

CHAPTER 124

EDUCATION FINANCE

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124.06 INSUFFICIENT FUNDS TO PAY ORDERS.

(a) In the event that a district or a cooperative unit defined in section 123.35, subdivision 19b, has insufficient funds to pay its usual lawful current obligations, subject to section 471.69, the board may enter into agreements with banks or any person to take its orders. Any order drawn after having been presented to the treasurer for payment and not paid for want of funds shall be endorsed by the treasurer by putting on the back thereof the words "not paid for want of funds," giving the date of endorsement and signed by the treasurer. A record of such presentment, nonpayment and endorsement shall be made by the treasurer. The treasurer

shall serve a written notice upon the payee or the payee's assignee, personally, or by mail, when the treasurer is prepared to pay such orders; such notice may be directed to the payee or the payee's assignee at the address given in writing by such payee or assignee to such treasurer, at any time prior to the service of such notice. No order shall draw any interest if such address is not given when the same is unknown to the treasurer, and no order shall draw any interest after the service of such notice.

(b) A district may enter, subject to section 471.69, into a line of credit agreement with a financial institution. The amount of credit available must not exceed 95 percent of average expenditure per month of operating expenditures in the previous fiscal year. Any amount advanced must be repaid no later than 45 days after the day of advancement.

History: *1Sp1995 c 3 art 1 s 6*

124.078 PERMANENT SCHOOL FUND ADVISORY COMMITTEE.

A state permanent school fund advisory committee is established to advise the department of natural resources on the management of permanent school fund land, which is held in trust for the school districts of the state. The advisory committee shall consist of the following persons or their designees: the chairs of the education committees of the legislature, the chairs of the senate committee on finance and house committee on ways and means, the commissioner of children, families, and learning, one superintendent from a nonmetropolitan district, and one superintendent from a metropolitan area district. The school district superintendents shall be appointed by the commissioner of children, families, and learning.

The advisory committee shall review the policies of the department of natural resources on management of school trust fund lands and shall recommend necessary changes in policy and implementation in order to ensure provident utilization of the permanent school fund lands.

History: *1Sp1995 c 3 art 16 s 13*

124.08 SCHOOL ENDOWMENT FUND, DESIGNATION.

For the purpose of aid to public schools, a school endowment fund is established.

The school endowment fund shall consist of the income from the permanent school fund. The commissioner of children, families, and learning may accept for and on behalf of the permanent school fund a donation of cash, marketable securities, or other personal property. A noncash donation, other than a donation of marketable securities, must be disposed of for cash as soon as the commissioner can obtain fair market value for the donation. Marketable securities may be disposed of at the discretion of the state board of investment consistent with sections 11A.16 and 11A.24. A cash donation and the cash receipts from a donation disposed of for cash must be credited immediately to the permanent school fund. Earnings from marketable securities are earnings of the permanent school fund.

History: *1Sp1995 c 3 art 16 s 13*

124.12 MANNER OF PAYMENT OF STATE AIDS.

Subd. 2. It shall be the duty of the commissioner of children, families, and learning to deliver to the commissioner of finance a certificate for each district entitled to receive state aid under the provisions of this chapter. Upon the receipt of such certificate, it shall be the duty of the commissioner of finance to draw a warrant upon the state treasurer in favor of the district for the amount shown by each certificate to be due to the district. The commissioner of finance shall transmit such warrants to the district together with a copy of the certificate prepared by the commissioner.

History: *1Sp1995 c 3 art 16 s 13*

124.14 DISTRIBUTION OF SCHOOL AIDS; APPROPRIATION.

[For text of subs 1 to 4, see M.S.1994]

Subd. 6. **Adjustment appropriation.** There is annually appropriated from the general fund to the department of children, families, and learning any additional amounts necessary for the adjustments made pursuant to section 124.155, subdivision 1.

Subd. 7. Appropriation transfers. If a direct appropriation from the general fund to the department of children, families, and learning 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 children, families, and learning 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 children, families, and learning. If the amount of the direct appropriation for the aid or grant plus the amount transferred according to this subdivision is insufficient, the commissioner shall prorate the available amount among eligible districts. The state is not obligated for any additional amounts.

Subd. 8. Health and safety aid transfer. The commissioner of children, families, and learning, with the approval of the commissioner of finance, annually may transfer an amount from the appropriation for health and safety aid to the appropriation for debt service aid for the same fiscal year. The amount of the transfer equals the amount necessary to fund any shortage in the debt service aid appropriation created by a data correction that occurs between November 1 and June 30 of the preceding fiscal year.

History: *1Sp1995 c 3 art 5 s 1; art 16 s 13*

124.15 REDUCTION OF AID FOR VIOLATION OF LAW.

[For text of subs 1 and 2, see M.S.1994]

Subd. 2a. After consultation with the commissioner of human rights, the state board of education shall adopt rules in conformance with chapter 14 which direct school districts to file with the commissioner of children, families, and learning assurances of compliance with state and federal laws prohibiting discrimination and which specify the information required to be submitted in support of the assurances. The commissioner of children, families, and learning shall provide copies of the assurances and the supportive information to the commissioner of human rights. If, after reviewing the assurances and the supportive information it appears that one or more violations of the Minnesota human rights act are occurring in the district, the commissioner of human rights shall notify the commissioner of children, families, and learning of the violations, and the commissioner of children, families, and learning may then proceed pursuant to subdivision 3.

[For text of subs 3 to 8, see M.S.1994]

History: *1Sp1995 c 3 art 16 s 13*

124.155 AID REDUCTION; LEVY REVENUE RECOGNITION CHANGE.

[For text of subd 1, see M.S.1994]

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

- (1) general education aid authorized in sections 124A.23 and 124B.20;
- (2) secondary vocational aid authorized in section 124.573;
- (3) special education aid authorized in section 124.32;
- (4) secondary vocational aid for children with a disability authorized in section 124.574;
- (5) aid for pupils of limited English proficiency authorized in section 124.273;
- (6) transportation aid authorized in section 124.225;
- (7) community education programs aid authorized in section 124.2713;
- (8) adult education aid authorized in section 124.26;
- (9) early childhood family education aid authorized in section 124.2711;
- (10) capital expenditure aid authorized in sections 124.243, 124.244, and 124.83;

- (11) school district cooperation aid authorized in section 124.2727;
- (12) assurance of mastery aid according to section 124.311;
- (13) homestead and agricultural credit aid, disparity credit and aid, and changes to credits for prior year adjustments according to section 273.1398, subdivisions 2, 3, 4, and 7;
- (14) attached machinery aid authorized in section 273.138, subdivision 3;
- (15) alternative delivery aid authorized in section 124.322;
- (16) special education equalization aid authorized in section 124.321;
- (17) special education excess cost aid authorized in section 124.323;
- (18) learning readiness aid authorized in section 124.2615;
- (19) cooperation-combination aid authorized in section 124.2725; and
- (20) district cooperation revenue aid authorized in section 124.2727.

(b) The commissioner of children, families, and learning 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.1994]

History: 1Sp1995 c 3 art 1 s 7; art 16 s 13

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 prekindergarten pupil with a disability who is enrolled in a program approved by the commissioner and has an individual education plan is counted as the ratio of the number of hours of assessment and education service to 825 with a minimum of 0.28, but not more than one.

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

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

(d) A kindergarten pupil who is not included in paragraph (c) is counted as .53 of a pupil unit for fiscal year 1995 and thereafter.

(e) A pupil who is in any of grades 1 to 6 is counted as 1.06 pupil units for fiscal year 1995 and thereafter.

(f) For fiscal year 1996 and fiscal year 1997, a pupil who is in any of grades 7 to 12 is counted as 1.3 pupil units. For fiscal year 1998, a pupil who is in any of grades 7 to 12 is counted as 1.25 pupil units. For fiscal year 1999 and later years, a pupil who is in any of grades 7 to 12 is counted as 1.2 pupil units.

(g) For fiscal year 1996 and fiscal year 1997, a pupil who is in the post-secondary enrollment options program is counted as 1.3 pupil units. For fiscal year 1998, a pupil who is in the post-secondary enrollment options program is counted as 1.25 pupil units. For fiscal year 1999 and later years, a pupil who is in the post-secondary enrollment options program is counted as 1.2 pupil units.

(h) In fiscal year 1998, the sum of a district's general education revenue and referendum revenue may not be reduced by more than two percent due to the reduction in the secondary pupil weight from 1.3 as specified in paragraphs (f) and (g). In fiscal year 1999 and later years, the sum of a district's general education revenue and referendum revenue may not be decreased by more than four percent due to the reduction in the secondary weight from 1.3 as specified in paragraphs (f) and (g).

Subd. 1b. [Repealed, 1Sp1995 c 3 art 1 s 63]

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 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) .67.

[For text of subd 1e, see M.S.1994]

Subd. 1f. **Fund balance pupil units.** Fund balance pupil units must be computed separately for kindergarten pupils, elementary pupils in grades 1 to 6, and secondary pupils in grades 7 to 12. Total fund balance pupil units means the sum of kindergarten, elementary, and secondary fund balance pupil units. Fund balance pupil units for each category means the number of resident pupil units in average daily membership, including shared time pupil units, according to section 124A.02, subdivision 20, plus

(1) pupils attending the district for which general education aid adjustments are made according to section 124A.036, subdivision 5; minus

(2) the sum of the resident pupils attending other districts for which general education aid adjustments are made according to section 124A.036, subdivision 5, plus pupils for whom payment is made according to section 126.22, subdivision 8, or 126.23.

[For text of subs 2 to 2e, see M.S.1994]

Subd. 2f. **PSEO pupils.** The average daily membership for a pupil participating in the post-secondary enrollment options program equals the lesser of

(a) 1.00, or

(b) the greater of

(1) .12, or

(2) the ratio of (i) the sum of the number of instructional hours the pupil is enrolled in the secondary school during quarters, trimesters, or semesters during which the pupil participates in PSEO, and hours enrolled in the secondary school during the remainder of the school year, to (ii) the actual number of instructional days in the school year times the length of day in the school.

[For text of subd 3, see M.S.1994]

History: 1995 c 212 art 4 s 64; 1Sp1995 c 3 art 1 s 8-11; art 14 s 4

NOTE: Subdivision 1d, as amended by Laws 1995, First Special Session chapter 3, article 1, section 9, is effective for revenue for fiscal year 1997. See Laws 1995, First Special Session chapter 3, article 1, section 64.

124.175 AFDC PUPIL COUNT.

Each year by March 1, the department of human services shall certify to the department of children, families, and learning, for each school district, the number of pupils from families receiving aid to families with dependent children who were enrolled in a public school on October 1 of the preceding year.

History: 1Sp1995 c 3 art 16 s 13

124.177 PSEO REPLACEMENT AID.

Subdivision 1. **Eligibility.** A school district that meets the following criteria is eligible for PSEO replacement aid:

(1) the number of pupils or portions of pupils in average daily membership using the post-secondary enrollment options program exceeds four percent of the district's enrollment in grades 11 and 12;

(2) the enrollment in average daily membership in the district is less in the current year than it was five years previous; and

(3) the district is adjacent to at least two districts that are eligible for elementary or secondary sparsity revenue.

Subd. 2. Aid amount. PSEO replacement aid equals:

(1) the number of pupils or portions of pupils in average daily membership using the post-secondary enrollment options program for the portion of time not attending the school district, minus

(2) the number of pupils in average daily membership in grades 11 and 12 in the district multiplied by four percent, multiplied by

(3) the secondary pupil weighting of 1.3, multiplied by

(4) the basic formula allowance for the fiscal year.

The PSEO replacement aid is not less than zero.

History: *1Sp1995 c 3 art 8 s 1*

124.19 REQUIREMENTS FOR AID GENERALLY.

[For text of subs 1 to 5, see M.S.1994]

Subd. 6. Instructional hours. To be eligible for the full amount of general education revenue, a district must provide to students at least the number of instructional hours per day prescribed in the rules of the state board, except as provided in subdivision 5. Part of the school day may be provided in employment-related or community-based instruction, but only within a program that receives annual approval by the school board, is in compliance with state board rules, and is on file with the commissioner of children, families, and learning. The information on the employment-related or community-based instruction submitted to the commissioner shall contain at least an estimate of the number of students involved, a description of the alternative instruction, and the percentage of the students' instructional year involved.

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 children, families, and learning. 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. Average daily membership for a pupil must not exceed one, unless:

- (1) a pupil participates in a learning year program under section 121.585;
- (2) a pupil's regular graduating class has already graduated; or
- (3) a pupil needs additional course credits in order to graduate on time.

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: *1Sp1995 c 3 art 16 s 13*

124.193 PROHIBITED AID AND LEVIES.

Unless specifically permitted in the provision authorizing an aid or a levy, cooperative units of government defined in section 123.35, subdivision 19b, paragraph (d), are prohibited from making a property tax levy or qualifying for or receiving any form of state aid except that a cooperative unit may apply for and receive a grant on behalf of its members.

History: *1Sp1995 c 3 art 9 s 27*

124.195 PAYMENT OF AIDS AND CREDITS TO SCHOOL DISTRICTS.

Subdivision 1. **Applicability.** This section applies to all aids or credits paid by the commissioner of children, families, and learning from the general fund to school districts.

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, a Sunday, or a weekday which is a legal holiday, the payment shall be made on the immediately following business day. The commissioner of children, families, and learning 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 children, families, and learning 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: the greater of (a) 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 6.75 percent	
Payment 4	August 30:	9.0
Payment 5	September 15:	12.75
Payment 6	September 30:	16.50
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

[For text of subd 3a, see M.S.1994]

Subd. 3b. Cash flow adjustment. During each year in which the cash flow low points for August, September, and October estimated by the commissioner of finance for invested treasurer's cash exceeds \$360,000,000, the commissioner of children, families, and learning shall increase the cumulative disbursement percentages established in subdivision 3 to the following amounts:

Payment 3	August 15:	12.75 percent
Payment 4	August 30:	15.00 percent
Payment 5	September 15:	17.25 percent
Payment 6	September 30:	19.50 percent
Payment 7	October 15:	21.75 percent

Subd. 3c. Cash flow waiver. For any district exceeding its expenditure limitations under section 121.917, and if requested by the district, the commissioner of children, families, and learning, in consultation with the commissioner of finance, and a school district may negotiate a cash flow payment schedule under subdivision 3 corresponding to the district's cash flow needs so as to minimize the district's short-term borrowing needs.

Subd. 4. Payment limit. Subdivision 3 does not authorize the commissioner of children, families, and learning to pay to a district's operating funds an amount of state general fund cash that exceeds the sum of:

- (a) its estimated aid and credit payments for the current year according to subdivision 10;
- (b) its actual aid payments according to subdivisions 8 and 9; and
- (c) the final adjustment payment for the prior year.

Subd. 5. Commissioner's assumptions. For purposes of determining the amount of state general fund cash to be paid to school districts pursuant to subdivision 3, the commissioner of children, families, and learning shall:

(a) assume that the payments to school districts by the county treasurer of revenues accruing to the fiscal year of receipt pursuant to section 276.11 are made in the following manner:

- (1) 50 percent within seven business days of each due date; and
- (2) 100 percent within 14 business days of each due date;

(b) assume that the payments to school districts by the county treasurer of revenues accruing to the fiscal year of receipt pursuant to section 276.111 are made in the following manner:

- (1) 50 percent within seven business days of the October 15 due date;
- (2) 100 percent within 14 business days of the October 15 due date; and
- (3) 100 percent within ten business days of the November 15 due date.

(c) assume that the payments to school districts by county auditors pursuant to section 124.10, subdivision 2 are made at the end of the months indicated in that subdivision.

[For text of subs 6 to 9, see M.S.1994]

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 90 percent for districts operating a program under section 121.585 for grades 1 to 12 for all students in the district and 85 percent for other districts 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. Districts operating a program under section 121.585 for grades 1 to 12 for all students in the district shall receive 85 percent of the estimated entitlement plus an additional amount of general education aid equal to five percent of the estimated entitlement. For all districts, the final adjustment payment, according to subdivision 6, shall be the amount of the actual entitlement, after adjustment for actual data, minus the payments made during the fiscal year of the entitlement.

[For text of subd 11, see M.S.1994]

Subd. 12. Aid adjustment for TRA contribution rate change. (a) The department of children, families, and learning shall reduce general education aid or any other aid paid in a fiscal year to school districts, intermediate school districts, education districts, education cooperative service units, special education cooperatives, secondary vocational cooperatives, regional management information centers, or another district or unit providing elementary or secondary education services. The reduction shall equal the following percent of salaries paid in a fiscal year by the entity to members of the teachers retirement association established in chapter 354. However, salaries paid to members of the association who are employed by a technical college shall be excluded from this calculation:

- (1) in fiscal year 1991, 0.84 percent,
- (2) in fiscal year 1992 and later years, the greater of
 - (i) zero, or
 - (ii) 4.48 percent less the additional employer contribution rate established under section 354.42, subdivision 5.

(b) In fiscal year 1991, this reduction is estimated to equal \$14,260,000.

Subd. 14. Education aids cash flow account. (a) An education aids cash flow account is established in the state treasury for the purpose of ensuring the timely payment of state aids or credits to school districts as provided in this section. In the event the account balance in any appropriation from the general fund to the department of children, families, and learning for education aids or credits is insufficient to make the next scheduled payment or payments,

the commissioner of children, families, and learning is authorized to transfer funds from the education aids cash flow account to the accounts that are insufficient.

(b) For purposes of this subdivision, an account may have an insufficient balance only as a result of some districts being overpaid based on revised estimates for the relevant annual aid or credit entitlements. When the overpayment amounts are recovered from the pertinent districts, the commissioner of children, families, and learning shall transfer those amounts to the education aids cash flow account. The commissioner shall determine when it is not feasible to recover the overpayments in a timely manner from the district's future aid payments and notify the district of the amount that is to be refunded to the state. School districts are encouraged to make such refunds promptly. The commissioner may approve a schedule for making a refund when a district demonstrates that its cash flow is inadequate to promptly make the refund in full.

(c) There is annually appropriated from the general fund to the education aids cash flow account the additional amount necessary to ensure the timely payment of state aids or credits to school districts as provided in this section. For any fiscal year, the appropriation authorized in this subdivision shall not exceed an amount equal to two-tenths of one percent of the total general fund appropriations in that year for education aids and credits. At the close of each fiscal year, the amount of actual transfers plus anticipated transfers required in paragraph (b) shall equal the authorized amounts transferred in paragraph (a) so that the net effect on total general fund spending for education aids and credits is zero.

History: *1Sp1995 c 3 art 1 s 12-14; art 16 s 13*

124.196 CHANGE IN PAYMENT OF AIDS AND CREDITS.

If the commissioner of finance determines that modifications in the payment schedule would reduce the need for state short-term borrowing, the commissioner of children, families, and learning shall modify payments to school districts according to this section. The modifications shall begin no sooner than September 1 of each fiscal year, and shall remain in effect until no later than May 30 of that same fiscal year. In calculating the payment to a school district pursuant to section 124.195, subdivision 3, the commissioner may subtract the sum specified in that subdivision, plus an additional amount no greater than the following:

(1) the net cash balance in the district's four operating funds on June 30 of the preceding fiscal year; minus

(2) the product of \$150 times the number of actual pupil units in the preceding fiscal year; minus

(3) the amount of payments made by the county treasurer during the preceding fiscal year, pursuant to section 276.11, which is considered revenue for the current school year. However, no additional amount shall be subtracted if the total of the net unappropriated fund balances in the district's four operating funds on June 30 of the preceding fiscal year, is less than the product of \$350 times the number of actual pupil units in the preceding fiscal year. The net cash balance shall include all cash and investments, less certificates of indebtedness outstanding, and orders not paid for want of funds.

A district may appeal the payment schedule established by this section according to the procedures established in section 124.195, subdivision 3a.

History: *1Sp1995 c 3 art 16 s 13*

124.2131 ADJUSTMENT OF GROSS TAX CAPACITY.

Subdivision 1. Adjusted net tax capacity. (a) **Computation.** The department of revenue shall annually conduct an assessment/sales ratio study of the taxable property in each school district in accordance with the procedures in paragraphs (b) and (c). Based upon the results of this assessment/sales ratio study, the department of revenue shall determine an aggregate equalized net tax capacity for the various classes of taxable property in each school district, which tax capacity shall be designated as the adjusted net tax capacity. The adjusted net tax capacities shall be determined using the net tax capacity percentages in effect for the assessment year following the assessment year of the study. The department of revenue shall

make whatever estimates are necessary to account for changes in the classification system. The department of revenue may incur the expense necessary to make the determinations. The commissioner of revenue may reimburse any county or governmental official for requested services performed in ascertaining the adjusted net tax capacity. On or before March 15 annually, the department of revenue shall file with the chair of the tax committee of the house of representatives and the chair of the committee on taxes and tax laws of the senate a report of adjusted net tax capacities. On or before June 15 annually, the department of revenue shall file its final report on the adjusted net tax capacities established by the previous year's assessments and the current year's net tax capacity percentages with the commissioner of children, families, and learning and each county auditor for those school districts for which the auditor has the responsibility for determination of local tax rates. A copy of the report so filed shall be mailed to the clerk of each district involved and to the county assessor or supervisor of assessments of the county or counties in which each district is located.

(b) **Methodology.** In making its annual assessment/sales ratio studies, the department of revenue shall use a methodology consistent with the most recent Standard on Assessment Ratio Studies published by the assessment standards committee of the International Association of Assessing Officers. The commissioner of revenue shall supplement this general methodology with specific procedures necessary for execution of the study in accordance with other Minnesota laws impacting the assessment/sales ratio study. The commissioner shall document these specific procedures in writing and shall publish the procedures in the State Register, but these procedures will not be considered "rules" pursuant to the Minnesota administrative procedure act. For purposes of this section, sections 270.12, subdivision 2, clause (8), and 278.05, subdivision 4, the commissioner of revenue shall exclude from the assessment/sales ratio study the sale of any nonagricultural property which does not contain an improvement, if (1) the statutory basis on which the property's taxable value as most recently assessed is less than market value as defined in section 273.11, or (2) the property has undergone significant physical change or a change of use since the most recent assessment.

(c) **Agricultural lands.** For purposes of determining the adjusted net tax capacity of agricultural lands for the calculation of adjusted net tax capacities, the market value of agricultural lands shall be the price for which the property would sell in an arms length transaction.

(d) **Forced sales.** The commissioner may include forced sales in the assessment/sales ratio studies if it is determined by the commissioner that these forced sales indicate true market value.

(e) **Stipulated values and abatements.** The estimated market value to be used in calculating sales ratios shall be the value established by the assessor before any stipulations resulting from appeals by property owners and before any abatement unless the abatement was granted for the purpose of correcting mere clerical errors.

(f) **Sales of industrial property.** Separate sales ratios shall be calculated for commercial property and for industrial property. These two classes shall be combined only in jurisdictions in which there is not an adequate sample of sales in each class.

Subd. 2. Adjusted net tax capacity; growth limit. In the calculation of adjusted net tax capacities for 1987 and each year thereafter, the commissioner of revenue shall not increase the adjusted net tax capacity of taxable property for any school district over the adjusted net tax capacity established and filed with the commissioner of children, families, and learning for the immediately preceding year by more than the greater of (1) 19 percent of the certified adjusted net tax capacity established and filed with the commissioner of children, families, and learning for the year immediately preceding, or (2) 40 percent of the difference between the district's total adjusted net tax capacity for the current year calculated without the application of this subdivision and the district's certified adjusted net tax capacity established and filed with the commissioner of children, families, and learning for the immediately preceding year.

[For text of subd 3, see M.S.1994]

Subd. 3a. Captured tax capacity adjustment. In calculating adjusted net tax capacity, the commissioner of revenue shall increase the adjusted net tax capacity of a school district

containing a tax increment financing district for which an election is made under section 469.1782, subdivision 1, clause (1). The amount of the increase equals the captured net tax capacity of the tax increment financing district in the year preceding the first taxes payable year in which the special law permits collection beyond that permitted by the general law duration limit that otherwise would apply. The addition applies beginning for aid and levy for the first taxes payable year in which the special law permits collection of increment beyond that permitted by the general law duration limit that otherwise would apply. The addition continues to apply for each taxes payable year the district remains in effect.

Subd. 5. Adjusted net tax capacity; appeals. Should any district within 30 days after receipt of a copy of a report filed with the commissioner of children, families, and learning made pursuant to subdivision 1 or 3, be of the opinion that the commissioner of revenue has made an error in the determination of the school district's market value, it may appeal from the report or portion thereof relating to the school district to the commissioner of revenue for a review and determination of the matters contained in the appeal. The commissioner shall advise the school district of the determination within 30 days. If the school district wishes to appeal the determination of the commissioner, it must file a notice of appeal with the tax court, as provided in subdivisions 6 to 11 within ten days of the notice of determination from the commissioner.

[For text of subd 6, see M.S.1994]

Subd. 7. Hearing. Upon receipt of the notice of appeal the tax court shall review the notice of appeal and determine whether it appears from the allegations and proofs therein contained that an error has been made in the determination by the commissioner of revenue of the market value of the property in the school district. If the court finds it probable that such an error has been made, it shall notice the matter for hearing; otherwise, it shall dismiss the appeal and notify the parties thereof. Hearing shall be set and held in the same manner as other hearings of the tax court are set and heard, except that an appeal filed under subdivision 5 shall take precedence over other appeals pending before the court. The attorney general shall represent the commissioner of revenue. The administrative procedure act, sections 14.09 to 14.28, 14.38, 14.44 to 14.45, and 14.57 to 14.69, shall apply to hearings insofar as it is applicable.

[For text of subs 8 to 11, see M.S.1994]

History: 1995 c 233 art 2 s 56; 1995 c 264 art 5 s 1; 1Sp1995 c 3 art 16 s 13

124.2134 COMPUTATION OF TAX RATES.

In computing the basic transportation tax rate under section 124.226, subdivision 1, and the general education tax rate under section 124A.23, subdivision 1, the commissioner shall, notwithstanding section 124.2131, subdivision 1, use adjusted net tax capacities that do not reflect the class rate reductions for seasonal residential recreational property not used for commercial purposes, in section 273.13, subdivision 25. Notwithstanding the dollar amounts specified in sections 124.226, subdivision 1, and 124A.23, subdivision 1, the resulting rate shall be applied to the adjusted net tax capacities as computed under section 124.2131, for purposes of determining the basic transportation levy under section 124.226, subdivision 1, and the general education levy under section 124A.23, subdivision 2. The equalizing factor under section 124A.02, shall be computed using the tax rate computed under this section.

History: 1995 c 264 art 3 s 48

NOTE: This section, as added by Laws 1995, chapter 264, article 3, section 48, is effective for school aids payable in fiscal years 1998 and thereafter. See Laws 1995, chapter 264, article 3, section 52.

124.2139 REDUCTION OF PAYMENTS TO SCHOOL DISTRICTS.

The commissioner of revenue shall reduce the sum of the additional transition credit, 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 other than technical college employees, 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: *1Sp1995 c 3 art 1 s 15*

124.214 AID ADJUSTMENTS.

[For text of subd 1, see M.S.1994]

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 children, families, and learning 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 124.912, subdivision 9. 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 received general education aid according to that section for the second preceding year;

(ii) section 124.226, subdivisions 1 and 4, if the district received transportation aid according to section 124.225 for the second preceding year;

(iii) section 124.243, if the district received capital expenditure facilities aid according to that section for the second preceding year;

(iv) section 124.244, if the district received capital expenditure equipment aid according to that section for the second preceding year;

(v) section 124.83, if the district received health and safety aid according to that section for the second preceding year;

(vi) sections 124.2713, 124.2714, and 124.2715, if the district received aid for community education programs according to any of those sections for the second preceding year;

(vii) section 124.2711, subdivision 2a, if the district received early childhood family education aid according to section 124.2711 for the second preceding year;

(viii) section 124.321, subdivision 3, if the district received special education levy equalization aid according to that section for the second preceding year;

(ix) section 124A.03, subdivision 1g, if the district received referendum equalization aid according to that section for the second preceding year; and

(x) section 124A.22, subdivision 4a, if the district received training and experience aid according to that section for the second preceding year;

(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 received general education aid according to that section for the second preceding year;
- (ii) section 124.226, subdivisions 1 and 4, if the school district received transportation aid according to section 124.225 for the second preceding year;
- (iii) section 124.243, if the district received capital expenditure facilities aid according to that section for the second preceding year;
- (iv) section 124.244, if the district received capital expenditure equipment aid according to that section for the second preceding year;
- (v) section 124.83, if the district received health and safety aid according to that section for the second preceding year;
- (vi) sections 124.2713, 124.2714, and 124.2715, if the district received aid for community education programs according to any of those sections for the second preceding year;
- (vii) section 124.2711, subdivision 2a, if the district received early childhood family education aid according to section 124.2711 for the second preceding year;
- (viii) section 124.321, subdivision 3, if the district received special education levy equalization aid according to that section for the second preceding year;
- (ix) section 124A.03, subdivision 1g, if the district received referendum equalization aid according to that section for the second preceding year; and
- (x) section 124A.22, subdivision 4a, if the district received training and experience aid according to that section for the second preceding year;

(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: *1Sp1995 c 3 art 8 s 2,3; art 16 s 13*

124.223 TRANSPORTATION AID AUTHORIZATION.

Subdivision 1. To and from school; between schools. (a) School districts may provide transportation to and from schools resident pupils attend, between schools the resident pupils attend for instructional classes, or to and from service-learning programs; 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 resident pupils to and from language immersion programs; 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.

(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) School districts may provide 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.

Subd. 2. Outside district. School districts may provide transportation to and from or board and lodging in another district, of resident pupils of a district without a secondary school. The pupils may attend a classified secondary school in another district and may receive board and lodging in or transportation to and from a district having a classified secondary school at the expense of the district of the pupil's residence.

Subd. 3. Secondary vocational centers. School districts may provide transportation to and from a commissioner approved secondary vocational center for secondary vocational classes for resident pupils of any of the districts who are members of or participating in programs at that center.

Subd. 4. Pupils with disabilities. School districts may provide transportation or board and lodging of a pupil with a disability when that pupil cannot be transported on a regular school bus, the conveying of pupils with a disability between home or a respite care facility and school and within the school plant, necessary transportation of pupils with a disability from home or from school to other buildings, including centers such as developmental achievement centers, hospitals and treatment centers where special instruction or services required by sections 120.17 and 120.1701 are provided, within or outside the district where services are provided, and necessary transportation for resident pupils with a disability required by sections 120.17, subdivision 4a, and 120.1701. Transportation of pupils with a disability between home or a respite care facility and school shall not be subject to any distance requirement for children.

Subd. 5. Board and lodging; nonresidents with disabilities. School districts may provide, when necessary, board and lodging for nonresident pupils with a disability in a district maintaining special classes.

Subd. 6. Shared time. School districts may provide transportation from one educational facility to another within the district for resident pupils enrolled on a shared time basis in educational programs, and necessary transportation required by sections 120.17, subdivision 9, and 120.1701 for resident pupils with a disability who are provided special instruction and services on a shared time basis.

Subd. 7. Faribault state academies. School districts may provide transportation for resident pupils with disabilities to and from board and lodging facilities when the pupil is boarded and lodged for educational purposes.

Subd. 8. Summer instructional programs. (a) School districts may provide services described in subdivisions 1 to 7, 9, and 10 when provided for pupils with a disability in conjunction with a summer instructional program that is offered for credit or required for graduation or that provides academic enrichment or remediation. The reserved revenue may not be used for recreational sports, leisure activities, entertainment, recreational activities, crafts, hobbies, or any other classes of a similar nature. Summer programs for a pupil with a disability shall relate to the pupil's individual education plan.

(b) School districts may provide services described in subdivision 1 when provided during the summer in conjunction with a learning year program established under section 121.585.

Subd. 9. Cooperative academic and vocational. School districts may provide transportation to, from or between educational facilities located in any of two or more school districts jointly offering academic classes or secondary vocational classes not provided at a secondary vocational center for resident pupils of any of these districts.

Subd. 10. Nonpublic support services. School districts may provide necessary transportation within district boundaries between a nonpublic school and a public school or a neutral site for nonpublic school pupils who are provided pupil support services pursuant to section 123.935.

Subd. 11. Rules. The state board of education may amend rules relating to transportation data.

History: *1Sp1995 c 3 art 2 s 10; art 4 s 30; art 13 s 4*

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 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 15 percent per year for districts operating a program under section 121.585 for grades 1 to 12 for all students in the district and 12-1/2 percent per year for other districts of the cost of the fleet, plus

(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 169.01, subdivision 6, clause (5), which must be used a majority of the time for the purposes in sections 124.223 and 124.226, subdivisions 5, 8, and 9, and were purchased after July 1, 1982, for authorized transportation of pupils, 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; transportation to and from service-learning programs; 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 within and outside of the district during the regular school year of pupils to and from schools located outside their normal attendance areas under a plan for desegregation mandated by the state board or under court order.

(5) Handicapped transportation is transportation provided under section 124.223, subdivision 4, for pupils with a disability between home or a respite care facility and school or other buildings where special instruction required by sections 120.17 and 120.1701 is provided.

(d) "Mobile unit" means a vehicle or trailer designed to provide facilities for educational programs and services, including diagnostic testing, guidance and counseling services,

and health services. A mobile unit located off nonpublic school premises is a neutral site as defined in section 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's 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's 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 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 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. 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 \$477 for the 1993-1994 base year.

(b) Multiply the result in paragraph (a) by the district's density index raised to the 1/2 power.

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

[For text of subd 7a, see M.S.1994]

Subd. 7b. Inflation factors. (a) The adjusted predicted base cost determined for a district under subdivision 7a for the base year must be increased by zero percent to determine the district's regular transportation allowance for the 1995-1996 school year.

(b) Notwithstanding paragraph (a), the regular transportation allowance for a district for the 1995-1996 school year cannot be less than the district's minimum regular transportation allowance according to Minnesota Statutes 1990, section 124.225, subdivision 1, paragraph (t).

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 by the district in the regular, desegregation, and handicapped categories in the current school year.

(b) For the 1995–1996 school year, 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 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 is 1.0 for the 1995–1996 school year.

[For text of subd 7e, see M.S.1994]

Subd. 7f. Reserved revenue for transportation safety. A district shall reserve an amount equal to the greater of \$500 or \$1.50 times the number of fund balance pupil units, for that school year to provide student transportation safety programs under section 123.799. This revenue may only be used if the district complies with the reporting requirements of section 123.7991, 123.805, 169.452, 169.4582, or 171.321, subdivision 5.

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 124.226, subdivision 1, plus

(ii) the maximum nonregular transportation levy for that school year under section 124.226, subdivision 4, plus

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

(2) times the ratio of the sum of the actual amounts levied under section 124.226, subdivisions 1 and 4, to the sum of the permitted maximum levies under section 124.226, subdivisions 1 and 4.

(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 children, families, and learning 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. 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 children, families, and learning 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, may provide authorized transportation to the pupil within the attendance area for the school that the pupil attends. The resident district need not provide or pay for transportation between the pupil's residence and the district's border.

Subd. 8m. Transportation safety aid. A district's transportation safety aid equals the district's reserved revenue for transportation safety under subdivision 7f for that school year. Failure of a school district to comply with the reporting requirements of section 123.7991, 123.805, 169.452, 169.4582, or 171.321, subdivision 5, may result in a withholding of that district's transportation safety aid for that school year.

Subd. 9. District reports. Each district shall report data to the department as required by the department to account for transportation expenditures.

[For text of subd 10, see M.S.1994]

Subd. 13. Targeted needs transportation revenue. A district's targeted needs transportation revenue for the 1996–1997 and later school years equals the sum of the special programs transportation revenue according to subdivision 14, the integration transportation revenue according to subdivision 15, and the nonpublic pupil transportation revenue according to subdivision 16.

Subd. 14. Special programs transportation revenue. A district's special programs transportation revenue for the 1996–1997 and later school years equals the sum of:

(a) the district's actual cost in the base year for transportation services for children with disabilities under section 124.223, subdivisions 4, 5, 7, and 8, times the ratio of the district's average daily membership for the current school year to the district's average daily membership for the base year; plus

(b) 80 percent of the difference between:

(1) the district's actual cost in the current year for transportation services for children with disabilities under section 124.223, subdivisions 4, 5, 7, and 8; and

(2) the amount computed in paragraph (a).

Subd. 15. Integration transportation revenue. A district's integration transportation revenue for the 1996–1997 and later school years equals the following amounts:

(a) for independent school district No. 709, Duluth, \$4 times the actual pupil units for the school year;

(b) for independent school district No. 625, St. Paul, \$73 times the actual pupil units for the school year; and

(c) for special school district No. 1, Minneapolis, \$158 times the actual pupil units for the school year.

Subd. 16. Nonpublic pupil transportation revenue. (a) A district's nonpublic pupil transportation revenue for the 1996–1997 and later school years for transportation services for nonpublic school pupils according to sections 123.39, 123.76 to 123.78, 124.223, and 124.226, equals the sum of the amounts computed in paragraphs (b) and (c). This revenue does not limit the obligation to transport pupils under sections 123.76 to 123.79.

(b) For regular and excess transportation according to section 124.225, subdivision 1, paragraph (c), clauses (1) and (3), an amount equal to the product of:

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

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

(3) the ratio of the formula allowance pursuant to section 124A.22, subdivision 2, for the current school year to the formula allowance pursuant to section 124A.22, subdivision 2, for the second preceding school year.

(c) For nonregular transportation according to section 124.225, subdivision 1, paragraph (c), clause (2), and late activity transportation according to section 124.226, subdivision 9, an amount equal to the product of:

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

(2) the ratio of the formula allowance pursuant to section 124A.22, subdivision 2, for the current school year to the formula allowance pursuant to section 124A.22, subdivision 2, for the second preceding school year.

Subd. 17. Targeted needs transportation aid. (a) A district's targeted needs transportation aid is the difference between its targeted needs transportation revenue under subdi-

vision 13 and its targeted needs transportation revenue under section 124.226, subdivision 10.

(b) If a district does not levy the entire amount permitted, aid must be reduced in proportion to the actual amount levied.

History: *1Sp1995 c 3 art 2 s 11-24; art 4 s 30; art 16 s 13*

NOTE: Minnesota Statutes 1994 version of subdivisions 1, 3a, 7a, 7b, 7d, 7e, 8a, 8k, 8m, and 10 does not apply to aids payable in fiscal years 1997 and 1998 or to levies made in 1995 and 1996 for taxes payable in 1996 and 1997. See Laws 1995, First Special Session chapter 3, article 2, section 52.

124.226 TRANSPORTATION LEVIES.

Subdivision 1. Basic transportation. Each year, a school district may levy for school transportation services an amount not to exceed the amount raised by the basic transportation tax rate times the adjusted net tax capacity of the district for the preceding year. The commissioner of children, families, and learning shall establish the basic transportation tax rate by July 1 of each year for levies payable in the following year. The basic transportation tax rate shall be a rate, rounded up to the nearest hundredth of a percent, that, when applied to the adjusted net tax capacity of taxable property for all districts, raises the amount specified in this subdivision. The basic transportation tax rate for transportation shall be the rate that raises \$64,300,000 for fiscal year 1993 and \$68,000,000 for fiscal year 1994 and subsequent fiscal years. The basic transportation tax rate certified by the commissioner of children, families, and learning must not be changed due to changes or corrections made to a district's adjusted net tax capacity after the tax rate has been certified.

[For text of subd 2, see M.S.1994]

Subd. 3. Off-formula adjustment. In a district if the basic transportation levy under subdivision 1 attributable to that fiscal year is more than the difference between (1) the district's transportation revenue under section 124.225, subdivision 7d, and (2) the sum of the district's maximum nonregular levy under subdivision 4 and the district's contracted services aid reduction under section 124.225, subdivision 8k, and the amount of any reduction due to insufficient appropriation under section 124.225, subdivision 8a, the district's transportation levy in each fiscal year must be reduced by the difference between the amount of the excess and the amount of the aid reduction for the same fiscal year according to subdivision 3a.

[For text of subd 3a, see M.S.1994]

Subd. 4. Nonregular transportation. A school district may also make a levy for unreimbursed nonregular transportation costs pursuant to this subdivision.

(a) For the 1995-1996 school year, the amount of the levy shall be the result of the following computation:

(1) multiply

(i) the amount of the district's nonregular transportation revenue under section 124.225, subdivision 7d, that is more than the product of \$65 times the district's average daily membership, by

(ii) 50 percent;

(2) subtract the result in clause (1) from the district's total nonregular transportation revenue;

(3) multiply the result in clause (2) by the lesser of one or the ratio of

(i) 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 average daily membership in the district for the school year to which the levy is attributable, to

(ii) \$8,000.

[For text of subds 5 to 8, see M.S.1994]

Subd. 9. Late activity buses. (a) For taxes payable in 1996, a school district may levy an amount equal to the lesser of:

(1) the actual cost of late transportation home from school, between schools within a district, or between schools in one or more districts that have an agreement under sections

122.241 to 122.248, 122.535, 122.541, or 124.494, for pupils involved in after school activities for the school year beginning in the year the levy is certified; or

(2) two percent of the sum of the district's regular transportation revenue and the district's nonregular transportation revenue for that school year according to section 124.225, subdivision 7d.

(b) A district that levies under this section must provide late transportation from school for students participating in any academic-related activities provided by the district if transportation is provided for students participating in athletic activities.

(c) Notwithstanding section 121.904, 50 percent of the levy certified for taxes payable in 1994, and for each year thereafter the entire amount of this levy, shall be recognized as revenue for the fiscal year in which the levy is certified.

Subd. 10. Targeted needs transportation levy. A school district may make a levy for targeted needs transportation costs according to this subdivision. The amount of the levy shall be the result of the following computation:

(1) For fiscal year 1997 and later, targeted needs transportation levy equalization revenue equals 28 percent of the sum of the district's special programs transportation revenue under section 124.225, subdivision 14, and the district's integration transportation revenue under section 124.225, subdivision 15.

(2) The targeted needs transportation levy equals the result in clause (1) times the lesser of one or the ratio of (i) 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 school year to which the levy is attributable, to (ii) \$3,540.

History: *1Sp1995 c 3 art 2 s 25-28; art 16 s 13*

NOTE: Minnesota Statutes 1994 version of subdivisions 1, 2, 3a, 4, 5, 6, 7, and 8 does not apply to aids payable in fiscal years 1997 and 1998 or to levies made in 1995 and 1996 for taxes payable in 1996 and 1997. See Laws 1995, First Special Session chapter 3, article 2, section 52.

124.227 INTERDISTRICT DESEGREGATION TRANSPORTATION GRANTS.

A district that provides transportation of pupils between resident and nonresident districts for desegregation purposes may apply to the commissioner of children, families, and learning for a grant to cover the additional costs of transportation. The commissioner must develop the form and manner of applications, the criteria to be used to determine when transportation is for desegregation purposes, and the accounting procedure to be used to determine excess costs. In determining the grant amount, the commissioner must consider other revenue received by the district for transportation for desegregation purposes.

History: *1Sp1995 c 3 art 2 s 50; art 16 s 13*

124.242 BUILDING BONDS FOR CALAMITIES.

Subdivision 1. Bonds. When a building owned by a school district is substantially damaged by an act of God or other means beyond the control of the district, the district may issue general obligation bonds without an election to provide money immediately to carry out its adopted health and safety program. Each year the district must pledge an attributable share of its health and safety revenue to the repayment of principal and interest on the bonds. The pledged revenue shall be transferred to the debt redemption fund of the district. The district shall submit to the department of children, families, and learning the repayment schedule for any bonds issued under this section. The district shall deposit in the debt redemption fund all proceeds received for specific costs for which the bonds were issued, including but not limited to:

- (1) insurance proceeds;
- (2) restitution proceeds; and
- (3) proceeds of litigation or settlement of a lawsuit.

Before bonds are issued, the district must submit a combined application to the commissioner of children, families, and learning for health and safety revenue, according to section 124.83, and requesting review and comment, according to section 121.15, subdivisions 6, 7, 8, and 9. The commissioner shall complete all procedures concerning the combined application within 20 days of receiving the application. The publication provisions of section 121.15, subdivision 9, do not apply to bonds issued under this section.

Subd. 2. Health and safety revenue. For any fiscal year where the total amount of health and safety revenue is limited, the commissioner of children, families, and learning shall award highest priority to health and safety revenue pledged to repay building bonds issued under subdivision 1.

History: *1Sp1995 c 3 art 16 s 13*

124.243 CAPITAL EXPENDITURE; FACILITIES.

[For text of subd 1, see M.S.1994]

Subd. 2. Capital expenditure facilities revenue. (a) Capital expenditure facilities previous formula revenue for a district equals \$128 times its actual pupil units for the school year.

(b) For fiscal years 1996, capital expenditure facilities revenue for a district equals \$100 times the district's maintenance cost index times its actual pupil units for the school year.

(c) Notwithstanding paragraph (b), for fiscal year 1996, the revenue for each district equals 25 percent of the amount determined in paragraph (b) plus 75 percent of the previous formula revenue.

(d) Notwithstanding paragraph (b), for fiscal year 1997, the revenue for each district equals 50 percent of the amount determined in paragraph (b) plus 50 percent of the previous formula revenue.

(e) Notwithstanding paragraph (b), for fiscal year 1998, the revenue for each district equals 75 percent of the amount determined in paragraph (b) plus 25 percent of the previous formula revenue.

(f) The revenue in paragraph (b) for a district that operates a program under section 121.585, is increased by an amount equal to \$15 times the number of actual pupil units at the site where the program is implemented.

[For text of subds 2a to 11, see M.S.1994]

Subd. 12. Maintenance cost index. (a) A district's maintenance cost index is equal to the ratio of:

- (1) the total weighted square footage for all eligible district-owned facilities; and
- (2) the total unweighted square footage of these facilities.

(b) The department shall determine a district's maintenance cost index annually. Eligible district owned facilities shall include only instructional or administrative square footage owned by the district. The commissioner of children, families, and learning may adjust the age of a building or addition for major renovation projects.

(c) The square footage weighting factor for each original building or addition equals the lesser of:

- (1) one plus the ratio of the age in years to 100; or
- (2) 1.5.

(d) The weighted square footage for each original building or addition equals the product of the unweighted square footage times the square footage weighting factor.

History: *1Sp1995 c 3 art 5 s 2; art 16 s 13*

NOTE: This section is repealed by Laws 1995, First Special Session chapter 3, article 1, section 63, subdivision 2, effective for revenue for fiscal year 1997.

124.244 CAPITAL EXPENDITURE EQUIPMENT REVENUE.

Subdivision 1. Revenue amount. For fiscal year 1996, equipment revenue for each district equals \$75 times its actual pupil units for the school year.

Of a district's capital expenditure equipment revenue, \$8 times its actual pupil units for the school year shall be reserved and used according to subdivision 4, paragraph (b).

[For text of subds 2 and 3, see M.S. 1994]

Subd. 4. Uses of revenue. (a) Capital expenditure equipment revenue may be used only for the following purposes:

(1) to pay capital expenditure equipment related assessments of any entity formed under a cooperative agreement between two or more districts;

(2) to purchase or lease computers and related materials, copying machines, telecommunications equipment, and other noninstructional equipment;

(3) to purchase or lease assistive technology or equipment for instructional programs;

(4) to purchase textbooks;

(5) to purchase new and replacement library books; and

(6) to purchase vehicles except those for which a levy is authorized under section 124.226, subdivision 6.

(b) The reserved capital expenditure equipment revenue shall only be used to purchase or lease telecommunications equipment, computers, and related equipment for integrated information management systems for:

(1) managing and reporting learner outcome information for all students under a results-oriented graduation rule;

(2) managing student assessment, services, and achievement information required for students with individual education plans;

(3) other classroom information management needs; and

(4) to pay personnel costs directly related to the acquisition, operation, and maintenance of telecommunications systems, computers, related equipment, and network and applications software.

(c) The equipment obtained with reserved revenue shall be utilized, to the greatest extent possible given available funding, on a per instructor or per classroom basis. A school district may supplement its reserved revenue with other capital expenditure equipment revenue, and cash and in-kind grants from public and private sources.

History: *1Sp1995 c 3 art 5 s 3,4*

NOTE: This section is repealed by Laws 1995, First Special Session chapter 3, article 1, section 63, subdivision 2, effective for revenue for fiscal year 1997.

124.2442 CAPITAL EXPENDITURE PRORATION.

Subdivision 1. **Insufficient funds.** If the total appropriation for capital expenditure equipment aid or capital expenditure facilities aid for any fiscal year, plus any amount transferred under section 124.14, subdivision 7, is insufficient to pay all districts the full amount of aid earned, the department of children, families, and learning shall reduce each district's capital expenditure facilities and equipment revenue according to the calculations in subdivisions 2 to 4.

[For text of subs 2 to 4, see M.S.1994]

History: *1Sp1995 c 3 art 16 s 13*

124.2445 PURCHASE OF CERTAIN EQUIPMENT.

The board of a school district may issue certificates of indebtedness or capital notes subject to the school district debt limits to purchase vehicles other than school buses, computers, telephone systems, cable equipment, photocopy and office equipment, technological equipment for instruction, and other capital equipment having an expected useful life at least as long as the terms of the certificates or notes. The certificates or notes must be payable in not more than five years and must be issued on the terms and in the manner determined by the board. The certificates or notes may be issued by resolution and without the requirement for an election. The certificates or notes are general obligation bonds for purposes of section 124.755. A tax levy must be made for the payment of the principal and interest on the certificates or notes, in accordance with section 475.61, as in the case of bonds. That tax levy for each year must not exceed the amount of the district's total operating capital revenue for the year the initial debt service levies are certified. The district's general education levy for each year must be reduced by the amount of the tax levies for debt service certified for each year for payment of the principal and interest on the certificates or notes as required by section 475.61.

History: *1Sp1995 c 3 art 5 s 5*

124.2455 BONDS FOR CERTAIN CAPITAL FACILITIES.

(a) In addition to other bonding authority, with approval of the commissioner, a school district may issue general obligation bonds for certain capital projects under this section. The bonds must be used only to make capital improvements including:

(1) under section 124.243, subdivision 6, capital expenditure facilities revenue uses specified in clauses (4), (6), (7), (8), (9), and (10);

(2) the cost of energy modifications;

(3) improving handicap accessibility to school buildings; and

(4) bringing school buildings into compliance with life and safety codes and fire codes.

(b) Before a district issues bonds under this subdivision, it must publish notice of the intended projects, the amount of the bond issue, and the total amount of district indebtedness.

(c) A bond issue tentatively authorized by the board under this subdivision becomes finally authorized unless a petition signed by more than 15 percent of the registered voters of the school district is filed with the school board within 30 days of the board's adoption of a resolution stating the board's intention to issue bonds. The percentage is to be determined with reference to the number of registered voters in the school district on the last day before the petition is filed with the school board. The petition must call for a referendum on the question of whether to issue the bonds for the projects under this section. The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this section.

(d) The bonds may be issued in a principal amount, that when combined with interest thereon, will be paid off with not more than 50 percent of current and anticipated revenue for capital facilities under this section or a successor section for the current year plus projected revenue not greater than that of the current year for the next ten years. Once finally authorized, the district must set aside the lesser of the amount necessary to make the principal and interest payments or 50 percent of the current year's revenue for capital facilities under this section or a successor section each year in a separate account until all principal and interest on the bonds is paid. The district must annually transfer this amount from its capital fund to the debt redemption fund. The bonds must be paid off within ten years of issuance. The bonds must be issued in compliance with chapter 475, except as otherwise provided in this section.

(e) Notwithstanding paragraph (d), within the first five years following voter approval of a combination according to section 122.243, subdivision 2, bonds may be issued in a principal amount, that when combined with interest thereon, will be paid off with not more than 50 percent of current and anticipated revenue for capital facilities under this section or a successive section for the current year plus projected revenue not greater than that of the current year for the next 20 years. All the other provisions and limitation of paragraph (d) apply.

History: 1Sp1995 c 3 art 5 s 6

124.248 REVENUE FOR A RESULTS-ORIENTED CHARTER SCHOOL.

Subdivision 1. General education revenue. General education revenue shall be paid to a charter 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. 1a. Transportation revenue. Transportation revenue shall be paid to a charter school that provides transportation services according to section 120.064, subdivision 15, as though it were a school district. Transportation aid shall equal transportation revenue.

(a) For the first two years that a charter school is providing transportation services, the regular transportation allowance for the charter school shall be equal to the regular transportation allowance for the school district in which the charter school is located. For the third year of transportation services and later fiscal years, the predicted base cost for the charter school shall be equal to the predicted base cost for the school district in which the charter school is located.

(b) For the first two years that a charter school is providing transportation services, the nonregular transportation revenue equals the charter school's actual cost in the current

school year for nonregular transportation services, minus the amount of regular transportation revenue attributable to FTE's in the handicapped category in the current school year. For the third year of transportation services and later fiscal years, the nonregular transportation revenue shall be computed according to section 124.225, subdivision 7d, paragraph (b).

Subd. 2. Capital expenditure equipment revenue. Capital expenditure equipment aid shall be paid to a charter 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, a charter school may use the revenue for any purpose related to the school.

Subd. 3. Special education and limited English proficiency aid. Special education aid shall be paid to a charter school according to section 124.32 as though it were a school district. The charter school may charge tuition to the district of residence as provided in section 120.17, subdivision 4. Limited English proficiency programs aid shall be paid to a charter school according to section 124.273 as though it were a school district. The charter school shall allocate its special education levy equalization revenue to the resident districts of the pupils attending the charter school as though it were a cooperative, as provided in section 124.321, subdivision 2, paragraph (a), clauses (1) and (3). The districts of residence shall levy as though they were participating in a cooperative, as provided in section 124.321, subdivision 3.

Subd. 4. Other aid, grants, revenue. (a) A charter school is eligible to receive other aids, grants, and revenue according to chapters 120 to 129, as though it were a school district except that, notwithstanding section 124.195, subdivision 3, the payments shall be of an equal amount on each of the 23 payment dates unless a charter school is in its first year of operation in which case it shall receive on its first payment date 15 percent of its cumulative amount guaranteed for the year and 22 payments of an equal amount thereafter the sum of which shall be 85 percent of the cumulative amount guaranteed. 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.

(b) Any revenue received from any source, other than revenue that is specifically allowed for operational, maintenance, capital facilities revenue under paragraph (c), and capital expenditure equipment costs under this section, may be used only for the planning and operational start-up costs of a charter school. Any unexpended revenue from any source under this paragraph must be returned to that revenue source or conveyed to the sponsoring school district, at the discretion of the revenue source.

(c) A charter school may receive money from any source for capital facilities needs. Any unexpended capital facilities revenue must be reserved and shall be expended only for future capital facilities purposes.

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: *1Sp1995 c 3 art 8 s 4*

124.255 SCHOOL ENRICHMENT PARTNERSHIP PROGRAM.

Subdivision 1. Establishment. The school enrichment partnership program is established. The purpose of the program is to encourage school districts to expand the involvement of the private sector in the delivery of academic programs. The program will provide matching state funds for those provided by the private sector.

Subd. 2. Revenue eligibility. A school district or group of school districts is eligible to receive state aid under this program. Districts may enter into joint agreements to provide programs or make expenditures under this section. The limitations under this subdivision shall apply to these programs or expenditures as if they were operated by a single district. A district may receive \$1 of state aid for each \$2 raised from the private sector. The private match must be in the form of cash. Specific types of noncash support may be considered for the private match. State aid is limited to the lesser of \$75,000 or \$10 per pupil unit per district.

Subd. 3. Revenue management. The use of the state and private funds provided under this section is under the general control of the school board. The board may establish, without using state funds or public employees, a separate foundation to directly manage the funds. The private funds must be used to acquire instructional or noninstructional academic materials of a capital nature including, but not limited to, textbooks, globes, maps, and other academic material. The funds may not be used for salaries or other employee benefits.

Subd. 4. Procedures; report. The Minnesota academic excellence foundation, under the direction of the commissioner of children, families, and learning, shall establish application forms, guidelines, procedures, and timelines for the distribution of state aid. The commissioner may require reporting necessary to evaluate the program. Measures of success will include numbers of partnerships and funds raised; numbers of school foundations formed; and demonstrated linkages of partnerships to improved instructional delivery resulting in increased student learning.

Subd. 5. Results-oriented charter schools. Notwithstanding section 124.248, subdivision 4, paragraph (b), a results-oriented charter school is eligible to participate in the program under this section as if it were a school district.

History: *1Sp1995 c 3 art 4 s 16; art 16 s 13*

124.2601 ADULT BASIC EDUCATION AID.

[For text of subs 1 to 6, see M.S.1994]

Subd. 7. Proration. If the total appropriation for adult basic education aid is insufficient to pay all approved programs the full amount of aid earned, the department of children, families, and learning shall proportionately reduce each approved program's aid.

History: *1Sp1995 c 3 art 16 s 13*

124.2605 GED TEST FEES.

The commissioner of children, families, and learning shall pay 60 percent of the fee that is charged to an eligible individual for the full battery of a GED test, but not more than \$20 for an eligible individual.

History: *1Sp1995 c 3 art 16 s 13*

124.261 ADULT HIGH SCHOOL GRADUATION AID.

Subdivision 1. Aid eligibility. For fiscal year 1996, 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. For 1997 and later fiscal years, adult high school graduation aid per eligible pupil equals the amount established by the commissioner of children, families, and learning, in consultation with the commissioner of finance, based on the appropriation for this program. 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.

[For text of subd 2, see M.S.1994]

History: *1Sp1995 c 3 art 4 s 17; art 16 s 13*

124.2615 LEARNING READINESS AID.

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

- (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 children, families, and learning, 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 children, families, and learning. The aid is equal to:

(1) \$200 for fiscal year 1992 and \$300 for fiscal year 1993 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 for fiscal year 1992 and \$300 for fiscal year 1993 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 1994 and thereafter, a district shall receive learning readiness aid equal to:

(1) the number of eligible four-year old children in the district times the ratio of 50 percent of the total learning readiness aid for that year to the total number of eligible four-year old children reported to the commissioner for that year; plus

(2) the number of participating eligible children times the ratio of 15 percent of the total learning readiness aid for that year to the total number of participating eligible children for that year; plus

(3) the number of pupils enrolled in the school district from families eligible for the free or reduced school lunch program times the ratio of 35 percent of the total learning readiness aid for that year to the total number of pupils in the state from families eligible for the free or reduced school lunch program.

[For text of subs 3 and 4, see M.S.1994]

History: 1Sp1995 c 3 art 16 s 13

124.2711 EARLY CHILDHOOD FAMILY EDUCATION REVENUE.

[For text of subd 1, see M.S.1994]

Subd. 2. Population. For the purposes of subdivision 1, data reported to the department of children, families, and learning 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 .609 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.

[For text of subs 3 to 6, see M.S.1994]

History: 1Sp1995 c 3 art 4 s 18; art 16 s 13

124.2713 COMMUNITY EDUCATION REVENUE.

[For text of subds 1 to 5, see M.S.1994]

Subd. 6. Community education levy. To obtain community education revenue, a district may levy the amount raised by a tax rate of 1.1 percent 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 be determined according to subdivision 6a.

[For text of subds 6a to 7, see M.S.1994]

Subd. 8. Uses of general revenue. General community education revenue may be used for:

- (1) nonvocational, recreational, and leisure time activities and programs;
 - (2) programs for adults with disabilities, if the programs and budgets are approved by the department of children, families, and learning;
 - (3) adult basic education programs, according to section 124.26;
 - (4) summer programs for elementary and secondary pupils;
 - (5) implementation of a youth development plan;
 - (6) implementation of a youth service program;
 - (7) early childhood family education programs, according to section 121.882; and
 - (8) extended day programs, according to section 121.88, subdivision 10.
- (9) In addition to money from other sources, a district may use up to ten percent of its community education revenue for equipment that is used exclusively in community education programs. This revenue may be used only for the following purposes:
- (i) to purchase or lease computers and related materials;
 - (ii) to purchase or lease equipment for instructional programs; and
 - (iii) to purchase textbooks and library books.

[For text of subds 9 and 10, see M.S.1994]

History: *1Sp1995 c 3 art 4 s 19; art 16 s 13*

124.2715 PROGRAM REVENUE; ADULTS WITH DISABILITIES.

[For text of subds 1 and 2, see M.S.1994]

Subd. 3. Levy. A district may levy for a program for adults with disabilities an amount up to the amount designated in subdivision 2. In the case of a program offered by a group of districts, the levy amount shall be apportioned among the districts according to the agreement submitted to the department of children, families, and learning.

[For text of subds 4 and 5, see M.S.1994]

History: *1Sp1995 c 3 art 16 s 13*

124.2725 COOPERATION AND COMBINATION REVENUE.

Subdivision 1. Eligibility. A school district is eligible for cooperation and combination revenue if it has a plan approved by the commissioner according to section 122.243 and it levied under subdivision 3 for taxes payable in 1995.

[For text of subd 2, see M.S.1994]

Subd. 3. Cooperation and combination levy. To obtain cooperation and combination revenue, a district may levy an amount equal to the cooperation and combination revenue multiplied by the lesser of one or the following ratio:

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

(2) the amount specified in subdivision 4 for the school year to which the levy is attributable.

Subd. 4. Increasing levy. (a) For districts that did not enter into an agreement under section 122.541 at least three years before the date of a successful referendum held under section 122.243, subdivision 2, and that combine without cooperating, the amount in subdivision 3, clause (2), shall be:

- (1) \$4,707.50 for the first year of combination; and
- (2) \$2,353.75 for the second year of combination.

(b) For districts that entered into an agreement under section 122.541 at least three years before the date of a successful referendum held under section 122.243, subdivision 2, and combine without cooperating, the percentages in subdivision 3, clause (2), shall be:

- (1) \$9,415 for the first year of combination;
- (2) \$7,061.25 for the second year of combination;
- (3) \$4,707.50 for the third year of combination; and
- (4) \$2,353.75 for the fourth year of combination.

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

- (1) \$9,415 for the first year of cooperation;
- (2) \$7,061.25 for the first year of combination;
- (3) \$4,707.50 for the second year of combination; and
- (4) \$2,353.75 for the third year of combination.

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

- (1) \$9,415 for the first year of cooperation;
- (2) \$7,061.25 for the second year of cooperation;
- (3) \$4,707.50 for the first year of combination; and
- (4) \$2,353.75 for the second year of combination.

[For text of subs 5 to 12, see M.S.1994]

Subd. 13. Failure to combine. A district has failed to combine if the commissioner disapproves of the plan according to section 122.243, subdivision 1, or if a third referendum fails under section 122.243, subdivision 2, or if the commissioner of children, families, and learning determines that the districts involved are not making sufficient progress toward combination.

(a) If a district has failed to combine, cooperation and combination aid under subdivisions 5 and 6 shall not be paid and the authority to levy under subdivision 4 ceases. The commissioner shall reduce other aids due the district to recover an amount equal to the aid paid under subdivision 6 plus the difference between the aid paid under subdivision 5 and the aid that would have been paid if the revenue had been \$50 times the pupil units served.

(b) If a district has failed to combine, the authority to levy for reorganization operating debt under section 122.531, subdivision 4a, and for severance pay or early retirement incentives under subdivision 15 ceases.

Subd. 14. Cessation of revenue. At any time the districts cease cooperating, aid shall not be paid and the authority to levy ceases. If a district ceases to cooperate for all or a portion of a fiscal year for which a levy has been certified under subdivision 3, the department of children, families, and learning shall adjust the next levy certified by the district by an amount in proportion to the part of the fiscal year that the district did not cooperate.

Subd. 15. Retirement and severance levy. A cooperating or combined district that levied under subdivision 3 for taxes payable in 1995 may levy for severance pay or early retirement incentives for licensed and nonlicensed employees who retire early as a result of the cooperation or combination.

[For text of subd 16, see M.S.1994]

History: *1Sp1995 c 3 art 6 s 6-9; art 16 s 13*

124.2726 CONSOLIDATION TRANSITION REVENUE.

Subdivision 1. Eligibility and use. A school district that has been reorganized after June 30, 1994, under section 122.23 is eligible for consolidation transition revenue. Revenue is equal to the sum of aid under subdivision 2 and levy under subdivision 3. Consolidation transition revenue may only be used according to this section. Revenue must be used for the following purposes and may be distributed among these purposes at the discretion of the district:

- (1) to offer early retirement incentives as provided by section 122.23, subdivision 20;
- (2) to reduce operating debt as defined in section 121.915;
- (3) to enhance learning opportunities for students in the reorganized district; and
- (4) for other costs incurred in the reorganization.

Revenue received and utilized under clause (3) or (4) may be expended for operating, facilities, and/or equipment. Revenue received under this section shall not be included in the determination of the reduction under section 124A.26, subdivision 1.

Subd. 2. Aid. (a) Consolidation transition aid is equal to \$200 times the number of actual pupil units in the newly created district in the year of consolidation and \$100 times the number of actual pupil units in the first year following the year of consolidation. The number of pupil units used to calculate aid in either year shall not exceed 1,000 for districts consolidating July 1, 1994, and 1,500 for districts consolidating July 1, 1995, and thereafter.

(b) If the total appropriation for consolidation transition aid for any fiscal year, plus any amount transferred under section 124.14, subdivision 7, is insufficient to pay all districts the full amount of aid earned, the department of children, families, and learning shall first pay the districts in the first year following the year of consolidation the full amount of aid earned and distribute any remaining funds to the newly created districts in the first year of consolidation.

[For text of subd 3, see M.S.1994]

Subd. 4. New districts. If a district consolidates with another district that has received aid under section 124.2725 or 124.2726 within six years of the effective date of the new consolidation, only the pupil units in the district or districts not previously reorganized shall be counted for aid purposes under subdivision 2. If two or more districts consolidate and all districts received aid under subdivision 2 within six years of the effective date of the new consolidation, only one quarter of the pupil units in the newly created district shall be used to determine aid under subdivision 2.

History: *1Sp1995 c 3 art 6 s 10-12; art 16 s 13*

124.2727 SCHOOL DISTRICT COOPERATION REVENUE.

[For text of subs 6a to 6c, see M.S.1994]

Subd. 6d. Revenue uses. (a) A district must place its district cooperation revenue in a reserved account and may only use the revenue to purchase goods and services from entities formed for cooperative purposes or to otherwise provide educational services in a cooperative manner.

(b) A district that was a member of an intermediate school district organized pursuant to chapter 136D on July 1, 1994, must place its district cooperation revenue in a reserved account and must allocate a portion of the reserved revenue for instructional services from entities formed for cooperative services for special education programs and secondary vocational programs. The allocated amount is equal to the levy made according to section 124.2727, subdivision 6, for taxes payable in 1994 divided by the actual pupil units in the intermediate school district for fiscal year 1995 times the number of actual pupil units in the school district in 1995. The district must use 5/11 of the revenue for special education and 6/11 of the revenue for secondary vocational education. The district must demonstrate that the revenue is being used to provide the full range of special education and secondary vocational programs and services available to each child served by the intermediate. The secondary vocational programs and service must meet the requirements established in an articulation agreement developed between the state board of education and the board of trustees of the Minnesota state colleges and universities.

(c) A district that was not a member of an intermediate district organized under chapter 136D on July 1, 1994, must spend at least \$9 per pupil unit of its district cooperation revenue on secondary vocational programs.

Subd. 9. Proration. (a) If the total appropriation available for district cooperation aid for any fiscal year, plus any amount transferred under section 124.14, subdivision 7, is insufficient to pay all districts the full amount of aid earned, the department of children, families, and learning shall reduce each district's district cooperation revenue according to the calculations in paragraphs (b) to (d).

(b) If there is insufficient district cooperation aid available, the department must recompute the district cooperation revenue by proportionally reducing the formula allowance and the revenue minimum to the levels that result in an aid entitlement, adjusted by the percentage in section 124.195, subdivision 10, equal to the amount available. The levy amounts must not be recomputed.

(c) A district's proration aid reduction is equal to the lesser of zero, or the difference of the existing aid calculation minus the aid amount computed for the district under paragraph (b).

(d) If a district's proration aid reduction is less than its revenue reduction, its district cooperation levy authority for the following year must be reduced by the amount of the difference between its revenue reduction and its aid reduction.

History: 1995 c 212 art 4 s 64; 1Sp1995 c 3 art 16 s 13

124.2728 SPECIAL CONSOLIDATION AID.

Subdivision 1. **Eligibility.** A school district that reorganizes under section 122.23 or sections 122.241 to 122.248 effective on July 1, 1994, is eligible for special consolidation aid under this section. A district may receive aid under this section for only three years.

[For text of subs 2 and 3, see M.S.1994]

History: 1Sp1995 c 3 art 6 s 13

124.273 LIMITED ENGLISH PROFICIENCY PROGRAMS AID.

Subd. 1b. [Repealed, 1Sp1995 c 3 art 15 s 27]

Subd. 1c. **Revenue.** A district's limited English proficiency programs revenue for fiscal year 1996 and later equals the product of:

(1) the district's base revenue for limited English proficiency programs under this section and section 124.321, times

(2) the ratio of:

(i) the greater of 20 or the number of pupils of limited English proficiency enrolled in the district during the current fiscal year to

(ii) the greater of 20 or the number of pupils of limited English proficiency enrolled in the district during fiscal year 1995.

Subd. 1d. **LEP base revenue.** The limited English proficiency programs base revenue equals the sum of the following amounts, computed using fiscal year 1995 data:

(1) 68 percent of the salaries paid limited English proficiency program teachers; and

(2) for supplies and equipment purchased or rented for use in the instruction of pupils of limited English proficiency an amount equal to 47 percent of the sum actually spent by the district but not to exceed an average of \$47 in any one school year for each pupil of limited English proficiency receiving instruction.

Subd. 1e. **Aid.** A district's limited English proficiency aid for fiscal year 1996 and later equals the aid percentage factor under section 124.3201, subdivision 1, times the district's limited English proficiency revenue.

Subd. 2c. [Repealed, 1Sp1995 c 3 art 15 s 27]

[For text of subs 3 to 5, see M.S.1994]

Subd. 6. **Records; audit.** A district which applies for aid pursuant to this section shall maintain records which support the information contained in all of its applications. The com-

missioner of children, families, and learning may audit these records upon request. A district which receives aid pursuant to this section shall keep such additional records in the manner prescribed by the commissioner to ensure that an educational program for pupils of limited English proficiency is implemented and operated in accordance with sections 126.261 to 126.269.

[For text of subd 7, see M.S.1994]

History: 1Sp1995 c 3 art 15 s 1-3; art 16 s 13

124.278 MINORITY TEACHER INCENTIVES.

[For text of subds 1 and 2, see M.S.1994]

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 children, families, and learning shall establish application or other procedures for districts to obtain the reimbursement. The department shall not prorate the reimbursement.

[For text of subd 4, see M.S.1994]

History: 1Sp1995 c 3 art 16 s 13

124.312 TARGETED NEEDS PROGRAM REVENUE.

Subdivision 1. Use of the revenue. The targeted needs revenue under this section must be used to meet the educational needs of learners whose progress toward meeting state or local content or performance standards is below the level that is appropriate for learners of their age. Any of the following may be provided to meet these learners needs:

(1) remedial or individualized instruction in reading, language arts, mathematics, other content areas, or study skills to improve the achievement level of these learners;

(2) additional teachers and teacher aides to provide more individualized instruction to these learners through individual tutoring, lower instructor-to-learner ratios, or team teaching;

(3) flexible school day or school year programs that enable these learners to improve their achievement or that provide additional learning opportunities outside of the normal school schedule;

(4) comprehensive and ongoing staff development consistent with district and site plans according to section 126.70, for teachers, teacher aides, principals, and other personnel to improve their ability to identify the needs of these learners and provide appropriate remediation, intervention, accommodations, or modifications;

(5) instructional materials and technology appropriate for meeting the individual needs of these learners;

(6) programs established under a desegregation plan mandated by the state board or under court order, to increase learning opportunities and reduce the learning gap between learners living in high concentrations of poverty and their peers;

(7) programs to reduce truancy, encourage completion of high school, enhance self-concept, provide health services, provide nutrition services, provide a safe and secure learning environment, provide coordination for learners receiving services from other governmental agencies, provide home visiting services, provide psychological services to determine the level of social, emotional, cognitive, and intellectual development, and provide counseling services, guidance services, and social work services;

(8) bilingual programs, bicultural programs, and programs for learners of limited English proficiency; and

(9) substantial parent involvement in developing and implementing remedial education or intervention plans for a learner, including learning contracts between the school, the learner, and the parent that establish achievement goals and responsibilities of the learner and the learner's parent or guardian.

Subd. 2. **Building allocation.** A district must consider the concentration of children from low-income families, children with limited English proficiency, and children with disabilities in each school building in the district when allocating targeted needs revenue.

Subd. 3. **Separate account.** Targeted needs revenue shall be maintained in a separate account to identify expenditures for salaries and programs related to this revenue.

Subd. 4. **Integration revenue.** For fiscal year 1996 and later fiscal years, integration revenue equals the sum of integration aid and integration levy under section 124.912, subdivision 2.

Subd. 5. **Integration aid.** For fiscal year 1996 and later fiscal years integration aid equals the following amounts:

- (1) for independent school district No. 709, Duluth, \$1,385,000;
- (2) for independent school district No. 625, St. Paul, \$8,090,700; and
- (3) for special school district No. 1, Minneapolis, \$9,368,300.

History: *1Sp1995 c 3 art 15 s 4*

124.313 TARGETED NEEDS REVENUE.

For fiscal year 1996 and thereafter, a school district's targeted needs revenue equals the sum of:

- (1) assurance of mastery revenue according to section 124.311; plus
- (2) the district's limited English proficiency revenue computed according to section 124.273, subdivision 1d; plus
- (3) integration revenue computed according to section 124.312, subdivision 4.

History: *1Sp1995 c 3 art 15 s 5*

124.314 TARGETED NEEDS AID AND LEVY.

Subdivision 1. **Aid.** For fiscal year 1996 and thereafter, a school district's targeted needs aid equals the sum of its assurance of mastery aid according to section 124.311, its limited English proficiency aid according to section 124.273, subdivision 1e, and its integration aid according to section 124.312, subdivision 5.

Subd. 2. **Levy.** For fiscal year 1997 and thereafter, a school district's targeted needs levy equals the sum of its integration levy under section 124.912, subdivision 2, and that portion of its special education levy attributed to the limited English proficiency program.

History: *1Sp1995 c 3 art 15 s 6*

124.32 CHILDREN WITH A DISABILITY.

Subd. 1b. [Repealed, 1Sp1995 c 3 art 15 s 27]

Subd. 1c. [Repealed, 1Sp1995 c 3 art 15 s 27]

Subd. 1d. [Repealed, 1Sp1995 c 3 art 15 s 27]

Subd. 1f. [Repealed, 1Sp1995 c 3 art 15 s 27]

Subd. 2. [Repealed, 1Sp1995 c 3 art 15 s 27]

[For text of subd 2b, see M.S.1994]

Subd. 3a. [Repealed, 1Sp1995 c 3 art 15 s 27]

[For text of subd 4, see M.S.1994]

Subd. 6. **Full state payment.** The state shall pay each district the actual cost incurred in providing instruction and services for a child with a disability whose district of residence has been determined by section 120.17, subdivision 8a, and who is temporarily placed in a state institution or a licensed residential facility for care and treatment. This section does not apply to a child placed in a foster home or a foster group home.

Upon following the procedure specified by the commissioner of children, families, and learning, the district may bill the state the actual cost incurred in providing the services including transportation costs and a proportionate amount of capital expenditures and debt ser-

vice, minus the amount of the basic revenue, as defined in section 124A.22, subdivision 2, of the district for the child and the special education aid, transportation aid, and any other aid earned on behalf of the child. The limit set forth in subdivision 4 shall apply to aid paid pursuant to this subdivision.

To the extent possible, the commissioner shall obtain reimbursement from another state for the cost of serving any child whose parent or guardian resides in that state. The commissioner may contract with the appropriate authorities of other states to effect reimbursement. All money received from other states shall be paid to the state treasury and placed in the general fund.

Subd. 7. Program and aid approval. Before June 1 of each year, each district providing special instruction and services to children with a disability shall submit to the commissioner an application for approval of these programs and their budgets for the next fiscal year. The application shall include an enumeration of the costs proposed as eligible for state aid pursuant to this section and of the estimated number and grade level of children with a disability in the district who will receive special instruction and services during the regular school year and in summer school programs during the next fiscal year. The application shall also include any other information deemed necessary by the commissioner for the calculation of state aid and for the evaluation of the necessity of the program, the necessity of the personnel to be employed in the program, for determining the amount which the program will receive from grants from federal funds, or special grants from other state sources, and the program's compliance with the rules and standards of the state board. The commissioner shall review each application to determine whether the program and the personnel to be employed in the program are actually necessary and essential to meet the district's obligation to provide special instruction and services to children with a disability pursuant to sections 120.17 and 120.1701. The commissioner shall not approve aid pursuant to this section for any program or for the salary of any personnel determined to be unnecessary or unessential on the basis of this review. The commissioner may withhold all or any portion of the aid for programs which receive grants from federal funds, or special grants from other state sources. By August 31 the commissioner shall approve, disapprove or modify each application, and notify each applying district of the action and of the estimated amount of aid for the programs. The commissioner shall provide procedures for districts to submit additional applications for program and budget approval during the fiscal year, for programs needed to meet any substantial changes in the needs of children with a disability in the district. Notwithstanding the provisions of section 124.15, the commissioner may modify or withdraw the program or aid approval and withhold aid pursuant to this section without proceeding according to section 124.15 at any time the commissioner determines that the program does not comply with rules of the state board or that any facts concerning the program or its budget differ from the facts in the district's approved application.

[For text of subd 8, see M.S.1994]

Subd. 10. Summer school. 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.

Subd. 12. Allocation from cooperative centers, service cooperatives, education districts, and intermediate districts. For purposes of this section, a special education cooperative, service cooperative, education district, or an intermediate district shall allocate its approved expenditures for special education programs among participating school districts. Special education aid for services provided by a cooperative, service cooperative, education district, or intermediate district shall be paid to the participating school districts.

History: *1Sp1995 c 3 art 15 s 7-9; art 16 s 13*

124.3201 SPECIAL EDUCATION REVENUE.

Subdivision 1. Definitions. For the purposes of this section and sections 124.3202 and 124.321, the definitions in this subdivision apply.

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

(b) "Basic revenue" has the meaning given it in section 124A.22, subdivision 2. For the purposes of computing basic revenue pursuant to this section, each child with a disability shall be counted as prescribed in section 124.17, subdivision 1.

(c) "Essential personnel" means teachers, related services, and support services staff providing direct services to students.

(d) "Average daily membership" has the meaning given it in section 124.17.

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

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

(g) "Levy percentage factor" means 100 minus the aid percentage factor for that year.

Subd. 2. Special education base revenue. The special education base revenue equals the sum of the following amounts computed using base year data:

(1) 68 percent of the salary of each essential person employed in the district's program for children with a disability during the regular school year, whether the person is employed by one or more districts;

(2) for the Minnesota state academy for the deaf or the Minnesota state academy for the blind, 68 percent of the salary of each instructional aide assigned to a child attending the academy, if that aide is required by the child's individual education plan;

(3) for special instruction and services provided to any pupil by contracting with public, private, or voluntary agencies other than school districts, in place of special instruction and services provided by the district, 52 percent of the difference between the amount of the contract and the basic revenue of the district for that pupil for the fraction of the school day the pupil receives services under the contract;

(4) for special instruction and services provided to any pupil by contracting for services with public, private, or voluntary agencies other than school districts, that are supplementary to a full educational program provided by the school district, 52 percent of the amount of the contract for that pupil;

(5) for supplies and equipment purchased or rented for use in the instruction of children with a disability an amount equal to 47 percent of the sum actually expended by the district but not to exceed an average of \$47 in any one school year for each child with a disability receiving instruction; and

(6) for fiscal years 1997 and later, special education base revenue shall include amounts under clauses (1) to (5) for special education summer programs provided during that fiscal year.

Subd. 3. Adjusted special education base revenue. For fiscal year 1996 and later, a district's adjusted special education base revenue equals the district's special education base revenue times the ratio of the district's average daily membership for the current school year to the district's average daily membership for the base year.

Subd. 4. State total special education revenue. The state total special education revenue for fiscal year 1996 equals \$327,846,000. The state total special education revenue for fiscal year 1997 equals \$347,810,000. The state total special education revenue for later fiscal years equals:

(1) the state total special education revenue for the preceding fiscal year; times

(2) the program growth factor; times

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

Subd. 5. School district special education revenue. A school district's special education revenue for fiscal year 1996 and later equals the state total special education revenue times the ratio of the district's adjusted special education base revenue to the state total adjusted special education base revenue. If the state board of education modifies its rules for special education in a manner that increases a school district's special education obligations or service requirements, the commissioner of children, families, and learning shall annually

increase each district's special education revenue by the amount necessary to compensate for the increased service requirements. The additional revenue equals the cost in the current year attributable to rule changes not reflected in the computation of special education base revenue, multiplied by the appropriate percentages from subdivision 2.

Subd. 6. Special education aid. A school district's special education aid for fiscal year 1996 and later equals the district's special education revenue times the aid percentage factor for that year.

Subd. 7. Revenue allocation from cooperative centers and intermediates. For the purposes of this section and section 124.321, a special education cooperative or an intermediate district shall allocate its approved expenditures for special education programs among participating school districts.

History: *1Sp1995 c 3 art 15 s 10; art 16 s 13*

124.3202 SPECIAL EDUCATION SUMMER PROGRAM REVENUE.

Subdivision 1. Summer program base revenue. The summer program base revenue for fiscal year 1996 equals the sum of the following amounts computed using base year data:

(1) 68 percent of the summer program salary of each essential person employed in the district's program for children with a disability, whether the person is employed by one or more districts;

(2) for the Minnesota state academy for the deaf or the Minnesota state academy for the blind, 68 percent of the summer program salary of each instructional aide assigned to a child attending the academy, if that aide is required by the child's individual education plan;

(3) for special instruction and services provided to any pupil by contracting with public, private, or voluntary agencies other than school districts, in place of special instruction and services provided by the district, 52 percent of the difference between the amount of the contract for the summer program and the basic revenue of the district for that pupil for the fraction of the school day the pupil receives services under the contract; and

(4) for special instruction and services provided to any pupil by contracting for services with public, private, or voluntary agencies other than school districts, that are supplementary to a full educational program provided by the school district, 52 percent of the amount of the summer program contract for that pupil.

Subd. 2. Adjusted summer program base revenue. For fiscal year 1996 and later, a district's adjusted summer program base revenue equals the district's summer program base revenue times the ratio of the district's average daily membership for the current school year to the district's average daily membership for the base year.

Subd. 3. State total summer program revenue. The state total summer program revenue for fiscal year 1996 equals \$7,152,000.

Subd. 4. School district summer program revenue. A school district's summer program revenue for fiscal year 1996 equals the state total summer program revenue times the ratio of the district's adjusted summer program base revenue to the state total adjusted summer program base revenue.

Subd. 5. Special education summer program aid. A school district's special education summer program aid for fiscal year 1996 equals the district's summer program revenue times the aid percentage factor for that year.

Subd. 6. Revenue allocation from cooperative centers and intermediates. For the purposes of this section and section 124.321, a special education cooperative or an intermediate district shall allocate its approved expenditures for special education programs among participating school districts. Special education summer program aid for services provided by a cooperative or intermediate district shall be paid to the participating school districts.

History: *1Sp1995 c 3 art 15 s 11*

124.321 SPECIAL EDUCATION LEVY EQUALIZATION REVENUE.

Subdivision 1. Levy equalization revenue. (a) For fiscal years 1996 and later, special education levy equalization revenue for a school district, excluding an intermediate school district, equals the sum of the following amounts:

(1) the levy percentage factor for that year times the district's special education revenue under section 124.3201; plus

(2) the levy percentage factor for that year times the district's special education summer program revenue under section 124.3202; plus

(3) the levy percentage factor for that year times the district's special education excess cost revenue under section 124.323; plus

(4) the levy percentage factor for that year times the district's secondary vocational education for children with a disability revenue under section 124.574; plus

(5) the levy percentage factor for that year times the district's limited English proficiency programs revenue under section 124.273.

Subd. 2. Revenue allocation from state academies. (a) For purposes of this section, the Minnesota state academy for the deaf or the Minnesota state academy for the blind each year shall allocate an amount equal to the levy percentage factor for that year times their special education revenue under section 124.3201 and their special education summer program revenue under section 124.3202 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.

(b) When the Minnesota state academy for the deaf or the Minnesota state academy for the blind allocates revenue 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 children, families, and learning on the amount of revenue it allocated to the school districts that assign a child who requires an instructional aide.

[For text of subs 3 to 5, see M.S.1994]

History: 1Sp1995 c 3 art 15 s 12,13; art 16 s 13

124.322 ALTERNATIVE DELIVERY BASE REVENUE ADJUSTMENT.

Subdivision 1. Eligibility. A district is eligible for an alternative delivery base revenue adjustment if the commissioner of children, families, and learning has approved the application of the district according to section 120.173.

Subd. 1a. Base revenue adjustment. For the third fiscal year after approval of a district's application, and thereafter, the special education base revenue under section 124.3201, subdivision 1, and the summer program base revenue under section 124.3202, subdivision 1, shall be computed based on activities defined as reimbursable under state board rules for special education and nonspecial education students, and additional activities as detailed and approved by the commissioner of children, families, and learning.

Subd. 2. [Repealed by amendment, 1Sp1995 c 3 art 15 s 14]

Subd. 3. [Repealed by amendment, 1Sp1995 c 3 art 15 s 14]

Subd. 4. [Repealed by amendment, 1Sp1995 c 3 art 15 s 14]

Subd. 5. Use of revenue. Revenue under sections 124.3201 and 124.3202 shall be used to implement the approved program.

History: 1Sp1995 c 3 art 15 s 14; art 16 s 13

124.323 SPECIAL EDUCATION EXCESS COST AID.

Subdivision 1. Definitions. In this section, the definitions in this subdivision apply.

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

(1) expenditures for teachers' salaries, contracted services, supplies, and equipment eligible for revenue under sections 124.3201, 124.3202, and 124.321; plus

(2) expenditures for tuition bills received under section 120.17; minus

(3) revenue for teachers' salaries, contracted services, supplies, and equipment under sections 124.3201, 124.3202, and 124.321; minus

(4) tuition receipts under section 120.17.

(b) "General revenue," for fiscal year 1996, means the sum of the general education revenue according to section 124A.22, subdivision 1, plus the total referendum revenue according to section 124A.03, subdivision 1e. For fiscal years 1997 and later, "general revenue" means the sum of the general education revenue according to section 124A.22, subdivision 1, plus the total referendum revenue minus transportation sparsity revenue minus total operating capital revenue.

Subd. 2. **Excess cost revenue.** For 1996 and later fiscal years, a district's special education excess cost revenue equals the product of:

(1) 70 percent of the difference between (i) the district's unreimbursed special education cost per actual pupil unit and (ii) six percent for fiscal year 1996 and 5.7 percent for fiscal year 1997 and later years of the district's general revenue per actual pupil unit, times

(2) the district's actual pupil units for that year.

Subd. 3. **Excess cost aid.** For 1996 and later fiscal years, a district's special education excess cost aid equals the district's special education excess cost revenue times the aid percentage factor for that year.

History: *1Sp1995 c 3 art 15 s 15-17*

124.38 DEFINITIONS.

[For text of subs 1 to 8, see M.S.1994]

Subd. 9. "Commissioner" means the commissioner of children, families, and learning.

[For text of subs 11 to 14, see M.S.1994]

History: *1Sp1995 c 3 art 16 s 13*

124.41 SCHOOL LOANS.

[For text of subd 1, see M.S.1994]

Subd. 2. **Application forms; rules.** The commissioner, with the assistance of the attorney general or a designated assistant, shall prepare forms of applications for debt service loans and capital loans and instruments evidencing the loans. The state board shall promulgate rules to facilitate the commissioner's operations in compliance with sections 124.36 to 124.46. The rules shall be subject to the procedure set forth in sections 14.02, 14.04 to 14.28, 14.38, 14.44 to 14.45, and 14.57 to 14.62.

[For text of subd 3, see M.S.1994]

History: *1995 c 233 art 2 s 56*

124.431 CAPITAL LOANS.

[For text of subs 1 and 1a, see M.S.1994]

Subd. 2. **District request for review and comment.** A school district or a joint powers district that intends to apply for a capital loan must submit a proposal to the commissioner for review and comment according to section 121.15 on or before July 1 of an odd-numbered year. The commissioner must prepare a review and comment on the proposed facility, regardless of the amount of the capital expenditure required to construct the facility. In addition to the information provided under section 121.15, subdivision 7, the commissioner shall consider the following criteria in determining whether to make a positive review and comment.

(a) To grant a positive review and comment the commissioner must determine that all of the following conditions are met:

(1) the facilities are needed for pupils for whom no adequate facilities exist or will exist;

(2) the district will serve, on average, at least 80 pupils per grade or is eligible for elementary or secondary sparsity revenue;

(3) no form of cooperation with another district would provide the necessary facilities;

(4) the facilities are comparable in size and quality to facilities recently constructed in other districts that have similar enrollments;

(5) the facilities are comparable in size and quality to facilities recently constructed in other districts that are financed without a capital loan;

(6) the district is projected to maintain or increase its average daily membership over the next five years or is eligible for elementary or secondary sparsity revenue;

(7) the current facility poses a threat to the life, health, and safety of pupils, and cannot reasonably be brought into compliance with fire, health, or life safety codes;

(8) the district has made a good faith effort, as evidenced by its maintenance expenditures, to adequately maintain the existing facility during the previous ten years and to comply with fire, health, and life safety codes and state and federal requirements for handicapped accessibility;

(9) the district has made a good faith effort to encourage integration of social service programs within the new facility; and

(10) evaluations by school boards of adjacent districts have been received.

(b) The commissioner may grant a negative review and comment if:

(1) the state demographer has examined the population of the communities to be served by the facility and determined that the communities have not grown during the previous five years;

(2) the state demographer determines that the economic and population bases of the communities to be served by the facility are not likely to grow or to remain at a level sufficient, during the next ten years, to ensure use of the entire facility;

(3) the need for facilities could be met within the district or adjacent districts at a comparable cost by leasing, repairing, remodeling, or sharing existing facilities or by using temporary facilities;

(4) the district plans do not include cooperation and collaboration with health and human services agencies and other political subdivisions; or

(5) if the application is for new construction, an existing facility that would meet the district's needs could be purchased at a comparable cost from any other source within the area.

[For text of subs 3 and 4, see M.S.1994]

Subd. 5. District application for capital loan. The school board of a district desiring a capital loan shall adopt a resolution stating the amount proposed to be borrowed, the purpose for which the debt is to be incurred, and an estimate of the dates when the facilities for which the loan is requested will be contracted for and completed. Applications for loans must be accompanied by a copy of the adopted board resolution and copies of the adjacent district evaluations. The evaluation shall be retained by the commissioner as part of a permanent record of the district submitting the evaluation.

Applications must be in the form and accompanied by the additional data required by the commissioner. Applications must be received by the commissioner by September 1 of an odd-numbered year. A district must resubmit an application each odd-numbered year. Capital loan applications that do not receive voter approval or are not approved in law cancel July 1 of the year following application. When an application is received, the commissioner shall obtain from the commissioner of revenue the information in the revenue department's official records that is required to be used in computing the debt limit of the district under section 475.53, subdivision 4.

Subd. 6. State board review; district proposals. By November 1 of each odd-numbered year, the state board must review all applications for capital loans that have received a positive review and comment. When reviewing applications, the state board shall consider whether the criteria in subdivision 2 have been met. The state board may not approve an application if all of the required deadlines have not been met. The state board may either approve or reject an application for a capital loan.

Subd. 7. Recommendations of the commissioner. The commissioner shall examine and consider applications for capital loans that have been approved by the state board of

education, and promptly notify any district rejected by the state board of the state board's decision.

The commissioner shall report each capital loan that has been approved by the state board and that has received voter approval to the education committees of the legislature by January 1 of each even-numbered year. The commissioner must not report a capital loan that has not received voter approval. The commissioner shall also report on the money remaining in the capital loan account and, if necessary, request that another bond issue be authorized.

[For text of subs 8 and 9, see M.S.1994]

Subd. 10. District referendum. After receipt of the review and comment on the project and before January 1 of the even-numbered year, the question authorizing the borrowing of money for the facilities must be submitted by the school board to the voters of the district at a regular or special election. The question submitted must state the total amount to be borrowed from all sources. Approval of a majority of those voting on the question is sufficient to authorize the issuance of the obligations on public sale in accordance with chapter 475. The face of the ballot must include the following statement: "APPROVAL OF THIS QUESTION DOES NOT GUARANTEE THAT THE SCHOOL DISTRICT WILL RECEIVE A CAPITAL LOAN FROM THE STATE. THE LOAN MUST BE APPROVED BY THE STATE LEGISLATURE AND IS DEPENDENT ON AVAILABLE FUNDING." The district shall mail to the commissioner of children, families, and learning a certificate by the clerk showing the vote at the election.

[For text of subs 11 to 13, see M.S.1994]

Subd. 14. Bond sale limitations. A district having an outstanding state loan must not issue and sell any bonds on the public market, except to refund state loans, unless it agrees to make the maximum effort debt service levy in each later year at the higher rate provided in section 124.38, subdivision 7, and unless it schedules the maturities of the bonds according to section 475.54, subdivision 2. A district that refunds bonds at a lower interest rate may continue to make the maximum effort debt service levy in each later year at the current rate provided in section 124.38, subdivision 7, if the district can demonstrate to the commissioner's satisfaction that the district's repayments of the state loan will not be reduced below the previous year's level. The district shall report each sale to the commissioner of children, families, and learning.

After a district's capital loan has been outstanding for 20 years, the district must not issue bonds on the public market except to refund the loan.

History: *1Sp1995 c 2 art 1 s 27-31; 1Sp1995 c 3 art 1 s 16; art 16 s 13*

124.46 ISSUANCE AND SALE OF BONDS.

[For text of subd 1, see M.S.1994]

Subd. 2. Upon receipt of each such certification, subject to authorization as provided in subdivision 4, the commissioner of finance shall from time to time as needed issue and sell state of Minnesota school loan bonds in the aggregate principal amount stated in the commissioner's certificate, for the prompt and full payment of which, with the interest thereon, the full faith, credit, and taxing powers of the state are hereby irrevocably pledged, and shall credit the net proceeds of their sale to the purposes for which they are appropriated by section 124.40, subdivision 1. Such bonds shall be issued and sold at such price, in such manner, in such number of series, at such times, and in such form and denominations, shall bear such dates of issue and of maturity, either without option of prior redemption or subject to prepayment upon such notice and at such times and prices, shall bear interest at such rate or rates and payable at such intervals, shall be payable at such bank or banks within or without the state, with such provisions for registration, conversion, and exchange, and for the issuance of notes in anticipation of the sale and delivery of definitive bonds, and in accordance with such further provisions as the commissioner of finance shall determine subject to the limitations stated in this subdivision (but not subject to the provisions of sections 14.02, 14.04 to 14.28, 14.38, 14.44 to 14.45, and 14.57 to 14.62). The maturity date shall in no case be more than 20

years after the date of issue of any bond and the principal amounts and due dates shall conform as near as may be with the commissioner's estimates of dates and amounts of payments to be received on debt service and capital loans. The bonds and any interest coupons appurtenant to them shall be executed by the commissioner of finance and attested by the state treasurer under their official seals. The signatures of these officers and their seals may be printed, lithographed, stamped, engraved, or otherwise reproduced thereon. Each bond shall be authenticated by the manual signature on its face of one of the officers or a person authorized to sign on behalf of a bank or trust company designated by the commissioner to act as registrar or other authenticating agent. The commissioner of finance is authorized and directed to ascertain and certify to purchasers of the bonds the performance and existence of all acts, conditions, and things necessary to make them valid and binding general obligations of the state of Minnesota in accordance with their terms.

[For text of subs 3 and 4, see M.S.1994]

History: 1995 c 233 art 2 s 56

124.474 BOND ISSUE, MAXIMUM EFFORT SCHOOL LOANS; 1969.

For the purpose of providing moneys to be loaned to school districts as agencies and political subdivisions of the state for the acquisition and betterment of 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 is directed to issue and sell school loan bonds of the state of Minnesota in the maximum amount of \$20,000,000, in addition to the bonds heretofore authorized for this purpose, which amount is appropriated to the maximum effort school loan fund and shall be expended under the direction of the commissioner of children, families, and learning for the making of debt service loans and capital loans to school districts as provided in sections 124.36 to 124.46. These bonds shall be issued and sold and provision for the payment thereof shall be made in accordance with section 124.46, and an amount sufficient to pay interest on the bonds to and including July 1 in the second year after the date of issue shall be credited from the bond proceeds to the school loan bond account in the state bond fund. Any 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, shall be paid from the maximum effort school loan fund, and the amounts necessary therefor are appropriated from it.

History: 1Sp1995 c 3 art 16 s 13

124.476 BOND ISSUE, MAXIMUM EFFORT SCHOOL LOANS; 1980.

For the purpose of providing moneys to be loaned to school districts as agencies and political subdivisions of the state for the acquisition and betterment of 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 is directed to issue and sell school loan bonds of the state of Minnesota in the maximum amount of \$20,000,000, in addition to the bonds heretofore authorized for this purpose, which amount is appropriated to the maximum effort school loan fund and shall be expended under the direction of the commissioner of children, families, and learning for the making of debt service loans and capital loans to school districts as provided in sections 124.36 to 124.46. These bonds shall be issued and sold and provision for their payment shall be made in accordance with section 124.46, and an amount sufficient to pay interest on the bonds to and including July 1 in the second year after the date of issue shall be credited from the bond proceeds to the school loan bond account in the state bond fund. Any 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, shall be paid from the maximum effort school loan fund, and the amounts necessary for the expenses are appropriated from it.

History: 1Sp1995 c 3 art 16 s 13

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 children, families, and learning to make debt service loans and capital loans to school districts as provided in sections 124.36 to 124.46. 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: *1Sp1995 c 3 art 16 s 13*

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 children, families, and learning to make debt service loans and capital loans to school districts as provided in sections 124.36 to 124.46. 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: *1Sp1995 c 3 art 16 s 13*

124.493 APPROVAL AUTHORITY; APPLICATION FORMS.

Subdivision 1. Approval by commissioner. To the extent money is available, the commissioner of children, families, and learning may approve projects from applications submitted under section 124.494. The grant money must be used only to acquire, construct, remodel or improve the building or site of a cooperative secondary facility under contracts to be entered into within 15 months after the date on which each grant is awarded.

[For text of subd 3, see M.S.1994]

History: *1Sp1995 c 3 art 16 s 13*

124.494 GRANT APPLICATION PROCESS.

[For text of subd 1, see M.S.1994]

Subd. 2. Review by commissioner. (a) Any group of districts that submits an application for a grant shall submit a proposal to the commissioner for review and comment under section 121.15, and the commissioner shall prepare a review and comment on the proposed facility by July 1 of an odd-numbered year, regardless of the amount of the capital expenditure required to acquire, construct, remodel or improve the secondary facility. The commissioner must not approve an application for an incentive grant for any secondary facility unless the facility receives a favorable review and comment under section 121.15 and the following criteria are met:

- (1) a minimum of two or more districts, with kindergarten to grade 12 enrollments in each district of no more than 1,200 pupils, enter into a joint powers agreement;
- (2) a joint powers board representing all participating districts is established under section 471.59 to govern the cooperative secondary facility;

(3) the planned secondary facility will result in the joint powers district meeting the requirements of Minnesota Rules, parts 3500.2010 and 3500.2110;

(4) at least 198 pupils would be served in grades 10 to 12, 264 pupils would be served in grades 9 to 12, or 396 pupils would be served in grades 7 to 12;

(5) no more than one superintendent is employed by the joint powers board as a result of the cooperative secondary facility agreement;

(6) a statement of need is submitted, that may include reasons why the current secondary facilities are inadequate, unsafe or inaccessible to the handicapped;

(7) an educational plan is prepared, that includes input from both community and professional staff;

(8) a combined seniority list for all participating districts is developed by the joint powers board;

(9) an education program is developed that provides for more learning opportunities and course offerings, including the offering of advanced placement courses, for students than is currently available in any single member district;

(10) a plan is developed for providing instruction of any resident students in other districts when distance to the secondary education facility makes attendance at the facility unreasonably difficult or impractical; and

(11) the joint powers board established under clause (2) discusses with technical colleges located in the area how vocational education space in the cooperative secondary facility could be jointly used for secondary and post-secondary purposes.

(b) To the extent possible, the joint powers board is encouraged to provide for severance pay or for early retirement incentives under section 125.611, for any teacher or administrator, as defined under section 125.12, subdivision 1, who is placed on unrequested leave as a result of the cooperative secondary facility agreement.

(c) For the purpose of paragraph (a), clause (8), each school district must be considered to have started school each year on the same date.

(d) The districts may develop a plan that provides for the location of social service, health, and other programs serving pupils and community residents within the cooperative secondary facility. The commissioner shall consider this plan when preparing a review and comment on the proposed facility.

(e) The districts shall schedule and conduct a meeting on library services. The school districts, in cooperation with the regional public library system and its appropriate member libraries, shall discuss the possibility of including jointly operated library services at the cooperative secondary facility.

(f) The school board of a district that has reorganized under section 122.23 or 122.243 and that is applying for a grant for remodeling or improving an existing facility may act in the place of a joint powers board to meet the criteria of this subdivision.

[For text of subd 2a, see M.S.1994]

Subd. 3. District procedures. A joint powers board of a secondary district established under subdivision 2 or a school board of a reorganized district that intends to apply for a grant shall adopt a resolution stating the proposed costs of the project, the purpose for which the costs are to be incurred, and an estimate of the dates when the facilities for which the grant is requested will be contracted for and completed. Applications for the state grants must be accompanied by (a) a copy of the resolution, (b) a certificate by the clerk and treasurer of the joint powers board showing the current outstanding indebtedness of each member district, and (c) a certificate by the county auditor of each county in which a portion of the joint powers district lies showing the information in the auditor's official records that is required to be used in computing the debt limit of the district under section 475.53, subdivision 4. The clerk's and treasurer's certificate shall show, as to each outstanding bond issue of each member district, the amount originally issued, the purpose for which issued, the date of issue, the amount remaining unpaid as of the date of the resolution, and the interest rates and due dates and amounts of principal thereon. Applications and necessary data must be in the form prescribed by the commissioner and the rules of the state board of education. Applications must be received by the commissioner by September 1 of an odd-numbered year. When an ap-

plication is received, the commissioner shall obtain from the commissioner of revenue, and from the public utilities commission when required, the information in their official records that is required to be used in computing the debt limit of the joint powers district under section 475.53, subdivision 4.

Subd. 4. Award of grants. By November 1 of the odd-numbered year, the commissioner shall examine and consider all applications for grants, and if any district is found not qualified, the commissioner shall promptly notify that board.

A grant award is subject to verification by the district as specified in subdivision 6. A grant award for a new facility must not be made until the site of the secondary facility has been determined. A grant award to remodel or improve an existing facility must not be made until the districts have reorganized. If the total amount of the approved applications exceeds the amount that is or can be made available, the commissioner shall allot the available amount equally between the approved applicant districts. The commissioner shall promptly certify to each qualified district the amount, if any, of the grant awarded to it.

[For text of subd 4a, see M.S.1994]

Subd. 5. Referendum; bond issue. Within 180 days after being awarded a grant for a new facility under subdivision 4, the joint powers board shall submit the question of authorizing the borrowing of funds for the secondary facility to the voters of the joint powers district at a special election, which may be held in conjunction with the annual election of the school board members of the member districts. The question submitted shall state the total amount of funding needed from all sources. A majority of those voting in the affirmative on the question is sufficient to authorize the joint powers board to accept the grant and to issue the bonds on public sale in accordance with chapter 475. The clerk of the joint powers board must certify the vote of the bond election to the commissioner of children, families, and learning. If the question is approved by the voters, the commissioner shall notify the approved applicant districts that the grant amount certified under subdivision 4 is available and appropriated for payment under this subdivision. If a majority of those voting on the question do not vote in the affirmative, the grant must be canceled.

[For text of subs 6 and 7, see M.S.1994]

History: *1Sp1995 c 2 art 1 s 32-34; 1Sp1995 c 3 art 16 s 13*

124.495 STATE BOND AUTHORIZATION.

To provide money for the cooperative secondary facilities grant program, the commissioner of finance, upon the request of the commissioner of children, families, and learning, shall issue and sell bonds of the state up to the amount of \$14,000,000 in the manner, upon the terms and with the effect prescribed by sections 16A.631 to 16A.675 and the Minnesota Constitution, article XI, sections 4 to 7.

History: *1Sp1995 c 3 art 16 s 13*

124.573 CURRENT FUNDING FOR SECONDARY VOCATIONAL EDUCATION.

[For text of subs 1 and 2, see M.S.1994]

Subd. 2b. Secondary vocational aid. A district's secondary vocational education aid for a fiscal year equals the lesser of:

- (a) \$80 times the district's average daily membership in grades 10 to 12; or
- (b) 25 percent of approved expenditures for the following:

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

(2) contracted services provided by a public or private agency other than a Minnesota school district or cooperative center under subdivision 3a;

(3) necessary travel between instructional sites by licensed secondary vocational education personnel;

(4) necessary travel by licensed secondary vocational education personnel for vocational student organization activities held within the state for instructional purposes;

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

(6) necessary travel by licensed secondary vocational education personnel for noncollegiate credit bearing professional development; and

(7) specialized vocational instructional supplies.

(c) Up to ten percent of a district's secondary vocational aid may be spent on equipment purchases. Districts using secondary vocational aid for equipment purchases must report to the department of children, families, and learning on the improved learning opportunities for students that result from the investment in equipment.

[For text of subs 2e to 3, see M.S.1994]

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 children, families, and learning. 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 subd 5a, see M.S.1994]

History: 1Sp1995 c 3 art 16 s 13

124.574 SECONDARY VOCATIONAL EDUCATION FOR CHILDREN WITH A DISABILITY.

[For text of subd 1, see M.S.1994]

Subd. 2b. [Repealed, 1Sp1995 c 3 art 15 s 27]

Subd. 2c. Definitions. For the purposes of this section and section 124.321, the definitions in this subdivision apply.

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

(b) "Basic revenue" has the meaning given it in section 124A.22, subdivision 2. For the purposes of computing basic revenue pursuant to this section, each child with a disability shall be counted as prescribed in section 124.17, subdivision 1.

(c) "Average daily membership" has the meaning given it in section 124.17.

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

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

Subd. 2d. Base revenue. The secondary vocational disabled program base revenue equals the sum of the following amounts computed using base year data:

(1) 68 percent of the salary of each essential licensed person who provides direct instructional services to students employed during that fiscal year for services rendered in that district's secondary vocational education programs for children with a disability;

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

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

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

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

(6) for secondary vocational education programs for children with disabilities provided by a contract approved by the commissioner with public, private, or voluntary agencies other than a Minnesota school district or cooperative center, that are supplementary to a full educational program provided by the school district, 52 percent of the amount of the contract; and

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

Subd. 2e. Adjusted secondary vocational–disabled base revenue. For fiscal year 1996 and later, a district's adjusted secondary vocational–disabled base revenue equals the district's secondary vocational–disabled base revenue times the ratio of the district's average daily membership for the current school year to the district's average daily membership for the base year.

Subd. 2f. State total secondary vocational–disabled revenue. The state total secondary vocational–disabled revenue for fiscal year 1996 equals \$7,645,000. The state total secondary vocational–disabled revenue for fiscal year 1997 equals \$7,960,000. The state total secondary vocational–disabled revenue for later fiscal years equals:

(1) the state total secondary vocational–disabled revenue for the preceding fiscal year; times

(2) the program growth factor; times

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

Subd. 2g. School district secondary vocational–disabled revenue. A school district's secondary vocational–disabled revenue for fiscal year 1996 and later equals the state total secondary vocational–disabled revenue times the ratio of the district's adjusted secondary vocational–disabled base revenue to the state total adjusted secondary vocational–disabled base revenue.

Subd. 2h. School district secondary vocational–disabled aid. A school district's secondary vocational–disabled aid for fiscal year 1996 and later equals the district's secondary vocational–disabled revenue times the aid percentage factor for that year.

Subd. 3. [Repealed, 1Sp1995 c 3 art 15 s 27]

Subd. 4. [Repealed, 1Sp1995 c 3 art 15 s 27]

Subd. 4a. [Repealed, 1Sp1995 c 3 art 15 s 27]

Subd. 5. The aid provided pursuant to this section shall be paid only for services rendered as designated in subdivision 2 or for the costs designated in subdivision 3 which are incurred in secondary vocational education programs for children with a disability which are approved by the commissioner of children, families, and learning and operated in accordance with rules promulgated by the state board. These rules shall be subject to the restrictions provided in section 124.573, subdivision 3. The procedure for application for approval of these programs shall be as provided in section 124.32, subdivisions 7 and 10, and the application review process shall be conducted by the vocational education section of the state department.

[For text of subd 6, see M.S.1994]

Subd. 7. A district shall not receive aid pursuant to section 124.3201, 124.3202, 124.321, or 124.573 for salaries, supplies, travel or equipment for which the district receives aid pursuant to this section.

Subd. 9. Revenue allocation from cooperative centers and intermediate districts. For purposes of this section and section 124.321, a cooperative center or an intermediate district shall allocate its approved expenditures for secondary vocational programs for children

with a disability among participating school districts. Aid for secondary vocational programs for children with a disability for services provided by a cooperative or intermediate district shall be paid to the participating school districts.

History: *1Sp1995 c 3 art 13 s 5; art 15 s 18-24; art 16 s 13*

124.625 VETERANS TRAINING.

The commissioner shall continue the veterans training program. All receipts to the veterans training revolving fund for the veterans training program are appropriated to the commissioner to pay the necessary expenses of operation of the program. The department of children, families, and learning shall act as the state agency for approving educational institutions for purposes of United States Code, title 38, chapter 36, relating to educational benefits for veterans and other persons. The state board may adopt rules to fulfill its obligations as the state approving agency. All federal money received for purposes of the veterans training program shall be deposited in the veterans training revolving fund and is appropriated to the department for those purposes.

History: *1Sp1995 c 3 art 16 s 13*

124.646 LUNCH AID; FOOD SERVICE ACCOUNTING.

[For text of subd 1, see M.S.1994]

Subd. 3. School districts shall apply to the department of children, families, and learning 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 must be charged to the general fund.

That portion of superintendent and fiscal manager costs that can be documented as attributable to the food service program may be charged to the food service fund provided that the school district does not employ or contract with a food service director or other individual who manages the food service program, or food service management company. If the cost of the superintendent or fiscal manager is charged to the food service fund, the charge must be at a wage rate not to exceed the statewide average for food service directors as determined by the department of children, families, and learning.

(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 children, families, and learning 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. However, if a district contracts with a food service management company during the period in which the deficit has accrued, the deficit must be eliminated by a payment from the food service management company.

(g) Notwithstanding paragraph (f), a district may incur a deficit in the food service fund for up to three years without making the permanent transfer if the district submits to the commissioner by January 1 of the second fiscal year a plan for eliminating that deficit at the end of the third fiscal year.

(h) If a surplus in the food service fund exists at the end of a fiscal year for three successive years, a district may recode for that fiscal year the costs of lunchroom supervision, lunchroom custodial services, lunchroom utilities, and other administrative costs of the food service program charged to the general fund according to paragraph (c) and charge those costs to the food service fund in a total amount not to exceed the amount of surplus in the food service fund.

History: *1Sp1995 c 3 art 16 s 13*

124.647 WAIVER; PILOT SCHOOL BREAKFAST PROGRAMS.

The commissioner of children, families, and learning shall request a waiver from the United States government as necessary to allow pilot school breakfast programs to be implemented in school districts where no program currently exists. The pilot school breakfast program shall provide students with breakfasts designed to be taken with the student and consumed away from the school site.

History: *1Sp1995 c 3 art 16 s 13*

124.6471 SCHOOL BREAKFAST INCENTIVE.

The commissioner of children, families, and learning may provide a cash incentive to schools to increase participation in school breakfast programs or to initiate a school breakfast program if none currently exists.

History: *1Sp1995 c 3 art 16 s 13*

124.71 TAX AND AID ANTICIPATION BORROWING; DEFINITIONS.

[For text of subd 1, see M.S.1994]

Subd. 2. Commissioner as used in sections 124.71 to 124.76 means the commissioner of children, families, and learning or, for certificates for a technical college, the chancellor of vocational technical education.

History: *1Sp1995 c 3 art 16 s 13*

124.73 AUTHORITY TO BORROW MONEY, LIMITATIONS.

[For text of subd 1, see M.S.1994]

Subd. 2. The board may also borrow money in the manner and subject to the limitations set forth in sections 124.71 to 124.76 in anticipation of receipt of state aids for schools as defined in Minnesota Statutes and of federal school aids to be distributed by or through the department of children, families, and learning. The aggregate of such borrowings under this subdivision shall never exceed 75 percent of such aids which are receivable by said school district in the school year (from July 1 to June 30) in which the money is borrowed, as estimated and certified by the commissioner.

History: *1Sp1995 c 3 art 16 s 13*

124.755 STATE PAYMENT OF DEBT OBLIGATION UPON POTENTIAL DEFAULT; REPAYMENT; STATE OBLIGATION NOT DEBT.

[For text of subd 1, see M.S.1994]

Subd. 2. **Notifications; payment; appropriation.** (a) If a school district believes that it may be unable to make a principal or interest payment on any outstanding debt obligation on the date that payment is due, it must notify the commissioner of children, families, and learning of that fact as soon as possible, but not less than 15 working days before the date that

principal or interest payment is due. The notice shall include the name of the school district, an identification of the debt obligation issue in question, the date the payment is due, the amount of principal and interest due on the payment date, the amount of principal or interest that the school district will be unable to repay on that date, the paying agent for the debt obligation, the wire transfer instructions to transfer funds to that paying agent, and an indication as to whether a payment is being requested by the district under this section. If a paying agent becomes aware of a potential default, it shall inform the commissioner of children, families, and learning of that fact. After receipt of a notice which requests a payment under this section, after consultation with the school district and the paying agent, and after verification of the accuracy of the information provided, the commissioner of children, families, and learning shall notify the commissioner of finance of the potential default.

(b) Except as provided in subdivision 9, upon receipt of this notice from the commissioner of children, families, and learning, which must include a final figure as to the amount due that the school district will be unable to repay on the date due, the commissioner of finance shall issue a warrant and authorize the commissioner of children, families, and learning to pay to the paying agent for the debt obligation the specified amount on or before the date due. The amounts needed for the purposes of this subdivision are annually appropriated to the department of children, families, and learning from the state general fund.

(c) The departments of children, families, and learning and finance shall jointly develop detailed procedures for school districts to notify the state that they have obligated themselves to be bound by the provisions of this section, procedures for school districts and paying agents to notify the state of potential defaults and to request state payment under this section, and procedures for the state to expedite payments to prevent defaults. The procedures are not subject to chapter 14.

[For text of subs 3 and 4, see M.S.1994]

Subd. 5. Aid reduction for repayment. Except as provided in this subdivision, the state shall reduce the state aid payable to the school district under chapters 124, 124A, and 273, according to the schedule in section 124.155, subdivision 2, by the amount paid by the state under this section on behalf of the school district, plus the interest due on it, and the amount reduced shall revert from the appropriate account to the state general fund. Payments from the school endowment fund or any federal aid payments shall not be reduced. If, after review of the financial situation of the school district, the commissioner of children, families, and learning advises the commissioner of finance that a total reduction of the aids would cause an undue hardship on or an undue disruption of the educational program of the school district, the commissioner of children, families, and learning, with the approval of the commissioner of finance, may establish a different schedule for reduction of those aids to repay the state. The amount of aids to be reduced are decreased by any amounts repaid to the state by the school district from other revenue sources.

Subd. 6. Tax levy for repayment. (a) With the approval of the commissioner of children, families, and learning, a school district may levy in the year the state makes a payment under this section an amount up to the amount necessary to provide funds for the repayment of the amount paid by the state plus interest through the date of estimated repayment by the school district. The proceeds of this levy may be used only for this purpose unless they are in excess of the amount actually due, in which case the excess shall be used to repay other state payments made under this section or shall be deposited in the debt redemption fund of the school district. This levy shall be an increase in the levy limits of the school district for purposes of section 275.065, subdivision 6. The amount of aids to be reduced to repay the state shall be decreased by the amount levied. This levy by the school district is not eligible for debt service equalization under section 124.95.

(b) If the state is not repaid in full for a payment made under this section by November 30 of the calendar year following the year in which the state makes the payment, the commissioner of children, families, and learning must require the school district to certify a property tax levy in an amount up to the amount necessary to provide funds for repayment of the amount paid by the state plus interest through the date of estimated repayment by the school district. To prevent undue hardship, the commissioner may allow the district to certify the levy over a five-year period. The proceeds of the levy may be used only for this purpose un-

less they are in excess of the amount actually due, in which case the excess shall be used to repay other state payments made under this section or shall be deposited in the debt redemption fund of the school district. This levy shall be an increase in the levy limits of the school district for purposes of section 275.065, subdivision 6. If the commissioner orders the district to levy, the amount of aids reduced to repay the state shall be decreased by the amount levied. This levy by the school district is not eligible for debt service equalization under section 124.95 or any successor provision. A levy under this subdivision must be explained as a specific increase at the meeting required under section 275.065, subdivision 6.

Subd. 7. Election as to mandatory application. A school district may covenant and obligate itself, prior to the issuance of an issue of debt obligations, to notify the commissioner of children, families, and learning of a potential default and to use the provisions of this section to guarantee payment of the principal and interest on those debt obligations when due. If the school district obligates itself to be bound by this section, it shall covenant in the resolution that authorizes the issuance of the debt obligations to deposit with the paying agent three business days prior to the date on which a payment is due an amount sufficient to make that payment or to notify the commissioner of children, families, and learning under subdivision 1 that it will be unable to make all or a portion of that payment. A school district that has obligated itself shall include a provision in its agreement with the paying agent for that issue that requires the paying agent to inform the commissioner of children, families, and learning if it becomes aware of a potential default in the payment of principal or interest on that issue or if, on the day two business days prior to the date a payment is due on that issue, there are insufficient funds to make the payment on deposit with the paying agent. If a school district either covenants to be bound by this section or accepts state payments under this section to prevent a default of a particular issue of debt obligations, the provisions of this section shall be binding as to that issue as long as any debt obligation of that issue remain outstanding. If the provisions of this section are or become binding for more than one issue of debt obligations and a district is unable to make payments on one or more of those issues, it shall continue to make payments on the remaining issues.

Subd. 8. Mandatory plan; technical assistance. If the state makes payments on behalf of a district under this section or the district defaults in the payment of principal or interest on an outstanding debt obligation, it shall submit a plan to the commissioner of children, families, and learning for approval specifying the measures it intends to implement to resolve the issues which led to its inability to make the payment and to prevent further defaults. The department shall provide technical assistance to the school district in preparing its plan. If the commissioner determines that a school district's plan is not adequate, the commissioner shall notify the school district that the plan has been disapproved, the reasons for the disapproval, and that the state shall not make future payments under this section for debt obligations issued after the date specified in that notice until its plan is approved. The commissioner may also notify the school district that until its plan is approved, other aids due the district will be withheld after a date specified in the notice.

[For text of subd 9, see M.S.1994]

History: 1Sp1995 c 3 art 16 s 13

124.82 BUILDING CONSTRUCTION DOWN PAYMENT PROGRAM.

[For text of subs 1 and 2, see M.S.1994]

Subd. 3. Facilities down payment levy referendum. A district may levy the local tax rate approved by a majority of the electors voting on the question to provide funds for a down payment for an approved project. The election must take place no more than five years before the estimated date of commencement of the project. The referendum must be held on a date set by the school board. A referendum for a project not receiving a positive review and comment by the commissioner under section 121.15 must be approved by at least 60 percent of the voters at the election. The referendum may be called by the school board and may be held:

- (1) separately, before an election for the issuance of obligations for the project under chapter 475; or
- (2) in conjunction with an election for the issuance of obligations for the project under chapter 475; or

(3) notwithstanding section 475.59, as a conjunctive question authorizing both the down payment levy and the issuance of obligations for the project under chapter 475. Any obligations authorized for a project may be issued within five years of the date of the election.

The ballot must provide a general description of the proposed project, state the estimated total cost of the project, state whether the project has received a positive or negative review and comment from the commissioner of children, families, and learning, state the maximum amount of the down payment levy as a percentage of net tax capacity, state the amount that will be raised by that local tax rate in the first year it is to be levied, and state the maximum number of years that the levy authorization will apply.

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

"Shall the down payment levy proposed by the board of School District No. be approved?"

If approved, the amount provided by the approved local tax rate applied to the net tax capacity for the year preceding the year the levy is certified may be certified for the number of years approved.

In the event a conjunctive question proposes to authorize both the down payment levy and the issuance of obligations for the project, appropriate language authorizing the issuance of obligations must also be included in the question.

The district must notify the commissioner of children, families, and learning of the results of the referendum.

[For text of subd 4, see M.S.1994]

History: 1Sp1995 c 3 art 16 s 13

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 must submit to the commissioner of children, families, and learning an application for aid and levy by the date determined by the commissioner. The application may be for hazardous substance removal, fire and life safety code repairs, labor and industry regulated facility and equipment violations, and health, safety, and environmental management. The application must include a health and safety program adopted by the school district board. The program must include the estimated cost, per building, of the program by fiscal year.

[For text of subs 2 and 3, see M.S.1994]

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 \$4,707.50.

[For text of subs 5 to 7, see M.S.1994]

Subd. 8. Health, safety, and environmental management cost. (a) A district's cost for health, safety, and environmental management is limited to the lesser of:

- (1) actual cost to implement their plan; or
- (2) an amount determined by the commissioner, based on enrollment, building age, and size.

(b) Effective July 1, 1993, the department of children, families, and learning may contract with regional service organizations, private contractors, Minnesota safety council, or state agencies to provide management assistance to school districts for health and safety capital projects. Management assistance is the development of written programs for the identification, recognition and control of hazards, and prioritization and scheduling of district health and safety capital projects.

(c) Notwithstanding paragraph (b), the department may approve revenue, up to the limit defined in paragraph (a) for districts having an approved health, safety, and environmental management plan that uses district staff to accomplish coordination and provided services.

History: *1Sp1995 c 3 art 5 s 7; art 16 s 13*

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 children, families, and learning 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 children, families, and learning 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 children, families, and learning 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 \$300,000 under this section, as approved by the commissioner. The approved amount may be levied over eight or fewer years.

[For text of subd 4, see M.S.1994]

History: *1Sp1995 c 3 art 5 s 8; art 16 s 13*

124.85 ENERGY EFFICIENCY PROJECTS.

[For text of subs 1 to 2b, see M.S.1994]

Subd. 2c. Payment of review expenses. The commissioner of public service may charge a school district requesting services under subdivisions 2a and 2b actual costs incurred by the department while conducting the review, or one-half percent of the total identified project cost, whichever is less. Before conducting the review, the commissioner shall notify a school district requesting review services that expenses will be charged to the school district. The commissioner shall bill the school district upon completion of the contract review. Money collected by the commissioner under this subdivision must be deposited in the general fund. A district may include the cost of a review by the commissioner under subdivision 2a in a contract made pursuant to this section.

[For text of subs 3 to 7, see M.S.1994]

History: *1995 c 224 s 67*

124.91 CAPITAL LEVIES.

[For text of subs 1 and 2, see M.S.1994]

Subd. 3. [Repealed, 1992 c 499 art 5 s 36]

Subd. 4. **Cooperating districts.** A district that has an agreement according to section 122.535 or 122.541 may levy for the repair costs, as approved by the department of children, families, and learning, of a building located in another district that is a party to the agreement.

Subd. 5. **Interactive television.** (a) A school district with its central administrative office located within economic development region one, two, three, four, five, six, seven, eight, nine, and ten may apply to the commissioner of children, families, and learning for ITV revenue up to the greater of .5 percent of the adjusted net tax capacity of the district or \$25,000 for the construction, maintenance, and lease costs of an interactive television system for instructional purposes. The approval by the commissioner of children, families, and learning and the application procedures set forth in subdivision 1 shall apply to the revenue in this subdivision. In granting the approval, the commissioner must consider whether the district is maximizing efficiency through peak use and off-peak use pricing structures.

(b) To obtain ITV revenue, a district may levy an amount not to exceed the district's ITV 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; to

(2) 100 percent of the equalizing factor as defined in section 124A.02, subdivision 8, for the year to which the levy is attributable.

(c) A district's ITV aid is the difference between its ITV revenue and the ITV levy.

(d) The revenue in the first year after reorganization for a district that has reorganized under section 122.22, 122.23, or 122.241 to 122.247 shall be the greater of:

(1) the revenue computed for the reorganized district under paragraph (a), or

(2)(i) for two districts that reorganized, 75 percent of the revenue computed as if the districts involved in the reorganization were separate, or

(ii) for three or more districts that reorganized, 50 percent of the revenue computed as if the districts involved in the reorganization were separate.

(e) The revenue in paragraph (d) is increased by the difference between the initial revenue and ITV lease costs for leases that had been entered into by the preexisting districts on the effective date of the consolidation or combination and with a term not exceeding ten years. This increased revenue is only available for the remaining term of the lease. However, in no case shall the revenue exceed the amount available had the preexisting districts received revenue separately.

[For text of subd 6, see M.S.1994]

History: 1Sp1995 c 3 art 12 s 3; art 16 s 13

NOTE: Subdivision 3 was also amended by Laws 1995, First Special Session chapter 3, article 5, section 9, to read as follows:

"Subd. 3. **Post-June 1992 lease purchase, installment buys.** (a) Upon application to, and approval by, the commissioner in accordance with the procedures and limits in subdivision 1, a district, as defined in this subdivision, may:

(1) purchase real or personal property under an installment contract or may lease real or personal property with an option to purchase under a lease purchase agreement, by which installment contract or lease purchase agreement title is kept by the seller or vendor or assigned to a third party as security for the purchase price, including interest, if any; and

(2) annually levy the amounts necessary to pay the district's obligations under the installment contract or lease purchase agreement.

(b)(1) The obligation created by the installment contract or the lease purchase agreement must not be included in the calculation of net debt for purposes of section 475.53, and does not constitute debt under other law."

(2) An election is not required in connection with the execution of the installment contract or the lease purchase agreement.

(c) The proceeds of the levy authorized by this subdivision must not be used to acquire a facility to be primarily used for athletic or school administration purposes.

(d) In this subdivision, "district" means:

(1) a school district required to have a comprehensive plan for the elimination of segregation whose plan has been determined by the commissioner to be in compliance with the state board of education rules relating to equality of educational opportunity and school desegregation; or

(2) a school district that participates in a joint program for interdistrict desegregation with a district defined in clause (1) if the facility acquired under this subdivision is to be primarily used for the joint program.

(e) Notwithstanding subdivision 1, the prohibition against a levy by a district to lease or rent a district-owned building to itself does not apply to levies otherwise authorized by this subdivision.

(f) For the purposes of this subdivision, any references in subdivision 1 to building or land shall be deemed to include personal property."

124.912 MISCELLANEOUS LEVIES.

Subdivision 1. **Statutory obligations.** A school district may levy the amount authorized for liabilities of dissolved districts pursuant to section 122.45; the amounts necessary to pay the district's obligations under section 268.06, subdivision 25; the amounts necessary to pay for job placement services offered to employees who may become eligible for benefits pursuant to section 268.08; the amounts necessary to pay the district's obligations under section 127.05; the amounts authorized by section 122.531; the amounts necessary to pay the district's obligations under section 122.533; and for severance pay required by sections 120.08, subdivision 3, and 122.535, subdivision 6.

(b) An education district that negotiates a collective bargaining agreement for teachers under section 122.937 may certify to the department of children, families, and learning the amount necessary to pay all of the member districts' obligations and the education district's obligations under section 268.06, subdivision 25.

The department of children, families, and learning must allocate the levy amount proportionately among the member districts based on adjusted net tax capacity. The member districts must levy the amount allocated.

(c) Each year, a member district of an education district that levies under this subdivision must transfer the amount of revenue certified under paragraph (b) to the education district board according to this subdivision. By June 20 and November 30 of each year, an amount must be transferred equal to:

(1) 50 percent times

(2) the amount certified in paragraph (b) minus homestead and agricultural credit aid allocated for that levy according to section 273.1398, subdivision 6.

[For text of subs 2 to 6, see M.S.1994]

Subd. 7. **Ice arena levy.** (a) Each year, an independent school district operating and maintaining an ice arena, may levy for the net operational costs of the ice arena. The levy may not exceed the net actual costs of operation of the arena for the previous year. Net actual costs are defined as operating costs less any operating revenues.

(b) Any school district operating and maintaining an ice arena must demonstrate to the satisfaction of the office of monitoring in the department of children, families, and learning that the district will offer equal sports opportunities for male and female students to use its ice arena, particularly in areas of access to prime practice time, team support, and providing junior varsity and younger level teams for girls' ice sports and ice sports offerings.

[For text of subd 8, see M.S.1994]

Subd. 9. **Abatement levy.** (a) Each year, a school district may levy an amount to replace the net revenue lost to abatements that have occurred under chapter 278, section 270.07, 375.192, or otherwise. The maximum abatement levy is the sum of:

(1) the amount of the net revenue loss determined under section 124.214, subdivision 2, that is not paid in state aid including any aid amounts not paid due to proration;

(2) the difference of (i) the amount of any abatements that have been reported by the county auditor for the first six months of the calendar year during which the abatement levy is certified that the district chooses to levy, (ii) less any amount actually levied under this clause that was certified in the previous calendar year for the first six months of the previous calendar year; and

(3) an amount equal to any interest paid on abatement refunds.

(b) A district may spread this levy over a period not to exceed three years.

By July 15, the county auditor shall separately report the abatements that have occurred during the first six calendar months of that year to the commissioner of children, families, and learning and each school district located within the county.

History: *1Sp1995 c 3 art 1 s 17; art 16 s 13*

NOTE: Subdivision 8 is repealed by Laws 1995, First Special Session chapter 3, article 8, section 26, effective for revenue for fiscal year 1997.

124.916 BENEFITS LEVIES.

Subdivision 1. Health insurance. (a) A school district may levy the amount necessary to make employer contributions for insurance for retired employees under this subdivision. Notwithstanding section 121.904, 50 percent of the amount levied shall be recognized as revenue for the fiscal year in which the levy is certified. This levy shall not be considered in computing the aid reduction under section 124.155.

(b) The school board of a joint vocational technical district formed under sections 136C.60 to 136C.69 and the school board of a school district may provide employer-paid hospital, medical, and dental benefits to a person who:

(1) is eligible for employer-paid insurance under collective bargaining agreements or personnel plans in effect on June 30, 1992;

(2) has at least 25 years of service credit in the public pension plan of which the person is a member on the day before retirement or, in the case of a teacher, has a total of at least 25 years of service credit in the teachers retirement association, a first-class city teacher retirement fund, or any combination of these;

(3) upon retirement is immediately eligible for a retirement annuity;

(4) is at least 55 and not yet 65 years of age; and

(5) retires on or after May 15, 1992, and before July 21, 1992.

A school board paying insurance under this subdivision may not exclude any eligible employees.

(c) An employee who is eligible both for the health insurance benefit under this subdivision and for an early retirement incentive under a collective bargaining agreement or personnel plan established by the employer must select either the early retirement incentive provided under the collective bargaining agreement personnel plan or the incentive provided under this subdivision, but may not receive both. For purposes of this subdivision, a person retires when the person terminates active employment and applies for retirement benefits. The retired employee is eligible for single and dependent coverages and employer payments to which the person was entitled immediately before retirement, subject to any changes in coverage and employer and employee payments through collective bargaining or personnel plans, for employees in positions equivalent to the position from which the employee retired. The retired employee is not eligible for employer-paid life insurance. Eligibility ceases when the retired employee attains the age of 65, or when the employee chooses not to receive the retirement benefits for which the employee has applied, or when the employee is eligible for employer-paid health insurance from a new employer. Coverages must be coordinated with relevant health insurance benefits provided through the federally sponsored Medicare program.

(d) Unilateral implementation of this section by a public employer is not an unfair labor practice for purposes of chapter 179A. The authority provided in this subdivision for an employer to pay health insurance costs for certain retired employees is not subject to the limits in section 179A.20, subdivision 2a.

(e) If a school district levies according to this subdivision, it may not also levy according to section 122.531, subdivision 9, for eligible employees.

Subd. 2. Retired employee health benefits. For taxes payable in 1996, 1997, 1998, and 1999 only, a school district may levy an amount up to the amount the district is required by the collective bargaining agreement in effect on March 30, 1992, to pay for health insurance or unreimbursed medical expenses for licensed and nonlicensed employees who have terminated services in the employing district and withdrawn from active teaching service or other active service, as applicable, before July 1, 1992. The total amount of the levy each year may not exceed \$300,000.

Notwithstanding section 121.904, 50 percent of the proceeds of this levy shall be recognized in the fiscal year in which it is certified.

[For text of subs 3 and 4, see M.S.1994]

History: 1995 c 186 s 37; 1Sp1995 c 3 art 8 s 5

124.918 LEVY PROCEDURE.

Subdivision 1. Certify levy limits. By September 8, the commissioner shall notify the school districts of their levy limits. The commissioner shall certify to the county auditors the levy limits for all school districts headquartered in the respective counties together with adjustments for errors in levies not penalized pursuant to section 124.918, subdivision 3, as well as adjustments to final pupil unit counts. A school district may require the commissioner to review the certification and to present evidence in support of modification of the certification.

The county auditor shall reduce levies for any excess of levies over levy limitations pursuant to section 275.16. Such reduction in excess levies may, at the discretion of the school district, be spread over two calendar years.

Subd. 2. Notice to commissioner; forms. By September 30 of each year each district shall notify the commissioner of children, families, and learning of the proposed levies in compliance with the levy limitations of this chapter and chapters 124A, 124B, and 136D. By January 15 of each year each district shall notify the commissioner of children, families, and learning of the final levies certified. The commissioner of children, families, and learning shall prescribe the form of these notifications and may request any additional information necessary to compute certified levy amounts.

[For text of subs 3 to 5, see M.S.1994]

Subd. 6. Adjustments for law changes. Whenever a change enacted in law changes the levy authority for a school district or an intermediate school district for a fiscal year after the levy for that fiscal year has been certified by the district under section 275.07, the department of children, families, and learning shall adjust the next levy certified by the district by the amount of the change in levy authority for that fiscal year resulting from the change. Notwithstanding section 121.904, the entire amount for fiscal year 1992 and 50 percent for fiscal years thereafter of the levy adjustment must be recognized as revenue in the fiscal year the levy is certified, if sufficient levy resources are available under generally accepted accounting principles in the district fund where the adjustment is to occur. School districts that do not have sufficient levy resources available in the fund where the adjustment is to occur shall recognize in the fiscal year the levy is certified an amount equal to the levy resources available. The remaining adjustment amount shall be recognized as revenue in the fiscal year after the levy is certified.

[For text of subs 7 and 8, see M.S.1994]

History: 1995 c 212 art 4 s 64; 1995 c 264 art 3 s 1,2; 1Sp1995 c 3 art 1 s 18,19; art 16 s 13

124.95 DEBT SERVICE EQUALIZATION PROGRAM.

[For text of subd 1, see M.S.1994]

Subd. 2. Eligibility. (a) The following portions of a district's debt service levy qualify for debt service equalization:

(1) debt service for repayment of principal and interest on bonds issued before July 2, 1992;

(2) debt service for bonds refinanced after July 1, 1992, if the bond schedule has been approved by the commissioner and, if necessary, adjusted to reflect a 20-year maturity schedule; and

(3) debt service for bonds issued after July 1, 1992, for construction projects that have received a positive review and comment according to section 121.15, if the commissioner has determined that the district has met the criteria under section 124.431, subdivision 2, and if the bond schedule has been approved by the commissioner and, if necessary, adjusted to reflect a 20-year maturity schedule.

(b) The criterion in section 124.431, subdivision 2, paragraph (a), clause (2), shall be considered to have been met if the district in the fiscal year in which the bonds are authorized at an election conducted under chapter 475:

(i) serves an average of at least 66 pupils per grade in the grades to be served by the facility; or

(ii) is eligible for elementary or secondary sparsity revenue.

(c) The criterion described in section 124.431, subdivision 2, paragraph (a), clause (9), does not apply to bonds authorized by elections held before July 1, 1992.

[For text of subds 2a and 3, see M.S.1994]

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 school year ending in the year prior to the year the levy is certified; to

(2) \$4,707.50.

[For text of subd 5, see M.S.1994]

Subd. 6. Debt service equalization aid payment schedule. Debt service equalization aid must be paid as follows: 30 percent before September 15, 30 percent before December 15, 25 percent before March 15, and a final payment of 15 percent by July 15 of the subsequent fiscal year.

History: *1Sp1995 c 3 art 5 s 10-12*

124.961 DEBT SERVICE APPROPRIATION.

(a) \$30,054,000 in fiscal year 1996, \$27,370,000 in fiscal year 1997, and \$32,200,000 in fiscal year 1998 and each year thereafter is appropriated from the general fund to the commissioner of children, families, and learning for payment of debt service equalization aid under section 124.95. The 1998 appropriation includes \$4,830,000 for 1997 and \$27,370,000 for 1998.

(b) The appropriations in paragraph (a) must be reduced by the amount of any money specifically appropriated for the same purpose in any year from any state fund.

History: *1Sp1995 c 3 art 5 s 13; art 16 s 13*

124.962 [Repealed, 1Sp1995 c 3 art 1 s 63]