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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

March 13, 2007

Committee Recommendation and Adoption of Report:

To Pass as Amended and re-referred to the Committee on Finance

1.1 A bill for an act

1.2 relating to education; providing for prekindergarten through grade 12 education,

1.3 including general education, education excellence, special programs, facilities

1.4 and technology, nutrition and accounting, libraries, early childhood education,

1.5 self-sufficiency and lifelong learning, and early childhood education; authorizing

1.6 rulemaking; amending Minnesota Statutes 2006, sections 16A.152, subdivision

1.7 2; 119A.52; 119A.535; 120A.05, by adding a subdivision; 120A.22, subdivision

1.8 7; 120B.15; 120B.30; 122A.16; 123B.143, subdivision 1; 123B.36, subdivision

1.9 1; 123B.37, subdivision 1; 123B.63, subdivision 3; 123B.79, by adding a

1.10 subdivision; 123B.92, subdivision 3; 124D.095, subdivision 3; 124D.10,

1.11 subdivisions 4, 23a, 24; 124D.4531, subdivisions 1, 3; 124D.531, subdivision 4;

1.12 124D.55; 124D.84, subdivision 1; 125A.11, subdivision 1; 125A.14; 125A.75,

1.13 subdivisions 1, 4; 125A.76, subdivision 2; 125A.79, subdivision 8; 126C.13,

1.14 subdivision 4; 126C.21, subdivision 5; 127A.441; 127A.47, subdivision 7;

1.15 127A.49, subdivision 2; 134.31, by adding a subdivision; 626.556, subdivision

1.16 11; proposing coding for new law in Minnesota Statutes, chapters 119A;

1.17 123B; 124D; repealing Minnesota Statutes 2006, sections 124D.06; 124D.531,

1.18 subdivision 5; 124D.62; 125A.10; 125A.75, subdivision 6.

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

1.20 ARTICLE 1
1.21 GENERAL EDUCATION

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

1.24 Subd. 2. **Additional revenues; priority.** (a) If on the basis of a forecast of general
1.25 fund revenues and expenditures, the commissioner of finance determines that there will be
1.26 a positive unrestricted budgetary general fund balance at the close of the biennium, the
1.27 commissioner of finance must allocate money to the following accounts and purposes in
1.28 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, charter school, or nonpublic school from
5.15 which a student is transferring must transmit the student's educational records, within ten
5.16 business days of a request, to the district, charter school, or nonpublic school in which
5.17 the student is enrolling. Districts and charter schools must make reasonable efforts to
5.18 determine the district, charter school, or nonpublic school in which a transferring student
5.19 is next 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 ~~(c)~~ (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-IIs) 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 ~~(b)~~ (c) The ~~third~~ 3rd through 8th grade and high school level test results shall
- 8.13 be available to districts for diagnostic purposes affecting student learning and district
- 8.14 instruction and curriculum, and for establishing educational accountability. The
- 8.15 commissioner must disseminate to the public the test results upon receiving those results.
- 8.16 ~~(c)~~ (d) State tests must be constructed and aligned with state academic standards. The
- 8.17 testing process and the order of administration shall be determined by the commissioner.
- 8.18 The statewide results shall be aggregated at the site and district level, consistent with
- 8.19 subdivision 1a.
- 8.20 ~~(d)~~ (e) In addition to the testing and reporting requirements under this section, the
- 8.21 commissioner shall include the following components in the statewide public reporting
- 8.22 system:
- 8.23 (1) uniform statewide testing of all students in grades 3 through 8 and at the high
- 8.24 school level that provides appropriate, technically sound accommodations, alternate
- 8.25 assessments, or exemptions consistent with applicable federal law, only with parent or
- 8.26 guardian approval, for those very few students for whom the student's individual education
- 8.27 plan team under sections 125A.05 and 125A.06; determines that the general statewide
- 8.28 test is inappropriate for a student is incapable of taking a statewide test, or for a limited
- 8.29 English proficiency student under section 124D.59, subdivision 2, ~~if the student has been~~
- 8.30 ~~in the United States for fewer than three years;~~
- 8.31 (2) educational indicators that can be aggregated and compared across school
- 8.32 districts and across time on a statewide basis, including average daily attendance, high
- 8.33 school graduation rates, and high school drop-out rates by age and grade level;
- 8.34 (3) ~~students' scores~~ state results on the American College Test; and
- 8.35 (4) state results from participation in the National Assessment of Educational
- 8.36 Progress so that the state can benchmark its performance against the nation and other

9.1 states, and, where possible, against other countries, and contribute to the national effort
9.2 to monitor achievement.

9.3 ~~(c) Districts must report exemptions under paragraph (d), clause (1), to the~~
9.4 ~~commissioner consistent with a format provided by the commissioner.~~

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

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

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

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

9.19 (c) Reporting of assessment results must:

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

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

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

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

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

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

10.1 the required academic standards. A school, school district, or charter school may use a
 10.2 student's performance on a statewide assessment as one of multiple criteria to determine
 10.3 grade promotion or retention. A school, school district, or charter school may use a high
 10.4 school student's performance on a statewide assessment as a percentage of the student's
 10.5 final grade in a course, or place a student's assessment score on the student's transcript
 10.6 except as required under paragraph (f).

10.7 (f) A school district or charter school must place a student's assessment score for
 10.8 ninth grade writing, tenth grade language arts, and eleventh grade mathematics on the
 10.9 student's transcript.

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

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

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

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

10.28 **122A.16 HIGHLY QUALIFIED TEACHER DEFINED.**

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

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

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

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

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

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

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

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

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

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

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

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

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

11.23 ~~(7) evidence of the successful completion of high quality professional development~~
11.24 ~~activities;~~

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

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

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

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

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

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

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

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

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

13.1 ~~basic standards test taken in the eighth grade, identifying the highest student passage~~
 13.2 ~~rate the district expects it will be able to attain on the basic standards test by grade 12,~~
 13.3 ~~the amount of expenditures that the district requires to attain the targeted student passage~~
 13.4 ~~rate, and how much the district is cross-subsidizing programs with special education, basic~~
 13.5 ~~skills, and general education revenue; and~~

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

13.7 Sec. 6. **[123B.485] NONPUBLIC TRANSCRIPTS.**

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

13.13 Sec. 7. Minnesota Statutes 2006, section 123B.92, subdivision 3, is amended to read:

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

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

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

13.25 Sec. 8. Minnesota Statutes 2006, section 124D.095, subdivision 3, is amended to read:

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

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

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

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

14.13 Sec. 9. Minnesota Statutes 2006, section 124D.10, subdivision 4, is amended to read:

14.14 Subd. 4. **Formation of school.** (a) A sponsor may authorize one or more licensed
14.15 teachers under section 122A.18, subdivision 1, to operate a charter school subject to
14.16 approval by the commissioner. A board must vote on charter school application for
14.17 sponsorship no later than 90 days after receiving the application. ~~After 90 days, the~~
14.18 ~~applicant may apply to the commissioner. If a board elects not to sponsor a charter school,~~
14.19 ~~the applicant may appeal the board's decision to the commissioner who may elect to assist~~
14.20 ~~the applicant in finding an eligible sponsor.~~ The school must be organized and operated as
14.21 a cooperative under chapter 308A or nonprofit corporation under chapter 317A and the
14.22 provisions under the applicable chapter shall apply to the school except as provided in this
14.23 section. Notwithstanding sections 465.717 and 465.719, a school district may create a
14.24 corporation for the purpose of creating a charter school.

14.25 (b) Before the operators may form and operate a school, the sponsor must file an
14.26 affidavit with the commissioner stating its intent to authorize a charter school. The
14.27 affidavit must state the terms and conditions under which the sponsor would authorize a
14.28 charter school and how the sponsor intends to oversee the fiscal and student performance
14.29 of the charter school and to comply with the terms of the written contract between the
14.30 sponsor and the charter school board of directors under subdivision 6. The commissioner
14.31 must approve or disapprove the sponsor's proposed authorization within 90 days of
14.32 receipt of the affidavit. Failure to obtain commissioner approval precludes a sponsor from
14.33 authorizing the charter school that was the subject of the affidavit.

14.34 (c) The operators authorized to organize and operate a school, before entering into
14.35 a contract or other agreement for professional or other services, goods, or facilities,

15.1 must incorporate as a cooperative under chapter 308A or as a nonprofit corporation
15.2 under chapter 317A and must establish a board of directors composed of at least five
15.3 members until a timely election for members of the charter school board of directors is
15.4 held according to the school's articles and bylaws. A charter school board of directors
15.5 must be composed of at least five members. Any staff members who are employed at the
15.6 school, including teachers providing instruction under a contract with a cooperative, and
15.7 all parents of children enrolled in the school may participate in the election for members
15.8 of the school's board of directors. Licensed teachers employed at the school, including
15.9 teachers providing instruction under a contract with a cooperative, must be a majority
15.10 of the members of the board of directors before the school completes its third year of
15.11 operation, unless the commissioner waives the requirement for a majority of licensed
15.12 teachers on the board. Board of director meetings must comply with chapter 13D.

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

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

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

15.21 (2) the charter school is fiscally sound;

15.22 (3) the sponsor supports the expansion; and

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

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

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

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

15.31 (3) establish proper filing techniques;

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

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

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

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

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

16.5 Subd. 23a. **Related party lease costs.** (a) A charter school is prohibited from
 16.6 entering a lease of real property with a related party as defined in ~~this~~ subdivision 26, unless
 16.7 the lessor is a nonprofit corporation under chapter 317A or a cooperative under chapter
 16.8 308A, and the lease cost is reasonable under section 124D.11, subdivision 4, clause (1).

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

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

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

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

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

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

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

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

16.29 Sec. 11. Minnesota Statutes 2006, section 124D.10, subdivision 24, is amended to read:

16.30 Subd. 24. **Pupil enrollment upon nonrenewal or termination of charter school**
 16.31 **contract.** If a contract is not renewed or is terminated according to subdivision 23, a
 16.32 pupil who attended the school, siblings of the pupil, or another pupil who resides in the
 16.33 same place as the pupil may enroll in the resident district or may submit an application
 16.34 to a nonresident district according to section 124D.03 at any time. Applications and

17.1 notices required by section 124D.03 must be processed and provided in a prompt manner.
17.2 The application and notice deadlines in section 124D.03 do not apply under these
17.3 circumstances. The closed charter school must transfer the student's educational records,
17.4 within ten business days of closure, to the student's school district of residence where the
17.5 records must be retained or transferred under section 120A.22, subdivision 7.

17.6 Sec. 12. Minnesota Statutes 2006, section 124D.4531, subdivision 1, is amended to
17.7 read:

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

17.11 (1) \$80 times the district's average daily membership served in grades 10 through 12
17.12 for the fiscal year in which the levy is certified; or

17.13 (2) 25 percent of approved expenditures in the fiscal year in which the levy is
17.14 certified for the following:

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

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

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

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

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

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

17.28 (vii) specialized vocational instructional supplies.

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

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

18.1 Sec. 13. Minnesota Statutes 2006, section 124D.4531, subdivision 3, is amended to
18.2 read:

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

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

18.7 (2) 100 percent of the approved expenditures for career and technical programs
18.8 included in subdivision 1, paragraph ~~(b)~~ (a), for the fiscal year in which the levy is certified.

18.9 Sec. 14. **[124D.645] MULTIRACIAL DIVERSITY.**

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

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

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

18.20 The commissioner must grant the waiver if the district in which the school is located offers
18.21 the multiracial students or the limited English proficiency students, as appropriate, the
18.22 option of enrolling in another school with the requisite racial balance, and the students'
18.23 parents choose not to pursue that option.

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

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

18.28 Sec. 15. Minnesota Statutes 2006, section 124D.84, subdivision 1, is amended to read:

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

19.1 Scholarships must be for accredited degree programs in accredited Minnesota colleges
19.2 or universities or for courses in accredited Minnesota business, technical, or vocational
19.3 schools. Scholarships may also be given to students attending Minnesota colleges that
19.4 are in candidacy status for obtaining full accreditation, and are eligible for and receiving
19.5 federal financial aid programs. Students are also eligible for scholarships when enrolled
19.6 as students in Minnesota higher education institutions that have joint programs with
19.7 other accredited higher education institutions. ~~Scholarships shall be used to defray the~~
19.8 ~~total cost of education including tuition, incidental fees, books, supplies, transportation,~~
19.9 ~~other related school costs and the cost of board and room and shall be paid directly to the~~
19.10 ~~college or school concerned where the student receives federal financial aid. The total cost~~
19.11 ~~of education includes all tuition and fees for each student enrolling in a public institution~~
19.12 ~~and the portion of tuition and fees for each student enrolling in a private institution that~~
19.13 ~~does not exceed the tuition and fees at a comparable public institution.~~ Each student
19.14 shall be awarded a scholarship based on ~~the total cost of the student's education and~~
19.15 a federal standardized need analysis after application of federal Pell money, state grant
19.16 money, and other scholarships. Depending upon students' unmet needs, the Minnesota
19.17 Indian scholarship program may award up to the current federal Pell grant allowable
19.18 maximum student award per school year. Applicants are encouraged to apply for all other
19.19 sources of financial aid.

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

19.26 Sec. 16. **RULEMAKING AUTHORITY.**

19.27 The commissioner of education shall adopt rules for implementing and administering
19.28 the graduation-required assessment for diploma (GRAD) in reading and mathematics
19.29 and in writing, consistent with Minnesota Statutes, section 120B.30, subdivision 1, and
19.30 for public review of the GRAD test. The rules must specify the GRAD requirements
19.31 that apply to students in unique circumstances including dual enrolled students, English
19.32 language learners, foreign exchange students, home school students, open enrollment
19.33 students, Minnesota postsecondary enrollment options students, shared-time students,
19.34 transfer students from other states, and district-placed students and students attending
19.35 school under a tuition agreement. The rules must establish the criteria for determining

20.1 individualized GRAD passing scores for students with an individual education plan or
20.2 a Section 504 plan and for using an alternative assessment when a student's individual
20.3 education plan team decides to replace the GRAD test.

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

20.5 Sec. 17. **RULEMAKING REQUIRED.**

20.6 (a) Notwithstanding the time limit in Minnesota Statutes, section 14.125, the Board
20.7 of Teaching must adopt the rules it was mandated to adopt under Laws 2003, chapter 129,
20.8 article 1, section 10. The board must publish a notice of intent to adopt rules or a notice of
20.9 hearing for rules subject to this section before January 1, 2008.

20.10 (b) The failure of a board member to comply with paragraph (a) is a willful failure to
20.11 perform a specific act that is a required part of the duties of a public official and is cause
20.12 for removal under Minnesota Statutes, section 15.0575, subdivision 4.

20.13 (c) The Board of Teaching may charge fees to issue new credentials and to renew
20.14 credentials for paraprofessionals issued credentials under the rules adopted under this
20.15 section.

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

20.17 Sec. 18. **REVISOR'S INSTRUCTION.**

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

20.21 Sec. 19. **REPEALER.**

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

20.23 **ARTICLE 3**

20.24 **SPECIAL PROGRAMS**

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

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

21.1 including a proportionate amount for special transportation and unreimbursed building
21.2 lease and debt service costs for facilities used primarily for special education, plus (2)
21.3 the amount of general education revenue and referendum aid attributable to the pupil,
21.4 minus (3) the amount of special education aid for children with a disability received
21.5 on behalf of that child, minus (4) if the pupil receives special instruction and services
21.6 outside the regular classroom for more than 60 percent of the school day, the amount of
21.7 general education revenue and referendum aid, excluding portions attributable to district
21.8 and school administration, district support services, operations and maintenance, capital
21.9 expenditures, and pupil transportation, attributable to that pupil for the portion of time
21.10 the pupil receives special instruction and services outside of the regular classroom. If
21.11 the boards involved do not agree upon the tuition rate, either board may apply to the
21.12 commissioner to fix the rate. Notwithstanding chapter 14, the commissioner must then set
21.13 a date for a hearing or request a written statement from each board, giving each board
21.14 at least ten days' notice, and after the hearing or review of the written statements the
21.15 commissioner must make an order fixing the tuition rate, which is binding on both school
21.16 districts. General education revenue and referendum equalization aid attributable to a
21.17 pupil must be calculated using the resident district's average general education revenue
21.18 and referendum ~~revenue~~ equalization aid per adjusted pupil unit.

21.19 (b) For fiscal year 2007 and later, when a school district provides special instruction
21.20 and services for a pupil with a disability as defined in section 125A.02 outside the district
21.21 of residence, excluding a pupil for whom an adjustment to special education aid is
21.22 calculated according to section 127A.47, subdivision 7, paragraph (e), special education
21.23 aid paid to the resident district must be reduced by an amount equal to (1) the actual
21.24 cost of providing special instruction and services to the pupil, including a proportionate
21.25 amount for special transportation and unreimbursed building lease and debt service
21.26 costs for facilities used primarily for special education, plus (2) the amount of general
21.27 education revenue and referendum equalization aid attributable to that pupil, minus (3)
21.28 the amount of special education aid for children with a disability received on behalf of
21.29 that child, minus (4) if the pupil receives special instruction and services outside the
21.30 regular classroom for more than 60 percent of the school day, the amount of general
21.31 education revenue and referendum equalization aid, excluding portions attributable to
21.32 district and school administration, district support services, operations and maintenance,
21.33 capital expenditures, and pupil transportation, attributable to that pupil for the portion of
21.34 time the pupil receives special instruction and services outside of the regular classroom.
21.35 General education revenue and referendum equalization aid attributable to a pupil must be
21.36 calculated using the resident district's average general education revenue and referendum

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

22.9 (c) Notwithstanding paragraphs (a) and (b) and section 127A.47, subdivision 7,
 22.10 paragraphs (d) and (e), a charter school where more than 30 percent of enrolled students
 22.11 receive special education and related services, a site approved under section 125A.515,
 22.12 an intermediate district, a special education cooperative, or a school district that served
 22.13 as the applicant agency for a group of school districts for federal special education aids
 22.14 for fiscal year 2006 may apply to the commissioner for authority to charge the resident
 22.15 district an additional amount to recover any remaining unreimbursed costs of serving
 22.16 pupils with a disability. The application must include a description of the costs and the
 22.17 calculations used to determine the unreimbursed portion to be charged to the resident
 22.18 district. Amounts approved by the commissioner under this paragraph must be included
 22.19 in the tuition billings or aid adjustments under paragraph (a) or (b), or section 127A.47,
 22.20 subdivision 7, paragraph (d) or (e), as applicable.

22.21 (d) For purposes of this subdivision and section 127A.47, subdivision 7, paragraphs
 22.22 (d) and (e), "general education revenue and referendum aid" means the sum of the general
 22.23 education revenue according to section 126C.10, subdivision 1, excluding alternative
 22.24 teacher compensation revenue, plus the referendum aid according to section 126C.17,
 22.25 subdivision 7, as adjusted according to section 127A.47, subdivision 7, paragraphs (a)
 22.26 to (c).

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

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

22.29 **125A.14 ~~SUMMER PROGRAMS~~ EXTENDED SCHOOL YEAR.**

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

23.1 in the district pursuant to section 125A.15 or 125A.16, of its intention to provide these
23.2 programs. Notwithstanding any contrary provisions in sections 125A.15 and 125A.16, the
23.3 district providing the special instruction and services must apply for special education
23.4 aid for the ~~summer program~~ extended school year services. The unreimbursed actual cost
23.5 of providing the program for nonresident children with a disability, including the cost of
23.6 board and lodging, may be billed to the district of the child's residence and must be paid
23.7 by the resident district. Transportation costs must be paid by the district responsible
23.8 for providing transportation pursuant to section 125A.15 or 125A.16 and transportation
23.9 aid must be paid to that district.

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

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

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

23.16 Subd. 4. **Program and aid approval.** Before June 1 of each year, each district
23.17 providing special instruction and services to children with a disability must submit to
23.18 the commissioner an application for approval of these programs and their budgets for
23.19 the next fiscal year. The application must include an enumeration of the costs proposed
23.20 as eligible for state aid pursuant to this section and of the estimated number and grade
23.21 level of children with a disability in the district who will receive special instruction and
23.22 services ~~during the regular school year and in summer school programs~~ during the next
23.23 fiscal year. The application must also include any other information deemed necessary by
23.24 the commissioner for the calculation of state aid and for the evaluation of the necessity
23.25 of the program, the necessity of the personnel to be employed in the program, for
23.26 determining the amount which the program will receive from grants from federal funds,
23.27 or special grants from other state sources, and the program's compliance with the rules
23.28 and standards of the Department of Education. The commissioner shall review each
23.29 application to determine whether the program and the personnel to be employed in the
23.30 program are actually necessary and essential to meet the district's obligation to provide
23.31 special instruction and services to children with a disability pursuant to sections 125A.03
23.32 to 125A.24, 125A.259 to 125A.48, and 125A.65. The commissioner shall not approve aid
23.33 pursuant to this section for any program or for the salary of any personnel determined to
23.34 be unnecessary or unessential on the basis of this review. The commissioner may withhold

24.1 all or any portion of the aid for programs which receive grants from federal funds, or
 24.2 special grants from other state sources. By August 31 the commissioner shall approve,
 24.3 disapprove, or modify each application, and notify each applying district of the action
 24.4 and of the estimated amount of aid for the programs. The commissioner shall provide
 24.5 procedures for districts to submit additional applications for program and budget approval
 24.6 during the fiscal year, for programs needed to meet any substantial changes in the needs
 24.7 of children with a disability in the district. Notwithstanding the provisions of section
 24.8 127A.42, the commissioner may modify or withdraw the program or aid approval and
 24.9 withhold aid pursuant to this section without proceeding according to section 127A.42
 24.10 at any time the commissioner determines that the program does not comply with rules
 24.11 of the Department of Education or that any facts concerning the program or its budget
 24.12 differ from the facts in the district's approved application.

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

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

24.16 (1) 68 percent of the salary of each essential person employed in the district's
 24.17 program for children with a disability during the fiscal year, whether the person is
 24.18 employed by one or more districts or a Minnesota correctional facility operating on a
 24.19 fee-for-service basis;

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

24.23 (3) for special instruction and services provided to any pupil by contracting with
 24.24 public, private, or voluntary agencies other than school districts, in place of special
 24.25 instruction and services provided by the district, 52 percent of the difference between
 24.26 the amount of the contract and ~~the amount of the basic revenue, as defined in section~~
 24.27 ~~126C.10, subdivision 2, special education aid, and any other aid earned on behalf of the~~
 24.28 ~~child~~ the general education revenue, excluding basic skills revenue and alternative teacher
 24.29 compensation revenue, and referendum equalization aid attributable to a pupil, calculated
 24.30 using the resident district's average general education revenue and referendum equalization
 24.31 aid per adjusted pupil unit for the fraction of the school day the pupil receives services
 24.32 under the contract. This includes children who are residents of the state, receive services
 24.33 under section 125A.76, subdivisions 1 and 2, and are placed in a care and treatment facility
 24.34 by court action in a state that does not have a reciprocity agreement with the commissioner
 24.35 under section 125A.155 as provided for in section 125A.79, subdivision 8;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26.20 (d) For fiscal year 2006, the district of residence must pay tuition to a district or an
26.21 area learning center, operated according to paragraph (f), providing special instruction and
26.22 services to a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in
26.23 section 125A.51, who is enrolled in a program listed in this subdivision. The tuition must
26.24 be equal to (1) the actual cost of providing special instruction and services to the pupil,
26.25 including a proportionate amount for special transportation and unreimbursed building
26.26 lease and debt service costs for facilities used primarily for special education, minus (2) if
26.27 the pupil receives special instruction and services outside the regular classroom for more
26.28 than 60 percent of the school day, the amount of general education revenue and referendum
26.29 equalization aid attributable to that pupil for the portion of time the pupil receives special
26.30 instruction and services outside of the regular classroom, excluding portions attributable to
26.31 district and school administration, district support services, operations and maintenance,
26.32 capital expenditures, and pupil transportation, minus (3) special education aid attributable
26.33 to that pupil, that is received by the district providing special instruction and services.
26.34 For purposes of this paragraph, general education revenue and referendum equalization

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

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

27.24 (f) An area learning center operated by a service cooperative, intermediate district,
27.25 education district, or a joint powers cooperative may elect through the action of the
27.26 constituent boards to charge the resident district tuition for pupils rather than to have the
27.27 general education revenue paid to a fiscal agent school district. Except as provided in
27.28 paragraph (d) or (e), the district of residence must pay tuition equal to at least 90 percent
27.29 of the district average general education revenue per pupil unit minus an amount equal to
27.30 the product of the formula allowance according to section 126C.10, subdivision 2, times
27.31 .0485, calculated without basic skills revenue and transportation sparsity revenue, times
27.32 the number of pupil units for pupils attending the area learning center, plus the amount of
27.33 compensatory revenue generated by pupils attending the area learning center.

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

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

28.1 Subd. 11. **Records.** (a) Except as provided in paragraph (b) or ~~(d)~~ (e) and
28.2 subdivisions 10b, 10d, 10g, and 11b, all records concerning individuals maintained by a
28.3 local welfare agency or agency responsible for assessing or investigating the report under
28.4 this section, including any written reports filed under subdivision 7, shall be private data
28.5 on individuals, except insofar as copies of reports are required by subdivision 7 to be sent
28.6 to the local police department or the county sheriff. All records concerning determinations
28.7 of maltreatment by a facility are nonpublic data as maintained by the Department of
28.8 Education, except insofar as copies of reports are required by subdivision 7 to be sent
28.9 to the local police department or the county sheriff. Reports maintained by any police
28.10 department or the county sheriff shall be private data on individuals except the reports
28.11 shall be made available to the investigating, petitioning, or prosecuting authority, including
28.12 county medical examiners or county coroners. Section 13.82, subdivisions 8, 9, and 14,
28.13 apply to law enforcement data other than the reports. The local social services agency or
28.14 agency responsible for assessing or investigating the report shall make available to the
28.15 investigating, petitioning, or prosecuting authority, including county medical examiners or
28.16 county coroners or their professional delegates, any records which contain information
28.17 relating to a specific incident of neglect or abuse which is under investigation, petition, or
28.18 prosecution and information relating to any prior incidents of neglect or abuse involving
28.19 any of the same persons. The records shall be collected and maintained in accordance with
28.20 the provisions of chapter 13. In conducting investigations and assessments pursuant to
28.21 this section, the notice required by section 13.04, subdivision 2, need not be provided to a
28.22 minor under the age of ten who is the alleged victim of abuse or neglect. An individual
28.23 subject of a record shall have access to the record in accordance with those sections,
28.24 except that the name of the reporter shall be confidential while the report is under
28.25 assessment or investigation except as otherwise permitted by this subdivision. Any person
28.26 conducting an investigation or assessment under this section who intentionally discloses
28.27 the identity of a reporter prior to the completion of the investigation or assessment is
28.28 guilty of a misdemeanor. After the assessment or investigation is completed, the name of
28.29 the reporter shall be confidential. The subject of the report may compel disclosure of the
28.30 name of the reporter only with the consent of the reporter or upon a written finding by
28.31 the court that the report was false and that there is evidence that the report was made in
28.32 bad faith. This subdivision does not alter disclosure responsibilities or obligations under
28.33 the Rules of Criminal Procedure.

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

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

29.3 (c) The commissioner of education must be provided with all requested data that are
29.4 relevant to a report of maltreatment and are in possession of a school facility as defined
29.5 in subdivision 2, paragraph (i), when the data is requested pursuant to an assessment or
29.6 investigation of a maltreatment report of a student in a school. If the commissioner of
29.7 education makes a determination of maltreatment involving an individual performing
29.8 work within a school facility who is licensed by a board or other agency, the commissioner
29.9 shall provide necessary and relevant information to the licensing entity to enable the
29.10 entity to fulfill its statutory duties. Notwithstanding section 13.03, subdivision 4, data
29.11 received by a licensing entity under this paragraph are governed by section 13.41 or other
29.12 applicable law governing data of the receiving entity, except that this section applies to the
29.13 classification of and access to data on the reporter of the maltreatment.

29.14 (d) Data generated, collected, or maintained in the course of a maltreatment
29.15 investigation conducted by the commissioner of education is confidential data under
29.16 subdivision 7 sent to the local law enforcement agency under subdivision 7. Data on a
29.17 closed or inactive maltreatment investigation by the commissioner of education is private
29.18 data may be sent to the local law enforcement agency under subdivision 7.

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

29.23 Sec. 9. **REPEALER.**

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

29.26 ARTICLE 4

29.27 FACILITIES AND TECHNOLOGY

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

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

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

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

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

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

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

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

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

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

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

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

30.28 **ARTICLE 5**

30.29 **NUTRITION AND ACCOUNTING**

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

30.32 Subd. 9. **Elimination of reserve accounts.** A school board shall eliminate all
 30.33 reserve accounts established in the school district's general fund under Minnesota Statutes
 30.34 before July 1, 2006, for which no specific authority remains in statute as of June 30,
 30.35 2007. Any balance in the district's reserved for bus purchases account as of June 30,

31.1 2007, shall be transferred to the reserved account for operating capital in the school
 31.2 district's general fund. Any balance in other reserved accounts established in the school
 31.3 district's general fund under Minnesota Statutes before July 1, 2006, for which no specific
 31.4 authority remains in statute as of June 30, 2007, shall be transferred to the school district's
 31.5 unreserved general fund balance. A school board may, upon adoption of a resolution by
 31.6 the school board, establish a designated account for any program for which a reserved
 31.7 account has been eliminated.

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

31.9 **ARTICLE 6**

31.10 **LIBRARIES**

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

31.13 Subd. 4a. **Services to the blind and physically handicapped.** The Minnesota
 31.14 Department of Education shall provide specialized services to the blind and physically
 31.15 handicapped through the Minnesota Library for the Blind and Physically Handicapped
 31.16 under a cooperative plan with the National Library Services for the Blind and Physically
 31.17 Handicapped of the Library of Congress.

31.18 **ARTICLE 7**

31.19 **EARLY CHILDHOOD EDUCATION**

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

31.21 **119A.52 DISTRIBUTION OF APPROPRIATION.**

31.22 (a) The commissioner of education must distribute money appropriated for that
 31.23 purpose to federally designated Head Start programs to expand services and to serve
 31.24 additional low-income children. Migrant and Indian reservation programs must be initially
 31.25 allocated money based on the programs' share of federal funds. The remaining money
 31.26 must be initially allocated to the remaining local agencies based equally on the agencies'
 31.27 share of federal funds and on the proportion of eligible children in the agencies' service
 31.28 area who are not currently being served. A Head Start grantee program must be funded
 31.29 at a per child rate equal to its contracted, federally funded base level at the start of the
 31.30 fiscal year. In allocating funds under this paragraph, the commissioner of education
 31.31 must assure that each Head Start program in existence in 1993 is allocated no less
 31.32 funding in any fiscal year than was allocated to that program in fiscal year 1993. Before
 31.33 paying money to the programs, the commissioner must notify each program of its initial

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

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

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

32.18 **119A.535 APPLICATION REQUIREMENTS.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

33.23 **Subdivision 1. School boards may require fees.** (a) For purposes of this
33.24 subdivision, "home school" means a home school as defined in sections 120A.22 and
33.25 120A.24 with five or fewer students receiving instruction.

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

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

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

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

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

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

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

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

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

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

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

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

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

34.25 (13) transportation to and from postsecondary institutions for pupils enrolled under
34.26 the postsecondary enrollment options program under section 123B.88, subdivision 22.
34.27 Fees collected for this service must be reasonable and must be used to reduce the cost
34.28 of operating the route. Families who qualify for mileage reimbursement under section
34.29 124D.09, subdivision 22, may use their state mileage reimbursement to pay this fee. If
34.30 no fee is charged, districts must allocate costs based on the number of pupils riding the
34.31 route; and

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

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

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

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

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

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

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

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

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

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

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

35.17 (8) any admission or examination cost for any required educational course or
35.18 program;

35.19 (9) locker rentals;

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

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

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

35.31 ARTICLE 8

35.32 SELF-SUFFICIENCY AND LIFELONG LEARNING

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

36.1 Subd. 4. **Adult basic education program aid limit.** (a) Notwithstanding
 36.2 subdivisions 2 and 3, the total adult basic education aid for a program per prior year
 36.3 contact hour must not exceed \$21 per prior year contact hour computed under subdivision
 36.4 3, clause (2).

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

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

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

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

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

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

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

36.31 **124D.55 GENERAL EDUCATION DEVELOPMENT (GED) TEST FEES.**

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

37.1 Sec. 3. **REPEALER.**

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

**124D.06 SPECIFIC ENROLLMENT OPTIONS IN NONRESIDENT DISTRICTS;
LIMITED APPLICATION.**

Subdivision 1. **Previous enrollment.** Any pupil who, pursuant to the provisions of Minnesota Statutes 1976, section 120.065, or Minnesota Statutes 1977 Supplement, section 123.39, subdivision 5a, was enrolled on either January 1, 1978, or April 5, 1978, in a district of which the pupil was not a resident may continue in enrollment in that district.

Subd. 2. **Continued enrollment.** Any pupil who, pursuant to section 123B.88, subdivision 5, has continuously been enrolled since January 1, 1977, in a school district of which the pupil was not a resident may continue in enrollment in that district.

Subd. 3. **Under school age.** Any child who was under school age on either January 1, 1978, or April 5, 1978, but who otherwise would have qualified pursuant to the provisions of Minnesota Statutes 1976, section 120.065, or Minnesota Statutes 1977 Supplement, section 123.39, subdivision 5a, for enrollment in a district of which the child was not a resident may enroll in that district.

Subd. 4. **Nonpublic school pupil.** Any pupil enrolled on either January 1, 1978, or April 5, 1978, in a nonpublic school, as defined in section 123B.41, subdivision 9, located in a district of which the pupil was not a resident who would otherwise have qualified for enrollment in that district as a resident pursuant to subdivision 1 may attend the public schools of that district.

Subd. 5. **Adopted child.** Any child who was born on or before January 1, 1978, but who was adopted after January 1, 1978, and whose adoptive parent on January 1, 1978, owned property residence upon which would have qualified the child for enrollment pursuant to Minnesota Statutes 1976, section 120.065, in a district of which the child was not a resident may enroll in that district. Any child who was born on or before January 1, 1978, but who was adopted after January 1, 1978, and whose adoptive parent on January 1, 1978, owned or was a tenant upon property so as to qualify a child for enrollment pursuant to Minnesota Statutes 1977 Supplement, section 123.39, subdivision 5a, in a district of which the child was not a resident may enroll in that district.

Subd. 6. **Sibling of qualified pupil.** Subdivisions 1, 2, 3, 4, and 5 shall also apply to any brother or sister of a qualified pupil who is related to that pupil by blood, adoption, or marriage and to any foster child of that pupil's parents. The enrollment of any pupil pursuant to subdivision 1, 3, 4, or 5 and of a brother or sister of that pupil or of a foster child of that pupil's parents pursuant to this subdivision must remain subject to the provisions of Minnesota Statutes 1976, section 120.065 and Minnesota Statutes 1977 Supplement, section 123.39, subdivision 5a, as they read on January 1, 1978.

Subd. 7. **Aid payments.** General education aid and transportation aid attributable to pupils covered by programs under this section must be paid according to sections 123B.92, subdivision 3, and 127A.47, subdivision 7.

124D.531 ADULT BASIC EDUCATION AID.

Subd. 5. **Aid guarantee.** Notwithstanding subdivisions 1, 3, and 4, for fiscal year 2001, any adult basic education program qualifying for aid under this section, that receives less state aid than in fiscal year 2000 must receive additional aid equal to the difference between its fiscal year 2000 aid and its fiscal year 2001 aid.

124D.62 EXEMPTION FROM LICENSURE REQUIREMENTS FOR LIMITED ENGLISH PROFICIENCY (LEP) OR ENGLISH AS A SECOND LANGUAGE (ESL) TEACHERS.

Subdivision 1. **Exemptions.** The commissioner may grant an exemption from the licensure requirement in the hiring of teachers of English as a second language or bilingual education teachers to a district if the commissioner finds that compliance would impose a hardship upon the district in the securing of teachers for its educational programs for limited English proficient students. The commissioner shall notify the Board of Teaching of any exemptions granted pursuant to this section.

Subd. 2. **Granting a license.** A teacher serving under an exemption as provided in subdivision 1 shall be granted a license as soon as that teacher qualifies for it. Not more than one year of service by a teacher under an exemption shall be credited to the teacher for the purposes

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of section 122A.40. For purposes of section 122A.41, a teacher shall receive credit equal to the number of years the teacher served under an exemption.

125A.10 COORDINATING INTERAGENCY SERVICES.

If at the time of initial referral for an educational assessment, or a reassessment, the district determines that a child with disabilities who is age 3 through 21 may be eligible for interagency services, the district may request that the county of residence provide a representative to the initial assessment or reassessment team meeting or the first individual education plan team meeting following the assessment or reassessment. The district may request to have a county representative attend other individual education plan team meetings when it is necessary to facilitate coordination between district and county provided services. Upon request from a district, the resident county shall provide a representative to assist the individual education plan team in determining the child's eligibility for existing health, mental health, or other support services administered or provided by the county. The individual education plan team and the county representative must develop an interagency plan of care for an eligible child and the child's family to coordinate services required under the child's individual education plan with county services. The interagency plan of care must include appropriate family information with the consent of the family, a description of how services will be coordinated between the district and county, a description of service coordinator responsibilities and services, and a description of activities for obtaining third-party payment for eligible services, including medical assistance payments. Any state, county, or city government agency responsible for providing services or resources to students with disabilities under this section is subject to the same dispute resolution systems as local school districts, and all such agencies must comply with corrective action requirements that ensue from these systems.

125A.75 SPECIAL EDUCATION PROGRAM APPROVAL; AID PAYMENTS; TRAVEL AID.

Subd. 6. **Summer school.** By March 15 of each year, districts must submit separate applications for program and budget approval for summer school programs. These applications must be reviewed as provided in subdivision 4. By May 1 of each year, the commissioner shall approve, disapprove, or modify the applications and notify the districts of the action and of the estimated amount of aid for the summer school programs.