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State of Minnesota
HOUSE OF REPRESENTATIVES

**EIGHTY-FIFTH
SESSION**

HOUSE FILE No. 3316

February 21, 2008

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

1.1 A bill for an act
1.2 relating to education; providing for prekindergarten through grade 12 education,
1.3 including general education, education excellence, special programs, libraries,
1.4 and self-sufficiency and lifelong learning; amending Minnesota Statutes 2006,
1.5 sections 13.32, by adding a subdivision; 120A.05, subdivision 10a; 120B.02;
1.6 120B.023, subdivision 2; 120B.131, subdivision 2; 120B.31, subdivision
1.7 4; 122A.07, subdivisions 2, 3; 122A.60; 122A.61, subdivision 1; 123B.14,
1.8 subdivision 7; 123B.36, subdivision 1; 123B.37, subdivision 1; 123B.77,
1.9 subdivision 3; 123B.81, subdivisions 3, 5; 123B.83, subdivision 3; 124D.10,
1.10 subdivisions 2a, 4a, 6a, 7, 8, 23; 124D.522; 124D.55; 124D.60, subdivision
1.11 1; 125A.744, subdivision 3; 125B.07, by adding a subdivision; 126C.40,
1.12 subdivision 6; 134.31, subdivision 6, by adding a subdivision; Minnesota
1.13 Statutes 2007 Supplement, sections 120B.021, subdivision 1; 120B.15; 120B.30,
1.14 subdivisions 1, 1a; 123B.81, subdivision 4; 124D.095, subdivision 4; 124D.10,
1.15 subdivisions 4, 23a; 125A.56; 126C.10, subdivision 34; 127A.49, subdivisions
1.16 2, 3; 134.31, subdivision 4a.

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

ARTICLE 1

GENERAL EDUCATION

1.20 Section 1. Minnesota Statutes 2006, section 123B.14, subdivision 7, is amended to read:

1.21 Subd. 7. **Clerk records.** The clerk shall keep a record of all meetings of the
1.22 district and the board in books provided by the district for that purpose. The clerk shall,
1.23 within three days after an election, notify all persons elected of their election. By ~~August~~
1.24 September 15 of each year the clerk shall file with the board a report of the revenues,
1.25 expenditures and balances in each fund for the preceding fiscal year. The report together
1.26 with vouchers and supporting documents shall subsequently be examined by a public
1.27 accountant or the state auditor, either of whom shall be paid by the district, as provided
1.28 in section 123B.77, subdivision 3. The board shall by resolution approve the report or

2.1 require a further or amended report. By ~~August~~ September 15 of each year, the clerk shall
 2.2 make and transmit to the commissioner certified reports, showing:

2.3 ~~(1) The condition and value of school property;~~

2.4 ~~(2)~~ (1) The revenues and expenditures in detail, and such other financial information
 2.5 required by law, rule, or as may be called for by the commissioner;

2.6 ~~(3)~~ (2) The length of school term and the enrollment and attendance by grades; and

2.7 ~~(4)~~ (3) Such other items of information as may be called for by the commissioner.

2.8 The clerk shall enter in the clerk's record book copies of all reports and of the
 2.9 teachers' term reports, as they appear in the registers, and of the proceedings of any
 2.10 meeting as furnished by the clerk pro tem, and keep an itemized account of all the
 2.11 expenses of the district. The clerk shall furnish to the auditor of the proper county, by
 2.12 ~~October 10~~ September 30 of each year, an attested copy of the clerk's record, showing the
 2.13 amount of ~~money~~ proposed property taxes voted by the district or the board for school
 2.14 purposes; draw and sign all orders upon the treasurer for the payment of money for bills
 2.15 allowed by the board for salaries of officers and for teachers' wages and all claims, to be
 2.16 countersigned by the chair. Such orders must state the consideration, payee, and the
 2.17 fund and the clerk shall take a receipt therefor. Teachers' wages shall have preference in
 2.18 the order in which they become due, and no money applicable for teachers' wages shall
 2.19 be used for any other purpose, nor shall teachers' wages be paid from any fund except
 2.20 that raised or apportioned for that purpose.

2.21 Sec. 2. Minnesota Statutes 2006, section 123B.77, subdivision 3, is amended to read:

2.22 Subd. 3. **Statement for comparison and correction.** (a) By November 30 of the
 2.23 calendar year of the submission of the unaudited financial data, the district must provide to
 2.24 the commissioner audited financial data for the preceding fiscal year. The audit must be
 2.25 conducted in compliance with generally accepted governmental auditing standards, the
 2.26 federal Single Audit Act, and the Minnesota legal compliance guide issued by the Office
 2.27 of the State Auditor. An audited financial statement prepared in a form which will allow
 2.28 comparison with and correction of material differences in the unaudited financial data
 2.29 shall be submitted to the commissioner and the state auditor by December 31. The audited
 2.30 financial statement must also provide a statement of assurance pertaining to uniform
 2.31 financial accounting and reporting standards compliance and a copy of the management
 2.32 letter submitted to the district by the school district's auditor.

2.33 (b) By ~~January~~ February 15 of the calendar year following the submission of the
 2.34 unaudited financial data, the commissioner shall convert the audited financial data

3.1 required by this subdivision into the consolidated financial statement format required
3.2 under subdivision 1a and publish the information on the department's Web site.

3.3 Sec. 3. Minnesota Statutes 2006, section 123B.81, subdivision 3, is amended to read:

3.4 Subd. 3. **Debt verification.** The commissioner shall establish a uniform auditing or
3.5 other verification procedure for districts to determine whether a statutory operating debt
3.6 exists in any Minnesota school district ~~as of June 30, 1977. This procedure must identify~~
3.7 ~~all interfund transfers made during fiscal year 1977 from a fund included in computing~~
3.8 ~~statutory operating debt to a fund not included in computing statutory operating debt.~~

3.9 The standards for this uniform auditing or verification procedure must be promulgated
3.10 by the state board pursuant to chapter 14. If a district applies to the commissioner for
3.11 a statutory operating debt verification ~~or if the unaudited financial statement for the~~
3.12 ~~school year ending June 30, 1977 reveals that a statutory operating debt might exist,~~ the
3.13 commissioner shall require a verification of the amount of the statutory operating debt
3.14 which actually does exist.

3.15 Sec. 4. Minnesota Statutes 2007 Supplement, section 123B.81, subdivision 4, is
3.16 amended to read:

3.17 Subd. 4. **Debt elimination.** If an audit or other verification procedure conducted
3.18 pursuant to subdivision 3 determines that a statutory operating debt exists, a district
3.19 must follow the procedures set forth in ~~this~~ section 123B.83 to eliminate this statutory
3.20 operating debt.

3.21 Sec. 5. Minnesota Statutes 2006, section 123B.81, subdivision 5, is amended to read:

3.22 Subd. 5. **Certification of debt.** The commissioner shall certify the amount of
3.23 statutory operating debt for each district. ~~Prior to June 30, 1979, the commissioner may,~~
3.24 ~~on the basis of corrected figures, adjust the total amount of statutory operating debt~~
3.25 ~~certified for any district.~~

3.26 Sec. 6. Minnesota Statutes 2006, section 123B.83, subdivision 3, is amended to read:

3.27 Subd. 3. **Failure to limit expenditures.** If a district does not limit its expenditures in
3.28 accordance with this section, the commissioner may so notify the appropriate committees
3.29 of the legislature by no later than ~~January 1~~ February 15 of the year following the end
3.30 of that fiscal year.

3.31 Sec. 7. Minnesota Statutes 2006, section 124D.10, subdivision 6a, is amended to read:

4.1 Subd. 6a. **Audit report.** (a) The charter school must submit an audit report to the
4.2 commissioner by December 31 each year.

4.3 (b) The charter school, with the assistance of the auditor conducting the audit, must
4.4 include with the report a copy of all charter school agreements for corporate management
4.5 services. If the entity that provides the professional services to the charter school is
4.6 exempt from taxation under section 501 of the Internal Revenue Code of 1986, that entity
4.7 must file with the commissioner by February 15 a copy of the annual return required under
4.8 section 6033 of the Internal Revenue Code of 1986.

4.9 (c) If the commissioner receives ~~as part of the~~ an audit report ~~a management letter~~
4.10 indicating that a material weakness exists in the financial reporting systems of a charter
4.11 school, the charter school must submit a written report to the commissioner explaining
4.12 how the material weakness will be resolved.

4.13 (d) Upon the request of an individual, the charter school must make available in a
4.14 timely fashion the minutes of meetings of members, the board of directors, and committees
4.15 having any of the authority of the board of directors, and statements showing the financial
4.16 result of all operations and transactions affecting income and surplus during the school's
4.17 last annual accounting period and a balance sheet containing a summary of its assets and
4.18 liabilities as of the closing date of the accounting period.

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

4.20 Subd. 8. **State and local requirements.** (a) A charter school shall meet all
4.21 ~~applicable~~ federal, state, and local health and safety requirements applicable to school
4.22 districts.

4.23 (b) A school sponsored by a school board may be located in any district, unless the
4.24 school board of the district of the proposed location disapproves by written resolution.

4.25 (c) A charter school must be nonsectarian in its programs, admission policies,
4.26 employment practices, and all other operations. A sponsor may not authorize a charter
4.27 school or program that is affiliated with a nonpublic sectarian school or a religious
4.28 institution.

4.29 (d) Charter schools must not be used as a method of providing education or
4.30 generating revenue for students who are being home-schooled.

4.31 (e) The primary focus of a charter school must be to provide a comprehensive
4.32 program of instruction for at least one grade or age group from five through 18 years
4.33 of age. Instruction may be provided to people younger than five years and older than
4.34 18 years of age.

4.35 (f) A charter school may not charge tuition.

5.1 (g) A charter school is subject to and must comply with chapter 363A and section
5.2 121A.04.

5.3 (h) A charter school is subject to and must comply with the Pupil Fair Dismissal
5.4 Act, sections 121A.40 to 121A.56, and the Minnesota Public School Fee Law, sections
5.5 123B.34 to 123B.39.

5.6 (i) A charter school is subject to the same financial audits, audit procedures, and
5.7 audit requirements as a district. Audits must be conducted in compliance with generally
5.8 accepted governmental auditing standards, the Federal Single Audit Act, if applicable,
5.9 and section 6.65. A charter school is subject to and must comply with sections 15.054;
5.10 118A.01; 118A.02; 118A.03; 118A.04; 118A.05; 118A.06; 123B.52, subdivision 5;
5.11 471.38; 471.391; 471.392; 471.425; 471.87; 471.88, subdivisions 1, 2, 3, 4, 5, 6, 12, 13,
5.12 and 15; 471.881; and 471.89. The audit must comply with the requirements of sections
5.13 123B.75 to 123B.83, except to the extent deviations are necessary because of the program
5.14 at the school. Deviations must be approved by the commissioner. The Department
5.15 of Education, state auditor, or legislative auditor may conduct financial, program, or
5.16 compliance audits. A charter school determined to be in statutory operating debt under
5.17 sections 123B.81 to 123B.83 must submit a plan under section 123B.81, subdivision 4.

5.18 (j) A charter school is a district for the purposes of tort liability under chapter 466.

5.19 (k) A charter school must comply with sections 13.32; 120A.22, subdivision 7;
5.20 121A.75; and 260B.171, subdivisions 3 and 5.

5.21 (l) A charter school is subject to the Pledge of Allegiance requirement under section
5.22 121A.11, subdivision 3.

5.23 Sec. 9. Minnesota Statutes 2006, section 124D.10, subdivision 23, is amended to read:

5.24 Subd. 23. **Causes for nonrenewal or termination of charter school contract.** (a)
5.25 The duration of the contract with a sponsor must be for the term contained in the contract
5.26 according to subdivision 6. The sponsor may or may not renew a contract at the end of the
5.27 term for any ground listed in paragraph (b) or if the sponsor decides to no longer sponsor
5.28 any charter schools. A sponsor may unilaterally terminate a contract during the term of the
5.29 contract for any ground listed in paragraph (b). At least 60 days before not renewing or
5.30 terminating a contract, the sponsor shall notify the board of directors of the charter school
5.31 of the proposed action in writing. The notice shall state the grounds for the proposed
5.32 action in reasonable detail and that the charter school's board of directors may request
5.33 in writing an informal hearing before the sponsor within 14 days of receiving notice of
5.34 nonrenewal or termination of the contract. Failure by the board of directors to make a
5.35 written request for a hearing within the 14-day period shall be treated as acquiescence to

6.1 the proposed action. Upon receiving a timely written request for a hearing, the sponsor
6.2 shall give reasonable notice to the charter school's board of directors of the hearing date.
6.3 The sponsor shall conduct an informal hearing before taking final action. The sponsor
6.4 shall take final action to renew or not renew a contract by the last day of classes in the
6.5 school year. ~~If the sponsor is a local board,~~ The school's board of directors may appeal the
6.6 sponsor's decision to the commissioner. Any appeal of the commissioner's decision must
6.7 be made to the Court of Appeals.

6.8 (b) A contract may be terminated or not renewed upon any of the following grounds:

6.9 (1) failure to meet the requirements for pupil performance contained in the contract;

6.10 (2) failure to meet generally accepted standards of fiscal management;

6.11 (3) violations of law; or

6.12 (4) other good cause shown.

6.13 If a contract is terminated or not renewed under this paragraph, the school must be
6.14 dissolved according to the applicable provisions of chapter 308A or 317A, except when
6.15 the commissioner approves the decision of a different eligible sponsor to authorize the
6.16 charter school.

6.17 (c) If at the end of a contract term, either the sponsor or the charter school board of
6.18 directors wants to voluntarily terminate or not renew the contract, a change in sponsors
6.19 is allowed if the commissioner approves the decision of a different eligible sponsor to
6.20 authorize the charter school. The commissioner shall consider whether the charter school
6.21 and prospective new sponsor have addressed any outstanding issues raised by the previous
6.22 sponsor when determining whether to grant the change of sponsor. The party intending to
6.23 terminate the contract must notify the other party and the commissioner of its intent at
6.24 least 90 days before the date on which the contract ends. The sponsor that is a party to the
6.25 existing contract at least must inform the approved different eligible sponsor about the
6.26 fiscal and student performance of the school. If no different eligible sponsor is approved,
6.27 the school must be dissolved according to applicable law and the terms of the contract.

6.28 (d) The commissioner, after providing reasonable notice to the board of directors
6.29 of a charter school and the existing sponsor, and after providing an opportunity for a
6.30 public hearing, may terminate the existing sponsorial relationship if the charter school
6.31 has a history of:

6.32 (1) financial mismanagement; or

6.33 (2) repeated violations of the law.

6.34 Any appeal of the commissioner's decision must be made to the Court of Appeals.

7.1 Sec. 10. Minnesota Statutes 2007 Supplement, section 126C.10, subdivision 34,
7.2 is amended to read:

7.3 Subd. 34. **Basic alternative teacher compensation aid.** (a) For fiscal years
7.4 2007 ~~and later~~, 2008, and 2009, the basic alternative teacher compensation aid for a
7.5 school district with a plan approved under section 122A.414, subdivision 2b, equals ~~65~~
7.6 73.1 percent of the alternative teacher compensation revenue under section 122A.415,
7.7 subdivision 1. The basic alternative teacher compensation aid for an intermediate school
7.8 district or charter school with a plan approved under section 122A.414, subdivisions 2a
7.9 and 2b, if the recipient is a charter school, equals \$260 times the number of pupils enrolled
7.10 in the school on October 1 of the previous fiscal year, or on October 1 of the current fiscal
7.11 year for a charter school in the first year of operation, times the ratio of the sum of the
7.12 alternative teacher compensation aid and alternative teacher compensation levy for all
7.13 participating school districts to the maximum alternative teacher compensation revenue
7.14 for those districts under section 122A.415, subdivision 1.

7.15 (b) For fiscal years 2010 and later, the basic alternative teacher compensation aid
7.16 for a school district with a plan approved under section 122A.414, subdivision 2b, equals
7.17 65 percent of the alternative teacher compensation revenue under section 122A.415,
7.18 subdivision 1. The basic alternative teacher compensation aid for an intermediate school
7.19 district or charter school with a plan approved under section 122A.414, subdivisions 2a
7.20 and 2b, if the recipient is a charter school, equals \$260 times the number of pupils enrolled
7.21 in the school on October 1 of the previous fiscal year, or on October 1 of the current fiscal
7.22 year for a charter school in the first year of operation, times the ratio of the sum of the
7.23 alternative teacher compensation aid and alternative teacher compensation levy for all
7.24 participating school districts to the maximum alternative teacher compensation revenue
7.25 for those districts under section 122A.415, subdivision 1.

7.26 ~~(b)~~ (c) Notwithstanding paragraphs (a) and (b) and section 122A.415, subdivision
7.27 1, the state total basic alternative teacher compensation aid entitlement must not exceed
7.28 \$75,636,000 for fiscal year 2007 and later. The commissioner must limit the amount
7.29 of alternative teacher compensation aid approved under section 122A.415 so as not to
7.30 exceed these limits.

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

7.32 Sec. 11. Minnesota Statutes 2006, section 126C.40, subdivision 6, is amended to read:

7.33 Subd. 6. **Lease purchase; installment buys.** (a) Upon application to, and approval
7.34 by, the commissioner in accordance with the procedures and limits in subdivision 1,
7.35 paragraphs (a) and (b), a district, as defined in this subdivision, may:

8.1 (1) purchase real or personal property under an installment contract or may lease
 8.2 real or personal property with an option to purchase under a lease purchase agreement, by
 8.3 which installment contract or lease purchase agreement title is kept by the seller or vendor
 8.4 or assigned to a third party as security for the purchase price, including interest, if any; and

8.5 (2) annually levy the amounts necessary to pay the district's obligations under the
 8.6 installment contract or lease purchase agreement.

8.7 (b) The obligation created by the installment contract or the lease purchase
 8.8 agreement must not be included in the calculation of net debt for purposes of section
 8.9 475.53, and does not constitute debt under other law. An election is not required in
 8.10 connection with the execution of the installment contract or the lease purchase agreement.

8.11 (c) The proceeds of the levy authorized by this subdivision must not be used to
 8.12 acquire a facility to be primarily used for athletic or school administration purposes.

8.13 (d) For the purposes of this subdivision, "district" means:

8.14 (1) a racially isolated school district or a school district with a racially identifiable
 8.15 school required to have a ~~comprehensive~~ desegregation or integration plan for the
 8.16 elimination of segregation under Minnesota Rules, parts 3535.0100 to 3535.0180, which
 8.17 is eligible for revenue under section 124D.86, subdivision 3, clause (1), (2), or (3),
 8.18 and whose plan has been determined by the commissioner to be in compliance with
 8.19 Department of Education rules relating to equality of educational opportunity and school
 8.20 desegregation and, for a district eligible for revenue under section 124D.86, subdivision 3,
 8.21 clause (4) or (5), where the acquisition of property under this subdivision is determined by
 8.22 the commissioner to contribute to the implementation of the desegregation plan; or

8.23 (2) a school district that participates in a joint program for interdistrict desegregation
 8.24 with a district defined in clause (1) if the facility acquired under this subdivision is to
 8.25 be primarily used for the joint program and the commissioner determines that the joint
 8.26 programs are being undertaken to implement the districts' desegregation plan.

8.27 (e) Notwithstanding subdivision 1, the prohibition against a levy by a district to lease
 8.28 or rent a district-owned building to itself does not apply to levies otherwise authorized
 8.29 by this subdivision.

8.30 (f) For the purposes of this subdivision, any references in subdivision 1 to building
 8.31 or land shall include personal property.

8.32 Sec. 12. Minnesota Statutes 2007 Supplement, section 127A.49, subdivision 2, is
 8.33 amended to read:

8.34 Subd. 2. **Abatements.** Whenever by virtue of chapter 278, sections 270C.86,
 8.35 375.192, or otherwise, the net tax capacity or referendum market value of any district for

9.1 any taxable year is changed after the taxes for that year have been spread by the county
 9.2 auditor and the local tax rate as determined by the county auditor based upon the original
 9.3 net tax capacity is applied upon the changed net tax capacities, the county auditor shall,
 9.4 prior to February 1 of each year, certify to the commissioner of education the amount of
 9.5 any resulting net revenue loss that accrued to the district during the preceding year. Each
 9.6 year, the commissioner shall pay an abatement adjustment to the district in an amount
 9.7 calculated according to the provisions of this subdivision. This amount shall be deducted
 9.8 from the amount of the levy authorized by section 126C.46. The amount of the abatement
 9.9 adjustment must be the product of:

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

9.11 (2) the ratio of:

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

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

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

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

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

9.22 ~~(E) section 126C.13, if the district received general education aid according to~~
 9.23 ~~section 126C.13, subdivision 4, paragraph (b), clause (1), of that section in the second~~
 9.24 ~~preceding year;~~

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

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

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

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

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

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

10.1 ~~(L)~~ (K) section 126C.10, subdivision 35, if the district received alternative teacher
 10.2 compensation equalization aid according to section 126C.10, subdivision 36, paragraph
 10.3 (a), in the second preceding year; to

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

10.6 Sec. 13. Minnesota Statutes 2007 Supplement, section 127A.49, subdivision 3, is
 10.7 amended to read:

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

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

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

10.16 (2) the ratio of:

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

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

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

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

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

10.27 ~~(E) section 126C.13, if the district received general education aid according to~~
 10.28 ~~section 126C.13, subdivision 4, paragraph (b), clause (1), of that section in the second~~
 10.29 ~~preceding year;~~

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

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

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

- 11.1 ~~(H)~~ (H) section 123B.53, subdivision 5, if the district received debt service
 11.2 equalization aid according to section 123B.53, subdivision 6, in the second preceding year;
 11.3 ~~(I)~~ (I) section 124D.22, subdivision 3, if the district received school-age care aid
 11.4 according to section 124D.22, subdivision 4, in the second preceding year;
 11.5 ~~(J)~~ (J) section 123B.591, subdivision 3, if the district received deferred maintenance
 11.6 aid according to section 123B.591, subdivision 4, in the second preceding year; and
 11.7 ~~(K)~~ (K) section 126C.10, subdivision 35, if the district received alternative teacher
 11.8 compensation equalization aid according to section 126C.10, subdivision 36, paragraph
 11.9 (a), in the second preceding year; to
 11.10 (ii) the total amount of the district's certified levy for the fiscal year, plus or minus
 11.11 auditor's adjustments.
 11.12 (c) An amount must be subtracted from the school district's levy limitation for the
 11.13 next levy certified equal to the difference between:
 11.14 (1) the amount of the distribution of excess increment; and
 11.15 (2) the amount subtracted from aid pursuant to clause (a).
 11.16 If the aid and levy reductions required by this subdivision cannot be made to the aid
 11.17 for the fiscal year specified or to the levy specified, the reductions must be made from
 11.18 aid for subsequent fiscal years, and from subsequent levies. The school district must use
 11.19 the payment of excess tax increment to replace the aid and levy revenue reduced under
 11.20 this subdivision.
 11.21 (d) This subdivision applies only to the total amount of excess increments received
 11.22 by a district for a calendar year that exceeds \$25,000.

11.23 ARTICLE 2

11.24 EDUCATION EXCELLENCE

- 11.25 Section 1. Minnesota Statutes 2006, section 13.32, is amended by adding a subdivision
 11.26 to read:
 11.27 Subd. 11. **Improving instruction.** Education data may be shared by and between
 11.28 the Department of Education and the Office of Higher Education as authorized by Code of
 11.29 Federal Regulations, title 34, section 99.31(a)(6), to analyze instruction in school districts
 11.30 for purposes of improvement.

- 11.31 Sec. 2. Minnesota Statutes 2006, section 120B.02, is amended to read:

- 11.32 **120B.02 EDUCATIONAL EXPECTATIONS FOR MINNESOTA'S**
 11.33 **STUDENTS.**

12.1 (a) The legislature is committed to establishing rigorous academic standards for
 12.2 Minnesota's public school students. To that end, the commissioner shall adopt in rule
 12.3 statewide academic standards. The commissioner shall not prescribe in rule or otherwise
 12.4 the delivery system, classroom assessments, or form of instruction that school sites must
 12.5 use. For purposes of this chapter, a school site is a separate facility, or a separate program
 12.6 within a facility that a local school board recognizes as a school site for funding purposes.

12.7 (b) All commissioner actions regarding the rule must be premised on the following:

12.8 (1) the rule is intended to raise academic expectations for students, teachers, and
 12.9 schools;

12.10 (2) any state action regarding the rule must evidence consideration of school district
 12.11 autonomy; and

12.12 (3) the Department of Education, with the assistance of school districts, must make
 12.13 available information about all state initiatives related to the rule to students and parents,
 12.14 teachers, and the general public in a timely format that is appropriate, comprehensive, and
 12.15 readily understandable.

12.16 (c) When fully implemented, the requirements for high school graduation in
 12.17 Minnesota must require students to satisfactorily complete, as determined by the school
 12.18 district, the course credit requirements under section 120B.024 and: successfully pass
 12.19 graduation examinations as required under section 120B.30.

12.20 ~~(1) for students enrolled in grade 8 before the 2005-2006 school year, to pass the~~
 12.21 ~~basic skills test requirements; and~~

12.22 ~~(2) for students enrolled in grade 8 in the 2005-2006 school year and later, to pass~~
 12.23 ~~the Minnesota Comprehensive Assessments Second Edition (MCA-II).~~

12.24 (d) The commissioner shall periodically review and report on the state's assessment
 12.25 process.

12.26 (e) School districts are not required to adopt specific provisions of the federal
 12.27 School-to-Work programs.

12.28 Sec. 3. Minnesota Statutes 2007 Supplement, section 120B.021, subdivision 1, is
 12.29 amended to read:

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

12.32 (1) language arts;

12.33 (2) mathematics;

12.34 (3) science;

13.1 (4) social studies, including history, geography, economics, and government and
13.2 citizenship;

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

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

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

13.12 For purposes of applicable federal law, the academic standards for language arts,
13.13 mathematics, and science apply to all public school students, ~~except the very few students~~
13.14 ~~with extreme cognitive or physical impairments for whom an individualized education~~
13.15 ~~plan team has determined that the required academic standards are inappropriate. An~~
13.16 ~~individualized education plan team that makes this determination must establish alternative~~
13.17 ~~standards~~ with appropriate alternate achievement standards based on these academic
13.18 standards for students with individualized education plans as described under federal law.

13.19 A school district, no later than the 2007-2008 school year, must adopt graduation
13.20 requirements that meet or exceed state graduation requirements established in law or
13.21 rule. A school district that incorporates these state graduation requirements before the
13.22 2007-2008 school year must provide students who enter the 9th grade in or before
13.23 the 2003-2004 school year the opportunity to earn a diploma based on existing locally
13.24 established graduation requirements in effect when the students entered the 9th grade.
13.25 District efforts to develop, implement, or improve instruction or curriculum as a result
13.26 of the provisions of this section must be consistent with sections 120B.10, 120B.11,
13.27 and 120B.20.

13.28 The commissioner must include the contributions of Minnesota American Indian
13.29 tribes and communities as they relate to the academic standards during the review and
13.30 revision of the required academic standards.

13.31 Sec. 4. Minnesota Statutes 2006, section 120B.023, subdivision 2, is amended to read:

13.32 Subd. 2. **Revisions and reviews required.** (a) The commissioner of education must
13.33 revise and appropriately embed technology and information literacy standards consistent
13.34 with recommendations from school media specialists into the state's academic standards
13.35 and graduation requirements and implement a review cycle for state academic standards

14.1 and related benchmarks, consistent with this subdivision. During each review cycle, the
14.2 commissioner also must examine the alignment of each required academic standard and
14.3 related benchmark with the knowledge and skills students need for college readiness and
14.4 advanced work in the particular subject area.

14.5 (b) The commissioner in the 2006-2007 school year must revise and align the state's
14.6 academic standards and high school graduation requirements in mathematics to require
14.7 that students satisfactorily complete the revised mathematics standards, beginning in the
14.8 2010-2011 school year. Under the revised standards:

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

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

14.13 The commissioner also must ensure that the statewide mathematics assessments
14.14 administered to students in grades 3 through 8 ~~and 11~~ beginning in the 2010-2011 school
14.15 year are aligned with the state academic standards in mathematics. The commissioner
14.16 must ensure that the statewide 11th-grade mathematics test assessment administered to
14.17 students ~~under clause (2) in grade 11~~ beginning in the 2013-2014 school year ~~must~~
14.18 include is aligned with state academic standards in mathematics, including algebra II test
14.19 ~~items that are aligned with corresponding state academic standards in mathematics.~~ The
14.20 commissioner must implement a review of the academic standards and related benchmarks
14.21 in mathematics beginning in the 2015-2016 school year.

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

14.27 (d) The commissioner in the 2008-2009 school year must revise and align the state's
14.28 academic standards and high school graduation requirements in science to require that
14.29 students satisfactorily complete the revised science standards, beginning in the 2011-2012
14.30 school year. The commissioner also must ensure that the statewide science assessments
14.31 administered to students as described under section 120B.30, subdivision 1a, beginning
14.32 in the 2011-2012 school year are aligned with the state academic standards in science.
14.33 Under the revised standards, students scheduled to graduate in the 2014-2015 school year
14.34 or later must satisfactorily complete a chemistry or physics credit. The commissioner
14.35 must implement a review of the academic standards and related benchmarks in science
14.36 beginning in the 2017-2018 school year.

15.1 (e) The commissioner in the 2009-2010 school year must revise and align the state's
 15.2 academic standards and high school graduation requirements in language arts to require
 15.3 that students satisfactorily complete the revised language arts standards beginning in the
 15.4 2012-2013 school year. The commissioner also must ensure that the statewide language
 15.5 arts assessments administered to students in grades 3 through 8 and grade 10 beginning
 15.6 in the 2012-2013 school year are aligned with the state academic standards in language
 15.7 arts. The commissioner must implement a review of the academic standards and related
 15.8 benchmarks in language arts beginning in the 2018-2019 school year.

15.9 (f) The commissioner in the 2010-2011 school year must revise and align the state's
 15.10 academic standards and high school graduation requirements in social studies to require
 15.11 that students satisfactorily complete the revised social studies standards beginning in the
 15.12 2013-2014 school year. The commissioner must implement a review of the academic
 15.13 standards and related benchmarks in social studies beginning in the 2019-2020 school year.

15.14 (g) School districts and charter schools must revise and align local academic
 15.15 standards and high school graduation requirements in health, physical education, world
 15.16 languages, and career and technical education to require students to complete the revised
 15.17 standards beginning in a school year determined by the school district or charter school.
 15.18 School districts and charter schools must formally establish a periodic review cycle for
 15.19 the academic standards and related benchmarks in health, physical education, world
 15.20 languages, and career and technical education.

15.21 Sec. 5. Minnesota Statutes 2006, section 120B.131, subdivision 2, is amended to read:

15.22 Subd. 2. **Reimbursement for examination fees.** The state may reimburse
 15.23 college-level examination program (CLEP) fees for a Minnesota public or nonpublic high
 15.24 school student who has successfully completed one or more college-level courses in high
 15.25 school in the subject matter of each examination in the following subjects: composition
 15.26 and literature, mathematics and science, social sciences and history, foreign languages, and
 15.27 business and humanities. ~~The state may reimburse each student for up to six examination~~
 15.28 ~~fees.~~ The commissioner shall establish application procedures and a process and schedule
 15.29 for fee reimbursements. The commissioner must give priority to reimburse the CLEP
 15.30 examination fees of students of low-income families.

15.31 Sec. 6. Minnesota Statutes 2007 Supplement, section 120B.15, is amended to read:

15.32 **120B.15 GIFTED AND TALENTED STUDENTS PROGRAMS.**

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

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

16.6 (1) multiple and objective criteria; ~~and~~

16.7 (2) assessments and procedures that are valid and reliable, fair, and based on current
 16.8 theory and research; and

16.9 (3) an identification appeals process.

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

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

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

16.15 Sec. 7. Minnesota Statutes 2007 Supplement, section 120B.30, subdivision 1, is
 16.16 amended to read:

16.17 Subdivision 1. **Statewide testing.** (a) The commissioner, with advice from experts
 16.18 with appropriate technical qualifications and experience and stakeholders, consistent with
 16.19 subdivision 1a, shall include in the comprehensive assessment system, for each grade
 16.20 level to be tested, state-constructed tests developed from and aligned with the state's
 16.21 required academic standards under section 120B.021 and administered annually to all
 16.22 students in grades 3 through 8 and at the high school level. A state-developed test in a
 16.23 subject other than writing, developed after the 2002-2003 school year, must include both
 16.24 machine-scoreable and constructed response questions. The commissioner shall establish
 16.25 one or more months during which schools shall administer the tests to students each
 16.26 school year. Schools selected for stand-alone state field testing or other national sampling
 16.27 by the department must participate as requested. Superintendents or charter school
 16.28 directors may appeal in writing to the commissioner of education or the commissioner's
 16.29 designee for exemption from a selected field test if undue hardship is demonstrated. For
 16.30 students enrolled in grade 8 before the 2005-2006 school year, only Minnesota basic
 16.31 skills tests in reading, mathematics, and writing shall fulfill students' basic skills testing
 16.32 requirements for a passing state notation. The passing scores of basic skills tests in reading
 16.33 and mathematics are the equivalent of 75 percent correct for students entering grade 9 in
 16.34 1997 and thereafter, as based on the first uniform test administration of February 1998.

17.1 (b) For students enrolled in grade 8 in the 2005-2006 school year and later, only the
17.2 following options shall fulfill students' state graduation test requirements:

17.3 (1) for reading and mathematics:

17.4 (i) obtaining an achievement level equivalent to or greater than proficient as
17.5 determined through a standard setting process on the Minnesota comprehensive
17.6 assessments in grade 10 for reading and grade 11 for mathematics or achieving a passing
17.7 score as determined through a standard setting process on the graduation-required
17.8 assessment for diploma in grade 10 for reading and grade 11 for mathematics or
17.9 subsequent retests;

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

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

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

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

17.24 (2) for writing:

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

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

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

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

17.35 (c) The 3rd through 8th grade and high school level test results shall be available
17.36 to districts for diagnostic purposes affecting student learning and district instruction and

18.1 curriculum, and for establishing educational accountability. The commissioner must
18.2 disseminate to the public the test results upon receiving those results.

18.3 (d) State tests must be constructed and aligned with state academic standards. The
18.4 testing process and the order of administration shall be determined by the commissioner.
18.5 The statewide results shall be aggregated at the site and district level, consistent with
18.6 subdivision 1a.

18.7 (e) In addition to the testing and reporting requirements under this section, the
18.8 commissioner shall include the following components in the statewide public reporting
18.9 system:

18.10 (1) uniform statewide testing of all students in grades 3 through 8 and at the high
18.11 school level that provides appropriate, technically sound accommodations, alternate
18.12 assessments, or exemptions consistent with applicable federal law, only with parent or
18.13 guardian approval, for those very few students for whom the student's individual education
18.14 plan team under sections 125A.05 and 125A.06 determines that the general statewide test
18.15 is inappropriate for a student, or for a limited English proficiency student under section
18.16 124D.59, subdivision 2;

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

18.20 (3) state results on the American College Test; and

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

18.25 Sec. 8. Minnesota Statutes 2007 Supplement, section 120B.30, subdivision 1a, is
18.26 amended to read:

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

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

19.1 (2) annual science assessments in one grade in the grades 3 through 5 span, the
19.2 grades 6 through ~~9~~ 8 span, and a life sciences assessment in the grades ~~10~~ 9 through 12
19.3 span for the 2007-2008 school year and later.

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

19.7 (c) Reporting of assessment results must:

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

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

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

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

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

19.20 (e) A school, school district, and charter school must administer statewide
19.21 assessments under this section, as the assessments become available, to evaluate student
19.22 progress in achieving the academic standards. If a state assessment is not available, a
19.23 school, school district, and charter school must determine locally if a student has met
19.24 the required academic standards. A school, school district, or charter school may use a
19.25 student's performance on a statewide assessment as one of multiple criteria to determine
19.26 grade promotion or retention. A school, school district, or charter school may use a high
19.27 school student's performance on a statewide assessment as a percentage of the student's
19.28 final grade in a course, or place a student's assessment score on the student's transcript,
19.29 except as required in paragraph (f).

19.30 (f) A school, district, or charter school must place a student's assessment score
19.31 for grade 9 writing, grade 10 language arts, and grade 11 mathematics on the student's
19.32 high school transcript.

19.33 Sec. 9. Minnesota Statutes 2006, section 120B.31, subdivision 4, is amended to read:

19.34 Subd. 4. **Statistical adjustments.** In developing policies and assessment processes
19.35 to hold schools and districts accountable for high levels of academic standards under

20.1 section 120B.021, the commissioner shall aggregate student data over time to report
 20.2 student performance levels measured at the school district, ~~regional~~, or statewide level.
 20.3 When collecting and reporting the data, the commissioner shall: ~~(1) acknowledge the~~
 20.4 ~~impact of significant demographic factors such as residential instability, the number of~~
 20.5 ~~single parent families, parents' level of education, and parents' income level on school~~
 20.6 ~~outcomes; and (2) organize and report the data so that state and local policy makers can~~
 20.7 understand the educational implications of changes in districts' demographic profiles over
 20.8 time. Any report the commissioner disseminates containing summary data on student
 20.9 performance must integrate student performance and the demographic factors that strongly
 20.10 correlate with that performance.

20.11 Sec. 10. Minnesota Statutes 2006, section 122A.07, subdivision 2, is amended to read:

20.12 Subd. 2. **Eligibility; board composition.** Except for the representatives of higher
 20.13 education and the public, to be eligible for appointment to the Board of Teaching a person
 20.14 must be a teacher currently teaching in a Minnesota school and fully licensed for the
 20.15 position held and have at least five years teaching experience in Minnesota, including the
 20.16 two years immediately preceding nomination and appointment. Each nominee, other than
 20.17 a public nominee, must be selected on the basis of professional experience and knowledge
 20.18 of teacher education, accreditation, and licensure. The board must be composed of:

20.19 (1) six teachers who are currently teaching in a Minnesota school or who were
 20.20 teaching at the time of the appointment, at least four of whom must be teaching in a
 20.21 public school;

20.22 (2) one higher education representative, who must be a faculty member preparing
 20.23 teachers;

20.24 (3) one school administrator; and

20.25 (4) three members of the public, two of whom must be present or former members
 20.26 of school boards.

20.27 Sec. 11. Minnesota Statutes 2006, section 122A.07, subdivision 3, is amended to read:

20.28 Subd. 3. **Vacant position.** With the exception of a teacher who retires from
 20.29 teaching, the position of a member who leaves Minnesota or whose employment status
 20.30 changes to a category different from that from which appointed is deemed vacant.

20.31 Sec. 12. Minnesota Statutes 2006, section 122A.60, is amended to read:

20.32 **122A.60 STAFF DEVELOPMENT PROGRAM.**

21.1 Subdivision 1. **Staff development committee.** A school board must use the revenue
 21.2 authorized in section 122A.61 for ~~in-service~~ education ~~for~~ programs under section
 21.3 120B.22, subdivision 2, or for staff development and teacher training plans under this
 21.4 section. The board must establish an advisory staff development committee to develop the
 21.5 plan, assist site professional development teams in developing a site plan consistent with
 21.6 the goals of the plan, and evaluate staff development efforts at the site level. A majority
 21.7 of the advisory committee and the site professional development team must be teachers
 21.8 representing various grade levels, subject areas, and special education. The advisory
 21.9 committee must also include nonteaching staff, parents, and administrators.

21.10 Subd. 1a. **Effective staff development activities.** (a) Staff development activities
 21.11 must be aligned with the district and school site staff development plans, based on student
 21.12 achievement data, focused on student learning goals and used in the classroom setting.

21.13 Activities must:

21.14 (1) focus on the school classroom and ~~research-based~~ scientifically based research
 21.15 strategies that improve student learning;

21.16 (2) provide opportunities for teachers to practice and improve their instructional
 21.17 skills over time and receive instructional-based observations using objective
 21.18 standards-based assessments to assist in the professional growth process;

21.19 (3) provide regular opportunities for teachers to use student data as part of their
 21.20 daily work to increase student achievement;

21.21 (4) enhance teacher content knowledge and instructional skills;

21.22 (5) align with state and local academic standards;

21.23 (6) provide job embedded or integrated professional development opportunities
 21.24 during teacher contract day to build professional relationships, foster collaboration among
 21.25 principals and staff ~~who provide instruction~~ to identify instructional strategies to meet
 21.26 student learning goals, plan for instruction, practice new teaching strategies, review
 21.27 the results of implementing strategies, and provide opportunities for teacher-to-teacher
 21.28 coaching and mentoring; and

21.29 (7) align with the plan of the district or site for ~~an alternative teacher professional~~
 21.30 ~~pay system~~ those participating in an alternative professional pay system under section
 21.31 122A.414.

21.32 Staff development activities may also include curriculum development and curriculum
 21.33 training programs, and activities that provide teachers and other members of site-based
 21.34 teams training to enhance team performance. The school district also may implement other
 21.35 staff development activities required by law and activities associated with professional
 21.36 teacher compensation models.

22.1 (b) Release time provided for teachers to supervise students on field trips and school
 22.2 activities, or independent tasks not associated with enhancing the teacher's knowledge
 22.3 and instructional skills, such as preparing report cards, calculating grades, or organizing
 22.4 classroom materials, may not be counted as staff development time that is financed with
 22.5 staff development reserved revenue under section 122A.61.

22.6 Subd. 2. **Contents of the plan.** The plan must be based on student achievement and
 22.7 include student learning goals, the staff development outcomes under subdivision 3, the
 22.8 means to achieve the outcomes, and procedures for evaluating progress at each school
 22.9 site toward meeting education outcomes.

22.10 Subd. 3. **Staff development outcomes.** The advisory staff development committee
 22.11 must adopt a staff development plan for increasing teacher effectiveness and improving
 22.12 student achievement. The plan must be consistent with education outcomes that the
 22.13 school board determines. The plan must include ongoing staff development activities that
 22.14 contribute toward continuous improvement in achievement of the following goals:

22.15 (1) improve student achievement of state and local education standards in all areas
 22.16 of the curriculum by using best practices methods and scientifically based research;

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

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

22.23 (4) improve staff collaboration and develop mentoring and peer coaching programs
 22.24 for teachers ~~new to the school or district~~ in their first five years of teaching;

22.25 (5) effectively teach and model violence prevention policy and curriculum that
 22.26 address early intervention alternatives, issues of harassment, and teach nonviolent
 22.27 alternatives for conflict resolution; and

22.28 (6) provide teachers and other members of site-based management teams with
 22.29 appropriate management and financial management skills.

22.30 Subd. 4. **Staff development report.** (a) By October ~~15~~ 1 of each year, the district
 22.31 and site staff development committees shall write and submit a report of staff development
 22.32 activities and expenditures for the previous year, in the form and manner determined by
 22.33 the commissioner. The report, signed by the district superintendent and staff development
 22.34 chair, must include assessment and evaluation data indicating progress toward district and
 22.35 site staff development goals based on teaching and learning outcomes, including the

23.1 percentage of teachers and other staff involved in instruction who participate in effective
 23.2 staff development activities under subdivision 3.

23.3 (b) The report must break down expenditures for:

23.4 (1) curriculum development and curriculum training programs; and

23.5 (2) staff development training models, workshops, and conferences, and the cost of
 23.6 releasing teachers or providing substitute teachers for staff development purposes.

23.7 The report also must indicate whether the expenditures were incurred at the district
 23.8 level or the school site level, and whether the school site expenditures were made possible
 23.9 by grants to school sites that demonstrate exemplary use of allocated staff development
 23.10 revenue. These expenditures must be reported using the uniform financial and accounting
 23.11 and reporting standards.

23.12 (c) The commissioner shall report the staff development progress and expenditure
 23.13 data to the house of representatives and senate committees having jurisdiction over
 23.14 education by February 15 each year.

23.15 Sec. 13. Minnesota Statutes 2006, section 122A.61, subdivision 1, is amended to read:

23.16 Subdivision 1. **Staff development revenue.** A district is required to reserve
 23.17 an amount equal to at least two percent of the basic revenue under section 126C.10,
 23.18 subdivision 2, for ~~in-service education for~~ programs under section 120B.22, subdivision 2,
 23.19 ~~for~~ with the primary purpose of creating and implementing district and school site staff
 23.20 development plans, including. Funds may also be used to support plans for challenging
 23.21 instructional activities and experiences under section 122A.60, ~~and for curriculum~~
 23.22 ~~development and programs, other in-service education, teachers' workshops, teacher~~
 23.23 ~~conferences, the cost of substitute teachers staff development purposes,~~ preservice and
 23.24 in-service education for special education professionals and paraprofessionals, and other
 23.25 related costs for staff development efforts. A district may annually waive the requirement
 23.26 to reserve their basic revenue under this section if a majority vote of the licensed teachers
 23.27 in the district and a majority vote of the school board agree to a resolution to waive the
 23.28 requirement. A district in statutory operating debt is exempt from reserving basic revenue
 23.29 according to this section. Districts may expend an additional amount of unreserved
 23.30 revenue for staff development based on their needs. With the exception of amounts
 23.31 reserved for staff development from revenues allocated directly to school sites, the board
 23.32 must initially allocate 50 percent of the reserved revenue to each school site in the district
 23.33 on a per teacher basis, which must be retained by the school site until used. The board may
 23.34 retain 25 percent to be used for district wide staff development efforts. The remaining
 23.35 25 percent of the revenue must be used to make grants to school sites for best practices

24.1 methods. A grant may be used for any purpose authorized under section 120B.22,
 24.2 subdivision 2, 122A.60, ~~or for the costs of curriculum development and programs, other~~
 24.3 ~~in-service education, teachers' workshops, teacher conferences, substitute teachers for~~
 24.4 ~~staff development purposes, and other staff development efforts, and determined by~~
 24.5 ~~the site professional development team.~~ The site professional development team must
 24.6 demonstrate to the school board the extent to which staff at the site have met the outcomes
 24.7 of the program. The board may withhold a portion of initial allocation of revenue if the
 24.8 staff development outcomes are not being met.

24.9 Sec. 14. Minnesota Statutes 2007 Supplement, section 124D.095, subdivision 4,
 24.10 is amended to read:

24.11 Subd. 4. **Online learning parameters.** (a) An online learning student must receive
 24.12 academic credit for completing the requirements of an online learning course or program.
 24.13 Secondary credits granted to an online learning student must be counted toward the
 24.14 graduation and credit requirements of the enrolling district. An online learning provider
 24.15 must make available to the enrolling district the course syllabus, standard alignment,
 24.16 content outline, assessment requirements, and contact information for supplemental online
 24.17 courses taken by students in the enrolling district. The enrolling district must apply the
 24.18 same graduation requirements to all students, including online learning students, and
 24.19 must continue to provide nonacademic services to online learning students. If a student
 24.20 completes an online learning course or program that meets or exceeds a graduation
 24.21 standard or grade progression requirement at the enrolling district, that standard or
 24.22 requirement is met. The enrolling district must use the same criteria for accepting online
 24.23 learning credits or courses as it does for accepting credits or courses for transfer students
 24.24 under section 124D.03, subdivision 9. The enrolling district may reduce the course
 24.25 schedule of an online learning student in proportion to the number of online learning
 24.26 courses the student takes from an online learning provider that is not the enrolling district.

24.27 (b) An online learning student may:

24.28 (1) enroll in supplemental online learning courses during a single school year to a
 24.29 maximum of 50 percent of the student's full schedule of courses per term. A student may
 24.30 exceed the supplemental online learning registration limit if the enrolling district grants
 24.31 permission for supplemental online learning enrollment above the limit, or if an agreement
 24.32 is made between the enrolling district and the online learning provider for instructional
 24.33 services;

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

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

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

25.8 (d) An enrolling district may offer online learning to its enrolled students. Such
25.9 online learning does not generate online learning funds under this section. An enrolling
25.10 district that offers online learning only to its enrolled students is not subject to the
25.11 reporting requirements or review criteria under subdivision 7, unless the enrolling district
25.12 is a full-time online provider. A teacher with a Minnesota license must assemble and
25.13 deliver instruction to enrolled students receiving online learning from an enrolling district.
25.14 The delivery of instruction occurs when the student interacts with the computer or the
25.15 teacher and receives ongoing assistance and assessment of learning. The instruction may
25.16 include curriculum developed by persons other than a teacher with a Minnesota license.

25.17 (e) An online learning provider ~~that is not the~~, excluding an enrolling district exempt
25.18 under paragraph (d), is subject to the reporting requirements and review criteria under
25.19 subdivision 7. A teacher with a Minnesota license must assemble and deliver instruction
25.20 to online learning students. The delivery of instruction occurs when the student interacts
25.21 with the computer or the teacher and receives ongoing assistance and assessment of
25.22 learning. The instruction may include curriculum developed by persons other than a
25.23 teacher with a Minnesota license. Unless the commissioner grants a waiver, a teacher
25.24 providing online learning instruction must not instruct more than 40 students in any one
25.25 online learning course or program.

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

25.32 Sec. 15. Minnesota Statutes 2006, section 124D.10, subdivision 2a, is amended to read:

25.33 Subd. 2a. **Charter School Advisory Council.** (a) A Charter School Advisory
25.34 Council is established under section 15.059 except that the term for each council member
25.35 shall be three years. The advisory council is composed of seven members from throughout

26.1 the state who have demonstrated experience with or interest in charter schools. The
 26.2 members of the council shall be appointed by the commissioner. The advisory council
 26.3 shall bring to the attention of the commissioner any matters related to charter schools
 26.4 that the council deems necessary and shall:

- 26.5 (1) encourage school boards to make full use of charter school opportunities;
- 26.6 (2) encourage the creation of innovative schools;
- 26.7 (3) provide leadership and support for charter school sponsors to increase the
 26.8 innovation in and the effectiveness, accountability, and fiscal soundness of charter schools;
- 26.9 (4) serve an ombudsman function in facilitating the operations of new and existing
 26.10 charter schools;
- 26.11 (5) promote timely financial management training for newly elected members of
 26.12 a charter school board of directors and ongoing training for other members of a charter
 26.13 school board of directors; and
- 26.14 (6) facilitate compliance with auditing and other reporting requirements. The
 26.15 advisory council shall refer all its proposals to the commissioner who shall provide time
 26.16 for reports from the council.

26.17 (b) The Charter School Advisory Council under this subdivision ~~expires June 30,~~
 26.18 ~~2007~~ does not expire and the expiration date provided in section 15.059, subdivision
 26.19 5, does not apply to this section.

26.20 **EFFECTIVE DATE.** This section is effective retroactively from June 30, 2007.

26.21 Sec. 16. Minnesota Statutes 2007 Supplement, section 124D.10, subdivision 4, is
 26.22 amended to read:

26.23 Subd. 4. **Formation of school.** (a) A sponsor may authorize one or more licensed
 26.24 teachers under section 122A.18, subdivision 1, to operate a charter school subject to
 26.25 approval by the commissioner. A board must vote on charter school application for
 26.26 sponsorship no later than 90 days after receiving the application. The school must be
 26.27 organized and operated as a cooperative under chapter 308A or nonprofit corporation
 26.28 under chapter 317A and the provisions under the applicable chapter shall apply to the
 26.29 school except as provided in this section. Notwithstanding sections 465.717 and 465.719,
 26.30 a school district may create a corporation for the purpose of creating a charter school.

26.31 (b) Before the operators may form and operate a school, the sponsor must file an
 26.32 affidavit and application with the commissioner stating its intent to authorize a charter
 26.33 school. The affidavit and application must state the terms and conditions under which the
 26.34 sponsor would authorize a charter school and how the sponsor intends to oversee the fiscal
 26.35 and student performance of the charter school and to comply with the terms of the written

27.1 contract between the sponsor and the charter school board of directors under subdivision
27.2 6 in the form and manner prescribed by the commissioner. The commissioner must
27.3 approve or disapprove the sponsor's proposed authorization within 90 days of receipt of
27.4 the affidavit and application. Failure to obtain commissioner approval precludes a sponsor
27.5 from authorizing the charter school that was the subject of the affidavit and application.

27.6 (c) The operators authorized to organize and operate a school, before entering into
27.7 a contract or other agreement for professional or other services, goods, or facilities,
27.8 must incorporate as a cooperative under chapter 308A or as a nonprofit corporation
27.9 under chapter 317A and must establish a board of directors composed of at least five
27.10 members until a timely election for members of the charter school board of directors is
27.11 held according to the school's articles and bylaws. A charter school board of directors
27.12 must be composed of at least five members. Any staff members who are employed at the
27.13 school, including teachers providing instruction under a contract with a cooperative, and
27.14 all parents of children enrolled in the school may participate in the election for members
27.15 of the school's board of directors. Licensed teachers employed at the school, including
27.16 teachers providing instruction under a contract with a cooperative, must be a majority
27.17 of the members of the board of directors before the school completes its third year of
27.18 operation, unless the commissioner waives the requirement for a majority of licensed
27.19 teachers on the board. Board of director meetings must comply with chapter 13D.

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

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

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

27.28 (2) the charter school is fiscally sound;

27.29 (3) the sponsor supports the expansion; and

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

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

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

- 28.1 (2) establish and maintain complete, auditable records for the charter school;
- 28.2 (3) establish proper filing techniques;
- 28.3 (4) document formal actions of the charter school, including meetings of the charter
- 28.4 school board of directors;
- 28.5 (5) properly manage and retain charter school and student records;
- 28.6 (6) comply with state and federal payroll record-keeping requirements; and
- 28.7 (7) address other similar factors that facilitate establishing and maintaining complete
- 28.8 records on the charter school's operations.

28.9 Sec. 17. Minnesota Statutes 2006, section 124D.10, subdivision 4a, is amended to read:

28.10 Subd. 4a. **Conflict of interest.** (a) A member of a charter school board of directors

28.11 is prohibited from serving as a member of the board of directors or as an employee or

28.12 agent of or a contractor with a for-profit entity with whom the charter school contracts,

28.13 directly or indirectly, for professional services, goods, or facilities. A violation of this

28.14 prohibition renders a contract voidable at the option of the commissioner. The charter

28.15 school's state aid may be reduced by the commissioner under section 127A.42 if the

28.16 charter school board fails to correct violations under this subdivision in a timely manner.

28.17 A member of a charter school board of directors who violates this prohibition shall be

28.18 individually liable to the charter school for any damage caused by the violation.

28.19 (b) An individual may serve as a member of the board of directors if no conflict of

28.20 interest under paragraph (a) exists.

28.21 (c) A member of a charter school board of directors that serves as a member of the

28.22 board of directors or as an employee or agent of or a contractor with a nonprofit entity

28.23 with whom the charter school contracts, directly or indirectly, for professional services,

28.24 goods, or facilities, must disclose all potential conflicts to the commissioner.

28.25 (d) The conflict of interest provisions under this subdivision do not apply to

28.26 compensation paid to a teacher employed by the charter school who also serves as a

28.27 member of the board of directors.

28.28 (e) The conflict of interest provisions under this subdivision do not apply to a teacher

28.29 who provides services to a charter school through a cooperative formed under chapter

28.30 308A when the teacher also serves on the charter school board of directors.

28.31 Sec. 18. Minnesota Statutes 2006, section 124D.10, subdivision 7, is amended to read:

28.32 Subd. 7. **Public status; exemption from statutes and rules.** A charter school is a

28.33 public school and is part of the state's system of public education. ~~Except as provided in~~

28.34 ~~this section, a charter school is exempt from all statutes and rules applicable to a school;~~

29.1 ~~a board, or a district, although it may elect to comply with one or more provisions of~~
 29.2 ~~statutes or rules.~~ A charter school is exempt from all statutes and rules applicable to a
 29.3 school, board, or district unless provided by this section or provided in another section
 29.4 of statutes or rules.

29.5 Sec. 19. Minnesota Statutes 2007 Supplement, section 124D.10, subdivision 23a,
 29.6 is amended to read:

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

29.12 (b) For purposes of this subdivision:

29.13 (1) "related party" means an affiliate or close relative of the other party in question,
 29.14 an affiliate of a close relative, or a close relative of an affiliate;

29.15 (2) "affiliate" means a person that directly or indirectly, through one or more
 29.16 intermediaries, controls, is controlled by, or is under common control with another person;

29.17 (3) "close relative" means an individual whose relationship by blood, marriage, or
 29.18 adoption to another individual is no more remote than first cousin;

29.19 (4) "person" means an individual or entity of any kind; and

29.20 (5) "control" includes the terms "controlling," "controlled by," and "under common
 29.21 control with" and means the possession, direct or indirect, of the power to direct or cause
 29.22 the directions of the management, operations, or policies of a person, whether through
 29.23 ownership of voting securities, by contract, or otherwise.

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

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

29.31 Sec. 20. Minnesota Statutes 2006, section 125B.07, is amended by adding a
 29.32 subdivision to read:

29.33 Subd. 8. **Technology data and guidelines.** (a) The department shall maintain a list
 29.34 of technology infrastructure data including, but not limited to, the following data:

- 30.1 (1) instructional technology;
 30.2 (2) technology tools;
 30.3 (3) network and data systems administration;
 30.4 (4) data practices;
 30.5 (5) data management; and
 30.6 (6) facilities infrastructure.

30.7 Each school must provide the technology data to the department in the form and
 30.8 manner prescribed by the commissioner. The data must include the impact of each
 30.9 indicator on student achievement.

30.10 (b) The commissioner shall maintain technology guidelines for uniform data
 30.11 collections including common data definitions for required elements, a common course
 30.12 catalogue, common transcript definitions, and district technology infrastructure standards.

30.13 **Sec. 21. REVIVAL AND REENACTMENT.**

30.14 Minnesota Statutes, section 124D.10, subdivision 2a, is revived and reenacted
 30.15 effective retroactively and without interruption from June 30, 2007.

30.16 **Sec. 22. REVISOR'S INSTRUCTION.**

30.17 In Minnesota Statutes, the revisor of statutes shall renumber section 122A.60,
 30.18 subdivision 1a, as section 122A.60, subdivision 3a, and make necessary cross-reference
 30.19 changes consistent with the renumbering.

30.20 **ARTICLE 3**

30.21 **SPECIAL PROGRAMS**

30.22 **Section 1. Minnesota Statutes 2006, section 124D.60, subdivision 1, is amended to**
 30.23 **read:**

30.24 **Subdivision 1. Notice. Within ~~ten~~ 30 days after the enrollment of any pupil in an**
 30.25 **instructional program for limited English proficient students, the district in which the pupil**
 30.26 **resides must notify the parent by mail. This notice must:**

30.27 (1) be in writing in English and in the primary language of the pupil's parents;

30.28 (2) inform the parents that their child has been enrolled in an instructional program
 30.29 for limited English proficient students;

30.30 (3) contain a simple, nontechnical description of the purposes, method and content
 30.31 of the program;

30.32 (4) inform the parents that they have the right to visit the educational program for
 30.33 limited English proficient students in which their child is enrolled;

- 31.1 (5) inform the parents of the time and manner in which to request and receive a
 31.2 conference for the purpose of explaining the nature and purpose of the program; and
 31.3 (6) inform the parents of their rights to withdraw their child from an educational
 31.4 program for limited English proficient students and the time and manner in which to do so.

31.5 The department shall, at the request of the district, prepare the notice in the primary
 31.6 language of the parent.

31.7 Sec. 2. Minnesota Statutes 2007 Supplement, section 125A.56, is amended to read:

31.8 **125A.56 ALTERNATE INSTRUCTION REQUIRED BEFORE ASSESSMENT**
 31.9 **EVALUATION REFERRAL.**

31.10 Subdivision 1. **Requirement.** (a) Before a pupil is referred for a special education
 31.11 evaluation, the district must conduct and document at least two ~~instructional strategies,~~
 31.12 ~~alternatives, or interventions using a system of~~ scientific, research-based instruction and
 31.13 intervention strategies in academics or behavior, based on the pupil's needs, ~~while the~~
 31.14 ~~pupil is in the regular classroom. The pupil's teacher must and~~ document the results. A
 31.15 special education evaluation team may waive this requirement when it determines the
 31.16 pupil's need for the evaluation is urgent. A district shall not use this section ~~may not be~~
 31.17 ~~used~~ to deny a pupil's right to a special education evaluation.

31.18 (b) A school district shall use alternative intervention services, including the
 31.19 assurance of mastery program under section 124D.66, ~~the supplemental early education~~
 31.20 ~~program under section 124D.081,~~ or an early intervening services program under
 31.21 subdivision 2 to serve at-risk pupils who demonstrate a need for ~~alternative instructional~~
 31.22 instruction and intervention strategies or interventions.

31.23 Subd. 1a. Definitions. (a) For the purposes of this section, the terms defined in this
 31.24 subdivision have the meanings given them.

31.25 (b) "Early intervening services" means additional academic and behavioral support
 31.26 in a general education environment provided to pupils who are not currently identified
 31.27 as needing special education or related services, but who need additional academic and
 31.28 behavioral supports to succeed in the general education classroom.

31.29 (c) "General outcomes measure" means valid and reliable measures based on
 31.30 monitoring of pupil progress, including both screening of all pupils and more frequent
 31.31 progress monitoring.

31.32 (d) "Progress monitoring" means a standardized, scientifically based practice using
 31.33 ongoing assessments that compare expected and actual rates of learning to assess the
 31.34 pupil's performance and effectiveness of instruction.

32.1 (e) "Interim assessment" means screening that is administered at least three times
 32.2 per year to all pupils to identify those who are at academic risk or in need of early
 32.3 intervening services.

32.4 (f) "Scientific, research-based instruction and intervention strategies" means
 32.5 instruction and intervention derived from systematically applying rigorous and objective
 32.6 procedures to obtain valid and reliable knowledge about educational activities and
 32.7 programs.

32.8 **Subd. 2. Early intervening services program.** (a) A district may meet the
 32.9 requirement under subdivision 1 by establishing an early intervening services program
 32.10 that includes:

32.11 (1) use of screening and general outcome measures that are valid and reliable
 32.12 interim assessments;

32.13 (2) progress monitoring data used to document the effectiveness of specific
 32.14 interventions for each pupil and to compare a pupil's performance against general outcome
 32.15 measures;

32.16 ~~(1) a system of valid and reliable general outcome measures aligned to state academic~~
 32.17 ~~standards that is administered at least three times per year to pupils in kindergarten~~
 32.18 ~~through grade 8 who need additional academic or behavioral support to succeed in the~~
 32.19 ~~general education environment. The school must provide interim assessments that~~
 32.20 ~~measure pupils' performance three times per year and implement progress monitoring~~
 32.21 ~~appropriate to the pupil. For purposes of this section, "progress monitoring" means the~~
 32.22 ~~frequent and continuous measurement of a pupil's performance that includes these three~~
 32.23 ~~interim assessments and other pupil assessments during the school year. A school, at its~~
 32.24 ~~discretion, may allow pupils in grades 9 through 12 to participate in interim assessments;~~

32.25 ~~(2)~~ (3) a system of scientific, research-based instruction and intervention strategies;
 32.26 and

32.27 ~~(3)~~ (4) an organizational plan that allows teachers, paraprofessionals, and volunteers
 32.28 funded through various sources to deliver instruction, work collaboratively as a grade-level
 32.29 team or use another configuration across grades and settings to deliver instruction, and
 32.30 receive training. The team must be trained in scientific, research-based instruction and
 32.31 intervention. Teachers and paraprofessionals at a site operating under this paragraph
 32.32 must work collaboratively with those pupils who need additional academic or behavioral
 32.33 support to succeed in a general education environment.

32.34 ~~(b) As an intervention under paragraph (a), clause (2), staff generating special~~
 32.35 ~~education aid under section 125A.76 may provide small group instruction to pupils who~~
 32.36 ~~need additional academic or behavioral support to succeed in the general education~~

33.1 ~~environment. Small group instruction that includes pupils with a disability may be~~
 33.2 ~~provided in the general education environment if the needs of the pupils with a disability~~
 33.3 ~~are met, consistent with their individual education plans, and all pupils in the group~~
 33.4 ~~receive the same level of instruction and make the same progress in the instruction or~~
 33.5 ~~intervention. Teachers and paraprofessionals must ensure that the needs of pupils with a~~
 33.6 ~~disability participating in small group instruction under this paragraph remain the focus~~
 33.7 ~~of the instruction. Expenditures attributable to the time special education staff spends~~
 33.8 ~~providing instruction to nondisabled pupils in this circumstance is eligible for special~~
 33.9 ~~education aid under section 125A.76 as an incidental benefit if:~~

- 33.10 ~~(1) the group consists primarily of disabled pupils;~~
 33.11 ~~(2) no special education staff are added to meet nondisabled pupils' needs; and~~
 33.12 ~~(3) the primary purpose of the instruction is to implement the individual education~~
 33.13 ~~plans of pupils with a disability in this group.~~

33.14 ~~Expenditures attributable to the time special education staff spends providing small~~
 33.15 ~~group instruction to nondisabled pupils that affords more than an incidental benefit to such~~
 33.16 ~~pupils is not eligible for special education aid under section 125A.76, except that such~~
 33.17 ~~expenditures may be included in the alternative delivery initial aid adjustment under~~
 33.18 ~~section 125A.78 if the district has an approved program under section 125A.50. During~~
 33.19 ~~each 60-day period that a nondisabled pupil participates in small group instruction under~~
 33.20 ~~this paragraph, the pupil's progress monitoring data must be examined to determine~~
 33.21 ~~whether the pupil is making progress and, if the pupil is not making progress, the pupil's~~
 33.22 ~~intervention strategies must be changed or the pupil must be referred for a special~~
 33.23 ~~education evaluation.~~

33.24 Subd. 3. Aid eligibility. (a) As an intervention under subdivision 2, clause (3),
 33.25 staff generating special education aid under section 125A.76 may provide small group
 33.26 instruction to pupils who need additional academic or behavioral support to succeed in
 33.27 the general education environment. Small group instruction that includes pupils with a
 33.28 disability may be provided in the general education environment if:

33.29 (1) the needs of each pupil with a disability are met, consistent with the individual
 33.30 education plans of the pupil;

33.31 (2) during the 60-day period that a nondisabled pupil participates in small group
 33.32 instruction under this paragraph, each pupil's progress monitoring data is examined to
 33.33 determine whether the pupil is making progress and, if the pupil is not making progress,
 33.34 the pupil's intervention strategies are changed or the pupil is referred for a special
 33.35 education evaluation; and

34.1 (3) local school districts ensure that the needs of each pupil with a disability
 34.2 participating in small group instruction under this paragraph remain the focus of the
 34.3 instruction.

34.4 (b) Expenditures attributable to the time special education staff spends providing
 34.5 instruction to nondisabled pupils under paragraph (a) are eligible for special education aid
 34.6 under section 125A.76 if:

34.7 (1) the group consists primarily of disabled pupils;

34.8 (2) no special education staff are added to meet nondisabled pupils' needs; and

34.9 (3) the primary purpose of the instruction is to implement the individual education
 34.10 plans of pupils with a disability in this group.

34.11 (c) Expenditures attributable to the time special education staff spends providing
 34.12 small group instruction to nondisabled pupils under paragraph (a) that does not meet the
 34.13 requirements of paragraph (b) are not eligible for special education aid under section
 34.14 125A.76, except that the expenditures may be included in the alternative delivery initial
 34.15 aid adjustment under section 125A.78 if the district has an approved program under
 34.16 section 125A.50.

34.17 Sec. 3. Minnesota Statutes 2006, section 125A.744, subdivision 3, is amended to read:

34.18 Subd. 3. **Implementation.** Consistent with section 256B.0625, subdivision 26,
 34.19 school districts may enroll as medical assistance providers or subcontractors and bill
 34.20 the Department of Human Services under the medical assistance fee for service claims
 34.21 processing system for special education services which are covered services under chapter
 34.22 256B, which are provided in the school setting for a medical assistance recipient, and for
 34.23 whom the district has secured informed consent consistent with section 13.05, subdivision
 34.24 4, paragraph (d), and section 256B.77, subdivision 2, paragraph (p), to bill for each type
 34.25 of covered service. School districts shall be reimbursed by the commissioner of human
 34.26 services for the federal share of individual education plan health-related services that
 34.27 qualify for reimbursement by medical assistance, minus up to five percent retained by the
 34.28 commissioner of human services for administrative costs, ~~not to exceed \$350,000 per~~
 34.29 ~~fiscal year~~. The commissioner may withhold up to five percent of each payment to a
 34.30 school district. Following the end of each fiscal year, the commissioner shall settle up with
 34.31 each school district in order to ensure that collections from each district for departmental
 34.32 administrative costs are made on a pro rata basis according to federal earnings for these
 34.33 services in each district. A school district is not eligible to enroll as a home care provider
 34.34 or a personal care provider organization for purposes of billing home care services under
 34.35 sections 256B.0651 and 256B.0653 to 256B.0656 until the commissioner of human

35.1 services issues a bulletin instructing county public health nurses on how to assess for the
 35.2 needs of eligible recipients during school hours. To use private duty nursing services or
 35.3 personal care services at school, the recipient or responsible party must provide written
 35.4 authorization in the care plan identifying the chosen provider and the daily amount
 35.5 of services to be used at school.

35.6 **ARTICLE 4**
 35.7 **LIBRARIES**

35.8 Section 1. Minnesota Statutes 2007 Supplement, section 134.31, subdivision 4a,
 35.9 is amended to read:

35.10 Subd. 4a. **Services to the blind and physically handicapped.** The Minnesota
 35.11 Department of Education shall provide specialized services to the blind and physically
 35.12 handicapped through the Minnesota Braille and Talking Book Library ~~for the Blind and~~
 35.13 ~~Physically Handicapped~~ under a cooperative plan with the National Library Services for
 35.14 the Blind and Physically Handicapped of the Library of Congress.

35.15 Sec. 2. Minnesota Statutes 2006, section 134.31, subdivision 6, is amended to read:

35.16 Subd. 6. **Advisory committee.** The commissioner shall appoint an advisory
 35.17 committee of five members to advise the staff of the Minnesota Braille and Talking
 35.18 Book Library ~~for the Blind and Physically Handicapped~~ on long-range plans and library
 35.19 services. Members shall be people who use the library. Section 15.059 governs this
 35.20 committee except that the committee shall not expire.

35.21 Sec. 3. Minnesota Statutes 2006, section 134.31, is amended by adding a subdivision
 35.22 to read:

35.23 Subd. 7. Telephone or electronic meetings. (a) Notwithstanding section 13D.01,
 35.24 the Advisory Committee for the Minnesota Braille and Talking Book Library may conduct
 35.25 a meeting of its members by telephone or other electronic means so long as the following
 35.26 conditions are met:

35.27 (1) all members of the committee participating in the meeting, wherever their
 35.28 physical locations, can hear one another and can hear all discussion and testimony;

35.29 (2) members of the public present at the regular meeting location of the committee
 35.30 can hear all discussion, testimony, and votes of the members of the committee;

35.31 (3) at least one member of the committee is physically present at the regular meeting
 35.32 location; and

36.1 (4) all votes are conducted by roll call, so each member's votes on each issue can be
 36.2 identified and recorded.

36.3 (b) Each member of the committee participating in a meeting by telephone or other
 36.4 electronic means is considered present at the meeting for purposes of determining quorum
 36.5 and participating in all proceedings.

36.6 (c) If telephone or other electronic means is used to conduct a meeting, to the extent
 36.7 practical, the committee shall allow a person to monitor the meeting electronically from a
 36.8 remote location. The committee may require the person making the connection to pay
 36.9 for the documented marginal costs that the committee incurs as a result of the additional
 36.10 connection.

36.11 (d) If telephone or other electronic means is used to conduct a regular, special, or
 36.12 emergency meeting, the committee shall provide notice of the regular meeting location,
 36.13 the fact that some members may participate by telephone or other electronic means, and
 36.14 the provisions of paragraph (c). The timing and method of providing notice is governed
 36.15 by section 13D.04.

36.16 **ARTICLE 5**

36.17 **SELF-SUFFICIENCY AND LIFELONG LEARNING**

36.18 Section 1. Minnesota Statutes 2006, section 120A.05, subdivision 10a, is amended to
 36.19 read:

36.20 Subd. 10a. **Kindergarten.** (a) "Kindergarten" means a program designed for pupils
 36.21 five years of age on September 1 of the calendar year in which the school year commences
 36.22 that prepares pupils to enter first grade the following school year. A program designed for
 36.23 pupils younger than five years of age on September 1 of the calendar year in which the
 36.24 school year commences that prepares pupils to enter kindergarten the following school
 36.25 year is a prekindergarten program.

36.26 (b) "Full-day kindergarten" means an academic program that prepares pupils to enter
 36.27 first grade the following school year, provides a minimum of 850 hours in a school year,
 36.28 includes curriculum and instruction under section 120B.11, and aligns with academic
 36.29 standards under section 120B.021, subdivision 1. Learning activities provided as a part of
 36.30 a community education program are not full-day kindergarten.

36.31 Sec. 2. Minnesota Statutes 2006, section 123B.36, subdivision 1, is amended to read:

36.32 Subdivision 1. **School boards may require fees.** (a) For purposes of this
 36.33 subdivision, "home school" means a home school as defined in sections 120A.22 and
 36.34 120A.24 with five or fewer students receiving instruction.

- 37.1 (b) A school board is authorized to require payment of fees in the following areas:
- 37.2 (1) in any program where the resultant product, in excess of minimum requirements
- 37.3 and at the pupil's option, becomes the personal property of the pupil;
- 37.4 (2) admission fees or charges for extracurricular activities, where attendance
- 37.5 is optional and where the admission fees or charges a student must pay to attend or
- 37.6 participate in an extracurricular activity is the same for all students, regardless of whether
- 37.7 the student is enrolled in a public or a home school;
- 37.8 (3) a security deposit for the return of materials, supplies, or equipment;
- 37.9 (4) personal physical education and athletic equipment and apparel, although any
- 37.10 pupil may personally provide it if it meets reasonable requirements and standards relating
- 37.11 to health and safety established by the board;
- 37.12 (5) items of personal use or products that a student has an option to purchase such as
- 37.13 student publications, class rings, annuals, and graduation announcements;
- 37.14 (6) fees specifically permitted by any other statute, including but not limited to
- 37.15 section 171.05, subdivision 2; provided (i) driver education fees do not exceed the actual
- 37.16 cost to the school and school district of providing driver education, and (ii) the driver
- 37.17 education courses are open to enrollment to persons between the ages of 15 and 18 who
- 37.18 reside or attend school in the school district;
- 37.19 (7) field trips considered supplementary to a district educational program;
- 37.20 (8) any authorized voluntary student health and accident benefit plan;
- 37.21 (9) for the use of musical instruments owned or rented by the district, a reasonable
- 37.22 rental fee not to exceed either the rental cost to the district or the annual depreciation plus
- 37.23 the actual annual maintenance cost for each instrument;
- 37.24 (10) transportation of pupils to and from extracurricular activities conducted at
- 37.25 locations other than school, where attendance is optional;
- 37.26 (11) transportation to and from school of pupils living within two miles from school
- 37.27 and all other transportation services not required by law. If a district charges fees for
- 37.28 transportation of pupils, it must establish guidelines for that transportation to ensure that
- 37.29 no pupil is denied transportation solely because of inability to pay;
- 37.30 (12) motorcycle classroom education courses conducted outside of regular school
- 37.31 hours; provided the charge must not exceed the actual cost of these courses to the school
- 37.32 district;
- 37.33 (13) transportation to and from postsecondary institutions for pupils enrolled under
- 37.34 the postsecondary enrollment options program under section 123B.88, subdivision 22.
- 37.35 Fees collected for this service must be reasonable and must be used to reduce the cost
- 37.36 of operating the route. Families who qualify for mileage reimbursement under section

38.1 124D.09, subdivision 22, may use their state mileage reimbursement to pay this fee. If
 38.2 no fee is charged, districts must allocate costs based on the number of pupils riding the
 38.3 route; and

38.4 (14) the additional cost of an optional full-day kindergarten program in a district or a
 38.5 charter school that also provides a half-time kindergarten option, except that no fee shall
 38.6 be charged for providing a child with a disability a free and appropriate public education
 38.7 in accordance with the child's individualized education program according to section
 38.8 125A.03. If a district charges fees for a full-day kindergarten program, it must establish a
 38.9 reasonable sliding fee scale but it shall waive the fee for a participant unable to pay.

38.10 Sec. 3. Minnesota Statutes 2006, section 123B.37, subdivision 1, is amended to read:

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

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

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

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

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

38.19 (5) instructional costs for necessary school personnel employed in any course or
 38.20 educational program required for graduation except as authorized in section 123B.36,
 38.21 subdivision 1, clause (14);

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

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

38.24 (8) any admission or examination cost for any required educational course or
 38.25 program;

38.26 (9) locker rentals;

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

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

39.1 Sec. 4. Minnesota Statutes 2006, section 124D.522, is amended to read:

39.2 **124D.522 ADULT BASIC EDUCATION SUPPLEMENTAL SERVICE**
 39.3 **GRANTS.**

39.4 (a) The commissioner, in consultation with the policy review task force under
 39.5 section 124D.521, may make grants to nonprofit organizations to provide services that
 39.6 are not offered by a district adult basic education program or that are supplemental to
 39.7 either the statewide adult basic education program, or a district's adult basic education
 39.8 program. The commissioner may make grants for: staff development for adult basic
 39.9 education teachers and administrators; training for volunteer tutors; training, services, and
 39.10 materials for serving disabled students through adult basic education programs; statewide
 39.11 promotion of adult basic education services and programs; development and dissemination
 39.12 of instructional and administrative technology for adult basic education programs;
 39.13 programs which primarily serve communities of color; adult basic education distance
 39.14 learning projects, including television instruction programs; and other supplemental
 39.15 services to support the mission of adult basic education and innovative delivery of adult
 39.16 basic education services.

39.17 (b) The commissioner must establish eligibility criteria and grant application
 39.18 procedures. Grants under this section must support services throughout the state, focus on
 39.19 educational results for adult learners, and promote outcome-based achievement through
 39.20 adult basic education programs. Beginning in fiscal year 2002, the commissioner may
 39.21 make grants under this section from the state total adult basic education aid set aside for
 39.22 supplemental service grants under section 124D.531. Up to one-fourth of the appropriation
 39.23 for supplemental service grants must be used for grants for adult basic education programs
 39.24 to encourage and support innovations in adult basic education instruction and service
 39.25 delivery. A grant to a single organization cannot exceed ~~\$100,000~~ 15 percent of the total
 39.26 supplemental services aid. Nothing in this section prevents an approved adult basic
 39.27 education program from using state or federal aid to purchase supplemental services.

39.28 Sec. 5. Minnesota Statutes 2006, section 124D.55, is amended to read:

39.29 **124D.55 GENERAL EDUCATION DEVELOPMENT (GED) TEST FEES.**

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

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