

This Document can be made available in alternative formats upon request

State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE NO. **723**

February 8, 2007

Authored by Demmer, Garofalo, Erickson, Olson and Buesgens

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; clarifying the requirements for a structurally balanced
1.3 school district budget; amending Minnesota Statutes 2006, section 123B.749.
1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. Minnesota Statutes 2006, section 123B.749, is amended to read:

1.6 **123B.749 STRUCTURALLY BALANCED SCHOOL DISTRICT BUDGETS.**

1.7 Subdivision 1. Board resolution. (a) ~~Prior to~~ Before approving a collective
1.8 bargaining agreement that does not result from an interest arbitration decision, a school
1.9 board must determine by board resolution that the proposed agreement will not cause
1.10 structural imbalance in the district's budget during the agreement period ~~of the agreement.~~

1.11 (b) A school board may ~~only~~ determine that an agreement will not cause structural
1.12 imbalance only if expenditures will not exceed available funds, taking into account:

1.13 (1) current state aid formulas; and

1.14 (2) reasonable and comprehensive projections of ongoing revenues and expenditures
1.15 for the period of the agreement. ~~It is expected that~~ The board must not use onetime
1.16 revenue may not be used for ongoing expenditures. Any amount in excess of the board's
1.17 resolution for the district's general fund balance is not onetime revenue under this section.

1.18 The school board must make available with the resolution a summary of the projections
1.19 and calculations supporting the determination. The projections and calculations must
1.20 include state aid formulas, pupil units, and employee costs, ~~including~~ that reflect the terms
1.21 of all applicable labor agreements, including the agreement under consideration, its fringe
1.22 benefits, severance pay, and staff changes.

1.23 (c) In addition to the determination ~~required in~~ under paragraph (a), the school board
1.24 must project revenues, expenditures, and fund balances for ~~one year~~ two years following

2.1 the period of the agreement. The projections must include the information categories
 2.2 ~~of information described in~~ under paragraph (b), be reasonable and comprehensive, and
 2.3 reference current state aid formulas.

2.4 (d) The board must make available all projections and calculations required by this
 2.5 section ~~must be made available~~ and estimated district employee terminations to the public
 2.6 ~~prior to and~~ before, at, and after the meeting where the board adopts the resolution ~~is~~
 2.7 ~~adopted in a manner,~~ consistent with state law on public notice and access to public data.

2.8 (e) In an interest arbitration, the district must submit, and the exclusive bargaining
 2.9 representative may submit, proposed determinations with supporting projections and
 2.10 calculations consistent with paragraph (b) of the effect of the potential decision on the
 2.11 structural balance of the district's budget. The arbitrator must consider the potential effect
 2.12 of a decision on the structural balance of the district's budget for the term of the agreement.
 2.13 The arbitrator's decision must describe the effect of the decision on the structural balance
 2.14 of the district's budget in a manner consistent with paragraph (b). The arbitrator's decision
 2.15 also ~~also~~ must show the effect of the decision on the school budget for one year following
 2.16 the term of the contract at issue. Within 30 days of ~~receipt of the decision or~~ when the
 2.17 board receives or acts on the decision, whichever is earlier, the ~~school~~ board must by
 2.18 resolution determine the effect of the decision on the structural balance of its budget for
 2.19 the term of the agreement consistent with paragraph (b).

2.20 (f) The board must submit a copy of the resolution with the supporting projections
 2.21 and calculations ~~must be submitted~~ to the commissioner of education with the uniform
 2.22 collective bargaining agreement settlement document within 30 days of ~~adoption of~~
 2.23 adopting the resolution. The commissioner must develop a model form for ~~use by~~ districts
 2.24 to use in reporting projections and calculations. The commissioner must not accept any
 2.25 reports that do not comply with this section. The commissioner must make all resolutions,
 2.26 projections, and calculations available to the public.

2.27 (g) Compliance with this section by itself is not an unfair labor practice under
 2.28 section 179A.13, subdivision 2.

2.29 **Subd. 2. State aid penalty.** (a) If a board does not submit a report to the
 2.30 commissioner under subdivision 1, paragraph (f), the department must reduce the state aid
 2.31 paid to the public employer for that fiscal year.

2.32 (b) The aid reduction must equal \$25 times the number of adjusted pupil units for
 2.33 the district during that fiscal year.

2.34 (c) The department must reduce general education aid; if general education aid is
 2.35 insufficient or not paid, the department must reduce other state aids.

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