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State of Minnesota HOUSE OF REPRESENTATIVES

EIGHTY-SIXTH
SESSION

HOUSE FILE NO. **427**

February 2, 2009

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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; authorizing a two-year waiver from the special
1.3 operating plan for districts in statutory operating debt; amending Minnesota
1.4 Statutes 2008, section 123B.83, subdivision 4.
1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2008, section 123B.83, subdivision 4, is amended to read:

1.7 Subd. 4. **Special operating plan.** (a) If the net negative unreserved general fund
1.8 balance, calculated in accordance with the uniform financial accounting and reporting
1.9 standards for Minnesota school districts, as of June 30 each year, is more than 2-1/2
1.10 percent of the year's expenditure amount, the district must, prior to January 31 of the next
1.11 fiscal year, submit a special operating plan to reduce the district's deficit expenditures to
1.12 the commissioner for approval. The commissioner may also require the district to provide
1.13 evidence that the district meets and will continue to meet all high school graduation
1.14 requirements.

1.15 Notwithstanding any other law to the contrary, a district submitting a special
1.16 operating plan to the commissioner under this clause which is disapproved by the
1.17 commissioner must not receive any aid pursuant to chapters 120B, 122A, 123A, 123B,
1.18 124D, 125A, 126C, and 127A until a special operating plan of the district is so approved.

1.19 (b) A district must receive aids pending the approval of its special operating plan
1.20 under paragraph (a). A district which complies with its approved operating plan must
1.21 receive aids as long as the district continues to comply with the approved operating plan.

1.22 (c) For fiscal years 2010 and 2011 only, after conducting a school board meeting and
1.23 allowing public testimony, a school board may adopt a written resolution suspending its

- 2.1 special operating plan for those school years. A copy of the resolution must be provided to
- 2.2 the commissioner of education within 30 days of its adoption by the school board.
- 2.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.