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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **3593**

February 28, 2008

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The bill was read for the first time and referred to the Committee on Finance

1.1 A bill for an act
1.2 relating to education finance; modifying school district reciprocity agreements;
1.3 amending Minnesota Statutes 2006, sections 124D.04, subdivisions 3, 6, 8, 9;
1.4 124D.05, by adding a subdivision; 125A.76, by adding a subdivision; 126C.10,
1.5 subdivision 31, by adding a subdivision; 127A.45, subdivision 16; proposing
1.6 coding for new law in Minnesota Statutes, chapter 124D.

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

1.8 Section 1. Minnesota Statutes 2006, section 124D.04, subdivision 3, is amended to
1.9 read:

1.10 Subd. 3. **Pupils in adjoining states.** Except as provided under an agreement with
1.11 an adjoining state under section 124D.041, a non-Minnesota pupil who resides in an
1.12 adjoining state in a district that borders Minnesota may enroll in a Minnesota district if
1.13 either the board of the district in which the pupil resides or state in which the pupil resides
1.14 pays tuition to the district in which the pupil is enrolled.

1.15 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2010.

1.16 Sec. 2. Minnesota Statutes 2006, section 124D.04, subdivision 6, is amended to read:

1.17 Subd. 6. **Tuition payments.** (a) In each odd-numbered year, before March 1, the
1.18 commissioner must agree to rates of tuition for Minnesota elementary and secondary
1.19 pupils attending in other states for the next two fiscal years when the other state agrees to
1.20 negotiate tuition rates. The commissioner must negotiate equal, reciprocal rates with the
1.21 designated authority in each state for pupils who reside in an adjoining state and enroll in
1.22 a Minnesota district. The rates must be at least equal to the tuition specified in section
1.23 124D.05, subdivision 1. If the other state does not agree to negotiate a general tuition rate,
1.24 a Minnesota school district may negotiate a tuition rate with the school district in the other

2.1 state that sends a pupil to or receives a pupil from the Minnesota school district. The
 2.2 tuition rate for a pupil with a disability must be equal to the actual cost of instruction and
 2.3 services provided. The resident district of a Minnesota pupil attending in another state
 2.4 under this section must pay the amount of tuition agreed upon in this section to the district
 2.5 of attendance, prorated on the basis of the proportion of the school year attended.

2.6 (b) Notwithstanding paragraph (a) and subdivision 9, if an agreement is reached
 2.7 between Minnesota and an adjoining state under section 124D.041, the provisions of
 2.8 section 124D.041 and the agreement shall apply to all enrollment transfers between
 2.9 Minnesota and the adjoining state, and provisions of paragraph (a) and subdivision 9
 2.10 shall not apply.

2.11 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2010.

2.12 Sec. 3. Minnesota Statutes 2006, section 124D.04, subdivision 8, is amended to read:

2.13 Subd. 8. **Effective if reciprocal.** This section is effective with respect to ~~South~~
 2.14 ~~Dakota upon enactment of provisions by South Dakota that the commissioner determines~~
 2.15 ~~are essentially similar to the provisions for Minnesota pupils in this section. This section~~
 2.16 ~~is effective with respect to any other~~ bordering state upon enactment of provisions by the
 2.17 bordering state that the commissioner determines are essentially similar to the provisions
 2.18 for Minnesota pupils in this section.

2.19 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2010.

2.20 Sec. 4. Minnesota Statutes 2006, section 124D.04, subdivision 9, is amended to read:

2.21 Subd. 9. **Appeal to the commissioner.** If a Minnesota school district cannot agree
 2.22 with an adjoining state on a tuition rate for a Minnesota student attending school in that
 2.23 state and that state has met the requirements in subdivision 8, then the student's parent or
 2.24 guardian may request that the commissioner ~~agree on~~ set a tuition rate for the student. The
 2.25 Minnesota district must pay the amount of tuition the commissioner ~~agrees upon~~ sets.

2.26 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2010.

2.27 Sec. 5. **[124D.041] RECIPROCITY WITH ADJOINING STATES.**

2.28 Subdivision 1. **Agreements.** The commissioner may enter into an agreement
 2.29 with the designated authority from an adjoining state to establish an enrollment options
 2.30 program between Minnesota and the adjoining state.

2.31 (a) Any agreement entered into under this section must specify the following:

3.1 (1) for students who are not residents of Minnesota, the enrollment options program
3.2 applies only to a student whose resident school district borders Minnesota;

3.3 (2) the commissioner must negotiate equal, reciprocal rates with the designated
3.4 authority from the adjoining state;

3.5 (3) if the adjoining state sends more students to Minnesota than Minnesota sends
3.6 to the adjoining state, the adjoining state will pay Minnesota the rate agreed upon under
3.7 clause (2) for the excess number of students sent to Minnesota;

3.8 (4) if Minnesota sends more students to the adjoining state than the adjoining state
3.9 sends to Minnesota, Minnesota will pay the adjoining state the rate agreed upon under
3.10 clause (2) for the excess number of students sent to the adjoining state;

3.11 (5) the application procedures for the enrollment options program between
3.12 Minnesota and the adjoining state;

3.13 (6) the reasons for which an application for the enrollment options program between
3.14 Minnesota and the adjoining state may be denied; and

3.15 (7) that a Minnesota school district is not responsible for transportation for any
3.16 resident student attending school in an adjoining state under the provisions of this section.
3.17 However, a Minnesota school district may, at its discretion, provide transportation services
3.18 for such a student.

3.19 (b) Any agreement entered into under this section may specify additional terms
3.20 relating to any student in need of special education and related services pursuant to chapter
3.21 125A. Any additional terms must apply equally to both states.

3.22 Subd. 2. **Pupil accounting.** (a) Any student from an adjoining state enrolled in
3.23 Minnesota under this section is included in receiving school district's average daily
3.24 membership and pupil units according to section 126C.05 as if the student was a resident
3.25 of another Minnesota school district attending the receiving school district under section
3.26 124D.03.

3.27 (b) Any Minnesota resident student enrolled in an adjoining state pursuant to this
3.28 section is included in the resident school district's average daily membership and pupil
3.29 units according to section 126C.05 as if the student was a resident of the district attending
3.30 another Minnesota school district under section 124D.03.

3.31 Subd. 3. **Procedures.** (a) The Department of Education must establish procedures
3.32 relating to the application process, the collection or payment of funds under the provisions
3.33 of any agreement established under this section, and the collection of data necessary to
3.34 implement any agreement established under this section.

3.35 (b) Notwithstanding sections 124D.04 and 124D.05, if an agreement is established
3.36 between Minnesota and an adjoining state pursuant to this section, the provisions of this

4.1 section and the agreement shall apply to all enrollment transfers between Minnesota and
4.2 the adjoining state, and provisions of sections 124D.04 and 124D.05 to the contrary,
4.3 including provisions relating to tuition payments, shall not apply.

4.4 (c) Notwithstanding paragraph (a), any payments to adjoining states under this
4.5 section shall be made according to section 127A.45, subdivision 16.

4.6 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2010.

4.7 Sec. 6. Minnesota Statutes 2006, section 124D.05, is amended by adding a subdivision
4.8 to read:

4.9 Subd. 2a. **Exception.** Notwithstanding subdivisions 1 and 2, if an agreement is
4.10 reached between Minnesota and an adjoining state under section 124D.041, the provisions
4.11 of section 124D.041 and the agreement shall apply to all enrollment transfers between
4.12 Minnesota and the adjoining state, and provisions of subdivisions 1 and 2 to the contrary,
4.13 including provisions relating to tuition payments, shall not apply.

4.14 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2010.

4.15 Sec. 7. Minnesota Statutes 2006, section 125A.76, is amended by adding a subdivision
4.16 to read:

4.17 Subd. 4a. **Adjustments for tuition reciprocity with adjoining states.** (a) If an
4.18 agreement is reached between Minnesota and an adjoining state under section 124D.041
4.19 that requires a special education tuition payment from Minnesota to the adjoining state,
4.20 the tuition payment shall be made from the special education aid appropriation for that
4.21 year, and the state total special education aid under subdivision 4 shall be reduced by the
4.22 amount of the payment.

4.23 (b) If an agreement is reached between Minnesota and an adjoining state under
4.24 section 124D.041 that requires a special education tuition payment from an adjoining state
4.25 to Minnesota, the special education aid appropriation for that year and the state total
4.26 special education aid under subdivision 4 shall be increased by the amount of the payment.

4.27 (c) If an agreement is reached between Minnesota and an adjoining state under
4.28 section 124D.041 that requires special education tuition payments to be made between
4.29 the two states, and not between districts in the two states, the special education aid for a
4.30 Minnesota school district serving a student with a disability from the adjoining state shall
4.31 be calculated according to section 127A.47, subdivision 7, except that no reduction shall
4.32 be made in the special education aid paid to the resident district.

4.33 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2010.

5.1 Sec. 8. Minnesota Statutes 2006, section 126C.10, subdivision 31, is amended to read:

5.2 Subd. 31. **Transition revenue.** (a) A district's transition allowance equals the
 5.3 greater of zero or the product of the ratio of the number of adjusted marginal cost pupil
 5.4 units the district would have counted for fiscal year 2004 under Minnesota Statutes 2002
 5.5 to the district's adjusted marginal cost pupil units for fiscal year 2004, times the difference
 5.6 between: (1) the lesser of the district's general education revenue per adjusted marginal
 5.7 cost pupil unit for fiscal year 2003 or the amount of general education revenue the district
 5.8 would have received per adjusted marginal cost pupil unit for fiscal year 2004 according
 5.9 to Minnesota Statutes 2002, and (2) the district's general education revenue for fiscal year
 5.10 2004 excluding transition revenue divided by the number of adjusted marginal cost pupil
 5.11 units the district would have counted for fiscal year 2004 under Minnesota Statutes 2002.

5.12 (b) A district's transition revenue for fiscal year 2006 ~~and later~~ through 2008 equals
 5.13 the sum of the product of the district's transition allowance times the district's adjusted
 5.14 marginal cost pupil units plus the district's transition for prekindergarten revenue under
 5.15 subdivision 31a.

5.16 (c) A district's transition revenue for fiscal year 2009 and later equals the sum of
 5.17 the product of the district's transition allowance times the district's adjusted marginal cost
 5.18 pupil units plus the district's transition for prekindergarten revenue under subdivision 31a
 5.19 plus the district's transition for tuition reciprocity revenue under subdivision 31c.

5.20 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2010.

5.21 Sec. 9. Minnesota Statutes 2006, section 126C.10, is amended by adding a subdivision
 5.22 to read:

5.23 Subd. 31c. **Transition for tuition reciprocity revenue.** For the first year that a
 5.24 tuition reciprocity agreement with an adjoining state is in effect under section 124D.041
 5.25 and later, a school district's transition for tuition reciprocity revenue equals the greater of
 5.26 zero or the difference between the sum of the general education revenue and net tuition
 5.27 revenue the district would have received for pupils enrolled under section 124D.041 for
 5.28 the first year the agreement is in effect if the agreement had not been in effect, and the
 5.29 sum of the district's general education revenue and net tuition revenue for the first year
 5.30 the agreement is in effect.

5.31 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2010.

5.32 Sec. 10. Minnesota Statutes 2006, section 127A.45, subdivision 16, is amended to read:

6.1 Subd. 16. **Payments to third parties.** Notwithstanding subdivision 3, the current
6.2 year aid payment percentage of the amounts under ~~section~~ sections 123A.26, subdivision
6.3 3, and 124D.041, shall be paid in equal installments on August 30, December 30, and
6.4 March 30, with a final adjustment payment on October 30 of the next fiscal year of the
6.5 remaining amount.

6.6 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2010.