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State of Minnesota
HOUSE OF REPRESENTATIVES

**EIGHTY-FIFTH
SESSION**

HOUSE FILE NO. 6

January 8, 2007

Authored by Greiling, Carlson, Heidgerken, Faust, Hilstrom and others
The bill was read for the first time and referred to the Committee on Finance

April 12, 2007

Committee Recommendation and Adoption of Report:
To Pass as Amended and re-referred to the Committee on Taxes

April 13, 2007

Committee Recommendation and Adoption of Report:
To Pass as Amended and re-referred to the Committee on Ways and Means

1.1 A bill for an act
1.2 relating to education; providing for early childhood, family, adult, and
1.3 prekindergarten through grade 12 education including general education,
1.4 education excellence, special programs, facilities and technology, nutrition
1.5 and accounting, libraries, state agencies, forecast adjustments, technical and
1.6 conforming amendments, pupil transportation standards, and early childhood
1.7 and adult programs; providing for task force and advisory groups; requiring
1.8 school districts to give employees who are veterans the option to take personal
1.9 leave on Veteran's Day and encouraging private employers to give employees
1.10 who are veterans a day off with pay on Veteran's Day; requiring reports;
1.11 authorizing rulemaking; funding parenting time centers; funding lead hazard
1.12 reduction; appropriating money; amending Minnesota Statutes 2006, sections
1.13 13.32, by adding a subdivision; 16A.152, subdivision 2; 119A.50, by adding a
1.14 subdivision; 119A.52; 119A.535; 120A.22, subdivision 7; 120B.021, subdivision
1.15 1; 120B.023, subdivision 2; 120B.024; 120B.11, subdivision 5; 120B.132;
1.16 120B.15; 120B.30; 120B.31, subdivision 3; 120B.36, subdivision 1; 121A.22,
1.17 subdivisions 1, 3, 4; 122A.16; 122A.18, by adding a subdivision; 122A.20,
1.18 subdivision 1; 122A.414, subdivisions 1, 2; 122A.415, subdivision 1; 122A.60,
1.19 subdivision 3; 122A.61, subdivision 1; 122A.628, subdivision 2; 122A.72,
1.20 subdivision 5; 123A.73, subdivision 8; 123B.02, by adding a subdivision;
1.21 123B.03, subdivision 3, by adding a subdivision; 123B.10, subdivision 1, by
1.22 adding a subdivision; 123B.143, subdivision 1; 123B.37, subdivision 1; 123B.53,
1.23 subdivisions 1, 4, 5; 123B.54; 123B.57, subdivision 3; 123B.63, subdivision 3;
1.24 123B.77, subdivision 4; 123B.79, subdivisions 6, 8, by adding a subdivision;
1.25 123B.81, subdivisions 2, 4, 7; 123B.83, subdivision 2; 123B.88, subdivision 12;
1.26 123B.90, subdivision 2; 123B.92, subdivisions 1, 3, 5; 124D.095, subdivisions
1.27 2, 3, 4, 7; 124D.10, subdivisions 4, 23a, 24; 124D.11, subdivision 1; 124D.111,
1.28 subdivision 1; 124D.128, subdivisions 1, 2, 3; 124D.13, subdivisions 1, 2, 11,
1.29 by adding a subdivision; 124D.135, subdivisions 1, 3, 5; 124D.16, subdivision
1.30 2; 124D.175; 124D.34, subdivision 7; 124D.4531; 124D.454, subdivisions
1.31 2, 3; 124D.531, subdivisions 1, 4; 124D.55; 124D.56, subdivisions 1, 2, 3;
1.32 124D.59, subdivision 2; 124D.65, subdivisions 5, 11; 124D.84, subdivision
1.33 1; 125A.11, subdivision 1; 125A.13; 125A.14; 125A.39; 125A.42; 125A.44;
1.34 125A.45; 125A.63, by adding a subdivision; 125A.75, subdivisions 1, 4;
1.35 125A.76, subdivisions 1, 2, 4, 5, by adding a subdivision; 125A.79, subdivisions
1.36 1, 5, 6, 8; 125B.15; 126C.01, subdivision 9, by adding subdivisions; 126C.05,
1.37 subdivisions 1, 8, 15; 126C.10, subdivisions 1, 2, 2a, 2b, 4, 13a, 18, 24, 34, by
1.38 adding a subdivision; 126C.126; 126C.13, subdivision 4; 126C.15, subdivision
1.39 2; 126C.17, subdivisions 6, 9; 126C.21, subdivisions 3, 5; 126C.41, by adding

a subdivision; 126C.44; 126C.48, subdivisions 2, 7; 127A.441; 127A.47, subdivisions 7, 8; 127A.48, by adding a subdivision; 127A.49, subdivisions 2, 3; 128D.11, subdivision 3; 134.31, by adding a subdivision; 134.34, subdivision 4; 134.355, subdivision 9; 169.01, subdivision 6, by adding a subdivision; 169.443, by adding a subdivision; 169.447, subdivision 2; 169.4501, subdivisions 1, 2; 169.4502, subdivision 5; 169.4503, subdivisions 13, 20; 171.02, subdivisions 2, 2a; 171.321, subdivision 4; 205A.03, subdivision 1; 205A.06, subdivision 1a; 272.029, by adding a subdivision; 273.11, subdivision 1a; 273.1393; 275.065, subdivisions 1, 1a, 3; 275.07, subdivision 2; 275.08, subdivision 1b; 276.04, subdivision 2; 517.08, subdivision 1c; Laws 2005, First Special Session chapter 5, article 1, sections 50, subdivision 2; 54, subdivisions 2, as amended, 4, 5, as amended, 6, as amended, 7, as amended, 8, as amended; article 2, sections 81, as amended; 84, subdivisions 2, as amended, 3, as amended, 4, as amended, 6, as amended, 10, as amended; article 3, section 18, subdivisions 2, as amended, 3, as amended, 4, as amended, 6, as amended; article 4, section 25, subdivisions 2, as amended, 3, as amended; article 5, section 17, subdivision 3, as amended; article 7, section 20, subdivisions 2, as amended, 3, as amended, 4, as amended; article 8, section 8, subdivisions 2, as amended, 5, as amended; article 9, section 4, subdivision 2; Laws 2006, chapter 263, article 3, section 15; Laws 2006, chapter 282, article 2, section 28, subdivision 4; article 3, section 4, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 119A; 121A; 122A; 123B; 124D; 135A; repealing Minnesota Statutes 2006, sections 121A.23; 123A.22, subdivision 11; 123B.81, subdivision 8; 124D.06; 124D.081, subdivisions 1, 2, 3, 4, 5, 6, 9; 124D.454, subdivisions 4, 5, 6, 7; 124D.531, subdivision 5; 124D.62; 125A.10; 125A.75, subdivision 6; 125A.76, subdivision 3; 169.4502, subdivision 15; 169.4503, subdivisions 17, 18, 26.

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

ARTICLE 1

GENERAL EDUCATION

Section 1. Minnesota Statutes 2006, section 16A.152, subdivision 2, is amended to read:

Subd. 2. **Additional revenues; priority.** (a) If on the basis of a forecast of general fund revenues and expenditures, the commissioner of finance determines that there will be a positive unrestricted budgetary general fund balance at the close of the biennium, the commissioner of finance must allocate money to the following accounts and purposes in priority order:

(1) the cash flow account established in subdivision 1 until that account reaches \$350,000,000;

(2) the budget reserve account established in subdivision 1a until that account reaches \$653,000,000;

(3) the amount necessary to increase the aid payment schedule for school district aids and credits payments in section 127A.45 to not more than 90 percent rounded to the nearest tenth of a percent without exceeding the amount available and with any remaining funds deposited in the budget reserve; and

(4) the amount necessary to restore all or a portion of the net aid reductions under section 127A.441 and to reduce the property tax revenue recognition shift under section 123B.75, subdivision 5, paragraph ~~(c)~~ (b), and Laws 2003, First Special Session chapter 9, article 5, section 34, as amended by Laws 2003, First Special Session chapter 23, section 20, by the same amount.

(b) The amounts necessary to meet the requirements of this section are appropriated from the general fund within two weeks after the forecast is released or, in the case of transfers under paragraph (a), clauses (3) and (4), as necessary to meet the appropriations schedules otherwise established in statute.

(c) To the extent that a positive unrestricted budgetary general fund balance is projected, appropriations under this section must be made before section 16A.1522 takes effect.

(d) The commissioner of finance shall certify the total dollar amount of the reductions under paragraph (a), clauses (3) and (4), to the commissioner of education. The commissioner of education shall increase the aid payment percentage and reduce the property tax shift percentage by these amounts and apply those reductions to the current fiscal year and thereafter.

Sec. 2. Minnesota Statutes 2006, section 124D.11, subdivision 1, is amended to read:

Subdivision 1. **General education revenue.** (a) General education revenue must be paid to a charter school as though it were a district. The general education revenue for each adjusted marginal cost pupil unit is the state average general education revenue per pupil unit, plus the referendum equalization aid allowance in the pupil's district of residence, minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times ~~.0485~~ .0416, calculated without basic skills revenue, extended time revenue, alternative teacher compensation revenue, transition revenue, and transportation sparsity revenue, plus basic skills revenue, extended time revenue, basic alternative teacher compensation aid according to section 126C.10, subdivision 34, and transition revenue as though the school were a school district. The general education revenue for each extended time marginal cost pupil unit equals \$4,378 for fiscal year 2007, \$4,542 for fiscal year 2008, and \$4,677 for fiscal year 2009 and later.

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

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

4.1 Sec. 3. Minnesota Statutes 2006, section 124D.128, subdivision 1, is amended to read:

4.2 Subdivision 1. **Program established.** A learning year program provides instruction
4.3 throughout the year on an extended year calendar, extended school day calendar, or
4.4 both. A pupil may participate in the program and accelerate attainment of grade level
4.5 requirements or graduation requirements. A learning year program may begin after the
4.6 close of the regular school year in June. The program may be for students in one or more
4.7 grade levels from kindergarten through grade 12.

4.8 Sec. 4. Minnesota Statutes 2006, section 124D.128, subdivision 2, is amended to read:

4.9 Subd. 2. **Commissioner designation.** (a) An area learning center designated by the
4.10 state must be a site. An area learning center must provide services to students who meet
4.11 the criteria in section 124D.68 and who are enrolled in:

4.12 (1) a district that is served by the center; or

4.13 (2) a charter school located within the geographic boundaries of a district that is
4.14 served by the center.

4.15 (b) A school district or charter school may be approved biennially by the state to
4.16 provide additional instructional programming that results in grade level acceleration. The
4.17 program must be designed so that students make grade progress during the school year
4.18 and graduate prior to the students' peers.

4.19 (c) To be designated, a district, charter school, or center must demonstrate to the
4.20 commissioner that it will:

4.21 (1) provide a program of instruction that permits pupils to receive instruction
4.22 throughout the entire year; and

4.23 (2) develop and maintain a separate record system that, for purposes of section
4.24 126C.05, permits identification of membership attributable to pupils participating in the
4.25 program. The record system and identification must ensure that the program will not
4.26 have the effect of increasing the total number of pupil units average daily membership
4.27 attributable to an individual pupil as a result of a learning year program. The record
4.28 system must include the date the pupil originally enrolled in a learning year program, the
4.29 pupil's grade level, the date of each grade promotion, the average daily membership
4.30 generated in each grade level, the number of credits or standards earned, and the number
4.31 needed to graduate.

4.32 ~~(b)~~ (d) A student who has not completed a school district's graduation requirements
4.33 may continue to enroll in courses the student must complete in order to graduate until
4.34 the student satisfies the district's graduation requirements or the student is 21 years old,
4.35 whichever comes first.

5.1 Sec. 5. Minnesota Statutes 2006, section 124D.128, subdivision 3, is amended to read:

5.2 Subd. 3. **Student planning.** A district, charter school, or area learning center must
5.3 inform all pupils and their parents about the learning year program and that participation
5.4 in the program is optional. A continual learning plan must be developed at least annually
5.5 for each pupil with the participation of the pupil, parent or guardian, teachers, and other
5.6 staff; each participant must sign and date the plan. The plan must specify the learning
5.7 experiences that must occur during the entire fiscal year and; are necessary for grade
5.8 progression, or for secondary students, for graduation. The plan must include:

5.9 (1) the pupil's learning objectives and experiences, including courses or credits the
5.10 pupil plans to complete each year and, for a secondary pupil, the graduation requirements
5.11 the student must complete;

5.12 (2) the assessment measurements used to evaluate a pupil's objectives;

5.13 (3) requirements for grade level or other appropriate progression; and

5.14 (4) for pupils generating more than one average daily membership in a given grade,
5.15 an indication of which objectives were unmet.

5.16 The plan may be modified to conform to district schedule changes. The district may
5.17 not modify the plan if the modification would result in delaying the student's time of
5.18 graduation.

5.19 Sec. 6. Minnesota Statutes 2006, section 124D.4531, is amended to read:

5.20 **124D.4531 CAREER AND TECHNICAL ~~LEVY~~ REVENUE.**

5.21 Subdivision 1. **Career and technical levy.** (a) A district with a career and technical
5.22 program approved under this section for the fiscal year in which the levy is certified
5.23 may levy an amount equal to the lesser of:

5.24 (1) \$80 times the district's average daily membership served in grades 10 through 12
5.25 for the fiscal year in which the levy is certified; or

5.26 (2) 25 percent of approved expenditures in the fiscal year in which the levy is
5.27 certified for the following:

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

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

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

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

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

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

(vii) specialized vocational instructional supplies.

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

Subd. 1a. **Career and technical aid.** A district with a career and technical program approved under this section is eligible for career and technical state aid in an amount equal to 10 percent of approved expenditures under subdivision 1.

Subd. 1b. **Revenue uses.** Up to ten percent of a district's career and technical ~~levy~~ revenue may be spent on equipment purchases. Districts using the career and technical ~~levy revenue~~ for equipment purchases must report to the department on the improved learning opportunities for students that result from the investment in equipment.

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

Subd. 2. Allocation from cooperative centers and intermediate districts. For purposes of this section, a cooperative center or an intermediate district must allocate its approved expenditures for career and technical education programs among participating districts.

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

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

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

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

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2009.

Sec. 7. Minnesota Statutes 2006, section 124D.59, subdivision 2, is amended to read:

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

(1) the pupil, as declared by a parent or guardian first learned a language other than English, comes from a home where the language usually spoken is other than English, or usually speaks a language other than English; and

(2) the pupil is determined by developmentally appropriate measures, which might include observations, teacher judgment, parent recommendations, or developmentally appropriate assessment instruments, to lack the necessary English skills to participate fully in classes taught in English.

(b) Notwithstanding paragraph (a), a pupil in grades 4 through 12 who was enrolled in a Minnesota public school on the dates during the previous school year when a commissioner provided assessment that measures the pupil's emerging academic English was administered, shall not be counted as a pupil of limited English proficiency in calculating limited English proficiency pupil units under section 126C.05, subdivision 17, and shall not generate state limited English proficiency aid under section 124D.65, subdivision 5, unless the pupil scored below the state cutoff score on an assessment measuring emerging academic English provided by the commissioner during the previous school year.

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

~~(1)~~ the pupil is not enrolled during the current fiscal year in an educational program for pupils of limited English proficiency in accordance with sections 124D.58 to 124D.64; ~~or,~~

~~(2) the pupil has generated five or more years of average daily membership in Minnesota public schools since July 1, 1996.~~

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 8. Minnesota Statutes 2006, section 124D.65, subdivision 5, is amended to read:

Subd. 5. **School district LEP revenue.** (a) The limited English proficiency allowance equals \$700 for fiscal year 2007, and \$815 for fiscal year 2008 and later.

(b) A district's limited English proficiency programs revenue equals the product of (1) ~~\$700 in fiscal year 2004 and later~~ the limited English proficiency allowance times (2)

the greater of 20 or the adjusted marginal cost average daily membership of eligible pupils of limited English proficiency enrolled in the district during the current fiscal year.

~~(b)~~ (c) A pupil ceases to generate state limited English proficiency aid in the school year following the school year in which the pupil attains the state cutoff score on a commissioner-provided assessment that measures the pupil's emerging academic English.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 9. Minnesota Statutes 2006, section 126C.01, is amended by adding a subdivision to read:

Subd. 3a. Referendum market value equalizing factor. The referendum market value equalizing factor equals the quotient derived by dividing the total referendum market value of all school districts in the state for the year before the year the levy is certified by the total number of resident marginal cost pupil units in the state for the current school year.

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

Sec. 10. Minnesota Statutes 2006, section 126C.01, is amended by adding a subdivision to read:

Subd. 12. Location equity index. (a) A school district's wage equity index equals each district's composite wage level divided by the statewide average wage for the same period. The composite wage level for a school district equals the sum of 80 percent of the district's county wage level and 20 percent of the district's economic development region composite wage level. The composite wage level is computed by using the most recent three-year weighted wage data with the coefficient weights set at 0.5 for the most recent year, 0.3 for the prior year, and 0.15 for the second prior year.

(b) A school district's housing equity index equals the ratio of each district's county median home value to the statewide median home value.

(c) A school district's location equity index equals the greater of one, or the sum of (i) 0.65 times the district's wage equity index, and (ii) 0.35 times the district's housing equity index.

(d) The commissioner of education annually must recalculate the indexes in this section. For purposes of this subdivision, the commissioner must locate a school district with boundaries that cross county borders in the county that generates the highest location equity index for that district.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

9.1 Sec. 11. Minnesota Statutes 2006, section 126C.05, subdivision 1, is amended to read:

9.2 Subdivision 1. **Pupil unit.** Pupil units for each Minnesota resident pupil under the
9.3 age of 21 or who meets the requirements of section 120A.20, subdivision 1, paragraph
9.4 (c), in average daily membership enrolled in the district of residence, in another district
9.5 under sections 123A.05 to 123A.08, 124D.03, 124D.06, 124D.07, 124D.08, or 124D.68;
9.6 in a charter school under section 124D.10; or for whom the resident district pays tuition
9.7 under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88,
9.8 subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, shall be
9.9 counted according to this subdivision.

9.10 (a) A prekindergarten pupil with a disability who is enrolled in a program approved
9.11 by the commissioner and has an individual education plan is counted as the ratio of the
9.12 number of hours of assessment and education service to 825 times 1.25 with a minimum
9.13 average daily membership of 0.28, but not more than 1.25 pupil units.

9.14 (b) A prekindergarten pupil who is assessed but determined not to be disabled is
9.15 counted as the ratio of the number of hours of assessment service to 825 times 1.25.

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

9.20 (d) A kindergarten pupil who is not included in paragraph (c) is counted as ~~.557 of a~~
9.21 ~~pupil unit for fiscal year 2000 and thereafter~~ 0.86 pupil units.

9.22 (e) A pupil who is in any of grades 1 to 3 is counted as 1.115 pupil units for fiscal
9.23 year 2000 and thereafter.

9.24 (f) A pupil who is any of grades 4 to 6 is counted as 1.06 pupil units for fiscal
9.25 year 1995 and thereafter.

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

9.27 (h) A pupil who is in the postsecondary enrollment options program is counted
9.28 as 1.3 pupil units.

9.29 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2009.

9.30 Sec. 12. Minnesota Statutes 2006, section 126C.05, subdivision 8, is amended to read:

9.31 Subd. 8. **Average daily membership.** (a) Membership for pupils in grades
9.32 kindergarten through 12 and for prekindergarten pupils with disabilities shall mean the
9.33 number of pupils on the current roll of the school, counted from the date of entry until
9.34 withdrawal. The date of withdrawal shall mean the day the pupil permanently leaves
9.35 the school or the date it is officially known that the pupil has left or has been legally

excused. However, a pupil, regardless of age, who has been absent from school for 15 consecutive school days during the regular school year or for five consecutive school days during summer school or intersession classes of flexible school year programs without receiving instruction in the home or hospital shall be dropped from the roll and classified as withdrawn. Nothing in this section shall be construed as waiving the compulsory attendance provisions cited in section 120A.22. Average daily membership equals the sum for all pupils of the number of days of the school year each pupil is enrolled in the district's schools divided by the number of days the schools are in session. Days of summer school or intersession classes of flexible school year programs are only included in the computation of membership for pupils with a disability not appropriately served primarily in the regular classroom. A student must not be counted as more than ~~1.2~~ 1.5 pupils in average daily membership under this section. When the initial total average daily membership exceeds ~~1.2~~ 1.5 for a pupil enrolled in more than one school district during the fiscal year, each district's average daily membership must be reduced proportionately.

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

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 13. Minnesota Statutes 2006, section 126C.05, subdivision 15, is amended to read:

Subd. 15. **Learning year pupil units.** (a) When a pupil is enrolled in a learning year program under section 124D.128, an area learning center under sections 123A.05 and 123A.06, an alternative program approved by the commissioner, or a contract alternative program under section 124D.68, subdivision 3, paragraph (d), or subdivision 3a, for more than 1,020 hours in a school year for a secondary student, more than 935 hours in a school year for an elementary student more than 850 hours in a school year for a kindergarten student without a disability enrolled in a full-day kindergarten program in fiscal year 2009 or later, or more than 425 hours in a school year for a half-day kindergarten student without a disability, that pupil may be counted as more than one pupil in average daily membership for purposes of section 126C.10, subdivision 2a. The amount in excess of one pupil must be determined by the ratio of the number of hours of instruction provided to that pupil in excess of: (i) the greater of 1,020 hours or the number of hours required for a full-time secondary pupil in the district to 1,020 for a secondary pupil; (ii) the greater of 935 hours or the number of hours required for a full-time elementary pupil in the district to 935 for an elementary pupil in grades 1 through 6; ~~and~~ (iii) the greater of ~~425~~ 850 hours or the number of hours required for a full-time kindergarten student without a disability in the district to ~~425~~ 850 for a kindergarten student without a disability for fiscal years

11.1 2009 and later; and (iv) the greater of 425 hours or the number of hours required for all
11.2 kindergarten pupils for fiscal year 2008 and for a half-day kindergarten student without a
11.3 disability to 425 for a kindergarten student without a disability. Hours that occur after
11.4 the close of the instructional year in June shall be attributable to the following fiscal year.
11.5 A kindergarten student must not be counted as more than 1.2 pupils in average daily
11.6 membership under this subdivision. A student in grades 1 through 12 must not be counted
11.7 as more than ~~1.2~~ 1.5 pupils in average daily membership under this subdivision.

11.8 (b)(i) To receive general education revenue for a pupil in an alternative program
11.9 that has an independent study component, a district must meet the requirements in this
11.10 paragraph. The district must develop, for the pupil, a continual learning plan consistent
11.11 with section 124D.128, subdivision 3. Each school district that has a state-approved public
11.12 alternative program must reserve revenue in an amount equal to at least 90 percent of the
11.13 district average general education revenue per pupil unit less compensatory revenue per
11.14 pupil unit times the number of pupil units generated by students attending a state-approved
11.15 public alternative program. The amount of reserved revenue available under this
11.16 subdivision may only be spent for program costs associated with the state-approved public
11.17 alternative program. Compensatory revenue must be allocated according to section
11.18 126C.15, subdivision 2.

11.19 (ii) General education revenue for a pupil in an approved alternative program
11.20 without an independent study component must be prorated for a pupil participating for
11.21 less than a full year, or its equivalent. The district must develop a continual learning plan
11.22 for the pupil, consistent with section 124D.128, subdivision 3. Each school district that
11.23 has a state-approved public alternative program must reserve revenue in an amount equal
11.24 to at least 90 percent of the district average general education revenue per pupil unit less
11.25 compensatory revenue per pupil unit times the number of pupil units generated by students
11.26 attending a state-approved public alternative program. The amount of reserved revenue
11.27 available under this subdivision may only be spent for program costs associated with the
11.28 state-approved public alternative program. Compensatory revenue must be allocated
11.29 according to section 126C.15, subdivision 2.

11.30 (iii) General education revenue for a pupil in an approved alternative program that
11.31 has an independent study component must be paid for each hour of teacher contact
11.32 time and each hour of independent study time completed toward a credit or graduation
11.33 standards necessary for graduation. Average daily membership for a pupil shall equal the
11.34 number of hours of teacher contact time and independent study time divided by 1,020.

11.35 (iv) For an alternative program having an independent study component, the
11.36 commissioner shall require a description of the courses in the program, the kinds of

12.1 independent study involved, the expected learning outcomes of the courses, and the means
12.2 of measuring student performance against the expected outcomes.

12.3 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2008.

12.4 Sec. 14. Minnesota Statutes 2006, section 126C.10, subdivision 1, is amended to read:

12.5 Subdivision 1. **General education revenue.** ~~For fiscal year 2006 and later,~~ The
12.6 general education revenue for each district equals the sum of the district's basic revenue,
12.7 extended time revenue, gifted and talented revenue, location equity revenue, basic skills
12.8 revenue, training and experience revenue, secondary sparsity revenue, elementary sparsity
12.9 revenue, transportation sparsity revenue, total operating capital revenue, equity revenue,
12.10 alternative teacher compensation revenue, and transition revenue.

12.11 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2008.

12.12 Sec. 15. Minnesota Statutes 2006, section 126C.10, subdivision 2, is amended to read:

12.13 Subd. 2. **Basic revenue.** The basic revenue for each district equals the formula
12.14 allowance times the adjusted marginal cost pupil units for the school year. The formula
12.15 allowance for fiscal year ~~2005~~ 2007 is ~~\$4,601~~ \$4,974. The formula allowance for fiscal
12.16 year ~~2006~~ 2008 is ~~\$4,783~~ \$5,125. The formula allowance for fiscal year ~~2007~~ 2009 and
12.17 subsequent years is ~~\$4,974~~ \$5,280.

12.18 Sec. 16. Minnesota Statutes 2006, section 126C.10, subdivision 2a, is amended to read:

12.19 Subd. 2a. **Extended time revenue.** (a) A school district's extended time revenue is
12.20 equal to the product of ~~\$4,601~~ the extended time allowance and the sum of the adjusted
12.21 marginal cost pupil units of the district for each pupil in average daily membership in
12.22 excess of 1.0 and less than ~~1.2~~ 1.5 according to section 126C.05, subdivision 8. The
12.23 extended time allowance is \$4,601 for fiscal year 2007, \$4,740 for fiscal year 2008, and
12.24 \$4,880 for fiscal year 2009 and subsequent years.

12.25 (b) A school district's extended time revenue may be used for extended day
12.26 programs, extended week programs, summer school, ~~and~~ other programming authorized
12.27 under the learning year program, and for additional pupil transportation costs attributable
12.28 to these programs. Not more than five percent of the extended time revenue may be used
12.29 for administrative and oversight services.

12.30 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2008.

12.31 Sec. 17. Minnesota Statutes 2006, section 126C.10, subdivision 2b, is amended to read:

13.1 Subd. 2b. **Gifted and talented revenue.** Gifted and talented revenue for each
13.2 district equals ~~\$4 times~~ the district's adjusted marginal cost pupil units for ~~fiscal year 2006~~
13.3 ~~and \$9 for fiscal year 2007 and later~~ that school year times \$13 for fiscal year 2008 and
13.4 later. A school district must reserve gifted and talented revenue and, consistent with
13.5 section 120B.15, must spend the revenue only to:

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

13.10 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2008.

13.11 Sec. 18. Minnesota Statutes 2006, section 126C.10, is amended by adding a
13.12 subdivision to read:

13.13 Subd. 2c. **Location equity revenue.** (a) A school district's location equity revenue
13.14 equals the product of:

- 13.15 (1) the basic formula allowance for that year;
- 13.16 (2) the district's adjusted marginal cost pupil units for that year; and
- 13.17 (3) the district's location equity index minus one.
- 13.18 (b) The total annual revenue for this subdivision must not exceed \$500,000.
- 13.19 (c) If the revenue required under paragraph (b) is insufficient to fund the formula in
13.20 paragraph (a), the commissioner of education must proportionately reduce each district's
13.21 aid payment.

13.22 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2008.

13.23 Sec. 19. Minnesota Statutes 2006, section 126C.10, subdivision 4, is amended to read:

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

- 13.26 (1) compensatory revenue under subdivision 3; plus
- 13.27 (2) limited English proficiency revenue under section 124D.65, subdivision 5; ~~plus~~
- 13.28 ~~(3) \$250 times the limited English proficiency pupil units under section 126C.05;~~
13.29 ~~subdivision 17.~~

13.30 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2008.

13.31 Sec. 20. Minnesota Statutes 2006, section 126C.10, subdivision 13a, is amended to
13.32 read:

14.1 Subd. 13a. **Operating capital levy.** To obtain operating capital revenue for fiscal
 14.2 year 2007 and later, a district may levy an amount not more than the product of its
 14.3 operating capital revenue for the fiscal year times the lesser of one or the ratio of its
 14.4 adjusted net tax capacity per adjusted marginal cost pupil unit to the operating capital
 14.5 equalizing factor. The operating capital equalizing factor equals ~~\$22,222 for fiscal year~~
 14.6 ~~2006, and~~ \$10,700 for fiscal year ~~2007~~ 2008 and \$33,000 for fiscal year 2009 and later.

14.7 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2009.

14.8 Sec. 21. Minnesota Statutes 2006, section 126C.10, subdivision 18, is amended to read:

14.9 Subd. 18. **Transportation sparsity revenue allowance.** (a) A district's
 14.10 transportation sparsity allowance equals the greater of zero or the result of the following
 14.11 computation:

14.12 (i) Multiply the formula allowance according to subdivision 2, by ~~.1469~~ .1493.

14.13 (ii) Multiply the result in clause (i) by the district's sparsity index raised to the
 14.14 ~~26/100~~ 30/100 power.

14.15 (iii) Multiply the result in clause (ii) by the district's density index raised to the
 14.16 ~~13/100~~ 15/100 power.

14.17 (iv) Multiply the formula allowance according to subdivision 2, by ~~.0485~~ .0416.

14.18 (v) Subtract the result in clause (iv) from the result in clause (iii).

14.19 (b) Transportation sparsity revenue is equal to the transportation sparsity allowance
 14.20 times the adjusted marginal cost pupil units.

14.21 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2008.

14.22 Sec. 22. Minnesota Statutes 2006, section 126C.10, subdivision 24, is amended to read:

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

14.24 (1) the school district's adjusted marginal cost pupil unit amount of basic revenue,
 14.25 supplemental revenue, transition revenue, and referendum revenue is less than the value of
 14.26 the school district at or immediately above the 95th percentile of school districts in its
 14.27 equity region for those revenue categories; and

14.28 (2) the school district's administrative offices are not located in a city of the first
 14.29 class on July 1, 1999.

14.30 (b) Equity revenue for a qualifying district that receives referendum revenue under
 14.31 section 126C.17, subdivision 4, equals the product of (1) the district's adjusted marginal
 14.32 cost pupil units for that year; times (2) the sum of (i) \$13, plus (ii) \$75, times the school
 14.33 district's equity index computed under subdivision 27.

15.1 (c) Equity revenue for a qualifying district that does not receive referendum revenue
15.2 under section 126C.17, subdivision 4, equals the product of the district's adjusted marginal
15.3 cost pupil units for that year times \$13.

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

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

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

15.15 (g) A district that does not qualify for revenue under paragraph (f) qualifies for
15.16 equity revenue equal to ~~one-half of the per pupil allowance in paragraph (f)~~ \$46 times its
15.17 adjusted marginal cost pupil units.

15.18 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2008.

15.19 Sec. 23. Minnesota Statutes 2006, section 126C.126, is amended to read:

15.20 **126C.126 REALLOCATING GENERAL EDUCATION REVENUE FOR**
15.21 **ALL-DAY KINDERGARTEN EARLY EDUCATION PROGRAMS.**

15.22 (a) In order to provide additional revenue for ~~an optional all-day kindergarten~~
15.23 ~~program~~ early education programs including school readiness and early childhood family
15.24 education, a district may reallocate general education revenue attributable to 12th grade
15.25 students who have graduated early under section 120B.07.

15.26 (b) A school district may spend general education revenue on extended time
15.27 kindergarten and prekindergarten programs.

15.28 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2009.

15.29 Sec. 24. Minnesota Statutes 2006, section 126C.13, subdivision 4, is amended to read:

15.30 Subd. 4. **General education aid.** ~~(a) For fiscal year 2006, a district's general~~
15.31 ~~education aid is the sum of the following amounts:~~

15.32 ~~(1) general education revenue, excluding equity revenue, total operating capital, and~~
15.33 ~~transition revenue;~~

16.1 ~~(2) operating capital aid according to section 126C.10, subdivision 13b;~~

16.2 ~~(3) equity aid according to section 126C.10, subdivision 30;~~

16.3 ~~(4) transition aid according to section 126C.10, subdivision 33;~~

16.4 ~~(5) shared time aid according to section 126C.01, subdivision 7;~~

16.5 ~~(6) referendum aid according to section 126C.17; and~~

16.6 ~~(7) online learning aid according to section 124D.096.~~

16.7 ~~(b)~~ For fiscal year ~~2007~~ 2008 and later, a district's general education aid is the sum of
16.8 the following amounts:

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

16.11 (2) operating capital aid under section 126C.10, subdivision 13b;

16.12 (3) equity aid under section 126C.10, subdivision 30;

16.13 (4) alternative teacher compensation aid under section 126C.10, subdivision 36;

16.14 (5) transition aid under section 126C.10, subdivision 33;

16.15 (6) shared time aid under section 126C.01, subdivision 7;

16.16 (7) referendum aid under section 126C.17, subdivisions 7 and 7a; and

16.17 (8) online learning aid according to section 124D.096.

16.18 Sec. 25. Minnesota Statutes 2006, section 126C.15, subdivision 2, is amended to read:

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

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

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

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

16.34 **EFFECTIVE DATE.** This section is effective July 1, 2007.

17.1 Sec. 26. Minnesota Statutes 2006, section 126C.17, subdivision 6, is amended to read:

17.2 Subd. 6. **Referendum equalization levy.** (a) ~~For fiscal year 2003 and later,~~

17.3 A district's referendum equalization levy equals the sum of the first tier referendum
17.4 equalization levy and the second tier referendum equalization levy.

17.5 (b) A district's first tier referendum equalization levy equals the district's first tier
17.6 referendum equalization revenue times the lesser of one or the ratio of the district's
17.7 referendum market value per resident marginal cost pupil unit to ~~\$476,000~~ 120 percent of
17.8 the referendum market value equalizing factor.

17.9 (c) A district's second tier referendum equalization levy equals the district's second
17.10 tier referendum equalization revenue times the lesser of one or the ratio of the district's
17.11 referendum market value per resident marginal cost pupil unit to ~~\$270,000~~ 60 percent of
17.12 the referendum market value equalizing factor.

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

17.14 Sec. 27. Minnesota Statutes 2006, section 126C.17, subdivision 9, is amended to read:

17.15 Subd. 9. **Referendum revenue.** (a) The revenue authorized by section 126C.10,
17.16 subdivision 1, may be increased in the amount approved by the voters of the district at a
17.17 referendum called for the purpose. The referendum may be called by the board or shall be
17.18 called by the board upon written petition of qualified voters of the district. The referendum
17.19 must be conducted one or two calendar years before the increased levy authority, if
17.20 approved, first becomes payable. Only one election to approve an increase may be held
17.21 in a calendar year. Unless the referendum is conducted by mail under paragraph (g), the
17.22 referendum must be held on the first Tuesday after the first Monday in November. The
17.23 ballot must state the maximum amount of the increased revenue per resident marginal cost
17.24 pupil unit. The ballot may state a schedule, determined by the board, of increased revenue
17.25 per resident marginal cost pupil unit that differs from year to year over the number of
17.26 years for which the increased revenue is authorized or may state that the amount shall
17.27 increase annually by the rate of inflation. For this purpose, the rate of inflation shall be the
17.28 annual inflationary increase calculated under subdivision 2, paragraph (b). The ballot may
17.29 state that existing referendum levy authority is expiring. In this case, the ballot may also
17.30 compare the proposed levy authority to the existing expiring levy authority, and express
17.31 the proposed increase as the amount, if any, over the expiring referendum levy authority.
17.32 The ballot must designate the specific number of years, not to exceed ten, for which the
17.33 referendum authorization applies. The ballot, including a ballot on the question to revoke
17.34 or reduce the increased revenue amount under paragraph (c), must abbreviate the term

18.1 "per resident marginal cost pupil unit" as "per pupil." The notice required under section
18.2 275.60 may be modified to read, in cases of renewing existing levies:

18.3 "BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ~~MAY BE VOTING~~
18.4 ~~FOR A PROPERTY TAX INCREASE~~ ARE RENEWING AN EXISTING
18.5 PROPERTY TAX REFERENDUM. YOU ARE NOT CHANGING YOUR
18.6 OPERATING REFERENDUM FROM ITS LEVEL IN THE PREVIOUS YEAR."

18.7 The ballot may contain a textual portion with the information required in this
18.8 subdivision and a question stating substantially the following:

18.9 "Shall the increase in the revenue proposed by (petition to) the board of,
18.10 School District No. ..., be approved?"

18.11 If approved, an amount equal to the approved revenue per resident marginal cost
18.12 pupil unit times the resident marginal cost pupil units for the school year beginning in
18.13 the year after the levy is certified shall be authorized for certification for the number of
18.14 years approved, if applicable, or until revoked or reduced by the voters of the district at a
18.15 subsequent referendum.

18.16 (b) The board must prepare and deliver by first class mail at least 15 days but no more
18.17 than 30 days before the day of the referendum to each taxpayer a notice of the referendum
18.18 and the proposed revenue increase. The board need not mail more than one notice to any
18.19 taxpayer. For the purpose of giving mailed notice under this subdivision, owners must be
18.20 those shown to be owners on the records of the county auditor or, in any county where
18.21 tax statements are mailed by the county treasurer, on the records of the county treasurer.
18.22 Every property owner whose name does not appear on the records of the county auditor
18.23 or the county treasurer is deemed to have waived this mailed notice unless the owner
18.24 has requested in writing that the county auditor or county treasurer, as the case may be,
18.25 include the name on the records for this purpose. The notice must project the anticipated
18.26 amount of tax increase in annual dollars for typical residential homesteads, agricultural
18.27 homesteads, apartments, and commercial-industrial property within the school district.

18.28 The notice for a referendum may state that an existing referendum levy is expiring
18.29 and project the anticipated amount of increase over the existing referendum levy in
18.30 the first year, if any, in annual dollars for typical residential homesteads, agricultural
18.31 homesteads, apartments, and commercial-industrial property within the district.

18.32 The notice must include the following statement: "Passage of this referendum will
18.33 result in an increase in your property taxes." However, in cases of renewing existing
18.34 levies, the notice may include the following statement: "Passage of this referendum may
18.35 result in ~~an increase~~ a change in your property taxes."

19.1 (c) A referendum on the question of revoking or reducing the increased revenue
19.2 amount authorized pursuant to paragraph (a) may be called by the board and shall be called
19.3 by the board upon the written petition of qualified voters of the district. A referendum to
19.4 revoke or reduce the revenue amount must state the amount per resident marginal cost
19.5 pupil unit by which the authority is to be reduced. Revenue authority approved by the
19.6 voters of the district pursuant to paragraph (a) must be available to the school district at
19.7 least once before it is subject to a referendum on its revocation or reduction for subsequent
19.8 years. Only one revocation or reduction referendum may be held to revoke or reduce
19.9 referendum revenue for any specific year and for years thereafter.

19.10 (d) A petition authorized by paragraph (a) or (c) is effective if signed by a number of
19.11 qualified voters in excess of 15 percent of the registered voters of the district on the day
19.12 the petition is filed with the board. A referendum invoked by petition must be held on the
19.13 date specified in paragraph (a).

19.14 (e) The approval of 50 percent plus one of those voting on the question is required to
19.15 pass a referendum authorized by this subdivision.

19.16 (f) At least 15 days before the day of the referendum, the district must submit a
19.17 copy of the notice required under paragraph (b) to the commissioner and to the county
19.18 auditor of each county in which the district is located. Within 15 days after the results
19.19 of the referendum have been certified by the board, or in the case of a recount, the
19.20 certification of the results of the recount by the canvassing board, the district must notify
19.21 the commissioner of the results of the referendum.

19.22 **EFFECTIVE DATE.** This section is effective for elections conducted on or after
19.23 July 1, 2007.

19.24 Sec. 28. Minnesota Statutes 2006, section 126C.21, subdivision 3, is amended to read:

19.25 Subd. 3. **County apportionment deduction.** Each year the amount of money
19.26 apportioned to a district for that year pursuant to ~~section~~ sections 127A.34, subdivision 2,
19.27 and 272.029, subdivision 6, must be deducted from the general education aid earned by
19.28 that district for the same year or from aid earned from other state sources.

19.29 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2009.

19.30 Sec. 29. Minnesota Statutes 2006, section 126C.21, subdivision 5, is amended to read:

19.31 Subd. 5. **Adjustment for failure to meet federal maintenance of effort.** (a) The
19.32 general education aid paid to a school district or charter school that failed to meet federal

20.1 special education maintenance of effort for the previous fiscal year must be reduced by the
20.2 amount that must be paid to the federal government due to the shortfall.

20.3 (b) The general education aid paid to school districts that were members of a
20.4 cooperative that failed to meet federal special education maintenance of effort must be
20.5 reduced by the amount that must be paid to the federal government due to the shortfall.
20.6 The commissioner must apportion the aid reduction amount to the member school districts
20.7 based on each district's individual shortfall in maintaining effort, and on each member
20.8 district's proportionate share of any shortfall in expenditures made by the cooperative.
20.9 Each district's proportionate share of shortfall in expenditures made by the cooperative
20.10 must be calculated using the adjusted marginal pupil units of each member school district.

20.11 (c) The amounts recovered under this subdivision shall be paid to the federal
20.12 government to meet the state's obligations resulting from the district's ~~or~~ charter school's,
20.13 or cooperative's failure to meet federal special education maintenance of effort.

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

20.15 Sec. 30. Minnesota Statutes 2006, section 126C.44, is amended to read:

20.16 **126C.44 SAFE SCHOOLS LEVY.**

20.17 (a) Each district may make a levy on all taxable property located within the district
20.18 for the purposes specified in this section. The maximum amount which may be levied for
20.19 all costs under this section shall be equal to ~~\$27~~ \$30 multiplied by the district's adjusted
20.20 marginal cost pupil units for the school year. The proceeds of the levy must be reserved
20.21 and used for directly funding the following purposes or for reimbursing the cities and
20.22 counties who contract with the district for the following purposes: (1) to pay the costs
20.23 incurred for the salaries, benefits, and transportation costs of peace officers and sheriffs for
20.24 liaison in services in the district's schools; (2) to pay the costs for a drug abuse prevention
20.25 program as defined in section 609.101, subdivision 3, paragraph (e), in the elementary
20.26 schools; (3) to pay the costs for a gang resistance education training curriculum in the
20.27 district's schools; (4) to pay the costs for security in the district's schools and on school
20.28 property; ~~or~~ (5) to pay the costs for other crime prevention, drug abuse, student and staff
20.29 safety, voluntary opt-in suicide prevention tools, and violence prevention measures taken
20.30 by the school district; or (6) to pay costs for licensed school counselors, licensed school
20.31 nurses, licensed school social workers, licensed school psychologists, and licensed alcohol
20.32 and chemical dependency counselors to help provide early responses to problems. For
20.33 expenditures under clause (1), the district must initially attempt to contract for services to
20.34 be provided by peace officers or sheriffs with the police department of each city or the

21.1 sheriff's department of the county within the district containing the school receiving the
 21.2 services. If a local police department or a county sheriff's department does not wish
 21.3 to provide the necessary services, the district may contract for these services with any
 21.4 other police or sheriff's department located entirely or partially within the school district's
 21.5 boundaries.

21.6 (b) A school district that is a member of an intermediate school district may
 21.7 include in its authority under this section the costs associated with safe schools activities
 21.8 authorized under paragraph (a) for intermediate school district programs. This authority
 21.9 must not exceed \$5 times the adjusted marginal cost pupil units of the member districts.
 21.10 This authority is in addition to any other authority authorized under this section. Revenue
 21.11 raised under this paragraph must be transferred to the intermediate school district.

21.12 (c) If a school district spends safe schools levy proceeds under paragraph (a), clause
 21.13 (6), the district must annually certify that its total spending on services provided by the
 21.14 employees listed in paragraph (a), clause (6), is not less than the sum of its expenditures
 21.15 for these purposes in the previous year plus the amount spent under this section.

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

21.17 Sec. 31. Minnesota Statutes 2006, section 127A.441, is amended to read:

21.18 **127A.441 AID REDUCTION; LEVY REVENUE RECOGNITION CHANGE.**

21.19 Each year, the state aids payable to any school district for that fiscal year that are
 21.20 recognized as revenue in the school district's general and community service funds shall
 21.21 be adjusted by an amount equal to (1) the amount the district recognized as revenue for the
 21.22 prior fiscal year pursuant to section 123B.75, subdivision 5, paragraph (b) ~~or (c)~~, minus (2)
 21.23 the amount the district recognized as revenue for the current fiscal year pursuant to section
 21.24 123B.75, subdivision 5, paragraph ~~(c)~~ (b). For purposes of making the aid adjustments
 21.25 under this section, the amount the district recognizes as revenue for either the prior fiscal
 21.26 year or the current fiscal year pursuant to section 123B.75, subdivision 5, paragraph (b)
 21.27 ~~or (c)~~, shall not include any amount levied pursuant to section 124D.86, subdivision 4,
 21.28 for school districts receiving revenue under sections 124D.86, subdivision 3, clauses (1),
 21.29 (2), and (3); 126C.41, subdivisions 1, 2, and 3, paragraphs (b), (c), and (d); 126C.43,
 21.30 subdivision 2; 126C.457; and 126C.48, subdivision 6. Payment from the permanent
 21.31 school fund shall not be adjusted pursuant to this section. The school district shall be
 21.32 notified of the amount of the adjustment made to each payment pursuant to this section.

21.33 Sec. 32. Minnesota Statutes 2006, section 127A.47, subdivision 7, is amended to read:

22.1 Subd. 7. **Alternative attendance programs.** The general education aid and special
22.2 education aid for districts must be adjusted for each pupil attending a nonresident district
22.3 under sections 123A.05 to 123A.08, 124D.03, 124D.06, 124D.08, and 124D.68. The
22.4 adjustments must be made according to this subdivision.

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

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

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

22.20 (d) For fiscal year 2006, the district of residence must pay tuition to a district or an
22.21 area learning center, operated according to paragraph (f), providing special instruction and
22.22 services to a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in
22.23 section 125A.51, who is enrolled in a program listed in this subdivision. The tuition must
22.24 be equal to (1) the actual cost of providing special instruction and services to the pupil,
22.25 including a proportionate amount for special transportation and unreimbursed building
22.26 lease and debt service costs for facilities used primarily for special education, minus (2)
22.27 if the pupil receives special instruction and services outside the regular classroom for
22.28 more than 60 percent of the school day, the amount of general education revenue and
22.29 referendum aid attributable to that pupil for the portion of time the pupil receives special
22.30 instruction and services outside of the regular classroom, excluding portions attributable to
22.31 district and school administration, district support services, operations and maintenance,
22.32 capital expenditures, and pupil transportation, minus (3) special education aid attributable
22.33 to that pupil, that is received by the district providing special instruction and services. For
22.34 purposes of this paragraph, general education revenue and referendum aid attributable to a
22.35 pupil must be calculated using the serving district's average general education revenue
22.36 and referendum aid per adjusted pupil unit.

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

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

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 33. Minnesota Statutes 2006, section 127A.47, subdivision 8, is amended to read:

Subd. 8. Charter schools. (a) The general education aid for districts must be adjusted for each pupil attending a charter school under section 124D.10. The adjustments must be made according to this subdivision.

24.1 (b) General education aid paid to a district in which a charter school not providing
24.2 transportation according to section 124D.10, subdivision 16, is located must be increased
24.3 by an amount equal to the sum of:

24.4 (1) the product of: (i) the sum of an amount equal to the product of the formula
24.5 allowance according to section 126C.10, subdivision 2, times ~~0.485~~ .0416, plus the
24.6 transportation sparsity allowance for the district; times (ii) the adjusted marginal cost
24.7 pupil units attributable to the pupil; plus

24.8 (2) the product of \$223 ~~and for fiscal year 2007, \$198 for fiscal year 2008, and~~
24.9 \$203 for fiscal year 2009 and later, times the extended time marginal cost pupil units
24.10 attributable to the pupil.

24.11 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2008.

24.12 Sec. 34. Minnesota Statutes 2006, section 127A.49, subdivision 2, is amended to read:

24.13 Subd. 2. **Abatements.** Whenever by virtue of chapter 278, sections 270C.86,
24.14 375.192, or otherwise, the net tax capacity or referendum market value of any district for
24.15 any taxable year is changed after the taxes for that year have been spread by the county
24.16 auditor and the local tax rate as determined by the county auditor based upon the original
24.17 net tax capacity is applied upon the changed net tax capacities, the county auditor shall,
24.18 prior to February 1 of each year, certify to the commissioner of education the amount of
24.19 any resulting net revenue loss that accrued to the district during the preceding year. Each
24.20 year, the commissioner shall pay an abatement adjustment to the district in an amount
24.21 calculated according to the provisions of this subdivision. This amount shall be deducted
24.22 from the amount of the levy authorized by section 126C.46. The amount of the abatement
24.23 adjustment must be the product of:

24.24 (1) the net revenue loss as certified by the county auditor, times

24.25 (2) the ratio of:

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

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

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

24.32 (C) section 124D.135, subdivision 3, if the district received early childhood family
24.33 education aid according to section 124D.135 for the second preceding year; ~~and~~

24.34 (D) section 126C.17, subdivision 6, if the district received referendum equalization
24.35 aid according to that section for the second preceding year;

- 25.1 (E) section 126C.10, subdivision 13a, if the district received operating capital aid
25.2 according to section 126C.10, subdivision 13b, in the second preceding year;
- 25.3 (F) section 126C.10, subdivision 29, if the district received equity aid according to
25.4 section 126C.10, subdivision 30, in the second preceding year;
- 25.5 (G) section 126C.10, subdivision 32, if the district received transition aid according
25.6 to section 126C.10, subdivision 33, in the second preceding year;
- 25.7 (H) section 123B.53, subdivision 5, if the district received debt service equalization
25.8 aid according to section 123B.53, subdivision 6, in the second preceding year;
- 25.9 (I) section 124D.22, subdivision 3, if the district received school-age care aid
25.10 according to section 124D.22, subdivision 4, in the second preceding year;
- 25.11 (J) section 123B.591, subdivision 3, if the district received deferred maintenance aid
25.12 according to section 123B.591, subdivision 4, in the second preceding year; and
- 25.13 (K) section 126C.10, subdivision 35, if the district received alternative teacher
25.14 compensation equalization aid according to section 126C.10, subdivision 36, paragraph
25.15 (a), in the second preceding year; to
- 25.16 (ii) the total amount of the district's certified levy in the third preceding December,
25.17 plus or minus auditor's adjustments.

25.18 Sec. 35. Minnesota Statutes 2006, section 127A.49, subdivision 3, is amended to read:

25.19 Subd. 3. **Excess tax increment.** (a) If a return of excess tax increment is made to a
25.20 district pursuant to sections 469.176, subdivision 2, and 469.177, subdivision 9, or upon
25.21 decertification of a tax increment district, the school district's aid and levy limitations
25.22 must be adjusted for the fiscal year in which the excess tax increment is paid under the
25.23 provisions of this subdivision.

25.24 (b) An amount must be subtracted from the district's aid for the current fiscal year
25.25 equal to the product of:

25.26 (1) the amount of the payment of excess tax increment to the district, times

25.27 (2) the ratio of:

25.28 (i) the sum of the amounts of the district's certified levy for the fiscal year in which
25.29 the excess tax increment is paid according to the following:

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

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

25.34 (C) section 124D.135, subdivision 3, if the district received early childhood family
25.35 education aid according to section 124D.135 for the second preceding year; ~~and~~

26.1 (D) section 126C.17, subdivision 6, if the district received referendum equalization
26.2 aid according to that section for the second preceding year;

26.3 (E) section 126C.10, subdivision 13a, if the district received operating capital aid
26.4 according to section 126C.10, subdivision 13b, in the second preceding year;

26.5 (F) section 126C.10, subdivision 29, if the district received equity aid according to
26.6 section 126C.10, subdivision 30, in the second preceding year;

26.7 (G) section 126C.10, subdivision 32, if the district received transition aid according
26.8 to section 126C.10, subdivision 33, in the second preceding year;

26.9 (H) section 123B.53, subdivision 5, if the district received debt service equalization
26.10 aid according to section 123B.53, subdivision 6, in the second preceding year;

26.11 (I) section 124D.22, subdivision 3, if the district received school-age care aid
26.12 according to section 124D.22, subdivision 4, in the second preceding year;

26.13 (J) section 123B.591, subdivision 3, if the district received deferred maintenance aid
26.14 according to section 123B.591, subdivision 4, in the second preceding year; and

26.15 (K) section 126C.10, subdivision 35, if the district received alternative teacher
26.16 compensation equalization aid according to section 126C.10, subdivision 36, paragraph
26.17 (a), in the second preceding year; to

26.18 (ii) the total amount of the district's certified levy for the fiscal year, plus or minus
26.19 auditor's adjustments.

26.20 (c) An amount must be subtracted from the school district's levy limitation for the
26.21 next levy certified equal to the difference between:

26.22 (1) the amount of the distribution of excess increment; and

26.23 (2) the amount subtracted from aid pursuant to clause (a).

26.24 If the aid and levy reductions required by this subdivision cannot be made to the aid
26.25 for the fiscal year specified or to the levy specified, the reductions must be made from
26.26 aid for subsequent fiscal years, and from subsequent levies. The school district must use
26.27 the payment of excess tax increment to replace the aid and levy revenue reduced under
26.28 this subdivision.

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

26.31 Sec. 36. Minnesota Statutes 2006, section 272.029, is amended by adding a subdivision
26.32 to read:

26.33 Subd. 6a. **Report to commissioner of education.** The county auditor, on the first
26.34 Wednesday after such settlement, shall report to the commissioner the amount distributed
26.35 to each school district under subdivision 6.

27.1 **EFFECTIVE DATE.** This section is effective July 1, 2008, for settlements made
27.2 during fiscal year 2009.

27.3 Sec. 37. Laws 2005, First Special Session chapter 5, article 1, section 50, subdivision
27.4 2, is amended to read:

27.5 Subd. 2. **Application process.** Independent School Districts Nos. 11,
27.6 Anoka-Hennepin; 279, Osseo; 281, Robbinsdale; 286, Brooklyn Center; 535, Rochester;
27.7 and 833, South Washington may submit an application to the commissioner of education
27.8 ~~by August 15, 2005~~, for a plan to allocate compensatory revenue to school sites based
27.9 on student performance. The application must include a written resolution approved by
27.10 the school board that: (1) identifies the test results that will be used to assess student
27.11 performance; (2) describes the method for distribution of compensatory revenue to the
27.12 school sites; and (3) summarizes the evaluation procedure the district will use to determine
27.13 if the redistribution of compensatory revenue improves overall student performance. The
27.14 application must be submitted in the form and manner specified by the commissioner. The
27.15 commissioner must notify the selected school districts ~~by September 1, 2005~~ within 90
27.16 days of receipt of their application.

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

27.18 Sec. 38. Laws 2006, chapter 282, article 3, section 4, subdivision 2, is amended to read:

27.19 Subd. 2. **Onetime energy assistance aid.** For onetime energy assistance aid under
27.20 section 3:

27.21			<u>2007</u>
27.22	\$ 3,495,000	.....	<u>2006</u>

27.23 **EFFECTIVE DATE.** This section is effective the day following final enactment
27.24 and applies retroactively to fiscal year 2006.

27.25 Sec. 39. **SCHOOL FINANCE REFORM; TASK FORCE ESTABLISHED.**

27.26 Subdivision 1. Task force established. A School Finance Reform Task Force
27.27 is established.

27.28 Subd. 2. Task force goals. The goals of the School Finance Reform Task Force
27.29 include:

27.30 (1) creating a standard and index to ensure that the formula remains adequate over
27.31 time;

27.32 (2) simplifying the remaining school formulas;

28.1 (3) analyzing categorical funding formulas, including but not limited to pupil
28.2 transportation, compensatory revenue, and limited English proficiency revenue;
28.3 (4) establishing a schedule for implementation of the other new formulas; and
28.4 (5) examining the role of the regional delivery structure including the functions
28.5 performed by intermediate school districts, service cooperatives, education districts, and
28.6 other cooperative organizations.

28.7 Subd. 3. **Task force members.** The task force consists of nine members.
28.8 Membership includes the commissioner of education, four members appointed according
28.9 to the rules of the senate by the Senate Committee on Rules and Administration
28.10 Subcommittee on Committees, and four members appointed by the speaker of the house.

28.11 Subd. 4. **Task force recommendations.** The task force must submit a report to the
28.12 education committees of the legislature by January 15, 2008, describing the formula
28.13 recommendations according to the goals it has established.

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

28.15 Sec. 40. **CHARTER SCHOOL PUPIL TRANSPORTATION.**

28.16 The commissioner of education shall undertake a study and make recommendations
28.17 to the legislature on the organization, delivery, and financing of transportation services for
28.18 students attending public charter schools. The study must be undertaken with affected
28.19 stakeholders including school districts, charter schools, parents of charter school students,
28.20 pupil transportation providers and others with expertise in arranging and financing pupil
28.21 transportation services. The study must be completed and reported to the house and senate
28.22 Education Policy and Finance Committees no later than December 31, 2007.

28.23 Sec. 41. **APPROPRIATIONS.**

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

28.27 Subd. 2. **General education aid.** For general education aid under Minnesota
28.28 Statutes, section 126C.13, subdivision 4:

28.29 \$ 5,654,187,000 2008

28.30 \$ 5,977,201,000 2009

28.31 The 2008 appropriation includes \$531,733,000 for 2007 and \$5,122,454,000 for
28.32 2008.

29.1 The 2009 appropriation includes \$550,550,000 for 2008 and \$5,426,651,000 for
29.2 2009.

29.3 Subd. 3. **Referendum tax base replacement aid.** For referendum tax base
29.4 replacement aid under Minnesota Statutes, section 126C.17, subdivision 7a:

29.5 \$ 870,000 2008

29.6 The 2008 appropriation includes \$870,000 for 2007 and \$0 for 2008.

29.7 Subd. 4. **Enrollment options transportation.** For transportation of pupils attending
29.8 postsecondary institutions under Minnesota Statutes, section 124D.09, or for transportation
29.9 of pupils attending nonresident districts under Minnesota Statutes, section 124D.03:

29.10 \$ 95,000 2008

29.11 \$ 97,000 2009

29.12 Subd. 5. **Abatement revenue.** For abatement aid under Minnesota Statutes, section
29.13 127A.49:

29.14 \$ 1,343,000 2008

29.15 \$ 1,347,000 2009

29.16 The 2008 appropriation includes \$76,000 for 2007 and \$1,267,000 for 2008.

29.17 The 2009 appropriation includes \$140,000 for 2008 and \$1,207,000 for 2009.

29.18 Subd. 6. **Consolidation transition.** For districts consolidating under Minnesota
29.19 Statutes, section 123A.485:

29.20 \$ 565,000 2008

29.21 \$ 212,000 2009

29.22 The 2008 appropriation includes \$43,000 for 2007 and \$522,000 for 2008.

29.23 The 2009 appropriation includes \$57,000 for 2008 and \$155,000 for 2009.

29.24 Subd. 7. **Nonpublic pupil education aid.** For nonpublic pupil education aid under
29.25 Minnesota Statutes, sections 123B.87 and 123B.40 to 123B.43:

29.26 \$ 16,349,000 2008

29.27 \$ 16,803,000 2009

29.28 The 2008 appropriation includes \$1,606,000 for 2007 and \$14,743,000 for 2008.

29.29 The 2009 appropriation includes \$1,638,000 for 2008 and \$15,165,000 for 2009.

29.30 Subd. 8. **Nonpublic pupil transportation.** For nonpublic pupil transportation aid
29.31 under Minnesota Statutes, section 123B.92, subdivision 9:

30.1 \$ 21,747,000 2008

30.2 \$ 21,993,000 2009

30.3 The 2008 appropriation includes \$2,124,000 for 2007 and \$19,623,000 for 2008.

30.4 The 2009 appropriation includes \$2,180,000 for 2008 and \$19,813,000 for 2009.

30.5 Subd. 9. **One-room schoolhouse.** For a grant to Independent School District No.
30.6 690, Warroad, to operate the Angle Inlet School:

30.7 \$ 50,000 2008

30.8 \$ 50,000 2009

30.9 Subd. 10. **Declining pupil aid; Browns Valley.** For declining pupil aid for
30.10 Independent School District No. 801, Browns Valley, due to the March 2007 flood:

30.11 \$ 120,000 2008

30.12 \$ 100,000 2009

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

30.14 Subd. 11. **Declining pupil aid McGregor.** For declining pupil aid for Independent
30.15 School District No. 4, McGregor:

30.16 \$ 100,000 2008

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

30.18 Subd. 12. **Compensatory revenue pilot project.** For grants for participation in the
30.19 compensatory revenue pilot program under Laws 2005, First Special Session chapter 5,
30.20 article 1, section 50:

30.21 \$ 2,175,000 2008

30.22 \$ 2,175,000 2009

30.23 Of this amount, \$1,500,000 in each year is for a grant to Independent School District
30.24 No. 11, Anoka-Hennepin; \$210,000 in each year is for a grant to Independent School
30.25 District No. 279, Osseo; \$160,000 in each year is for a grant to Independent School
30.26 District No. 281, Robbinsdale; \$75,000 in each year is for a grant to Independent School
30.27 District No. 286, Brooklyn Center; \$165,000 in each year is for a grant to Independent
30.28 School District No. 535, Rochester; and \$65,000 in each year is for a grant to Independent
30.29 School District No. 833, South Washington.

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

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

32.1 (Signature of parent or guardian)

32.2 (Date)"

32.3 (c) For purposes of this section, "significant individual" means one additional
32.4 adult designated by a child's parent or guardian to attend school-related activities and
32.5 conferences. The significant individual must reside with the child and participate actively
32.6 in the child's care and upbringing.

32.7 Sec. 2. Minnesota Statutes 2006, section 119A.50, is amended by adding a subdivision
32.8 to read:

32.9 Subd. 3. **Early childhood literacy programs.** (a) A research-based early childhood
32.10 literacy program premised on actively involved parents, ongoing professional staff
32.11 development, and high quality early literacy program standards is established to increase
32.12 the literacy skills of children participating in Head Start to prepare them to be successful
32.13 readers and to increase families' participation in providing early literacy experiences to
32.14 their children. Program providers must:

32.15 (1) work to prepare children to be successful learners;

32.16 (2) work to close the achievement gap for at-risk children;

32.17 (3) use an integrated approach to early literacy that daily offers a literacy-rich
32.18 classroom learning environment composed of books, writing materials, writing centers,
32.19 labels, rhyming, and other related literacy materials and opportunities;

32.20 (4) support children's home language while helping the children master English and
32.21 use multiple literacy strategies to provide a cultural bridge between home and school;

32.22 (5) use literacy mentors, ongoing literacy groups, and other teachers and staff to
32.23 provide appropriate, extensive professional development opportunities in early literacy
32.24 and classroom strategies for preschool teachers and other preschool staff;

32.25 (6) use ongoing data-based assessments that enable preschool teachers to understand,
32.26 plan, and implement literacy strategies, activities, and curriculum that meet children's
32.27 literacy needs and continuously improve children's literacy; and

32.28 (7) foster participation by parents, community stakeholders, literacy advisors, and
32.29 evaluation specialists.

32.30 Program providers are encouraged to collaborate with qualified, community-based
32.31 early childhood providers in implementing this program and to seek nonstate funds to
32.32 supplement the program.

32.33 (b) Program providers under paragraph (a) interested in extending literacy programs
32.34 to children in kindergarten through grade 3 may elect to form a partnership with an
32.35 eligible organization under section 124D.38, subdivision 2, or 124D.42, subdivision 6,

33.1 clause (3), schools enrolling children in kindergarten through grade 3, and other interested
 33.2 and qualified community-based entities to provide ongoing literacy programs that offer
 33.3 seamless literacy instruction focused on closing the literacy achievement gap. To close the
 33.4 literacy achievement gap by the end of third grade, partnership members must agree to use
 33.5 best efforts and practices and to work collaboratively to implement a seamless literacy
 33.6 model from age three to grade 3, consistent with paragraph (a). Literacy programs under
 33.7 this paragraph must collect and use literacy data to:

33.8 (1) evaluate children's literacy skills; and
 33.9 (2) formulate specific intervention strategies to provide reading instruction to
 33.10 children premised on the outcomes of formative and summative assessments and
 33.11 research-based indicators of literacy development.

33.12 The literacy programs under this paragraph also must train teachers and other
 33.13 providers working with children to use the assessment outcomes under clause (2) to
 33.14 develop and use effective, long-term literacy coaching models that are specific to the
 33.15 program providers.

33.16 (c) The commissioner must collect and evaluate literacy data on children from age
 33.17 three to grade 3 who participate in literacy programs under this section to determine the
 33.18 efficacy of early literacy programs on children's success in developing the literacy skills
 33.19 that they need for long-term academic success and the programs' success in closing the
 33.20 literacy achievement gap. Annually by February 1, the commissioner must report to
 33.21 the education policy and finance committees of the legislature on the ongoing impact
 33.22 of these programs.

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

33.24 Sec. 3. Minnesota Statutes 2006, section 120A.22, subdivision 7, is amended to read:

33.25 Subd. 7. **Education records.** (a) A district, a charter school, or a nonpublic school
 33.26 that receives services or aid under sections 123B.40 to 123B.48 from which a student is
 33.27 transferring must transmit the student's educational records, within ten business days of a
 33.28 request, to the district, the charter school, or the nonpublic school in which the student is
 33.29 enrolling. Districts, charter schools, and nonpublic schools that receive services or aid
 33.30 under sections 123B.40 to 123B.48 must make reasonable efforts to determine the district,
 33.31 the charter school, or the nonpublic school in which a transferring student is next enrolling
 33.32 in order to comply with this subdivision.

33.33 (b) A closed charter school must transfer the student's educational records, within
 33.34 ten business days of the school's closure, to the student's school district of residence

34.1 where the records must be retained unless the records are otherwise transferred under
34.2 this subdivision.

34.3 (c) A school district, a charter school, or a nonpublic school that receives services
34.4 or aid under sections 123B.40 to 123B.48 that transmits a student's educational records
34.5 to another school district or other educational entity, charter school, or nonpublic school
34.6 to which the student is transferring must include in the transmitted records information
34.7 about any formal suspension, expulsion, and exclusion disciplinary action taken as a
34.8 result of any incident in which the student possessed or used a dangerous weapon under
34.9 sections 121A.40 to 121A.56. The district, the charter school, or the nonpublic school
34.10 that receives services or aid under sections 123B.40 to 123B.48 must provide notice to
34.11 a student and the student's parent or guardian that formal disciplinary records will be
34.12 transferred as part of the student's educational record, in accordance with data practices
34.13 under chapter 13 and the Family Educational Rights and Privacy Act of 1974, United
34.14 States Code, title 20, section 1232(g).

34.15 ~~(c)~~ (d) Notwithstanding section 138.17, a principal or chief administrative officer
34.16 must remove from a student's educational record and destroy a probable cause notice
34.17 received under section 260B.171, subdivision 5, or paragraph (d), if one year has elapsed
34.18 since the date of the notice and the principal or chief administrative officer has not
34.19 received a disposition or court order related to the offense described in the notice. This
34.20 paragraph does not apply if the student no longer attends the school when this one-year
34.21 period expires.

34.22 ~~(d)~~ (e) A principal or chief administrative officer who receives a probable cause
34.23 notice under section 260B.171, subdivision 5, or a disposition or court order, must include
34.24 a copy of that data in the student's educational records if they are transmitted to another
34.25 school, unless the data are required to be destroyed under paragraph (c) or section 121A.75.

34.26 Sec. 4. Minnesota Statutes 2006, section 120B.021, subdivision 1, is amended to read:

34.27 Subdivision 1. **Required academic standards.** The following subject areas are
34.28 required for statewide accountability:

34.29 (1) language arts;

34.30 (2) mathematics;

34.31 (3) science;

34.32 (4) social studies, including history, geography, economics, and government and
34.33 citizenship;

34.34 (5) health and physical education, for which locally developed health academic
34.35 standards apply; and

35.1 (6) the arts, for which statewide or locally developed academic standards apply, as
35.2 determined by the school district. Public elementary and middle schools must offer at least
35.3 three and require at least two of the following four arts areas: dance; music; theater; and
35.4 visual arts. Public high schools must offer at least three and require at least one of the
35.5 following five arts areas: media arts; dance; music; theater; and visual arts.

35.6 To satisfy state graduation requirements under section 120B.024, paragraph (a),
35.7 clause (6), the physical education standards under clause (5) must be consistent with either
35.8 the (i) six physical education standards developed by the department's quality teaching
35.9 network or the (ii) six National Physical Education Standards developed by the National
35.10 Association for Sport and Physical Education. To satisfy federal reporting requirements
35.11 for continued funding under Title VII of the Physical Education for Progress Act, a school
35.12 district, if applicable, must notify the department by March 15, in the form and manner
35.13 the department prescribes, of its intent to comply with the National Physical Education
35.14 Standards in the next school year.

35.15 The commissioner must submit proposed standards in science and social studies to
35.16 the legislature by February 1, 2004.

35.17 For purposes of applicable federal law, the academic standards for language arts,
35.18 mathematics, and science apply to all public school students, except the very few students
35.19 with extreme cognitive or physical impairments for whom an individualized education
35.20 plan team has determined that the required academic standards are inappropriate.

35.21 An individualized education plan team that makes this determination must establish
35.22 alternative standards.

35.23 A school district, no later than the 2007-2008 school year, must adopt graduation
35.24 requirements that meet or exceed state graduation requirements established in law or
35.25 rule. A school district that incorporates these state graduation requirements before the
35.26 2007-2008 school year must provide students who enter the 9th grade in or before
35.27 the 2003-2004 school year the opportunity to earn a diploma based on existing locally
35.28 established graduation requirements in effect when the students entered the 9th grade.
35.29 District efforts to develop, implement, or improve instruction or curriculum as a result
35.30 of the provisions of this section must be consistent with sections 120B.10, 120B.11,
35.31 and 120B.20.

35.32 The commissioner must include the contributions of Minnesota American Indian
35.33 tribes and communities as they relate to each of the academic standards during the review
35.34 and revision of the required academic standards.

36.1 **EFFECTIVE DATE.** This section is effective the day following final enactment,
36.2 except that clause (5) applies to students entering the ninth grade in the 2008-2009 school
36.3 year and later.

36.4 Sec. 5. Minnesota Statutes 2006, section 120B.023, subdivision 2, is amended to read:

36.5 Subd. 2. **Revisions and reviews required.** (a) The commissioner of education must
36.6 revise and appropriately embed technology and information literacy standards consistent
36.7 with recommendations from school media specialists into the state's academic standards
36.8 and graduation requirements and implement a review cycle for state academic standards
36.9 and related benchmarks, consistent with this subdivision. During each review cycle, the
36.10 commissioner also must examine the alignment of each required academic standard and
36.11 related benchmark with the knowledge and skills students need for college readiness and
36.12 advanced work in the particular subject area.

36.13 (b) The commissioner in the 2006-2007 school year must revise and align the state's
36.14 academic standards and high school graduation requirements in mathematics to require
36.15 that students satisfactorily complete the revised mathematics standards, beginning in the
36.16 2010-2011 school year. Under the revised standards:

36.17 (1) students must satisfactorily complete an algebra I credit by the end of eighth
36.18 grade; and

36.19 (2) students scheduled to graduate in the 2014-2015 school year or later must
36.20 satisfactorily complete an algebra II credit or its equivalent.

36.21 The commissioner also must ensure that the statewide mathematics assessments
36.22 administered to students in grades 3 through 8 and 11 beginning in the 2010-2011
36.23 school year are aligned with the state academic standards in mathematics. The statewide
36.24 11th grade mathematics test administered to students under clause (2) beginning in
36.25 the 2013-2014 school year must include algebra II test items that are aligned with
36.26 corresponding state academic standards in mathematics. The office of educational
36.27 accountability under section 120B.31, subdivision 3, in collaboration with the Minnesota
36.28 State Colleges and Universities, must determine and the commissioner must set a passing
36.29 score for the statewide 11th grade mathematics test that represents readiness for college so
36.30 that a student who achieves a passing score on this test, upon graduation, is immediately
36.31 ready to take college courses for college credit in a two-year or a four-year institution,
36.32 consistent with section 135A.104. The commissioner must implement a review of the
36.33 academic standards and related benchmarks in mathematics beginning in the 2015-2016
36.34 school year.

37.1 (c) The commissioner in the 2007-2008 school year must revise and align the state's
37.2 academic standards and high school graduation requirements in the arts to require that
37.3 students satisfactorily complete the revised arts standards beginning in the 2010-2011
37.4 school year. The commissioner must implement a review of the academic standards and
37.5 related benchmarks in arts beginning in the 2016-2017 school year.

37.6 (d) The commissioner in the 2008-2009 school year must revise and align the state's
37.7 academic standards and high school graduation requirements in science to require that
37.8 students satisfactorily complete the revised science standards, beginning in the 2011-2012
37.9 school year. Under the revised standards, students scheduled to graduate in the 2014-2015
37.10 school year or later must satisfactorily complete a chemistry or physics credit. The
37.11 commissioner must implement a review of the academic standards and related benchmarks
37.12 in science beginning in the 2017-2018 school year.

37.13 (e) The commissioner in the 2009-2010 school year must revise and align the state's
37.14 academic standards and high school graduation requirements in language arts to require
37.15 that students satisfactorily complete the revised language arts standards beginning in the
37.16 2012-2013 school year. The office of educational accountability under section 120B.31,
37.17 subdivision 3, in collaboration with the Minnesota State Colleges and Universities, must
37.18 determine and the commissioner must set a passing score for the statewide tenth grade
37.19 reading and language arts test that represents readiness for college so that a student who
37.20 achieves a passing score on this test, upon graduation, is immediately ready to take college
37.21 courses for college credit in a two-year or a four-year institution, consistent with section
37.22 135A.104. The commissioner must implement a review of the academic standards and
37.23 related benchmarks in language arts beginning in the 2018-2019 school year.

37.24 (f) The commissioner in the 2010-2011 school year must revise and align the state's
37.25 academic standards and high school graduation requirements in social studies to require
37.26 that students satisfactorily complete the revised social studies standards beginning in the
37.27 2013-2014 school year. The commissioner must implement a review of the academic
37.28 standards and related benchmarks in social studies beginning in the 2019-2020 school year.

37.29 (g) The commissioner in the 2011-2012 school year must revise and align the state's
37.30 standards and high school graduation requirements in physical education, consistent with
37.31 the requirements governing sections 120B.021, subdivision 1, clause (5), and 120B.024,
37.32 paragraph (a), clause (6), to require students to satisfactorily complete the revised physical
37.33 education standards beginning in the 2014-2015 school year. The commissioner must
37.34 implement a review of the standards and related benchmarks in physical education
37.35 beginning in the 2020-2021 school year.

38.1 ~~(g)~~ (h) School districts and charter schools must revise and align local academic
38.2 standards and high school graduation requirements in health, ~~physical education~~, world
38.3 languages, and career and technical education to require students to complete the revised
38.4 standards beginning in a school year determined by the school district or charter school.
38.5 School districts and charter schools must formally establish a periodic review cycle for
38.6 the academic standards and related benchmarks in health, ~~physical education~~, world
38.7 languages, and career and technical education.

38.8 **EFFECTIVE DATE.** This section is effective the day following final enactment
38.9 and applies to students entering the ninth grade in the 2008-2009 school year and later.

38.10 Sec. 6. Minnesota Statutes 2006, section 120B.024, is amended to read:

38.11 **120B.024 GRADUATION REQUIREMENTS; COURSE CREDITS.**

38.12 (a) Students beginning 9th grade in the 2004-2005 school year and later must
38.13 successfully complete the following high school level course credits for graduation:

38.14 (1) four credits of language arts;

38.15 (2) three credits of mathematics, encompassing at least algebra, geometry, statistics,
38.16 and probability sufficient to satisfy the academic standard;

38.17 (3) three credits of science, including at least one credit in biology;

38.18 (4) three and one-half credits of social studies, encompassing at least United
38.19 States history, geography, government and citizenship, world history, and economics or
38.20 three credits of social studies encompassing at least United States history, geography,
38.21 government and citizenship, and world history, and one-half credit of economics taught in
38.22 a school's social studies, agriculture education, or business department;

38.23 (5) one credit in the arts; ~~and~~

38.24 (6) one-half credit in physical education; and

38.25 (7) a minimum of ~~seven~~ six elective course credits.

38.26 A course credit is equivalent to a student successfully completing an academic
38.27 year of study or a student mastering the applicable subject matter, as determined by the
38.28 local school district.

38.29 (b) An agriculture science course may fulfill a science credit requirement in addition
38.30 to the specified science credits in biology and chemistry or physics under paragraph (a),
38.31 clause (3).

38.32 (c) The commissioner, in collaboration with the Minnesota State Colleges and
38.33 Universities, must develop and implement a statewide plan to communicate with all
38.34 Minnesota high school students no later than the beginning of 9th grade the state's

39.1 expectations for college readiness, consistent with section 120B.023, subdivision 2,
39.2 paragraphs (b) and (e), and section 135A.104.

39.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.
39.4 Paragraph (a) applies to students entering the ninth grade in the 2008-2009 school year
39.5 and later.

39.6 Sec. 7. Minnesota Statutes 2006, section 120B.11, subdivision 5, is amended to read:

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

39.10 (1) student achievement goals for meeting state academic standards;

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

39.12 (3) description of student achievement in subject areas under section 120B.021,
39.13 subdivision 1, for which locally developed academic standards apply and statewide
39.14 assessments are not developed;

39.15 ~~(3)~~ (4) the annual school district improvement plans including staff development
39.16 goals under section 122A.60;

39.17 ~~(4)~~ (5) information about district and learning site progress in realizing previously
39.18 adopted improvement plans; and

39.19 ~~(5)~~ (6) the amount and type of revenue attributed to each education site as defined
39.20 in section 123B.04.

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

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

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

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

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

40.1 Sec. 8. Minnesota Statutes 2006, section 120B.132, is amended to read:

40.2 **120B.132 RAISED ACADEMIC ACHIEVEMENT; ADVANCED**
40.3 **PLACEMENT AND INTERNATIONAL BACCALAUREATE PROGRAMS.**

40.4 Subdivision 1. **Establishment; eligibility.** A program is established to raise
40.5 kindergarten through grade 12 academic achievement through increased student
40.6 participation in preadvanced placement ~~and~~, advanced placement, and international
40.7 baccalaureate programs, consistent with section 120B.13. Schools and charter schools
40.8 eligible to participate under this section:

40.9 (1) must have a three-year plan approved by the local school board to establish a new
40.10 international baccalaureate program leading to international baccalaureate authorization,
40.11 expand an existing program that leads to international baccalaureate authorization, or
40.12 expand an existing authorized international baccalaureate program; or

40.13 (2) must have a three-year plan approved by the local school board to create a new or
40.14 expand an existing program to implement the college board advanced placement courses
40.15 and exams or preadvanced placement ~~courses~~ initiative; and

40.16 ~~(2)~~ (3) must propose to further raise students' academic achievement by:

40.17 (i) increasing the availability of and all students' access to advanced placement or
40.18 international baccalaureate courses or programs;

40.19 (ii) expanding the breadth of advanced placement or international baccalaureate
40.20 courses or programs that are available to students;

40.21 (iii) increasing the number and the diversity of the students who participate in
40.22 advanced placement or international baccalaureate courses or programs and succeed;

40.23 (iv) providing low-income and other disadvantaged students with increased access
40.24 to advanced placement or international baccalaureate courses and programs; or

40.25 (v) increasing the number of high school students, including low-income and other
40.26 disadvantaged students, who receive college credit by successfully completing advanced
40.27 placement or international baccalaureate courses or programs and achieving satisfactory
40.28 scores on related exams.

40.29 Subd. 2. **Application and review process; funding priority.** (a) Charter schools
40.30 and school districts in which eligible schools under subdivision 1 are located may
40.31 apply to the commissioner, in the form and manner the commissioner determines, for
40.32 competitive funding to further raise students' academic achievement. The application must
40.33 detail the specific efforts the applicant intends to undertake in further raising students'
40.34 academic achievement, consistent with subdivision 1, and a proposed budget detailing
40.35 the district or charter school's current and proposed expenditures for advanced placement
40.36 ~~or~~, preadvanced placement, and international baccalaureate courses and programs. The

41.1 proposed budget must demonstrate that the applicant's efforts will ~~supplement but not~~
41.2 ~~supplant any expenditures for advanced placement and preadvanced placement courses and~~
41.3 ~~programs the applicant currently makes available to students~~ support implementation of
41.4 advanced placement, preadvanced placement, and international baccalaureate courses and
41.5 programs. Expenditures for administration must not exceed five percent of the proposed
41.6 budget. The commissioner may require an applicant to provide additional information.

41.7 (b) When reviewing applications, the commissioner must determine whether
41.8 the applicant satisfied all the requirements in this subdivision and subdivision 1.

41.9 The commissioner may give funding priority to an otherwise qualified applicant that
41.10 demonstrates:

41.11 (1) a focus on developing or expanding preadvanced placement, advanced
41.12 placement, or international baccalaureate courses ~~and~~ or programs or increasing students'
41.13 participation in, access to, or success with the courses or programs, including the
41.14 participation, access, or success of low-income and other disadvantaged students;

41.15 (2) a compelling need for access to preadvanced placement, advanced placement, or
41.16 international baccalaureate courses or programs;

41.17 (3) an effective ability to actively involve local business and community
41.18 organizations in student activities that are integral to preadvanced placement, advanced
41.19 placement, or international baccalaureate courses ~~and~~ or programs;

41.20 (4) access to additional public or nonpublic funds or in-kind contributions that are
41.21 available for preadvanced placement, advanced placement, or international baccalaureate
41.22 courses or programs; or

41.23 (5) an intent to implement activities that target low-income and other disadvantaged
41.24 students.

41.25 Subd. 3. **Funding; permissible funding uses.** (a) The commissioner shall award
41.26 grants to applicant school districts and charter schools that meet the requirements of
41.27 subdivisions 1 and 2. The commissioner must award grants on an equitable geographical
41.28 basis to the extent feasible and consistent with this section. Grant awards must not exceed
41.29 the lesser of:

41.30 (1) \$85 times the number of pupils enrolled at the participating sites on October
41.31 1 of the previous fiscal year; or

41.32 (2) the approved supplemental expenditures based on the budget submitted under
41.33 subdivision 2. For charter schools in their first year of operation, the maximum ~~grant~~
41.34 funding award must be calculated using the number of pupils enrolled on October 1 of
41.35 the current fiscal year. The commissioner may adjust the maximum ~~grant~~ funding award
41.36 computed using prior year data for changes in enrollment attributable to school closings,

42.1 school openings, grade level reconfigurations, or school district reorganizations between
42.2 the prior fiscal year and the current fiscal year.

42.3 (b) School districts and charter schools that submit an application and receive
42.4 funding under this section must use the funding, consistent with the application, to:

42.5 (1) provide teacher training and instruction to more effectively serve students,
42.6 including low-income and other disadvantaged students, who participate in preadvanced
42.7 ~~and placement,~~ advanced placement, or international baccalaureate courses or programs;

42.8 (2) further develop preadvanced placement, advanced placement, or international
42.9 baccalaureate courses or programs;

42.10 (3) improve the transition between grade levels to better prepare students, including
42.11 low-income and other disadvantaged students, for succeeding in preadvanced placement,
42.12 advanced placement, or international baccalaureate courses or programs;

42.13 (4) purchase books and supplies;

42.14 (5) pay course or program fees;

42.15 (6) increase students' participation in and success with preadvanced placement,
42.16 advanced placement, or international baccalaureate courses or programs;

42.17 (7) expand students' access to preadvanced placement ~~or,~~ advanced placement, or
42.18 international baccalaureate courses or programs through online learning;

42.19 (8) hire appropriately licensed personnel to teach additional advanced placement
42.20 or international baccalaureate courses or programs; or

42.21 (9) engage in other activity directly related to expanding students' access to,
42.22 participation in, and success with preadvanced placement ~~or,~~ advanced placement, or
42.23 international baccalaureate courses ~~and~~ or programs, including low-income and other
42.24 disadvantaged students.

42.25 Subd. 4. **Annual reports.** (a) Each school district and charter school that receives
42.26 a grant under this section annually must collect demographic and other student data to
42.27 demonstrate and measure the extent to which the district or charter school raised students'
42.28 academic achievement under this program and must report the data to the commissioner
42.29 in the form and manner the commissioner determines. The commissioner annually by
42.30 February 15 must make summary data about this program available to the education
42.31 policy and finance committees of the legislature.

42.32 (b) Each school district and charter school that receives a grant under this section
42.33 annually must report to the commissioner, consistent with the Uniform Financial
42.34 Accounting and Reporting Standards, its actual expenditures for advanced placement ~~and,~~
42.35 preadvanced placement, and international baccalaureate courses and programs. The report
42.36 must demonstrate that the school district or charter school has maintained its effort from

43.1 other sources for advanced placement ~~and~~ preadvanced placement, and international
43.2 baccalaureate courses and programs compared with the previous fiscal year, and the
43.3 district or charter school has expended all grant funds, consistent with its approved budget.

43.4 **EFFECTIVE DATE.** This section is effective the day following final enactment
43.5 and applies to the 2007-2008 school year and later.

43.6 Sec. 9. Minnesota Statutes 2006, section 120B.15, is amended to read:

43.7 **120B.15 GIFTED AND TALENTED STUDENTS PROGRAMS.**

43.8 (a) School districts may identify students, locally develop programs, provide
43.9 staff development, and evaluate programs to provide gifted and talented students with
43.10 challenging educational programs.

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

43.13 (1) multiple and objective criteria; and

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

43.16 (c) School districts must adopt policies and procedures for the academic acceleration
43.17 of gifted and talented students. These policies and procedures must include how the
43.18 district will:

43.19 (1) assess a student's readiness and motivation for acceleration; and

43.20 (2) match the level, complexity, and pace of the curriculum to a student to achieve
43.21 the best type of academic acceleration for that student.

43.22 Sec. 10. Minnesota Statutes 2006, section 120B.30, is amended to read:

43.23 **120B.30 STATEWIDE TESTING AND REPORTING SYSTEM.**

43.24 Subdivision 1. **Statewide testing.** (a) The commissioner, with advice from experts
43.25 with appropriate technical qualifications and experience and stakeholders, consistent with
43.26 subdivision 1a, shall include in the comprehensive assessment system, for each grade
43.27 level to be tested, state-constructed tests developed from and aligned with the state's
43.28 required academic standards under section 120B.021 and administered annually to all
43.29 students in grades 3 through 8 and at the high school level. A state-developed test in a
43.30 subject other than writing, developed after the 2002-2003 school year, must include both
43.31 machine-scoreable and constructed response questions. The commissioner shall establish
43.32 one or more months during which schools shall administer the tests to students each
43.33 school year. For students enrolled in grade 8 before the 2005-2006 school year, only

44.1 Minnesota basic skills tests in reading, mathematics, and writing shall fulfill students'
44.2 basic skills testing requirements for a passing state notation. The passing scores of ~~the~~
44.3 ~~state basic skills~~ tests in reading and mathematics are the equivalent of:

44.4 ~~(1) 70 percent correct for students entering grade 9 in 1996; and~~

44.5 ~~(2) 75 percent correct for students entering grade 9 in 1997 and thereafter, as based~~
44.6 on the first uniform test administration of February 1998.

44.7 (b) For students enrolled in grade 8 in the 2005-2006 school year and later, only
44.8 the Minnesota Comprehensive Assessments Second Edition (MCA-II) in reading;
44.9 mathematics, and writing following options shall fulfill students' academic standard state
44.10 graduation test requirements:

44.11 (1) for reading and mathematics:

44.12 (i) obtaining an achievement level equivalent to or greater than proficient as
44.13 determined through a standard setting process on the Minnesota comprehensive
44.14 assessments in grade 10 for reading and grade 11 for mathematics or achieving a passing
44.15 score as determined through a standard setting process on the graduation-required
44.16 assessment for diploma in grade 10 for reading and grade 11 for mathematics or
44.17 subsequent retests;

44.18 (ii) achieving a passing score as determined through a standard setting process on the
44.19 state-identified language proficiency test in reading and the mathematics test for English
44.20 language learners or the graduation-required assessment for diploma equivalent of those
44.21 assessments for students designated as English language learners;

44.22 (iii) achieving an individual passing score on the graduation-required assessment
44.23 for diploma as determined by appropriate state guidelines for students with an individual
44.24 education plan or 504 plan;

44.25 (iv) obtaining achievement level equivalent to or greater than proficient as
44.26 determined through a standard setting process on the state-identified alternate assessment
44.27 or assessments in grade 10 for reading and grade 11 for mathematics for students with
44.28 an individual education plan; or

44.29 (v) achieving an individual passing score on the state-identified alternate assessment
44.30 or assessments as determined by appropriate state guidelines for students with an
44.31 individual education plan; and

44.32 (2) for writing:

44.33 (i) achieving a passing score on the graduation-required assessment for diploma;

44.34 (ii) achieving a passing score as determined through a standard setting process on
44.35 the state-identified language proficiency test in writing for students designated as English
44.36 language learners;

45.1 (iii) achieving an individual passing score on the graduation-required assessment
45.2 for diploma as determined by appropriate state guidelines for students with an individual
45.3 education plan or 504 plan; or

45.4 (iv) achieving an individual passing score on the state-identified alternate assessment
45.5 or assessments as determined by appropriate state guidelines for students with an
45.6 individual education plan.

45.7 ~~(b)~~ (c) The ~~third~~ 3rd through 8th grade and high school level test results shall
45.8 be available to districts for diagnostic purposes affecting student learning and district
45.9 instruction and curriculum, and for establishing educational accountability. The
45.10 commissioner must disseminate to the public the test results upon receiving those results.

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

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

45.18 (1) uniform statewide testing of all students in grades 3 through 8 and at the high
45.19 school level that provides appropriate, technically sound accommodations, alternate
45.20 assessments, or exemptions consistent with applicable federal law, only with parent or
45.21 guardian approval, for those very few students for whom the student's individual education
45.22 plan team under sections 125A.05 and 125A.06; determines that the general statewide
45.23 test is inappropriate for a student is incapable of taking a statewide test, or for a limited
45.24 English proficiency student under section 124D.59, subdivision 2, ~~if the student has been~~
45.25 ~~in the United States for fewer than three years;~~

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

45.29 (3) ~~students' scores~~ state results on the American College Test; and

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

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

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

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

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

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

(c) Reporting of assessment results must:

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

(2) include, by ~~the 2006-2007~~ no later than the 2008-2009 school year, a value-added component ~~to that is in addition to a measure for~~ student achievement growth over time; and

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

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

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

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

47.1 final grade in a course, or place a student's assessment score on the student's transcript
47.2 except as required under paragraph (f).

47.3 (f) A school district or charter school must place a student's assessment score for
47.4 9th grade writing, 10th grade language arts, and 11th grade mathematics on the student's
47.5 transcript.

47.6 Subd. 2. **Department of Education assistance.** The Department of Education
47.7 shall contract for professional and technical services according to competitive bidding
47.8 procedures under chapter 16C for purposes of this section.

47.9 Subd. 3. **Reporting.** The commissioner shall report test data publicly and to
47.10 stakeholders, including the ~~three performance baselines~~ performance achievement levels
47.11 developed from students' unweighted ~~mean~~ test scores in each tested subject and a listing of
47.12 demographic factors that strongly correlate with student performance. The commissioner
47.13 shall also report data that compares performance results among school sites, school
47.14 districts, Minnesota and other states, and Minnesota and other nations. The commissioner
47.15 shall disseminate to schools and school districts a more comprehensive report containing
47.16 testing information that meets local needs for evaluating instruction and curriculum.

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

47.23 Sec. 11. Minnesota Statutes 2006, section 120B.31, subdivision 3, is amended to read:

47.24 Subd. 3. **Educational accountability.** (a) The Independent Office of Educational
47.25 Accountability, as authorized by Laws 1997, First Special Session chapter 4, article 5,
47.26 section 28, subdivision 2, is established, and shall be funded through the Board of Regents
47.27 of the University of Minnesota. The office shall advise the education committees of
47.28 the legislature and the commissioner of education, at least on a biennial basis, on the
47.29 degree to which the statewide educational accountability and reporting system includes a
47.30 comprehensive assessment framework that measures school accountability for students
47.31 achieving the goals described in the state's results-oriented graduation rule. The office shall
47.32 ~~consider~~ determine and annually report to the legislature whether and how effectively:

47.33 (1) the statewide system of educational accountability utilizes multiple indicators to
47.34 provide valid and reliable comparative and contextual data on students, schools, districts,
47.35 and the state, and if not, recommend ways to improve the accountability reporting system;

48.1 (2) the commissioner makes statistical adjustments when reporting student data over
48.2 time, consistent with clause (4);

48.3 (3) the commissioner uses indicators of student achievement growth over time
48.4 and a value-added assessment model that estimates the effects of the school and school
48.5 district on student achievement to measure school performance, consistent with section
48.6 120B.36, subdivision 1; and

48.7 (4) the commissioner makes data available on students who do not pass one or more
48.8 of the state's required GRAD tests and do not receive a diploma as a consequence, and
48.9 categorizes these data according to gender, race, eligibility for free or reduced lunch,
48.10 and English language proficiency.

48.11 (b) When the office reviews the statewide educational accountability and reporting
48.12 system, it shall also consider:

48.13 (1) the objectivity and neutrality of the state's educational accountability system; and

48.14 (2) the impact of a testing program on school curriculum and student learning.

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

48.16 Sec. 12. Minnesota Statutes 2006, section 120B.36, subdivision 1, is amended to read:

48.17 Subdivision 1. **School performance report cards.** (a) The commissioner shall
48.18 use objective criteria based on levels of student performance to ~~identify four to six~~
48.19 ~~designations applicable to high and low performing public schools. The objective~~
48.20 ~~criteria shall include~~ report at least student academic performance, school safety,
48.21 student-to-teacher ratios that clearly indicate the definition of teacher for purposes of
48.22 determining these ratios, and staff characteristics, with a value-added growth component
48.23 added by the 2006-2007 no later than the 2008-2009 school year. The report must indicate
48.24 a school's adequate yearly progress status.

48.25 (b) The commissioner shall develop, annually update, and post on the department
48.26 Web site school performance report cards. ~~A school's designation must be clearly stated~~
48.27 ~~on each school performance report card.~~

48.28 (c) The commissioner must make available the first ~~school designations and school~~
48.29 ~~performance report cards~~ by November 2003, and during the beginning of each school
48.30 year thereafter.

48.31 (d) A school or district may appeal its adequate yearly progress status in writing
48.32 ~~a designation under this section~~ to the commissioner within 30 days of receiving the
48.33 ~~designation~~ notice of its status. The commissioner's decision to uphold or deny an appeal
48.34 is final.

49.1 (e) School performance report cards data are nonpublic data under section 13.02,
49.2 subdivision 9, until not later than ten days after the appeal procedure described in
49.3 paragraph (d) concludes. The department shall annually post school performance report
49.4 cards to its public Web site no later than September 1.

49.5 **EFFECTIVE DATE.** This section is effective the day following final enactment
49.6 and applies to the school performance report cards for the 2006-2007 school year and later.

49.7 Sec. 13. Minnesota Statutes 2006, section 121A.22, subdivision 1, is amended to read:

49.8 Subdivision 1. **Applicability.** (a) This section applies only:

49.9 (1) when the parent of a pupil requests school personnel to administer drugs or
49.10 medicine, including physician-prescribed naturopathic medicine, to the pupil; or

49.11 (2) when administration is allowed by the individual education plan of a child with a
49.12 disability.

49.13 The request of a parent may be oral or in writing. An oral request must be reduced
49.14 to writing within two school days, provided that the district may rely on an oral request
49.15 until a written request is received.

49.16 (b) "Physician-prescribed naturopathic medicine" under this section means
49.17 naturopathic medicine, as defined by the federal Food, Drug, and Cosmetic Act, that is
49.18 prescribed by a licensed physician in consultation with a board-certified naturopathic
49.19 physician.

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

49.21 Sec. 14. Minnesota Statutes 2006, section 121A.22, subdivision 3, is amended to read:

49.22 Subd. 3. **Labeling.** Drugs or medicine subject to this section, except
49.23 physician-prescribed and labeled naturopathic medicine, must be in a container with a
49.24 label prepared by a pharmacist according to section 151.212 and applicable rules.

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

49.26 Sec. 15. Minnesota Statutes 2006, section 121A.22, subdivision 4, is amended to read:

49.27 Subd. 4. **Administration.** (a) Drugs and medicine subject to this section, except
49.28 physician-prescribed naturopathic medicine, must be administered in a manner consistent
49.29 with instructions on the label. Physician-prescribed naturopathic medicine must be
49.30 administered according to the order of the prescribing physician.

49.31 (b) Drugs and medicine subject to this section must be administered, to the extent
49.32 possible, according to school board procedures that must be developed in consultation:

- 50.1 (1) with a school nurse, in a district that employs a school nurse;
- 50.2 (2) with a licensed school nurse, in a district that employs a licensed school nurse;
- 50.3 (3) with a public or private health or health-related organization, in a district that
- 50.4 contracts with a public or private health or health-related organization, according to
- 50.5 section 121A.21; or
- 50.6 (4) with the appropriate party, in a district that has an arrangement approved by the
- 50.7 commissioner of education, according to section 121A.21.

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

50.9 Sec. 16. **[121A.231] RESPONSIBLE FAMILY LIFE AND SEXUALITY**

50.10 **EDUCATION PROGRAMS.**

50.11 **Subdivision 1. Definitions.** (a) "Responsible family life and sexuality education"

50.12 means education in grades 7 through 12 that:

- 50.13 (1) respects community values and encourages family communication;
- 50.14 (2) develops skills in communication, decision making, and conflict resolution;
- 50.15 (3) contributes to healthy relationships;
- 50.16 (4) provides human development and sexuality education that is age appropriate
- 50.17 and medically accurate;
- 50.18 (5) includes an abstinence-first approach to delaying initiation of sexual activity that
- 50.19 emphasizes abstinence while also including education about the use of protection and
- 50.20 contraception; and

50.21 (6) promotes individual responsibility.

50.22 (b) "Age appropriate" refers to topics, messages, and teaching methods suitable to

50.23 particular ages or age groups of children and adolescents, based on developing cognitive,

50.24 emotional, and behavioral capacity typical for the age or age group.

50.25 (c) "Medically accurate" means verified or supported by research conducted in

50.26 compliance with scientific methods and published in peer-reviewed journals, where

50.27 appropriate, and recognized as accurate and objective by professional organizations

50.28 and agencies in the relevant field, such as the federal Centers for Disease Control

50.29 and Prevention, the American Public Health Association, the American Academy of

50.30 Pediatrics, or the American College of Obstetricians and Gynecologists.

50.31 **Subd. 2. Curriculum requirements.** (a) A school district must offer and may

50.32 independently establish policies, procedures, curriculum, and services for providing

50.33 responsible family life and sexuality education that is age appropriate and medically

50.34 accurate for grades 7 through 12.

51.1 (b) A school district must consult with parents or guardians of enrolled students
51.2 when establishing policies, procedures, curriculum, and services under this subdivision.

51.3 Subd. 3. **Notice and parental options.** (a) It is the legislature's intent to encourage
51.4 pupils to communicate with their parents or guardians about human sexuality and to respect
51.5 rights of parents or guardians to supervise their children's education on these subjects.

51.6 (b) Parents or guardians may excuse their children from all or part of a responsible
51.7 family life and sexuality education program.

51.8 (c) A school district must establish policies and procedures consistent with
51.9 paragraph (e) and this section for providing parents or guardians reasonable notice with
51.10 the following information:

51.11 (1) if the district is offering a responsible family life and sexuality education program
51.12 to the parents' or guardians' child during the course of the year;

51.13 (2) how the parents or guardians may inspect the written and audio/visual
51.14 educational materials used in the program and the process for inspection;

51.15 (3) if the program is presented by school district personnel or outside consultants,
51.16 and if outside consultants are used, who they may be; and

51.17 (4) parents' or guardians' right to choose not to have their child participate in the
51.18 program and the procedure for exercising that right.

51.19 (d) A school district must establish policies and procedures for reasonably restricting
51.20 the availability of written and audio/visual educational materials from public view of
51.21 students who have been excused from all or part of a responsible family life and sexuality
51.22 education program at the request of a parent or guardian, consistent with paragraph (e)
51.23 and this section.

51.24 (e) A school district may offer a responsible family life and sexuality education
51.25 program under this section to a pupil only with the prior written consent of the pupil's
51.26 parent or guardian. A school district must make reasonable arrangements with school
51.27 personnel for alternative instruction for those pupils whose parents or guardians refuse to
51.28 give their consent, and must not impose an academic or other penalty upon a pupil merely
51.29 for arranging the alternative instruction. School personnel may evaluate and assess the
51.30 quality of the pupil's work completed as part of the alternative instruction.

51.31 Subd. 4. **Assistance to school districts.** (a) The Department of Education may
51.32 offer services to school districts to help them implement effective responsible family life
51.33 and sexuality education programs. In making these services available the department
51.34 may provide:

52.1 (1) training for teachers, parents, and community members in the development of
52.2 responsible family life and sexuality education curriculum or services and in planning
52.3 for monitoring and evaluation activities;

52.4 (2) resource staff persons to provide expert training, curriculum development and
52.5 implementation, and evaluation services;

52.6 (3) technical assistance to promote and coordinate community, parent, and youth
52.7 forums in communities identified as having high needs for responsible family life and
52.8 sexuality education;

52.9 (4) technical assistance for issue management and policy development training for
52.10 school boards, superintendents, principals, and administrators across the state; and

52.11 (b) Technical assistance in accordance with National Health Education Standards
52.12 provided by the department to school districts may:

52.13 (1) promote instruction and use of materials that are age appropriate;

52.14 (2) provide information that is medically accurate and objective;

52.15 (3) provide instruction and promote use of materials that are respectful of marriage
52.16 and commitments in relationships;

52.17 (4) provide instruction and promote use of materials that are appropriate for use
52.18 with pupils and family experiences based on race, gender, sexual orientation, ethnic
52.19 and cultural background, and appropriately accommodate alternative learning based on
52.20 language or disability;

52.21 (5) provide instruction and promote use of materials that encourage pupils to
52.22 communicate with their parents or guardians about human sexuality;

52.23 (6) provide instruction and promote use of age-appropriate materials that teach
52.24 abstinence from sexual intercourse as the only certain way to prevent unintended
52.25 pregnancy or sexually transmitted infections, including HIV and HPV, and provide
52.26 information about the role and value of abstinence while also providing medically accurate
52.27 information on other methods of preventing and reducing risk for unintended pregnancy
52.28 and sexually transmitted infections;

52.29 (7) provide instruction and promote use of age-appropriate materials that are
52.30 medically accurate in explaining transmission modes, risks, symptoms, and treatments for
52.31 sexually transmitted infections, including HIV and HPV;

52.32 (8) provide instruction and promote use of age-appropriate materials that address
52.33 varied societal views on sexuality, sexual behaviors, pregnancy, and sexually transmitted
52.34 infections, including HIV and HPV, in an age-appropriate manner;

52.35 (9) provide instruction and promote use of age-appropriate materials that provide
52.36 information about the effectiveness and safety of all FDA-approved methods for

53.1 preventing and reducing risk for unintended pregnancy and sexually transmitted infections,
53.2 including HIV and HPV;

53.3 (10) provide instruction and promote use of age-appropriate materials that provide
53.4 instruction in skills for making and implementing responsible decisions about sexuality;

53.5 (11) provide instruction and promote use of age-appropriate materials that provide
53.6 instruction in skills for making and implementing responsible decisions about finding and
53.7 using health services; and

53.8 (12) provide instruction and promote use of age-appropriate materials that do not
53.9 teach or promote religious doctrine or bias against a religion or reflect or promote bias
53.10 against any person on the basis of any category protected under the Minnesota Human
53.11 Rights Act, chapter 363A.

53.12 Sec. 17. Minnesota Statutes 2006, section 122A.16, is amended to read:

53.13 **122A.16 HIGHLY QUALIFIED TEACHER DEFINED.**

53.14 (a) A qualified teacher is one holding a valid license, under this chapter, to perform
53.15 the particular service for which the teacher is employed in a public school.

53.16 (b) For the purposes of the federal No Child Left Behind Act, a highly qualified
53.17 teacher ~~is one who holds a valid license under this chapter to perform the particular service~~
53.18 ~~for which the teacher is employed in a public school or who meets the requirements of a~~
53.19 ~~highly objective uniform state standard of evaluation (HOUSSE)~~ means a teacher who:

53.20 (1) has obtained full state certification or passed the state teacher licensing
53.21 examination and holds a license to teach in the state;

53.22 (2) does not have certification or licensure requirements waived on an emergency,
53.23 temporary, or provisional basis;

53.24 (3) holds a minimum of a bachelor's degree; and

53.25 (4) has demonstrated subject matter competency in core academic subjects.

53.26 ~~All Minnesota teachers teaching in a core academic subject area, as defined by the~~
53.27 ~~federal No Child Left Behind Act, in which they are not fully licensed may complete the~~
53.28 ~~following HOUSSE process in the core subject area for which the teacher is requesting~~
53.29 ~~highly qualified status by completing an application, in the form and manner described by~~
53.30 ~~the commissioner, that includes:~~

53.31 ~~(1) documentation of student achievement as evidenced by norm-referenced test~~
53.32 ~~results that are objective and psychometrically valid and reliable;~~

53.33 ~~(2) evidence of local, state, or national activities, recognition, or awards for~~
53.34 ~~professional contribution to achievement;~~

54.1 ~~(3) description of teaching experience in the teachers' core subject area in a public~~
 54.2 ~~school under a waiver, variance, limited license or other exception, nonpublic school, and~~
 54.3 ~~postsecondary institution;~~

54.4 ~~(4) test results from the Praxis II content test;~~

54.5 ~~(5) evidence of advanced certification from the National Board for Professional~~
 54.6 ~~Teaching Standards;~~

54.7 ~~(6) evidence of the successful completion of course work or pedagogy courses; and~~

54.8 ~~(7) evidence of the successful completion of high quality professional development~~
 54.9 ~~activities.~~

54.10 ~~Districts must assign a school administrator to serve as a HOUSSE reviewer to~~
 54.11 ~~meet with teachers under this paragraph and, where appropriate, certify the teachers'~~
 54.12 ~~applications. Teachers satisfy the definition of highly qualified when the teachers receive~~
 54.13 ~~at least 100 of the total number of points used to measure the teachers' content expertise~~
 54.14 ~~under clauses (1) to (7). Teachers may acquire up to 50 points only in any one clause (1)~~
 54.15 ~~to (7). Teachers may use the HOUSSE process to satisfy the definition of highly qualified~~
 54.16 ~~for more than one subject area.~~

54.17 ~~(c) Achievement of the HOUSSE criteria is not equivalent to a license. A teacher~~
 54.18 ~~must obtain permission from the Board of Teaching in order to teach in a public school~~
 54.19 Subject matter competency to meet federal highly qualified teacher requirements is
 54.20 determined by the state.

54.21 Sec. 18. Minnesota Statutes 2006, section 122A.18, is amended by adding a
 54.22 subdivision to read:

54.23 Subd. 2c. **Determining passing scores.** The passing score on the examination of
 54.24 skills in reading, writing, and mathematics required as a condition of granting an initial
 54.25 teaching license under subdivision 2, paragraph (b), is the passing score in effect at the
 54.26 time the person takes the examination and not the time the person applies for the initial
 54.27 teaching license.

54.28 **EFFECTIVE DATE.** This section is effective the day following final enactment
 54.29 and applies to all persons enrolled in a teacher preparation program on that date and later.

54.30 Sec. 19. Minnesota Statutes 2006, section 122A.20, subdivision 1, is amended to read:

54.31 Subdivision 1. **Grounds for revocation, suspension, or denial.** (a) The Board of
 54.32 Teaching or Board of School Administrators, whichever has jurisdiction over a teacher's
 54.33 licensure, may, on the written complaint of the school board employing a teacher, a teacher

55.1 organization, or any other interested person, refuse to issue, refuse to renew, suspend, or
55.2 revoke a teacher's license to teach for any of the following causes:

- 55.3 (1) immoral character or conduct;
- 55.4 (2) failure, without justifiable cause, to teach for the term of the teacher's contract;
- 55.5 (3) gross inefficiency or willful neglect of duty;
- 55.6 (4) failure to meet licensure requirements; or
- 55.7 (5) fraud or misrepresentation in obtaining a license.

55.8 The written complaint must specify the nature and character of the charges.

55.9 (b) The Board of Teaching or Board of School Administrators, whichever
55.10 has jurisdiction over a teacher's licensure, shall refuse to issue, refuse to renew, or
55.11 automatically revoke a teacher's license to teach without the right to a hearing upon
55.12 receiving a certified copy of a conviction showing that the teacher has been convicted
55.13 of child abuse, as defined in section 609.185, ~~or~~ sexual abuse under section 609.342,
55.14 609.343, 609.344, 609.345, 609.3451, subdivision 3, or 617.23, subdivision 3, ~~or~~ using
55.15 minors in a sexual performance under section 617.246, or possessing pornographic works
55.16 involving a minor under section 617.247, or under a similar law of another state or the
55.17 United States. The board shall send notice of this licensing action to the district in which
55.18 the teacher is currently employed.

55.19 (c) A person whose license to teach has been revoked, not issued, or not renewed
55.20 under paragraph (b), may petition the board to reconsider the licensing action if the
55.21 person's conviction for child abuse or sexual abuse is reversed by a final decision of the
55.22 Court of Appeals or the Supreme Court or if the person has received a pardon for the
55.23 offense. The petitioner shall attach a certified copy of the appellate court's final decision or
55.24 the pardon to the petition. Upon receiving the petition and its attachment, the board shall
55.25 schedule and hold a disciplinary hearing on the matter under section 214.10, subdivision 2,
55.26 unless the petitioner waives the right to a hearing. If the board finds that, notwithstanding
55.27 the reversal of the petitioner's criminal conviction or the issuance of a pardon, the
55.28 petitioner is disqualified from teaching under paragraph (a), clause (1), the board shall
55.29 affirm its previous licensing action. If the board finds that the petitioner is not disqualified
55.30 from teaching under paragraph (a), clause (1), it shall reverse its previous licensing action.

55.31 (d) For purposes of this subdivision, the Board of Teaching is delegated the authority
55.32 to suspend or revoke coaching licenses.

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

55.34 Sec. 20. Minnesota Statutes 2006, section 122A.414, subdivision 1, is amended to read:

56.1 Subdivision 1. **Restructured pay system.** A restructured alternative teacher
56.2 professional pay system that may include experience and educational credits is
56.3 established under subdivision 2 to provide incentives to encourage teachers to improve
56.4 their knowledge and instructional skills in order to improve student learning and for
56.5 school districts, intermediate school districts, and charter schools to recruit and retain
56.6 highly qualified teachers, encourage highly qualified teachers to undertake challenging
56.7 assignments, and support teachers' roles in improving students' educational achievement.

56.8 **EFFECTIVE DATE.** This section is effective for the 2007-2008 school year and
56.9 later.

56.10 Sec. 21. Minnesota Statutes 2006, section 122A.414, subdivision 2, is amended to read:

56.11 Subd. 2. **Alternative teacher professional pay system.** (a) To participate in this
56.12 program, a school district, intermediate school district, school site, or charter school must
56.13 have an educational improvement plan under section 122A.413 and an alternative teacher
56.14 professional pay system agreement under paragraph (b). A charter school participant also
56.15 must comply with subdivision 2a.

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

56.17 (1) describe how teachers can achieve career advancement and additional
56.18 compensation;

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

56.23 (3) reform the "steps and lanes" salary schedule, prevent any teacher's compensation
56.24 paid before implementing the pay system from being reduced as a result of participating
56.25 in this system, and base at least 60 percent of any compensation increase funded by
56.26 alternative compensation revenue on teacher performance using:

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

56.29 (ii) measures of student achievement; and

56.30 (iii) an objective evaluation program that includes:

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

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

57.1 (4) provide integrated ongoing site-based professional development activities to
57.2 improve instructional skills and learning that are aligned with student needs under section
57.3 122A.413, consistent with the staff development plan under section 122A.60 and led
57.4 during the school day by trained teacher leaders such as master or mentor teachers;

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

57.8 (6) encourage collaboration rather than competition among teachers.

57.9 **EFFECTIVE DATE.** This section is effective for the 2007-2008 school year and
57.10 later.

57.11 Sec. 22. Minnesota Statutes 2006, section 122A.415, subdivision 1, is amended to read:

57.12 Subdivision 1. **Revenue amount.** (a) A school district, intermediate school district,
57.13 school site, or charter school that meets the conditions of section 122A.414 and submits an
57.14 application approved by the commissioner is eligible for alternative teacher compensation
57.15 revenue.

57.16 (b) For school district and intermediate school district applications, the commissioner
57.17 must consider only those applications to participate that are submitted jointly by a
57.18 district and the exclusive representative of the teachers. The application must contain an
57.19 alternative teacher professional pay system agreement that:

57.20 (1) implements an alternative teacher professional pay system consistent with
57.21 section 122A.414; and

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

57.25 Alternative teacher compensation revenue for a qualifying school district or site in
57.26 which the school board and the exclusive representative of the teachers agree to place
57.27 teachers in the district or at the site on the alternative teacher professional pay system
57.28 equals \$260 times the number of pupils enrolled at the district or site on October 1 of
57.29 the previous fiscal year. Alternative teacher compensation revenue for a qualifying
57.30 intermediate school district must be calculated under section 126C.10, subdivision 34,
57.31 ~~paragraphs (a) and (b)~~ paragraph (c).

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

58.1 school openings, or grade level reconfigurations between the prior year and the current
58.2 year.

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

58.6 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2008.

58.7 Sec. 23. Minnesota Statutes 2006, section 122A.60, subdivision 3, is amended to read:

58.8 Subd. 3. **Staff development outcomes.** The advisory staff development committee
58.9 must adopt a staff development plan for improving student achievement. The plan must
58.10 be consistent with education outcomes that the school board determines. The plan
58.11 must include ongoing staff development activities that contribute toward continuous
58.12 improvement in achievement of the following goals:

58.13 (1) improve student achievement of state and local education standards in all areas
58.14 of the curriculum by using best practices methods;

58.15 (2) effectively meet the needs of a diverse student population, including at-risk
58.16 children, children with disabilities, and gifted children, within the regular classroom
58.17 and other settings;

58.18 (3) provide an inclusive curriculum for a racially, ethnically, and culturally diverse
58.19 student population that is consistent with the state education diversity rule and the district's
58.20 education diversity plan;

58.21 (4) improve staff collaboration and develop mentoring and peer coaching programs
58.22 for teachers new to the school or district;

58.23 (5) effectively teach and model violence prevention policy and curriculum that
58.24 address early intervention alternatives, issues of harassment, and teach nonviolent
58.25 alternatives for conflict resolution; ~~and~~

58.26 (6) provide teachers and other members of site-based management teams with
58.27 appropriate management and financial management skills; and

58.28 (7) improve and increase teachers' knowledge of the academic subjects they teach.

58.29 Sec. 24. Minnesota Statutes 2006, section 122A.61, subdivision 1, is amended to read:

58.30 Subdivision 1. **Staff development revenue.** A district is required to reserve
58.31 an amount equal to at least two percent of the basic revenue under section 126C.10,
58.32 subdivision 2, for in-service education for programs under section 120B.22, subdivision 2,
58.33 for staff development plans, including plans for challenging instructional activities and
58.34 experiences under section 122A.60, and for curriculum development and programs, other

59.1 in-service education, teachers' workshops, teacher conferences, the cost of substitute
59.2 teachers staff development purposes, preservice and in-service education for special
59.3 education professionals and paraprofessionals, higher education courses and programs in
59.4 teachers' areas of licensure, and other related costs for staff development efforts. A district
59.5 may annually waive the requirement to reserve their basic revenue under this section if
59.6 a majority vote of the licensed teachers in the district and a majority vote of the school
59.7 board agree to a resolution to waive the requirement. A district in statutory operating debt
59.8 is exempt from reserving basic revenue according to this section. Districts may expend an
59.9 additional amount of unreserved revenue for staff development based on their needs. With
59.10 the exception of amounts reserved for staff development from revenues allocated directly
59.11 to school sites, the board must initially allocate 50 percent of the reserved revenue to each
59.12 school site in the district on a per teacher basis, which must be retained by the school site
59.13 until used. The board may retain 25 percent to be used for district wide staff development
59.14 efforts. The remaining 25 percent of the revenue must be used to make grants to school
59.15 sites for best practices methods. A grant may be used for any purpose authorized under
59.16 section 120B.22, subdivision 2, 122A.60, or for the costs of curriculum development and
59.17 programs, other in-service education, teachers' workshops, teacher conferences, substitute
59.18 teachers for staff development purposes, and other staff development efforts, and
59.19 determined by the site professional development team. The site professional development
59.20 team must demonstrate to the school board the extent ~~to which~~ that staff at the site have
59.21 met the outcomes of the program. The board may withhold a portion of initial allocation
59.22 of revenue if the staff development outcomes are not being met.

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

59.24 Sec. 25. **[122A.633] SCHOLAR LOANS TO PREPARE TEACHERS OF COLOR.**

59.25 **Subdivision 1. Establishment; definitions.** (a) A scholar loan program is
59.26 established to encourage academically talented postsecondary students of color to become
59.27 teachers of early childhood, elementary, or secondary education.

59.28 (b) For the purposes of this section, the following terms have the meanings given
59.29 them:

59.30 (1) "student of color" means a student who is African American, American Indian,
59.31 Alaskan native, Asian American or Pacific Islander, or Hispanic; and

59.32 (2) "director" means the director of the Minnesota Office of Higher Education.

59.33 **Subd. 2. Eligibility.** To be eligible for a scholar loan, a student of color must:

59.34 (1) be an American citizen residing in Minnesota;

60.1 (2) be registered as a junior or senior in a Minnesota public or private postsecondary
60.2 institution and enrolled in a teacher preparation program approved by the Board of
60.3 Teaching at that postsecondary institution;

60.4 (3) be making satisfactory progress towards a baccalaureate degree with a major
60.5 in education;

60.6 (4) agree to teach in a Minnesota school district with a student of color population of
60.7 at least 15 percent or a desegregation/integration plan approved by the commissioner of
60.8 education; and

60.9 (5) meet academic criteria specified by the director in consultation with the
60.10 commissioner.

60.11 Subd. 3. **Application process; awarding scholar loans.** (a) The director, in
60.12 consultation with the commissioner of education, shall award scholar loans to eligible
60.13 students of color. A student of color must submit an application for a scholar loan to
60.14 the director in the form and manner determined by the director in consultation with the
60.15 commissioner. The application must include the criteria in subdivision 2 and any other
60.16 information required by the director.

60.17 (b) A student of color may receive scholar loans for two consecutive academic
60.18 years if the student of color remains enrolled full time in a teacher preparation program
60.19 and continues to make satisfactory progress toward the baccalaureate degree. For each
60.20 academic year, a loan may not exceed the lesser of the cost of tuition, fees, books, and
60.21 on-campus housing, if applicable, or a maximum amount of \$10,000. The director must
60.22 award ten percent of the scholar loans to students of color who transfer from a Minnesota
60.23 public community or technical college to a Minnesota public or private college or
60.24 university with an approved teacher preparation program.

60.25 (c) The director must spend up to five percent of any appropriation for promotion of
60.26 the scholar loan program, recruitment of students of color to the program, and retention
60.27 and mentoring of students of color while attending a teacher preparation program and
60.28 teaching in an eligible Minnesota public school under subdivision 2, clause (4). The
60.29 director must consult with the commissioner to consider the use of existing state programs,
60.30 as appropriate, to provide the services under this paragraph.

60.31 Subd. 4. **Loan forgiveness; deferral; repayment.** (a) A scholar loan may be
60.32 forgiven if a recipient is employed as a teacher under section 122A.40 or 122A.41 in an
60.33 eligible school under subdivision 2, clause (4). The director shall forgive up to \$2,500 of
60.34 the principal of the outstanding loan amount for successful completion of each school year
60.35 of full-time teaching up to four school years of teaching in an eligible school or a pro rata

61.1 amount of the principal for eligible employment during part of a school year, part-time
61.2 employment as a substitute, or other part-time teaching.

61.3 (b) If there is no eligible employment available, the director may grant an exemption
61.4 from the 15 percent district student of color teaching requirement or a deferral from
61.5 payment of principal and interest on the loan. The director may also grant a deferral
61.6 of payment of principal and interest on the loan during any time period the recipient is
61.7 enrolled at least one-half time in an advanced degree program in a field that leads to
61.8 employment by a school district. The recipient shall apply for a loan deferral by submitting
61.9 written notification to the director in a form and manner established by the director.

61.10 (c) A recipient with an outstanding scholar loan amount who is not having the loan
61.11 forgiven under paragraph (a) or deferred under paragraph (b) must repay the principal of
61.12 the loan plus interest at the rate of six percent. The interest rate must begin accruing the
61.13 first day of the first month following the last month of the period of forgiveness or deferral.
61.14 Interest does not accrue during the period of forgiveness or deferral.

61.15 (d) The director shall establish repayment procedures for scholar loans including,
61.16 at least, variable repayment schedules consistent with the need and anticipated income
61.17 streams of loan recipients. The repayment period begins the first day of the first month
61.18 after:

61.19 (1) the recipient terminates full-time enrollment in an approved teacher preparation
61.20 program;

61.21 (2) the recipient completes an approved teacher preparation program and does not
61.22 teach in an eligible school under subdivision 2, clause (4), or have an exemption under
61.23 paragraph (b);

61.24 (3) the period of forgiveness under paragraph (a) ends; or

61.25 (4) the period of deferral under paragraph (b) ends.

61.26 Subd. 5. **Revolving fund.** The scholar loan repayment revolving account is
61.27 established in the state treasury. Any amounts repaid by a loan recipient shall be deposited
61.28 in the account. All money in the account is annually appropriated to the director for the
61.29 purposes of the scholar loan program under this section.

61.30 Sec. 26. Minnesota Statutes 2006, section 122A.72, subdivision 5, is amended to read:

61.31 Subd. 5. **Center functions.** (a) A teacher center shall perform functions according
61.32 to this subdivision. The center shall assist teachers, diagnose learning needs, experiment
61.33 with the use of multiple instructional approaches, assess pupil outcomes, assess staff
61.34 development needs and plans, and teach school personnel about effective pedagogical
61.35 approaches. The center shall develop and produce curricula and curricular materials

designed to meet the educational needs of pupils being served, by applying educational research and new and improved methods, practices, and techniques. The center shall provide programs to improve the skills of teachers to meet the special educational needs of pupils. The center shall provide programs to familiarize teachers with developments in curriculum formulation and educational research, including how research can be used to improve teaching skills. The center shall facilitate sharing of resources, ideas, methods, and approaches directly related to classroom instruction and improve teachers' familiarity with current teaching materials and products for use in their classrooms. The center shall provide in-service programs.

(b) Each teacher center must provide a professional development program to train interested and highly qualified elementary, middle, and secondary teachers, selected by the employing school district, to assist other teachers in that district with mathematics and science curriculum, standards, and instruction so that all teachers have access to:

(1) high quality professional development programs in mathematics and science that address curriculum, instructional methods, alignment of standards, and performance measurements, enhance teacher and student learning, and support state mathematics and science standards; and

(2) research-based mathematics and science programs and instructional models premised on best practices that inspire teachers and students and have practical classroom application.

EFFECTIVE DATE. This section is effective for the 2007-2008 school year and later.

Sec. 27. **[122A.95] VETERAN'S DAY RECOGNITION.**

(a) Every independent, special, and common school district and every charter school shall honor the federal Veteran's Day holiday by:

(1) granting to each staff member who is a veteran the option of using Veteran's Day as a personal leave day; and

(2) if the school district or school is open and providing instruction on Veteran's Day, instructing the students about Veteran's Day and the significance to our nation of the service provided by veterans. The instruction must be given in each school for at least 30 minutes or one school period, whichever is longer.

(b) In recognition of the educational value of observing Veteran's Day and honoring the service provided by all our veterans, Minnesota institutions, organizations, and other entities are encouraged to honor the federal Veteran's Day holiday by granting to each employee who is a veteran a day off with pay on that holiday.

63.1 Sec. 28. Minnesota Statutes 2006, section 123B.02, is amended by adding a
63.2 subdivision to read:

63.3 Subd. 16a. **Membership in economic development, community, and civic**
63.4 **organizations.** The board may authorize payment of a district administrator's membership
63.5 fee to local economic development associations or other community or civic organizations.

63.6 Sec. 29. Minnesota Statutes 2006, section 123B.03, subdivision 3, is amended to read:

63.7 Subd. 3. **Definitions.** For purposes of this section:

63.8 (a) "School" means a school as defined in section 120A.22, subdivision 4, except
63.9 a home school, and includes a school receiving tribal contract or grant school aid under
63.10 section 124D.83; school, for the purposes of this section, also means a service cooperative,
63.11 a special education cooperative, or an education district under Minnesota Statutes 1997
63.12 Supplement, section 123.35, a charter school under section 124D.10, and a joint powers
63.13 district under section 471.59.

63.14 (b) "School hiring authority" means the school principal or other person having
63.15 general control and supervision of the school.

63.16 (c) "Security violations" means the failure to prevent or failure to institute safeguards
63.17 to prevent access, use, retention, or dissemination of information in violation of the
63.18 security and management control outsourcing standard.

63.19 Sec. 30. Minnesota Statutes 2006, section 123B.03, is amended by adding a
63.20 subdivision to read:

63.21 Subd. 4. **Third-party handling of criminal history record information.** (a)
63.22 For purposes of this section, a school hiring authority may contract with a third party to
63.23 conduct background checks required in subdivision 1. Prior to engaging in the contract
63.24 the school hiring authority shall:

63.25 (1) request and receive written permission from the state compact officer as defined
63.26 in section 299C.58, article I, paragraph (2), item (B);

63.27 (2) provide the state compact officer a copy of the contract; and

63.28 (3) inquire of the state compact officer whether a prospective contractor has any
63.29 security violations.

63.30 (b) The contract shall specifically describe the purposes for which the background
63.31 check information may be made available, consistent with applicable data practices
63.32 law, and shall incorporate by reference a security and management control outsourcing
63.33 standard approved by the state compact officer.

64.1 Sec. 31. Minnesota Statutes 2006, section 123B.37, subdivision 1, is amended to read:

64.2 Subdivision 1. **Boards shall not charge certain fees.** (a) A board is not authorized
64.3 to charge fees in the following areas:

64.4 (1) textbooks, workbooks, art materials, laboratory supplies, towels;

64.5 (2) supplies necessary for participation in any instructional course except as
64.6 authorized in sections 123B.36 and 123B.38;

64.7 (3) field trips that are required as a part of a basic education program or course;

64.8 (4) graduation caps, gowns, any specific form of dress necessary for any educational
64.9 program, and diplomas;

64.10 (5) instructional costs for necessary school personnel employed in any course or
64.11 educational program required for graduation;

64.12 (6) library books required to be utilized for any educational course or program;

64.13 (7) admission fees, dues, or fees for any activity the pupil is required to attend;

64.14 (8) any admission or examination cost for any required educational course or
64.15 program;

64.16 (9) locker rentals;

64.17 (10) transportation to and from school of pupils living two miles or more from
64.18 school.

64.19 (b) Notwithstanding paragraph (a), clauses (1) and (6), a board may charge fees
64.20 for textbooks, workbooks, and library books, lost or destroyed by students. The board
64.21 must annually notify parents or guardians and students about its policy to charge a fee
64.22 under this paragraph.

64.23 (c) A school board must not charge a fee to a person serving in active military
64.24 service under section 190.05, subdivision 5, who requests that the school district or
64.25 charter school transmit a copy of the person's transcript to a postsecondary institution or
64.26 prospective employer. The school district or charter school may request reasonable proof
64.27 of the service member's current military duty status.

64.28 Sec. 32. **[123B.485] NONPUBLIC SCHOOL TRANSCRIPTS.**

64.29 A nonpublic school that receives services or aid under sections 123B.40 to 123B.48
64.30 must not charge a fee to a person serving in active military service under section 190.05,
64.31 subdivision 5, who requests that the nonpublic school transmit a copy of the person's
64.32 transcript to a postsecondary institution or prospective employer. The nonpublic school
64.33 may request reasonable proof of the service member's current military status.

64.34 Sec. 33. Minnesota Statutes 2006, section 123B.92, subdivision 3, is amended to read:

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

(b) A district may provide transportation to allow a student who attends a high-need English language learner program and who resides within the transportation attendance area of the program to continue in the program until the student completes the highest grade level offered by the program.

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

Sec. 34. **[124D.091] CONCURRENT ENROLLMENT PROGRAM AID.**

Subdivision 1. Accreditation. To establish a uniform standard by which concurrent enrollment courses and professional development activities may be measured, postsecondary institutions are encouraged to apply for accreditation by the National Alliance of Concurrent Enrollment Partnership.

Subd. 2. Eligibility. A district that offers a concurrent enrollment course according to an agreement under section 124D.09, subdivision 10, is eligible to receive aid for the costs of providing postsecondary courses at the high school. Beginning in fiscal year 2011, districts only are eligible for aid if the college or university concurrent enrollment courses offered by the district are accredited by the National Alliance of Concurrent Enrollment Partnership, in the process of being accredited, or are shown by clear evidence to be of comparable standard to accredited courses.

Subd. 3. Aid. An eligible district shall receive \$150 per pupil enrolled in a concurrent enrollment course. The money must be used to defray the cost of delivering the course at the high school. The commissioner shall establish application procedures and deadlines for receipt of aid payments.

Sec. 35. Minnesota Statutes 2006, section 124D.095, subdivision 2, is amended to read:

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

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

66.1 (b) "Online learning provider" is a school district, an intermediate school district, an
66.2 organization of two or more school districts operating under a joint powers agreement, or
66.3 a charter school located in Minnesota that provides online learning to students.

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

66.6 (d) "Online learning student" is a student enrolled in an online learning course or
66.7 program delivered by an online provider under paragraph (b).

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

66.10 (f) "Supplemental online learning" means an online course taken in place of a course
66.11 period during the regular school day at a local district school.

66.12 (g) "Full-time online provider" means an enrolling school authorized by the
66.13 department to deliver comprehensive public education at any or all of the elementary,
66.14 middle, or high school levels.

66.15 Sec. 36. Minnesota Statutes 2006, section 124D.095, subdivision 3, is amended to read:

66.16 Subd. 3. **Authorization; notice; limitations on enrollment.** (a) A student may
66.17 ~~apply to an online learning provider to enroll in online learning for full-time enrollment in~~
66.18 ~~an approved online learning program under section 124D.03, 124D.08 or 124D.10, or for~~
66.19 ~~supplemental online learning. Notwithstanding sections 124D.03, 124D.08, and 124D.10,~~
66.20 ~~procedures for enrolling in online learning shall be as provided in this subdivision. A~~
66.21 ~~student age 17 or younger must have the written consent of a parent or guardian to apply.~~
66.22 ~~No school district or charter school may prohibit a student from applying to enroll in~~
66.23 ~~online learning. An online learning provider that accepts a student under this section must,~~
66.24 ~~within ten days, notify the student and the enrolling district if the enrolling district is not~~
66.25 ~~the online learning provider. The notice must report the student's course or program and~~
66.26 ~~hours of instruction. In order that a student may enroll in online learning, the student~~
66.27 ~~and the student's parents must submit an application to the online learning provider and~~
66.28 ~~identify the reason for enrolling in online learning. The online learning provider that~~
66.29 ~~accepts a student under this section must within ten days notify the student and the~~
66.30 ~~enrolling district in writing if the enrolling district is not the online learning provider. The~~
66.31 ~~student and family must notify the online learning provider of their intent to enroll in~~
66.32 ~~online learning within ten days of acceptance, at which time the student and parent must~~
66.33 ~~sign a statement of assurance that they have reviewed the online course or program and~~
66.34 ~~understand the expectations of online learning enrollment. The online learning provider~~

67.1 must notify the enrolling district of the student's enrollment in online learning in writing
67.2 on a form provided by the department.

67.3 (b) Supplemental online learning notification to the enrolling district upon student
67.4 enrollment in the online learning program will include the courses or program, credits
67.5 to be awarded, the start date of online enrollment, and confirmation that the courses will
67.6 meet the student's graduation plan. A student may enroll in supplemental online learning
67.7 courses up to the midpoint of the enrolling district's term. The enrolling district may waive
67.8 this requirement for special circumstances and upon acceptance by the online provider.

67.9 ~~(b) An online learning student must notify the enrolling district at least 30 days~~
67.10 ~~before taking an online learning course or program if the enrolling district is not providing~~
67.11 ~~the online learning.~~ (c) An online learning provider must notify the commissioner that it is
67.12 delivering online learning and report the number of online learning students it is accepting
67.13 and the online learning courses and programs it is delivering.

67.14 ~~(c)~~ (d) An online learning provider may limit enrollment if the provider's school
67.15 board or board of directors adopts by resolution specific standards for accepting and
67.16 rejecting students' applications.

67.17 ~~(d)~~ (e) An enrolling district may reduce an online learning student's regular
67.18 classroom instructional membership in proportion to the student's membership in online
67.19 learning courses.

67.20 Sec. 37. Minnesota Statutes 2006, section 124D.095, subdivision 4, is amended to read:

67.21 Subd. 4. **Online learning parameters.** (a) An online learning student must receive
67.22 academic credit for completing the requirements of an online learning course or program.
67.23 Secondary credits granted to an online learning student must be counted toward the
67.24 graduation and credit requirements of the enrolling district. An online learning provider
67.25 must make available to the enrolling district the course syllabus, standard alignment,
67.26 content outline, assessment requirements, and contact information for supplemental online
67.27 courses taken by students in the enrolling district. The enrolling district must apply the
67.28 same graduation requirements to all students, including online learning students, and
67.29 must continue to provide nonacademic services to online learning students. If a student
67.30 completes an online learning course or program that meets or exceeds a graduation
67.31 standard or grade progression requirement at the enrolling district, that standard or
67.32 requirement is met. The enrolling district must use the same criteria for accepting online
67.33 learning credits or courses as it does for accepting credits or courses for transfer students
67.34 under section 124D.03, subdivision 9. The enrolling district may reduce the ~~teacher~~
67.35 ~~contact time~~ course schedule of an online learning student in proportion to the number

68.1 of online learning courses the student takes from an online learning provider that is not
68.2 the enrolling district.

68.3 (b) An online learning student may:

68.4 (1) enroll in supplemental online learning courses during a single school year in a
68.5 maximum of 12 semester-long courses or their equivalent delivered by an online learning
68.6 provider or the enrolling district to a maximum of 50 percent of the student's full schedule
68.7 of courses per term. A student may exceed the supplemental online learning registration
68.8 limit if the enrolling district grants permission for supplemental online learning enrollment
68.9 above the limit, or if an agreement is made between the enrolling district and the online
68.10 learning provider for instructional services;

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

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

68.15 (c) An online learning student has the same access to the computer hardware and
68.16 education software available in a school as all other students in the enrolling district. An
68.17 online learning provider must assist an online learning student whose family qualifies
68.18 for the education tax credit under section 290.0674 to acquire computer hardware and
68.19 educational software for online learning purposes.

68.20 (d) An enrolling district may offer online learning to its enrolled students. Such
68.21 online learning does not generate online learning funds under this section. An enrolling
68.22 district that offers online learning only to its enrolled students is not subject to the
68.23 reporting requirements or review criteria under subdivision 7. A teacher with a Minnesota
68.24 license must assemble and deliver instruction to enrolled students receiving online
68.25 learning from an enrolling district. The delivery of instruction occurs when the student
68.26 interacts with the computer or the teacher and receives ongoing assistance and assessment
68.27 of learning. The instruction may include curriculum developed by persons other than a
68.28 teacher with a Minnesota license.

68.29 (e) An online learning provider that is not the enrolling district is subject to
68.30 the reporting requirements and review criteria under subdivision 7. A teacher with a
68.31 Minnesota license must assemble and deliver instruction to online learning students. The
68.32 delivery of instruction occurs when the student interacts with the computer or the teacher
68.33 and receives ongoing assistance and assessment of learning. The instruction may include
68.34 curriculum developed by persons other than a teacher with a Minnesota license. Unless
68.35 the commissioner grants a waiver, a teacher providing online learning instruction must not
68.36 instruct more than 40 students in any one online learning course or program.

69.1 (f) To enroll in more than 50 percent of the student's full schedule of courses per term
69.2 in online learning, the student must qualify to exceed the supplemental online learning
69.3 registration limit under paragraph (b) or apply for enrollment to an approved full-time
69.4 online learning program following appropriate procedures in subdivision 3, paragraph (a).
69.5 Full-time online learning students may enroll in classes at a local school per contract for
69.6 instructional services between the online learning provider and the school district.

69.7 Sec. 38. Minnesota Statutes 2006, section 124D.095, subdivision 7, is amended to read:

69.8 Subd. 7. **Department of Education.** (a) The department must review and certify
69.9 online learning providers. The online learning courses and programs must be rigorous,
69.10 aligned with state academic standards, and contribute to grade progression in a single
69.11 subject. Online learning providers must ~~affirm~~ demonstrate to the commissioner that
69.12 online learning courses have equivalent standards or instruction, curriculum, and
69.13 assessment requirements as other courses offered to enrolled students. The online learning
69.14 provider must also demonstrate expectations for actual teacher contact time or other
69.15 student-to-teacher communication. Once an online learning provider is approved under
69.16 this paragraph, all of its online learning course offerings are eligible for payment under
69.17 this section unless a course is successfully challenged by an enrolling district or the
69.18 department under paragraph (b).

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

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

69.25 (d) The department must develop, publish, and maintain a list of approved online
69.26 learning providers and online learning courses and programs that it has reviewed and
69.27 certified.

69.28 Sec. 39. Minnesota Statutes 2006, section 124D.10, subdivision 4, is amended to read:

69.29 Subd. 4. **Formation of school.** (a) A sponsor may authorize one or more licensed
69.30 teachers under section 122A.18, subdivision 1, to operate a charter school subject to
69.31 approval by the commissioner. A board must vote on charter school application for
69.32 sponsorship no later than 90 days after receiving the application. ~~After 90 days, the~~
69.33 ~~applicant may apply to the commissioner. If a board elects not to sponsor a charter school,~~
69.34 ~~the applicant may appeal the board's decision to the commissioner who may elect to assist~~

70.1 ~~the applicant in finding an eligible sponsor.~~ The school must be organized and operated as
70.2 a cooperative under chapter 308A or nonprofit corporation under chapter 317A and the
70.3 provisions under the applicable chapter shall apply to the school except as provided in this
70.4 section. Notwithstanding sections 465.717 and 465.719, a school district may create a
70.5 corporation for the purpose of creating a charter school.

70.6 (b) Before the operators may form and operate a school, the sponsor must file an
70.7 affidavit with the commissioner stating its intent to authorize a charter school. The
70.8 affidavit must state the terms and conditions under which the sponsor would authorize a
70.9 charter school and how the sponsor intends to oversee the fiscal and student performance
70.10 of the charter school and to comply with the terms of the written contract between the
70.11 sponsor and the charter school board of directors under subdivision 6. The commissioner
70.12 must approve or disapprove the sponsor's proposed authorization within 90 days of
70.13 receipt of the affidavit. Failure to obtain commissioner approval precludes a sponsor from
70.14 authorizing the charter school that was the subject of the affidavit.

70.15 (c) The operators authorized to organize and operate a school, before entering into
70.16 a contract or other agreement for professional or other services, goods, or facilities,
70.17 must incorporate as a cooperative under chapter 308A or as a nonprofit corporation
70.18 under chapter 317A and must establish a board of directors composed of at least five
70.19 members until a timely election for members of the charter school board of directors is
70.20 held according to the school's articles and bylaws. A charter school board of directors
70.21 must be composed of at least five members. Any staff members who are employed at the
70.22 school, including teachers providing instruction under a contract with a cooperative, and
70.23 all parents of children enrolled in the school may participate in the election for members
70.24 of the school's board of directors. Licensed teachers employed at the school, including
70.25 teachers providing instruction under a contract with a cooperative, must be a majority
70.26 of the members of the board of directors before the school completes its third year of
70.27 operation, unless the commissioner waives the requirement for a majority of licensed
70.28 teachers on the board. Board of director meetings must comply with chapter 13D.

70.29 (d) The granting or renewal of a charter by a sponsoring entity must not be
70.30 conditioned upon the bargaining unit status of the employees of the school.

70.31 (e) A sponsor may authorize the operators of a charter school to expand the
70.32 operation of the charter school to additional sites or to add additional grades at the school
70.33 beyond those described in the sponsor's application as approved by the commissioner only
70.34 after submitting a supplemental application to the commissioner in a form and manner
70.35 prescribed by the commissioner. The supplemental application must provide evidence that:

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

71.1 (2) the charter school is fiscally sound;

71.2 (3) the sponsor supports the expansion; and

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

71.5 (f) The commissioner annually must provide timely financial management training
71.6 to newly elected members of a charter school board of directors and ongoing training to
71.7 other members of a charter school board of directors. Training must address ways to:

71.8 (1) proactively assess opportunities for a charter school to maximize all available
71.9 revenue sources;

71.10 (2) establish and maintain complete, auditable records for the charter school;

71.11 (3) establish proper filing techniques;

71.12 (4) document formal actions of the charter school, including meetings of the charter
71.13 school board of directors;

71.14 (5) properly manage and retain charter school and student records;

71.15 (6) comply with state and federal payroll record-keeping requirements; and

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

71.18 Sec. 40. Minnesota Statutes 2006, section 124D.10, subdivision 23a, is amended to
71.19 read:

71.20 Subd. 23a. **Related party lease costs.** (a) A charter school is prohibited from
71.21 entering a lease of real property with a related party as defined in ~~this~~ subdivision 26, unless
71.22 the lessor is a nonprofit corporation under chapter 317A or a cooperative under chapter
71.23 308A, and the lease cost is reasonable under section 124D.11, subdivision 4, clause (1).

71.24 (b) For purposes of this ~~subdivision~~ section and section 124D.11:

71.25 (1) A "related party" is an affiliate or close relative of the other party in question, an
71.26 affiliate of a close relative, or a close relative of an affiliate.

71.27 (2) "Affiliate" means a person that directly, or indirectly through one or more
71.28 intermediaries, controls, or is controlled by, or is under common control with, another
71.29 person.

71.30 (3) "Close relative" means an individual whose relationship by blood, marriage, or
71.31 adoption to another individual is no more remote than first cousin.

71.32 (4) "Person" means an individual or entity of any kind.

71.33 (5) "Control" includes the terms "controlling," "controlled by," and "under common
71.34 control with" and means the possession, direct or indirect, of the power to direct or cause

72.1 the direction of the management, operations, or policies of a person, whether through the
72.2 ownership of voting securities, by contract, or otherwise.

72.3 (c) A lease of real property to be used for a charter school, not excluded in paragraph
72.4 ~~(b)~~ (a), must contain the following statement: "This lease is subject to Minnesota Statutes,
72.5 section 124D.10, subdivision 23a."

72.6 (d) If a charter school enters into as lessee a lease with a related party and the
72.7 charter school subsequently closes, the commissioner has the right to recover from the
72.8 lessor any lease payments in excess of those that are reasonable under section 124D.11,
72.9 subdivision 4, clause (1).

72.10 Sec. 41. Minnesota Statutes 2006, section 124D.10, subdivision 24, is amended to read:

72.11 Subd. 24. **Pupil enrollment upon nonrenewal or termination of charter school**
72.12 **contract.** If a contract is not renewed or is terminated according to subdivision 23, a
72.13 pupil who attended the school, siblings of the pupil, or another pupil who resides in the
72.14 same place as the pupil may enroll in the resident district or may submit an application
72.15 to a nonresident district according to section 124D.03 at any time. Applications and
72.16 notices required by section 124D.03 must be processed and provided in a prompt manner.
72.17 The application and notice deadlines in section 124D.03 do not apply under these
72.18 circumstances. The closed charter school must transfer the student's educational records
72.19 within ten business days of closure to the student's school district of residence where the
72.20 records must be retained or transferred under section 120A.22, subdivision 7.

72.21 Sec. 42. **[124D.645] MULTIRACIAL DIVERSITY.**

72.22 (a) Notwithstanding other law or rule to the contrary and in order to effectively
72.23 meet students' educational needs and foster parents' meaningful participation in their
72.24 children's education, a school district may apply to the commissioner for a waiver from
72.25 the requirement to maintain racial balance within a district school if the racial imbalance
72.26 in that school results from:

72.27 (1) the enrollment of protected multiracial students and the proportion of enrolled
72.28 multiracial students reflects the proportion of multiracial students who reside in the school
72.29 attendance area or who are enrolled in the grade levels served by the district; or

72.30 (2) the enrollment of limited English proficiency students in a transition program
72.31 that includes an intensive English component.

72.32 The commissioner must grant the waiver if the district in which the school is located offers
72.33 the multiracial students or the limited English proficiency students, as appropriate, the

73.1 option of enrolling in another school with the requisite racial balance, and the students'
73.2 parents choose not to pursue that option.

73.3 (b) This section is effective for the 2006-2007 through 2010-2011 school years or
73.4 until amended rules are adopted under Minnesota Rules, chapter 3535, pertaining to racial
73.5 diversity, whichever comes first.

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

73.7 Sec. 43. Minnesota Statutes 2006, section 124D.84, subdivision 1, is amended to read:

73.8 Subdivision 1. **Awards.** The commissioner ~~may award~~ shall establish procedures for
73.9 the distribution of scholarships to any Minnesota resident student who is of one-fourth or
73.10 more Indian ancestry, who has applied for other existing state and federal scholarship and
73.11 grant programs, and who, in the opinion of the commissioner, based upon postsecondary
73.12 institution recommendations, has the capabilities to benefit from further education.

73.13 Scholarships must be for accredited degree programs in accredited Minnesota colleges
73.14 or universities or for courses in accredited Minnesota business, technical, or vocational
73.15 schools. Scholarships may also be given to students attending Minnesota colleges that
73.16 are in candidacy status for obtaining full accreditation, and are eligible for and receiving
73.17 federal financial aid programs. Students are also eligible for scholarships when enrolled
73.18 as students in Minnesota higher education institutions that have joint programs with
73.19 other accredited higher education institutions. ~~Scholarships shall be used to defray the~~
73.20 ~~total cost of education including tuition, incidental fees, books, supplies, transportation,~~
73.21 ~~other related school costs and the cost of board and room and shall be paid directly to the~~
73.22 ~~college or school concerned where the student receives federal financial aid. The total cost~~
73.23 ~~of education includes all tuition and fees for each student enrolling in a public institution~~
73.24 ~~and the portion of tuition and fees for each student enrolling in a private institution that~~
73.25 ~~does not exceed the tuition and fees at a comparable public institution.~~ Each student
73.26 shall be awarded a scholarship based on ~~the total cost of the student's education and~~
73.27 a federal standardized need analysis after application of federal Pell money, state grant
73.28 money, and other scholarships. Depending upon students' unmet needs, the Minnesota
73.29 Indian scholarship program may award up to the current federal Pell grant allowable
73.30 maximum student award per school year. Applicants are encouraged to apply for all other
73.31 sources of financial aid.

73.32 When an Indian student satisfactorily completes the work required by a certain
73.33 college or school in a school year the student is eligible for additional scholarships, if
73.34 additional training is necessary to reach the student's educational and vocational objective.
73.35 Scholarships may not be given to any Indian student for more than five years of study at

74.1 the undergraduate level and five years at the graduate level. Students may acquire only
74.2 one degree per level and one terminal degree.

74.3 Sec. 44. **[124D.8955] PARENT AND FAMILY INVOLVEMENT POLICY.**

74.4 (a) In order to promote and support student achievement, a local school board must
74.5 formally adopt and implement a parent and family involvement policy that promotes
74.6 and supports:

74.7 (1) communication between home and school that is regular, two-way, and
74.8 meaningful;

74.9 (2) parenting skills;

74.10 (3) parents and caregivers who play an integral role in assisting student learning and
74.11 learn about fostering students' academic success and learning at home and school;

74.12 (4) welcoming parents in the school and seeking their support and assistance;

74.13 (5) partnerships with parents in the decisions that affect children and families
74.14 in the schools; and

74.15 (6) providing community resources to strengthen schools, families, and student
74.16 learning.

74.17 (b) The school board must convene an advisory committee composed of an equal
74.18 number of resident parents who are not district employees and school staff to make
74.19 recommendations to the board on developing and evaluating the board's parent and family
74.20 involvement policy. If possible, the advisory committee must represent the diversity of
74.21 the district. The advisory committee must consider the district's demographic diversity
74.22 and barriers to parent involvement when developing its recommendations. The advisory
74.23 committee must present its recommendations to the board for board consideration.

74.24 (c) The board must consider best practices when implementing this policy.

74.25 (d) The board periodically must review this policy to determine whether it is aligned
74.26 with the most current research findings on parent involvement policies and practices and
74.27 how effective the policy is in supporting increased student achievement.

74.28 **EFFECTIVE DATE.** This section is effective January 1, 2008, and later.

74.29 Sec. 45. Minnesota Statutes 2006, section 126C.10, subdivision 34, is amended to read:

74.30 Subd. 34. **Basic alternative teacher compensation aid.** (a) ~~For fiscal year 2006,~~
74.31 ~~the basic alternative teacher compensation aid for a school district or an intermediate~~
74.32 ~~school district with a plan approved under section 122A.414, subdivision 2b, equals the~~
74.33 ~~alternative teacher compensation revenue under section 122A.415, subdivision 1. The~~
74.34 ~~basic alternative teacher compensation aid for a charter school with an approved plan~~

75.1 ~~under section 122A.414, subdivision 2b, equals \$260 times the number of pupils enrolled~~
75.2 ~~in the school on October 1 of the previous school year, or on October 1 of the current~~
75.3 ~~fiscal year for a charter school in the first year of operation.~~

75.4 (b) For fiscal year 2007 and later, the basic alternative teacher compensation aid for
75.5 a school district with a plan approved under section 122A.414, subdivision 2b, equals
75.6 73.1 percent of the alternative teacher compensation revenue under section 122A.415,
75.7 subdivision 1. The basic alternative teacher compensation aid for ~~an intermediate school~~
75.8 ~~district or~~ a charter school with a plan approved under section 122A.414, subdivisions 2a
75.9 and 2b, ~~if the recipient is a charter school,~~ equals \$260 times the number of pupils enrolled
75.10 in the school on October 1 of the previous fiscal year, or on October 1 of the current fiscal
75.11 year for a charter school in the first year of operation, times the ratio of the sum of the
75.12 alternative teacher compensation aid and alternative teacher compensation levy for all
75.13 participating school districts to the maximum alternative teacher compensation revenue
75.14 for those districts under section 122A.415, subdivision 1.

75.15 (b) The basic alternative teacher compensation aid for an intermediate school district
75.16 with a plan approved under section 122A.414, subdivision 2b, equals \$3,800 times the
75.17 number of licensed teachers teaching in the school on October 1 of the previous fiscal year.

75.18 (c) Notwithstanding paragraphs (a) and (b),² and section 122A.415, subdivision 1,
75.19 the state total basic alternative teacher compensation aid entitlement must not exceed
75.20 \$19,329,000 for fiscal year 2006 and \$75,636,000 for fiscal year 2007 and later. The
75.21 commissioner must limit the amount of alternative teacher compensation aid approved
75.22 under section 122A.415 so as not to exceed these limits.

75.23 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2008.

75.24 Sec. 46. **[135A.104] COLLEGE READINESS.**

75.25 (a) The Minnesota State Colleges and Universities must collaborate with the office
75.26 of educational accountability under section 120B.31, subdivision 3, in determining
75.27 passing scores on the Minnesota comprehensive assessments in reading and language arts
75.28 for grade 10 and in mathematics for grade 11 under section 120B.30 so that "passing
75.29 score" performances on those two assessments represent a student's college readiness. For
75.30 purposes of this section and chapter 120B, "college readiness" means that a student who
75.31 graduates from a public high school is immediately ready to take college courses for
75.32 college credit in a two-year or a four-year institution within the Minnesota State Colleges
75.33 and Universities system. The Minnesota State Colleges and Universities also must
75.34 collaborate with the commissioner of education to develop and implement a statewide

76.1 plan to communicate the state's expectations for college readiness to all Minnesota high
76.2 school students no later than the beginning of ninth grade.

76.3 (b) The entrance and admission materials that the Minnesota State Colleges and
76.4 Universities provide to prospective students must clearly indicate the level of academic
76.5 preparation that students must have in order to be ready to immediately take college
76.6 courses for college credit in two-year and four-year institutions.

76.7 Sec. 47. Laws 2005, First Special Session chapter 5, article 2, section 81, as amended
76.8 by Laws 2006, chapter 263, article 2, section 20, is amended to read:

76.9 Sec. 81. **BOARD OF SCHOOL ADMINISTRATORS; RULEMAKING**
76.10 **AUTHORITY.**

76.11 On or before June 30, ~~2007~~ 2008, the Board of School Administrators may adopt
76.12 rules to reflect the changes in duties, responsibilities, and roles of school administrators
76.13 under sections 121A.035, 121A.037 and 299F.30, and to make technical revisions and
76.14 clarifications to Minnesota Rules, chapter 3512.

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

76.16 Sec. 48. **GRANT PROGRAM TO PROMOTE PROFESSIONAL TEACHING**
76.17 **STANDARDS.**

76.18 Subdivision 1. **Establishment.** A grant program to promote professional teaching
76.19 standards through the National Board for Professional Teaching Standards is established to
76.20 provide teachers with the opportunity to receive National Board for Professional Teaching
76.21 Standards certification and to reward teachers who have already received this certification.

76.22 Subd. 2. **Eligibility.** An applicant for a grant must:

76.23 (1) be a licensed teacher employed in a Minnesota public school;

76.24 (2) have a minimum of five school years' classroom teaching experience; and

76.25 (3) demonstrate acceptance by the National Board for Professional Teaching
76.26 Standards as a candidate for board certification or as a recipient of board certification.

76.27 Subd. 3. **Application process.** To obtain a grant to participate in the National Board
76.28 for Professional Teaching Standards certification process or to receive a reward for already
76.29 completing the board certification process, a teacher must submit an application to the
76.30 commissioner of education in the form and manner established by the commissioner. The
76.31 commissioner shall consult with the Board of Teaching when reviewing the applications.
76.32 The commissioner shall also provide program support to assist applicants during the
76.33 national board certification process.

77.1 Subd. 4. **Grant awards; proceeds.** (a) The commissioner may award grants of
77.2 \$1,000 to eligible teachers accepted as candidates for the National Board for Professional
77.3 Teaching Standards certification or for national board certification renewal for partial
77.4 payment of the teacher's candidate application fee.

77.5 (b) The commissioner shall award grants of \$3,000 to all eligible teacher applicants
77.6 who hold certification from the National Board for Professional Teaching Standards and
77.7 \$2,000 for renewal of their national board certification.

77.8 (c) The commissioner shall also award grants to eligible teachers who have received
77.9 National Board for Professional Teaching Standards certification within one year prior to
77.10 the date of the teacher's application for a grant to use for educational purposes, including
77.11 purchasing instructional materials, equipment, or supplies, and pursuing professional
77.12 development opportunities. The commissioner, under this paragraph, may award grants not
77.13 to exceed \$1,000 after consulting with interested stakeholders regarding the grant amount.

77.14 **Sec. 49. EXPERIENCE REQUIREMENTS.**

77.15 Any rules adopted by the Board of School Administrators governing principal
77.16 licensure must require that a person applying for a principal license have at least three
77.17 years of successful teaching experience gained while holding a classroom teaching license
77.18 valid for the positions in which the applicant taught.

77.19 **Sec. 50. RULEMAKING AUTHORITY.**

77.20 The commissioner of education shall adopt rules for implementing and administering
77.21 the graduation-required assessment for diploma (GRAD) in reading and mathematics
77.22 and in writing, consistent with Minnesota Statutes, section 120B.30, subdivision 1, and
77.23 for public review of the GRAD test. The rules must specify the GRAD requirements
77.24 that apply to students in unique circumstances including dual enrolled students, English
77.25 language learners, foreign exchange students, home school students, open enrollment
77.26 students, Minnesota postsecondary enrollment options students, shared-time students,
77.27 transfer students from other states, and district-placed students and students attending
77.28 school under a tuition agreement. The rules must establish the criteria for determining
77.29 individualized GRAD passing scores for students with an individual education plan or
77.30 a Section 504 plan and for using an alternative assessment when a student's individual
77.31 education plan team decides to replace the GRAD test.

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

77.33 **Sec. 51. RULEMAKING REQUIRED.**

78.1 (a) Notwithstanding the time limit in Minnesota Statutes, section 14.125, the Board
78.2 of Teaching must adopt the rules it was mandated to adopt under Laws 2003, chapter 129,
78.3 article 1, section 10. The board must publish a notice of intent to adopt rules or a notice of
78.4 hearing for rules subject to this section before January 1, 2008.

78.5 (b) The failure of a board member to comply with paragraph (a) is a willful failure to
78.6 perform a specific act that is a required part of the duties of a public official and is cause
78.7 for removal under Minnesota Statutes, section 15.0575, subdivision 4.

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

78.9 Sec. 52. **RULEMAKING AUTHORIZED; SUPPLEMENTAL EDUCATION**
78.10 **SERVICE PROVIDERS.**

78.11 The commissioner of education must amend Minnesota Rules, part 3512.5400,
78.12 consistent with the requirements under Minnesota Statutes, chapter 14, to include
78.13 specifications that provide the basis for withdrawing Department of Education approval
78.14 from supplemental education service providers that fail to increase students' academic
78.15 proficiency for two consecutive school years. The amended rule also must clearly indicate:

78.16 (1) how the Department of Education will disentangle the impact of supplemental
78.17 education from the impact of regular school instruction on students' academic
78.18 performance; and

78.19 (2) whether the Department of Education will assess effectiveness of the
78.20 supplemental education service providers using an absolute measure, such as percent of
78.21 "proficient" students or measure individual students' growth toward proficiency over time.

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

78.23 Sec. 53. **RULEMAKING AUTHORITY.**

78.24 (a) The commissioner of education shall adopt rules under Minnesota Statutes,
78.25 chapter 14, for physical education standards required for high school graduation, consistent
78.26 with requirements governing Minnesota Statutes, sections 120B.021, subdivision 1, clause
78.27 (5)(i), and 120B.024, paragraph (a), clause (6), after reviewing the six physical education
78.28 standards developed by the Department of Education's health and physical education
78.29 quality teaching network and consulting with interested and qualified stakeholders and
78.30 members of the public about the proposed substance of the physical education standards.

78.31 (b) Consistent with the requirements governing Minnesota Statutes, sections
78.32 120B.021, subdivision 1, clause (5)(ii), and 120B.024, paragraph (a), clause (6), the
78.33 commissioner of education must use the expedited rulemaking process under Minnesota

79.1 Statutes, section 14.389, to adopt a rule governing physical education standards that
79.2 contains the six National Physical Education Standards developed by the National
79.3 Association for Sport and Physical Education requiring a physically educated person to:

79.4 (1) demonstrate competency in motor skills and movement patterns needed to
79.5 perform a variety of physical activities;

79.6 (2) demonstrate understanding of movement concepts, principles, strategies, and
79.7 tactics as they apply to learning and performance of physical activities;

79.8 (3) participate regularly in physical education;

79.9 (4) achieve and maintain a health-enhancing level of physical fitness;

79.10 (5) exhibit responsible personal and social behavior that respects one's self and
79.11 others in physical activity settings; and

79.12 (6) value physical activity for health, enjoyment, challenge, self-expression, and
79.13 social interaction.

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

79.15 Sec. 54. **WORLD LANGUAGES RESOURCES.**

79.16 (a) The commissioner of education shall employ a full-time state coordinator for
79.17 world languages education within the department by July 1, 2007. The commissioner shall
79.18 seek advice from the quality teaching network before assigning or hiring the coordinator.
79.19 The coordinator, at a minimum, shall:

79.20 (1) assist charter schools and school districts in planning to develop or enhance their
79.21 capacity to offer world languages courses and programs;

79.22 (2) collaborate with Minnesota world languages professionals and charter schools
79.23 and school districts and continuously seek their advice in developing all aspects of world
79.24 languages programs;

79.25 (3) survey Minnesota charter schools and school districts to (i) determine the types
79.26 of existing world languages programs including, among others, those that use information
79.27 technology to provide high-quality world languages instruction, (ii) identify exemplary
79.28 model world languages programs, and (iii) identify and address staff development needs of
79.29 current world languages teachers, preservice teachers, and teacher preparation programs;

79.30 (4) identify successful world languages programs in other states;

79.31 (5) consult with interested stakeholders to prepare a report for the commissioner of
79.32 education to submit by February 15, 2008, to the education policy and finance committees
79.33 of the legislature assessing the feasibility and structure of a statewide world languages
79.34 graduation requirement under Minnesota Statutes, section 120B.021, subdivision 1; and

80.1 (6) beginning February 1, 2008, and until February 1, 2012, report annually to the
80.2 education policy and finance committees of the legislature on the status of world languages
80.3 in Minnesota and the programmatic needs identified by charter school and school district
80.4 surveys, and make recommendations on how to address the identified needs.

80.5 (b) After carefully examining existing world languages assessments, including
80.6 among other considerations the ease or difficulty with which the assessments may be
80.7 adapted to world languages not currently assessed, the commissioner, by July 1, 2009,
80.8 shall recommend an assessment tool for charter schools and school districts to use in
80.9 measuring student progress in acquiring proficiency in world languages.

80.10 (c) Beginning July 1, 2008, the department shall assist world languages teachers
80.11 and other school staff in developing and implementing world languages programs
80.12 that acknowledge and reinforce the language proficiency and cultural awareness that
80.13 non-English language speakers already possess, and encourage students' proficiency in
80.14 multiple world languages. Programs under this paragraph must encompass indigenous
80.15 American Indian languages and cultures, among other world languages and cultures. The
80.16 department shall consult with postsecondary institutions in developing related professional
80.17 development opportunities

80.18 (d) The commissioner, upon request, must evaluate the plans of charter schools and
80.19 school districts to develop or enhance their capacity to offer world languages courses
80.20 and programs and continue to offer technical assistance to districts in developing or
80.21 enhancing world languages programs. The department shall assist districts in monitoring
80.22 local assessment results.

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

80.24 **Sec. 55. WORLD LANGUAGES PILOT PROGRAM GRANTS.**

80.25 (a) A pilot program awarding five world languages grants of \$50,000 per grant to
80.26 interested and qualified school sites and school districts is established for fiscal year 2009
80.27 to develop and implement sustainable, high-quality model world languages programs
80.28 and to enhance existing world languages programs at various grade levels for students
80.29 in kindergarten through grade 12. Program participants must simultaneously support
80.30 both non-English language learners in maintaining their native language while mastering
80.31 English and native English speakers in learning other languages.

80.32 (b) Interested school sites and school districts must apply to the commissioner of
80.33 education in the form and manner the commissioner determines. The application must
80.34 indicate whether the applicant intends to develop a new world languages program or
80.35 expand an existing world languages program and whether the applicant intends to offer

81.1 more intensive programs or programs that are readily accessible to larger numbers of
81.2 students. Applicants must agree to disseminate information about their programs to
81.3 interested school sites and school districts.

81.4 (c) The commissioner must award grants to qualified applicants that satisfy the
81.5 requirements in paragraphs (a) and (b). To the extent there are qualified applicants, the
81.6 commissioner must award grants to qualified applicants on an equitable geographic
81.7 basis to the extent feasible. The commissioner must award three grants to kindergarten
81.8 through grade 8 sites, one grant to a qualified site interested in developing or enhancing a
81.9 sustainable Mandarin Chinese program, and one grant to an indigenous American Indian
81.10 world languages program. Grantees must expend the grant consistent with the content of
81.11 their application and this section.

81.12 (d) The commissioner shall provide for an evaluation of the grantees to identify
81.13 exemplary model world languages programs and the staff development needs of world
81.14 languages teachers and report the findings of the evaluation to the education policy and
81.15 finance committees of the legislature by February 15, 2010.

81.16 **EFFECTIVE DATE.** This section is effective for the 2007-2008 school year.

81.17 Sec. 56. **BILINGUAL AND MULTILINGUAL CERTIFICATES; DEPARTMENT**
81.18 **OF EDUCATION.**

81.19 The Department of Education, in consultation with interested stakeholders, must
81.20 develop and recommend to the legislature by February 15, 2008, the standards and process
81.21 for awarding bilingual and multilingual certificates to those kindergarten through grade
81.22 12 students who demonstrate and maintain a requisite level of proficiency in multiple
81.23 languages.

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

81.25 Sec. 57. **MASTER TEACHER TRAINING IN ECONOMICS AND PERSONAL**
81.26 **FINANCE.**

81.27 The commissioner of education must contract with the Minnesota Council on
81.28 Economic Education to allow 20 highly qualified economics and personal finance teachers
81.29 throughout the state to participate in a week-long summer training program that offers
81.30 content, skills for teaching adults, mentoring, and workshop planning and delivery. The
81.31 program must enable participants, as master teachers, to provide professional development
81.32 to other teachers interested in improving their teaching of economics and personal
81.33 finance. Successful master teachers may co-teach teacher workshops with members

82.1 of the statewide network of centers for economic education and provide professional
82.2 development workshops as part of school districts' professional development programs.

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

82.4 Sec. 58. **SCHOOL PERFORMANCE REPORT CARDS; ADVISORY GROUP**
82.5 **RECOMMENDATIONS.**

82.6 (a) To sustain equity and excellence in education, the Independent Office of
82.7 Educational Accountability under Minnesota Statutes, section 120B.31, subdivision 3,
82.8 must convene and facilitate an advisory group of measurement experts to consider and
82.9 recommend how to structure school performance data and school performance report
82.10 cards under Minnesota Statutes, section 120B.36, subdivision 1, to fully, fairly, and
82.11 accurately report student achievement and emphasize school excellence under Minnesota's
82.12 system of educational accountability and public reporting. The advisory group at least
82.13 must consider and recommend how to: evaluate student achievement using multiple
82.14 measures of growth that take into account student demographic characteristics, consistent
82.15 with Minnesota Statutes, section 120B.31, subdivision 4; and identify outstanding schools
82.16 based on student achievement and achievement growth and using multiple performance
82.17 measures that are objective and consistent with the highest standards in the field of
82.18 educational measurements and accountability. The advisory group, at its discretion, may
82.19 also consider and make recommendations on other related statewide accountability and
82.20 reporting matters.

82.21 (b) Advisory group members under paragraph (a) include: two qualified experts in
82.22 measurement in education selected by the State Council on Measurement in Education;
82.23 three regionally diverse school district research and evaluation directors selected by the
82.24 Minnesota Assessment Group; one school superintendent selected by the Minnesota
82.25 Association of School Administrators; one University of Minnesota faculty selected by
82.26 the dean of the College of Education and Human Development; one licensed teacher
82.27 selected by Education Minnesota; two parents selected by the Minnesota Parent Teachers
82.28 Association with expertise in measurement in education; and the director of evaluation and
82.29 testing at the Minnesota Department of Education. Advisory group members' terms and
82.30 other advisory group matters are subject to Minnesota Statutes, section 15.059, subdivision
82.31 6. The Independent Office of Educational Accountability must present the advisory group's
82.32 recommendations under paragraph (a) to the education policy and finance committees of
82.33 the legislature by February 15, 2008. The advisory group expires February 16, 2008.

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

83.1 Sec. 59. **ALTERNATIVE SCHOOL CALENDAR PILOT PROGRAM.**

83.2 Subdivision 1. **Establishment.** Notwithstanding Minnesota Statutes, section
83.3 120A.41 or 120A.415, or other law to the contrary, but consistent with Minnesota
83.4 Statutes, section 124D.128, an alternative school calendar pilot program is established to
83.5 examine the impact of school calendar arrangements on student learning by comparing
83.6 students' academic gains in school districts and charter schools that use traditional and
83.7 nontraditional school calendars. The commissioner of education must structure the
83.8 program and select elementary and secondary program participants with the purpose of
83.9 comparing the impact of traditional and nontraditional school calendars on:

- 83.10 (1) the amount of educational material students retain after school vacations;
83.11 (2) the educational enrichment opportunities and remedial help available to students
83.12 throughout the school year;
83.13 (3) the impact of the calendar on student attendance, student disciplinary actions,
83.14 and student achievement test scores; and
83.15 (4) the amount of time available to students and school staff for out-of-school
83.16 learning, vacations, and recreation.

83.17 Subd. 2. **Eligibility; application.** An interested school district, charter school, or
83.18 groups of school districts or charter schools that participate for a particular purpose may
83.19 apply to the commissioner of education to participate in the pilot program in the form
83.20 and manner the commissioner determines. An applicant must identify in its application
83.21 the internal and external factors that it anticipates may determine its preference for a
83.22 traditional or nontraditional school calendar, including the impact of the school calendar
83.23 on: costs related to employee compensation, transportation, food, facility use throughout
83.24 the calendar year, and facility maintenance; needs of at-risk students; number of
83.25 instructional and staff development days; and the availability of extracurricular activities,
83.26 community resources, and before- and after-school care and child care. The commissioner
83.27 may require an applicant to provide additional information.

83.28 Subd. 3. **Application review; grant awards.** When reviewing an application, the
83.29 commissioner must determine whether the applicant met the requirements in subdivisions
83.30 1 and 2, and only an applicant that satisfies all the requirements is eligible to receive a
83.31 grant under this section. The commissioner must equitably distribute grant awards, to the
83.32 extent feasible, on the basis of geography and must consider grant applications from
83.33 existing and proposed flexible learning year programs under Minnesota Statutes, section
83.34 124D.12. The commissioner must base the amount of the grant award on the number of
83.35 students the grantee has enrolled in school and the length and structure of the grantee's

84.1 school calendar. Grant expenditures must be consistent with budget information the
84.2 grantee periodically submits to the commissioner.

84.3 Subd. 4. **Evaluation.** The commissioner must provide for an ongoing annual
84.4 evaluation of the impact of school calendar arrangements on student learning under
84.5 subdivision 1, clauses (1) to (4). Within 180 days of when the pilot program terminates,
84.6 the commissioner must recommend to the education policy and finance committees of the
84.7 legislature preferred school calendars based upon demonstrated student achievement and
84.8 the criteria listed in subdivision 1.

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

84.10 Sec. 60. **AMERICAN INDIAN SCHOLARSHIP.**

84.11 Administration of the American Indian scholarship program under Minnesota
84.12 Statutes, section 124D.84, is transferred from the Department of Education to the
84.13 Minnesota Office of Higher Education. The Minnesota Office of Higher Education must
84.14 maintain an office at no cost to the scholarship program that employs at least one person in
84.15 the Bemidji area for distributing scholarships under this section. Office space and support
84.16 may be provided by Bemidji State University at no cost to the scholarship program.

84.17 Sec. 61. **TEACHER TRAINING TO INTEGRATE LEARNING**
84.18 **TECHNOLOGIES INTO K-12 CLASSROOMS.**

84.19 (a) The commissioner of education must contract with the University of Minnesota
84.20 for qualified experts to provide teacher training in effectively using computers and
84.21 related technologies in kindergarten through grade 12 classrooms. The experts must
84.22 provide professional development opportunities to teachers throughout the state and
84.23 enable participants to successfully use technology-related instructional resources to help
84.24 diverse students meet state and local academic standards and graduation requirements and
84.25 achieve educational excellence, and enhance teachers' learning and curriculum content
84.26 and instruction. The experts also must enable participants to serve as master teachers to
84.27 provide professional development to other teachers interested in better integrating the use
84.28 of learning technologies into kindergarten through grade 12 classrooms. Participants who
84.29 serve as master teachers may co-teach teacher workshops with other qualified professional
84.30 development providers and participate in professional development workshops as part
84.31 of school districts' professional development programs.

84.32 (b) The commissioner of education must provide for an evaluation of the
84.33 effectiveness of the teacher training program under paragraph (a) and recommend to the

85.1 education policy and finance committees of the legislature by February 15, 2010, whether
85.2 or not to make the program available statewide.

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

85.4 Sec. 62. **ADVISORY TASK FORCE ON MINNESOTA AMERICAN INDIAN**
85.5 **TRIBES AND COMMUNITIES AND K-12 STANDARDS-BASED REFORM.**

85.6 (a) The commissioner of education shall appoint an advisory task force on
85.7 Minnesota American Indian tribes and communities and kindergarten through grade 12
85.8 standards-based reform that is composed of the following representatives: Department
85.9 of Education staff experienced in working with American Indian students and programs;
85.10 Minnesota American Indian tribes and communities; Minnesota School Board Association;
85.11 school administrators; Education Minnesota; the state Board of Teaching; the Minnesota
85.12 Council on Indian Affairs; postsecondary faculty who serve as instructors in teacher
85.13 preparation programs; local community service providers who work with Minnesota
85.14 American Indian tribes and communities; and other representatives recommended by task
85.15 force members. Task force members' terms and other task force matters are subject to
85.16 Minnesota Statutes, section 15.059, subject to the limits of available appropriations. The
85.17 task force must submit a written report to the education policy and finance committees
85.18 of the legislature by February 15, 2008, that includes any recommended changes to the
85.19 state's performance standards, content requirements, assessments measures, and teacher
85.20 preparation programs to most effectively meet the educational needs of American Indian
85.21 students enrolled in Minnesota schools.

85.22 (b) Upon request, the commissioner of education must provide the task force with
85.23 technical, fiscal, and other support.

85.24 (c) The task force expires on February 16, 2008.

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

85.26 Sec. 63. **REVISOR'S INSTRUCTION.**

85.27 The revisor of statutes shall renumber Minnesota Statutes, section 124D.84 to
85.28 section 136A.126, correct cross-references, and make other necessary corrections to
85.29 implement section 58.

85.30 Sec. 64. **APPROPRIATIONS.**

86.1 Subdivision 1. **Minnesota Office of Higher Education.** The sums indicated in
86.2 this section are appropriated from the general fund to the Minnesota Office of Higher
86.3 Education for the fiscal years designated.

86.4 Subd. 2. **American Indian scholarships.** For American Indian scholarships under
86.5 Minnesota Statutes, section 124D.84:

86.6 \$ 1,950,000 2008

86.7 \$ 1,950,000 2009

86.8 Of this appropriation, \$75,000 per year is for administration under section 58.

86.9 Sec. 65. **APPROPRIATIONS**

86.10 Subdivision 1. **Board of Regents of the University of Minnesota.** The sums
86.11 indicated in this section are appropriated from the general fund to the Board of Regents of
86.12 the University of Minnesota for the fiscal years designated.

86.13 Subd. 2. **Independent Office of Educational Accountability.** For the Independent
86.14 Office of Educational Accountability under Minnesota Statutes, section 120B.31,
86.15 subdivision 3:

86.16 \$ 200,000 2008

86.17 \$ 200,000 2009

86.18 This is a onetime appropriation.

86.19 Sec. 66. **APPROPRIATIONS.**

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

86.22 Subd. 2. **Charter school building lease aid.** For building lease aid under Minnesota
86.23 Statutes, section 124D.11, subdivision 4:

86.24 \$ 31,875,000 2008

86.25 \$ 36,193,000 2009

86.26 The 2008 appropriation includes \$2,814,000 for 2007 and \$29,061,000 for 2008.

86.27 The 2009 appropriation includes \$3,229,000 for 2008 and \$32,964,000 for 2009.

86.28 Subd. 3. **Charter school startup cost aid.** For charter school startup cost aid
86.29 under Minnesota Statutes, section 124D.11:

86.30 \$ 1,896,000 2008

86.31 \$ 2,161,000 2009

87.1 The 2008 appropriation includes \$241,000 for 2007 and \$1,655,000 for 2008.

87.2 The 2009 appropriation includes \$183,000 for 2008 and \$1,978,000 for 2009.

87.3 Subd. 4. **Integration aid.** For integration aid under Minnesota Statutes, section
87.4 124D.86, subdivision 5:

87.5 \$ 61,769,000 2008

87.6 \$ 61,000,000 2009

87.7 The 2008 appropriation includes \$5,824,000 for 2007 and \$55,945,000 for 2008.

87.8 The 2009 appropriation includes \$6,216,000 for 2008 and \$54,784,000 for 2009.

87.9 Subd. 5. **Magnet school program grants.** For magnet school program grants:

87.10 \$ 750,000 2008

87.11 \$ 750,000 2009

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

87.14 Up to \$100,000 each year is available for site-based decision-making grants under
87.15 Minnesota Statutes, section 123B.04, subdivision 2, clause (g).

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

87.17 Subd. 6. **Interdistrict desegregation or integration transportation grants.** For
87.18 interdistrict desegregation or integration transportation grants under Minnesota Statutes,
87.19 section 124D.87:

87.20 \$ 9,639,000 2008

87.21 \$ 11,567,000 2009

87.22 Subd. 7. **Success for the future.** For American Indian success for the future grants
87.23 under Minnesota Statutes, section 124D.81:

87.24 \$ 2,137,000 2008

87.25 \$ 2,137,000 2009

87.26 The 2008 appropriation includes \$213,000 for 2007 and \$1,924,000 for 2008.

87.27 The 2009 appropriation includes \$213,000 for 2008 and \$1,924,000 for 2009.

87.28 Subd. 8. **American Indian teacher preparation grants.** For joint grants to assist
87.29 American Indians to become teachers under Minnesota Statutes, section 122A.63:

87.30 \$ 190,000 2008

87.31 \$ 190,000 2009

88.1 Subd. 9. **Tribal contract schools.** For tribal contract school aid under Minnesota
88.2 Statutes, section 124D.83:

88.3 \$ 2,251,000 2008

88.4 \$ 2,463,000 2009

88.5 The 2008 appropriation includes \$204,000 for 2007 and \$2,047,000 for 2008.

88.6 The 2009 appropriation includes \$227,000 for 2008 and \$2,236,000 for 2009.

88.7 Subd. 10. **Early childhood family education programs at tribal contract schools.**

88.8 For early childhood family education programs at tribal contract schools under Minnesota

88.9 Statutes, section 124D.83, subdivision 4:

88.10 \$ 68,000 2008

88.11 \$ 68,000 2009

88.12 Subd. 11. **Statewide testing and reporting system.** For the statewide testing and
88.13 reporting system under Minnesota Statutes, section 120B.30:

88.14 \$ 12,650,000 2008

88.15 \$ 12,650,000 2009

88.16 \$11,500,000 each year is to continue the general administration and reporting of the
88.17 statewide testing program.

88.18 \$1,150,000 each year is for the value-added index assessment model.

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

88.20 The base for this program in fiscal year 2010 and later is \$12,650,000.

88.21 Subd. 12. **First grade preparedness.** For first grade preparedness grants under
88.22 Minnesota Statutes, section 124D.081:

88.23 \$ 7,250,000 2008

88.24 Subd. 13. **Examination fees; teacher training and support programs.** (a) For
88.25 students' advanced placement and international baccalaureate examination fees under
88.26 Minnesota Statutes, section 120B.13, subdivision 3, and the training and related costs
88.27 for teachers and other interested educators under Minnesota Statutes, section 120B.13,
88.28 subdivision 1:

88.29 \$ 4,500,000 2008

88.30 \$ 4,500,000 2009

88.31 (b) The advanced placement program shall receive 75 percent of the appropriation
88.32 each year and the international baccalaureate program shall receive 25 percent of the
88.33 appropriation each year. The department, in consultation with representatives of the

89.1 advanced placement and international baccalaureate programs selected by the Advanced
89.2 Placement Advisory Council and IBMN, respectively, shall determine the amounts of
89.3 the expenditures each year for examination fees and training and support programs for
89.4 each program.

89.5 (c) Notwithstanding Minnesota Statutes, section 120B.13, subdivision 1, at least
89.6 \$500,000 each year is for teachers to attend subject matter summer training programs
89.7 and follow-up support workshops approved by the advanced placement or international
89.8 baccalaureate programs. The amount of the subsidy for each teacher attending an
89.9 advanced placement or international baccalaureate summer training program or workshop
89.10 shall be the same. The commissioner shall determine the payment process and the amount
89.11 of the subsidy.

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

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

89.17 Subd. 14. **Preadvanced placement, advanced placement, international**
89.18 **baccalaureate, and concurrent enrollment programs.** For preadvanced placement,
89.19 advanced placement, international baccalaureate, and concurrent enrollment programs
89.20 under Minnesota Statutes, sections 120B.132 and 124D.091:

89.21 \$ 7,740,000 2008

89.22 \$ 8,600,000 2009

89.23 The 2008 appropriation includes \$0 for fiscal year 2007 and \$7,740,000 for fiscal
89.24 year 2008. The 2009 appropriation includes \$860,000 for fiscal year 2008 and \$7,740,000
89.25 for fiscal year 2009.

89.26 Of this amount, \$2,500,000 each year is for concurrent enrollment program aid
89.27 under Minnesota Statutes, section 124D.091. If the appropriation is insufficient, the
89.28 commissioner must proportionately reduce the aid payment to each district.

89.29 Subd. 15. **Collaborative urban educator.** For collaborative urban educator grants
89.30 under Minnesota Statutes, section 122A.641:

89.31 \$ 1,301,000 2008

89.32 \$ 1,301,000 2009

89.33 \$500,000 each year is for the Southeast Asian teacher program at Concordia
89.34 University, St. Paul; \$400,000 each year is for the collaborative urban educator program at
89.35 the University of St. Thomas; and \$400,000 each year is for the Center for Excellence in

90.1 Urban Teaching at Hamline University. Grant recipients must collaborate with urban and
90.2 nonurban school districts.

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

90.4 Subd. 16. **Youth works program.** For funding youth works programs under
90.5 Minnesota Statutes, sections 124D.37 to 124D.45:

90.6 \$ 900,000 2008

90.7 \$ 900,000 2009

90.8 A grantee organization may provide health and child care coverage to the dependents
90.9 of each participant enrolled in a full-time youth works program to the extent the coverage
90.10 is not otherwise available.

90.11 Subd. 17. **Early childhood literacy programs.** For early childhood literacy
90.12 programs under Minnesota Statutes, section 119A.50, subdivision 3:

90.13 \$ 1,500,000 2008

90.14 \$ 1,500,000 2009

90.15 \$1,000,000 each year is for leveraging federal and private funding to support
90.16 AmeriCorps members serving in the Minnesota Reading Corps program established by
90.17 Serve Minnesota, including costs associated with the training and teaching of early literacy
90.18 skills to children age three to grade 3 and the evaluation of the impact of the program
90.19 under Minnesota Statutes, section 124D.42, subdivision 8.

90.20 \$500,000 each year is for grants for early childhood literacy programs under
90.21 Minnesota Statutes, section 119A.50, subdivision 3, paragraph (a).

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

90.23 Subd. 18. **St. Croix River Education District.** For a grant to the St. Croix River
90.24 Education District:

90.25 \$ 500,000 2008

90.26 \$ 500,000 2009

90.27 These funds must be used to:

90.28 (1) deliver standardized research-based professional development in
90.29 problem-solving, including response to intervention, scientifically based reading
90.30 instruction, and standards-aligned instruction and assessment;

90.31 (2) provide coaching to targeted districts throughout the state;

90.32 (3) deliver large scale training throughout the state;

90.33 (4) provide ongoing technical assistance to schools;

91.1 (5) assist with implementing professional development content into higher education
91.2 instructional curricula; and

91.3 (6) evaluate the effectiveness of project activities.

91.4 This is a onetime appropriation.

91.5 Subd. 19. **Student organizations.** For student organizations:

91.6 \$ 725,000 2008

91.7 \$ 725,000 2009

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

91.9 Subd. 20. **College level examination program (CLEP).** For the college level
91.10 examination program (CLEP) under Minnesota Statutes, section 120B.131:

91.11 \$ 1,650,000 2008

91.12 \$ 1,650,000 2009

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

91.14 Subd. 21. **Education planning and assessment (EPAS) program.** For the
91.15 educational planning and assessment (EPAS) program under Minnesota Statutes, section
91.16 120B.128:

91.17 \$ 829,000 2008

91.18 \$ 829,000 2009

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

91.20 The base for this program in fiscal year 2010 and later is \$829,000.

91.21 Subd. 22. **21st century high schools.** (a) For 21st century high schools:

91.22 \$ 1,920,000 2008

91.23 \$ 6,843,000 2009

91.24 (b) \$1,000,000 in fiscal year 2008 is for grants for alternative school calendar pilot
91.25 programs under section 59. Grant funds may be used for pupil transportation costs.

91.26 (c) \$6,443,000 in fiscal year 2009 is for Career and Technical Aid under Minnesota
91.27 Statutes, section 124D.4531. The 2009 appropriation includes \$0 for fiscal year 2008 and
91.28 \$6,443,000 for fiscal year 2009.

91.29 (d) \$500,000 in fiscal year 2008 is for professional teacher licensure.

91.30 (e) \$150,000 each year is for the quantum opportunities program.

91.31 (f) \$250,000 each year is for world languages resources for developing and
91.32 implementing world languages programs.

92.1 (g) \$20,000 in fiscal year 2008 is for the committee on American Indian education
 92.2 under Minnesota Statutes, section 124D.805.

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

92.4 The base for this appropriation for fiscal year 2010 is \$7,352,000 and \$7,572,000
 92.5 for fiscal year 2011.

92.6 Subd. 23. **Minnesota teacher development.** (a) Effective, well prepared, fully
 92.7 engaged, and adequately supported kindergarten through grade 12 classroom teachers,
 92.8 along with parents, are critical partners in helping the many diverse student populations
 92.9 realize meaningful academic achievement. To afford students needed opportunities
 92.10 to learn effectively without remediation; to acknowledge and reinforce the language
 92.11 proficiency and cultural awareness that diverse language speakers possess; to encourage
 92.12 students' proficiency in science, technology, mathematics, engineering, economics, civics,
 92.13 and foreign languages; and to provide new and experienced teachers with sufficient staff
 92.14 development resources and support to effectively work to close the student achievement
 92.15 gap, the following resources are provided:

92.16 \$ 4,950,000 2008

92.17 \$ 4,000,000 2009

92.18 (b) \$400,000 each year is for a grant to the Minnesota Humanities Commission
 92.19 under Minnesota Statutes, section 138.911.

92.20 (c) \$150,000 each year is for a grant to the Minnesota Historical Society.

92.21 (d) \$400,000 each year is for the Principals' Leadership Institute under Minnesota
 92.22 Statutes, section 122A.74. Any balance in the first year does not cancel but is available
 92.23 in the second year.

92.24 (e) \$1,300,000 each year is for teachers of color scholarships under Minnesota
 92.25 Statutes, section 122A.633.

92.26 (f) \$2,600,000 in fiscal year 2008 and \$1,750,000 in fiscal year 2009 are for
 92.27 professional development programs. Of this amount: \$1,667,000 in fiscal year 2008 and
 92.28 \$1,125,000 in fiscal year 2009 are for grants for up to five teacher centers under Minnesota
 92.29 Statutes, section 122A.72, subdivision 5, for the science, technology, engineering and
 92.30 mathematics initiative including teacher workshops and expanded outreach programs
 92.31 in classrooms; \$333,000 in fiscal year 2008 and \$225,000 in fiscal year 2009 are for
 92.32 a grant to the Science Museum of Minnesota for the science, technology, engineering,
 92.33 and mathematics initiative; \$200,000 in fiscal year 2008 is for a grant to the Minnesota
 92.34 Council on Economic Education for master teacher training in economics and personal
 92.35 finance; and \$400,000 each year is for teacher technology training grants under section 61.

93.1 (g) \$100,000 in fiscal year 2008 is for a grant to the commissioner of education for a
93.2 grant to the Learning Law and Democracy Foundation for the development and electronic
93.3 collection, review, and distribution of educational materials supporting Minnesota's
93.4 kindergarten through grade 12 education standards for civics and government.

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

93.6 The base for the appropriations contained in this subdivision for fiscal year 2010 and
93.7 later is \$800,000 per year.

93.8 Sec. 67. **REPEALER.**

93.9 Minnesota Statutes 2006, sections 121A.23; and 124D.62, are repealed.

93.10 ARTICLE 3

93.11 SPECIAL PROGRAMS

93.12 Section 1. Minnesota Statutes 2006, section 123B.92, subdivision 1, is amended to read:

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

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

93.17 (1) the sum of:

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

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

93.24 (iii) an amount equal to one year's depreciation on the district's type three school
93.25 buses, as defined in section 169.01, subdivision 6, clause (5), which must be used a
93.26 majority of the time for pupil transportation purposes, computed on a straight line basis at
93.27 the rate of 20 percent per year of the cost of the type three school buses by:

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

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

93.32 (1) Regular transportation is:

93.33 (i) transportation to and from school during the regular school year for resident
93.34 elementary pupils residing one mile or more from the public or nonpublic school they

94.1 attend, and resident secondary pupils residing two miles or more from the public
94.2 or nonpublic school they attend, excluding desegregation transportation and noon
94.3 kindergarten transportation; but with respect to transportation of pupils to and from
94.4 nonpublic schools, only to the extent permitted by sections 123B.84 to 123B.87;

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

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

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

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

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

94.21 (2) Excess transportation is:

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

94.27 (ii) transportation to and from school during the regular school year required under
94.28 subdivision 3 for nonresident secondary pupils when the distance from the attendance area
94.29 border to the school is at least one mile but less than two miles from the public school
94.30 they attend, and for nonresident pupils when the distance from the attendance area border
94.31 to the school is less than one mile from the school and who are transported because of
94.32 extraordinary traffic, drug, or crime hazards.

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

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

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

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

95.9 (iii) necessary transportation for resident pupils with disabilities required by sections
95.10 125A.12, and 125A.26 to 125A.48;

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

95.13 (v) transportation from one educational facility to another within the district for
95.14 resident pupils enrolled on a shared-time basis in educational programs, and necessary
95.15 transportation required by sections 125A.18, and 125A.26 to 125A.48, for resident pupils
95.16 with disabilities who are provided special instruction and services on a shared-time basis
95.17 or if resident pupils are not transported, the costs of necessary travel between public
95.18 and private schools or neutral instructional sites by essential personnel employed by the
95.19 district's program for children with a disability;

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

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

95.26 For purposes of computing special education ~~base revenue~~ initial aid under section
95.27 125A.76, subdivision 2, the cost of providing transportation for children with disabilities
95.28 includes (A) the additional cost of transporting a homeless student from a temporary
95.29 nonshelter home in another district to the school of origin, or a formerly homeless student
95.30 from a permanent home in another district to the school of origin but only through the end
95.31 of the academic year; and (B) depreciation on district-owned school buses purchased after
95.32 July 1, 2005, and used primarily for transportation of pupils with disabilities, calculated
95.33 according to paragraph (a), clauses (ii) and (iii). Depreciation costs included in the
95.34 disabled transportation category must be excluded in calculating the actual expenditure
95.35 per pupil transported in the regular and excess transportation categories according to
95.36 paragraph (a).

96.1 (5) "Nonpublic nonregular transportation" is:

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

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

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

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

96.14 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2008.

96.15 Sec. 2. Minnesota Statutes 2006, section 124D.454, subdivision 2, is amended to read:

96.16 Subd. 2. **Definitions.** For the purposes of this section, the definitions in this
96.17 subdivision apply.

96.18 (a) ~~"Base year" means the second fiscal year preceding the fiscal year for which~~
96.19 ~~aid will be paid.~~

96.20 ~~(b)~~ "Basic revenue" has the meaning given it in section 126C.10, subdivision 2.
96.21 For the purposes of computing basic revenue pursuant to this section, each child with a
96.22 disability shall be counted as prescribed in section 126C.05, subdivision 1.

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

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

96.25 ~~(e) "Aid percentage factor" means 100 percent for fiscal year 2000 and later.~~

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

96.30 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2008.

96.31 Sec. 3. Minnesota Statutes 2006, section 124D.454, subdivision 3, is amended to read:

96.32 Subd. 3. **Base revenue Initial aid.** ~~(a)~~ The transition-disabled program ~~base revenue~~
96.33 initial aid equals the sum of the following amounts computed using ~~base~~ current year data:

97.1 (1) 68 percent of the salary of each essential licensed person or approved
97.2 paraprofessional who provides direct instructional services to students employed during
97.3 that fiscal year for services rendered in that district's transition program for children with a
97.4 disability;

97.5 (2) 47 percent of the costs of necessary equipment for transition programs for
97.6 children with a disability;

97.7 (3) 47 percent of the costs of necessary travel between instructional sites by transition
97.8 program teachers of children with a disability but not including travel to and from local,
97.9 regional, district, state, or national career and technical student organization meetings;

97.10 (4) 47 percent of the costs of necessary supplies for transition programs for children
97.11 with a disability but not to exceed an average of \$47 in any one school year for each child
97.12 with a disability receiving these services;

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

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

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

97.27 ~~(b) If requested by a school district for transition programs during the base year for~~
97.28 ~~less than the full school year, the commissioner may adjust the base revenue to reflect~~
97.29 ~~the expenditures that would have occurred during the base year had the program been~~
97.30 ~~operated for the full year.~~

97.31 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2008.

97.32 Sec. 4. Minnesota Statutes 2006, section 125A.11, subdivision 1, is amended to read:

97.33 Subdivision 1. **Nonresident tuition rate; other costs.** (a) For fiscal year 2006,
97.34 when a school district provides instruction and services outside the district of residence,
97.35 board and lodging, and any tuition to be paid, shall be paid by the district of residence.

98.1 The tuition rate to be charged for any child with a disability, excluding a pupil for whom
98.2 tuition is calculated according to section 127A.47, subdivision 7, paragraph (d), must be
98.3 the sum of (1) the actual cost of providing special instruction and services to the child
98.4 including a proportionate amount for special transportation and unreimbursed building
98.5 lease and debt service costs for facilities used primarily for special education, plus (2)
98.6 the amount of general education revenue and referendum aid attributable to the pupil,
98.7 minus (3) the amount of special education aid for children with a disability received
98.8 on behalf of that child, minus (4) if the pupil receives special instruction and services
98.9 outside the regular classroom for more than 60 percent of the school day, the amount of
98.10 general education revenue and referendum aid, excluding portions attributable to district
98.11 and school administration, district support services, operations and maintenance, capital
98.12 expenditures, and pupil transportation, attributable to that pupil for the portion of time
98.13 the pupil receives special instruction and services outside of the regular classroom. If
98.14 the boards involved do not agree upon the tuition rate, either board may apply to the
98.15 commissioner to fix the rate. Notwithstanding chapter 14, the commissioner must then set
98.16 a date for a hearing or request a written statement from each board, giving each board
98.17 at least ten days' notice, and after the hearing or review of the written statements the
98.18 commissioner must make an order fixing the tuition rate, which is binding on both school
98.19 districts. General education revenue and referendum equalization aid attributable to a
98.20 pupil must be calculated using the resident district's average general education revenue
98.21 and referendum ~~revenue~~ equalization aid per adjusted pupil unit.

98.22 (b) For fiscal year 2007 and later, when a school district provides special instruction
98.23 and services for a pupil with a disability as defined in section 125A.02 outside the district
98.24 of residence, excluding a pupil for whom an adjustment to special education aid is
98.25 calculated according to section 127A.47, subdivision 7, paragraph (e), special education
98.26 aid paid to the resident district must be reduced by an amount equal to (1) the actual
98.27 cost of providing special instruction and services to the pupil, including a proportionate
98.28 amount for special transportation and unreimbursed building lease and debt service costs
98.29 for facilities used primarily for special education, plus (2) the amount of general education
98.30 revenue and referendum equalization aid attributable to that pupil, calculated using the
98.31 resident district's average general education revenue and referendum equalization aid
98.32 per adjusted pupil unit excluding basic skills revenue, elementary sparsity revenue and
98.33 secondary sparsity revenue, minus (3) the amount of special education aid for children
98.34 with a disability received on behalf of that child, minus (4) if the pupil receives special
98.35 instruction and services outside the regular classroom for more than 60 percent of the
98.36 school day, the amount of general education revenue and referendum equalization aid,

99.1 excluding portions attributable to district and school administration, district support
99.2 services, operations and maintenance, capital expenditures, and pupil transportation,
99.3 attributable to that pupil for the portion of time the pupil receives special instruction and
99.4 services outside of the regular classroom. ~~General education revenue and referendum aid~~
99.5 ~~attributable to a pupil must be calculated using the resident district's average general~~
99.6 ~~education revenue and referendum aid per adjusted pupil unit~~ excluding basic skills
99.7 revenue, elementary sparsity revenue and secondary sparsity revenue and the serving
99.8 district's basic skills revenue, elementary sparsity revenue and secondary sparsity revenue
99.9 per adjusted pupil unit. Notwithstanding clauses (1) and (4), for pupils served by a
99.10 cooperative unit without a fiscal agent school district, the general education revenue and
99.11 referendum equalization aid attributable to a pupil must be calculated using the resident
99.12 district's average general education revenue and referendum equalization aid excluding
99.13 elementary sparsity revenue and secondary sparsity revenue. Special education aid paid to
99.14 the district or cooperative providing special instruction and services for the pupil must be
99.15 increased by the amount of the reduction in the aid paid to the resident district. Amounts
99.16 paid to cooperatives under this subdivision and section 127A.47, subdivision 7, shall be
99.17 recognized and reported as revenues and expenditures on the resident school district's
99.18 books of account under sections 123B.75 and 123B.76. If the resident district's special
99.19 education aid is insufficient to make the full adjustment, the remaining adjustment shall be
99.20 made to other state aid due to the district.

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

99.33 (d) For purposes of this subdivision and section 127A.47, subdivision 7, paragraphs
99.34 (d) and (e), "general education revenue and referendum equalization aid" means the sum
99.35 of the general education revenue according to section 126C.10, subdivision 1, excluding
99.36 alternative teacher compensation revenue, plus the referendum equalization aid according

100.1 to section 126C.17, subdivision 7, as adjusted according to section 127A.47, subdivision
100.2 7, paragraphs (a) to (c).

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

100.4 Sec. 5. Minnesota Statutes 2006, section 125A.13, is amended to read:

100.5 **125A.13 SCHOOL OF PARENTS' CHOICE.**

100.6 (a) Nothing in this chapter must be construed as preventing parents of a child with a
100.7 disability from sending the child to a school of their choice, if they so elect, subject to
100.8 admission standards and policies adopted according to sections 125A.62 to 125A.64 and
100.9 125A.66 to 125A.73, and all other provisions of chapters 120A to 129C.

100.10 (b) The parent of a student with a disability not yet enrolled in kindergarten and not
100.11 open enrolled in a nonresident district may request that the resident district enter into a
100.12 tuition agreement with the nonresident district if:

100.13 (1) the child is enrolled in a Head Start program or a licensed child care setting in
100.14 the nonresident district; and

100.15 (2) the child can be served in the same setting as other children in the nonresident
100.16 district with the same level of disability.

100.17 Sec. 6. Minnesota Statutes 2006, section 125A.14, is amended to read:

100.18 **125A.14 ~~SUMMER PROGRAMS~~ EXTENDED SCHOOL YEAR.**

100.19 A district may provide ~~summer programs~~ extended school year services for children
100.20 with a disability living within the district and nonresident children temporarily placed in
100.21 the district pursuant to section 125A.15 or 125A.16. Prior to March 31 or 30 days after the
100.22 child with a disability is placed in the district, whichever is later, the providing district
100.23 shall give notice to the district of residence of any nonresident children temporarily placed
100.24 in the district pursuant to section 125A.15 or 125A.16, of its intention to provide these
100.25 programs. Notwithstanding any contrary provisions in sections 125A.15 and 125A.16, the
100.26 district providing the special instruction and services must apply for special education
100.27 aid for the ~~summer program~~ extended school year services. The unreimbursed actual cost
100.28 of providing the program for nonresident children with a disability, including the cost of
100.29 board and lodging, may be billed to the district of the child's residence and must be paid
100.30 by the resident district. Transportation costs must be paid by the district responsible
100.31 for providing transportation pursuant to section 125A.15 or 125A.16 and transportation
100.32 aid must be paid to that district.

101.1 Sec. 7. Minnesota Statutes 2006, section 125A.63, is amended by adding a subdivision
101.2 to read:

101.3 Subd. 5. **Statewide hearing loss early education intervention coordinator.** (a)

101.4 The coordinator shall:

101.5 (1) collaborate with the early hearing detection and intervention coordinator for the
101.6 Department of Health, the director of the Department of Education Resource Center for
101.7 Deaf and Hard-of-Hearing, and the Department of Health Early Hearing Detection and
101.8 Intervention Advisory Council;

101.9 (2) coordinate and support Department of Education early hearing detection and
101.10 intervention teams;

101.11 (3) leverage resources by serving as a liaison between interagency early intervention
101.12 committees; part C coordinators from the Departments of Education, Health, and
101.13 Human Services; Department of Education regional low-incidence facilitators; service
101.14 coordinators from school districts; Minnesota children with special health needs in the
101.15 Department of Health; public health nurses; child find; Department of Human Services
101.16 Deaf and Hard-of-Hearing Services Division; and others as appropriate;

101.17 (4) identify, support, and promote culturally appropriate and evidence-based early
101.18 intervention practices for infants with hearing loss, and provide training, outreach, and use
101.19 of technology to increase consistency in statewide service provision;

101.20 (5) identify culturally appropriate specialized reliable and valid instruments to assess
101.21 and track the progress of children with hearing loss and promote their use;

101.22 (6) ensure that early childhood providers, parents, and members of the individual
101.23 family service and intervention plan are provided with child progress data resulting from
101.24 specialized assessments;

101.25 (7) educate early childhood providers and teachers of the deaf and hard-of-hearing
101.26 to use developmental data from specialized assessments to plan and adjust individual
101.27 family service plans; and

101.28 (8) make recommendations that would improve educational outcomes to the early
101.29 hearing detection and intervention committee, the commissioners of education and health,
101.30 the Minnesota Commission Serving Deaf and Hard-of-Hearing People, and the advisory
101.31 council of the Minnesota Department of Education Resource Center for the Deaf and
101.32 Hard-of-Hearing.

101.33 (b) The Department of Education must provide aggregate data regarding outcomes
101.34 of deaf and hard-of-hearing children who receive early intervention services within the
101.35 state in accordance with the state performance plan.

102.1 Sec. 8. Minnesota Statutes 2006, section 125A.75, subdivision 1, is amended to read:

102.2 Subdivision 1. **Travel aid.** The state must pay each district one-half of the sum
102.3 actually expended by a district, based on mileage, for necessary travel of essential
102.4 personnel providing home-based or community-based services to children with a disability
102.5 under age five and their families.

102.6 Sec. 9. Minnesota Statutes 2006, section 125A.75, subdivision 4, is amended to read:

102.7 Subd. 4. **Program and aid approval.** Before June 1 of each year, each district
102.8 providing special instruction and services to children with a disability, including children
102.9 eligible for Part C, as defined in sections 125A.02, subdivision 1, and 125A.27, subdivision
102.10 8, must submit to the commissioner an application for approval of these programs and their
102.11 budgets for the next fiscal year. The application must include an enumeration of the costs
102.12 proposed as eligible for state aid pursuant to this section and of the estimated number and
102.13 grade level of children with a disability in the district who will receive special instruction
102.14 and services ~~during the regular school year and in summer school programs~~ during
102.15 the next fiscal year. The application must also include any other information deemed
102.16 necessary by the commissioner for the calculation of state aid and for the evaluation of the
102.17 necessity of the program, the necessity of the personnel to be employed in the program,
102.18 for determining the amount which the program will receive from grants from federal
102.19 funds, or special grants from other state sources, and the program's compliance with the
102.20 rules and standards of the Department of Education. The commissioner shall review each
102.21 application to determine whether the program and the personnel to be employed in the
102.22 program are actually necessary and essential to meet the district's obligation to provide
102.23 special instruction and services to children with a disability pursuant to sections 125A.03
102.24 to 125A.24, 125A.259 to 125A.48, and 125A.65. The commissioner shall not approve aid
102.25 pursuant to this section for any program or for the salary of any personnel determined to
102.26 be unnecessary or unessential on the basis of this review. The commissioner may withhold
102.27 all or any portion of the aid for programs which receive grants from federal funds, or
102.28 special grants from other state sources. By August 31 the commissioner shall approve,
102.29 disapprove, or modify each application, and notify each applying district of the action
102.30 and of the estimated amount of aid for the programs. The commissioner shall provide
102.31 procedures for districts to submit additional applications for program and budget approval
102.32 during the fiscal year, for programs needed to meet any substantial changes in the needs
102.33 of children with a disability in the district. Notwithstanding the provisions of section
102.34 127A.42, the commissioner may modify or withdraw the program or aid approval and
102.35 withhold aid pursuant to this section without proceeding according to section 127A.42

103.1 at any time the commissioner determines that the program does not comply with rules
103.2 of the Department of Education or that any facts concerning the program or its budget
103.3 differ from the facts in the district's approved application.

103.4 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2008.

103.5 Sec. 10. Minnesota Statutes 2006, section 125A.76, subdivision 1, is amended to read:

103.6 Subdivision 1. **Definitions.** For the purposes of this section, the definitions in this
103.7 subdivision apply.

103.8 (a) ~~"Base year" for fiscal year 1998 and later fiscal years means the second fiscal~~
103.9 ~~year preceding the fiscal year for which aid will be paid.~~

103.10 (b) "Basic revenue" has the meaning given it in section 126C.10, subdivision 2.

103.11 For the purposes of computing basic revenue pursuant to this section, each child with a
103.12 disability shall be counted as prescribed in section 126C.05, subdivision 1.

103.13 (c) "Essential personnel" means teachers, cultural liaisons, related services, and
103.14 support services staff providing direct services to students. Essential personnel may also
103.15 include special education paraprofessionals or clericals providing support to teachers and
103.16 students by preparing paperwork and making arrangements related to special education
103.17 compliance requirements, including parent meetings and individual education plans.

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

103.19 (e) "Program growth factor" means 1.046 for fiscal year 2003, and 1.0 for fiscal
103.20 year 2004 and later.

103.21 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2008.

103.22 Sec. 11. Minnesota Statutes 2006, section 125A.76, subdivision 2, is amended to read:

103.23 Subd. 2. **Special education ~~base revenue~~ initial aid.** (a) The special education
103.24 ~~base revenue~~ initial aid equals the sum of the following amounts computed using ~~base~~
103.25 current year data:

103.26 (1) 68 percent of the salary of each essential person employed in the district's
103.27 program for children with a disability during the fiscal year, whether the person is
103.28 employed by one or more districts or a Minnesota correctional facility operating on a
103.29 fee-for-service basis;

103.30 (2) for the Minnesota State Academy for the Deaf or the Minnesota State Academy
103.31 for the Blind, 68 percent of the salary of each instructional aide assigned to a child
103.32 attending the academy, if that aide is required by the child's individual education plan;

104.1 (3) for special instruction and services provided to any pupil by contracting with
 104.2 public, private, or voluntary agencies other than school districts, in place of special
 104.3 instruction and services provided by the district, 52 percent of the difference between
 104.4 the amount of the contract and ~~the amount of the basic revenue, as defined in section~~
 104.5 ~~126C.10, subdivision 2, special education aid, and any other aid earned on behalf of the~~
 104.6 ~~child~~ the general education revenue, excluding basic skills revenue and alternative teacher
 104.7 compensation revenue, and referendum equalization aid attributable to a pupil, calculated
 104.8 using the resident district's average general education revenue and referendum equalization
 104.9 aid per adjusted pupil unit for the fraction of the school day the pupil receives services
 104.10 under the contract. This includes children who are residents of the state, receive services
 104.11 under section 125A.76, subdivisions 1 and 2, and are placed in a care and treatment facility
 104.12 by court action in a state that does not have a reciprocity agreement with the commissioner
 104.13 under section 125A.155 as provided for in section 125A.79, subdivision 8;

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

104.18 (5) for supplies and equipment purchased or rented for use in the instruction of
 104.19 children with a disability, an amount equal to 47 percent of the sum actually expended by
 104.20 the district, or a Minnesota correctional facility operating on a fee-for-service basis, but
 104.21 not to exceed an average of \$47 in any one school year for each child with a disability
 104.22 receiving instruction;

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

104.26 (7) ~~for fiscal years 1999 and later,~~ the cost of providing transportation services for
 104.27 children with disabilities under section 123B.92, subdivision 1, paragraph (b), clause (4).

104.28 The department shall establish procedures through the uniform financial accounting
 104.29 and reporting system to identify and track all revenues generated from third-party billings
 104.30 as special education revenue at the school district level; include revenue generated from
 104.31 third-party billings as special education revenue in the annual cross-subsidy report; and
 104.32 exclude third-party revenue from calculation of excess cost aid to the districts; and

104.33 (8) the district's transition-disabled program initial aid according to section
 104.34 124D.454, subdivision 3.

104.35 ~~(b) If requested by a school district operating a special education program during~~
 104.36 ~~the base year for less than the full fiscal year, or a school district in which is located a~~

105.1 ~~Minnesota correctional facility operating on a fee-for-service basis for less than the full~~
 105.2 ~~fiscal year, the commissioner may adjust the base revenue to reflect the expenditures~~
 105.3 ~~that would have occurred during the base year had the program been operated for the~~
 105.4 ~~full fiscal year.~~

105.5 ~~(c) Notwithstanding paragraphs (a) and (b), the portion of a school district's base~~
 105.6 ~~revenue attributable to a Minnesota correctional facility operating on a fee-for-service~~
 105.7 ~~basis during the facility's first year of operating on a fee-for-service basis shall be~~
 105.8 ~~computed using current year data.~~

105.9 Sec. 12. Minnesota Statutes 2006, section 125A.76, subdivision 4, is amended to read:

105.10 Subd. 4. **State total special education aid.** ~~The state total special education aid~~
 105.11 ~~for fiscal year 2004 equals \$530,642,000. The state total special education aid for fiscal~~
 105.12 ~~year 2005 equals \$529,164,000~~ \$572,297,000 for fiscal year 2008, \$573,122,000 for fiscal
 105.13 year 2009, \$574,696,000 for fiscal year 2010, and \$576,653,000 for fiscal year 2011. The
 105.14 state total special education aid for later fiscal years equals:

105.15 (1) the state total special education aid for the preceding fiscal year; times
 105.16 (2) the program growth factor; times
 105.17 (3) the greater of one, or the ratio of the state total average daily membership for the
 105.18 current fiscal year to the state total average daily membership for the preceding fiscal year.

105.19 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2008.

105.20 Sec. 13. Minnesota Statutes 2006, section 125A.76, subdivision 5, is amended to read:

105.21 Subd. 5. **School district special education aid.** ~~(a) A school district's special~~
 105.22 ~~education aid for fiscal year 2000~~ 2008 and later equals the state total special education
 105.23 ~~aid, minus the amount determined under paragraphs (b) and (c); times the ratio of the~~
 105.24 ~~district's adjusted initial special education base revenue aid to the state total adjusted~~
 105.25 initial special education base revenue aid. ~~If the commissioner of education modifies~~
 105.26 ~~its rules for special education in a manner that increases a district's special education~~
 105.27 ~~obligations or service requirements, the commissioner shall annually increase each~~
 105.28 ~~district's special education aid by the amount necessary to compensate for the increased~~
 105.29 ~~service requirements. The additional aid equals the cost in the current year attributable to~~
 105.30 ~~rule changes not reflected in the computation of special education base revenue, multiplied~~
 105.31 ~~by the appropriate percentages from subdivision 2.~~

105.32 ~~(b) Notwithstanding paragraph (a), if the special education base revenue for a~~
 105.33 ~~district equals zero, the special education aid equals the amount computed according~~
 105.34 ~~to subdivision 2 using current year data.~~

~~(c) Notwithstanding paragraphs (a) and (b), if the special education base revenue for a district is greater than zero, and the base year amount for the district under subdivision 2, paragraph (a), clause (7), equals zero, the special education aid equals the sum of the amount computed according to paragraph (a), plus the amount computed according to subdivision 2, paragraph (a), clause (7), using current year data.~~

~~(d) A charter school under section 124D.10 shall generate state special education aid based on current year expenditures for its first four years of operation and only in its fifth and later years shall paragraphs (a), (b), and (c) apply.~~

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 14. Minnesota Statutes 2006, section 125A.76, is amended by adding a subdivision to read:

Subd. 8. Special education forecast maintenance of effort. (a) If, on the basis of a forecast of general fund revenues and expenditures under section 16A.103, the state's expenditures for special education and related services for children with disabilities from nonfederal sources for a fiscal year, including special education aid under section 125A.76; special education excess cost aid under section 125A.76, subdivision 7; travel for home-based services under section 125A.75, subdivision 1; aid for students with disabilities under section 125A.75, subdivision 3; court-placed special education under section 125A.79, subdivision 4; out-of-state tuition under section 125A.79, subdivision 8; and direct expenditures by state agencies are projected to be less than the amount required to meet federal special education maintenance of effort, the additional amount required to meet federal special education maintenance of effort is added to the state total special education aid in section 125A.76, subdivision 4.

(b) If, on the basis of a forecast of general fund revenues and expenditures under section 16A.103, expenditures in the programs in paragraph (a) are projected to be greater than previously forecast for an enacted budget, and an addition to state total special education aid has been made under paragraph (a), the state total special education aid must be reduced by the lesser of the amount of the expenditure increase or the amount previously added to state total special education aid in section 125A.76, subdivision 4.

(c) For the purpose of this section, "previously forecast for an enacted budget" means the allocation of funding for these programs in the most recent forecast of general fund revenues and expenditures or the act appropriating money for these programs, whichever occurred most recently. It does not include planning estimates for a future biennium.

EFFECTIVE DATE. This section is effective for fiscal year 2008.

107.1 Sec. 15. Minnesota Statutes 2006, section 125A.79, subdivision 1, is amended to read:

107.2 Subdivision 1. **Definitions.** For the purposes of this section, the definitions in this
107.3 subdivision apply.

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

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

107.7 (2) expenditures for tuition bills received under sections 125A.03 to 125A.24 and
107.8 125A.65 for services eligible for revenue under section 125A.76, subdivision 2; minus

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

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

107.13 (b) "General revenue" means the sum of the general education revenue according to
107.14 section 126C.10, subdivision 1, excluding alternative teacher compensation revenue, plus
107.15 the total qualifying referendum revenue specified in paragraph (e) minus transportation
107.16 sparsity revenue minus total operating capital revenue.

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

107.18 (d) "Program growth factor" means 1.02 for fiscal year 2003, and 1.0 for fiscal
107.19 year 2004 and later.

107.20 (e) "Total qualifying referendum revenue" means two-thirds of the district's total
107.21 referendum revenue as adjusted according to section 127A.47, subdivision 7, paragraphs
107.22 (a) to (c), for fiscal year 2006, one-third of the district's total referendum revenue for fiscal
107.23 year 2007, and none of the district's total referendum revenue for fiscal year 2008 and later.

107.24 Sec. 16. Minnesota Statutes 2006, section 125A.79, subdivision 5, is amended to read:

107.25 Subd. 5. **Initial excess cost aid.** For fiscal years ~~2002~~ 2008 and later, a district's
107.26 initial excess cost aid equals the ~~greatest~~ greater of:

107.27 (1) 75 percent of the difference between (i) the district's unreimbursed special
107.28 education cost and (ii) 4.36 percent of the district's general revenue; or

107.29 ~~(2) 70 percent of the difference between (i) the increase in the district's unreimbursed~~
107.30 ~~special education cost between the base year as defined in section 125A.76, subdivision 1,~~
107.31 ~~and the current year and (ii) 1.6 percent of the district's general revenue; or~~

107.32 ~~(3) zero.~~

107.33 **EFFECTIVE DATE.** This section is effective for fiscal year 2008.

107.34 Sec. 17. Minnesota Statutes 2006, section 125A.79, subdivision 6, is amended to read:

108.1 Subd. 6. **State total special education excess cost aid.** The state total special
108.2 education excess cost aid ~~for fiscal year 2005 equals \$91,811,000~~ \$128,341,000 for fiscal
108.3 year 2008, \$129,523,000 for fiscal year 2009, \$129,801,000 for fiscal year 2010, and
108.4 \$130,193,000 for fiscal year 2011. ~~The state total special education excess cost aid equals~~
108.5 ~~\$103,600,000 for fiscal year 2006 and \$104,700,000 for fiscal year 2007.~~ The state total
108.6 special education excess cost aid for ~~fiscal year 2008 and~~ later fiscal years equals:

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

108.8 (2) the program growth factor; times

108.9 (3) the greater of one, or the ratio of the state total average daily membership for the
108.10 current fiscal year to the state total average daily membership for the preceding fiscal year.

108.11 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2008.

108.12 Sec. 18. Minnesota Statutes 2006, section 125A.79, subdivision 8, is amended to read:

108.13 Subd. 8. **Out-of-state tuition.** For children who are residents of the state, receive
108.14 services under section 125A.76, subdivisions 1 and 2, and are placed in a care and
108.15 treatment facility by court action in a state that does not have a reciprocity agreement
108.16 with the commissioner under section 125A.155, the resident school district shall submit
108.17 the balance of the tuition bills, minus the ~~amount of the basic revenue, as defined~~
108.18 ~~by section 126C.10, subdivision 2, of the district for the child and general education~~
108.19 revenue, excluding basic skills revenue and alternative teacher compensation revenue, and
108.20 referendum equalization aid attributable to the pupil, calculated using the resident district's
108.21 average general education revenue and referendum equalization aid per adjusted pupil unit
108.22 minus the special education aid, and any other aid earned on behalf of the child contracted
108.23 services initial aid attributable to the pupil.

108.24 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2008.

108.25 Sec. 19. Minnesota Statutes 2006, section 127A.47, subdivision 7, is amended to read:

108.26 Subd. 7. **Alternative attendance programs.** The general education aid and special
108.27 education aid for districts must be adjusted for each pupil attending a nonresident district
108.28 under sections 123A.05 to 123A.08, 124D.03, 124D.06, 124D.08, and 124D.68. The
108.29 adjustments must be made according to this subdivision.

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

109.1 (b) General education aid paid to a district serving a pupil in programs listed in this
109.2 subdivision must be increased by an amount equal to the referendum equalization aid
109.3 attributable to the pupil in the nonresident district.

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

109.7 (d) For fiscal year 2006, the district of residence must pay tuition to a district or an
109.8 area learning center, operated according to paragraph (f), providing special instruction and
109.9 services to a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in
109.10 section 125A.51, who is enrolled in a program listed in this subdivision. The tuition must
109.11 be equal to (1) the actual cost of providing special instruction and services to the pupil,
109.12 including a proportionate amount for special transportation and unreimbursed building
109.13 lease and debt service costs for facilities used primarily for special education, minus (2) if
109.14 the pupil receives special instruction and services outside the regular classroom for more
109.15 than 60 percent of the school day, the amount of general education revenue and referendum
109.16 equalization aid attributable to that pupil for the portion of time the pupil receives special
109.17 instruction and services outside of the regular classroom, excluding portions attributable to
109.18 district and school administration, district support services, operations and maintenance,
109.19 capital expenditures, and pupil transportation, minus (3) special education aid attributable
109.20 to that pupil, that is received by the district providing special instruction and services.
109.21 For purposes of this paragraph, general education revenue and referendum equalization
109.22 aid attributable to a pupil must be calculated using the serving district's average general
109.23 education revenue and referendum equalization aid per adjusted pupil unit.

109.24 (e) For fiscal year 2007 and later, special education aid paid to a resident district
109.25 must be reduced by an amount equal to (1) the actual cost of providing special instruction
109.26 and services, including special transportation and unreimbursed building lease and debt
109.27 service costs for facilities used primarily for special education, for a pupil with a disability,
109.28 as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is enrolled
109.29 in a program listed in this subdivision, minus (2) if the pupil receives special instruction
109.30 and services outside the regular classroom for more than 60 percent of the school day,
109.31 the amount of general education revenue and referendum equalization aid attributable
109.32 to that pupil for the portion of time the pupil receives special instruction and services
109.33 outside of the regular classroom, excluding portions attributable to district and school
109.34 administration, district support services, operations and maintenance, capital expenditures,
109.35 and pupil transportation, minus (3) special education aid attributable to that pupil, that is
109.36 received by the district providing special instruction and services. For purposes of this

110.1 paragraph, general education revenue and referendum equalization aid attributable to a
110.2 pupil must be calculated using the serving district's average general education revenue
110.3 and referendum equalization aid per adjusted pupil unit. Special education aid paid to the
110.4 district or cooperative providing special instruction and services for the pupil, or to the
110.5 fiscal agent district for a cooperative, must be increased by the amount of the reduction
110.6 in the aid paid to the resident district. If the resident district's special education aid is
110.7 insufficient to make the full adjustment, the remaining adjustment shall be made to other
110.8 state aids due to the district.

110.9 (f) An area learning center operated by a service cooperative, intermediate district,
110.10 education district, or a joint powers cooperative may elect through the action of the
110.11 constituent boards to charge the resident district tuition for pupils rather than to have the
110.12 general education revenue paid to a fiscal agent school district. Except as provided in
110.13 paragraph (d) or (e), the district of residence must pay tuition equal to at least 90 percent
110.14 of the district average general education revenue per pupil unit minus an amount equal to
110.15 the product of the formula allowance according to section 126C.10, subdivision 2, times
110.16 .0485, calculated without basic skills revenue and transportation sparsity revenue, times
110.17 the number of pupil units for pupils attending the area learning center, plus the amount of
110.18 compensatory revenue generated by pupils attending the area learning center.

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

110.20 Sec. 20. Laws 2006, chapter 263, article 3, section 15, is amended to read:

110.21 Sec. 15. **SPECIAL EDUCATION TUITION BILLING FOR FISCAL YEARS**
110.22 **2006 ~~AND~~, 2007, AND 2008.**

110.23 (a) Notwithstanding Minnesota Statutes, sections 125A.11, subdivision 1, paragraph
110.24 (a), and 127A.47, subdivision 7, paragraph (d), for fiscal year 2006 an intermediate
110.25 district, special education cooperative, or school district that served as an applicant
110.26 agency for a group of school districts for federal special education aids for fiscal year
110.27 2006 is not subject to the uniform special education tuition billing calculations, but may
110.28 instead continue to bill the resident school districts for the actual unreimbursed costs
110.29 of serving pupils with a disability as determined by the intermediate district, special
110.30 education cooperative, or school district.

110.31 (b) Notwithstanding Minnesota Statutes, section 125A.11, subdivision 1, paragraph
110.32 (c), for fiscal year 2007 only, an ~~applicant district~~ agency exempted from the uniform
110.33 special education tuition billing calculations for fiscal year 2006 under paragraph (a)
110.34 may apply to the commissioner for a waiver ~~an exemption~~ from the uniform special
110.35 education tuition calculations and aid adjustments under Minnesota Statutes, sections

111.1 125A.11, subdivision 1, paragraph (b), and 127A.47, subdivision 7, paragraph (e). The
111.2 commissioner must grant the ~~waiver~~ exemption within 30 days of receiving the following
111.3 information from the intermediate district, special education cooperative, or school district:

111.4 (1) a detailed description of the applicant district's methodology for calculating
111.5 special education tuition for fiscal years 2006 and 2007, as required by the applicant
111.6 district to recover the full cost of serving pupils with a disability;

111.7 (2) sufficient data to determine the total amount of special education tuition actually
111.8 charged for each student with a disability, as required by the applicant district to recover
111.9 the full cost of serving pupils with a disability in fiscal year 2006; and

111.10 (3) sufficient data to determine the amount that would have been charged for each
111.11 student for fiscal year 2006 using the uniform tuition billing methodology according
111.12 to Minnesota Statutes, sections 125A.11, subdivision 1, or 127A.47, subdivision 7,
111.13 as applicable.

111.14 (c) Notwithstanding Minnesota Statutes, section 125A.11, subdivision 1, paragraph
111.15 (c), for fiscal year 2008 only, an agency granted an exemption from the uniform special
111.16 education tuition billing calculations and aid adjustments for fiscal year 2007 under
111.17 paragraph (b) may apply to the commissioner for a one-year extension of the exemption
111.18 granted under paragraph (b). The commissioner must grant the extension within 30 days
111.19 of receiving the request.

111.20 (d) Notwithstanding Minnesota Statutes, section 125A.11, subdivision 1, paragraphs
111.21 (a) and (b), and section 127A.47, subdivision 7, paragraphs (d) and (e), for fiscal year 2007
111.22 only, a school district or charter school not eligible for a waiver under Minnesota Statutes,
111.23 section 125A.11, subdivision 1, paragraph (d), may apply to the commissioner for authority
111.24 to charge the resident district an additional amount to recover any remaining unreimbursed
111.25 costs of serving pupils with a disability. The application must include a description of the
111.26 costs and the calculations used to determine the unreimbursed portion to be charged to the
111.27 resident district. Amounts approved by the commissioner under this paragraph must be
111.28 included in the tuition billings or aid adjustments under paragraph (a) or (b), or Minnesota
111.29 Statutes, section 127A.47, subdivision 7, paragraph (d) or (e), as applicable.

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

111.31 Sec. 21. **TASK FORCE TO COMPARE FEDERAL AND STATE SPECIAL**
111.32 **EDUCATION REQUIREMENTS.**

111.33 Subdivision 1. **Establishment; duties.** A task force is established to recommend
111.34 which state laws and rules that exceed or expand upon minimum federal special education
111.35 requirements for providing special education programs and services to eligible students

112.1 should be amended to conform with minimum federal requirements. The commissioner
112.2 of the Bureau of Mediation Services under Minnesota Statutes, section 179.02, after
112.3 consulting with interested stakeholders, shall appoint a ten-member task force composed
112.4 of equal numbers of providers, advocates, regulators, consumers of special education
112.5 services, lawyers who practice in the field of special education and represent either parents
112.6 or school districts, special education teachers, and school officials. The commissioner must
112.7 convene the task force by August 1, 2007, which shall meet regularly and shall review the
112.8 January 25, 2006, report prepared by the Minnesota Department of Education Office of
112.9 Compliance and Assistance and other relevant studies and resources analyzing differences
112.10 between federal and state special education requirements. The terms and compensation of
112.11 task force members are governed by Minnesota Statutes, section 15.059, subdivision 6.

112.12 Subd. 2. **Report.** The task force must submit to the education policy and finance
112.13 committees of the legislature by February 15, 2008, a report that identifies and clearly
112.14 and concisely explains each provision in state law or rule that exceeds or expands upon
112.15 a minimum federal requirement contained in law or regulation for providing special
112.16 education programs and services to eligible students. The report also must recommend
112.17 which state provisions that exceed or expand upon a minimum federal requirement may
112.18 be amended to conform with minimum federal requirements. The task force expires
112.19 when it submits its report to the legislature.

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

112.21 Sec. 22. **APPROPRIATIONS.**

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

112.25 Subd. 2. **Special education; regular.** For special education aid under Minnesota
112.26 Statutes, section 125A.75:

112.27 \$ 568,034,000 2008

112.28 \$ 573,040,000 2009

112.29 The 2008 appropriation includes \$52,965,000 for 2007 and \$515,069,000 for 2008.

112.30 The 2009 appropriation includes \$57,228,000 for 2008 and \$515,812,000 for 2009.

112.31 Subd. 3. **Aid for children with disabilities.** For aid under Minnesota Statutes,
112.32 section 125A.75, subdivision 3, for children with disabilities placed in residential facilities
112.33 within the district boundaries for whom no district of residence can be determined:

113.1 \$ 1,538,000 2008

113.2 \$ 1,729,000 2009

113.3 If the appropriation for either year is insufficient, the appropriation for the other
113.4 year is available.

113.5 Subd. 4. **Travel for home-based services.** For aid for teacher travel for home-based
113.6 services under Minnesota Statutes, section 125A.75, subdivision 1:

113.7 \$ 254,000 2008

113.8 \$ 284,000 2009

113.9 The 2008 appropriation includes \$22,000 for 2007 and \$232,000 for 2008.

113.10 The 2009 appropriation includes \$26,000 for 2008 and \$258,000 for 2009.

113.11 Subd. 5. **Special education; excess costs.** For excess cost aid under Minnesota
113.12 Statutes, section 125A.79, subdivision 7:

113.13 \$ 120,445,000 2008

113.14 \$ 129,128,000 2009

113.15 The 2008 appropriation includes \$34,969,000 for 2007 and \$85,476,000 for 2008.

113.16 The 2009 appropriation includes \$42,865,000 for 2008 and \$86,263,000 for 2009.

113.17 Subd. 6. **Transition for disabled students.** For aid for transition programs for
113.18 children with disabilities under Minnesota Statutes, section 124D.454:

113.19 \$ 879,000 2008

113.20 The 2008 appropriation includes \$879,000 for 2007 and \$0 for 2008.

113.21 Subd. 7. **Court-placed special education revenue.** For reimbursing serving
113.22 school districts for unreimbursed eligible expenditures attributable to children placed in
113.23 the serving school district by court action under Minnesota Statutes, section 125A.79,
113.24 subdivision 4:

113.25 \$ 72,000 2008

113.26 \$ 74,000 2009

113.27 Subd. 8. **Special education out-of-state tuition.** For special education out-of-state
113.28 tuition according to Minnesota Statutes, section 125A.79, subdivision 8:

113.29 \$ 250,000 2008

113.30 \$ 250,000 2009

114.1 Subd. 9. **Special education task force.** For the commissioner to contract with the
114.2 Bureau of Mediation Services for costs related to the work of the special education task
114.3 force under section 21:

114.4 \$ 20,000 2008

114.5 **Sec. 23. REPEALER.**

114.6 Minnesota Statutes 2006, sections 124D.454, subdivisions 4, 5, 6, and 7; 125A.10;
114.7 125A.75, subdivision 6; and 125A.76, subdivision 3, are repealed effective for revenue
114.8 for fiscal year 2008.

ARTICLE 4

FACILITIES AND TECHNOLOGY

114.11 Section 1. Minnesota Statutes 2006, section 123B.53, subdivision 1, is amended to read:

114.12 Subdivision 1. **Definitions.** (a) For purposes of this section, the eligible debt service
114.13 revenue of a district is defined as follows:

114.14 (1) the amount needed to produce between five and six percent in excess of the
114.15 amount needed to meet when due the principal and interest payments on the obligations
114.16 of the district for eligible projects according to subdivision 2, including the amounts
114.17 necessary for repayment of energy loans according to section 216C.37 or sections 298.292
114.18 to 298.298, debt service loans and capital loans, lease purchase payments under section
114.19 126C.40, subdivision 2, alternative facilities levies under section 123B.59, subdivision
114.20 5, paragraph (a), minus

114.21 (2) the amount of debt service excess levy reduction for that school year calculated
114.22 according to the procedure established by the commissioner.

114.23 (b) The obligations in this paragraph are excluded from eligible debt service revenue:

114.24 (1) obligations under section 123B.61;

114.25 (2) the part of debt service principal and interest paid from the taconite environmental
114.26 protection fund or Douglas J. Johnson economic protection trust;

114.27 (3) obligations issued under Laws 1991, chapter 265, article 5, section 18, as
114.28 amended by Laws 1992, chapter 499, article 5, section 24; and

114.29 (4) obligations under section 123B.62.

114.30 (c) For purposes of this section, if a preexisting school district reorganized under
114.31 sections 123A.35 to 123A.43, 123A.46, and 123A.48 is solely responsible for retirement
114.32 of the preexisting district's bonded indebtedness, capital loans or debt service loans, debt
114.33 service equalization aid must be computed separately for each of the preexisting districts.

115.1 (d) For purposes of this section, the adjusted net tax capacity determined according
 115.2 to section 127A.48 shall be adjusted to include a portion of the tax capacity of property
 115.3 generally exempted from ad valorem taxes under section 272.02, subdivisions 64 and
 115.4 65, equal to the product of that tax capacity times the ratio of the eligible debt service
 115.5 revenue attributed to general obligation bonds to the total eligible debt service revenue
 115.6 of the district.

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

115.8 Sec. 2. Minnesota Statutes 2006, section 123B.53, subdivision 4, is amended to read:

115.9 Subd. 4. **Debt service equalization revenue.** ~~(a) The debt service equalization~~
 115.10 ~~revenue of a district equals the sum of the first tier debt service equalization revenue and~~
 115.11 ~~the second tier debt service equalization revenue.~~

115.12 ~~(b) The first tier debt service equalization revenue of a district equals the greater of~~
 115.13 ~~zero or the eligible debt service revenue minus the amount raised by a levy of 15 percent~~
 115.14 ~~times the adjusted debt service net tax capacity of the district minus the second tier debt~~
 115.15 ~~service equalization revenue of the district.~~

115.16 ~~(c) The second tier debt service equalization revenue of a district equals the greater~~
 115.17 ~~of zero or the eligible debt service revenue, excluding alternative facilities levies under~~
 115.18 ~~section 123B.59, subdivision 5, minus the amount raised by a levy of 25 percent times the~~
 115.19 ~~adjusted net tax capacity of the district.~~

115.20 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2009.

115.21 Sec. 3. Minnesota Statutes 2006, section 123B.53, subdivision 5, is amended to read:

115.22 Subd. 5. **Equalized debt service levy.** ~~(a) The equalized debt service levy of a~~
 115.23 ~~district equals the sum of the first tier equalized debt service levy and the second tier~~
 115.24 ~~equalized debt service levy.~~

115.25 ~~(b) A district's first tier equalized debt service levy equals the district's first tier debt~~
 115.26 ~~service equalization revenue times the lesser of one or the ratio of:~~

115.27 (1) the quotient derived by dividing the adjusted debt service net tax capacity of the
 115.28 district for the year before the year the levy is certified by the adjusted pupil units in the
 115.29 district for the school year ending in the year prior to the year the levy is certified; to

115.30 (2) ~~\$3,200~~ 100 percent of the statewide adjusted net tax capacity equalizing factor.

115.31 ~~(c) A district's second tier equalized debt service levy equals the district's second tier~~
 115.32 ~~debt service equalization revenue times the lesser of one or the ratio of:~~

116.1 ~~(1) the quotient derived by dividing the adjusted net tax capacity of the district for~~
116.2 ~~the year before the year the levy is certified by the adjusted pupil units in the district for~~
116.3 ~~the school year ending in the year prior to the year the levy is certified; to~~
116.4 ~~(2) \$8,000.~~

116.5 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2009.

116.6 Sec. 4. Minnesota Statutes 2006, section 123B.54, is amended to read:

116.7 **123B.54 DEBT SERVICE AND SCHOOL BOND AGRICULTURAL CREDIT**
116.8 **APPROPRIATION.**

116.9 (a) ~~\$21,624,000~~ \$14,813,000 in fiscal year 2008 ~~and \$20,403,000, \$26,100,000 in~~
116.10 fiscal year 2009, \$29,816,000 in fiscal year 2010, and \$30,538,000 in fiscal year 2011 and
116.11 later are appropriated from the general fund to the commissioner of education for payment
116.12 of debt service equalization aid under section 123B.53.

116.13 (b) \$10,000,000 in fiscal year 2009, \$10,475,000 in fiscal year 2010, and
116.14 \$10,948,000 in fiscal year 2011 and each year thereafter are appropriated from the general
116.15 fund to the commissioner of education for payment of school bond agricultural credit aid
116.16 under section 123B.555.

116.17 ~~(b)~~ (c) The appropriations in ~~paragraph~~ paragraphs (a) and (b) must be reduced by
116.18 the amount of any money specifically appropriated for the same purpose in any year
116.19 from any state fund.

116.20 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2009.

116.21 Sec. 5. **[123B.555] SCHOOL BOND AGRICULTURAL CREDIT.**

116.22 Subdivision 1. **Eligibility.** All class 2 property under section 273.13, subdivision 23,
116.23 except for (1) property consisting of the house, garage, and immediately surrounding one
116.24 acre of land of an agricultural homestead, and (2) property classified under section 273.13,
116.25 subdivision 23, paragraph (b), clause (4), is eligible to receive the credit under this section.

116.26 Subd. 2. **Credit amount.** For each qualifying property, the school bond agricultural
116.27 credit is equal to 20 percent of the property's eligible net tax capacity multiplied by the
116.28 school debt tax rate determined under section 275.08, subdivision 1b.

116.29 Subd. 3. **Credit reimbursements.** The county auditor shall determine the tax
116.30 reductions allowed under this section within the county for each taxes payable year and
116.31 shall certify that amount to the commissioner of revenue as a part of the abstracts of tax
116.32 lists submitted under section 275.29. Any prior year adjustments shall also be certified on
116.33 the abstracts of tax lists. The commissioner shall review the certifications for accuracy,

117.1 and may make such changes as are deemed necessary, or return the certification to the
117.2 county auditor for correction. The credit under this section must be used to reduce the
117.3 school district net tax capacity-based property tax as provided in section 273.1393.

117.4 Subd. 4. **Payment.** The commissioner of revenue shall certify the total of the tax
117.5 reductions granted under this section for each taxes payable year within each school
117.6 district to the commissioner of education, who shall pay the reimbursement amounts to
117.7 each school district as provided in section 273.1392.

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

117.9 Sec. 6. Minnesota Statutes 2006, section 123B.57, subdivision 3, is amended to read:

117.10 Subd. 3. **Health and safety revenue.** A district's health and safety revenue
117.11 for a fiscal year equals the district's alternative facilities levy under section 123B.59,
117.12 subdivision 5, paragraph (b), plus the greater of zero or:

117.13 (1) the sum of (a) the total approved cost of the district's hazardous substance
117.14 plan for fiscal years 1985 through 1989, plus (b) the total approved cost of the district's
117.15 health and safety program for fiscal year 1990 through the fiscal year to which the levy
117.16 is attributable, excluding expenditures funded with bonds issued under section 123B.59
117.17 or 123B.62, or chapter 475; certificates of indebtedness or capital notes under section
117.18 123B.61; levies under section 123B.58, 123B.59, 123B.63, or 126C.40, subdivision 1 or
117.19 6; and other federal, state, or local revenues, minus

117.20 (2) the sum of (a) the district's total hazardous substance aid and levy for fiscal years
117.21 1985 through 1989 under sections 124.245 and 275.125, subdivision 11c, plus (b) the
117.22 district's health and safety revenue under this subdivision, for years before the fiscal year
117.23 to which the levy is attributable.

117.24 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2009.

117.25 Sec. 7. Minnesota Statutes 2006, section 123B.63, subdivision 3, is amended to read:

117.26 Subd. 3. **Capital project levy referendum.** A district may levy the local tax
117.27 rate approved by a majority of the electors voting on the question to provide funds for
117.28 an approved project. The election must take place no more than five years before the
117.29 estimated date of commencement of the project. The referendum must be held on a date
117.30 set by the board. A referendum for a project not receiving a positive review and comment
117.31 by the commissioner under section 123B.71 must be approved by at least 60 percent of the
117.32 voters at the election. The referendum may be called by the school board and may be held:

118.1 (1) separately, before an election for the issuance of obligations for the project
118.2 under chapter 475; or

118.3 (2) in conjunction with an election for the issuance of obligations for the project
118.4 under chapter 475; or

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

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

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

118.17 "Shall the capital project levy proposed by the board of School District
118.18 No. be approved?"

118.19 If approved, the amount provided by the approved local tax rate applied to the net
118.20 tax capacity for the year preceding the year the levy is certified may be certified for the
118.21 number of years, not to exceed ten, approved.

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

118.25 The district must notify the commissioner of the results of the referendum.

118.26 **EFFECTIVE DATE.** This section is effective July 1, 2007, for elections conducted
118.27 on or after that day.

118.28 Sec. 8. Minnesota Statutes 2006, section 126C.01, is amended by adding a subdivision
118.29 to read:

118.30 Subd. 2a. **Statewide adjusted net tax capacity equalizing factor.** The statewide
118.31 adjusted net tax capacity equalizing factor equals the quotient derived by dividing the total
118.32 adjusted net tax capacity of all school districts in the state for the year before the year
118.33 the levy is certified by the total number of adjusted pupil units in the state for the fiscal
118.34 year preceding the year the levy is certified.

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

119.2 Sec. 9. Minnesota Statutes 2006, section 127A.48, is amended by adding a subdivision
119.3 to read:

119.4 **Subd. 17. Adjusted debt service net tax capacity.** To calculate each district's
119.5 adjusted debt service net tax capacity, the commissioner of revenue must recompute
119.6 the amounts in this section using an alternative sales ratio comparing the sales price to
119.7 the estimated market value of the property.

119.8 **EFFECTIVE DATE.** This section is effective the day following final enactment for
119.9 computing taxes payable in 2008.

119.10 Sec. 10. Minnesota Statutes 2006, section 128D.11, subdivision 3, is amended to read:

119.11 **Subd. 3. No election.** Subject to the provisions of subdivisions 7 to 10, the school
119.12 district may also by a two-thirds majority vote of all the members of its board of education
119.13 and without any election by the voters of the district, issue and sell in each calendar
119.14 year general obligation bonds of the district in an amount not to exceed 5-1/10 per cent
119.15 of the net tax capacity of the taxable property in the district (plus, for calendar years
119.16 1990 to 2003, an amount not to exceed \$7,500,000, ~~and~~ for calendar years 2004 to 2008
119.17 an amount not to exceed \$15,000,000, and for each calendar year after 2008, an amount
119.18 not to exceed \$15,000,000; with an additional provision that any amount of bonds so
119.19 authorized for sale in a specific year and not sold can be carried forward and sold in
119.20 the year immediately following).

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

119.22 Sec. 11. Minnesota Statutes 2006, section 273.11, subdivision 1a, is amended to read:

119.23 **Subd. 1a. Limited market value.** In the case of all property classified as
119.24 agricultural homestead or nonhomestead, residential homestead or nonhomestead, timber,
119.25 or noncommercial seasonal residential recreational, the assessor shall compare the value
119.26 with the taxable portion of the value determined in the preceding assessment.

119.27 For assessment years 2004, 2005, and 2006, the amount of the increase shall not
119.28 exceed the greater of (1) 15 percent of the value in the preceding assessment, or (2) 25
119.29 percent of the difference between the current assessment and the preceding assessment.

119.30 For assessment year 2007, the amount of the increase shall not exceed the greater of
119.31 (1) 15 percent of the value in the preceding assessment, or (2) 33 percent of the difference
119.32 between the current assessment and the preceding assessment.

120.1 For assessment year 2008, the amount of the increase shall not exceed the greater of
120.2 (1) 15 percent of the value in the preceding assessment, or (2) 50 percent of the difference
120.3 between the current assessment and the preceding assessment.

120.4 This limitation shall not apply to increases in value due to improvements. For
120.5 purposes of this subdivision, the term "assessment" means the value prior to any exclusion
120.6 under subdivision 16.

120.7 The provisions of this subdivision shall be in effect through assessment year 2008
120.8 as provided in this subdivision.

120.9 For purposes of the assessment/sales ratio study conducted under section 127A.48,
120.10 and the computation of state aids paid under chapters 122A, 123A, 123B, excluding
120.11 section 123B.53, 124D, 125A, 126C, 127A, and 477A, market values and net tax
120.12 capacities determined under this subdivision and subdivision 16, shall be used.

120.13 **EFFECTIVE DATE.** This section is effective the day following final enactment for
120.14 computing taxes payable in 2008.

120.15 Sec. 12. Minnesota Statutes 2006, section 273.1393, is amended to read:

120.16 **273.1393 COMPUTATION OF NET PROPERTY TAXES.**

120.17 Notwithstanding any other provisions to the contrary, "net" property taxes are
120.18 determined by subtracting the credits in the order listed from the gross tax:

- 120.19 (1) disaster credit as provided in section 273.123;
120.20 (2) powerline credit as provided in section 273.42;
120.21 (3) agricultural preserves credit as provided in section 473H.10;
120.22 (4) enterprise zone credit as provided in section 469.171;
120.23 (5) disparity reduction credit;
120.24 (6) conservation tax credit as provided in section 273.119;
120.25 (7) homestead and agricultural credits as provided in section 273.1384;
120.26 (8) school bond agricultural credit as provided in section 123B.555;
120.27 ~~(8)~~ (9) taconite homestead credit as provided in section 273.135; and
120.28 ~~(9)~~ (10) supplemental homestead credit as provided in section 273.1391.

120.29 The combination of all property tax credits must not exceed the gross tax amount.

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

120.31 Sec. 13. Minnesota Statutes 2006, section 275.065, subdivision 3, is amended to read:

120.32 Subd. 3. **Notice of proposed property taxes.** (a) The county auditor shall prepare
120.33 and the county treasurer shall deliver after November 10 and on or before November 24

121.1 each year, by first class mail to each taxpayer at the address listed on the county's current
121.2 year's assessment roll, a notice of proposed property taxes.

121.3 (b) The commissioner of revenue shall prescribe the form of the notice.

121.4 (c) The notice must inform taxpayers that it contains the amount of property taxes
121.5 each taxing authority proposes to collect for taxes payable the following year. In the case
121.6 of a town, or in the case of the state general tax, the final tax amount will be its proposed
121.7 tax. In the case of taxing authorities required to hold a public meeting under subdivision 6,
121.8 the notice must clearly state that each taxing authority, including regional library districts
121.9 established under section 134.201, and including the metropolitan taxing districts as
121.10 defined in paragraph (i), but excluding all other special taxing districts and towns, will
121.11 hold a public meeting to receive public testimony on the proposed budget and proposed or
121.12 final property tax levy, or, in case of a school district, on the current budget and proposed
121.13 property tax levy. It must clearly state the time and place of each taxing authority's
121.14 meeting, a telephone number for the taxing authority that taxpayers may call if they have
121.15 questions related to the notice, and an address where comments will be received by mail.

121.16 (d) The notice must state for each parcel:

121.17 (1) the market value of the property as determined under section 273.11, and used
121.18 for computing property taxes payable in the following year and for taxes payable in the
121.19 current year as each appears in the records of the county assessor on November 1 of the
121.20 current year; and, in the case of residential property, whether the property is classified as
121.21 homestead or nonhomestead. The notice must clearly inform taxpayers of the years to
121.22 which the market values apply and that the values are final values;

121.23 (2) the items listed below, shown separately by county, city or town, and state
121.24 general tax, net of the residential and agricultural homestead credit under section 273.1384
121.25 and the school bond agricultural credit under section 123B.555, voter approved school
121.26 levy, other local school levy, and the sum of the special taxing districts, and as a total
121.27 of all taxing authorities:

121.28 (i) the actual tax for taxes payable in the current year; and

121.29 (ii) the proposed tax amount.

121.30 If the county levy under clause (2) includes an amount for a lake improvement
121.31 district as defined under sections 103B.501 to 103B.581, the amount attributable for that
121.32 purpose must be separately stated from the remaining county levy amount.

121.33 In the case of a town or the state general tax, the final tax shall also be its proposed
121.34 tax unless the town changes its levy at a special town meeting under section 365.52. If a
121.35 school district has certified under section 126C.17, subdivision 9, that a referendum will
121.36 be held in the school district at the November general election, the county auditor must

122.1 note next to the school district's proposed amount that a referendum is pending and that,
122.2 if approved by the voters, the tax amount may be higher than shown on the notice. In
122.3 the case of the city of Minneapolis, the levy for the Minneapolis Library Board and the
122.4 levy for Minneapolis Park and Recreation shall be listed separately from the remaining
122.5 amount of the city's levy. In the case of the city of St. Paul, the levy for the St. Paul
122.6 Library Agency must be listed separately from the remaining amount of the city's levy.
122.7 In the case of Ramsey County, any amount levied under section 134.07 may be listed
122.8 separately from the remaining amount of the county's levy. In the case of a parcel where
122.9 tax increment or the fiscal disparities areawide tax under chapter 276A or 473F applies,
122.10 the proposed tax levy on the captured value or the proposed tax levy on the tax capacity
122.11 subject to the areawide tax must each be stated separately and not included in the sum of
122.12 the special taxing districts; and

122.13 (3) the increase or decrease between the total taxes payable in the current year and
122.14 the total proposed taxes, expressed as a percentage.

122.15 For purposes of this section, the amount of the tax on homesteads qualifying under
122.16 the senior citizens' property tax deferral program under chapter 290B is the total amount
122.17 of property tax before subtraction of the deferred property tax amount.

122.18 (e) The notice must clearly state that the proposed or final taxes do not include
122.19 the following:

122.20 (1) special assessments;

122.21 (2) levies approved by the voters after the date the proposed taxes are certified,
122.22 including bond referenda and school district levy referenda;

122.23 (3) a levy limit increase approved by the voters by the first Tuesday after the first
122.24 Monday in November of the levy year as provided under section 275.73;

122.25 (4) amounts necessary to pay cleanup or other costs due to a natural disaster
122.26 occurring after the date the proposed taxes are certified;

122.27 (5) amounts necessary to pay tort judgments against the taxing authority that become
122.28 final after the date the proposed taxes are certified; and

122.29 (6) the contamination tax imposed on properties which received market value
122.30 reductions for contamination.

122.31 (f) Except as provided in subdivision 7, failure of the county auditor to prepare or
122.32 the county treasurer to deliver the notice as required in this section does not invalidate the
122.33 proposed or final tax levy or the taxes payable pursuant to the tax levy.

122.34 (g) If the notice the taxpayer receives under this section lists the property as
122.35 nonhomestead, and satisfactory documentation is provided to the county assessor by the
122.36 applicable deadline, and the property qualifies for the homestead classification in that

123.1 assessment year, the assessor shall reclassify the property to homestead for taxes payable
123.2 in the following year.

123.3 (h) In the case of class 4 residential property used as a residence for lease or rental
123.4 periods of 30 days or more, the taxpayer must either:

123.5 (1) mail or deliver a copy of the notice of proposed property taxes to each tenant,
123.6 renter, or lessee; or

123.7 (2) post a copy of the notice in a conspicuous place on the premises of the property.

123.8 The notice must be mailed or posted by the taxpayer by November 27 or within
123.9 three days of receipt of the notice, whichever is later. A taxpayer may notify the county
123.10 treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to
123.11 which the notice must be mailed in order to fulfill the requirements of this paragraph.

123.12 (i) For purposes of this subdivision, subdivisions 5a and 6, "metropolitan special
123.13 taxing districts" means the following taxing districts in the seven-county metropolitan area
123.14 that levy a property tax for any of the specified purposes listed below:

123.15 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325,
123.16 473.446, 473.521, 473.547, or 473.834;

123.17 (2) Metropolitan Airports Commission under section 473.667, 473.671, or 473.672;
123.18 and

123.19 (3) Metropolitan Mosquito Control Commission under section 473.711.

123.20 For purposes of this section, any levies made by the regional rail authorities in the
123.21 county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter
123.22 398A shall be included with the appropriate county's levy and shall be discussed at that
123.23 county's public hearing.

123.24 (j) The governing body of a county, city, or school district may, with the consent
123.25 of the county board, include supplemental information with the statement of proposed
123.26 property taxes about the impact of state aid increases or decreases on property tax
123.27 increases or decreases and on the level of services provided in the affected jurisdiction.
123.28 This supplemental information may include information for the following year, the current
123.29 year, and for as many consecutive preceding years as deemed appropriate by the governing
123.30 body of the county, city, or school district. It may include only information regarding:

123.31 (1) the impact of inflation as measured by the implicit price deflator for state and
123.32 local government purchases;

123.33 (2) population growth and decline;

123.34 (3) state or federal government action; and

124.1 (4) other financial factors that affect the level of property taxation and local services
124.2 that the governing body of the county, city, or school district may deem appropriate to
124.3 include.

124.4 The information may be presented using tables, written narrative, and graphic
124.5 representations and may contain instruction toward further sources of information or
124.6 opportunity for comment.

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

124.8 Sec. 14. Minnesota Statutes 2006, section 275.07, subdivision 2, is amended to read:

124.9 Subd. 2. **School district in more than one county levies; special requirements.** (a)

124.10 In school districts lying in more than one county, the clerk shall certify the tax levied to the
124.11 auditor of the county in which the administrative offices of the school district are located.

124.12 (b) The clerk shall identify the portion of the school district levy that is levied for the
124.13 purposes specified in section 123B.53, subdivision 5, as the school debt levy at the time
124.14 that the levy is certified under this section.

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

124.16 Sec. 15. Minnesota Statutes 2006, section 275.08, subdivision 1b, is amended to read:

124.17 Subd. 1b. **Computation of tax rates.** (a) The amounts certified to be levied against
124.18 net tax capacity under section 275.07 by an individual local government unit shall be
124.19 divided by the total net tax capacity of all taxable properties within the local government
124.20 unit's taxing jurisdiction. The resulting ratio, the local government's local tax rate,
124.21 multiplied by each property's net tax capacity shall be each property's net tax capacity tax
124.22 for that local government unit before reduction by any credits.

124.23 (b) The auditor shall also determine the school debt tax rate for each school district
124.24 equal to the school debt levy certified under section 275.07 divided by the total net tax
124.25 capacity of all taxable property within the district.

124.26 (c) Any amount certified to the county auditor to be levied against market value shall
124.27 be divided by the total referendum market value of all taxable properties within the taxing
124.28 district. The resulting ratio, the taxing district's new referendum tax rate, multiplied by
124.29 each property's referendum market value shall be each property's new referendum tax
124.30 before reduction by any credits. For the purposes of this subdivision, "referendum market
124.31 value" means the market value as defined in section 126C.01, subdivision 3.

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

125.1 Sec. 16. Minnesota Statutes 2006, section 276.04, subdivision 2, is amended to read:

125.2 Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the
125.3 printing of the tax statements. The commissioner of revenue shall prescribe the form
125.4 of the property tax statement and its contents. The statement must contain a tabulated
125.5 statement of the dollar amount due to each taxing authority and the amount of the state
125.6 tax from the parcel of real property for which a particular tax statement is prepared. The
125.7 dollar amounts attributable to the county, the state tax, the voter approved school tax, the
125.8 other local school tax, the township or municipality, and the total of the metropolitan
125.9 special taxing districts as defined in section 275.065, subdivision 3, paragraph (i), must
125.10 be separately stated. The amounts due all other special taxing districts, if any, may be
125.11 aggregated except that any levies made by the regional rail authorities in the county of
125.12 Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A
125.13 shall be listed on a separate line directly under the appropriate county's levy. If the county
125.14 levy under this paragraph includes an amount for a lake improvement district as defined
125.15 under sections 103B.501 to 103B.581, the amount attributable for that purpose must be
125.16 separately stated from the remaining county levy amount. In the case of Ramsey County,
125.17 if the county levy under this paragraph includes an amount for public library service
125.18 under section 134.07, the amount attributable for that purpose may be separated from the
125.19 remaining county levy amount. The amount of the tax on homesteads qualifying under the
125.20 senior citizens' property tax deferral program under chapter 290B is the total amount of
125.21 property tax before subtraction of the deferred property tax amount. The amount of the
125.22 tax on contamination value imposed under sections 270.91 to 270.98, if any, must also
125.23 be separately stated. The dollar amounts, including the dollar amount of any special
125.24 assessments, may be rounded to the nearest even whole dollar. For purposes of this section
125.25 whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar.
125.26 The amount of market value excluded under section 273.11, subdivision 16, if any, must
125.27 also be listed on the tax statement.

125.28 (b) The property tax statements for manufactured homes and sectional structures
125.29 taxed as personal property shall contain the same information that is required on the
125.30 tax statements for real property.

125.31 (c) Real and personal property tax statements must contain the following information
125.32 in the order given in this paragraph. The information must contain the current year tax
125.33 information in the right column with the corresponding information for the previous year
125.34 in a column on the left:

125.35 (1) the property's estimated market value under section 273.11, subdivision 1;

126.1 (2) the property's taxable market value after reductions under section 273.11,
126.2 subdivisions 1a and 16;

126.3 (3) the property's gross tax, calculated by adding the property's total property tax to
126.4 the sum of the aids enumerated in clause (4);

126.5 (4) a total of the following aids:

126.6 (i) education aids payable under chapters 122A, 123A, 123B, 124D, 125A, 126C,
126.7 and 127A;

126.8 (ii) local government aids for cities, towns, and counties under sections 477A.011 to
126.9 477A.04; and

126.10 (iii) disparity reduction aid under section 273.1398;

126.11 (5) for homestead residential and agricultural properties, the credits under ~~section~~
126.12 sections 123B.555 and 273.1384;

126.13 (6) any credits received under sections 273.119; 273.123; 273.135; 273.1391;
126.14 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit received
126.15 under section 273.135 must be separately stated and identified as "taconite tax relief"; and

126.16 (7) the net tax payable in the manner required in paragraph (a).

126.17 (d) If the county uses envelopes for mailing property tax statements and if the county
126.18 agrees, a taxing district may include a notice with the property tax statement notifying
126.19 taxpayers when the taxing district will begin its budget deliberations for the current
126.20 year, and encouraging taxpayers to attend the hearings. If the county allows notices to
126.21 be included in the envelope containing the property tax statement, and if more than
126.22 one taxing district relative to a given property decides to include a notice with the tax
126.23 statement, the county treasurer or auditor must coordinate the process and may combine
126.24 the information on a single announcement.

126.25 The commissioner of revenue shall certify to the county auditor the actual or
126.26 estimated aids enumerated in paragraph (c), clause (4), that local governments will receive
126.27 in the following year. The commissioner must certify this amount by January 1 of each
126.28 year.

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

126.30 Sec. 17. **SCHOOL TECHNOLOGY AID.**

126.31 **Subdivision 1. Advisory task force established.** An advisory task force on school
126.32 technology standards is established to develop and recommend to the commissioner of
126.33 education and the education policy and finance committees of the legislature school
126.34 technology standards and systems. At a minimum, the advisory task force must propose:

126.35 (1) minimum standards for technology infrastructure and capacity;

- 127.1 (2) standards for local and state online student assessments;
- 127.2 (3) standards for electronic student records;
- 127.3 (4) school interoperability frameworks;
- 127.4 (5) policies and procedures that ensure instructional resource availability to help
- 127.5 students successfully achieve education excellence and state standards;
- 127.6 (6) databases that are accessible to and within each district and on the Internet;
- 127.7 (7) policies, procedures, and systems that stimulate and promote teacher and student
- 127.8 curriculum and learning collaboration;
- 127.9 (8) uniform technology standards;
- 127.10 (9) adequate Internet and bandwidth capacity; and
- 127.11 (10) the Department of Education data collection procedures under each of the
- 127.12 department's major data reporting systems, and recommendations for streamlining the
- 127.13 reporting of school district data and eliminating duplication.
- 127.14 Subd. 2. **Advisory task force members.** (a) The commissioner of education shall
- 127.15 appoint as members to the advisory task force a representative from each of the following:
- 127.16 (1) one member from the Department of Education who shall serve as chair;
- 127.17 (2) one member from the Office of Enterprise Technology;
- 127.18 (3) one member from a list of school technology experts submitted to the
- 127.19 commissioner by Education Minnesota;
- 127.20 (4) one member from a list of school technology experts submitted to the
- 127.21 commissioner by the Minnesota School Boards Association;
- 127.22 (5) one member from a list of school technology experts submitted to the
- 127.23 commissioner by the Association of Metropolitan School Districts;
- 127.24 (6) one member from a list of school technology experts submitted to the
- 127.25 commissioner by the Minnesota Rural Education Association;
- 127.26 (7) one member from a list of school technology experts submitted to the
- 127.27 commissioner by the Schools for Equity in Education;
- 127.28 (8) one member from a list of school technology experts submitted to the
- 127.29 commissioner by the service cooperatives;
- 127.30 (9) one member from a list of school technology experts submitted to the
- 127.31 commissioner by the Minnesota Association of School Administrators;
- 127.32 (10) one member from a list of school technology experts submitted to the
- 127.33 commissioner by Minnesota Educational Media Organization;
- 127.34 (11) one member from a list of school technology experts submitted to the
- 127.35 commissioner by the Minnesota State Colleges and Universities;

128.1 (12) one member from a list of school technology experts submitted to the
128.2 commissioner by the president of the University of Minnesota; and

128.3 (13) one member from a list of technology experts submitted to the commissioner
128.4 by the online advisory council.

128.5 (b) The commissioner of education shall provide needed materials and assistance to
128.6 the task force upon request.

128.7 (c) Advisory task force members' terms and other task force matters are subject to
128.8 Minnesota Statutes, section 15.059. The advisory task force must submit by February 15,
128.9 2008, to the commissioner of education and the education policy and finance committees
128.10 of the legislature a written report that includes the recommendations under subdivision 1.

128.11 (d) The advisory task force expires on February 16, 2008.

128.12 Subd. 3. **Funding.** A school technology funding program is established to assist
128.13 school districts, consortiums of school districts, and charter schools to achieve the school
128.14 technology standards proposed in subdivision 1.

128.15 School technology aid equals \$30 times the district's adjusted marginal cost pupil
128.16 units for fiscal year 2009.

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

128.18 Sec. 18. **ADMINISTRATIVE LEASE LEVY; SPRING LAKE PARK.**

128.19 Notwithstanding the instructional purposes limitation of Minnesota Statutes, section
128.20 126C.40, subdivision 1, Independent School District No. 16, Spring Lake Park, may lease
128.21 a building for administrative purposes and include the lease under Minnesota Statutes,
128.22 section 126C.40, subdivision 1.

128.23 Sec. 19. **BONDING AUTHORIZATION.**

128.24 To provide funds for the acquisition or betterment of school facilities, Independent
128.25 School District No. 625, St. Paul, may by two-thirds majority vote of all the members
128.26 of the board of directors issue general obligation bonds in one or more series for each
128.27 calendar year following 2008, as provided in this section. The aggregate principal
128.28 amount of any bonds issued under this section for each calendar year must not exceed
128.29 \$15,000,000. Issuance of the bonds is not subject to Minnesota Statutes, section 475.58 or
128.30 475.59. The bonds must otherwise be issued as provided in Minnesota Statutes, chapter
128.31 475. The authority to issue bonds under this section is in addition to any bonding authority
128.32 authorized by Minnesota Statutes, chapter 123B, or other law. The amount of bonding
128.33 authority authorized under this section must be disregarded in calculating the bonding

129.1 limit of Minnesota Statutes, chapter 123B, or any other law other than Minnesota Statutes,
129.2 section 475.53, subdivision 4.

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

129.4 Sec. 20. **TAX LEVY FOR DEBT SERVICE.**

129.5 To pay the principal of and interest on bonds issued under section 19, Independent
129.6 School District No. 625, St. Paul, must levy a tax annually in an amount sufficient
129.7 under Minnesota Statutes, section 475.61, subdivisions 1 and 3, to pay the principal of
129.8 and interest on the bonds. The tax authorized under this section is in addition to the
129.9 taxes authorized to be levied under Minnesota Statutes, chapter 123B, 124D, or 126C, or
129.10 other law.

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

129.12 Sec. 21. **APPROPRIATIONS.**

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

129.16 Subd. 2. **Health and safety revenue.** For health and safety aid according to
129.17 Minnesota Statutes, section 123B.57, subdivision 5:

129.18 \$ 190,000 2008

129.19 \$ 179,000 2009

129.20 The 2008 appropriation includes \$20,000 for 2007 and \$170,000 for 2008.

129.21 The 2009 appropriation includes \$18,000 for 2008 and \$161,000 for 2009.

129.22 Subd. 3. **Debt service equalization.** For debt service aid according to Minnesota
129.23 Statutes, section 123B.53, subdivision 6:

129.24 \$ 14,813,000 2008

129.25 \$ 26,100,000 2009

129.26 The 2008 appropriation includes \$1,767,000 for 2007 and \$13,046,000 for 2008.

129.27 The 2009 appropriation includes \$1,450,000 for 2008 and \$24,650,000 for 2009.

129.28 Subd. 4. **School bond agricultural credit aid.** For school bond agricultural credit
129.29 aid:

129.30 \$ 10,000,000 2009

130.1 Subd. 5. **Alternative facilities bonding aid.** For alternative facilities bonding aid,
130.2 according to Minnesota Statutes, section 123B.59, subdivision 1:

130.3 \$ 19,287,000 2008

130.4 \$ 19,287,000 2009

130.5 The 2008 appropriation includes \$1,928,000 for 2007 and \$17,359,000 for 2008.

130.6 The 2009 appropriation includes \$1,928,000 for 2008 and \$17,359,000 for 2009.

130.7 Subd. 6. **Equity in telecommunications access.** For equity in telecommunications
130.8 access:

130.9 \$ 7,622,000 2008

130.10 \$ 8,743,000 2009

130.11 If the appropriation amount is insufficient, the commissioner shall reduce the
130.12 reimbursement rate in Minnesota Statutes, section 125B.26, subdivisions 4 and 5, and the
130.13 revenue for fiscal years 2008 and 2009 shall be prorated.

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

130.15 The base appropriation for fiscal year 2010 and later is \$3,750,000.

130.16 Subd. 7. **Deferred maintenance aid.** For deferred maintenance aid, according to
130.17 Minnesota Statutes, section 123B.591, subdivision 4:

130.18 \$ 3,290,000 2008

130.19 \$ 2,667,000 2009

130.20 The 2008 appropriation includes \$0 for 2007 and \$3,290,000 for 2008.

130.21 The 2009 appropriation includes \$365,000 for 2008 and \$2,302,000 for 2009.

130.22 Subd. 8. **Red Lake security reimbursement aid.** For Independent School District
130.23 No. 38, Red Lake, for onetime security reimbursement aid to improve infrastructure needs
130.24 in the Red Lake School District as a result of the March 21, 2005, school shooting:

130.25 \$ 132,000 2008

130.26 This is a onetime appropriation.

130.27 Subd. 9. **Rocori school district.** For Rocori, Independent School District No.
130.28 750, for Project Serv:

130.29 \$ 53,000 2008

130.30 Subd. 10. **School technology grants.** For school technology grants under section
130.31 17:

130.32 \$ 29,100,000 2009

131.1 This is a onetime appropriation.

131.2 Subd. 11. **School Technology Advisory Task Force expenses.** For expenses of the
131.3 School Technology Advisory Task Force under section 17:

131.4 \$ 20,000 2008

131.5 This is a onetime appropriation.

131.6 Subd. 12. **Eden Valley-Watkins; environmental remediation.** For a grant to
131.7 Independent School District No. 463, Eden Valley-Watkins, to recover the amount actually
131.8 spent on environmental remediation efforts related to the cleanup of a mercury spill.

131.9 \$ 126,000 2008

131.10 ARTICLE 5

131.11 NUTRITION AND ACCOUNTING

131.12 Section 1. Minnesota Statutes 2006, section 123B.10, subdivision 1, is amended to read:

131.13 Subdivision 1. **Budgets.** Every board must publish revenue and expenditure
131.14 budgets for the current year and the actual revenues, expenditures, fund balances for
131.15 the prior year and projected fund balances for the current year in a form prescribed by
131.16 the commissioner within one week of the acceptance of the final audit by the board,
131.17 or November 30, whichever is earlier. The forms prescribed must be designed so that
131.18 year to year comparisons of revenue, expenditures and fund balances can be made.
131.19 ~~These budgets, reports of revenue, expenditures and fund balances must be published in~~
131.20 ~~a qualified newspaper of general circulation in the district or on the district's official~~
131.21 ~~Web site. If published on the district's official Web site, the district must also publish an~~
131.22 ~~announcement in a qualified newspaper of general circulation in the district that includes~~
131.23 ~~the Internet address where the information has been posted.~~

131.24 Sec. 2. Minnesota Statutes 2006, section 123B.10, is amended by adding a subdivision
131.25 to read:

131.26 Subd. 1a. **Form of notification.** A school board annually must notify the public of
131.27 its revenue, expenditures, fund balances, and other relevant budget information. The board
131.28 must include the budget information required by this section in the materials provided
131.29 as a part of its truth in taxation hearing, post the materials in a conspicuous place on
131.30 the district's official Web site, including a link to the district's school report card on the
131.31 Department of Education's Web site, and publish the information in a qualified newspaper
131.32 of general circulation in the district.

132.1 Sec. 3. Minnesota Statutes 2006, section 123B.143, subdivision 1, is amended to read:

132.2 Subdivision 1. **Contract; duties.** All districts maintaining a classified secondary
132.3 school must employ a superintendent who shall be an ex officio nonvoting member of the
132.4 school board. The authority for selection and employment of a superintendent must be
132.5 vested in the board in all cases. An individual employed by a board as a superintendent
132.6 shall have an initial employment contract for a period of time no longer than three years
132.7 from the date of employment. Any subsequent employment contract must not exceed a
132.8 period of three years. A board, at its discretion, may or may not renew an employment
132.9 contract. A board must not, by action or inaction, extend the duration of an existing
132.10 employment contract. Beginning 365 days prior to the expiration date of an existing
132.11 employment contract, a board may negotiate and enter into a subsequent employment
132.12 contract to take effect upon the expiration of the existing contract. A subsequent contract
132.13 must be contingent upon the employee completing the terms of an existing contract. If a
132.14 contract between a board and a superintendent is terminated prior to the date specified in
132.15 the contract, the board may not enter into another superintendent contract with that same
132.16 individual that has a term that extends beyond the date specified in the terminated contract.
132.17 A board may terminate a superintendent during the term of an employment contract for any
132.18 of the grounds specified in section 122A.40, subdivision 9 or 13. A superintendent shall
132.19 not rely upon an employment contract with a board to assert any other continuing contract
132.20 rights in the position of superintendent under section 122A.40. Notwithstanding the
132.21 provisions of sections 122A.40, subdivision 10 or 11, 123A.32, 123A.75, or any other law
132.22 to the contrary, no individual shall have a right to employment as a superintendent based
132.23 on order of employment in any district. If two or more districts enter into an agreement for
132.24 the purchase or sharing of the services of a superintendent, the contracting districts have
132.25 the absolute right to select one of the individuals employed to serve as superintendent
132.26 in one of the contracting districts and no individual has a right to employment as the
132.27 superintendent to provide all or part of the services based on order of employment in a
132.28 contracting district. The superintendent of a district shall perform the following:

132.29 (1) visit and supervise the schools in the district, report and make recommendations
132.30 about their condition when advisable or on request by the board;

132.31 (2) recommend to the board employment and dismissal of teachers;

132.32 (3) superintend school grading practices and examinations for promotions;

132.33 (4) make reports required by the commissioner; and

132.34 (5) ~~by January 10, submit an annual report to the commissioner in a manner~~
132.35 ~~prescribed by the commissioner, in consultation with school districts, identifying the~~
132.36 ~~expenditures that the district requires to ensure an 80 percent student passage rate on the~~

133.1 ~~basic standards test taken in the eighth grade, identifying the highest student passage~~
133.2 ~~rate the district expects it will be able to attain on the basic standards test by grade 12;~~
133.3 ~~the amount of expenditures that the district requires to attain the targeted student passage~~
133.4 ~~rate, and how much the district is cross-subsidizing programs with special education, basic~~
133.5 ~~skills, and general education revenue; and~~
133.6 (6) perform other duties prescribed by the board.

133.7 Sec. 4. Minnesota Statutes 2006, section 123B.77, subdivision 4, is amended to read:

133.8 Subd. 4. **Budget approval.** Prior to July 1 of each year, the board of each district
133.9 must approve and adopt its revenue and expenditure budgets for the next school year.
133.10 The budget document so adopted must be considered an expenditure-authorizing or
133.11 appropriations document. No funds shall be expended by any board or district for any
133.12 purpose in any school year prior to the adoption of the budget document which authorizes
133.13 that expenditure, or prior to an amendment to the budget document by the board to
133.14 authorize the expenditure. Expenditures of funds in violation of this subdivision shall be
133.15 considered unlawful expenditures. ~~Prior to the appropriation of revenue for the next~~
133.16 ~~school year in the initial budget, the board shall inform the principal or other responsible~~
133.17 ~~administrative authority of each site of the amount of general education and referendum~~
133.18 ~~revenue that the Department of Education estimates will be generated by the pupils~~
133.19 ~~in attendance at each site. For purposes of this subdivision, a district may adjust the~~
133.20 ~~department's estimates for school building openings, school building closings, changes~~
133.21 ~~in attendance area boundaries, or other changes in programs or student demographics~~
133.22 ~~not reflected in the department's calculations. A district must report to the department~~
133.23 ~~any adjustments it makes according to this subdivision in the department's estimates~~
133.24 ~~of compensatory revenue generated by the pupils in attendance at each site, and the~~
133.25 ~~department must use the adjusted compensatory revenue estimates in preparing the report~~
133.26 ~~required under section 123B.76, subdivision 3, paragraph (c).~~

133.27 **EFFECTIVE DATE.** This section is effective July 1, 2007.

133.28 Sec. 5. Minnesota Statutes 2006, section 123B.79, subdivision 8, is amended to read:

133.29 Subd. 8. **Account transfer for reorganizing districts.** A district that has
133.30 reorganized according to sections 123A.35 to 123A.43, 123A.46, or 123A.48, or has
133.31 conducted a successful referendum on the question of combination under section
133.32 123A.37, subdivision 2, or consolidation under section 123A.48, subdivision 15, or has
133.33 been assigned an identification number by the commissioner under section 123A.48,
133.34 subdivision 16, may make permanent transfers between any of the funds or accounts in

134.1 the newly created or enlarged district with the exception of the debt redemption fund,
134.2 food service fund, and health and safety account of the capital expenditure fund. Fund
134.3 transfers under this section may be made for up to one year prior to the effective date of
134.4 combination or consolidation by the consolidating boards and during the year following
134.5 the effective date of reorganization by the consolidated board. The newly formed board of
134.6 the combined district may adopt a resolution on or before August 30 of the year of the
134.7 reorganization authorizing a transfer among accounts or funds of the previous independent
134.8 school districts which transfer or transfers shall be reported in the affected districts'
134.9 audited financial statements for the year immediately preceding the consolidation.

134.10 **EFFECTIVE DATE.** This section is effective July 1, 2007.

134.11 Sec. 6. Minnesota Statutes 2006, section 123B.79, is amended by adding a subdivision
134.12 to read:

134.13 **Subd. 9. Elimination of reserve accounts.** A school board shall eliminate all
134.14 reserve accounts established in the school district's general fund under Minnesota Statutes
134.15 before July 1, 2006, for which no specific authority remains in statute as of June 30,
134.16 2007. Any balance in the district's reserved for bus purchases account as of June 30,
134.17 2007, shall be transferred to the reserved account for operating capital in the school
134.18 district's general fund. Any balance in other reserved accounts established in the school
134.19 district's general fund under Minnesota Statutes before July 1, 2006, for which no specific
134.20 authority remains in statute as of June 30, 2007, shall be transferred to the school district's
134.21 unreserved general fund balance. A school board may, upon adoption of a resolution by
134.22 the school board, establish a designated account for any program for which a reserved
134.23 account has been eliminated.

134.24 **EFFECTIVE DATE.** This section is effective June 30, 2007.

134.25 Sec. 7. Minnesota Statutes 2006, section 124D.111, subdivision 1, is amended to read:

134.26 Subdivision 1. **School lunch aid computation.** Each school year, the state must pay
134.27 participants in the national school lunch program the amount of ~~10.5~~ 12 cents for each full
134.28 paid, reduced, and free student lunch served to students.

134.29 Sec. 8. Minnesota Statutes 2006, section 126C.15, subdivision 2, is amended to read:

134.30 Subd. 2. **Building allocation.** (a) A district must allocate its compensatory revenue
134.31 to each school building in the district where the children who have generated the revenue
134.32 are served unless the school district has received permission under section 50 to allocate

135.1 compensatory revenue according to student performance measures developed by the
135.2 school board.

135.3 (b) Notwithstanding paragraph (a), a district may allocate up to five percent of the
135.4 amount of compensatory revenue that the district receives to school sites according to a
135.5 plan adopted by the school board.

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

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

135.11 (e) A district with school building openings, school building closings, changes
135.12 in attendance area boundaries, or other changes in programs or student demographics
135.13 between the prior year and the current year may reallocate compensatory revenue among
135.14 sites to reflect these changes. A district must report to the department any adjustments it
135.15 makes according to this paragraph and the department must use the adjusted compensatory
135.16 revenue allocations in preparing the report required under section 123B.76, subdivision 3,
135.17 paragraph (c).

135.18 Sec. 9. Minnesota Statutes 2006, section 126C.41, is amended by adding a subdivision
135.19 to read:

135.20 Subd. 6. **Levy authority for unfunded severance and retirement costs.** (a) A
135.21 school district qualifies for eligibility under this section if the district:

135.22 (1) participated in the cooperative secondary facilities program;

135.23 (2) consolidated with at least two other school districts; and

135.24 (3) has unfunded severance or retirement costs.

135.25 (b) An eligible school district may annually levy up to \$150,000 for unfunded
135.26 severance or retirement costs. This levy authority expires after taxes payable in 2017.

135.27 (c) A school district that levies under this section must reserve the proceeds of the
135.28 levy and spend those amounts only for unfunded severance or retirement costs.

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

135.30 Sec. 10. Minnesota Statutes 2006, section 126C.48, subdivision 2, is amended to read:

135.31 Subd. 2. **Notice to commissioner; forms.** By October 7 of each year each
135.32 district must notify the commissioner of the proposed levies in compliance with the levy
135.33 limitations of this chapter and chapters 120B, 122A, 123A, 123B, 124D, 125A, 127A, and
135.34 136D. A school district that has reached an agreement with its home county auditor to

136.1 extend the date of certification of its proposed levy under section 275.065, subdivision 1,
136.2 must submit its notice of proposed levies to the commissioner no later than October 10 of
136.3 each year. By January 7 of each year each district must notify the commissioner of the
136.4 final levies certified. The commissioner shall prescribe the form of these notifications and
136.5 may request any additional information necessary to compute certified levy amounts.

136.6 **EFFECTIVE DATE.** This section is effective July 1, 2007.

136.7 Sec. 11. Minnesota Statutes 2006, section 205A.03, subdivision 1, is amended to read:

136.8 Subdivision 1. **Required Resolution requiring primary in certain circumstances.**
136.9 ~~In~~ The school board of a school district election, may, by resolution adopted by June 1 of
136.10 any year, decide to choose nominees for school board by a primary as provided in this
136.11 section. The resolution, when adopted, is effective for all ensuing elections of board
136.12 members in that school district until it is revoked. If the board decides to choose nominees
136.13 by primary and if there are more than two candidates for a specified school board position
136.14 or more than twice as many school board candidates as there are at-large school board
136.15 positions available, ~~a~~ the school district must hold a primary.

136.16 **EFFECTIVE DATE.** This section is effective the day following final enactment
136.17 and applies for school board elections held in 2007 and thereafter.

136.18 Sec. 12. Minnesota Statutes 2006, section 205A.06, subdivision 1a, is amended to read:

136.19 Subd. 1a. **Filing period.** In school districts that have adopted a resolution to choose
136.20 nominees for school board by a primary election, affidavits of candidacy must be filed
136.21 with the school district clerk no earlier than the 70th day and no later than the 56th day
136.22 before the first Tuesday after the second Monday in September in the year when the
136.23 school district general election is held. In all other school districts, affidavits of candidacy
136.24 must be filed no earlier than the 70th day and no later than the 56th day before the school
136.25 district general election.

136.26 **EFFECTIVE DATE.** This section is effective the day following final enactment
136.27 and applies for school board elections held in 2007 and thereafter.

136.28 Sec. 13. Minnesota Statutes 2006, section 275.065, subdivision 1, is amended to read:

136.29 Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the
136.30 contrary, on or before September 15, each taxing authority, other than a school district,
136.31 shall adopt a proposed budget and shall certify to the county auditor the proposed or, in
136.32 the case of a town, the final property tax levy for taxes payable in the following year.

137.1 (b) On or before September 30, each school district that has not mutually agreed
137.2 with its home county to extend this date shall certify to the county auditor the proposed
137.3 property tax levy for taxes payable in the following year. Each school district that has
137.4 agreed with its home county to delay the certification of its proposed property tax levy
137.5 must certify its proposed property tax levy for the following year no later than October

137.6 7. The school district shall certify the proposed levy as:

137.7 (1) a specific dollar amount by school district fund, broken down between
137.8 voter-approved and non-voter-approved levies and between referendum market value
137.9 and tax capacity levies; or

137.10 (2) the maximum levy limitation certified by the commissioner of education
137.11 according to section 126C.48, subdivision 1.

137.12 (c) If the board of estimate and taxation or any similar board that establishes
137.13 maximum tax levies for taxing jurisdictions within a first class city certifies the maximum
137.14 property tax levies for funds under its jurisdiction by charter to the county auditor by
137.15 September 15, the city shall be deemed to have certified its levies for those taxing
137.16 jurisdictions.

137.17 (d) For purposes of this section, "taxing authority" includes all home rule and
137.18 statutory cities, towns, counties, school districts, and special taxing districts as defined
137.19 in section 275.066. Intermediate school districts that levy a tax under chapter 124 or
137.20 136D, joint powers boards established under sections 123A.44 to 123A.446, and Common
137.21 School Districts No. 323, Franconia, and No. 815, Prinsburg, are also special taxing
137.22 districts for purposes of this section.

137.23 **EFFECTIVE DATE.** This section is effective July 1, 2007.

137.24 Sec. 14. Minnesota Statutes 2006, section 275.065, subdivision 1a, is amended to read:

137.25 Subd. 1a. **Overlapping jurisdictions.** In the case of a taxing authority lying in
137.26 two or more counties, the home county auditor shall certify the proposed levy and the
137.27 proposed local tax rate to the other county auditor by October 5, unless the home county
137.28 has agreed to delay the certification of its proposed property tax levy, in which case the
137.29 home county auditor shall certify the proposed levy and the proposed local tax rate to the
137.30 other county auditor by October 10. The home county auditor must estimate the levy or
137.31 rate in preparing the notices required in subdivision 3, if the other county has not certified
137.32 the appropriate information. If requested by the home county auditor, the other county
137.33 auditor must furnish an estimate to the home county auditor.

137.34 **EFFECTIVE DATE.** This section is effective July 1, 2007.

138.1 Sec. 15. **DEPARTMENT OF EDUCATION REPORT.**

138.2 The Department of Education must provide a report to the education committees
138.3 of the legislature by January 15, 2008. The report must analyze the department's data
138.4 collection procedures under each of the department's major data reporting systems and
138.5 recommend a streamlined, Web-based system of reporting school district data. The report
138.6 must also analyze any stand-alone school district reporting requirements and recommend
138.7 elimination of any district reports that are duplicative of other data already collected
138.8 by the department.

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

138.10 Sec. 16. **PLAINVIEW-ELGIN-MILLVILLE; CONSOLIDATED DISTRICT**
138.11 **FUND BALANCE CALCULATIONS.**

138.12 Subdivision 1. **Fiscal year 2007 replacement aid.** Independent School District
138.13 No. 2899, Plainview-Elgin-Millville, is eligible for replacement aid to offset its excess
138.14 fund balance penalty for fiscal year 2007.

138.15 Subd. 2. **Fiscal years 2008 and 2009.** Upon receipt of appropriate documentation
138.16 from Independent School District No. 2899, Plainview-Elgin-Millville, the Department of
138.17 Education must adjust the district's three-year adjusted average fund balances required
138.18 under Minnesota Statutes, sections 124D.135, 124D.16 and 124D.20. The department
138.19 shall adjust the fiscal year 2006 account balances reported by former Independent School
138.20 Districts Nos. 806, Elgin-Millville, and 810, Plainview, to reflect any permanent account
138.21 of fund transfers made under Minnesota Statutes, section 123B.79.

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

138.23 Sec. 17. **FUND TRANSFERS.**

138.24 Subdivision 1. **Brainerd.** Notwithstanding Minnesota Statutes, section 123B.79
138.25 or 123B.80, Independent School District No. 181, Brainerd, on June 30, 2007, may
138.26 permanently transfer up to \$750,000 from the reserved for operating capital account to the
138.27 undesignated balance in its general fund.

138.28 Subd. 2. **Campbell-Tintah.** Notwithstanding Minnesota Statutes, section 123B.79
138.29 or 123B.80, on June 30, 2007, Independent School District No. 852, Campbell-Tintah,
138.30 may permanently transfer up to \$100,000 from its reserved for operating capital account
138.31 to the undesignated balance in its general fund.

138.32 Subd. 3. **Jackson County Central.** Notwithstanding Minnesota Statutes, section
138.33 123B.79 or 123B.80, on June 30, 2007, Independent School District No. 2895, Jackson

139.1 County Central, may permanently transfer up to \$300,000 from its reserved for operating
139.2 capital account to the undesignated balance in its general fund.

139.3 Subd. 4. **Comfrey.** Notwithstanding Minnesota Statutes, section 123B.79
139.4 or 123B.80, Independent School District No. 81, Comfrey, on June 30, 2007, may
139.5 permanently transfer up to \$250,000 from its reserved for operating capital account to the
139.6 undesignated balance in its general fund.

139.7 Sec. 18. **APPROPRIATIONS.**

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

139.11 Subd. 2. **School lunch.** For school lunch aid according to Minnesota Statutes,
139.12 section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

139.13 \$ 12,022,000 2008

139.14 \$ 12,166,000 2009

139.15 Subd. 3. **Traditional school breakfast; kindergarten milk.** For traditional school
139.16 breakfast aid and kindergarten milk under Minnesota Statutes, sections 124D.1158 and
139.17 124D.118:

139.18 \$ 5,460,000 2008

139.19 \$ 5,695,000 2009

139.20 Subd. 4. **Summer food service replacement aid.** For summer food service
139.21 replacement aid under Minnesota Statutes, section 124D.119:

139.22 \$ 150,000 2008

139.23 \$ 150,000 2009

139.24 Subd. 5. **Plainview-Elgin-Millville fund balance replacement aid.**
139.25 For fund balance replacement aid for Independent School District No. 2899,
139.26 Plainview-Elgin-Millville:

139.27 \$ 17,000 2008

139.28 This is a onetime appropriation.

139.29 Sec. 19. **REVISOR'S INSTRUCTION.**

140.1 In Minnesota Statutes, the revisor of statutes shall renumber Minnesota Statutes,
140.2 section 123B.10, subdivision 1, as 123B.10, subdivision 1b, and make necessary
140.3 cross-reference changes consistent with the renumbering.

140.4 ARTICLE 6

140.5 LIBRARIES

140.6 Section 1. Minnesota Statutes 2006, section 134.31, is amended by adding a
140.7 subdivision to read:

140.8 Subd. 4a. **Services to the blind and physically handicapped.** The Minnesota
140.9 Department of Education shall provide specialized services to the blind and physically
140.10 handicapped through the Minnesota Library for the Blind and Physically Handicapped
140.11 under a cooperative plan with the National Library Services for the Blind and Physically
140.12 Handicapped of the Library of Congress.

140.13 Sec. 2. Minnesota Statutes 2006, section 134.34, subdivision 4, is amended to read:

140.14 Subd. 4. **Limitation.** A regional library basic system support grant shall not be
140.15 made to a regional public library system for a participating city or county which decreases
140.16 the dollar amount provided for support for operating purposes of public library service
140.17 below the amount provided by it for the second preceding year. For purposes of this
140.18 subdivision and subdivision 1, any funds provided under section 473.757, subdivision 2,
140.19 for extending library hours of operation shall not be considered amounts provided by a city
140.20 or county for support for operating purposes of public library service. This subdivision
140.21 shall not apply to participating cities or counties where the adjusted net tax capacity of
140.22 that city or county has decreased, if the dollar amount of the reduction in support is not
140.23 greater than the dollar amount by which support would be decreased if the reduction in
140.24 support were made in direct proportion to the decrease in adjusted net tax capacity.

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

140.26 Sec. 3. **COMPREHENSIVE LIBRARY STRUCTURE STUDY.**

140.27 The commissioner of education must contract with an independent consultant that
140.28 has extensive experience working with libraries to evaluate the structure of the library
140.29 system and services provided by Minnesota libraries that receive public funding. The
140.30 study must include all types of libraries in the state such as academic, government, special,
140.31 school, and public libraries, including collaborative entities such as MINITEX and state
140.32 library services. The consultant must:

141.1 (1) conduct an in-depth analysis of the current library system structure and services,
141.2 identifying best practices, duplication of services, and opportunities to improve efficiency;
141.3 and

141.4 (2) prepare a report to be submitted to the Department of Education, documenting
141.5 and reporting findings, and recommending, where necessary, changes to increase
141.6 efficiency and cooperation in the delivery of service and use of public funds.

141.7 The commissioner must report the findings of the study to the legislative committees
141.8 having jurisdiction over kindergarten through grade 12 finance before January 15, 2009,
141.9 and shall recommend any required changes in statute that will result in a more streamlined
141.10 and efficient library structure.

141.11 Sec. 4. **DEPARTMENT OF EDUCATION; LIBRARY APPROPRIATIONS.**

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

141.15 Subd. 2. **Basic system support.** For basic system support grants under Minnesota
141.16 Statutes, section 134.355:

141.17 \$ 9,182,000 2008

141.18 \$ 13,138,000 2009

141.19 The 2008 appropriation includes \$857,000 for 2007 and \$8,325,000 for 2008.

141.20 The 2009 appropriation includes \$925,000 for 2008 and \$12,213,000 for 2009.

141.21 Subd. 3. **Multicounty, multitype library systems.** For grants under Minnesota
141.22 Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

141.23 \$ 1,260,000 2008

141.24 \$ 1,300,000 2009

141.25 The 2008 appropriation includes \$90,000 for 2007 and \$1,170,000 for 2008.

141.26 The 2009 appropriation includes \$130,000 for 2008 and \$1,170,000 for 2009.

141.27 Subd. 4. **Electronic library for Minnesota.** For statewide licenses to online
141.28 databases selected in cooperation with the Minnesota Office of Higher Education for
141.29 school media centers, public libraries, state government agency libraries, and public
141.30 or private college or university libraries:

141.31 \$ 900,000 2008

141.32 \$ 900,000 2009

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

143.1 Subd. 3. **Expenses.** Each committee must be reimbursed for expenses under section
143.2 15.059, subdivision 6. The commissioner must determine the membership terms and the
143.3 duration of each committee, which must expire no later than June 30, 2020.

143.4 Sec. 2. Minnesota Statutes 2006, section 517.08, subdivision 1c, is amended to read:

143.5 Subd. 1c. **Disposition of license fee.** (a) Of the marriage license fee collected
143.6 pursuant to subdivision 1b, paragraph (a), \$15 must be retained by the county. The local
143.7 registrar must pay \$85 to the commissioner of finance to be deposited as follows:

143.8 (1) \$50 in the general fund;

143.9 (2) \$3 in the state government special revenue fund to be appropriated to the
143.10 commissioner of ~~education~~ public safety for parenting time centers under section 119A.37;

143.11 (3) \$2 in the special revenue fund to be appropriated to the commissioner of health
143.12 for developing and implementing the MN ENABL program under section 145.9255;

143.13 (4) \$25 in the special revenue fund is appropriated to the commissioner of
143.14 employment and economic development for the displaced homemaker program under
143.15 section 116L.96; and

143.16 (5) \$5 in the special revenue fund is appropriated to the commissioner of human
143.17 services for the Minnesota Healthy Marriage and Responsible Fatherhood Initiative under
143.18 section 256.742.

143.19 (b) Of the \$30 fee under subdivision 1b, paragraph (b), \$15 must be retained by the
143.20 county. The local registrar must pay \$15 to the commissioner of finance to be deposited
143.21 as follows:

143.22 (1) \$5 as provided in paragraph (a), clauses (2) and (3); and

143.23 (2) \$10 in the special revenue fund is appropriated to the commissioner of
143.24 employment and economic development for the displaced homemaker program under
143.25 section 116L.96.

143.26 (c) The increase in the marriage license fee under paragraph (a) provided for in Laws
143.27 2004, chapter 273, and disbursement of the increase in that fee to the special fund for the
143.28 Minnesota Healthy Marriage and Responsible Fatherhood Initiative under paragraph (a),
143.29 clause (5), is contingent upon the receipt of federal funding under United States Code, title
143.30 42, section 1315, for purposes of the initiative.

143.31 Sec. 3. **RULEMAKING AUTHORITY; CAREER AND TECHNICAL**
143.32 **EDUCATION.**

143.33 The commissioner of education shall adopt rules under Minnesota Statutes, chapter
143.34 14, for the administration of career and technical education programs for grades 7 through

144.1 12 under Minnesota Statutes, sections 124D.452, 124D.4531, and 124D.454, to ensure
144.2 that the career and technical levy and programs can be administered to serve students
144.3 under the current state and local organizational structures.

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

144.5 Sec. 4. **APPROPRIATIONS; DEPARTMENT OF EDUCATION.**

144.6 Subdivision 1. **Department of Education.** Unless otherwise indicated, the sums
144.7 indicated in this section are appropriated from the general fund to the Department of
144.8 Education for the fiscal years designated.

144.9 Subd. 2. **Department.** (a) For the Department of Education:

144.10 \$ 22,003,000 2008

144.11 \$ 22,309,000 2009

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

144.13 (b) \$260,000 each year is for the Minnesota Children's Museum.

144.14 (c) \$41,000 each year is for the Minnesota Academy of Science.

144.15 (d) \$614,000 in fiscal year 2008 and \$622,000 in fiscal year 2009 are for the Board
144.16 of Teaching.

144.17 (e) \$162,000 in fiscal year 2008 and \$165,000 in fiscal year 2009 are for the Board
144.18 of School Administrators.

144.19 (f) \$7,000 in fiscal year 2008 is for GRAD test rulemaking.

144.20 (g) \$7,000 in fiscal year 2008 is for rulemaking under section 3.

144.21 (h) \$7,000 in fiscal year 2008 is for rulemaking for health and physical education
144.22 standards.

144.23 (i) \$40,000 each year is for an early hearing loss intervention coordinator under
144.24 Minnesota Statutes, section 125A.63, subdivision 5.

144.25 (j) The expenditures of federal grants and aids as shown in the biennial budget
144.26 document and its supplements are approved and appropriated and shall be spent as
144.27 indicated.

144.28 (k) \$260,000 per year is for the Minnesota Children's Museum.

144.29 (l) \$41,000 per year is for the Academy of Science.

144.30 Sec. 5. **APPROPRIATIONS; MINNESOTA STATE ACADEMIES.**

144.31 The sums indicated in this section are appropriated from the general fund to the
144.32 Minnesota State Academies for the Deaf and the Blind for the fiscal years designated:

145.1 \$ 11,504,000 2008

145.2 \$ 11,527,000 2009

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

145.4 Sec. 6. **APPROPRIATIONS; PERPICH CENTER FOR ARTS EDUCATION.**

145.5 The sums indicated in this section are appropriated from the general fund to the

145.6 Perpich Center for Arts Education for the fiscal years designated:

145.7 \$ 6,727,000 2008

145.8 \$ 6,833,000 2009

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

145.10 Sec. 7. **APPROPRIATIONS; DEPARTMENT OF PUBLIC SAFETY.**

145.11 The sums indicated in this section are appropriated from the state government

145.12 special revenue fund to the Department of Public Safety for the fiscal years designated to

145.13 fund parenting time centers as described in Minnesota Statutes, section 119A.37:

145.14 \$ 96,000 2008

145.15 \$ 96,000 2009

145.16 **ARTICLE 8**

145.17 **EDUCATION FORECAST ADJUSTMENTS**

145.18 **A. GENERAL EDUCATION**

145.19 Section 1. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision

145.20 2, as amended by Laws 2006, chapter 282, article 3, section 2, is amended to read:

145.21 Subd. 2. **General education aid.** For general education aid under Minnesota Statutes,

145.22 section 126C.13, subdivision 4:

145.23 \$ 5,819,153,000 2006

145.24 ~~5,472,238,000~~

145.25 \$ 5,453,693,000 2007

145.26 The 2006 appropriation includes \$787,978,000 for 2005 and \$5,031,175,000 for

145.27 2006.

145.28 The 2007 appropriation includes ~~\$513,848,000~~ \$518,218,000 for 2006 and

145.29 ~~\$4,958,390,000~~ \$4,935,475,000 for 2007.

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

146.1 Sec. 2. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 4,
146.2 is amended to read:

146.3 Subd. 4. **Enrollment options transportation.** For transportation of pupils attending
146.4 postsecondary institutions under Minnesota Statutes, section 124D.09, or for transportation
146.5 of pupils attending nonresident districts under Minnesota Statutes, section 124D.03:

146.6 \$ 55,000 2006

146.7 ~~55,000~~

146.8 \$ 93,000 2007

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

146.10 Sec. 3. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 5,
146.11 as amended by Laws 2006, chapter 282, article 7, section 2, is amended to read:

146.12 Subd. 5. **Abatement revenue.** For abatement aid under Minnesota Statutes, section
146.13 127A.49:

146.14 \$ 909,000 2006

146.15 ~~1,026,000~~

146.16 \$ 765,000 2007

146.17 The 2006 appropriation includes \$187,000 for 2005 and \$722,000 for 2006.

146.18 The 2007 appropriation includes \$80,000 for 2006 and ~~\$946,000~~ \$685,000 for 2007.

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

146.20 Sec. 4. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 6,
146.21 as amended by Laws 2006, chapter 282, article 7, section 3, is amended to read:

146.22 Subd. 6. **Consolidation transition.** For districts consolidating under Minnesota Statutes,
146.23 section 123A.485:

146.24 ~~527,000~~

146.25 \$ 388,000 2007

146.26 The 2007 appropriation includes \$0 for 2006 and ~~\$527,000~~ \$388,000 for 2007.

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

146.28 Sec. 5. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 7,
146.29 as amended by Laws 2006, chapter 282, article 7, section 4, is amended to read:

146.30 Subd. 7. **Nonpublic pupil education aid.** For nonpublic pupil education aid under
146.31 Minnesota Statutes, sections 123B.87 and 123B.40 to 123B.43:

148.1 Subd. 3. **Charter school startup aid.** For charter school startup cost aid under Minnesota
148.2 Statutes, section 124D.11:

148.3 \$ 1,291,000 2006

148.4 ~~2,347,000~~

148.5 \$ 2,316,000 2007

148.6 The 2006 appropriation includes \$0 for 2005 and \$1,291,000 for 2006.

148.7 The 2007 appropriation includes \$143,000 for 2006 and ~~\$2,204,000~~ \$2,173,000

148.8 for 2007.

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

148.10 Sec. 9. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision 4,
148.11 as amended by Laws 2006, chapter 282, article 7, section 8, is amended to read:

148.12 Subd. 4. **Integration aid.** For integration aid under Minnesota Statutes, section 124D.86,
148.13 subdivision 5:

148.14 \$ 59,404,000 2006

148.15 ~~58,405,000~~

148.16 \$ 58,075,000 2007

148.17 The 2006 appropriation includes \$8,545,000 for 2005 and \$50,859,000 for 2006.

148.18 The 2007 appropriation includes \$5,650,000 for 2006 and ~~\$52,755,000~~ \$52,425,000

148.19 for 2007.

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

148.21 Sec. 10. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision
148.22 6, as amended by Laws 2006, chapter 282, article 7, section 9, is amended to read:

148.23 Subd. 6. **Interdistrict desegregation or integration transportation grants.** For
148.24 interdistrict desegregation or integration transportation grants under Minnesota Statutes,
148.25 section 124D.87:

148.26 \$ 6,032,000 2006

148.27 ~~10,134,000~~

148.28 \$ 8,169,000 2007

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

148.30 Sec. 11. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision
148.31 10, as amended by Laws 2006, chapter 282, article 7, section 11, is amended to read:

150.1 Sec. 14. Laws 2005, First Special Session chapter 5, article 3, section 18, subdivision
150.2 4, as amended by Laws 2006, chapter 282, article 7, section 14, is amended to read:
150.3 Subd. 4. **Travel for home-based services.** For aid for teacher travel for home-based
150.4 services under Minnesota Statutes, section 125A.75, subdivision 1:

150.5	\$ 198,000	.....	2006
150.6	195,000		
150.7	\$ <u>224,000</u>	.....	2007

150.8 The 2006 appropriation includes \$28,000 for 2005 and \$170,000 for 2006.

150.9 The 2007 appropriation includes \$18,000 for 2006 and ~~\$177,000~~ \$206,000 for 2007.

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

150.11 Sec. 15. Laws 2005, First Special Session chapter 5, article 3, section 18, subdivision
150.12 6, as amended by Laws 2006, chapter 282, article 7, section 16, is amended to read:
150.13 Subd. 6. **Transition for disabled students.** For aid for transition programs for children
150.14 with disabilities under Minnesota Statutes, section 124D.454:

150.15	\$ 9,300,000	.....	2006
150.16	8,781,000		
150.17	\$ <u>8,800,000</u>	.....	2007

150.18 The 2006 appropriation includes \$1,380,000 for 2005 and \$7,920,000 for 2006.

150.19 The 2007 appropriation includes \$880,000 for 2006 and ~~\$7,901,000~~ \$7,920,000
150.20 for 2007.

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

150.22 **D. FACILITIES**

150.23 Sec. 16. Laws 2005, First Special Session chapter 5, article 4, section 25, subdivision
150.24 2, as amended by Laws 2006, chapter 282, article 7, section 18, is amended to read:
150.25 Subd. 2. **Health and safety revenue.** For health and safety aid according to Minnesota
150.26 Statutes, section 123B.57, subdivision 5:

150.27	\$ 823,000	.....	2006
150.28	352,000		
150.29	\$ <u>249,000</u>	.....	2007

150.30 The 2006 appropriation includes \$211,000 for 2005 and \$612,000 for 2006.

150.31 The 2007 appropriation includes \$68,000 for 2006 and ~~\$284,000~~ \$181,000 for 2007.

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

151.1 Sec. 17. Laws 2005, First Special Session chapter 5, article 4, section 25, subdivision
151.2 3, as amended by Laws 2006, chapter 282, article 5, section 2, is amended to read:
151.3 Subd. 3. **Debt service equalization.** For debt service aid according to Minnesota Statutes,
151.4 section 123B.53, subdivision 6:

151.5	\$	27,206,000	.....	2006
151.6		18,410,000		
151.7	\$	<u>18,395,000</u>	.....	2007

151.8 The 2006 appropriation includes \$4,654,000 for 2005 and \$22,552,000 for 2006.

151.9 The 2007 appropriation includes \$2,504,000 for 2006 and ~~\$15,906,000~~ 15,891,000
151.10 for 2007.

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

151.12 **E. NUTRITION**

151.13 Sec. 18. Laws 2005, First Special Session chapter 5, article 5, section 17, subdivision
151.14 3, as amended by Laws 2006, chapter 282, article 7, section 20, is amended to read:
151.15 Subd. 3. **Traditional school breakfast; kindergarten milk.** For traditional school
151.16 breakfast aid and kindergarten milk under Minnesota Statutes, sections 124D.1158 and
151.17 124D.118:

151.18	\$	4,856,000	.....	2006
151.19		5,044,000		
151.20	\$	<u>5,175,000</u>	.....	2007

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

151.22 **F. EARLY CHILDHOOD EDUCATION**

151.23 Sec. 19. Laws 2005, First Special Session chapter 5, article 7, section 20, subdivision
151.24 2, as amended by Laws 2006, chapter 282, article 7, section 24, is amended to read:
151.25 Subd. 2. **School readiness.** For revenue for school readiness programs under Minnesota
151.26 Statutes, sections 124D.15 and 124D.16:

151.27	\$	9,528,000	.....	2006
151.28		9,020,000		
151.29	\$	<u>9,087,000</u>	.....	2007

151.30 The 2006 appropriation includes \$1,415,000 for 2005 and \$8,113,000 for 2006.

151.31 The 2007 appropriation includes \$901,000 for 2006 and ~~\$8,119,000~~ \$8,186,000
151.32 for 2007.

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

152.1 Sec. 20. Laws 2005, First Special Session chapter 5, article 7, section 20, subdivision
152.2 3, as amended by Laws 2006, chapter 282, article 2, section 24, is amended to read:

152.3 Subd. 3. **Early childhood family education aid.** For early childhood family education
152.4 aid under Minnesota Statutes, section 124D.135:

152.5 \$ 15,105,000 2006

152.6 ~~17,792,000~~

152.7 \$ 17,639,000 2007

152.8 The 2006 appropriation includes \$1,859,000 for 2005 and \$13,246,000 for 2006.

152.9 The 2007 appropriation includes \$1,471,000 for 2006 and ~~\$16,321,000~~ \$16,168,000
152.10 for 2007.

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

152.12 Sec. 21. Laws 2005, First Special Session chapter 5, article 7, section 20, subdivision
152.13 4, as amended by Laws 2006, chapter 282, article 2, section 25, is amended to read:

152.14 Subd. 4. **Health and developmental screening aid.** For health and developmental
152.15 screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

152.16 \$ 3,000,000 2006

152.17 ~~2,997,000~~

152.18 \$ 2,880,000 2007

152.19 The 2006 appropriation includes \$417,000 for 2005 and \$2,583,000 for 2006

152.20 The 2007 appropriation includes \$287,000 for 2006 and ~~\$2,710,000~~ \$2,593,000
152.21 for 2007.

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

152.23 Sec. 22. Laws 2006, chapter 282, article 2, section 28, subdivision 4, is amended to
152.24 read:

152.25 Subd. 4. **Early childhood Part C.** For the expansion of early childhood Part C
152.26 services:

152.27 ~~400,000~~

152.28 \$ -0- 2007

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

152.30 **G. PREVENTION**

152.31 Sec. 23. Laws 2005, First Special Session chapter 5, article 8, section 8, subdivision 2,
152.32 as amended by Laws 2006, chapter 282, article 7, section 25, is amended to read:

153.1 Subd. 2. **Community education aid.** For community education aid under Minnesota
153.2 Statutes, section 124D.20:

153.3 \$ 2,043,000 2006

153.4 ~~1,949,000~~

153.5 \$ 1,942,000 2007

153.6 The 2006 appropriation includes \$385,000 for 2005 and \$1,658,000 for 2006.

153.7 The 2007 appropriation includes \$184,000 for 2006 and ~~\$1,765,000~~ \$1,758,000

153.8 for 2007.

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

153.10 Sec. 24. Laws 2005, First Special Session chapter 5, article 8, section 8, subdivision 5,
153.11 as amended by Laws 2006, chapter 282, article 7, section 27, is amended to read:

153.12 Subd. 5. **School-age care revenue.** For extended day aid under Minnesota Statutes,
153.13 section 124D.22:

153.14 \$ 17,000 2006

153.15 ~~4,000~~

153.16 \$ 6,000 2007

153.17 The 2006 appropriation includes \$4,000 for 2005 and \$13,000 for 2006.

153.18 The 2007 appropriation includes \$1,000 for 2006 and ~~\$3,000~~ \$5,000 for 2007.

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

153.20 **H. SELF-SUFFICIENCY AND LIFELONG LEARNING**

153.21 Sec. 25. Laws 2005, First Special Session chapter 5, article 9, section 4, subdivision 2,
153.22 is amended to read:

153.23 Subd. 2. **Adult basic education aid.** For adult basic education aid under Minnesota
153.24 Statutes:

153.25 \$ 36,518,000 2006

153.26 ~~36,540,000~~

153.27 \$ 37,486,000 2007

153.28 The 2006 appropriation includes \$5,707,000 for 2005 and \$30,811,000 for 2006.

153.29 The 2007 appropriation includes ~~\$5,737,000~~ \$3,654,000 for 2006 and ~~\$30,803,000~~

153.30 \$33,832,000 for 2007.

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

ARTICLE 9**TECHNICAL AND CONFORMING AMENDMENTS**

Section 1. Minnesota Statutes 2006, section 122A.628, subdivision 2, is amended to read:

Subd. 2. **Revenue.** A school district that is selected to participate in the schools mentoring schools program under this section may utilize its professional compensation revenue under section ~~122A.4142~~ 122A.414, subdivision 4, to pay regional training sites for staff development and training services.

Sec. 2. Minnesota Statutes 2006, section 123A.73, subdivision 8, is amended to read:

Subd. 8. **Taxable property.** As of the effective date of a consolidation of districts or the dissolution of a district and its attachment to one or more existing districts pursuant to chapter 123A, ~~and subject to the conditions of section 126C.42, subdivision 1,~~ all the taxable property which is in the newly created or enlarged district and which was previously taxable for the payment of any statutory operating debt theretofore incurred by any preexisting district of which the taxable property was a part prior to the consolidation or dissolution and attachment shall remain taxable for the payment of that debt and shall not become taxable for the payment of any statutory operating debt theretofore incurred by any preexisting district of which the taxable property was not a part prior to the consolidation or dissolution and attachment. The amount of statutory operating debt attributable to that taxable property and to the newly created or enlarged district in which it is located, and the amount of a preexisting district's reserved fund balance reserve account for purposes of statutory operating debt reduction attributable to the newly created or enlarged district, shall be apportioned according to the proportion which the adjusted net tax capacity of that part of the preexisting district bears to the total adjusted net tax capacity of the entire preexisting district at the time of the consolidation or dissolution and attachment. This apportionment shall be made by the county auditor and shall be incorporated as an annex to the order of the commissioner dividing the assets and liabilities of the component districts. As used in this section, "statutory operating debt" shall have the meaning given it in section 123B.81.

Sec. 3. Minnesota Statutes 2006, section 123B.79, subdivision 6, is amended to read:

Subd. 6. **Account transfer for statutory operating debt.** On June 30 of each year, a district may make a permanent transfer from the general fund account entitled "net unreserved general fund balance since statutory operating debt" to the account entitled

155.1 "reserved fund balance reserve account for purposes of statutory operating debt reduction."
155.2 The amount of the transfer is limited to ~~the lesser of (a) the net unreserved general fund~~
155.3 ~~balance, or (b) the sum of the remaining statutory operating debt levies authorized for all~~
155.4 ~~future years according to section 126C.42, subdivision 1.~~ If the net unreserved general
155.5 fund balance is less than zero, the district may not make a transfer.

155.6 Sec. 4. Minnesota Statutes 2006, section 123B.81, subdivision 2, is amended to read:

155.7 Subd. 2. **Statutory operating debt.** If the amount of the operating debt is more
155.8 than 2-1/2 percent of the most recent fiscal year's expenditure amount for the funds
155.9 considered under subdivision 1, the net negative undesignated fund balance is defined as
155.10 "statutory operating debt" for the purposes of this section and ~~sections~~ section 123B.83
155.11 ~~and 126C.42, subdivision 1.~~

155.12 Sec. 5. Minnesota Statutes 2006, section 123B.81, subdivision 4, is amended to read:

155.13 Subd. 4. **Debt elimination.** If an audit or other verification procedure conducted
155.14 pursuant to subdivision 3 determines that a statutory operating debt exists, a district must
155.15 follow the procedures set forth in this section ~~126C.42, subdivision 1,~~ to eliminate this
155.16 statutory operating debt.

155.17 Sec. 6. Minnesota Statutes 2006, section 123B.81, subdivision 7, is amended to read:

155.18 Subd. 7. **Applicability.** This section ~~and the provisions of section 126C.42,~~
155.19 ~~subdivision 1, are~~ is applicable only to common, independent, and special school districts
155.20 and districts formed pursuant to Laws 1967, chapter 822, as amended, and Laws 1969,
155.21 chapters 775 and 1060, as amended. This section ~~and the provisions of section 126C.42,~~
155.22 ~~subdivision 1, do~~ does not apply to Independent School District No. 625.

155.23 Sec. 7. Minnesota Statutes 2006, section 123B.83, subdivision 2, is amended to read:

155.24 Subd. 2. **Net unreserved general fund balances.** A school district must limit its
155.25 expenditures so that its net unreserved general fund balance does not constitute statutory
155.26 operating debt ~~as defined in section 126C.42~~ under section 123B.81.

155.27 Sec. 8. Minnesota Statutes 2006, section 124D.34, subdivision 7, is amended to read:

155.28 Subd. 7. **Foundation staff.** The commissioner of education shall appoint the
155.29 executive director of the foundation from three candidates nominated and submitted by the
155.30 foundation board of directors and, as necessary, other staff who shall perform duties and
155.31 have responsibilities solely related to the foundation. The employees appointed are not

156.1 state employees under chapter 43A, but are covered under section 3.736. The employees
156.2 may participate in the state health and state insurance plans for employees in unclassified
156.3 service. The employees shall be supervised by the executive director.

156.4 The commissioner shall appoint ~~from the Office of Lifework Development~~ a liaison
156.5 to the foundation board from the division in the department responsible for career and
156.6 technical education.

156.7 Sec. 9. Minnesota Statutes 2006, section 124D.65, subdivision 11, is amended to read:

156.8 Subd. 11. **Allocations from cooperative units.** For the purposes of this section
156.9 ~~and section 125A.77~~, pupils of limited English proficiency enrolled in a cooperative
156.10 or intermediate school district unit shall be counted by the school district of residence,
156.11 and the cooperative unit shall allocate its approved expenditures for limited English
156.12 proficiency programs among participating school districts. Limited English proficiency
156.13 aid for services provided by a cooperative or intermediate school district shall be paid to
156.14 the participating school districts.

156.15 Sec. 10. Minnesota Statutes 2006, section 125A.39, is amended to read:

156.16 **125A.39 LOCAL INTERAGENCY AGREEMENTS.**

156.17 School boards and the county board may enter into agreements to cooperatively
156.18 serve and provide funding for children with disabilities, under age five, and their families
156.19 within a specified geographic area.

156.20 The local interagency agreement must address, at a minimum, the following issues:

156.21 (1) responsibilities of local agencies on local interagency early intervention
156.22 committees (IEIC's), consistent with section 125A.38;

156.23 (2) assignment of financial responsibility for early intervention services;

156.24 (3) methods to resolve intraagency and interagency disputes;

156.25 (4) identification of current resources and recommendations about the allocation of
156.26 additional state and federal early intervention funds under the auspices of United States
156.27 Code, title 20, section 1471 et seq. (Part C, Public Law ~~102-119~~ 108-446) and United
156.28 States Code, title 20, section 631, et seq. (Chapter I, Public Law 89-313);

156.29 (5) data collection; and

156.30 (6) other components of the local early intervention system consistent with Public
156.31 Law 102-119.

156.32 Sec. 11. Minnesota Statutes 2006, section 125A.42, is amended to read:

156.33 **125A.42 PROCEDURAL SAFEGUARDS; PARENT AND CHILD RIGHTS.**

157.1 (a) This section applies to local school and county boards for children from birth
157.2 through age two who are eligible for Part H C, Public Law ~~102-119~~ 108-446, and their
157.3 families. This section must be consistent with the Individuals with Disabilities Education
157.4 Act, United States Code, title 20, sections 1471 to 1485 (Part H C, Public Law ~~102-119~~
157.5 108-446), regulations adopted under United States Code, title 20, sections 1471 to 1485,
157.6 and sections 125A.259 to 125A.48.

157.7 (b) A parent has the right to:

157.8 (1) inspect and review early intervention records;

157.9 (2) prior written notice of a proposed action in the parents' native language unless it
157.10 is clearly not feasible to do so;

157.11 (3) give consent to any proposed action;

157.12 (4) selectively accept or decline any early intervention service; and

157.13 (5) resolve issues regarding the identification, evaluation, or placement of the child,
157.14 or the provision of appropriate early intervention services to the child and the child's
157.15 family through an impartial due process hearing pursuant to section 125A.46.

157.16 (c) The eligible child has the right to have a surrogate parent appointed by a school
157.17 district as required by section 125A.07.

157.18 Sec. 12. Minnesota Statutes 2006, section 125A.44, is amended to read:

157.19 **125A.44 COMPLAINT PROCEDURE.**

157.20 (a) An individual or organization may file a written signed complaint with the
157.21 commissioner of the state lead agency alleging that one or more requirements of the Code
157.22 of Federal Regulations, title 34, part 303, is not being met. The complaint must include:

157.23 (1) a statement that the state has violated the Individuals with Disabilities Education
157.24 Act, United States Code, title 20, section 1471 et seq. (Part C, Public Law ~~102-119~~
157.25 108-446) or Code of Federal Regulations, title 34, section 303; and

157.26 (2) the facts on which the complaint is based.

157.27 (b) The commissioner of the state lead agency shall receive and coordinate with
157.28 other state agencies the review and resolution of a complaint within 60 calendar days
157.29 according to the state interagency agreement required under section 125A.48. The
157.30 development and disposition of corrective action orders for nonschool agencies shall be
157.31 determined by the State Agency Committee (SAC). Failure to comply with corrective
157.32 orders may result in fiscal actions or other measures.

157.33 Sec. 13. Minnesota Statutes 2006, section 125A.45, is amended to read:

157.34 **125A.45 INTERAGENCY DISPUTE PROCEDURE.**

158.1 (a) A dispute between a school board and a county board that is responsible for
158.2 implementing the provisions of section 125A.29 regarding early identification, child and
158.3 family assessment, service coordination, and IFSP development and implementation must
158.4 be resolved according to this subdivision when the dispute involves services provided
158.5 to children and families eligible under the Individuals with Disabilities Education Act,
158.6 United States Code, title 20, section 1471 et seq. (Part C, Public Law ~~102-119~~ 108-446).

158.7 (b) A dispute occurs when the school board and county board are unable to agree as
158.8 to who is responsible to coordinate, provide, pay for, or facilitate payment for services
158.9 from public and private sources.

158.10 (c) Written and signed disputes must be filed with the local primary agency.

158.11 (d) The local primary agency must attempt to resolve the matter with the involved
158.12 school board and county board and may request mediation from the commissioner of the
158.13 state lead agency for this purpose.

158.14 (e) When interagency disputes have not been resolved within 30 calendar days, the
158.15 local primary agency must request the commissioner of the state lead agency to review
158.16 the matter with the commissioners of health and human services and make a decision.
158.17 The commissioner must provide a consistent process for reviewing those procedures. The
158.18 commissioners' decision is binding subject to the right of an aggrieved party to appeal to
158.19 the state Court of Appeals.

158.20 (f) The local primary agency must ensure that eligible children and their families
158.21 receive early intervention services during resolution of a dispute. While a local dispute is
158.22 pending, the local primary agency must either assign financial responsibility to an agency
158.23 or pay for the service from the early intervention account under section 125A.35. If in
158.24 resolving the dispute, it is determined that the assignment of financial responsibility was
158.25 inappropriate, the responsibility for payment must be reassigned to the appropriate agency
158.26 and the responsible agency must make arrangements for reimbursing any expenditures
158.27 incurred by the agency originally assigned financial responsibility.

158.28 Sec. 14. Minnesota Statutes 2006, section 125B.15, is amended to read:

158.29 **125B.15 INTERNET ACCESS FOR STUDENTS.**

158.30 (a) Recognizing the difference between school libraries, school computer labs, and
158.31 school media centers, which serve unique educational purposes, and public libraries,
158.32 which are designed for public inquiry, all computers at a school site with access to the
158.33 Internet available for student use must be equipped to restrict, including by use of
158.34 available software filtering technology or other effective methods, all student access

159.1 to material that is reasonably believed to be obscene or child pornography or material
159.2 harmful to minors under federal or state law.

159.3 (b) A school site is not required to purchase filtering technology if the school site
159.4 would incur more than incidental expense in making the purchase.

159.5 (c) A school district receiving technology revenue under section ~~125B.25~~ 125B.26
159.6 must prohibit, including through use of available software filtering technology or other
159.7 effective methods, adult access to material that under federal or state law is reasonably
159.8 believed to be obscene or child pornography.

159.9 (d) A school district, its agents or employees, are immune from liability for failure
159.10 to comply with this section if they have made a good faith effort to comply with the
159.11 requirements of this section.

159.12 (e) "School site" means an education site as defined in section 123B.04, subdivision
159.13 1, or charter school under section 124D.10.

159.14 Sec. 15. Minnesota Statutes 2006, section 126C.01, subdivision 9, is amended to read:

159.15 Subd. 9. **Training and experience index.** "Training and experience index"
159.16 means a measure of a district's teacher training and experience relative to the education
159.17 and experience of teachers in the state. The measure must be determined pursuant to
159.18 Minnesota Statutes 1996, section 126C.11.

159.19 Sec. 16. Minnesota Statutes 2006, section 126C.05, subdivision 1, is amended to read:

159.20 Subdivision 1. **Pupil unit.** Pupil units for each Minnesota resident pupil under the
159.21 age of 21 or who meets the requirements of section 120A.20, subdivision 1, paragraph
159.22 (c), in average daily membership enrolled in the district of residence, in another district
159.23 under sections 123A.05 to 123A.08, 124D.03, 124D.06, ~~124D.07~~, 124D.08, or 124D.68;
159.24 in a charter school under section 124D.10; or for whom the resident district pays tuition
159.25 under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88,
159.26 subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, shall be
159.27 counted according to this subdivision.

159.28 (a) A prekindergarten pupil with a disability who is enrolled in a program approved
159.29 by the commissioner and has an individual education plan is counted as the ratio of the
159.30 number of hours of assessment and education service to 825 times 1.25 with a minimum
159.31 average daily membership of 0.28, but not more than 1.25 pupil units.

159.32 (b) A prekindergarten pupil who is assessed but determined not to be disabled is
159.33 counted as the ratio of the number of hours of assessment service to 825 times 1.25.

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

160.5 (d) A kindergarten pupil who is not included in paragraph (c) is counted as .557 of a
160.6 pupil unit for fiscal year 2000 and thereafter.

160.7 (e) A pupil who is in any of grades 1 to 3 is counted as 1.115 pupil units for fiscal
160.8 year 2000 and thereafter.

160.9 (f) A pupil who is any of grades 4 to 6 is counted as 1.06 pupil units for fiscal
160.10 year 1995 and thereafter.

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

160.12 (h) A pupil who is in the postsecondary enrollment options program is counted
160.13 as 1.3 pupil units.

160.14 Sec. 17. Minnesota Statutes 2006, section 126C.48, subdivision 7, is amended to read:

160.15 Subd. 7. **Reporting.** For each tax settlement, the county auditor shall report
160.16 to each school district by fund, the district tax settlement revenue defined in section
160.17 123B.75, subdivision 5, paragraph (a), ~~and the amount levied pursuant to section 126C.42,~~
160.18 ~~subdivision 1,~~ on the form specified in section 276.10. The county auditor shall send to
160.19 the district a copy of the spread levy report specified in section 275.124.

160.20 Sec. 18. Minnesota Statutes 2006, section 134.355, subdivision 9, is amended to read:

160.21 Subd. 9. **Telecommunications aid.** An application for regional library
160.22 telecommunications aid must, at a minimum, contain information to document the
160.23 following:

160.24 (1) the connections are adequate and employ an open network architecture that
160.25 will ensure interconnectivity and interoperability with school districts, postsecondary
160.26 education, or other governmental agencies;

160.27 (2) that the connection is established through the most cost-effective means and that
160.28 the regional library has explored and coordinated connections through school districts,
160.29 postsecondary education, or other governmental agencies;

160.30 (3) that the regional library system has filed an e-rate application; and

160.31 (4) other information, as determined by the commissioner of ~~children, families, and~~
160.32 ~~learning education~~, to ensure that connections are coordinated, efficient, and cost-effective,
160.33 take advantage of discounts, and meet applicable state standards.

161.1 The library system may include costs associated with cooperative arrangements with
161.2 postsecondary institutions, school districts, and other governmental agencies.

161.3 Sec. 19. **REPEALER.**

161.4 Minnesota Statutes 2006, sections 123A.22, subdivision 11; and 123B.81,
161.5 subdivision 8, are repealed.

161.6 ARTICLE 10

161.7 PUPIL TRANSPORTATION STANDARDS

161.8 Section 1. Minnesota Statutes 2006, section 123B.88, subdivision 12, is amended to
161.9 read:

161.10 Subd. 12. **Early childhood family education participants.** Districts may provide
161.11 bus transportation along ~~regular~~ school bus routes when space is available for participants
161.12 in early childhood family education programs and school readiness programs if these
161.13 services do not result in an increase in the district's expenditures for transportation.
161.14 The costs allocated to these services, as determined by generally accepted accounting
161.15 principles, shall be considered part of the authorized cost for ~~regular~~ transportation for
161.16 the purposes of section 123B.92.

161.17 **EFFECTIVE DATE.** This section is effective the day following final enactment
161.18 and applies for fiscal year 2007 and later.

161.19 Sec. 2. Minnesota Statutes 2006, section 123B.90, subdivision 2, is amended to read:

161.20 Subd. 2. **Student training.** (a) Each district must provide public school pupils
161.21 enrolled in kindergarten through grade 10 with age-appropriate school bus safety training,
161.22 as described in this section, of the following concepts:

- 161.23 (1) transportation by school bus is a privilege and not a right;
- 161.24 (2) district policies for student conduct and school bus safety;
- 161.25 (3) appropriate conduct while on the school bus;
- 161.26 (4) the danger zones surrounding a school bus;
- 161.27 (5) procedures for safely boarding and leaving a school bus;
- 161.28 (6) procedures for safe street or road crossing; and
- 161.29 (7) school bus evacuation.

161.30 (b) Each nonpublic school located within the district must provide all nonpublic
161.31 school pupils enrolled in kindergarten through grade 10 who are transported by school

162.1 bus at public expense and attend school within the district's boundaries with training as
162.2 required in paragraph (a).

162.3 (c) Students enrolled in kindergarten through grade 6 who are transported by school
162.4 bus and are enrolled during the first or second week of school must receive the school bus
162.5 safety training competencies by the end of the third week of school. Students enrolled in
162.6 grades 7 through 10 who are transported by school bus and are enrolled during the first or
162.7 second week of school and have not previously received school bus safety training must
162.8 receive the training or receive bus safety instructional materials by the end of the sixth
162.9 week of school. Students taking driver's training instructional classes ~~and other students in~~
162.10 ~~grades 9 and 10~~ must receive training in the laws and proper procedures when operating a
162.11 motor vehicle in the vicinity of a school bus as required by section 169.446, subdivisions 2
162.12 and 3. Students enrolled in kindergarten through grade 10 who enroll in a school after the
162.13 second week of school and are transported by school bus and have not received training
162.14 in their previous school district shall undergo school bus safety training or receive bus
162.15 safety instructional materials within four weeks of the first day of attendance. Upon
162.16 request of the superintendent of schools, the school transportation safety director in each
162.17 district must certify to the superintendent ~~of schools annually~~ that all students transported
162.18 by school bus within the district have received the school bus safety training according to
162.19 this section. Upon request of the superintendent of the school district where the nonpublic
162.20 school is located, the principal or other chief administrator of each nonpublic school must
162.21 certify ~~annually~~ to the school transportation safety director of the district in which the
162.22 school is located that the school's students transported by school bus at public expense
162.23 have received training according to this section.

162.24 (d) A district and a nonpublic school with students transported by school bus at
162.25 public expense may provide kindergarten pupils with bus safety training before the first
162.26 day of school.

162.27 (e) A district and a nonpublic school with students transported by school bus at
162.28 public expense may also provide student safety education for bicycling and pedestrian
162.29 safety, for students enrolled in kindergarten through grade 5.

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

162.33 (g) The district and a nonpublic school with students transported by school bus at
162.34 public expense must provide students enrolled in kindergarten through grade 3 school bus
162.35 safety training twice during the school year.

163.1 (h) A district and a nonpublic school with students transported by school bus at public
163.2 expense must conduct a school bus evacuation drill at least once during the school year.

163.3 **EFFECTIVE DATE.** This section is effective July 1, 2007.

163.4 Sec. 3. Minnesota Statutes 2006, section 123B.92, subdivision 5, is amended to read:

163.5 Subd. 5. **District reports.** (a) Each district must report data to the department as
163.6 required by the department to account for transportation expenditures.

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

163.15 (c) Salaries and fringe benefits of the district employees listed in paragraph (b),
163.16 clauses (1), (2), and (3), who work part time in transportation and part time in other areas
163.17 must not be included in a district's transportation expenditures unless the district maintains
163.18 documentation of the employee's time spent on pupil transportation matters in the form
163.19 and manner prescribed by the department.

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

163.33 (e) Notwithstanding paragraph (d), districts contracting for transportation services
163.34 are exempt from the standard cost allocation method for authorized and nonauthorized
163.35 transportation categories if the district (1) bid its contracts separately for authorized and

164.1 nonauthorized transportation categories, (2) received bids or quotes from more than one
 164.2 vendor for these transportation categories or can demonstrate that efforts were made to
 164.3 solicit bids or quotes through advertising, and (3) the district's cost-per-mile, cost-per-hour,
 164.4 or cost-per-route does not vary more than ten percent among authorized transportation
 164.5 categories, excluding expenditures for capital outlay, leased buses, student board and
 164.6 lodging, crossing guards, special equipment, and aides on buses. If the costs reported by
 164.7 the district for contractor-owned operations vary more than the parameters outlined above,
 164.8 the department shall require the district to reallocate its transportation costs, excluding
 164.9 salaries and fringe benefits of bus aids, among all categories.

164.10 **EFFECTIVE DATE.** This section is effective the day following final enactment
 164.11 and applies for fiscal year 2007 and later.

164.12 Sec. 4. Minnesota Statutes 2006, section 169.01, subdivision 6, is amended to read:

164.13 Subd. 6. **School bus.** "School bus" means a motor vehicle used to transport pupils
 164.14 to or from a school defined in section 120A.22, or to or from school-related activities, by
 164.15 the school or a school district, or by someone under an agreement with the school or a
 164.16 school district. A school bus does not include a motor vehicle transporting children to or
 164.17 from school for which parents or guardians receive direct compensation from a school
 164.18 district, a motor coach operating under charter carrier authority, a transit bus providing
 164.19 services as defined in section 174.22, subdivision 7, ~~a multifunction school activity bus~~
 164.20 ~~as defined by federal motor vehicle safety standards~~, or a vehicle otherwise qualifying
 164.21 as a type III vehicle under paragraph ~~(5)~~ (6), when the vehicle is properly registered and
 164.22 insured and being driven by an employee or agent of a school district for nonscheduled
 164.23 or nonregular transportation. A school bus may be type A, type B, type C, ~~or type D, a~~
 164.24 multifunctional school activity bus, or type III as follows:

164.25 (1) A "type A school bus" is a ~~van conversion or~~ bus constructed utilizing a cutaway
 164.26 front section vehicle with a left-side driver's door. ~~The entrance door is behind the front~~
 164.27 ~~wheels.~~ This definition includes two classifications: type A-I, with a gross vehicle weight
 164.28 rating (GVWR) ~~less than or equal to 10,000~~ 14,500 pounds or less; and type A-II, with a
 164.29 GVWR greater than ~~10,000~~ 14,500 pounds and less than or equal to 21,500 pounds.

164.30 (2) A "type B school bus" is constructed utilizing a stripped chassis. The entrance
 164.31 door is behind the front wheels. This definition includes two classifications: type B-I,
 164.32 with a GVWR less than or equal to 10,000 pounds; and type B-II, with a GVWR greater
 164.33 than 10,000 pounds.

164.34 (3) A "type C school bus" is constructed utilizing a chassis with a hood and front
 164.35 fender assembly. The entrance door is behind the front wheels. A "type C school bus" also

165.1 includes a cutaway truck chassis or truck chassis with cab with or without a left side door
165.2 and with a GVWR greater than 21,500 pounds.

165.3 (4) A "type D school bus" is constructed utilizing a stripped chassis. The entrance
165.4 door is ahead of the front wheels.

165.5 (5) A "multifunctional school activity bus" is a bus that meets the federal motor
165.6 vehicle safety standards definition, except for vehicles classified as type III school buses
165.7 according to paragraph (6).

165.8 (6) Type III school buses and type III Head Start buses are restricted to passenger
165.9 cars, station wagons, vans, and buses having a maximum manufacturer's rated seating
165.10 capacity of ten or fewer people, including the driver, and a gross vehicle weight rating of
165.11 10,000 pounds or less. In this subdivision, "gross vehicle weight rating" means the value
165.12 specified by the manufacturer as the loaded weight of a single vehicle. A "type III school
165.13 bus" and "type III Head Start bus" must not be outwardly equipped and identified as a type
165.14 A, B, C, or D school bus or type A, B, C, or D Head Start bus. A van or bus converted to a
165.15 seating capacity of ten or fewer and placed in service on or after August 1, 1999, must
165.16 have been originally manufactured to comply with the passenger safety standards.

165.17 **EFFECTIVE DATE.** This section is effective January 1, 2008.

165.18 Sec. 5. Minnesota Statutes 2006, section 169.01, is amended by adding a subdivision
165.19 to read:

165.20 Subd. 92. **Cellular phone.** "Cellular phone" means a cellular, analog, wireless, or
165.21 digital telephone capable of sending or receiving telephone or text messages without
165.22 an access line for service.

165.23 Sec. 6. Minnesota Statutes 2006, section 169.443, is amended by adding a subdivision
165.24 to read:

165.25 Subd. 9. **Personal cellular phone call prohibition.** A school bus driver may not
165.26 operate a school bus while communicating over, or otherwise operating, a cellular phone
165.27 for personal reasons, whether hand-held or hands free, when the vehicle is in motion.

165.28 **EFFECTIVE DATE.** This section is effective July 1, 2007.

165.29 Sec. 7. Minnesota Statutes 2006, section 169.447, subdivision 2, is amended to read:

165.30 Subd. 2. **Driver seat belt.** ~~New~~ School buses and Head Start buses ~~manufactured~~
165.31 ~~after December 31, 1994,~~ must be equipped with driver seat belts and seat belt assemblies

166.1 of the type described in section 169.685, subdivision 3. School bus drivers and Head
166.2 Start bus drivers must use these seat belts.

166.3 **EFFECTIVE DATE.** This section is effective July 1, 2007.

166.4 Sec. 8. Minnesota Statutes 2006, section 169.4501, subdivision 1, is amended to read:

166.5 Subdivision 1. **National standards adopted.** Except as provided in sections
166.6 169.4502 and 169.4503, the construction, design, equipment, and color of types A, B, C,
166.7 ~~and D~~ and multifunctional school activity bus school buses used for the transportation
166.8 of school children shall meet the requirements of the "bus chassis standards" and "bus
166.9 body standards" in the ~~2000~~ 2005 edition of the "National School Transportation
166.10 Specifications and Procedures" adopted by the National ~~Conference~~ Congress on School
166.11 Transportation. Except as provided in section 169.4504, the construction, design, and
166.12 equipment of types A, B, C, ~~and D~~ and multifunctional school activity bus school buses
166.13 used for the transportation of students with disabilities also shall meet the requirements
166.14 of the "specially equipped school bus standards" in the ~~2000~~ 2005 National School
166.15 Transportation Specifications and Procedures. The "bus chassis standards," "bus body
166.16 standards," and "specially equipped school bus standards" sections of the ~~2000~~ 2005
166.17 edition of the "National School Transportation Specifications and Procedures" are
166.18 incorporated by reference in this chapter.

166.19 **EFFECTIVE DATE.** This section is effective January 1, 2008.

166.20 Sec. 9. Minnesota Statutes 2006, section 169.4501, subdivision 2, is amended to read:

166.21 Subd. 2. **Applicability.** (a) The standards adopted in this section and sections
166.22 169.4502 and 169.4503, govern the construction, design, equipment, and color of school
166.23 buses used for the transportation of school children, when owned or leased and operated
166.24 by a school or privately owned or leased and operated under a contract with a school.
166.25 Each school, its officers and employees, and each person employed under the contract is
166.26 subject to these standards.

166.27 (b) The standards apply to school buses manufactured after ~~October 31, 2004~~
166.28 December 31, 2007. Buses complying with the standards when manufactured need not
166.29 comply with standards established later except as specifically provided for by law.

166.30 (c) A school bus manufactured on or before ~~October 31, 2004~~ December 31,
166.31 2007, must conform to the Minnesota standards in effect on the date the vehicle was
166.32 manufactured except as specifically provided for in law.

167.1 (d) A new bus body may be remounted on a used chassis provided that the remounted
167.2 vehicle meets state and federal standards for new buses which are current at the time of the
167.3 remounting. Permission must be obtained from the commissioner of public safety before
167.4 the remounting is done. A used bus body may not be remounted on a new or used chassis.

167.5 **EFFECTIVE DATE.** This section is effective January 1, 2008.

167.6 Sec. 10. Minnesota Statutes 2006, section 169.4502, subdivision 5, is amended to read:

167.7 Subd. 5. **Electrical system; battery.** (a) The storage battery, as established by the
167.8 manufacturer's rating, must be of sufficient capacity to care for starting, lighting, signal
167.9 devices, heating, and other electrical equipment. In a bus with a gas-powered chassis, the
167.10 battery or batteries must provide a minimum of 800 cold cranking amperes. In a bus
167.11 with a diesel-powered chassis, the battery or batteries must provide a minimum of 1050
167.12 cold cranking amperes.

167.13 (b) In a type B bus with a gross vehicle weight rating of 15,000 pounds or more, and
167.14 type C and D buses, the battery shall be temporarily mounted on the chassis frame. The
167.15 final location of the battery and the appropriate cable lengths in these buses must comply
167.16 with the SBMI design objectives booklet.

167.17 (c) All batteries shall be mounted according to chassis manufacturers'
167.18 recommendations.

167.19 (d) In a type C bus, other than are powered by diesel fuel, a battery providing at least
167.20 550 cold cranking amperes may be installed in the engine compartment only if used in
167.21 combination with a generator or alternator of at least ~~120~~ 130 amperes.

167.22 (e) A bus with a gross vehicle weight rating of 15,000 pounds or less may be
167.23 equipped with a battery to provide a minimum of 550 cold cranking amperes only if used
167.24 in combination with an alternator of at least ~~80~~ 130 amperes. This paragraph does not
167.25 apply to those buses with wheelchair lifts or diesel engines.

167.26 **EFFECTIVE DATE.** This section is effective January 1, 2008.

167.27 Sec. 11. Minnesota Statutes 2006, section 169.4503, subdivision 13, is amended to
167.28 read:

167.29 Subd. 13. **Identification.** (a) Each bus shall, in the beltline, identify the school
167.30 district serviced, or company name, or owner of the bus. Numbers necessary for
167.31 identification must appear on the sides and rear of the bus. Symbols or letters may
167.32 be used on the outside of the bus near the entrance door for student identification. A
167.33 manufacturer's nameplate or logo may be placed on the bus.

168.1 (b) Effective December 31, 1994, all type A, B, C, and D buses sold must display
168.2 lettering "Unlawful to pass when red lights are flashing" on the rear of the bus. The
168.3 lettering shall be in two-inch black letters on school bus yellow background. This message
168.4 shall be displayed directly below the upper window of the rear door. On rear engine buses,
168.5 it shall be centered at approximately the same location. Only signs and lettering approved
168.6 or required by state law may be displayed.

168.7 **EFFECTIVE DATE.** This section is effective January 1, 2008.

168.8 Sec. 12. Minnesota Statutes 2006, section 169.4503, subdivision 20, is amended to
168.9 read:

168.10 Subd. 20. **Seat and crash barriers.** (a) All restraining barriers and passenger seats
168.11 shall be covered with a material that has fire retardant or fire block characteristics.

168.12 (b) All seats must have a minimum cushion depth of 15 inches and a seat back
168.13 height of at least 20 inches above the seating reference point.

168.14 **EFFECTIVE DATE.** This section is effective January 1, 2008.

168.15 Sec. 13. Minnesota Statutes 2006, section 171.02, subdivision 2, is amended to read:

168.16 Subd. 2. **Driver's license classifications, endorsements, exemptions.** (a) Drivers'
168.17 licenses are classified according to the types of vehicles that may be driven by the holder
168.18 of each type or class of license. The commissioner may, as appropriate, subdivide the
168.19 classes listed in this subdivision and issue licenses classified accordingly.

168.20 (b) Except as provided in paragraph (c), clauses (1) and (2), and subdivision 2a, no
168.21 class of license is valid to operate a motorcycle, school bus, tank vehicle, double-trailer
168.22 or triple-trailer combination, vehicle transporting hazardous materials, or bus, unless
168.23 so endorsed. There are four general classes of licenses as described in paragraphs (c)
168.24 through (f).

168.25 (c) Class D drivers' licenses are valid for:

168.26 (1) operating all farm trucks if the farm truck is:

168.27 (i) controlled and operated by a farmer, including operation by an immediate family
168.28 member or an employee of the farmer;

168.29 (ii) used to transport agricultural products, farm machinery, or farm supplies,
168.30 including hazardous materials, to or from a farm;

168.31 (iii) not used in the operations of a common or contract motor carrier as governed by
168.32 Code of Federal Regulations, title 49, part 365; and

168.33 (iv) used within 150 miles of the farm;

169.1 (2) notwithstanding paragraph (b), operating an authorized emergency vehicle,
169.2 as defined in section 169.01, subdivision 5, whether or not in excess of 26,000 pounds
169.3 gross vehicle weight;

169.4 (3) operating a recreational vehicle as defined in section 168.011, subdivision 25,
169.5 that is operated for personal use;

169.6 (4) operating all single-unit vehicles except vehicles with a gross vehicle weight of
169.7 more than 26,000 pounds, vehicles designed to carry more than 15 passengers including
169.8 the driver, and vehicles that carry hazardous materials;

169.9 (5) notwithstanding paragraph (d), operating a type A school bus or a multifunctional
169.10 school activity bus without a school bus endorsement if:

169.11 (i) ~~the bus has a gross vehicle weight of 10,000 pounds or less;~~

169.12 ~~(ii) the bus is designed to transport 15 or fewer passengers, including the driver; and~~

169.13 ~~(iii) (ii) the requirements of subdivision 2a are satisfied, as determined by the~~
169.14 ~~commissioner; and~~

169.15 (iii) the type A school bus or a multifunctional school activity bus has a gross vehicle
169.16 weight of 14,500 pounds or less;

169.17 (6) operating any vehicle or combination of vehicles when operated by a licensed
169.18 peace officer while on duty; and

169.19 (7) towing vehicles if:

169.20 (i) the towed vehicles have a gross vehicle weight of 10,000 pounds or less; or

169.21 (ii) the towed vehicles have a gross vehicle weight of more than 10,000 pounds and
169.22 the combination of vehicles has a gross vehicle weight of 26,000 pounds or less.

169.23 (d) Class C drivers' licenses are valid for:

169.24 (1) operating class D motor vehicles;

169.25 (2) with a hazardous materials endorsement, transporting hazardous materials
169.26 in class D vehicles; and

169.27 (3) with a school bus endorsement, operating school buses designed to transport 15
169.28 or fewer passengers, including the driver.

169.29 (e) Class B drivers' licenses are valid for:

169.30 (1) operating all class C motor vehicles, class D motor vehicles, and all other
169.31 single-unit motor vehicles including, with a passenger endorsement, buses; and

169.32 (2) towing only vehicles with a gross vehicle weight of 10,000 pounds or less.

169.33 (f) Class A drivers' licenses are valid for operating any vehicle or combination of
169.34 vehicles.

169.35 **EFFECTIVE DATE.** This section is effective January 1, 2008.

170.1 Sec. 14. Minnesota Statutes 2006, section 171.02, subdivision 2a, is amended to read:

170.2 Subd. 2a. **Exception for certain school bus drivers.** Notwithstanding subdivision
170.3 2, paragraph (c), the holder of a class D driver's license, without a school bus endorsement,
170.4 may operate a type A school bus or a multifunctional school activity bus described in
170.5 subdivision 2, paragraph (b), under the following conditions:

170.6 (a) The operator is an employee of the entity that owns, leases, or contracts for the
170.7 school bus and is not solely hired to provide transportation services under this subdivision.

170.8 (b) The operator drives the school bus only from points of origin to points of
170.9 destination, not including home-to-school trips to pick up or drop off students.

170.10 (c) The operator is prohibited from using the type A school bus eight-light system.
170.11 Violation of this paragraph is a misdemeanor.

170.12 (d) The operator's employer has adopted and implemented a policy that provides for
170.13 annual training and certification of the operator in:

170.14 (1) safe operation of the type of school bus the operator will be driving;

170.15 (2) understanding student behavior, including issues relating to students with
170.16 disabilities;

170.17 (3) encouraging orderly conduct of students on the bus and handling incidents of
170.18 misconduct appropriately;

170.19 (4) knowing and understanding relevant laws, rules of the road, and local school
170.20 bus safety policies;

170.21 (5) handling emergency situations; and

170.22 (6) safe loading and unloading of students.

170.23 (e) A background check or background investigation of the operator has been
170.24 conducted that meets the requirements under section 122A.18, subdivision 8, or 123B.03
170.25 for teachers; section 144.057 or chapter 245C for day care employees; or section 171.321,
170.26 subdivision 3, for all other persons operating a ~~type A school bus~~ vehicle under this
170.27 subdivision.

170.28 (f) Operators shall submit to a physical examination as required by section 171.321,
170.29 subdivision 2.

170.30 (g) The operator's driver's license is verified annually by the entity that owns, leases,
170.31 or contracts for the ~~school bus~~ vehicle.

170.32 (h) A person who sustains a conviction, as defined under section 609.02, of violating
170.33 section 169A.25, 169A.26, 169A.27, 169A.31, 169A.51, or 169A.52, or a similar statute
170.34 or ordinance of another state is precluded from operating a school bus for five years
170.35 from the date of conviction.

171.1 (i) A person who has ever been convicted of a disqualifying offense as defined in
171.2 section 171.3215, subdivision 1, paragraph (c), may not operate a school bus under this
171.3 subdivision.

171.4 (j) A person who sustains a conviction, as defined under section 609.02, of a fourth
171.5 moving offense in violation of chapter 169 is precluded from operating a school bus for
171.6 one year from the date of the last conviction.

171.7 (k) Students riding the ~~school bus~~ vehicle must have training required under section
171.8 123B.90, subdivision 2.

171.9 (l) An operator must be trained in the proper use of child safety restraints as set
171.10 forth in the National Highway Traffic Safety Administration's "Guideline for the Safe
171.11 Transportation of Pre-school Age Children in School Buses;" if child safety restraints are
171.12 used by the passengers.

171.13 (m) Annual certification of the requirements listed in this subdivision must be
171.14 maintained under separate file at the business location for each operator licensed under
171.15 this subdivision and subdivision 2, paragraph (b), clause (5). The business manager,
171.16 school board, governing body of a nonpublic school, or any other entity that owns,
171.17 leases, or contracts for the school bus operating under this subdivision is responsible
171.18 for maintaining these files for inspection.

171.19 (n) The ~~school bus~~ vehicle must bear a current certificate of inspection issued under
171.20 section 169.451.

171.21 (o) On a type A school bus, the word "School" on the front and rear of the bus
171.22 must be covered by a sign that reads "Activities" when the bus is being operated under
171.23 authority of this subdivision.

171.24 **EFFECTIVE DATE.** This section is effective January 1, 2008.

171.25 Sec. 15. Minnesota Statutes 2006, section 171.321, subdivision 4, is amended to read:

171.26 Subd. 4. **Training.** (a) No person shall drive a class A, B, C, or D school bus when
171.27 transporting school children to or from school or upon a school-related trip or activity
171.28 without having demonstrated sufficient skills and knowledge to transport students in
171.29 a safe and legal manner.

171.30 (b) A bus driver must have training or experience that allows the driver to meet at
171.31 least the following competencies:

171.32 (1) safely operate the type of school bus the driver will be driving;

171.33 (2) understand student behavior, including issues relating to students with
171.34 disabilities;

172.1 (3) encourage orderly conduct of students on the bus and handle incidents of
172.2 misconduct appropriately;

172.3 (4) know and understand relevant laws, rules of the road, and local school bus
172.4 safety policies;

172.5 (5) handle emergency situations; and

172.6 (6) safely load and unload students.

172.7 (c) The commissioner of public safety shall develop a comprehensive model
172.8 school bus driver training program and model assessments for school bus driver training
172.9 competencies, which are not subject to chapter 14. A school district, nonpublic school, or
172.10 private contractor may use alternative assessments for bus driver training competencies
172.11 with the approval of the commissioner of public safety. A driver may receive at least eight
172.12 hours of school bus in-service training any year, as an alternative to being assessed for bus
172.13 driver competencies after the initial year of being assessed for bus driver competencies.
172.14 The employer shall keep the assessment or a record of the in-service training for the
172.15 current period available for inspection by representatives of the commissioner.

172.16 **EFFECTIVE DATE.** This section is effective July 1, 2007.

172.17 Sec. 16. **RULES REVISED: COMMISSIONER OF PUBLIC SAFETY.**

172.18 Subdivision 1. Rules revised under the good cause exemption. The commissioner
172.19 of public safety must amend and adopt the revisions to the rules listed in subdivisions 2 to
172.20 8 under the good cause exemption to the rulemaking process under Minnesota Statutes,
172.21 section 14.388, subdivision 1, clause (3).

172.22 Subd. 2. Minnesota Rules, part 7470.0500. The commissioner of public safety
172.23 must amend Minnesota Rules, part 7470.0500, by replacing two obsolete references to the
172.24 Department of Children, Families, and Learning, with a reference to the Department of
172.25 Public Safety and removing references to specifically repealed rules.

172.26 Subd. 3. Minnesota Rules, part 7470.0700. The commissioner of public safety
172.27 must amend Minnesota Rules, part 7470.0700, as follows:

172.28 (1) for the points assigned to school bus equipment defects, strike the reference to
172.29 "orange" school buses and include a new school bus color exemption for multifunctional
172.30 school activity buses;

172.31 (2) replace the references to type I and type II school buses with type A, B, C,
172.32 or D school buses;

172.33 (3) exempt multifunctional school activity buses from the point reduction for not
172.34 having a stop arm; and

173.1 (4) exempt multifunctional school activity buses from the point reduction for not
173.2 having an eight-lamp warning lamp system.

173.3 Subd. 4. **Minnesota Rules, part 7470.1000.** The commissioner of public safety
173.4 must amend Minnesota Rules, part 7470.1000, to:

173.5 (1) include multifunctional school activity buses in the headnote;

173.6 (2) update subpart 1 to include multifunctional school activity buses as a type of
173.7 school bus listed after bus types A, B, C, and D;

173.8 (3) modify subpart 2 to clarify that the prohibition against loading or unloading while
173.9 adjacent to a turn lane applies only when it is a right-hand turn lane and does not prohibit a
173.10 bus from loading or unloading at the side of the road when there is a center turn lane; and

173.11 (3) expand the exception that allows service dogs on school buses to include all
173.12 companion animals.

173.13 Subd. 5. **Minnesota Rules, part 7470.1100.** The commissioner of public safety
173.14 must amend Minnesota Rules, part 7470.1100, to include multifunctional school activity
173.15 buses in the headnote and amend subpart 1 to include multifunctional school activity buses
173.16 as a type of school bus listed after bus types A, B, C, and D. The commissioner must also
173.17 amend item B of this part to require drivers to use prewarning flashing signals, flashing
173.18 red signals, and stop signals arms on buses that are equipped with those signals.

173.19 Subd. 6. **Minnesota Rules, part 7470.1400.** The commissioner of public safety
173.20 must amend Minnesota Rules, part 7470.1400, to clarify that the operating rules in parts
173.21 7470.1000 to 7470.1500 apply to buses that are leased and rented as well as to school
173.22 buses that are owned by a school district, a nonpublic school, or a private operator under
173.23 contract to a school district or nonpublic school.

173.24 Subd. 7. **Minnesota Rules, part 7470.1500.** The commissioner of public safety
173.25 must amend Minnesota Rules, part 7470.1500, to:

173.26 (1) clarify that the prohibition against loading or unloading while adjacent to a turn
173.27 lane applies only when it is a right-hand turn lane and does not prohibit a bus from loading
173.28 or unloading at the side of the road when there is a center turn lane; and

173.29 (2) delete item H because it is obsolete.

173.30 Subd. 8. **Minnesota Rules, part 7470.1700.** The commissioner of public safety
173.31 must amend Minnesota Rules, part 7470.1700, subpart 2, to:

173.32 (1) clarify that the bus driver and the bus aide must have access to emergency health
173.33 care information for the students with disabilities transported on the bus; and

173.34 (2) add an item E that allows the health information to be maintained either in a hard
173.35 copy on the vehicle or immediately accessible through a two-way communications system.

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

174.1 Sec. 17. **REPEALER.**

174.2 Minnesota Statutes 2006, sections 169.4502, subdivision 15; and 169.4503,
174.3 subdivisions 17, 18, and 26, are repealed.

174.4 **EFFECTIVE DATE.** This section is effective January 1, 2008.

174.5 **ARTICLE 11**

174.6 **EARLY CHILDHOOD AND ADULT PROGRAMS**

174.7 Section 1. Minnesota Statutes 2006, section 119A.52, is amended to read:

174.8 **119A.52 DISTRIBUTION OF APPROPRIATION.**

174.9 (a) The commissioner of education must distribute money appropriated for that
174.10 purpose to federally designated Head Start programs to expand services and to serve
174.11 additional low-income children. Migrant and Indian reservation programs must be initially
174.12 allocated money based on the programs' share of federal funds. The remaining money
174.13 must be initially allocated to the remaining local agencies based equally on the agencies'
174.14 share of federal funds and on the proportion of eligible children in the agencies' service
174.15 area who are not currently being served. A Head Start ~~grantee~~ program must be funded
174.16 at a per child rate equal to its contracted, federally funded base level at the start of the
174.17 fiscal year. In allocating funds under this paragraph, the commissioner of education
174.18 must assure that each Head Start program in existence in 1993 is allocated no less
174.19 funding in any fiscal year than was allocated to that program in fiscal year 1993. Before
174.20 paying money to the programs, the commissioner must notify each program of its initial
174.21 allocation, how the money must be used, and the number of low-income children to be
174.22 served with the allocation based upon the federally funded per child rate. Each program
174.23 must present a plan under section 119A.535. For any ~~grantee~~ program that cannot utilize
174.24 its full allocation at the beginning of the fiscal year, the commissioner must reduce the
174.25 allocation proportionately. Money available after the initial allocations are reduced must
174.26 be redistributed to eligible ~~grantees~~ programs.

174.27 (b) The commissioner must develop procedures to make payments to programs
174.28 based upon the number of children reported to be enrolled during the required time
174.29 period of program operations. Enrollment is defined by federal Head Start regulations.
174.30 The procedures must include a reporting schedule, corrective action plan requirements,
174.31 and financial consequences to be imposed on programs that do not meet full enrollment
174.32 after the period of corrective action. Programs reporting chronic underenrollment, as
174.33 defined by the commissioner, will have their subsequent program year allocation reduced
174.34 proportionately. Funds made available by prorating payments and allocations to programs

175.1 with reported underenrollment will be made available to the extent funds exist to fully
175.2 enrolled Head Start programs through a form and manner prescribed by the department.

175.3 Sec. 2. Minnesota Statutes 2006, section 119A.535, is amended to read:

175.4 **119A.535 APPLICATION REQUIREMENTS.**

175.5 Eligible Head Start organizations must submit a plan to the department for approval
175.6 on a form and in the manner prescribed by the commissioner. The plan must include:

175.7 (1) the ~~estimated~~ number of low-income children and families the program will be
175.8 able to serve;

175.9 (2) a description of the program design and service delivery area which meets the
175.10 needs of and encourages access by low-income working families;

175.11 (3) a program design that ensures fair and equitable access to Head Start services for
175.12 all populations and parts of the service area;

175.13 (4) a plan for ~~coordinating services to maximize assistance for child care costs~~
175.14 ~~available to families under chapter 119B~~ providing Head Start services in conjunction with
175.15 full-day child care programs to minimize child transitions, increase program intensity and
175.16 duration, and improve child and family outcomes as required in section 119A.5411; and

175.17 (5) identification of regular Head Start, early Head Start, full-day services identified
175.18 in section 119A.5411, and innovative services based upon demonstrated needs to be
175.19 provided.

175.20 Sec. 3. **[119A.5411] FULL-DAY REQUIREMENTS.**

175.21 The following phase-in of full-day services in Head Start programs or licensed child
175.22 care as defined in chapter 245A is required:

175.23 (1) by fiscal year 2009, a minimum of 25 percent of the total state-funded enrollment
175.24 throughout the state must be provided in full-day services;

175.25 (2) by fiscal year 2011, a minimum of 40 percent of the total state-funded enrollment
175.26 throughout the state must be provided in full-day services; and

175.27 (3) by fiscal year 2013, a minimum of 50 percent of the total state-funded enrollment
175.28 throughout the state must be provided in full-day services.

175.29 Head Start programs may provide full-day services as part of their own program
175.30 model or through agreements with licensed full-day child care programs. If licensed child
175.31 care providers do not exist in a geographic area, choose not to participate, cannot meet
175.32 the federal Head Start performance standards after sufficient opportunity, or a Head Start
175.33 program is unable to establish the full-day services as a part of their own program model,
175.34 the Head Start program may request exemption from the commissioner.

176.1 Sec. 4. Minnesota Statutes 2006, section 124D.13, subdivision 1, is amended to read:

176.2 Subdivision 1. **Establishment; purpose.** A district that provides a community
176.3 education program under sections 124D.18 and 124D.19 may establish an early childhood
176.4 family education program. Two or more districts, each of which provides a community
176.5 education program, may cooperate to jointly provide an early childhood family education
176.6 program. The purpose of the early childhood family education program is to provide
176.7 parenting education to support children's learning and development.

176.8 Sec. 5. Minnesota Statutes 2006, section 124D.13, subdivision 2, is amended to read:

176.9 Subd. 2. **Program characteristics requirements.** (a) Early childhood family
176.10 education programs are programs for children in the period of life from birth to
176.11 kindergarten, for the parents and other relatives of these children, and for expectant
176.12 parents. To the extent that funds are insufficient to provide programs for all children, early
176.13 childhood family education programs should emphasize programming for ~~a child~~ children
176.14 from birth to age three, and encourage parents and other relatives to for children at risk
176.15 of not being ready for kindergarten and the children's parents. Program providers also
176.16 are encouraged to involve four- and five-year-old children and their families in school
176.17 readiness programs, and other public and nonpublic early learning programs. A district
176.18 may not limit participation to school district residents. Early childhood family education
176.19 programs ~~may include the following~~ must provide:

176.20 (1) programs to educate parents and other relatives about the physical, mental,
176.21 and emotional development of children;

176.22 (2) ~~programs to enhance the skills of parents and other relatives in providing for their~~
176.23 ~~children's learning and development~~ structured learning activities requiring interaction
176.24 between children and their parents or relatives;

176.25 (3) structured learning experiences activities for children ~~and parents and other~~
176.26 ~~relatives~~ that promote children's development and positive interaction with peers, which
176.27 are held while parents or relatives attend parent education classes;

176.28 (4) ~~activities designed to detect children's physical, mental, emotional, or behavioral~~
176.29 ~~problems that may cause learning problems;~~

176.30 (5) ~~activities and materials designed to encourage self-esteem, skills, and behavior~~
176.31 ~~that prevent sexual and other interpersonal violence;~~

176.32 (6) ~~educational materials which may be borrowed for home use;~~

176.33 (7) ~~(4)~~ (4) information on related community resources;

176.34 (8) ~~programs to prevent~~ (5) information, materials, and activities that support the
176.35 safety of children, including prevention of child abuse and neglect; and

177.1 ~~(9) other programs or activities to improve the health, development, and school~~
177.2 ~~readiness of children; or~~

177.3 ~~(10) activities designed to maximize development during infancy.~~

177.4 (6) a community outreach plan to ensure participation by families who reflect the
177.5 racial, cultural, and economic diversity of the school district.

177.6 The programs must not include activities for children that do not require substantial
177.7 involvement of the children's parents or other relatives. The ~~programs~~ program must be
177.8 reviewed periodically to assure the instruction and materials are not racially, culturally, or
177.9 sexually biased. The programs must encourage parents to be aware of practices that may
177.10 affect equitable development of children.

177.11 (b) For the purposes of this section, "relative" or "relatives" means noncustodial
177.12 grandparents or other persons related to a child by blood, marriage, adoption, or foster
177.13 placement, excluding parents.

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

177.15 Sec. 6. Minnesota Statutes 2006, section 124D.13, subdivision 11, is amended to read:

177.16 Subd. 11. **Teachers and coordinators.** A school board must employ necessary
177.17 qualified teachers licensed in early childhood or parent education for its early childhood
177.18 family education programs. Coordinators of early childhood family education programs
177.19 shall meet, as a minimum, the licensure requirements for a teacher within the ECPE
177.20 program.

177.21 Sec. 7. Minnesota Statutes 2006, section 124D.13, is amended by adding a subdivision
177.22 to read:

177.23 Subd. 13. **Plan and program data submission requirements.** (a) An early
177.24 childhood family education program must submit a biennial plan addressing the
177.25 requirements of subdivision 2 for approval by the commissioner. The plan must also
177.26 describe how the program provides parenting education and ensures participation of
177.27 families representative of the school district. A school district must submit the plan for
177.28 approval by the commissioner in the form and manner prescribed by the commissioner.
177.29 One-half of districts, as determined by the commissioner, must first submit a biennial plan
177.30 by April 1, 2009, and the remaining districts must first submit a plan by April 1, 2010.

177.31 (b) Districts receiving early childhood family education revenue under section
177.32 124D.135 must submit annual program data to the department by July 15 in the form and
177.33 manner prescribed by the commissioner.

178.1 (c) Beginning with levies for fiscal year 2011, a school district must submit its annual
178.2 program data to the department before it may certify a levy under section 124D.135.
178.3 Districts selected by the commissioner to submit a biennial plan by April 1, 2010, must
178.4 also have an approved plan on file with the commissioner before certifying a levy under
178.5 section 124D.135 for fiscal year 2011. Beginning with levies for fiscal year 2012, all
178.6 districts must submit annual program data and have an approved biennial plan on file with
178.7 the commissioner before certifying a levy under section 124D.135.

178.8 Sec. 8. Minnesota Statutes 2006, section 124D.135, subdivision 1, is amended to read:

178.9 Subdivision 1. **Revenue.** The revenue for early childhood family education
178.10 programs for a school district equals \$112 for fiscal year 2007 and \$120 for fiscal year
178.11 2008 and later, times the greater of:

178.12 (1) 150; or

178.13 (2) the number of people under five years of age residing in the district on October 1
178.14 of the previous school year.

178.15 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2008.

178.16 Sec. 9. Minnesota Statutes 2006, section 124D.135, subdivision 3, is amended to read:

178.17 Subd. 3. **Early childhood family education levy.** ~~For fiscal year 2001 to obtain~~
178.18 ~~early childhood family education revenue, a district may levy an amount equal to the tax~~
178.19 ~~rate of .5282 percent times the adjusted tax capacity of the district for the year preceding~~
178.20 ~~the year the levy is certified. Beginning with levies for fiscal year 2002, By September~~
178.21 ~~30 of each year, the commissioner shall establish a tax rate for early childhood family~~
178.22 ~~education revenue that raises \$21,027,000 for fiscal year 2002 and \$22,135,000 in each~~
178.23 ~~fiscal year 2003 and each subsequent year. If the amount of the early childhood family~~
178.24 ~~education levy would exceed the early childhood family education revenue, the early~~
178.25 ~~childhood family education levy must equal the early childhood family education revenue.~~
178.26 Beginning with levies for fiscal year 2011, a district may not certify an early childhood
178.27 family education levy unless it has met the annual program data reporting and biennial
178.28 plan requirements under section 124D.13, subdivision 13.

178.29 Sec. 10. Minnesota Statutes 2006, section 124D.135, subdivision 5, is amended to read:

178.30 Subd. 5. **Use of revenue restricted.** (a) Early childhood family education revenue
178.31 may be used only for early childhood family education programs.

179.1 (b) Not more than five percent of early childhood family education revenue, as
179.2 defined in subdivision 7, may be used to administer early childhood family education
179.3 programs.

179.4 (c) An early childhood family education program may use up to ten percent of its
179.5 early childhood family education revenue as defined in subdivision 1, including revenue
179.6 from participant fees, for equipment that is used in the early childhood family education
179.7 program. This revenue may only be used for the following purposes:

179.8 (1) to purchase or lease computers and related materials; and

179.9 (2) to purchase or lease equipment for instruction for participating children and
179.10 their families.

179.11 If a district anticipates an unusual circumstance requiring its early childhood family
179.12 education program capital expenditures to exceed the ten percent limitation, prior approval
179.13 to exceed the limit must be obtained in writing from the commissioner.

179.14 **Sec. 11. [124D.141] STATE ADVISORY BOARD ON SCHOOL READINESS.**

179.15 Subdivision 1. **Establishment.** A 13-member State Advisory Board on School
179.16 Readiness is established in the Office of the Governor to advise the governor and the
179.17 legislature on developing a coordinated, efficient, and cost-effective system for delivering
179.18 throughout Minnesota early childhood programs that focus on early care and education,
179.19 health care, and family support.

179.20 Subd. 2. **Board members; terms.** (a) The advisory board includes the following
179.21 13 members:

179.22 (1) the commissioner of employment and economic development or the
179.23 commissioner's designee;

179.24 (2) the commissioner of health or the commissioner's designee;

179.25 (3) the commissioner of education or the commissioner's designee;

179.26 (4) the commissioner of human services or the commissioner's designee;

179.27 (5) six public members, one of whom is the parent of a child currently enrolled
179.28 in an early care and education program, five of whom are recognized experts in early
179.29 care and education, one of whom is a higher education representative, one of whom is a
179.30 licensed professional who currently provides student support services, and one of whom
179.31 is a currently practicing early childhood educator, appointed jointly by the majority and
179.32 minority leaders in the house of representatives and senate; and

179.33 (6) three public members who are community or business leaders, one of whom
179.34 is a member of the Minnesota Early Learning Foundation board of directors under

180.1 section 124D.175, appointed jointly by the speaker and minority leader in the house of
180.2 representatives and the majority and minority leaders in the senate.

180.3 (b) Members appointed by the speaker and minority leader in the house of
180.4 representatives and the majority and minority leaders in the senate serve staggered
180.5 three-year terms. Board members must nominate and elect a chair and other officers
180.6 from among the public members. Members initially appointed to the board shall assign
180.7 themselves by lot to terms of one, two, or three years. The chair must notify the governor
180.8 on the assignment of these terms. The board shall meet regularly at the times and places
180.9 the board determines. Meetings shall be called by the chair or at the written request of
180.10 any three members. Members' terms, compensation, removal, and vacancies are governed
180.11 by section 15.0575.

180.12 Subd. 3. **Duties.** (a) The board shall recommend to the governor and the legislature:

180.13 (1) the most effective method to improve the coordination and delivery of early care
180.14 and education services that integrates child care, early care and education programs,
180.15 and family support services and programs;

180.16 (2) a multiyear plan for effectively and efficiently coordinating and integrating
180.17 state services for early care and education, improving service delivery and standards
180.18 of care, avoiding duplication and fragmentation of service, and enhancing public and
180.19 private investment;

180.20 (3) methods for measuring the quality, quantity, and effectiveness of early care and
180.21 education programs throughout the state;

180.22 (4) how to identify and measure school readiness indicators on a regular basis;

180.23 (5) how to track, enhance, integrate, and coordinate federal, state, and local funds
180.24 allocated for early care and education and related family support services;

180.25 (6) policy changes to improve children's ability to start school ready to learn; and

180.26 (7) how to provide technical assistance to community efforts that promote school
180.27 readiness and encourage community organizations to collaborate in promoting school
180.28 readiness.

180.29 (b) In developing recommendations for the governor and the legislature under this
180.30 section, the board must evaluate on an ongoing basis:

180.31 (1) what government can do to enhance families' capacity to help themselves and
180.32 others; and

180.33 (2) the positive or negative effects of policies and programs recommended under this
180.34 section on families affected by these programs.

180.35 (c) The board shall convene policy work groups as necessary to make
180.36 recommendations to the governor and the legislature on:

- 181.1 (1) financing early childhood programs;
181.2 (2) building a coordinated service delivery system based on an assessment of early
181.3 childhood systems and available state and federal funding;
181.4 (3) integrating a coordinated, collaborative health care component, including
181.5 medical homes, parent education, family support, developmental health and early
181.6 education, into early childhood programs and avoiding duplication of services;
181.7 (4) enhancing the quality and measuring the cost of child care and preschool
181.8 programs; and
181.9 (5) improving the wages, benefits, and supply of early childhood professionals.

181.10 Subd. 4. **Report.** The task force annually by February 15 must report to the
181.11 education policy and finance committees of the legislature on the recommendations the
181.12 task force made during the preceding calendar year.

181.13 Subd. 5. **Board expiration.** The State Advisory Board on School Readiness
181.14 expires January 1, 2013.

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

181.16 Sec. 12. Minnesota Statutes 2006, section 124D.16, subdivision 2, is amended to read:

181.17 Subd. 2. **Amount of aid.** (a) A district is eligible to receive school readiness aid
181.18 for eligible prekindergarten pupils enrolled in a school readiness program under section
181.19 124D.15 if the biennial plan required by section 124D.15, subdivision 3a, has been
181.20 approved by the commissioner.

181.21 (b) ~~For fiscal year 2002 and thereafter,~~ A district must receive school readiness aid
181.22 equal to:

181.23 (1) the number of four-year-old children in the district on October 1 for the previous
181.24 school year times the ratio of 50 percent of the total school readiness aid entitlement for
181.25 that year to the total number of four-year-old children reported to the commissioner for the
181.26 previous school year; plus

181.27 (2) the number of pupils enrolled in the school district from families eligible for the
181.28 free or reduced school lunch program for the previous school year times the ratio of 50
181.29 percent of the total school readiness aid entitlement for that year to the total number of
181.30 pupils in the state from families eligible for the free or reduced school lunch program for
181.31 the previous school year.

181.32 (c) For fiscal year 2008 and later, the total statewide school readiness aid entitlement
181.33 equals \$10,095,000.

181.34 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2008.

Sec. 13. **[124D.1625] EXPANDING DEPARTMENT DEVELOPMENTAL
ASSESSMENT ADMINISTERED TO ENTERING KINDERGARTNERS.**

(a) The commissioner of education shall encourage school districts to implement the voluntary school readiness kindergarten assessment initiative in the 2008-2009 school year, to assess up to 30 percent of children.

(b) The commissioner must report the assessment results for the current school year to the legislature by January 1 of the next year.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 14. **[124D.163] TARGETED TRAINING OF EARLY CHILDHOOD
PROFESSIONALS TO IMPROVE SCHOOL READINESS.**

Subdivision 1. **Establishment; purpose.** The commissioner of education shall provide a training program for the purpose of improving the school readiness of prekindergarten children.

Subd. 2. **Eligible participants.** The training program is available to all staff in school readiness programs as defined in section 124D.15, Head Start programs as defined in section 119A.50, and child care centers as defined in chapter 245A. The commissioner of education shall cooperate with the commissioner of human services to identify child care center program and licensed family child care provider participants and implement the training program for them.

Subd. 3. **Training content.** The commissioner shall develop three foundational and sequential training modules on child observation, child and program assessment, and curriculum planning.

Subd. 4. **Availability.** To the extent practical, the training must be made available throughout the state on an ongoing basis. In addition to the geographic availability, the commissioner shall consider the availability of training to meet the needs of diverse cultural groups. Training materials may be translated and training may be delivered in other languages as determined by the commissioner. The training may be provided through a variety of methods that may include on-site and Web-based delivery.

Sec. 15. **[124D.165] EARLY CHILDHOOD SCHOLARSHIPS.**

Subdivision 1. **Purpose.** The commissioner must establish an early childhood scholarship fund to improve the school readiness of prekindergarten children at risk of being unprepared for kindergarten. Scholarships are available for the purpose of participating in an approved program as specified in subdivision 4 the year prior to kindergarten entrance.

183.1 Subd. 2. **Eligibility.** A parent or legal guardian of a four-year-old child with a
183.2 household income that does not exceed 185 percent of the federal poverty guidelines,
183.3 adjusted for family size, is eligible to apply for an annual scholarship of up to \$4,000 for
183.4 each eligible child.

183.5 Subd. 3. **Scholarship application, award, and process.** Parents or guardians
183.6 meeting the eligibility requirements defined in subdivision 2 may apply for a scholarship
183.7 certificate. Application must be made according to the form and manner prescribed by the
183.8 commissioner. The certificates must be redeemable for instruction at an approved early
183.9 childhood program, as specified in subdivision 4, for up to one year from the date of
183.10 issue or until the child for whom the scholarship is designated enrolls in kindergarten,
183.11 whichever occurs first. The commissioner shall annually award scholarship certificates to
183.12 eligible applicants in the order applications are received until all funds available for the
183.13 year have been obligated. Recipients may not transfer a scholarship certificate to another
183.14 person. The parent or guardian may transfer the scholarship certificate to another approved
183.15 early childhood program according to requirements established by the commissioner.

183.16 Subd. 4. **Program approval.** A program must be approved by the commissioner
183.17 to be eligible to receive state early childhood scholarship program funds on behalf of
183.18 an enrolled scholarship certificate recipient. Early childhood programs must apply for
183.19 approval in the form and manner prescribed by the commissioner and must be:

- 183.20 (1) a federally designated Head Start program as defined in section 119A.50;
183.21 (2) a school readiness program as defined in section 124D.15; or
183.22 (3) a licensed child care program as defined in chapter 245A.

183.23 The application must include evidence that the program provides research-based
183.24 instruction to support school readiness. Programs must submit any program changes
183.25 related to approval as they occur and must reapply for approval every three years.

183.26 Subd. 5. **Payments to approved programs.** The commissioner shall issue
183.27 payments of scholarship funds on a reimbursement basis to approved programs as defined
183.28 in subdivision 4 for services provided that are comparable to service costs for program
183.29 participants who do not receive a scholarship. Scholarship funds may not be used for
183.30 services that are available at no cost to nonscholarship recipient families. Approved
183.31 programs must maintain documentation of services provided and the commissioner shall
183.32 verify information submitted by approved programs to ensure appropriate services were
183.33 provided to eligible recipients for whom state early childhood scholarship funds are paid.
183.34 Scholarship funds awarded to families receiving other forms of assistance, such as child
183.35 care assistance, must be used to supplement and may not be used to supplant services
183.36 provided through that assistance.

184.1 Subd. 6. **Scholarship not income for purposes of other publicly funded**
184.2 **programs.** Notwithstanding any law to the contrary, the receipt of a scholarship does not
184.3 count as earned income for the purposes of medical assistance, MinnesotaCare, MFIP,
184.4 child care assistance, or Head Start programs.

184.5 Sec. 16. Minnesota Statutes 2006, section 124D.175, is amended to read:

184.6 **124D.175 MINNESOTA EARLY LEARNING FOUNDATION.**

184.7 (a) ~~The commissioner must make a grant to the~~ Minnesota Early Learning
184.8 Foundation ~~to~~ may implement an early childhood development grant program for
184.9 low-income and other challenged families that increases the effectiveness and expands
184.10 the capacity of public and nonpublic early childhood development programs, which may
184.11 include child care programs, and leads to improved early childhood parent education and
184.12 children's kindergarten readiness. The program ~~must~~ may include:

184.13 (1) grant awards to existing early childhood development program providers that
184.14 also provide parent education programs and to qualified providers proposing to implement
184.15 pilot programs for this same purpose;

184.16 (2) grant awards to enable low-income families to participate in these programs;

184.17 (3) grant awards to improve overall programmatic quality; and

184.18 (4) an evaluation of the programmatic and financial efficacy of all these programs,
184.19 which may be performed using measures of services, staffing, and management systems
184.20 that provide consistent information about system performance, show trends, confirm
184.21 successes, and identify potential problems in early childhood development programs.

184.22 This grant program must not supplant existing early childhood development programs
184.23 or child care funds.

184.24 ~~(b) The commissioner must make a grant to a private nonprofit, section 501(c)(3)~~
184.25 ~~organization to implement the requirements of paragraph (a). The private nonprofit~~
184.26 ~~organization must be governed by a board of directors composed of members from the~~
184.27 ~~public and nonpublic sectors, where the nonpublic sector members compose a simple~~
184.28 ~~majority of board members and where the public sector members are state and local~~
184.29 ~~government officials, kindergarten through grade 12 or postsecondary educators, and early~~
184.30 ~~childhood providers appointed by the governor. Membership on the board of directors~~
184.31 ~~by a state agency official are work duties for the official and are not a conflict of interest~~
184.32 ~~under section 43A.38. The board of directors must appoint an executive director and must~~
184.33 ~~seek advice from geographically and ethnically diverse parents of young children and~~
184.34 ~~representatives of early childhood development providers, kindergarten through grade 12~~
184.35 ~~and postsecondary educators, public libraries, and the business sector.~~

185.1 ~~The board of directors is subject to the open meeting law under chapter 13D.~~
185.2 ~~All other terms and conditions under which board members serve and operate must be~~
185.3 ~~described in the articles and bylaws of the organization. The private nonprofit organization~~
185.4 ~~is not a state agency and is not subject to laws governing public agencies except the~~
185.5 ~~provisions of chapter 13, salary limits under section 15A.0815, subdivision 2, and audits~~
185.6 ~~by the legislative auditor under chapter 3 apply.~~

185.7 ~~(c)~~ (b) In addition to the duties under paragraph (a), the Minnesota Early Learning
185.8 Foundation (MELF) shall evaluate the effectiveness of ~~the~~ a voluntary NorthStar quality
185.9 Improvement and rating system. ~~The NorthStar Quality Improvement and Rating System~~
185.10 quality rating system must:

185.11 (1) provide consumer information for parents on child care and early education
185.12 program quality and ratings;

185.13 (2) set indicators to identify quality in care and early education settings, including
185.14 licensed family child care and centers, tribal providers and programs, and Head Start
185.15 ~~and school-age~~ programs, and identify quality programs through ratings and ongoing
185.16 monitoring of programs;

185.17 (3) provide ~~funds~~ resources and incentives for provider improvement ~~grants~~ and
185.18 quality achievement ~~grants~~;

185.19 (4) require participating providers to ~~incorporate the state's early learning standards~~
185.20 ~~in their curriculum activities and develop appropriate child assessments aligned with the~~
185.21 ~~kindergarten readiness assessment~~ implement a curriculum and child assessments that
185.22 align with the kindergarten through grade 2 standards;

185.23 (5) provide ~~accountability for the NorthStar Quality Improvement and Rating~~
185.24 ~~System's effectiveness in improving child outcomes and kindergarten readiness~~ an
185.25 evaluation of the quality rating system; and

185.26 (6) align current and new state investments to improve the quality of child care
185.27 with the NorthStar quality Improvement and rating system framework, by providing
185.28 accountability and informed parent choice.

185.29 (c) The Minnesota Early Learning Foundation shall report back to the legislature ~~by~~
185.30 ~~January 15, 2008~~, annually on the progress being made under ~~this paragraph~~ paragraphs
185.31 (a) and (b).

185.32 (d) This section expires June 30, ~~2011~~ 2012. ~~If no state appropriation is made for~~
185.33 ~~purposes of this section, the commissioner must not implement paragraphs (a) and (b).~~

185.34 (e) A legislative advisory task force shall be established to meet with MELF
185.35 regarding pilot projects for scholarship programs, and regarding other programs and pilot
185.36 projects of a similar nature conducted in Minnesota or elsewhere. The task force shall

186.1 have eight members, appointed as follows: two members from the majority party of the
186.2 house of representatives, appointed by the speaker, one of whom shall be designated
186.3 the house of representatives cochair, and two from nonmajority members of the house
186.4 of representatives, appointed by the speaker with advice from the minority leader; two
186.5 members from the majority party in the senate, one of whom shall be designated the
186.6 senate cochair, and two from nonmajority members of the senate, appointed by the
186.7 senate subcommittee on committees. Appointments shall be balanced geographically,
186.8 with at least two members from substantially suburban districts and four members from
186.9 nonmetropolitan districts. The task force shall meet at least twice per year.

186.10 Sec. 17. **[124D.2211] AFTER-SCHOOL COMMUNITY LEARNING**
186.11 **PROGRAMS.**

186.12 Subdivision 1. **Establishment.** A competitive statewide after-school community
186.13 learning grant program is established to provide grants to community or nonprofit
186.14 organizations, political subdivisions, for-profit or nonprofit child care centers, or
186.15 school-based programs that serve youth after school or during nonschool hours. The
186.16 commissioner shall develop criteria for after-school community learning programs.

186.17 Subd. 2. **Program outcomes.** The expected outcomes of the after-school
186.18 community learning programs are to increase:

186.19 (1) school connectedness of participants;

186.20 (2) academic achievement of participating students in one or more core academic
186.21 areas;

186.22 (3) the capacity of participants to become productive adults; and

186.23 (4) prevent truancy from school and prevent juvenile crime.

186.24 Subd. 3. **Grants.** An applicant shall submit an after-school community learning
186.25 program proposal to the commissioner. The submitted plan must include:

186.26 (1) collaboration with and leverage of existing community resources that have
186.27 demonstrated effectiveness;

186.28 (2) outreach to children and youth; and

186.29 (3) involvement of local governments, including park and recreation boards or
186.30 schools, unless no government agency is appropriate.

186.31 Proposals will be reviewed and approved by the commissioner.

186.32 Sec. 18. Minnesota Statutes 2006, section 124D.531, subdivision 1, is amended to read:

186.33 Subdivision 1. **State total adult basic education aid.** (a) The state total adult basic
186.34 education aid for fiscal year 2005 is \$36,509,000. The state total adult basic education

187.1 aid for fiscal year 2006 equals \$36,587,000 plus any amount that is not paid for during
187.2 the previous fiscal year, as a result of adjustments under subdivision 4, paragraph (a), or
187.3 section 124D.52, subdivision 3. The state total adult basic education aid for fiscal year
187.4 2007 equals \$37,673,000 plus any amount that is not paid for during the previous fiscal
187.5 year, as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52,
187.6 subdivision 3. The state total adult basic education aid for fiscal year 2008 equals
187.7 \$40,650,000, plus any amount that is not paid during the previous fiscal year as a result of
187.8 adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3. The
187.9 state total adult basic education aid for later fiscal years equals:

187.10 (1) the state total adult basic education aid for the preceding fiscal year plus any
187.11 amount that is not paid for during the previous fiscal year, as a result of adjustments under
187.12 subdivision 4, paragraph (a), or section 124D.52, subdivision 3; times

187.13 (2) the lesser of:

187.14 (i) 1.03; or

187.15 (ii) the greater of 1.00 or the ratio of the state total contact hours in the first prior
187.16 program year to the state total contact hours in the second prior program year.

187.17 Beginning in fiscal year 2002, two percent of the state total adult basic education
187.18 aid must be set aside for adult basic education supplemental service grants under section
187.19 124D.522.

187.20 (b) The state total adult basic education aid, excluding basic population aid, equals
187.21 the difference between the amount computed in paragraph (a), and the state total basic
187.22 population aid under subdivision 2.

187.23 Sec. 19. Minnesota Statutes 2006, section 124D.531, subdivision 4, is amended to read:

187.24 Subd. 4. **Adult basic education program aid limit.** (a) Notwithstanding
187.25 subdivisions 2 and 3, the total adult basic education aid for a program per prior year
187.26 contact hour must not exceed ~~\$21~~ \$22 per prior year contact hour computed under
187.27 subdivision 3, clause (2).

187.28 (b) For fiscal year 2004, the aid for a program under subdivision 3, clause (2),
187.29 adjusted for changes in program membership, must not exceed the aid for that program
187.30 under subdivision 3, clause (2), for fiscal year 2003 by more than the greater of eight
187.31 percent or \$10,000.

187.32 (c) For fiscal year 2005, the aid for a program under subdivision 3, clause (2),
187.33 adjusted for changes in program membership, must not exceed the sum of the aid for that
187.34 program under subdivision 3, clause (2), and Laws 2003, First Special Session chapter 9,

188.1 article 9, section 8, paragraph (a), for the preceding fiscal year by more than the greater of
188.2 eight percent or \$10,000.

188.3 (d) For fiscal ~~year~~ years 2006 and later 2007, the aid for a program under subdivision
188.4 3, clause (2), adjusted for changes in program membership, must not exceed the aid for
188.5 that program under subdivision 3, clause (2), for the first preceding fiscal year by more
188.6 than the greater of eight percent or \$10,000.

188.7 (e) For fiscal year 2008, the aid for a program under subdivision 3, clause (2),
188.8 adjusted for changes in program membership, shall not be limited.

188.9 (f) For fiscal year 2009 and later, the aid for a program under subdivision 3, clause
188.10 (2), adjusted for changes in program membership, must not exceed the aid for that
188.11 program under subdivision 3, clause (2), for the first preceding fiscal year by more than
188.12 the greater of 11 percent or \$10,000.

188.13 ~~(g)~~ (g) Adult basic education aid is payable to a program for unreimbursed costs
188.14 occurring in the program year as defined in section 124D.52, subdivision 3.

188.15 ~~(h)~~ (h) Any adult basic education aid that is not paid to a program because of the
188.16 program aid limitation under paragraph (a) must be added to the state total adult basic
188.17 education aid for the next fiscal year under subdivision 1. Any adult basic education aid
188.18 that is not paid to a program because of the program aid limitations under paragraph (b),
188.19 (c), or (d), must be reallocated among programs by adjusting the rate per contact hour
188.20 under subdivision 3, clause (2).

188.21 Sec. 20. Minnesota Statutes 2006, section 124D.55, is amended to read:

188.22 **124D.55 GENERAL EDUCATION DEVELOPMENT (GED) TEST FEES.**

188.23 (a) The commissioner shall pay ~~60~~ 75 percent of the fee that is charged to an eligible
188.24 individual for the full battery of a general education development (GED) test, but not
188.25 more than ~~\$20~~ \$75 for an eligible individual.

188.26 (b) Notwithstanding paragraph (a), the commissioner shall pay 100 percent of the
188.27 initial fee for an eligible individual who is homeless or precariously housed, as determined
188.28 by the commissioner.

188.29 Sec. 21. Minnesota Statutes 2006, section 124D.56, subdivision 1, is amended to read:

188.30 Subdivision 1. **Revenue amount.** A district that is eligible according to section
188.31 124D.20, subdivision 2, may receive revenue for a program for adults with disabilities.
188.32 Revenue for the program for adults with disabilities for a district or a group of districts
188.33 equals the lesser of:

188.34 (1) the actual expenditures for approved programs and budgets; or

189.1 (2) ~~\$60,000~~ \$75,000.

189.2 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2008.

189.3 Sec. 22. Minnesota Statutes 2006, section 124D.56, subdivision 2, is amended to read:

189.4 Subd. 2. **Aid.** Program aid for adults with disabilities equals the lesser of:

189.5 (1) one-half of the actual expenditures for approved programs and budgets; or

189.6 (2) ~~\$30,000~~ \$37,500.

189.7 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2008.

189.8 Sec. 23. Minnesota Statutes 2006, section 124D.56, subdivision 3, is amended to read:

189.9 Subd. 3. **Levy.** A district may levy for a program for adults with disabilities an

189.10 amount ~~up to the amount designated~~ not to exceed the difference between the revenue

189.11 amount calculated in subdivision 1 and the aid amount calculated in subdivision 2. In the

189.12 case of a program offered by a group of districts, the levy amount must be apportioned

189.13 among the districts according to the agreement submitted to the department.

189.14 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2008.

189.15 Sec. 24. **EARLY CHILDHOOD COMMUNITY HUB PLANNING AND**

189.16 **IMPLEMENTATION GRANTS.**

189.17 Subdivision 1. **Establishment.** (a) A two-year grant program is established to

189.18 increase children's school readiness and success using early childhood community hubs.

189.19 An early childhood community hub must promote children's school readiness from before

189.20 birth to kindergarten by coordinating and improving families' access to:

189.21 (1) community early care and education services;

189.22 (2) school;

189.23 (3) health services; and

189.24 (4) other family support services that stabilize, support, and assist families in

189.25 meeting their children's health and developmental needs.

189.26 (b) The commissioner of education shall designate at least four hubs to be established

189.27 under this section. One hub must be located in a rural area of the state, one must be in a

189.28 suburban area, and one must be in an urban area. The commissioner shall consider other

189.29 demographic and cultural factors to ensure that hubs are selected in diverse areas of the

189.30 state, and shall ensure that a significant number of participants in each area are eligible

189.31 for free or reduced-price lunch.

190.1 Subd. 2. **Eligibility; application.** (a) An applicant for a grant must be a school
190.2 district, a consortium of school districts, or a tribal school interested in collaborating with
190.3 community-based early childhood care and education providers to maximize the services
190.4 available to eligible families.

190.5 (b) An interested applicant must submit a plan to the commissioner of education,
190.6 in the form and manner the commissioner determines, to implement an early childhood
190.7 community hub that is located in a public school, a tribal school, or other appropriate
190.8 community location. An applicant must include in the plan a community-based assessment
190.9 of the existing resources and needs for providing high quality early care and education
190.10 services, health and mental health services, and other social services that support healthy
190.11 families and safe neighborhoods. A district superintendent or a designated representative,
190.12 or a tribal school principal or a designated representative, must oversee the community
190.13 collaboration.

190.14 Subd. 3. **Program components.** (a) Grant recipients must:

190.15 (1) provide for an ongoing assessment of local resources and needs for high quality
190.16 early care and education services, health and mental health services, and other social
190.17 services that support safe neighborhoods and healthy families;

190.18 (2) develop and implement, in consultation with an advisory committee under
190.19 subdivision 4, a plan to improve the healthy development and school readiness of children
190.20 from before birth to kindergarten;

190.21 (3) develop collaborative partnerships among school-based early childhood
190.22 programs, kindergarten teachers and other school officials, community-based Head
190.23 Start and child care programs including licensed centers, family child care homes,
190.24 and unlicensed family friend and neighbor caregivers, early intervention interagency
190.25 committees, and other appropriate partners that:

190.26 (i) use the Minnesota child care resource and referral network to provide parents
190.27 with information on quality early care and education services and financial aid options for
190.28 their children from birth to kindergarten;

190.29 (ii) provide high quality early care and education settings for children from birth to
190.30 kindergarten;

190.31 (iii) connect families to health, mental health, adult basic education, English
190.32 language learning, family literacy programs, and other relevant social services; and

190.33 (iv) promote shared professional development activities in early care and education
190.34 settings that integrate curriculum, assessment, and instruction and are aligned with
190.35 kindergarten through grade 12 standards;

191.1 (4) provide meaningful kindergarten transition services for families that begin one
191.2 school year before a child enters kindergarten;

191.3 (5) develop and implement an evaluation plan to determine the effectiveness of the
191.4 collaboration, the level of parent satisfaction, and children's kindergarten readiness before
191.5 and after participating in the program; and

191.6 (6) assign an unduplicated MARSS number to each child participating in the
191.7 program.

191.8 (b) An applicant must agree to contract with a qualified person to coordinate the hub
191.9 who, at a minimum, must have:

191.10 (1) a bachelor's degree in early childhood development or a related field;

191.11 (2) experience working with low-income families from diverse cultural communities;
191.12 and

191.13 (3) experience working with state and community school readiness providers.

191.14 (c) An applicant must agree to provide a 15 percent local match for any grant money
191.15 it receives, of which five percent may be in-kind contributions. A grant recipient must use
191.16 the grant, including the local match, to supplement but not supplant existing state-funded
191.17 early childhood initiatives in the community.

191.18 Subd. 4. **Advisory committees.** Each early childhood community hub grantee must
191.19 have an advisory committee, which may be a preexisting early childhood committee or
191.20 a newly formed early childhood advisory committee. A newly formed early childhood
191.21 advisory committee must include at least the following members selected by the school
191.22 administrator who oversees the community collaboration:

191.23 (1) 30 percent parents;

191.24 (2) the school administrator who oversees the community collaboration;

191.25 (3) licensed teachers for kindergarten through grade 3;

191.26 (4) licensed child care providers that include family child care and center-based
191.27 providers;

191.28 (5) Head Start providers;

191.29 (6) early childhood family education and school readiness providers;

191.30 (7) early childhood special education providers;

191.31 (8) a child care resource and referral agency;

191.32 (9) community business leaders;

191.33 (10) an early intervention interagency committee liaison;

191.34 (11) other appropriate community members serving young children and their
191.35 families; and

192.1 (12) an official from a county-recognized labor organization that serves as a partner
192.2 with licensed family day care providers.

192.3 Subd. 5. **Evaluation.** The commissioner must provide for an evaluation of this
192.4 grant program and must recommend to the education policy and finance committees of
192.5 the legislature by February 15, 2010, whether or not to expand the program throughout
192.6 the state.

192.7 Sec. 25. **PROVISIONAL QUALITY RATING SYSTEM, LICENSED CHILD**
192.8 **CARE.**

192.9 For fiscal year 2009 only, a licensed child care program shall receive a provisional
192.10 quality rating system approval if the provider certifies to the Department of Human
192.11 Services that it uses curricula and child assessment instruments approved by the
192.12 Department of Human Services, provides opportunities for parent involvement and parent
192.13 education, proves a program with sufficient intensity and duration to improve school
192.14 readiness of participating children, and meets other criteria determined necessary by the
192.15 commissioner of human services.

192.16 Sec. 26. **PROVISIONAL QUALITY RATING SYSTEM, SCHOOL READINESS.**

192.17 For fiscal year 2009 only, a school readiness program shall receive a provisional
192.18 quality rating system approval if the provider certifies to the Department of Education
192.19 that it uses curricula and child assessment instruments approved by the Department of
192.20 Education, provides opportunities for parent involvement and parent education, proves a
192.21 program with sufficient intensity and duration to improve school readiness of participating
192.22 children, and meets other criteria determined necessary by the commissioner of education.

192.23 Sec. 27. **SCHOLARSHIP DEMONSTRATION PROJECTS.**

192.24 Subdivision 1. **Early childhood allowance.** The commissioners of human services
192.25 and education shall establish two scholarship demonstration projects to be conducted in
192.26 partnership with the Minnesota Early Learning Foundation to promote children's school
192.27 readiness. The demonstration projects shall be designed and evaluated by the Minnesota
192.28 Early Learning Foundation in consultation with the legislative advisory group. The
192.29 programs shall be conducted in nonurban areas outside the seven-county metropolitan area.

192.30 Subd. 2. **Family eligibility.** Parents or legal guardians with incomes less than or
192.31 equal to 185 percent of the federal poverty guidelines are eligible to receive allowances to
192.32 pay for their children's education in a quality early education program, in an amount not
192.33 to exceed \$4,000 per child per year. The allowance must be used during the 12 months

193.1 following receipt of the allowance by the claimant for a child who is age 3 or 4 on August
193.2 31, to pay for services designed to promote school readiness in a quality early education
193.3 setting. A quality program is one that meets the standards in subdivision 3.

193.4 Subd. 3. **Quality standards.** (a) A quality early care and education setting is any
193.5 service or program that receives a quality rating from the Department of Human Services
193.6 under the Minnesota Early Learning Foundation quality rating system administered by
193.7 the Department of Human Services and agrees to accept a prekindergarten education
193.8 allowance to pay for services. For fiscal year 2008 and 2009 only, a provider may satisfy
193.9 the quality rating system requirements and be deemed eligible to participate in this
193.10 program if the provider has received a provisional quality rating system approval from
193.11 either the Department of Human Services or the Department of Education.

193.12 (b) For the purposes of receiving a provisional quality rating, a child care program or
193.13 provider must be approved by the commissioner of human services and a school readiness
193.14 program or a Head Start program must be approved by the commissioner of education.
193.15 Programs and providers must apply for approval in the form and manner prescribed by the
193.16 commissioners. To receive approval, the commissioners must determine that applicants:

193.17 (1) use research-based curricula that are aligned with the education standards under
193.18 Minnesota Statutes, section 120B.021, instruction, and child assessment instruments
193.19 approved by the Department of Education and the Department of Human Services, in
193.20 consultation with the Minnesota Early Learning Foundation;

193.21 (2) provide a program of sufficient intensity and duration to improve the school
193.22 readiness of participating children;

193.23 (3) provide opportunities for parent involvement; and

193.24 (4) meet other research-based criteria determined necessary by the commissioners.

193.25 (c) For 2008 and 2009, notwithstanding paragraph (b), Head Start programs
193.26 meeting Head Start performance standards and accredited child care centers are granted
193.27 a provisional quality rating for the purposes of receiving a prekindergarten education
193.28 allowance under this statute.

193.29 (d) A provider deemed eligible to receive a prekindergarten education allowance
193.30 under paragraphs (a) to (c) may use the allowance to enhance services above the current
193.31 quality levels, increase the duration of services provided, or expand the number of children
193.32 to whom services are provided.

193.33 (e) For fiscal years 2008 and 2009 only, when no quality program is available, a
193.34 recipient may direct the prekindergarten education allowance to a provider or program for
193.35 school readiness quality improvements that will make the provider or program eligible
193.36 for a quality rating according to the quality rating system. Allowable expenditures that

194.1 will increase the capacity of the provider or program to help children be ready for school
194.2 include purchase of curricula and assessment tools, training on the use of curriculum and
194.3 assessment tools, purchase of materials to improve the learning environment, or other
194.4 expenditures approved by the commissioner of human services for child care providers
194.5 and the commissioner of education for school readiness programs.

194.6 Subd. 4. **Eligibility; applications.** The Department of Human Services and
194.7 Department of Education shall, in cooperation with the Minnesota Early Learning
194.8 Foundation, develop an application process for eligible families. Eligible families
194.9 must have incomes less than or equal to 185 percent of the federal poverty guidelines.
194.10 Allowances paid to families under this program may not be counted as earned income
194.11 for the purposes of medical assistance, MinnesotaCare, MFIP, child care assistance, or
194.12 Head Start programs.

194.13 Subd. 5. **Expenditures.** This program shall operate during fiscal years 2008 and
194.14 2009.

194.15 **EFFECTIVE DATE.** This section is effective the day following final enactment
194.16 and its provisions sunset on January 1, 2012.

194.17 Sec. 28. **GRANT PROGRAM TO PROMOTE THE HEALTHY DEVELOPMENT**
194.18 **OF CHILDREN AND YOUTH WITHIN THEIR COMMUNITIES.**

194.19 (a) The commissioner of education must contract with the Search Institute to help
194.20 local communities develop, expand, and maintain the tools, training, and resources needed
194.21 to foster positive child and youth development and effectively engage young people in
194.22 their communities. The Search Institute must educate individuals and community-based
194.23 organizations to adequately understand and meet the development needs of their children
194.24 and youth, use best practices to promote the healthy development of children and youth,
194.25 share best program practices with other interested communities, and create electronic and
194.26 other opportunities for communities to share experiences in and resources for promoting
194.27 the healthy development of children and youth.

194.28 (b) The commissioner of education must provide for an evaluation of the
194.29 effectiveness of this program and must recommend to the education policy and finance
194.30 committees of the legislature by February 15, 2010, whether or not to make the program
194.31 available statewide. The Search Institute annually must report to the commissioner of
194.32 education on the services it provided and the grant money it expended under this section.

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

195.1 Sec. 29. **APPROPRIATION.**

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

195.5 Subd. 2. **Early childhood family education aid.** For early childhood family
195.6 education aid under Minnesota Statutes, section 124D.135:

195.7 \$ 21,106,000 2008

195.8 \$ 21,888,000 2009

195.9 The 2008 appropriation includes \$1,796,000 for 2007 and \$19,310,000 for 2008.

195.10 The 2009 appropriation includes \$2,145,000 for 2008 and \$19,743,000 for 2009.

195.11 Subd. 3. **Targeted training of early childhood professionals.** For the targeted
195.12 training of early childhood professionals under Minnesota Statutes, section 124D.163:

195.13 \$ 155,000 2008

195.14 \$ 70,000 2009

195.15 Any balance in the first year does not cancel but is available in the second year. The
195.16 base for this program in fiscal year 2010 and later is \$70,000.

195.17 Subd. 4. **Early childhood community hub planning and implementation grants.**
195.18 For planning and implementation grants under section 24:

195.19 \$ 1,000,000 2008

195.20 \$ 1,000,000 2009

195.21 This is a onetime appropriation.

195.22 Subd. 5. **Early childhood scholarships.** For early childhood scholarships under
195.23 section 15:

195.24 \$ 392,000 2008

195.25 \$ 2,108,000 2009

195.26 This is a onetime appropriation.

195.27 Subd. 6. **School readiness.** For revenue for school readiness programs under
195.28 Minnesota Statutes, sections 124D.15 and 124D.16:

195.29 \$ 9,995,000 2008

195.30 \$ 10,095,000 2009

195.31 The 2008 appropriation includes \$909,000 for 2007 and \$9,086,000 for 2008.

195.32 The 2009 appropriation includes \$1,009,000 for 2008 and \$9,086,000 for 2009.

196.1 Subd. 7. **State Advisory Board on School Readiness.** For the State Advisory
196.2 Board on School Readiness under section 11:

196.3 \$ 46,000 2008

196.4 \$ 40,000 2009

196.5 The base for this program is \$40,000 per year for fiscal year 2010 and later.

196.6 Subd. 8. **Lifetrack Resources.** For a contract with Lifetrack Resources to provide a
196.7 program in Ramsey County to expand school readiness and home visiting services for
196.8 children from birth to kindergarten who are at risk of or have been diagnosed with mental
196.9 illness or developmental delays due to fetal alcohol or drug exposure, child neglect, or
196.10 abuse, and their families in order to ensure the children's school readiness:

196.11 \$ 500,000 2008

196.12 \$ 500,000 2009

196.13 This is a onetime appropriation.

196.14 Subd. 9. **Minnesota Learning Resource Center.** For a grant to A Chance to
196.15 Grow/New Visions for the Minnesota Learning Resource Center's comprehensive training
196.16 program for education professionals charged with helping children acquire learning
196.17 readiness skills:

196.18 \$ 75,000 2008

196.19 \$ 75,000 2009

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

196.21 The Minnesota Learning Resource Center shall issue a report by January 15, 2009, to
196.22 the committees of the house of representatives and senate responsible for early childhood
196.23 programs. The report shall describe the conduct of the training provided to the A Chance
196.24 to Grow/New Visions program, and any findings or lessons learned that might prove
196.25 useful to the training of education professionals or the improvement of learning readiness
196.26 services for children from such training.

196.27 This is a onetime appropriation.

196.28 Subd. 10. **Health and developmental screening aid.** For health and developmental
196.29 screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

196.30 \$ 3,159,000 2008

196.31 \$ 3,330,000 2009

196.32 The 2008 appropriation includes \$288,000 for 2007 and \$2,871,000 for 2008.

196.33 The 2009 appropriation includes \$319,000 for 2008 and \$3,011,000 for 2009.

197.1 Subd. 11. **Educate parents partnership.** For the educate parents partnership under
197.2 Minnesota Statutes, section 124D.129:

197.3 \$ 50,000 2008

197.4 \$ 50,000 2009

197.5 Subd. 12. **Kindergarten entrance assessment initiative and intervention**
197.6 **program.** For the kindergarten entrance assessment initiative and intervention program
197.7 under Minnesota Statutes, section 124D.162:

197.8 \$ 584,000 2008

197.9 \$ 776,000 2009

197.10 Subd. 13. **Head Start programs.** For Head Start programs under Minnesota
197.11 Statutes, section 119A.52:

197.12 \$ 20,100,000 2008

197.13 \$ 20,100,000 2009

197.14 Of these amounts, up to 10 percent of the funds allocated to local Head Start
197.15 programs annually may be used for innovative services designed either to target Head
197.16 Start resources to particular at-risk groups of children or to provide services in addition
197.17 to those currently allowable under federal Head Start regulations. Head Start programs
197.18 must submit a plan for innovative services as part of the application process described
197.19 under Minnesota Statutes, section 119A.535.

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

197.21 Subd. 14. **Community education aid.** For community education aid under
197.22 Minnesota Statutes, section 124D.20:

197.23 \$ 1,307,000 2008

197.24 \$ 816,000 2009

197.25 The 2008 appropriation includes \$195,000 for 2007 and \$1,112,000 for 2008.

197.26 The 2009 appropriation includes \$123,000 for 2008 and \$693,000 for 2009.

197.27 Subd. 15. **Adults with disabilities program aid.** For adults with disabilities
197.28 programs under Minnesota Statutes, section 124D.56:

197.29 \$ 881,000 2008

197.30 \$ 900,000 2009

197.31 The 2008 appropriation includes \$71,000 for 2007 and \$810,000 for 2008.

197.32 The 2009 appropriation includes \$90,000 for 2008 and \$810,000 for 2009.

198.1 School districts operating existing adults with disabilities programs that are not fully
198.2 funded shall receive full funding for the program beginning in fiscal year 2008 before the
198.3 commissioner awards grants to other districts.

198.4 Subd. 16. **Hearing-impaired adults.** For programs for hearing-impaired adults
198.5 under Minnesota Statutes, section 124D.57:

198.6 \$ 70,000 2008

198.7 \$ 70,000 2009

198.8 Subd. 17. **School-age care revenue.** For extended day aid under Minnesota
198.9 Statutes, section 124D.22:

198.10 \$ 1,000 2008

198.11 \$ 1,000 2009

198.12 The 2008 appropriation includes \$0 for 2007 and \$1,000 for 2008.

198.13 The 2009 appropriation includes \$0 for 2008 and \$1,000 for 2009.

198.14 Subd. 18. **After-school community learning grants.** For after-school community
198.15 learning grants:

198.16 \$ 2,775,000 2008

198.17 \$ 2,600,000 2009

198.18 The commissioner may hire one full-time equivalent staff person to administer the
198.19 statewide after-school community learning grant program.

198.20 The Department of Education shall give strong consideration to an application
198.21 for a grant under this subdivision by Independent School District No. 625, St. Paul, on
198.22 behalf of the city of St. Paul to increase the number and quality of after school and school
198.23 release time activities for children within the school district. A grant provided under this
198.24 subdivision to Independent School District No. 625, St. Paul, in partnership with the
198.25 city of St. Paul must improve opportunities for learning provided by the district and by
198.26 nonprofit programs serving youth, and for staff development for library and park and
198.27 recreation workers who have frequent contact with children.

198.28 This is a onetime appropriation.

198.29 Subd. 19. **Children and youth healthy development grant.** For children and youth
198.30 healthy development grant under section 28:

198.31 \$ 250,000 2008

198.32 \$ 250,000 2009

198.33 This is a onetime appropriation.

199.1 Subd. 20. **Adult basic education aid.** For adult basic education aid under
199.2 Minnesota Statutes, section 124D.531:

199.3 \$ 40,347,000 2008

199.4 \$ 41,745,000 2009

199.5 The 2008 appropriation includes \$3,759,000 for 2007 and \$36,588,000 for 2008.

199.6 The 2009 appropriation includes \$4,065,000 for 2008 and \$37,680,000 for 2009.

199.7 Subd. 21. **GED test fees.** For GED test fees under Minnesota Statutes, section
199.8 124D.55:

199.9 \$ 300,000 2008

199.10 \$ 200,000 2009

199.11 \$100,000 in fiscal year 2008 is for GED test fees for homeless persons.

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

199.13 Subd. 22. **Adult literacy grants for recent immigrants.** For adult literacy grants
199.14 for recent immigrants to Minnesota under Laws 2006, chapter 282, article 2, section 26:

199.15 \$ 1,250,000 2008

199.16 Subd. 23. **Minnesota Early Learning Foundation.** For a grant to the Minnesota
199.17 Early Learning Foundation for the scholarship demonstration projects in section 27:

199.18 \$ 1,250,000 2008

199.19 \$ 1,250,000 2009

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

199.21 This is a onetime appropriation.

199.22 Sec. 30. **DEPARTMENT OF HEALTH.**

199.23 \$100,000 in fiscal year 2008 and \$100,000 in fiscal year 2009 are appropriated from
199.24 the general fund to the commissioner of health for lead hazard reduction.

199.25 Sec. 31. **REPEALER.**

199.26 Minnesota Statutes 2006, section 124D.531, subdivision 5, is repealed.

121A.23 PROGRAMS TO PREVENT AND REDUCE THE RISKS OF SEXUALLY TRANSMITTED INFECTIONS AND DISEASES.

Subdivision 1. **Sexually transmitted infections and diseases program.** The commissioner of education, in consultation with the commissioner of health, shall assist districts in developing and implementing a program to prevent and reduce the risk of sexually transmitted infections and diseases, including but not exclusive to human immune deficiency virus and human papilloma virus. Each district must have a program that includes at least:

- (1) planning materials, guidelines, and other technically accurate and updated information;
- (2) a comprehensive, technically accurate, and updated curriculum that includes helping students to abstain from sexual activity until marriage;
- (3) cooperation and coordination among districts and SCs;
- (4) a targeting of adolescents, especially those who may be at high risk of contracting sexually transmitted infections and diseases, for prevention efforts;
- (5) involvement of parents and other community members;
- (6) in-service training for appropriate district staff and school board members;
- (7) collaboration with state agencies and organizations having a sexually transmitted infection and disease prevention or sexually transmitted infection and disease risk reduction program;
- (8) collaboration with local community health services, agencies and organizations having a sexually transmitted infection and disease prevention or sexually transmitted infection and disease risk reduction program; and
- (9) participation by state and local student organizations.

The department may provide assistance at a neutral site to a nonpublic school participating in a district's program. District programs must not conflict with the health and wellness curriculum developed under Laws 1987, chapter 398, article 5, section 2, subdivision 7.

If a district fails to develop and implement a program to prevent and reduce the risk of sexually transmitted infection and disease, the department must assist the service cooperative in the region serving that district to develop or implement the program.

Subd. 2. **Funding sources.** Districts may accept funds for sexually transmitted infection and disease prevention programs developed and implemented under this section from public and private sources including public health funds and foundations, department professional development funds, federal block grants or other federal or state grants.

123A.22 COOPERATIVE CENTERS FOR VOCATIONAL EDUCATION.

Subd. 11. **Revenue.** A secondary vocational cooperative may be eligible for revenue under section 124D.453.

123B.81 STATUTORY OPERATING DEBT.

Subd. 8. **Plan disclosure.** Any district eligible to receive any amounts pursuant to section 126C.42, subdivision 1, must disclose its statutory operating debt retirement plan by footnote to the audited financial statement.

124D.06 SPECIFIC ENROLLMENT OPTIONS IN NONRESIDENT DISTRICTS; LIMITED APPLICATION.

Subdivision 1. **Previous enrollment.** Any pupil who, pursuant to the provisions of Minnesota Statutes 1976, section 120.065, or Minnesota Statutes 1977 Supplement, section 123.39, subdivision 5a, was enrolled on either January 1, 1978, or April 5, 1978, in a district of which the pupil was not a resident may continue in enrollment in that district.

Subd. 2. **Continued enrollment.** Any pupil who, pursuant to section 123B.88, subdivision 5, has continuously been enrolled since January 1, 1977, in a school district of which the pupil was not a resident may continue in enrollment in that district.

Subd. 3. **Under school age.** Any child who was under school age on either January 1, 1978, or April 5, 1978, but who otherwise would have qualified pursuant to the provisions of Minnesota Statutes 1976, section 120.065, or Minnesota Statutes 1977 Supplement, section 123.39, subdivision 5a, for enrollment in a district of which the child was not a resident may enroll in that district.

Subd. 4. **Nonpublic school pupil.** Any pupil enrolled on either January 1, 1978, or April 5, 1978, in a nonpublic school, as defined in section 123B.41, subdivision 9, located in a district

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of which the pupil was not a resident who would otherwise have qualified for enrollment in that district as a resident pursuant to subdivision 1 may attend the public schools of that district.

Subd. 5. **Adopted child.** Any child who was born on or before January 1, 1978, but who was adopted after January 1, 1978, and whose adoptive parent on January 1, 1978, owned property residence upon which would have qualified the child for enrollment pursuant to Minnesota Statutes 1976, section 120.065, in a district of which the child was not a resident may enroll in that district. Any child who was born on or before January 1, 1978, but who was adopted after January 1, 1978, and whose adoptive parent on January 1, 1978, owned or was a tenant upon property so as to qualify a child for enrollment pursuant to Minnesota Statutes 1977 Supplement, section 123.39, subdivision 5a, in a district of which the child was not a resident may enroll in that district.

Subd. 6. **Sibling of qualified pupil.** Subdivisions 1, 2, 3, 4, and 5 shall also apply to any brother or sister of a qualified pupil who is related to that pupil by blood, adoption, or marriage and to any foster child of that pupil's parents. The enrollment of any pupil pursuant to subdivision 1, 3, 4, or 5 and of a brother or sister of that pupil or of a foster child of that pupil's parents pursuant to this subdivision must remain subject to the provisions of Minnesota Statutes 1976, section 120.065 and Minnesota Statutes 1977 Supplement, section 123.39, subdivision 5a, as they read on January 1, 1978.

Subd. 7. **Aid payments.** General education aid and transportation aid attributable to pupils covered by programs under this section must be paid according to sections 123B.92, subdivision 3, and 127A.47, subdivision 7.

124D.081 FIRST-GRADE PREPAREDNESS PROGRAM.

Subdivision 1. **Purpose.** The purposes of the first-grade preparedness program are to ensure that every child has the opportunity before first grade to develop the skills and abilities necessary to read and succeed in school and to reduce the underlying causes that create a need for compensatory revenue.

Subd. 2. **Qualifying district.** A school district may receive first-grade preparedness revenue for qualifying school sites if, consistent with subdivision 5, the school board approves a resolution requiring the district to provide services to all children located in a qualifying school site attendance area.

Subd. 3. **Qualifying school site.** (a) The commissioner shall rank all school sites with kindergarten programs that do not exclusively serve students under sections 125A.03 to 125A.24, and 125A.65. The ranking must be from highest to lowest based on the site's free and reduced lunch count as a percent of the fall enrollment using the preceding October 1 enrollment data. Once a school site is calculated to be eligible, it remains eligible for the duration of the pilot program, unless the site's ranking falls below the state average for elementary schools. For each school site, the percentage used to calculate the ranking must be the greater of (1) the percent of the fall kindergarten enrollment receiving free and reduced lunch, or (2) the percent of the total fall enrollment receiving free and reduced lunch. The list of ranked sites must be separated into the following geographic areas: Minneapolis district, St. Paul district, suburban Twin Cities districts in the seven-county metropolitan area, and school districts in greater Minnesota.

(b) The commissioner shall establish a process and timelines to qualify school sites for the next school year. School sites must be qualified in each geographic area from the list of ranked sites until the estimated revenue available for this program has been allocated. The total estimated revenue must be distributed to qualified school sites in each geographic area as follows: 25 percent for Minneapolis sites, 25 percent for St. Paul sites, 25 percent for suburban Twin Cities sites, and 25 percent for greater Minnesota.

Subd. 4. **Program.** A qualifying school site must develop its first-grade preparedness program in collaboration with other providers of school readiness and child development services. A school site must offer a full-day kindergarten program to participating children who are five years of age or older for the full school day every day, a program for participating children who are four years old, or a combination of both. The program may offer as an option to families home visits and other practices as appropriate, and may provide such services with the consent of the parent or guardian. Program providers must ensure that the program supplements existing school readiness and child development programs and complements the services provided with compensatory revenue. Where possible, individuals receiving assistance under a family assistance plan can meet the work activity requirement of the plan by participating in a first-grade preparedness program as a volunteer.

Subd. 5. **Extended day requirements.** The board of a qualifying school district must develop and approve a plan to provide extended day services to serve as many children as possible. To accept children whose families participate in child care assistance programs under

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section 119B.03 or 119B.05, and to meet the requirements of section 245A.03, subdivision 2, the board must formally approve the first-grade preparedness program. All revenue received under subdivision 6 must be allocated to the qualifying school sites within the district.

Subd. 6. **Preparedness revenue.** (a) A qualifying school district is eligible for first-grade preparedness revenue equal to the basic formula allowance for that year times the number of children five years of age or older enrolled in a kindergarten program at the site on October 1 of the previous year times .53.

(b) This revenue must supplement and not replace compensatory revenue that the district uses for the same or similar purposes under chapters 120B, 123A, 123B, 124D, 126C, and 127A.

(c) A pupil enrolled in the first grade preparedness program at a qualifying school site is eligible for transportation under section 123B.88, subdivision 1.

(d) First grade preparedness revenue paid to a charter school for which a school district is providing transportation according to section 124D.10, subdivision 16, shall be decreased by an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485 times the pupil units calculated according to paragraph (a). This amount shall be paid to the school district for transportation costs.

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

124D.454 ACCESS TO MINNESOTA'S TRANSITION SYSTEM FOR CHILDREN WITH A DISABILITY.

Subd. 4. **Adjusted transition-disabled base revenue.** For fiscal year 1996 and later, a district's adjusted transition-disabled base revenue equals the district's transition-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. 5. **State total transition program-disabled revenue.** The state total transition program-disabled revenue for fiscal year 2000 equals \$8,982,000. The state total transition program-disabled revenue for fiscal year 2001 equals \$8,966,000. The state total transition program-disabled revenue for later fiscal years equals:

- (1) the state total transition program-disabled revenue for the preceding fiscal year; times
- (2) the program growth factor; times
- (3) the greater of one, or the ratio of the state total average daily membership for the current fiscal year to the state total average daily membership for the preceding fiscal year.

Subd. 6. **School district transition-disabled revenue.** (a) A school district's transition-disabled revenue for fiscal year 1996 and later equals the state total transition-disabled revenue, minus the amount determined under paragraph (b), times the ratio of the district's adjusted transition-disabled base revenue to the state total adjusted transition-disabled base revenue.

(b) Notwithstanding paragraph (a), if the transition-disabled base revenue for a district equals zero and no district residents were enrolled in transition-disabled programs during the base year, the transition-disabled revenue equals the amount computed according to subdivision 3 using current year data.

Subd. 7. **School district transition-disabled aid.** A school district's transition-disabled aid for fiscal year 1996 and later equals the district's transition-disabled revenue times the aid percentage factor for that year.

124D.531 ADULT BASIC EDUCATION AID.

Subd. 5. **Aid guarantee.** Notwithstanding subdivisions 1, 3, and 4, for fiscal year 2001, any adult basic education program qualifying for aid under this section, that receives less state aid than in fiscal year 2000 must receive additional aid equal to the difference between its fiscal year 2000 aid and its fiscal year 2001 aid.

124D.62 EXEMPTION FROM LICENSURE REQUIREMENTS FOR LIMITED ENGLISH PROFICIENCY (LEP) OR ENGLISH AS A SECOND LANGUAGE (ESL) TEACHERS.

Subdivision 1. **Exemptions.** The commissioner may grant an exemption from the licensure requirement in the hiring of teachers of English as a second language or bilingual education teachers to a district if the commissioner finds that compliance would impose a hardship upon the district in the securing of teachers for its educational programs for limited English

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proficient students. The commissioner shall notify the Board of Teaching of any exemptions granted pursuant to this section.

Subd. 2. **Granting a license.** A teacher serving under an exemption as provided in subdivision 1 shall be granted a license as soon as that teacher qualifies for it. Not more than one year of service by a teacher under an exemption shall be credited to the teacher for the purposes of section 122A.40. For purposes of section 122A.41, a teacher shall receive credit equal to the number of years the teacher served under an exemption.

125A.10 COORDINATING INTERAGENCY SERVICES.

If at the time of initial referral for an educational assessment, or a reassessment, the district determines that a child with disabilities who is age 3 through 21 may be eligible for interagency services, the district may request that the county of residence provide a representative to the initial assessment or reassessment team meeting or the first individual education plan team meeting following the assessment or reassessment. The district may request to have a county representative attend other individual education plan team meetings when it is necessary to facilitate coordination between district and county provided services. Upon request from a district, the resident county shall provide a representative to assist the individual education plan team in determining the child's eligibility for existing health, mental health, or other support services administered or provided by the county. The individual education plan team and the county representative must develop an interagency plan of care for an eligible child and the child's family to coordinate services required under the child's individual education plan with county services. The interagency plan of care must include appropriate family information with the consent of the family, a description of how services will be coordinated between the district and county, a description of service coordinator responsibilities and services, and a description of activities for obtaining third-party payment for eligible services, including medical assistance payments. Any state, county, or city government agency responsible for providing services or resources to students with disabilities under this section is subject to the same dispute resolution systems as local school districts, and all such agencies must comply with corrective action requirements that ensue from these systems.

125A.75 SPECIAL EDUCATION PROGRAM APPROVAL; AID PAYMENTS; TRAVEL AID.

Subd. 6. **Summer school.** By March 15 of each year, districts must submit separate applications for program and budget approval for summer school programs. These applications must be reviewed as provided in subdivision 4. 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.

125A.76 SPECIAL EDUCATION REVENUE.

Subd. 3. **Adjusted special education base revenue.** For fiscal year 1997 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.

169.4502 ADDITIONAL MINNESOTA SCHOOL BUS CHASSIS STANDARDS.

Subd. 15. **Oil filter or oil filtration system.** An oil filtration system may be used in lieu of an oil filter.

169.4503 ADDITIONAL MINNESOTA SCHOOL BUS BODY STANDARDS.

Subd. 17. **Mirrors.** After January 1, 1995, all school buses must be equipped with a minimum of two crossover mirrors, mounted to the left and right sides of the bus.

Subd. 18. **Overall width.** The overall width limit excludes mirrors, mirror brackets, and the stop arm.

Subd. 26. **Crossing control arm.** If a bus is equipped with a crossing control arm, an automatic recycling interrupt switch may be installed for temporary disabling of the crossing control arm.