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State of Minnesota
HOUSE OF REPRESENTATIVES

**EIGHTY-FIFTH
SESSION**

HOUSE FILE No. 1197

February 19, 2007

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

A bill for an act

relating to education; providing for prekindergarten through grade 12 education, including general education, education excellence, special programs, facilities and technology, nutrition and accounting, libraries, early childhood education, self-sufficiency and lifelong learning, and early childhood education; authorizing rulemaking; amending Minnesota Statutes 2006, sections 16A.152, subdivision 2; 119A.52; 119A.535; 120A.05, by adding a subdivision; 120A.22, subdivision 7; 120B.15; 120B.30; 122A.16; 123B.143, subdivision 1; 123B.36, subdivision 1; 123B.37, subdivision 1; 123B.63, subdivision 3; 123B.79, by adding a subdivision; 124D.02, subdivision 1; 124D.095, subdivision 3; 124D.10, subdivisions 4, 23a, 24; 124D.4531, subdivisions 1, 3; 124D.531, subdivision 4; 124D.55; 124D.84, subdivision 1; 125A.11, subdivision 1; 125A.14; 125A.75, subdivisions 1, 4; 125A.76, subdivision 2; 125A.79, subdivision 8; 126C.13, subdivision 4; 126C.21, subdivision 5; 127A.441; 127A.47, subdivision 7; 127A.49, subdivision 2; 134.31, by adding a subdivision; 626.556, subdivision 11; proposing coding for new law in Minnesota Statutes, chapter 119A; repealing Minnesota Statutes 2006, sections 124D.06; 124D.175; 124D.531, subdivision 5; 124D.62; 125A.10; 125A.75, subdivision 6.

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:

2.1 (1) the cash flow account established in subdivision 1 until that account reaches
2.2 \$350,000,000;

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

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

2.9 (4) the amount necessary to restore all or a portion of the net aid reductions under
2.10 section 127A.441 and to reduce the property tax revenue recognition shift under section
2.11 123B.75, subdivision 5, paragraph ~~(c)~~ (b), and Laws 2003, First Special Session chapter
2.12 9, article 5, section 34, as amended by Laws 2003, First Special Session chapter 23,
2.13 section 20, by the same amount.

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

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

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

2.26 Sec. 2. Minnesota Statutes 2006, section 126C.13, subdivision 4, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3.13 Sec. 3. Minnesota Statutes 2006, section 126C.21, subdivision 5, is amended to read:

3.14 Subd. 5. **Adjustment for failure to meet federal maintenance of effort.** (a) The
3.15 general education aid paid to a school district or charter school that failed to meet federal
3.16 special education maintenance of effort for the previous fiscal year must be reduced by the
3.17 amount that must be paid to the federal government due to the shortfall.

3.18 (b) The general education aid paid to school districts that were members of a
3.19 cooperative that failed to meet federal special education maintenance of effort must be
3.20 reduced by the amount that must be paid to the federal government due to the shortfall.
3.21 The commissioner must apportion the aid reduction amount the member school districts
3.22 based on each district's individual shortfall in maintaining effort, and on each member
3.23 district's proportionate share of any shortfall in expenditures made by the cooperative.
3.24 Each district's proportionate share of shortfall in expenditures made by the cooperative
3.25 must be calculated using the adjusted marginal pupil units of each member school district.

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

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

3.30 Sec. 4. Minnesota Statutes 2006, section 127A.441, is amended to read:

3.31 **127A.441 AID REDUCTION; LEVY REVENUE RECOGNITION CHANGE.**

3.32 Each year, the state aids payable to any school district for that fiscal year that are
3.33 recognized as revenue in the school district's general and community service funds shall

4.1 be adjusted by an amount equal to (1) the amount the district recognized as revenue for the
 4.2 prior fiscal year pursuant to section 123B.75, subdivision 5, paragraph (b) ~~or (c)~~, minus (2)
 4.3 the amount the district recognized as revenue for the current fiscal year pursuant to section
 4.4 123B.75, subdivision 5, paragraph ~~(c)~~ (b). For purposes of making the aid adjustments
 4.5 under this section, the amount the district recognizes as revenue for either the prior fiscal
 4.6 year or the current fiscal year pursuant to section 123B.75, subdivision 5, paragraph (b)
 4.7 ~~or (c)~~, shall not include any amount levied pursuant to section 124D.86, subdivision 4,
 4.8 for school districts receiving revenue under sections 124D.86, subdivision 3, clauses (1),
 4.9 (2), and (3); 126C.41, subdivisions 1, 2, and 3, paragraphs (b), (c), and (d); 126C.43,
 4.10 subdivision 2; 126C.457; and 126C.48, subdivision 6. Payment from the permanent
 4.11 school fund shall not be adjusted pursuant to this section. The school district shall be
 4.12 notified of the amount of the adjustment made to each payment pursuant to this section.

4.13 Sec. 5. Minnesota Statutes 2006, section 127A.49, subdivision 2, is amended to read:

4.14 Subd. 2. **Abatements.** Whenever by virtue of chapter 278, sections 270C.86,
 4.15 375.192, or otherwise, the net tax capacity or referendum market value of any district for
 4.16 any taxable year is changed after the taxes for that year have been spread by the county
 4.17 auditor and the local tax rate as determined by the county auditor based upon the original
 4.18 net tax capacity is applied upon the changed net tax capacities, the county auditor shall,
 4.19 prior to February 1 of each year, certify to the commissioner of education the amount of
 4.20 any resulting net revenue loss that accrued to the district during the preceding year. Each
 4.21 year, the commissioner shall pay an abatement adjustment to the district in an amount
 4.22 calculated according to the provisions of this subdivision. This amount shall be deducted
 4.23 from the amount of the levy authorized by section 126C.46. The amount of the abatement
 4.24 adjustment must be the product of:

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

4.26 (2) the ratio of:

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

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

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

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

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

5.3 (ii) the total amount of the district's certified levy in the third preceding December,
5.4 plus or minus auditor's adjustments.

5.5 **Sec. 6. REVISOR'S INSTRUCTION.**

5.6 In Minnesota Statutes, the revisor of statutes shall correct any incorrect cross
5.7 references resulting from the repeal of Minnesota Statutes, section 124D.06.

5.8 **Sec. 7. REPEALER.**

5.9 Minnesota Statutes 2006, section 124D.06, is repealed.

5.10 **ARTICLE 2**

5.11 **EDUCATION EXCELLENCE**

5.12 Section 1. Minnesota Statutes 2006, section 120A.22, subdivision 7, is amended to
5.13 read:

5.14 Subd. 7. **Education records.** (a) A district or charter school from which a student
5.15 is transferring must transmit the student's educational records, within ten business days
5.16 of a request, to the district, charter school, or nonpublic school in which the student
5.17 is enrolling. Districts and charter schools must make reasonable efforts to determine
5.18 the district, charter school, or nonpublic school in which a transferring student is next
5.19 enrolling in order to comply with this subdivision.

5.20 (b) A closed charter school must transfer the student's educational records, within
5.21 ten business days of the school's closure, to the student's school district of residence
5.22 where the records must be retained unless the records are otherwise transferred under
5.23 this subdivision.

5.24 (c) A school district or charter school that transmits a student's educational records
5.25 to another school district or other educational entity, charter school, or nonpublic school
5.26 to which the student is transferring must include in the transmitted records information
5.27 about any formal suspension, expulsion, and exclusion disciplinary action ~~taken as a result~~
5.28 ~~of any incident in which the student possessed or used a dangerous weapon~~ under sections
5.29 121A.40 to 121A.56. The district or charter school must provide notice to a student and
5.30 the student's parent or guardian that formal disciplinary records will be transferred as
5.31 part of the student's educational record, in accordance with data practices under chapter
5.32 13 and the Family Educational Rights and Privacy Act of 1974, United States Code,
5.33 title 20, section 1232(g).

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

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

6.12 Sec. 2. Minnesota Statutes 2006, section 120B.15, is amended to read:

6.13 **120B.15 GIFTED AND TALENTED STUDENTS PROGRAMS.**

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

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

6.19 (1) multiple and objective criteria; and

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

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

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

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

6.28 Sec. 3. Minnesota Statutes 2006, section 120B.30, is amended to read:

6.29 **120B.30 STATEWIDE TESTING AND REPORTING SYSTEM.**

6.30 Subdivision 1. **Statewide testing.** (a) The commissioner, with advice from experts
 6.31 with appropriate technical qualifications and experience and stakeholders, consistent with
 6.32 subdivision 1a, shall include in the comprehensive assessment system, for each grade
 6.33 level to be tested, state-constructed tests developed from and aligned with the state's
 6.34 required academic standards under section 120B.021 and administered annually to all

7.1 students in grades 3 through 8 and at the high school level. A state-developed test in a
 7.2 subject other than writing, developed after the 2002-2003 school year, must include both
 7.3 machine-scoreable and constructed response questions. The commissioner shall establish
 7.4 one or more months during which schools shall administer the tests to students each
 7.5 school year. For students enrolled in grade 8 before the 2005-2006 school year, only
 7.6 Minnesota basic skills tests in reading, mathematics, and writing shall fulfill students'
 7.7 basic skills testing requirements for a passing state notation. The passing scores of ~~the~~
 7.8 ~~state basic skills~~ tests in reading and mathematics are the equivalent of:

7.9 ~~(1) 70 percent correct for students entering grade 9 in 1996; and~~
 7.10 ~~(2) 75 percent correct for students entering grade 9 in 1997 and thereafter, as based~~
 7.11 ~~on the first uniform test administration of February 1998.~~

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

7.16 (1) for reading and mathematics:

7.17 (i) obtaining an achievement level equivalent to or greater than proficient as
 7.18 determined through a standard setting process on the Minnesota comprehensive
 7.19 assessments in grade 10 for reading and grade 11 for mathematics or achieving a passing
 7.20 score as determined through a standard setting process on the graduation-required
 7.21 assessment for diploma in grade 10 for reading and grade 11 for mathematics or
 7.22 subsequent retests;

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

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

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

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

- 8.1 (2) for writing:
- 8.2 (i) achieving a passing score on the graduation-required assessment for diploma;
- 8.3 (ii) achieving a passing score as determined through a standard setting process on
- 8.4 the state-identified language proficiency test in writing for students designated as English
- 8.5 language learners;
- 8.6 (iii) achieving an individual passing score on the graduation-required assessment
- 8.7 for diploma as determined by appropriate state guidelines for students with an individual
- 8.8 education plan or 504 plan; or
- 8.9 (iv) achieving an individual passing score on the state-identified alternate assessment
- 8.10 or assessments as determined by appropriate state guidelines for students with an
- 8.11 individual education plan.

8.12 The commissioner shall establish rules for the proper implementation,

8.13 administration, and public review of the state graduation tests.

8.14 ~~(b)~~ (c) The ~~third~~ 3rd through 8th grade and high school level test results shall

8.15 be available to districts for diagnostic purposes affecting student learning and district

8.16 instruction and curriculum, and for establishing educational accountability. The

8.17 commissioner must disseminate to the public the test results upon receiving those results.

8.18 ~~(c)~~ (d) State tests must be constructed and aligned with state academic standards. The

8.19 testing process and the order of administration shall be determined by the commissioner.

8.20 The statewide results shall be aggregated at the site and district level, consistent with

8.21 subdivision 1a.

8.22 ~~(d)~~ (e) In addition to the testing and reporting requirements under this section, the

8.23 commissioner shall include the following components in the statewide public reporting

8.24 system:

8.25 (1) uniform statewide testing of all students in grades 3 through 8 and at the high

8.26 school level that provides technically sound accommodations, alternate assessments, or

8.27 exemptions consistent with applicable federal law, only with parent or guardian approval,

8.28 for those very few students for whom the student's individual education plan team under

8.29 sections 125A.05 and 125A.06; determines that the general statewide test is inappropriate

8.30 for a student is incapable of taking a statewide test, or for a limited English proficiency

8.31 student under section 124D.59, subdivision 2, if the student has been in the United States

8.32 for fewer than three years;

8.33 (2) educational indicators that can be aggregated and compared across school

8.34 districts and across time on a statewide basis, including average daily attendance, high

8.35 school graduation rates, and high school drop-out rates by age and grade level;

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

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

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

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

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

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

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

9.21 (c) Reporting of assessment results must:

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

9.24 (2) include, by the 2006-2007 school year, a ~~value-added~~ component to measure
 9.25 student achievement growth over time; and

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

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

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

9.34 (e) A school, school district, and charter school must administer statewide
 9.35 assessments under this section, as the assessments become available, to evaluate student
 9.36 progress in achieving the academic standards. If a state assessment is not available, a

10.1 school, school district, and charter school must determine locally if a student has met
 10.2 the required academic standards. A school, school district, or charter school may use a
 10.3 student's performance on a statewide assessment as one of multiple criteria to determine
 10.4 grade promotion or retention. A school, school district, or charter school may use a high
 10.5 school student's performance on a statewide assessment as a percentage of the student's
 10.6 final grade in a course, or place a student's assessment score on the student's transcript.

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

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

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

10.24 Sec. 4. Minnesota Statutes 2006, section 122A.16, is amended to read:

10.25 **122A.16 HIGHLY QUALIFIED TEACHER DEFINED.**

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

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

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

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

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

11.2 (4) has demonstrated subject matter competency in each of the core academic
 11.3 subjects in which the teacher teaches as defined by the federal No Child Left Behind Act.

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

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

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

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

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

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

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

11.20 ~~(7) evidence of the successful completion of high quality professional development~~
 11.21 ~~activities;~~

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

11.29 ~~(c) Achievement of the HOUSSE criteria is not equivalent to a license. A teacher~~
 11.30 ~~must obtain permission from the Board of Teaching in order to teach in a public school~~
 11.31 Subject matter competency to meet federal highly qualified teacher requirements is
 11.32 determined by the state in compliance with the Elementary and Secondary Education Act,
 11.33 United States Code, title 20, section 7801(23), and Individuals with Disabilities Education
 11.34 Improvement Act, United States Code, title 20, section 1401(10).

11.35 Sec. 5. Minnesota Statutes 2006, section 123B.143, subdivision 1, is amended to read:

12.1 Subdivision 1. **Contract; duties.** All districts maintaining a classified secondary
 12.2 school must employ a superintendent who shall be an ex officio nonvoting member of the
 12.3 school board. The authority for selection and employment of a superintendent must be
 12.4 vested in the board in all cases. An individual employed by a board as a superintendent
 12.5 shall have an initial employment contract for a period of time no longer than three years
 12.6 from the date of employment. Any subsequent employment contract must not exceed a
 12.7 period of three years. A board, at its discretion, may or may not renew an employment
 12.8 contract. A board must not, by action or inaction, extend the duration of an existing
 12.9 employment contract. Beginning 365 days prior to the expiration date of an existing
 12.10 employment contract, a board may negotiate and enter into a subsequent employment
 12.11 contract to take effect upon the expiration of the existing contract. A subsequent contract
 12.12 must be contingent upon the employee completing the terms of an existing contract. If a
 12.13 contract between a board and a superintendent is terminated prior to the date specified in
 12.14 the contract, the board may not enter into another superintendent contract with that same
 12.15 individual that has a term that extends beyond the date specified in the terminated contract.
 12.16 A board may terminate a superintendent during the term of an employment contract for any
 12.17 of the grounds specified in section 122A.40, subdivision 9 or 13. A superintendent shall
 12.18 not rely upon an employment contract with a board to assert any other continuing contract
 12.19 rights in the position of superintendent under section 122A.40. Notwithstanding the
 12.20 provisions of sections 122A.40, subdivision 10 or 11, 123A.32, 123A.75, or any other law
 12.21 to the contrary, no individual shall have a right to employment as a superintendent based
 12.22 on order of employment in any district. If two or more districts enter into an agreement for
 12.23 the purchase or sharing of the services of a superintendent, the contracting districts have
 12.24 the absolute right to select one of the individuals employed to serve as superintendent
 12.25 in one of the contracting districts and no individual has a right to employment as the
 12.26 superintendent to provide all or part of the services based on order of employment in a
 12.27 contracting district. The superintendent of a district shall perform the following:

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

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

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

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

12.33 (5) ~~by January 10, submit an annual report to the commissioner in a manner~~
 12.34 ~~prescribed by the commissioner, in consultation with school districts, identifying the~~
 12.35 ~~expenditures that the district requires to ensure an 80 percent student passage rate on the~~
 12.36 ~~basic standards test taken in the eighth grade, identifying the highest student passage~~

- 13.1 ~~rate the district expects it will be able to attain on the basic standards test by grade 12;~~
 13.2 ~~the amount of expenditures that the district requires to attain the targeted student passage~~
 13.3 ~~rate, and how much the district is cross-subsidizing programs with special education, basic~~
 13.4 ~~skills, and general education revenue; and~~
 13.5 (6) perform other duties prescribed by the board.

13.6 Sec. 6. Minnesota Statutes 2006, section 124D.095, subdivision 3, is amended to read:

13.7 Subd. 3. **Authorization; notice; limitations on enrollment.** (a) A student may
 13.8 apply to an online learning provider to enroll in online learning. A student age 17 or
 13.9 younger must have the written consent of a parent or guardian to apply. No school district
 13.10 or charter school may prohibit a student from applying to enroll in online learning. An
 13.11 online learning provider that accepts a student under this section must, within ten days,
 13.12 notify the student and the enrolling district if the enrolling district is not the online learning
 13.13 provider. The notice must report the student's course or program and hours of instruction.

13.14 (b) An online learning student must notify the enrolling district at least 30 calendar
 13.15 days before taking an online learning course or program if the enrolling district is not
 13.16 providing the online learning. An online learning provider must notify the commissioner
 13.17 that it is delivering online learning and report the number of online learning students it is
 13.18 accepting and the online learning courses and programs it is delivering.

13.19 (c) An online learning provider may limit enrollment if the provider's school board
 13.20 or board of directors adopts by resolution specific standards for accepting and rejecting
 13.21 students' applications. Student applications may not be rejected for criteria listed in
 13.22 section 124D.03, subdivision 6.

13.23 (d) An enrolling district may reduce an online learning student's regular classroom
 13.24 instructional membership in proportion to the student's membership in online learning
 13.25 courses.

13.26 Sec. 7. Minnesota Statutes 2006, section 124D.10, subdivision 4, is amended to read:

13.27 Subd. 4. **Formation of school.** (a) A sponsor may authorize one or more licensed
 13.28 teachers under section 122A.18, subdivision 1, to operate a charter school subject to
 13.29 approval by the commissioner. A board must vote on charter school application for
 13.30 sponsorship no later than 90 days after receiving the application. ~~After 90 days, the~~
 13.31 ~~applicant may apply to the commissioner. If a board elects not to sponsor a charter school,~~
 13.32 ~~the applicant may appeal the board's decision to the commissioner who may elect to assist~~
 13.33 ~~the applicant in finding an eligible sponsor.~~ The school must be organized and operated as
 13.34 a cooperative under chapter 308A or nonprofit corporation under chapter 317A and the

14.1 provisions under the applicable chapter shall apply to the school except as provided in this
14.2 section. Notwithstanding sections 465.717 and 465.719, a school district may create a
14.3 corporation for the purpose of creating a charter school.

14.4 (b) Before the operators may form and operate a school, the sponsor must file an
14.5 affidavit with the commissioner stating its intent to authorize a charter school. The
14.6 affidavit must state the terms and conditions under which the sponsor would authorize a
14.7 charter school and how the sponsor intends to oversee the fiscal and student performance
14.8 of the charter school and to comply with the terms of the written contract between the
14.9 sponsor and the charter school board of directors under subdivision 6. The commissioner
14.10 must approve or disapprove the sponsor's proposed authorization within 90 days of
14.11 receipt of the affidavit. Failure to obtain commissioner approval precludes a sponsor from
14.12 authorizing the charter school that was the subject of the affidavit.

14.13 (c) The operators authorized to organize and operate a school, before entering into
14.14 a contract or other agreement for professional or other services, goods, or facilities,
14.15 must incorporate as a cooperative under chapter 308A or as a nonprofit corporation
14.16 under chapter 317A and must establish a board of directors composed of at least five
14.17 members until a timely election for members of the charter school board of directors is
14.18 held according to the school's articles and bylaws. A charter school board of directors
14.19 must be composed of at least five members. Any staff members who are employed at the
14.20 school, including teachers providing instruction under a contract with a cooperative, and
14.21 all parents of children enrolled in the school may participate in the election for members
14.22 of the school's board of directors. Licensed teachers employed at the school, including
14.23 teachers providing instruction under a contract with a cooperative, must be a majority
14.24 of the members of the board of directors before the school completes its third year of
14.25 operation, unless the commissioner waives the requirement for a majority of licensed
14.26 teachers on the board. Board of director meetings must comply with chapter 13D.

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

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

- 14.34 (1) the expansion of the charter school is supported by need and projected enrollment;
14.35 (2) the charter school is fiscally sound;
14.36 (3) the sponsor supports the expansion; and

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

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

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

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

15.9 (3) establish proper filing techniques;

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

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

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

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

15.16 Sec. 8. Minnesota Statutes 2006, section 124D.10, subdivision 23a, is amended to read:

15.17 Subd. 23a. **Related party lease costs.** (a) A charter school is prohibited from
 15.18 entering a lease of real property with a related party as defined in ~~this~~ subdivision 26, unless
 15.19 the lessor is a nonprofit corporation under chapter 317A or a cooperative under chapter
 15.20 308A, and the lease cost is reasonable under section 124D.11, subdivision 4, clause (1).

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

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

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

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

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

15.30 (5) "Control" includes the terms "controlling," "controlled by," and "under common
 15.31 control with" and means the possession, direct or indirect, of the power to direct or cause
 15.32 the direction of the management, operations, or policies of a person, whether through the
 15.33 ownership of voting securities, by contract, or otherwise.

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

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

16.8 Sec. 9. Minnesota Statutes 2006, section 124D.10, subdivision 24, is amended to read:

16.9 Subd. 24. **Pupil enrollment upon nonrenewal or termination of charter school**
 16.10 **contract.** If a contract is not renewed or is terminated according to subdivision 23, a
 16.11 pupil who attended the school, siblings of the pupil, or another pupil who resides in the
 16.12 same place as the pupil may enroll in the resident district or may submit an application
 16.13 to a nonresident district according to section 124D.03 at any time. Applications and
 16.14 notices required by section 124D.03 must be processed and provided in a prompt
 16.15 manner. The application and notice deadlines in section 124D.03 do not apply under
 16.16 these circumstances. The closed charter school must transfer the student's educational
 16.17 records to the student's school district of residence where the records must be retained or
 16.18 transferred under section 122A.22, subdivision 7.

16.19 Sec. 10. Minnesota Statutes 2006, section 124D.4531, subdivision 1, is amended to
 16.20 read:

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

16.24 (1) \$80 times the district's average daily membership served in grades 10 through 12
 16.25 for the fiscal year in which the levy is certified; or

16.26 (2) 25 percent of approved expenditures in the fiscal year in which the levy is
 16.27 certified for the following:

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

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

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

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

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

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

17.7 (vii) specialized vocational instructional supplies.

17.8 (b) Up to ten percent of a district's career and technical levy may be spent on
 17.9 equipment purchases. Districts using the career and technical levy for equipment
 17.10 purchases must report to the department on the improved learning opportunities for
 17.11 students that result from the investment in equipment.

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

17.14 Sec. 11. Minnesota Statutes 2006, section 124D.4531, subdivision 3, is amended to
 17.15 read:

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

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

17.20 (2) 100 percent of the approved expenditures for career and technical programs
 17.21 included in subdivision 1, paragraph ~~(b)~~ (a), for the fiscal year in which the levy is certified.

17.22 Sec. 12. Minnesota Statutes 2006, section 124D.84, subdivision 1, is amended to read:

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

17.28 Scholarships must be for accredited degree programs in accredited Minnesota colleges
 17.29 or universities or for courses in accredited Minnesota business, technical, or vocational
 17.30 schools. Scholarships may also be given to students attending Minnesota colleges that
 17.31 are in candidacy status for obtaining full accreditation, and are eligible for and receiving
 17.32 federal financial aid programs. Students are also eligible for scholarships when enrolled
 17.33 as students in Minnesota higher education institutions that have joint programs with
 17.34 other accredited higher education institutions. ~~Scholarships shall be used to defray the~~

18.1 ~~total cost of education including tuition, incidental fees, books, supplies, transportation,~~
 18.2 ~~other related school costs and the cost of board and room and shall be paid directly to the~~
 18.3 ~~college or school concerned where the student receives federal financial aid. The total cost~~
 18.4 ~~of education includes all tuition and fees for each student enrolling in a public institution~~
 18.5 ~~and the portion of tuition and fees for each student enrolling in a private institution that~~
 18.6 ~~does not exceed the tuition and fees at a comparable public institution. Each student~~
 18.7 shall be awarded a scholarship based on ~~the total cost of the student's education and~~
 18.8 a federal standardized need analysis after application of federal Pell money, state grant
 18.9 money, and other scholarships. Depending upon students' unmet needs, the Minnesota
 18.10 Indian scholarship program may award up to the current federal Pell grant allowable
 18.11 maximum student award per school year. Applicants are encouraged to apply for all other
 18.12 sources of financial aid.

18.13 When an Indian student satisfactorily completes the work required by a certain
 18.14 college or school in a school year the student is eligible for additional scholarships, if
 18.15 additional training is necessary to reach the student's educational and vocational objective.
 18.16 Scholarships may not be given to any Indian student for more than five years of study at
 18.17 the undergraduate level and five years and the graduate level. Students may acquire only
 18.18 one degree per level and one terminal degree.

18.19 Sec. 13. **REVISOR'S INSTRUCTION.**

18.20 In Minnesota Statutes, the revisor of statutes shall codify Minnesota Statutes,
 18.21 section 124D.10, subdivision 23a, paragraph (b), as Minnesota Statutes, section 124D.10,
 18.22 subdivision 26.

18.23 Sec. 14. **REPEALER.**

18.24 Minnesota Statutes 2006, section 124D.62, is repealed.

18.25 **ARTICLE 3**

18.26 **SPECIAL PROGRAMS**

18.27 Section 1. Minnesota Statutes 2006, section 125A.11, subdivision 1, is amended to read:

18.28 Subdivision 1. **Nonresident tuition rate; other costs.** (a) For fiscal year 2006,
 18.29 when a school district provides instruction and services outside the district of residence,
 18.30 board and lodging, and any tuition to be paid, shall be paid by the district of residence.
 18.31 The tuition rate to be charged for any child with a disability, excluding a pupil for whom
 18.32 tuition is calculated according to section 127A.47, subdivision 7, paragraph (d), must be
 18.33 the sum of (1) the actual cost of providing special instruction and services to the child

19.1 including a proportionate amount for special transportation and unreimbursed building
19.2 lease and debt service costs for facilities used primarily for special education, plus (2)
19.3 the amount of general education revenue and referendum aid attributable to the pupil,
19.4 minus (3) the amount of special education aid for children with a disability received
19.5 on behalf of that child, minus (4) if the pupil receives special instruction and services
19.6 outside the regular classroom for more than 60 percent of the school day, the amount of
19.7 general education revenue and referendum aid, excluding portions attributable to district
19.8 and school administration, district support services, operations and maintenance, capital
19.9 expenditures, and pupil transportation, attributable to that pupil for the portion of time
19.10 the pupil receives special instruction and services outside of the regular classroom. If
19.11 the boards involved do not agree upon the tuition rate, either board may apply to the
19.12 commissioner to fix the rate. Notwithstanding chapter 14, the commissioner must then set
19.13 a date for a hearing or request a written statement from each board, giving each board
19.14 at least ten days' notice, and after the hearing or review of the written statements the
19.15 commissioner must make an order fixing the tuition rate, which is binding on both school
19.16 districts. General education revenue and referendum equalization aid attributable to a
19.17 pupil must be calculated using the resident district's average general education revenue
19.18 and referendum ~~revenue~~ equalization aid per adjusted pupil unit.

19.19 (b) For fiscal year 2007 and later, when a school district provides special instruction
19.20 and services for a pupil with a disability as defined in section 125A.02 outside the district
19.21 of residence, excluding a pupil for whom an adjustment to special education aid is
19.22 calculated according to section 127A.47, subdivision 7, paragraph (e), special education
19.23 aid paid to the resident district must be reduced by an amount equal to (1) the actual
19.24 cost of providing special instruction and services to the pupil, including a proportionate
19.25 amount for special transportation and unreimbursed building lease and debt service
19.26 costs for facilities used primarily for special education, plus (2) the amount of general
19.27 education revenue and referendum equalization aid attributable to that pupil, minus (3)
19.28 the amount of special education aid for children with a disability received on behalf of
19.29 that child, minus (4) if the pupil receives special instruction and services outside the
19.30 regular classroom for more than 60 percent of the school day, the amount of general
19.31 education revenue and referendum equalization aid, excluding portions attributable to
19.32 district and school administration, district support services, operations and maintenance,
19.33 capital expenditures, and pupil transportation, attributable to that pupil for the portion of
19.34 time the pupil receives special instruction and services outside of the regular classroom.
19.35 General education revenue and referendum equalization aid attributable to a pupil must be
19.36 calculated using the resident district's average general education revenue and referendum

20.1 equalization aid per adjusted pupil unit. Special education aid paid to the district or
 20.2 cooperative providing special instruction and services for the pupil must be increased
 20.3 by the amount of the reduction in the aid paid to the resident district. Amounts paid
 20.4 to cooperatives under this subdivision and section 127A.47, subdivision 7, shall be
 20.5 recognized and reported as revenues and expenditures on the resident school district's
 20.6 books of account under sections 123B.75 and 123B.76. If the resident district's special
 20.7 education aid is insufficient to make the full adjustment, the remaining adjustment shall be
 20.8 made to other state aid due to the district.

20.9 (c) Notwithstanding paragraphs (a) and (b) and section 127A.47, subdivision 7,
 20.10 paragraphs (d) and (e), a charter school where more than 30 percent of enrolled students
 20.11 receive special education and related services, a care and treatment site approved under
 20.12 section 125A.515, an intermediate district, a special education cooperative, or a school
 20.13 district that served as the applicant agency for a group of school districts for federal
 20.14 special education aids for fiscal year 2006 may apply to the commissioner for authority to
 20.15 charge the resident district an additional amount to recover any remaining unreimbursed
 20.16 costs of serving pupils with a disability. The application must include a description of the
 20.17 costs and the calculations used to determine the unreimbursed portion to be charged to the
 20.18 resident district. Amounts approved by the commissioner under this paragraph must be
 20.19 included in the tuition billings or aid adjustments under paragraph (a) or (b), or section
 20.20 127A.47, subdivision 7, paragraph (d) or (e), as applicable.

20.21 (d) For purposes of this subdivision and section 127A.47, subdivision 7, paragraphs
 20.22 (d) and (e), "general education revenue and referendum aid" means the sum of the general
 20.23 education revenue according to section 126C.10, subdivision 1, excluding alternative
 20.24 teacher compensation revenue, plus the referendum aid according to section 126C.17,
 20.25 subdivision 7, as adjusted according to section 127A.47, subdivision 7, paragraphs (a)
 20.26 to (c).

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

20.28 Sec. 2. Minnesota Statutes 2006, section 125A.14, is amended to read:

20.29 **125A.14 ~~SUMMER PROGRAMS~~ EXTENDED SCHOOL YEAR.**

20.30 A district may provide ~~summer programs~~ extended school year services for children
 20.31 with a disability living within the district and nonresident children temporarily placed in
 20.32 the district pursuant to section 125A.15 or 125A.16. Prior to March 31 or 30 days after the
 20.33 child with a disability is placed in the district, whichever is later, the providing district
 20.34 shall give notice to the district of residence of any nonresident children temporarily placed

21.1 in the district pursuant to section 125A.15 or 125A.16, of its intention to provide these
21.2 programs. Notwithstanding any contrary provisions in sections 125A.15 and 125A.16, the
21.3 district providing the special instruction and services must apply for special education
21.4 aid for the ~~summer program~~ extended school year services. The unreimbursed actual cost
21.5 of providing the program for nonresident children with a disability, including the cost of
21.6 board and lodging, may be billed to the district of the child's residence and must be paid
21.7 by the resident district. Transportation costs must be paid by the district responsible
21.8 for providing transportation pursuant to section 125A.15 or 125A.16 and transportation
21.9 aid must be paid to that district.

21.10 Sec. 3. Minnesota Statutes 2006, section 125A.75, subdivision 1, is amended to read:

21.11 Subdivision 1. **Travel aid.** The state must pay each district one-half of the sum
21.12 actually expended by a district, based on mileage, for necessary travel of essential
21.13 personnel providing home-based or community-based services to children with a disability
21.14 under age five and their families.

21.15 Sec. 4. Minnesota Statutes 2006, section 125A.75, subdivision 4, is amended to read:

21.16 Subd. 4. **Program and aid approval.** Before June 1 of each year, each district
21.17 providing special instruction and services to children with a disability must submit to
21.18 the commissioner an application for approval of these programs and their budgets for
21.19 the next fiscal year. The application must include an enumeration of the costs proposed
21.20 as eligible for state aid pursuant to this section and of the estimated number and grade
21.21 level of children with a disability in the district who will receive special instruction and
21.22 services ~~during the regular school year and in summer school programs~~ during the next
21.23 fiscal year. The application must also include any other information deemed necessary by
21.24 the commissioner for the calculation of state aid and for the evaluation of the necessity
21.25 of the program, the necessity of the personnel to be employed in the program, for
21.26 determining the amount which the program will receive from grants from federal funds,
21.27 or special grants from other state sources, and the program's compliance with the rules
21.28 and standards of the Department of Education. The commissioner shall review each
21.29 application to determine whether the program and the personnel to be employed in the
21.30 program are actually necessary and essential to meet the district's obligation to provide
21.31 special instruction and services to children with a disability pursuant to sections 125A.03
21.32 to 125A.24, 125A.259 to 125A.48, and 125A.65. The commissioner shall not approve aid
21.33 pursuant to this section for any program or for the salary of any personnel determined to
21.34 be unnecessary or unessential on the basis of this review. The commissioner may withhold

22.1 all or any portion of the aid for programs which receive grants from federal funds, or
 22.2 special grants from other state sources. By August 31 the commissioner shall approve,
 22.3 disapprove, or modify each application, and notify each applying district of the action
 22.4 and of the estimated amount of aid for the programs. The commissioner shall provide
 22.5 procedures for districts to submit additional applications for program and budget approval
 22.6 during the fiscal year, for programs needed to meet any substantial changes in the needs
 22.7 of children with a disability in the district. Notwithstanding the provisions of section
 22.8 127A.42, the commissioner may modify or withdraw the program or aid approval and
 22.9 withhold aid pursuant to this section without proceeding according to section 127A.42
 22.10 at any time the commissioner determines that the program does not comply with rules
 22.11 of the Department of Education or that any facts concerning the program or its budget
 22.12 differ from the facts in the district's approved application.

22.13 Sec. 5. Minnesota Statutes 2006, section 125A.76, subdivision 2, is amended to read:

22.14 Subd. 2. **Special education base revenue.** (a) The special education base revenue
 22.15 equals the sum of the following amounts computed using base year data:

22.16 (1) 68 percent of the salary of each essential person employed in the district's
 22.17 program for children with a disability during the fiscal year, whether the person is
 22.18 employed by one or more districts or a Minnesota correctional facility operating on a
 22.19 fee-for-service basis;

22.20 (2) for the Minnesota State Academy for the Deaf or the Minnesota State Academy
 22.21 for the Blind, 68 percent of the salary of each instructional aide assigned to a child
 22.22 attending the academy, if that aide is required by the child's individual education plan;

22.23 (3) for special instruction and services provided to any pupil by contracting with
 22.24 public, private, or voluntary agencies other than school districts, in place of special
 22.25 instruction and services provided by the district, 52 percent of the difference between
 22.26 the amount of the contract and ~~the amount of the basic revenue, as defined in section~~
 22.27 ~~126C.10, subdivision 2, special education aid, and any other aid earned on behalf of the~~
 22.28 ~~child~~ the general education revenue, excluding basic skills revenue and alternative teacher
 22.29 compensation revenue, and referendum equalization aid attributable to a pupil, calculated
 22.30 using the resident district's average general education revenue and referendum equalization
 22.31 aid per adjusted pupil unit for the fraction of the school day the pupil receives services
 22.32 under the contract. This includes children who are residents of the state, receive services
 22.33 under section 125A.76, subdivisions 1 and 2, and are placed in a care and treatment facility
 22.34 by court action in a state that does not have a reciprocity agreement with the commissioner
 22.35 under section 125A.155 as provided for in section 125A.79, subdivision 8;

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

23.5 (5) for supplies and equipment purchased or rented for use in the instruction of
 23.6 children with a disability, an amount equal to 47 percent of the sum actually expended by
 23.7 the district, or a Minnesota correctional facility operating on a fee-for-service basis, but
 23.8 not to exceed an average of \$47 in any one school year for each child with a disability
 23.9 receiving instruction;

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

23.13 (7) for fiscal years 1999 and later, the cost of providing transportation services for
 23.14 children with disabilities under section 123B.92, subdivision 1, paragraph (b), clause (4).

23.15 The department shall establish procedures through the uniform financial accounting
 23.16 and reporting system to identify and track all revenues generated from third-party billings
 23.17 as special education revenue at the school district level; include revenue generated from
 23.18 third-party billings as special education revenue in the annual cross-subsidy report; and
 23.19 exclude third-party revenue from calculation of excess cost aid to the districts.

23.20 (b) If requested by a school district operating a special education program during
 23.21 the base year for less than the full fiscal year, or a school district in which is located a
 23.22 Minnesota correctional facility operating on a fee-for-service basis for less than the full
 23.23 fiscal year, the commissioner may adjust the base revenue to reflect the expenditures
 23.24 that would have occurred during the base year had the program been operated for the
 23.25 full fiscal year.

23.26 (c) Notwithstanding paragraphs (a) and (b), the portion of a school district's base
 23.27 revenue attributable to a Minnesota correctional facility operating on a fee-for-service
 23.28 basis during the facility's first year of operating on a fee-for-service basis shall be
 23.29 computed using current year data.

23.30 Sec. 6. Minnesota Statutes 2006, section 125A.79, subdivision 8, is amended to read:

23.31 Subd. 8. **Out-of-state tuition.** For children who are residents of the state, receive
 23.32 services under section 125A.76, subdivisions 1 and 2, and are placed in a care and
 23.33 treatment facility by court action in a state that does not have a reciprocity agreement
 23.34 with the commissioner under section 125A.155, the resident school district shall submit
 23.35 the balance of the tuition bills, minus ~~the amount of the basic revenue, as defined by~~

24.1 ~~section 126C.10, subdivision 2, of the district for the child and~~ the general education
 24.2 revenue, excluding basic skills revenue and alternative teacher compensation revenue,
 24.3 and referendum equalization aid attributable to the pupil, calculated using the resident
 24.4 district's average general education revenue and referendum equalization aid per adjusted
 24.5 pupil unit minus the special education aid, and any other aid earned on behalf of the child
 24.6 contracted services base revenue attributable to the pupil.

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

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

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

24.14 (b) General education aid paid to a district serving a pupil in programs listed in this
 24.15 subdivision must be increased by an amount equal to the referendum equalization aid
 24.16 attributable to the pupil in the nonresident district.

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

24.20 (d) For fiscal year 2006, the district of residence must pay tuition to a district or an
 24.21 area learning center, operated according to paragraph (f), providing special instruction and
 24.22 services to a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in
 24.23 section 125A.51, who is enrolled in a program listed in this subdivision. The tuition must
 24.24 be equal to (1) the actual cost of providing special instruction and services to the pupil,
 24.25 including a proportionate amount for special transportation and unreimbursed building
 24.26 lease and debt service costs for facilities used primarily for special education, minus (2) if
 24.27 the pupil receives special instruction and services outside the regular classroom for more
 24.28 than 60 percent of the school day, the amount of general education revenue and referendum
 24.29 equalization aid attributable to that pupil for the portion of time the pupil receives special
 24.30 instruction and services outside of the regular classroom, excluding portions attributable to
 24.31 district and school administration, district support services, operations and maintenance,
 24.32 capital expenditures, and pupil transportation, minus (3) special education aid attributable
 24.33 to that pupil, that is received by the district providing special instruction and services.
 24.34 For purposes of this paragraph, general education revenue and referendum equalization

25.1 aid attributable to a pupil must be calculated using the serving district's average general
25.2 education revenue and referendum equalization aid per adjusted pupil unit.

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

25.24 (f) An area learning center operated by a service cooperative, intermediate district,
25.25 education district, or a joint powers cooperative may elect through the action of the
25.26 constituent boards to charge the resident district tuition for pupils rather than to have the
25.27 general education revenue paid to a fiscal agent school district. Except as provided in
25.28 paragraph (d) or (e), the district of residence must pay tuition equal to at least 90 percent
25.29 of the district average general education revenue per pupil unit minus an amount equal to
25.30 the product of the formula allowance according to section 126C.10, subdivision 2, times
25.31 .0485, calculated without basic skills revenue and transportation sparsity revenue, times
25.32 the number of pupil units for pupils attending the area learning center, plus the amount of
25.33 compensatory revenue generated by pupils attending the area learning center.

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

25.35 Sec. 8. Minnesota Statutes 2006, section 626.556, subdivision 11, is amended to read:

26.1 Subd. 11. **Records.** (a) Except as provided in paragraph (b) or ~~(d)~~ (e) and
26.2 subdivisions 10b, 10d, 10g, and 11b, all records concerning individuals maintained by a
26.3 local welfare agency or agency responsible for assessing or investigating the report under
26.4 this section, including any written reports filed under subdivision 7, shall be private data
26.5 on individuals, except insofar as copies of reports are required by subdivision 7 to be sent
26.6 to the local police department or the county sheriff. All records concerning determinations
26.7 of maltreatment by a facility are nonpublic data as maintained by the Department of
26.8 Education, except insofar as copies of reports are required by subdivision 7 to be sent
26.9 to the local police department or the county sheriff. Reports maintained by any police
26.10 department or the county sheriff shall be private data on individuals except the reports
26.11 shall be made available to the investigating, petitioning, or prosecuting authority, including
26.12 county medical examiners or county coroners. Section 13.82, subdivisions 8, 9, and 14,
26.13 apply to law enforcement data other than the reports. The local social services agency or
26.14 agency responsible for assessing or investigating the report shall make available to the
26.15 investigating, petitioning, or prosecuting authority, including county medical examiners or
26.16 county coroners or their professional delegates, any records which contain information
26.17 relating to a specific incident of neglect or abuse which is under investigation, petition, or
26.18 prosecution and information relating to any prior incidents of neglect or abuse involving
26.19 any of the same persons. The records shall be collected and maintained in accordance with
26.20 the provisions of chapter 13. In conducting investigations and assessments pursuant to
26.21 this section, the notice required by section 13.04, subdivision 2, need not be provided to a
26.22 minor under the age of ten who is the alleged victim of abuse or neglect. An individual
26.23 subject of a record shall have access to the record in accordance with those sections,
26.24 except that the name of the reporter shall be confidential while the report is under
26.25 assessment or investigation except as otherwise permitted by this subdivision. Any person
26.26 conducting an investigation or assessment under this section who intentionally discloses
26.27 the identity of a reporter prior to the completion of the investigation or assessment is
26.28 guilty of a misdemeanor. After the assessment or investigation is completed, the name of
26.29 the reporter shall be confidential. The subject of the report may compel disclosure of the
26.30 name of the reporter only with the consent of the reporter or upon a written finding by
26.31 the court that the report was false and that there is evidence that the report was made in
26.32 bad faith. This subdivision does not alter disclosure responsibilities or obligations under
26.33 the Rules of Criminal Procedure.

26.34 (b) Upon request of the legislative auditor, data on individuals maintained under
26.35 this section must be released to the legislative auditor in order for the auditor to fulfill the

27.1 auditor's duties under section 3.971. The auditor shall maintain the data in accordance
27.2 with chapter 13.

27.3 (c) The commissioner of education must be provided with all requested data that are
27.4 relevant to a report of maltreatment and are in possession of a school facility as defined
27.5 in subdivision 2, paragraph (i), when the data is requested pursuant to an assessment or
27.6 investigation of a maltreatment report of a student in a school. If the commissioner of
27.7 education makes a determination of maltreatment involving an individual performing
27.8 work within a school facility who is licensed by a board or other agency, the commissioner
27.9 shall provide necessary and relevant information to the licensing entity to enable the
27.10 entity to fulfill its statutory duties. Notwithstanding section 13.03, subdivision 4, data
27.11 received by a licensing entity under this paragraph are governed by section 13.41 or other
27.12 applicable law governing data of the receiving entity, except that this section applies to the
27.13 classification of and access to data on the reporter of the maltreatment.

27.14 (d) Data generated, collected, or maintained in the course of a maltreatment
27.15 investigation conducted by the commissioner of education is confidential data, except
27.16 those that are required by subdivision 7 to be sent to the local law enforcement agency.
27.17 Data on a closed or inactive maltreatment investigation by the commissioner of education
27.18 is private data; except those that are required by subdivision 7 to be sent to the local
27.19 law enforcement agency.

27.20 ~~(d)~~ (e) The investigating agency shall exchange not public data with the Child
27.21 Maltreatment Review Panel under section 256.022 if the data are pertinent and necessary
27.22 for a review requested under section 256.022. Upon completion of the review, the not
27.23 public data received by the review panel must be returned to the investigating agency.

27.24 Sec. 9. **REPEALER.**

27.25 Minnesota Statutes 2006, sections 125A.10; and 125A.75, subdivision 6, are
27.26 repealed.

27.27 ARTICLE 4

27.28 FACILITIES AND TECHNOLOGY

27.29 Section 1. Minnesota Statutes 2006, section 123B.63, subdivision 3, is amended to read:

27.30 Subd. 3. **Capital project levy referendum.** A district may levy the local tax
27.31 rate approved by a majority of the electors voting on the question to provide funds for
27.32 an approved project. The election must take place no more than five years before the
27.33 estimated date of commencement of the project. The referendum must be held on a date
27.34 set by the board. A referendum for a project not receiving a positive review and comment

28.1 by the commissioner under section 123B.71 must be approved by at least 60 percent of the
28.2 voters at the election. The referendum may be called by the school board and may be held:

28.3 (1) separately, before an election for the issuance of obligations for the project
28.4 under chapter 475; or

28.5 (2) in conjunction with an election for the issuance of obligations for the project
28.6 under chapter 475; or

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

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

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

28.19 "Shall the capital project levy proposed by the board of School District
28.20 No. be approved?"

28.21 If approved, the amount provided by the approved local tax rate applied to the net
28.22 tax capacity for the year preceding the year the levy is certified may be certified for the
28.23 number of years, not to exceed ten, approved.

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

28.27 The district must notify the commissioner of the results of the referendum.

28.28 **ARTICLE 5**
28.29 **NUTRITION AND ACCOUNTING**

28.30 Section 1. Minnesota Statutes 2006, section 123B.79, is amended by adding a
28.31 subdivision to read:

28.32 Subd. 9. **Elimination of reserve accounts.** A school board shall eliminate all
28.33 reserve accounts established in the school district's general fund under Minnesota Statutes
28.34 before July 1, 2006, for which no specific authority remains in statute as of June 30,
28.35 2007. Any balance in the district's reserved for bus purchases account as of June 30,

29.1 2007, shall be transferred to the reserved account for operating capital in the school
 29.2 district's general fund. Any balance in other reserved accounts established in the school
 29.3 district's general fund under Minnesota Statutes before July 1, 2006, for which no specific
 29.4 authority remains in statute as of June 30, 2007, shall be transferred to the school district's
 29.5 unreserved general fund balance. A school board may, upon adoption of a resolution by
 29.6 the school board, establish a designated account for any program for which a reserved
 29.7 account has been eliminated.

29.8 **EFFECTIVE DATE.** This section is effective June 30, 2007.

29.9 **ARTICLE 6**

29.10 **LIBRARIES**

29.11 Section 1. Minnesota Statutes 2006, section 134.31, is amended by adding a
 29.12 subdivision to read:

29.13 Subd. 4a. **Services to the blind and physically handicapped.** The Minnesota
 29.14 Department of Education shall provide specialized services to the blind and physically
 29.15 handicapped through the Minnesota Library for the Blind and Physically Handicapped
 29.16 under a cooperative plan with the National Library Services for the Blind and Physically
 29.17 Handicapped of the Library of Congress.

29.18 **ARTICLE 7**

29.19 **EARLY CHILDHOOD EDUCATION**

29.20 Section 1. Minnesota Statutes 2006, section 119A.52, is amended to read:

29.21 **119A.52 DISTRIBUTION OF APPROPRIATION.**

29.22 (a) The commissioner of education must distribute money appropriated for that
 29.23 purpose to federally designated Head Start programs to expand services and to serve
 29.24 additional low-income children. Migrant and Indian reservation programs must be initially
 29.25 allocated money based on the programs' share of federal funds. The remaining money
 29.26 must be initially allocated to the remaining local agencies based equally on the agencies'
 29.27 share of federal funds and on the proportion of eligible children in the agencies' service
 29.28 area who are not currently being served. A Head Start ~~grantee~~ grantee program must be funded
 29.29 at a per child rate equal to its contracted, federally funded base level at the start of the
 29.30 fiscal year. In allocating funds under this paragraph, the commissioner of education
 29.31 must assure that each Head Start program in existence in 1993 is allocated no less
 29.32 funding in any fiscal year than was allocated to that program in fiscal year 1993. Before
 29.33 paying money to the programs, the commissioner must notify each program of its initial

30.1 allocation, how the money must be used, and the number of low-income children to be
 30.2 served with the allocation based upon the federally funded per child rate. Each program
 30.3 must present a plan under section 119A.535. For any grantee program that cannot utilize
 30.4 its full allocation at the beginning of the fiscal year, the commissioner must reduce the
 30.5 allocation proportionately. Money available after the initial allocations are reduced must
 30.6 be redistributed to eligible grantees programs.

30.7 (b) The commissioner must develop procedures to make payments to programs
 30.8 based upon the number of children reported to be enrolled during the required time
 30.9 period of program operations. Enrollment is defined by federal Head Start regulations.
 30.10 The procedures must include a reporting schedule, corrective action plan requirements,
 30.11 and financial consequences to be imposed on programs that do not meet full enrollment
 30.12 after the period of corrective action. Programs reporting chronic underenrollment, as
 30.13 defined by the commissioner, will have their subsequent program year allocation reduced
 30.14 proportionately. Funds made available by prorating payments and allocations to programs
 30.15 with reported underenrollment will be made available to the extent funds exist to fully
 30.16 enrolled Head Start programs through a form and manner prescribed by the department.

30.17 Sec. 2. Minnesota Statutes 2006, section 119A.535, is amended to read:

30.18 **119A.535 APPLICATION REQUIREMENTS.**

30.19 Eligible Head Start organizations must submit a plan to the department for approval
 30.20 on a form and in the manner prescribed by the commissioner. The plan must include:

30.21 (1) the ~~estimated~~ number of low-income children and families the program will be
 30.22 able to serve;

30.23 (2) a description of the program design and service delivery area which meets the
 30.24 needs of and encourages access by low-income working families;

30.25 (3) a program design that ensures fair and equitable access to Head Start services for
 30.26 all populations and parts of the service area;

30.27 (4) a plan for ~~coordinating services to maximize assistance for child care costs~~
 30.28 available to families under chapter 119B providing Head Start services in conjunction with
 30.29 full-day child care programs to minimize child transitions, increase program intensity and
 30.30 duration, and improve child and family outcomes as required in section 119A.541; and

30.31 (5) identification of regular Head Start, early Head Start, full-day services provided
 30.32 in child care settings as required by section 119A.541, and innovative services based
 30.33 upon demonstrated needs to be provided.

30.34 Sec. 3. **119A.541 FULL-DAY REQUIREMENTS.**

31.1 The commissioner must require the following phase-in of full-day services in
 31.2 licensed child care centers or family child care homes as defined in chapter 245A:

31.3 (1) by fiscal year 2009, every program must provide Head Start services in at least
 31.4 one full-day child care center or family child care home;

31.5 (2) by fiscal year 2011, every program must provide Head Start services in at least
 31.6 one full-day child care setting in each of the counties served by the program; and

31.7 (3) by fiscal year 2013, a minimum of 50 percent of state-funded enrollment must be
 31.8 provided through agreements with licensed full-day child care programs.

31.9 If licensed child care providers do not exist in a necessary geographic area, choose
 31.10 not to participate, or cannot meet the federal Head Start performance standards after
 31.11 sufficient opportunity, Head Start programs may choose to establish the full-day services
 31.12 as a part of their own program model or request exemption from this requirement from
 31.13 the commissioner.

31.14 Sec. 4. Minnesota Statutes 2006, section 120A.05, is amended by adding a subdivision
 31.15 to read:

31.16 Subd. 9a. **Full-day kindergarten.** "Full-day kindergarten" means an academic
 31.17 program that prepares pupils to enter first grade the following school year, is provided
 31.18 for a minimum of 850 hours in a school year, includes curriculum and instruction under
 31.19 section 120B.11, and aligns with academic standards under section 120B.021, subdivision
 31.20 1. Learning activities provided as a part of a community education program are not
 31.21 full-day kindergarten.

31.22 Sec. 5. Minnesota Statutes 2006, section 123B.36, subdivision 1, is amended to read:

31.23 **Subdivision 1. School boards may require fees.** (a) For purposes of this
 31.24 subdivision, "home school" means a home school as defined in sections 120A.22 and
 31.25 120A.24 with five or fewer students receiving instruction.

31.26 (b) A school board is authorized to require payment of fees in the following areas:

31.27 (1) in any program where the resultant product, in excess of minimum requirements
 31.28 and at the pupil's option, becomes the personal property of the pupil;

31.29 (2) admission fees or charges for extracurricular activities, where attendance
 31.30 is optional and where the admission fees or charges a student must pay to attend or
 31.31 participate in an extracurricular activity is the same for all students, regardless of whether
 31.32 the student is enrolled in a public or a home school;

31.33 (3) a security deposit for the return of materials, supplies, or equipment;

32.1 (4) personal physical education and athletic equipment and apparel, although any
32.2 pupil may personally provide it if it meets reasonable requirements and standards relating
32.3 to health and safety established by the board;

32.4 (5) items of personal use or products that a student has an option to purchase such as
32.5 student publications, class rings, annuals, and graduation announcements;

32.6 (6) fees specifically permitted by any other statute, including but not limited to
32.7 section 171.05, subdivision 2; provided (i) driver education fees do not exceed the actual
32.8 cost to the school and school district of providing driver education, and (ii) the driver
32.9 education courses are open to enrollment to persons between the ages of 15 and 18 who
32.10 reside or attend school in the school district;

32.11 (7) field trips considered supplementary to a district educational program;

32.12 (8) any authorized voluntary student health and accident benefit plan;

32.13 (9) for the use of musical instruments owned or rented by the district, a reasonable
32.14 rental fee not to exceed either the rental cost to the district or the annual depreciation plus
32.15 the actual annual maintenance cost for each instrument;

32.16 (10) transportation of pupils to and from extracurricular activities conducted at
32.17 locations other than school, where attendance is optional;

32.18 (11) transportation to and from school of pupils living within two miles from school
32.19 and all other transportation services not required by law. If a district charges fees for
32.20 transportation of pupils, it must establish guidelines for that transportation to ensure that
32.21 no pupil is denied transportation solely because of inability to pay;

32.22 (12) motorcycle classroom education courses conducted outside of regular school
32.23 hours; provided the charge must not exceed the actual cost of these courses to the school
32.24 district;

32.25 (13) transportation to and from postsecondary institutions for pupils enrolled under
32.26 the postsecondary enrollment options program under section 123B.88, subdivision 22.
32.27 Fees collected for this service must be reasonable and must be used to reduce the cost
32.28 of operating the route. Families who qualify for mileage reimbursement under section
32.29 124D.09, subdivision 22, may use their state mileage reimbursement to pay this fee. If
32.30 no fee is charged, districts must allocate costs based on the number of pupils riding the
32.31 route; and

32.32 (14) the unreimbursed cost of a prekindergarten program, or the additional cost
32.33 of an optional full-day kindergarten program in a district that also provides a half-time
32.34 kindergarten option, except that no fee shall be charged for providing a child with
32.35 a disability a free and appropriate public education in accordance with the child's
32.36 individualized education program according to section 125A.03. If a district charges fees

33.1 for prekindergarten or full-day kindergarten programs, it must establish a reasonable
 33.2 sliding fee scale but it shall waive the fee for a participant unable to pay.

33.3 Sec. 6. Minnesota Statutes 2006, section 123B.37, subdivision 1, is amended to read:

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

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

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

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

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

33.12 (5) instructional costs for necessary school personnel employed in any course or
 33.13 educational program required for graduation except as authorized in section 123B.36,
 33.14 subdivision 1, paragraph (14);

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

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

33.17 (8) any admission or examination cost for any required educational course or
 33.18 program;

33.19 (9) locker rentals;

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

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

33.26 Sec. 7. Minnesota Statutes 2006, section 124D.02, subdivision 1, is amended to read:

33.27 Subdivision 1. **Kindergarten instruction.** (a) The board may establish and
 33.28 maintain one or more kindergartens for the instruction of children and after July 1, 1974,
 33.29 shall provide kindergarten instruction for all eligible children, either in the district or in
 33.30 another district. All children to be eligible for kindergarten must be at least five years
 33.31 of age on September 1 of the calendar year in which the school year commences. In
 33.32 addition all children selected under an early admissions policy established by the school
 33.33 board may be admitted. Nothing in this section shall prohibit a school district from
 33.34 establishing Head Start, prekindergarten, or nursery school classes for children below

34.1 kindergarten age. Any school board with evidence that providing kindergarten will
 34.2 cause an extraordinary hardship on the school district may apply to the commissioner of
 34.3 education for an exception.

34.4 (b) For purposes of demonstrating the efficacy of integrating early childhood
 34.5 education and care with early elementary grades, the board and any existing
 34.6 prekindergarten program, including Head Start or any other relevant public or private
 34.7 entity, may enter into a written agreement to provide early education for children under a
 34.8 unified administrative structure that establishes an education continuum for children
 34.9 during the prekindergarten, kindergarten, and primary school years through at least grade
 34.10 three. A copy of the agreement must be forwarded to the commissioner of education.

34.11 (c) The agreement may provide for the creation of a nonprofit corporation or a
 34.12 charter school to achieve the unified administrative and management structure, and
 34.13 authorize the payment to that entity of any funds received for children enrolled in the
 34.14 educational continuum. Tuition, participant fees, or both may be charged for children
 34.15 not yet in kindergarten. Boards may establish a sliding fee for participation. Fees must
 34.16 be waived for those without ability to pay.

34.17 (d) The agreement shall:

34.18 (1) create a management board that represents the school board, the participating
 34.19 prekindergarten programs, and other relevant public and private entities;

34.20 (2) provide for the alignment of curricular approaches, professional development
 34.21 opportunities, child and student assessment, and program evaluation;

34.22 (3) provide aligned standards, curriculum, instruction, and assessment within the
 34.23 framework of research and evaluation of best practices;

34.24 (4) provide for special education for the children as needed; and

34.25 (5) not extend beyond ten years, but shall be renewable.

34.26 **Sec. 8. REPEALER.**

34.27 Minnesota Statutes 2006, section 124D.175, is repealed.

34.28 **ARTICLE 8**

34.29 **SELF-SUFFICIENCY AND LIFELONG LEARNING**

34.30 Section 1. Minnesota Statutes 2006, section 124D.531, subdivision 4, is amended to
 34.31 read:

34.32 **Subd. 4. Adult basic education program aid limit.** (a) Notwithstanding
 34.33 subdivisions 2 and 3, the total adult basic education aid for a program per prior year

35.1 contact hour must not exceed \$21 per prior year contact hour computed under subdivision
35.2 3, clause (2).

35.3 ~~(b) For fiscal year 2004, the aid for a program under subdivision 3, clause (2);~~
35.4 ~~adjusted for changes in program membership, must not exceed the aid for that program~~
35.5 ~~under subdivision 3, clause (2), for fiscal year 2003 by more than the greater of eight~~
35.6 ~~percent or \$10,000.~~

35.7 ~~(c) For fiscal year 2005, the aid for a program under subdivision 3, clause (2);~~
35.8 ~~adjusted for changes in program membership, must not exceed the sum of the aid for that~~
35.9 ~~program under subdivision 3, clause (2), and Laws 2003, First Special Session chapter 9,~~
35.10 ~~article 9, section 8, paragraph (a), for the preceding fiscal year by more than the greater of~~
35.11 ~~eight percent or \$10,000.~~

35.12 ~~(d)~~ (b) For fiscal year 2006 and later fiscal year 2007, the aid for a program under
35.13 subdivision 3, clause (2), adjusted for changes in program membership, must not exceed
35.14 the aid for that program under subdivision 3, clause (2), for the first preceding fiscal year
35.15 by more than the greater of eight percent or \$10,000.

35.16 (c) For fiscal year 2008 and later, the aid for a program under subdivision 3,
35.17 clause (2), adjusted for changes in program membership, must not exceed the aid for
35.18 that program under subdivision 3, clause (2), for the first preceding fiscal year by more
35.19 than the greater of 11 percent or \$14,000.

35.20 ~~(e)~~ (d) Adult basic education aid is payable to a program for unreimbursed costs
35.21 occurring in the program year as defined in section 124D.52, subdivision 3.

35.22 ~~(f)~~ (e) Any adult basic education aid that is not paid to a program because of the
35.23 program aid limitation under paragraph (a) must be added to the state total adult basic
35.24 education aid for the next fiscal year under subdivision 1. Any adult basic education aid
35.25 that is not paid to a program because of the program aid limitations under paragraph (b),
35.26 (c), or (d), must be reallocated among programs by adjusting the rate per contact hour
35.27 under subdivision 3, clause (2).

35.28 Sec. 2. Minnesota Statutes 2006, section 124D.55, is amended to read:

35.29 **124D.55 GENERAL EDUCATION DEVELOPMENT (GED) TEST FEES.**

35.30 The commissioner shall pay 60 percent of the fee that is charged to an eligible
35.31 individual for the full battery of a general education development (GED) test, but not
35.32 more than ~~\$20~~ \$40 for an eligible individual.

35.33 Sec. 3. **REPEALER.**

35.34 Minnesota Statutes 2006, section 124D.531, subdivision 5, is repealed.