essential personnel under section 124.32, subdivisions 1b and 10, for the year to which the levy is attributable, plus

(2) 66 percent of the salaries paid to essential personnel in that district minus the amount of state aid and any federal aid, if applicable, paid to that district for salaries of those essential personnel under section 124.574, subdivision 2b, for the year to which the levy is attributable, plus

(3) 61 percent of the salaries paid to limited English proficiency program teachers in that cooperative or intermediate district minus the amount of state aid and any federal aid, if applicable, paid to that cooperative or intermediate district for salaries of these teachers under section 124.273, subdivision 1b, for the year to which the levy is attributable.

(b) A special education cooperative or an intermediate district that allocates amounts to participating school districts under this subdivision must report the amounts allocated to the department of education.

(c) For purposes of this subdivision, the Minnesota state academy for the deaf or the Minnesota state academy for the blind each year shall allocate an amount equal to 66 percent of salaries paid to instructional aides in either academy minus the amount of state aid and any federal aid, if applicable, paid to either academy for salaries of these instructional aides under sections 124.32, subdivisions 1b and 10, for the year to each school district that assigns a child with an individual education plan requiring an instructional aide to attend either academy. The school districts that assign a child who requires an instructional aide may make a levy in the amount of the costs allocated to them by either academy.

(d) When the Minnesota state academy for the deaf or the Minnesota state academy for the blind allocates unreimbursed portions of salaries of instructional aides among school districts that assign a child who requires an instructional aide, for purposes of the districts making a levy under this subdivision, the academy shall provide information to the department of education on the amount of unreimbursed costs of salaries it allocated to the school districts that assign a child who requires an instructional aide.

Subd. 3. Special education levy. To receive special education levy revenue, a district may levy an amount equal to the district's special education levy equalization revenue as defined in subdivision 1 multiplied by the lesser of one, or the ratio of:

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

(2) \$3,540.

Subd. 4. Special education levy equalization aid. A district's special education levy equalization aid is the difference between its special education levy equalization revenue and its special education levy. If a district does not levy the entire amount permitted, special education levy equalization aid must be reduced in proportion to the actual amount levied.

Subd. 5. Proration. In the event that the special education levy equalization aid for any year is prorated, a district having its aid prorated may levy an additional amount equal to the amount not paid by the state due to proration.

History: 1991 c 265 art 3 s 9

NOTE: This section, as added by Laws 1991, chapter 265, article 3, section 9, is effective for revenue for fiscal year 1993 and thereafter. See Laws 1991, chapter 265, article 3, section 41.

124.322 ALTERNATIVE DELIVERY REVENUE.

Subdivision 1. **Eligibility.** A district is eligible for alternative delivery revenue if the commissioner of education has approved the application of the district according to section 120.173.

Subd. 2. **Amount of alternative delivery revenue.** For the first fiscal year after approval of an application, a district shall receive the sum of the revenue it received for the preceding fiscal year for its special education program under section 124.32, subdivisions 1b, 2, 5, and 10, and Minnesota Statutes 1990, section 275.125, subdivision 8c, or section 124.321, subdivisions 1 and 2, as applicable, multiplied by 1.03. For each of the next two fiscal years, the district shall receive the amount it received for the previous fiscal year multiplied by 1.03.

Subd. 3. **Alternative delivery aid.** For the first fiscal year after approval of an application, a district shall receive the sum of the aid it received for the preceding fiscal year under section 124.32, subdivisions 1b, 2, 5, and 10, multiplied by 1.03. The aid for the first year of revenue shall not be prorated. For each of the next two fiscal years, the district shall receive the amount of aid it received for the previous fiscal year multiplied by 1.03. A district that receives aid under this subdivision shall not receive aid under section 124.32, subdivisions 1b, 2, 5, and 10, for the same fiscal year.

Subd. 4. **Alternative delivery levy revenue.** A district shall receive alternative delivery levy revenue equal to the difference between the alternative delivery revenue and the alternative delivery aid. If the alternative delivery aid for a district is prorated for the second or third fiscal years, the alternative delivery levy revenue shall be increased by the amount not paid by the state due to proration. For fiscal year 1993 and thereafter, the alternative delivery levy revenue shall be included under section 124.321, subdivision 1, for purposes of computing the special education levy under section 124.321, subdivision 3, and the special education levy equalization aid under section 124.321, subdivision 4.

Subd. 5. **Use of revenue.** Revenue under this section shall be used to implement the approved program.

History: 1991 c 265 art 3 s 10

124.332 INDIVIDUALIZED LEARNING AND DEVELOPMENT AID.

Subdivision 1. **Eligibility.** A district is eligible for individualized learning and development aid if the school board of the district has adopted a district instructor-learner ratio specified by the district's curriculum advisory committee and submits its ratio to the department of education by the April 15 preceding the year for which the district will receive aid.

Subd. 2. **Aid amount.** An eligible district shall receive individualized learning and development aid in an amount equal to \$64 for 1991-1992 and \$66 for 1992-1993 and thereafter times the district's average daily membership in kindergarten to grade 2 for the 1991-1992 school year, and in kindergarten to grade 3 for the 1992-1993 school year and thereafter. Aid received under this subdivision must be used only to achieve the district's instructor-learner ratios and prepare and use individualized learning plans for learners in the grades for which the district is receiving aid. If the district has achieved and is maintaining the district's instructor-learner ratios, then the district may use the aid to work to improve program offerings throughout the district.

[For text of subd 3, see M.S.1990]

History: 1991 c 265 art 3 s 11,12

124.39 FUND ESTABLISHED; DIVISION INTO ACCOUNTS.

[For text of subds 1 and 2, see M.S.1990]

Subd. 3. There shall be a capital loan account, out of which loans under section 124.431 shall be made. There shall be transferred to it from the debt service loan

account on November 1 of each year all moneys therein in excess of those required for debt service loans then agreed to be made. There shall be transferred from it to the debt service loan account on July 1 of each year all moneys therein in excess of those required for capital loans theretofore agreed to be made.

[For text of subd 4, see M.S.1990]

Subd. 5. The commissioner shall transfer from the loan repayment account to the credit of the debt service loan account on November 1 of each year all money deposited to the credit of the loan repayment account that will not be required for the payment of principal and interest and costs as prescribed in subdivision 4 but that will be needed for debt service loans in the fiscal year beginning July 1, and those moneys are annually appropriated to that account for the purposes prescribed by the maximum effort school aid law. Money deposited to the credit of the loan repayment account and not required for the transfers or for the payment of principal and interest due on school loan bonds may be invested and reinvested in securities which are general obligations of the United States or the state of Minnesota. When all school loan bonds have been fully paid with interest accrued thereon, the balance remaining in the account shall be transferred to the state bond fund.

History: 1991 c 45 s 1,2

124.40 APPROPRIATION.

Subdivision 1. There is hereby appropriated to the fund, in addition to all sums which have been or may hereafter be appropriated thereto by any law, the net proceeds of sale of any state school loan bonds authorized to be issued under section 124.46, and all income received from the investment of said net proceeds is hereby appropriated to the school loan bond account in the state bond fund.

[For text of subds 2 and 3, see M.S.1990]

History: 1991 c 45 s 3

124.46 ISSUANCE AND SALE OF BONDS.

[For text of subds 1 and 2, see M.S.1990]

Subd. 3. The commissioner of finance shall maintain a separate school loan bond account in the state bond fund, showing all money transferred to that fund for the payment of school loan bonds and all income received from the investment of such money. On the first day of December in each year there shall be transferred to the bond account all or so much of the money then on hand in the loan repayment account in the maximum effort school loan fund as will be sufficient, with the balance then on hand in said bond account, to pay all principal and interest then and theretofore due and to become due within the next ensuing year and to and including July 1 in the second ensuing year on school loan bonds issued and sold pursuant to this section. In the event that moneys are not available for such transfer in the full amount required, the state auditor shall levy on all taxable property within the state a tax sufficient to meet the deficiency. Such tax shall be and remain subject to no limitation of rate or amount until all school loan bonds and all interest thereon are fully paid. The proceeds of this tax are hereby irrevocably appropriated and shall be credited to the state bond fund, but the school loan bond account is appropriated as the primary source of payment of such bonds and interest, and only so much of said tax as may be necessary is appropriated for this purpose. If any principal or interest on school loan bonds should become due at any time when there is not on hand a sufficient amount from any of the sources herein appropriated for the payment thereof, it shall nevertheless be paid out of the general fund in the state treasury, and the amount necessary therefor is hereby appropriated; but any such payments shall be reimbursed from the proceeds of taxes levied as required herein, and any such payments made from taxes shall be reimbursed from the loan repayment account in the maximum effort school loan fund, when the balance therein is sufficient.

[For text of subd 4, see M.S.1990]

History: 1991 c 45 s 4

124.47 [Repealed, 1991 c 199 art 2 s 29]

124.477 BOND ISSUE; MAXIMUM EFFORT SCHOOL LOANS; 1988.

To provide money to be loaned to school districts as agencies and political subdivisions of the state to acquire and to better public land and buildings and other public improvements of a capital nature, in the manner provided by the maximum effort school aid law, the commissioner of finance shall issue and sell school loan bonds of the state of Minnesota in the maximum amount of \$22,000,000, in addition to the bonds already authorized for this purpose. The same amount is appropriated to the maximum effort school loan fund and must be spent under the direction of the commissioner of education to make debt service loans and capital loans to school districts as provided in sections 124.36 to 124.47. The bonds must be issued and sold and provision for their payment must be made according to section 124.46. Expenses incidental to the sale, printing, execution, and delivery of the bonds, including, but without limitation, actual and necessary travel and subsistence expenses of state officers and employees for those purposes, must be paid from the maximum effort school loan fund, and the money necessary for the expenses is appropriated from that fund.

History: 1991 c 45 s 5

124.479 BOND ISSUE; MAXIMUM EFFORT SCHOOL LOANS, 1991.

To provide money to be loaned to school districts as agencies and political subdivisions of the state to acquire and to better public land and buildings and other public improvements of a capital nature, in the manner provided by the maximum effort school aid law, the commissioner of finance shall issue and sell school loan bonds of the state of Minnesota in the maximum amount of \$45,065,000, in addition to the bonds already authorized for this purpose. The same amount is appropriated to the maximum effort school loan fund and must be spent under the direction of the commissioner of education to make debt service loans and capital loans to school districts as provided in sections 124.36 to 124.47. The bonds must be issued and sold and provision for their payment must be made according to section 124.46. Expenses incidental to the sale, printing, execution, and delivery of the bonds, including, but without limitation, actual and necessary travel and subsistence expenses of state officers and employees for those purposes, must be paid from the maximum effort school loan fund, and the money necessary for the expenses is appropriated from that fund.

No bonds may be sold or issued under this section until all bonds authorized by Laws 1990, chapter 610, sections 2 to 7, are sold and issued and the authorized project contracts have been initiated or abandoned.

History: 1991 c 265 art 12 s 1

124.48 INDIAN SCHOLARSHIPS.

[For text of subd 1, see M.S.1990]

Subd. 2. [Repealed, 1991 c 265 art 11 s 26]

[For text of subd 3, see M.S.1990]

124.493 APPROVAL AUTHORITY; APPLICATION FORMS.

[For text of subd 1, see M.S.1990]

Subd. 2. [Repealed, 1991 c 265 art 6 s 67]

Subd. 3. **Applications.** Districts that apply for a cooperative secondary facilities grant after May 1, 1991, shall:

- (1) submit a plan as set forth in section 122.242 for approval by the state board of education; and
- (2) comply with the provisions of sections 122.243 to 122.247, applicable to combined districts.

The districts are not eligible for cooperation and combination revenue under section 124.2725. Sections 124.494, 124.4945, and 124.4946 do not apply to districts applying for a grant after May 1, 1991, except for provisions in the sections relating to acquiring, constructing, remodeling, or improving a building or site of a cooperative secondary facility.

History: 1991 c 265 art 6 s 40

124.573 CURRENT FUNDING FOR SECONDARY VOCATIONAL EDUCATION.

[For text of subds 1 and 2, see M.S.1990]

Subd. 2b. Secondary vocational aid. A district's or cooperative center's "secondary vocational aid" for secondary vocational education programs for a fiscal year equals the sum of the following amounts for each program:

- (a) the greater of zero, or 75 percent of the difference between:
 - (1) the salaries paid to essential, licensed personnel in that school year for services rendered in that program, and
 - (2) 50 percent of the general education revenue attributable to secondary pupils for the number of hours that the pupils are enrolled in that program; and
- (b) 40 percent of approved expenditures for the following:
 - (1) contracted services provided by a public or private agency other than a Minnesota school district or cooperative center under subdivision 3a;
 - (2) necessary travel between instructional sites by licensed secondary vocational education personnel;
 - (3) necessary travel by licensed secondary vocational education personnel for vocational student organization activities held within the state for instructional purposes;
 - (4) curriculum development activities that are part of a five-year plan for improvement based on program assessment;
 - (5) necessary travel by licensed secondary vocational education personnel for non-collegiate credit bearing professional development; and
 - (6) specialized vocational instructional supplies.

[For text of subds 2c to 3, see M.S.1990]

Subd. 3a. Aid for contracted services. In addition to the provisions of subdivisions 2 and 3, a school district or cooperative center may contract with a public or private agency other than a Minnesota school district or cooperative center for the provision of secondary vocational education services. The state board shall promulgate rules relating to program approval procedures and criteria for these contracts and aid shall be paid only for contracts approved by the commissioner of education. For the purposes of subdivision 4, the district or cooperative center contracting for these services shall be construed to be providing the services.

[For text of subds 4 and 5a, see M.S.1990]

History: 1991 c 265 art 3 s 13,14

124.574 SECONDARY VOCATIONAL EDUCATION FOR HANDICAPPED CHILDREN.

[For text of subd 1, see M.S.1990]

Subd. 2b. Salaries. Each year the state shall pay to any district or cooperative center a portion of the salary of each essential licensed person employed during that fiscal year for services rendered in that district or center's secondary vocational education programs for handicapped children.

(a) For fiscal year 1992, the portion for a full-time person shall be an amount not to exceed the lesser of 56.4 percent of the salary or \$15,700. The portion for a part-time or limited-time person shall be the lesser of 56.4 percent of the salary or the product of \$15,700 times the ratio of the person's actual employment to full-time employment.

(b) For fiscal year 1993 and thereafter, the portion for a full-time person is an amount not to exceed the lesser of 55.2 percent of the salary or \$15,320. The portion for a part-time or limited-time person is the lesser of 55.2 percent of the salary or the product of \$15,320 times the ratio of the person's actual employment to full-time employment.

[For text of subs 3 to 7, see M.S.1990]

History: 1991 c 265 art 3 s 15

124.575 SECONDARY VOCATIONAL COOPERATIVE REVENUE.

[For text of subd 1, see M.S.1990]

Subd. 1a. Eligibility. Beginning in fiscal year 1994 a school district is eligible for secondary vocational cooperative revenue if the school district certified a levy for secondary vocational cooperative revenue in 1992 for taxes payable in 1993. The pupil units of a district that is a member of intermediate school district No. 287, 916, or 917 may not be used to obtain revenue under this section. The pupil units of a district may not be used to obtain revenue under this section and section 124.2721.

[For text of subd 2, see M.S.1990]

Subd. 2a. Revenue. For fiscal year 1994 and thereafter, secondary vocational cooperative revenue shall be \$20 times the actual pupil units in the district.

[For text of subs 3 and 3a, see M.S.1990]

Subd. 3b. Levy. Beginning with the levy attributable to fiscal year 1994 and thereafter, the secondary vocational cooperative levy for a school district is equal to the following:

(1) the sum of the secondary vocational cooperative revenue according to subdivision 2 for all member school districts of the secondary vocational cooperative according to subdivision 1, times

(2) the lesser of

(a) one, or

(b) the ratio of the adjusted net tax capacity of the secondary vocational cooperative divided by the number of actual pupil units in the secondary vocational cooperative to an amount equal to \$20 divided by .78 percent, times

(3) the ratio of the adjusted net tax capacity of the school district to the total adjusted net tax capacity of the secondary vocational cooperative.

[For text of subd 4, see M.S.1990]

Subd. 4a. Aid. For fiscal year 1994 and thereafter, secondary vocational cooperative aid equals the secondary vocational cooperative revenue minus the secondary vocational cooperative levy, times the ratio of the actual amount levied to the permitted levy. If the permitted amount of the secondary vocational cooperative levy exceeds the secondary vocational cooperative revenue, the department shall reduce other aids due the district by the amount equal to the difference between the permitted levy and the revenue. The amount reduced is annually appropriated to the department of education for aid payments under this subdivision.

Subd. 5. **Use of revenue.** Secondary vocational cooperative revenue shall be used to provide or purchase vocational offerings, special education for handicapped pupils, or other educational programs or services offered by a secondary vocational center, school district, or other provider.

History: 1991 c 265 art 6 s 41-45

NOTE: Subdivisions 1a, 2a, 3b, 4a, and 5, as added by Laws 1991, chapter 265, article 6, sections 41 to 45, are effective July 1, 1993. See Laws 1991, chapter 265, article 6, section 68.

124.646 LUNCH AID; FOOD SERVICE ACCOUNTING.

Subdivision 1. **School lunch aid computation.** Each school year, school districts participating in the national school lunch program shall be paid by the state in the amount of 6.5 cents for each full paid, reduced, and free student lunch served to students in the district.

Subd. 2. School districts shall not be paid by the state for free or reduced price type "A" lunches served by the district.

Subd. 3. School districts shall apply to the state department of education for this payment on forms provided by the department.

Subd. 4. **School food service fund.** (a) The expenses described in this subdivision must be recorded as provided in this subdivision.

(b) In each school district, the expenses for a school food service program for pupils must be attributed to a school food service fund. Under a food service program, the school food service may prepare or serve milk, meals, or snacks in connection with school or community service activities.

(c) Revenues and expenditures for food service activities must be recorded in the food service fund. The costs of processing applications, accounting for meals, preparing and serving food, providing kitchen custodial services, and other expenses involving the preparing of meals or the kitchen section of the lunchroom may be charged to the food service fund or to the general fund of the district. The costs of lunchroom supervision, lunchroom custodial services, lunchroom utilities, and other administrative costs of the food service program, including the costs attributable to the superintendent and the financial manager must be charged to the general fund.

(d) Capital expenditures for the purchase of food service equipment must be made from the capital fund and not the food service fund, unless two conditions apply:

(1) the unreserved balance in the food service fund at the end of the last fiscal year is greater than the cost of the equipment to be purchased; and

(2) the department of education has approved the purchase of the equipment.

(e) If the two conditions set out in paragraph (d) apply, the equipment may be purchased from the food service fund.

(f) If a deficit in the food service fund exists at the end of a fiscal year, and the deficit is not eliminated by revenues from food service operations in the next fiscal year, then the deficit must be eliminated by a permanent fund transfer from the general fund at the end of that second fiscal year.

History: 1991 c 265 art 8 s 5

124.6472 SCHOOL BREAKFAST PROGRAM

Subdivision 1. **Breakfast required.** A school district shall offer a school breakfast program in every school building in which at least 40 percent of the school lunches served during the second preceding school year were served free or at a reduced price.

[For text of subd 2, see M.S.1990]

History: 1991 c 265 art 8 s 6

124.83 CAPITAL EXPENDITURE; HEALTH AND SAFETY.

Subdivision 1. **Health and safety program.** To receive health and safety revenue for

any fiscal year a district, including an intermediate district, must submit to the commissioner of education an application for aid and levy by the date determined by the commissioner. The application may be for hazardous substance removal, fire code compliance, or life safety repairs. The application must include a health and safety program adopted by the school district board. The program must include the estimated cost of the program by fiscal year.

[For text of subs 2 and 3, see M.S.1990]

Subd. 4. Health and safety levy. To receive health and safety revenue, a district may levy an amount equal to the district's health and safety revenue as defined in subdivision 3 multiplied by the lesser of one, or the ratio of the quotient derived by dividing the adjusted net tax capacity of the district for the year preceding the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable, to \$3,515.

Subd. 5. Health and safety aid. A district's health and safety aid is the difference between its health and safety revenue and its health and safety levy. If a district does not levy the entire amount permitted, health and safety aid must be reduced in proportion to the actual amount levied. Health and safety aid may not be reduced as a result of reducing a district's health and safety levy according to section 121.912.

[For text of subs 6 and 7, see M.S.1990]

History: 1991 c 130 s 19,20; 1991 c 265 art 5 s 6

124.84 HANDICAPPED ACCESS AND FIRE SAFETY IMPROVEMENTS TO SCHOOL BUILDINGS.

Subdivision 1. Removal of architectural barriers. If a school board has insufficient money in its capital expenditure fund to remove architectural barriers from a building it owns in order to allow a pupil to attend a school in the pupil's attendance area or to meet the needs of an employee with a disability, a district may submit an application to the commissioner of education containing at least the following:

(1) program modifications that the board considered, such as relocating classrooms, providing an accessible unisex bathroom, providing alternative library resources, or using special equipment, such as bookcarts, and the reasons the modifications were not feasible;

(2) a description of the proposed building modifications and the cost of the modifications; and

(3) the age and market value of the building.

Individuals developing an application for a school district shall complete a workshop, developed jointly by the commissioner of education and the council on disability, about access criteria.

In consultation with the council on disability, the commissioner shall develop criteria to determine the cost effectiveness of removing barriers in older buildings.

The commissioner shall approve or disapprove an application within 60 days of receiving it.

Subd. 2. Fire safety modifications. If a school district has insufficient money in its capital expenditure fund to make modifications to a school building required by a fire inspection conducted according to section 121.1502, the district may submit an application to the commissioner of education containing information required by the commissioner. The commissioner shall approve or disapprove of the application according to criteria established by the commissioner. The criteria shall take into consideration the cost effectiveness of making modifications to older buildings.

Subd. 3. Levy authority. The district may levy up to \$150,000 each year for two years, as approved by the commissioner.

History: 1991 c 265 art 5 s 7

NOTE: This section was added by Laws 1991, chapter 265, article 5, section 7, effective for revenue for fiscal year 1994. See Laws 1991, chapter 265, article 5, section 25.

124.86 STATE REVENUE FOR AMERICAN INDIAN TRIBAL CONTRACT OR GRANT SCHOOLS.

Subdivision 1. **Authorization.** Each year each American Indian-controlled tribal contract or grant school authorized by the United States Code, title 25, section 450f, that is located on a reservation within the state is eligible to receive tribal contract or grant school aid subject to the requirements in this subdivision.

(a) The school must plan, conduct, and administer an education program that complies with the requirements of this chapter and chapters 120, 121, 122, 123, 124A, 124C, 125, 126, 129, and 268A.

(b) The school must comply with all other state statutes governing independent school districts.

(c) The state tribal contract or grant school aid must be used to supplement, and not to replace, the money for American Indian education programs provided by the federal government.

Subd. 2. **Revenue amount.** An American Indian-controlled tribal contract or grant school that is located on a reservation within the state and that complies with the requirements in subdivision 1 is eligible to receive tribal contract or grant school aid. The amount of aid is derived by:

(1) multiplying the formula allowance under section 124A.22, subdivision 2, times the difference between (a) the actual pupil units as defined in section 124A.02, subdivision 15, in average daily membership and (b) the number of pupils for the current school year, weighted according to section 124.17, subdivision 1, receiving benefits under section 123.933 or 123.935 or for which the school is receiving reimbursement under section 126.23;

(2) subtracting from the result in clause (1) the amount of money allotted to the school by the federal government through the Indian School Equalization Program of the Bureau of Indian Affairs, according to Code of Federal Regulations, title 25, part 39, subparts A to E, for the basic program as defined by section 39.11, paragraph (b), for the base rate as applied to kindergarten through twelfth grade, excluding small school adjustments and additional weighting, but not money allotted through subparts F to L for contingency funds, school board training, student training, interim maintenance and minor repair, interim administration cost, prekindergarten, and operation and maintenance, and the amount of money that is received according to section 126.23;

(3) dividing the result in clause (2) by the actual pupil units in average daily membership; and

(4) multiplying the actual pupil units in average daily membership by the lesser of \$1,500 or the result in clause (3).

Subd. 3. **Waiver.** Notwithstanding subdivision 1, paragraphs (a) and (b), a tribal contract or grant school:

(1) is not subject to the Minnesota election law;

(2) has no authority under this section to levy for property taxes, issue and sell bonds, or incur debt; and

(3) may request through its managing tribal organization a recommendation of the state board of education, for consideration of the legislature, that a tribal contract or grant school not be subject to specified statutes related to independent school districts.

Subd. 4. **Early childhood family education revenue.** A school receiving aid under this section is eligible to receive early childhood family education revenue to provide early childhood family education programs for parents and children who are enrolled or eligible for enrollment in a federally recognized tribe. The revenue equals 1.5 times the statewide average expenditure per participant under section 124.2711, times the number of children and parents participating full time in the program. The program shall comply with section 121.882, except that the school is not required to provide a community education program or establish a community education advisory council.

The program shall be designed to improve the skills of parents and promote American Indian history, language, and culture. The school shall make affirmative efforts to encourage participation by fathers. Admission may not be limited to those enrolled in or eligible for enrollment in a federally recognized tribe.

History: 1991 c 265 art 3 s 16

DEBT SERVICE EQUALIZATION

124.95 DEBT SERVICE EQUALIZATION PROGRAM.

Subdivision 1. Definitions. For purposes of this section, the required debt service levy 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, including the amounts necessary for repayment of energy loans according to section 216C.37, debt service loans and capital loans, minus

(2) the amount of any surplus remaining in the debt service fund when the obligations and interest on them have been paid.

Subd. 2. Eligibility. To be eligible for debt service equalization revenue, the following conditions must be met:

(1) the required debt service levy of a district must exceed the amount raised by a level of eight percent times the adjusted net tax capacity of the district;

(2) for bond issues approved after July 1, 1990, the construction project must have received a positive review and comment according to section 121.15;

(3) the commissioner has determined that the district has met the criteria under section 124.431, subdivision 2, for new projects; and

(4) the bond schedule must be approved by the commissioner and, if necessary, adjusted to reflect a 20-year maturity schedule.

Subd. 3. Debt service equalization revenue. (a) For fiscal years 1995 and later, the debt service equalization revenue of a district equals the required debt service levy minus the amount raised by a levy of 12 percent times the adjusted net tax capacity of the district.

(b) For fiscal year 1993, debt service equalization revenue equals one-third of the amount calculated in paragraph (a).

(c) For fiscal year 1994, debt service equalization revenue equals two-thirds of the amount calculated in paragraph (a).

Subd. 4. Equalized debt service levy. To obtain debt service equalization revenue, a district must levy an amount not to exceed the district's debt service equalization revenue times the lesser of one or the ratio of:

(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the actual pupil units in the district for the year to which the levy is attributable; or

(2) the equalizing factor as defined in section 124A.02, subdivision 8, for the year to which the levy is attributable.

Subd. 5. Debt service equalization aid. A district's debt service equalization aid is the difference between the debt service equalization revenue and the equalized debt service levy. A district's debt service equalization aid must not be prorated.

Subd. 6. Debt service equalization aid payment schedule. Debt service equalization aid must be paid as follows: one-third before September 15, one-third before December 15, and one-third before March 15 of each year.

History: 1991 c 265 art 5 s 8

NOTE: This section was added by Laws 1991, chapter 265, article 5, section 8, effective for revenue for fiscal year 1993. See Laws 1991, chapter 265, article 5, section 25.

124.97 DEBT SERVICE LEVY.

A school district may levy the amounts necessary to make payments for bonds issued and for interest on them, including the bonds and interest on them, issued as authorized by Minnesota Statutes 1974, section 275.125, subdivision 3, clause (7)(C); and the amounts necessary for repayment of debt service loans and capital loans, minus the amount of debt service equalization revenue of the district.

History: *1991 c 265 art 5 s 10*

NOTE: This section was added by Laws 1991, chapter 265, article 5, section 10, effective for revenue for fiscal year 1993. See Laws 1991, chapter 265, article 5, section 25.