

This Document can be made available in alternative formats upon request

State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **234**

January 22, 2007

Authored by Benson, Greiling, Faust and Heidgerken

The bill was read for the first time and referred to the Committee on E-12 Education

1.1 A bill for an act
1.2 relating to education finance; eliminating certain school district reserve fund
1.3 requirements; eliminating certain reports; making certain primary elections
1.4 discretionary; amending Minnesota Statutes 2006, sections 123A.05, subdivision
1.5 2; 123A.27; 123B.10; 123B.143, subdivision 1; 123B.77, subdivision 4;
1.6 205A.03, subdivision 1; repealing Minnesota Statutes 2006, sections 123A.05,
1.7 subdivision 2; 123B.749; 124D.081, subdivision 9; 124D.69, subdivision 2.

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

1.9 Section 1. Minnesota Statutes 2006, section 123A.05, subdivision 2, is amended to
1.10 read:

1.11 Subd. 2. **Reserve revenue.** Each district that is a member of an area learning
1.12 center must ~~reserve~~ transfer revenue to the area learning center in an amount equal to
1.13 the sum of (1) at least 90 percent of the district average general education revenue per
1.14 pupil unit minus an amount equal to the product of the formula allowance according to
1.15 section 126C.10, subdivision 2, times .0485, calculated without basic skills revenue and
1.16 transportation sparsity revenue, times the number of pupil units attending an area learning
1.17 center program under this section, plus (2) the amount of basic skills revenue generated
1.18 by pupils attending the area learning center. ~~The amount of reserved revenue under this~~
1.19 ~~subdivision may only be spent on program costs associated with the area learning center.~~

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

1.21 Sec. 2. Minnesota Statutes 2006, section 123A.27, is amended to read:

1.22 **123A.27 RESERVED REVENUE FOR DISTRICT COOPERATION;**
1.23 **MINIMUM SPENDING LEVELS.**

2.1 A district that was a member of an intermediate school district organized pursuant
 2.2 to chapter 136D on July 1, 1996, annually must ~~place a portion of its general education~~
 2.3 ~~revenue in a reserved account for instructional services from entities formed for~~
 2.4 ~~cooperative services for special education programs and secondary vocational programs.~~
 2.5 ~~The~~ spend an amount reserved is equal to the levy made according to Minnesota Statutes
 2.6 1993 Supplement, section 124.2727, subdivision 6, for taxes payable in 1994 divided
 2.7 by the actual pupil units in the intermediate school district for fiscal year 1995 times
 2.8 the number of actual pupil units in the school district in 1995 on special education and
 2.9 secondary vocational services. The district must use 5/11 of the revenue for special
 2.10 education and 6/11 of the revenue for secondary vocational education. The district must
 2.11 demonstrate that the revenue is being used to provide the full range of special education
 2.12 and secondary vocational programs and services available to each child served by the
 2.13 intermediate. The secondary vocational programs and services must meet the requirements
 2.14 established in an articulation agreement developed between the commissioner of education
 2.15 and the Board of Trustees of the Minnesota State Colleges and Universities.

2.16 A district that was a member of an education district organized pursuant to section
 2.17 123A.15 on July 1, 1999, annually must ~~place a portion of its general education revenue in~~
 2.18 ~~a reserve account for instructional services from entities formed for cooperative services.~~
 2.19 spend at least \$50 times the district's adjusted marginal cost pupil units on services
 2.20 provided by entities formed for cooperative purposes. These services may include
 2.21 secondary vocational programs, special education programs, staff development, and gifted
 2.22 and talented instruction. ~~The amount reserved is equal to \$50 per pupil unit times the~~
 2.23 ~~actual number of pupil units in the district.~~

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

2.25 Sec. 3. Minnesota Statutes 2006, section 123B.10, is amended to read:

2.26 **123B.10 PUBLICATION OF FINANCIAL INFORMATION.**

2.27 Subdivision 1. Form of notification. A school board annually must notify the
 2.28 public of its revenue, expenditures, fund balances, and other relevant budget information.
 2.29 The board may include the budget information required by this section in the materials
 2.30 provided as a part of its truth in taxation hearing, post the materials in a conspicuous place
 2.31 on the district's official Web site, including a link to the district's school report card on the
 2.32 Department of Education's Web site, or publish the information in a qualified newspaper
 2.33 of general circulation in the district.

3.1 Subdivision ~~1~~**1a. Budgets.** Every board must ~~publish~~ make available revenue and
 3.2 expenditure budgets for the current year and the actual revenues, expenditures, fund
 3.3 balances for the prior year and projected fund balances for the current year in a form
 3.4 prescribed by the commissioner within one week of the acceptance of the final audit by
 3.5 the board, or November 30, whichever is earlier. The forms prescribed must be designed
 3.6 so that year to year comparisons of revenue, expenditures and fund balances can be made.
 3.7 ~~These budgets, reports of revenue, expenditures and fund balances must be published in~~
 3.8 ~~a qualified newspaper of general circulation in the district or on the district's official~~
 3.9 ~~Web site. If published on the district's official Web site, the district must also publish an~~
 3.10 ~~announcement in a qualified newspaper of general circulation in the district that includes~~
 3.11 ~~the Internet address where the information has been posted.~~

3.12 Subd. 2. **Debt summary.** The board must also ~~publish~~ make available at the same
 3.13 time a summary of bonds outstanding, paid, and sold; a summary of orders not paid for
 3.14 want of funds; certificates of indebtedness for the year ending June 30; the statutory
 3.15 operating debt of the district as defined and certified pursuant to section 123B.81; and the
 3.16 balance amount of the reserved fund balance reserve account for purposes of statutory
 3.17 operating debt reduction established pursuant to sections 126C.40 to 126C.45, 126C.48,
 3.18 and 124D.22.

3.19 Subd. 3. **Budget inspection.** A statement must be included in the ~~publication~~
 3.20 materials or on the school district's Web site that the complete budget in detail may be
 3.21 inspected by any resident of the district upon request to the chief school administrator.

3.22 Subd. 4. **Cost per pupil.** The board must also ~~publish~~ make available at the same
 3.23 time the average cost per pupil in average daily membership educated in that district in
 3.24 the preceding year. This computation must be made exclusive of debt service or capital
 3.25 outlay costs.

3.26 Sec. 4. Minnesota Statutes 2006, section 123B.143, subdivision 1, is amended to read:

3.27 Subdivision 1. **Contract; duties.** All districts maintaining a classified secondary
 3.28 school must employ a superintendent who shall be an ex officio nonvoting member of the
 3.29 school board. The authority for selection and employment of a superintendent must be
 3.30 vested in the board in all cases. An individual employed by a board as a superintendent
 3.31 shall have an initial employment contract for a period of time no longer than three years
 3.32 from the date of employment. Any subsequent employment contract must not exceed a
 3.33 period of three years. A board, at its discretion, may or may not renew an employment
 3.34 contract. A board must not, by action or inaction, extend the duration of an existing
 3.35 employment contract. Beginning 365 days prior to the expiration date of an existing

4.1 employment contract, a board may negotiate and enter into a subsequent employment
 4.2 contract to take effect upon the expiration of the existing contract. A subsequent contract
 4.3 must be contingent upon the employee completing the terms of an existing contract. If a
 4.4 contract between a board and a superintendent is terminated prior to the date specified in
 4.5 the contract, the board may not enter into another superintendent contract with that same
 4.6 individual that has a term that extends beyond the date specified in the terminated contract.
 4.7 A board may terminate a superintendent during the term of an employment contract for any
 4.8 of the grounds specified in section 122A.40, subdivision 9 or 13. A superintendent shall
 4.9 not rely upon an employment contract with a board to assert any other continuing contract
 4.10 rights in the position of superintendent under section 122A.40. Notwithstanding the
 4.11 provisions of sections 122A.40, subdivision 10 or 11, 123A.32, 123A.75, or any other law
 4.12 to the contrary, no individual shall have a right to employment as a superintendent based
 4.13 on order of employment in any district. If two or more districts enter into an agreement for
 4.14 the purchase or sharing of the services of a superintendent, the contracting districts have
 4.15 the absolute right to select one of the individuals employed to serve as superintendent
 4.16 in one of the contracting districts and no individual has a right to employment as the
 4.17 superintendent to provide all or part of the services based on order of employment in a
 4.18 contracting district. The superintendent of a district shall perform the following:

4.19 (1) visit and supervise the schools in the district, report and make recommendations
 4.20 about their condition when advisable or on request by the board;

4.21 (2) recommend to the board employment and dismissal of teachers;

4.22 (3) superintend school grading practices and examinations for promotions;

4.23 (4) make reports required by the commissioner; and

4.24 (5) ~~by January 10, submit an annual report to the commissioner in a manner~~
 4.25 ~~prescribed by the commissioner, in consultation with school districts, identifying the~~
 4.26 ~~expenditures that the district requires to ensure an 80 percent student passage rate on the~~
 4.27 ~~basic standards test taken in the eighth grade, identifying the highest student passage~~
 4.28 ~~rate the district expects it will be able to attain on the basic standards test by grade 12,~~
 4.29 ~~the amount of expenditures that the district requires to attain the targeted student passage~~
 4.30 ~~rate, and how much the district is cross-subsidizing programs with special education, basic~~
 4.31 ~~skills, and general education revenue; and~~

4.32 (6) perform other duties prescribed by the board.

4.33 Sec. 5. Minnesota Statutes 2006, section 123B.77, subdivision 4, is amended to read:

4.34 Subd. 4. **Budget approval.** Prior to July 1 of each year, the board of each district
 4.35 must approve and adopt its revenue and expenditure budgets for the next school year.

5.1 The budget document so adopted must be considered an expenditure-authorizing or
 5.2 appropriations document. No funds shall be expended by any board or district for any
 5.3 purpose in any school year prior to the adoption of the budget document which authorizes
 5.4 that expenditure, or prior to an amendment to the budget document by the board to
 5.5 authorize the expenditure. Expenditures of funds in violation of this subdivision shall be
 5.6 considered unlawful expenditures. ~~Prior to the appropriation of revenue for the next
 5.7 school year in the initial budget, the board shall inform the principal or other responsible
 5.8 administrative authority of each site of the amount of general education and referendum
 5.9 revenue that the Department of Education estimates will be generated by the pupils
 5.10 in attendance at each site. For purposes of this subdivision, a district may adjust the
 5.11 department's estimates for school building openings, school building closings, changes
 5.12 in attendance area boundaries, or other changes in programs or student demographics
 5.13 not reflected in the department's calculations. A district must report to the department
 5.14 any adjustments it makes according to this subdivision in the department's estimates
 5.15 of compensatory revenue generated by the pupils in attendance at each site, and the
 5.16 department must use the adjusted compensatory revenue estimates in preparing the report
 5.17 required under section 123B.76, subdivision 3, paragraph (c).~~

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

5.19 Sec. 6. Minnesota Statutes 2006, section 205A.03, subdivision 1, is amended to read:

5.20 Subdivision 1. **Required Primary in certain circumstances required only**
 5.21 **after adoption of a resolution.** In a school district election, if there are more than two
 5.22 candidates for a specified school board position or more than twice as many school board
 5.23 candidates as there are at-large school board positions available, a school district ~~must~~
 5.24 may, at its discretion, hold a primary. A primary is required only if the school board has
 5.25 adopted a resolution by June 1 of any year to that affect. The resolution, when adopted, is
 5.26 effective for all ensuing elections of board members in that district until it is revoked.

5.27 **EFFECTIVE DATE.** This section is effective the day following enactment and
 5.28 applies to school board elections held after June 1, 2007.

5.29 Sec. 7. **RESERVE ACCOUNTS REPEALED.**

5.30 The following school district reserve accounts are repealed June 30, 2006:

5.31 (1) reserve for class size, all day kindergarten and special education created under
 5.32 Laws 1999, chapter 241, article 1, section 67;

6.1 (2) reserve for parental involvement programs created under Laws 1991, chapter
6.2 265, article 1, section 25;

6.3 (3) reserves for graduation standards created under Laws 1998, chapter 398, article
6.4 1, section 31;

6.5 (4) reserve for student transportation safety created under Laws 1994, chapter 647,
6.6 article 12, section 8;

6.7 (5) reserve for bus purchases from the account initially entitled "pupil transportation
6.8 fund reserved for bus purchases;" and

6.9 (6) reserve for certain teacher programs created under Laws 1989, chapter 329,
6.10 article 7, section 7.

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

6.12 **Sec. 8. DEPARTMENT OF EDUCATION REPORT.**

6.13 The Department of Education must provide a report to the education committees
6.14 of the legislature by January 15, 2008. The report must analyze the department's data
6.15 collection procedures under each of the department's major data reporting systems and
6.16 recommend a streamlined, Web-based system of reporting school district data. The report
6.17 must also analyze any stand-alone school district reporting requirements and recommend
6.18 elimination of any district reports that are duplicative of other data already collected
6.19 by the department.

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

6.21 **Sec. 9. REPEALER.**

6.22 Minnesota Statutes 2006, sections 123A.05, subdivision 2; 123B.749; 124D.081,
6.23 subdivision 9; and 124D.69, subdivision 2, are repealed.

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