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State of Minnesota HOUSE OF REPRESENTATIVES

**SPECIAL
SESSION**

HOUSE FILE No. 26

July 19, 2011

Authored by Garofalo and Erickson
The bill was read for the first time

A bill for an act

relating to education; providing for policy and funding for family, adult, and prekindergarten through grade 12 education, including general education, academic excellence, special programs, facilities and technology, accounting and nutrition, libraries, early childhood education, prevention, self-sufficiency and lifelong learning, student transportation, state agencies, and forecast adjustments; requiring reports; appropriating money; amending Minnesota Statutes 2010, sections 11A.16, subdivision 5; 13D.02, by adding a subdivision; 16A.152, subdivision 2; 119A.50, subdivision 3; 120A.24; 120A.41; 120B.023, subdivision 2; 120B.07; 120B.12; 120B.30, subdivisions 1, 3, 4; 120B.31, subdivision 4; 120B.36, subdivisions 1, 2; 121A.15, subdivision 8, as amended; 122A.09, subdivision 4, as amended; 122A.16, as amended; 122A.40, subdivisions 5, 6, 8, 9; 122A.41, subdivisions 1, 2, 3, 5, 6; 123A.55; 123B.143, subdivision 1; 123B.147, subdivision 3; 123B.41, subdivisions 2, 5; 123B.54; 123B.57; 123B.63, subdivision 3; 123B.71, subdivision 5; 123B.72, subdivision 3; 123B.75, subdivision 5; 123B.88, subdivision 13, by adding a subdivision; 123B.92, subdivisions 1, 5; 124D.09, subdivisions 5, 7, 8; 124D.091, subdivision 2; 124D.10, as amended; 124D.11, subdivisions 4, 9; 124D.19, subdivision 3; 124D.36; 124D.37; 124D.38, subdivision 3; 124D.385, subdivision 3; 124D.39; 124D.40; 124D.42; 124D.44; 124D.45, subdivision 2; 124D.4531, subdivision 1; 124D.531, subdivisions 1, 4; 124D.59, subdivision 2; 125A.02, subdivision 1; 125A.0942, subdivision 3; 125A.15; 125A.21, subdivisions 2, 3, 5, 7; 125A.51; 125A.515, by adding a subdivision; 125A.69, subdivision 1; 125A.79, subdivision 1; 126C.10, subdivisions 1, 2, 8a, 14, by adding a subdivision; 126C.126; 126C.15, subdivision 2; 126C.20; 126C.40, subdivision 1; 126C.41, subdivision 2; 126C.44; 126C.50; 127A.33; 127A.42, subdivision 2; 127A.43; 127A.441; 127A.45, subdivisions 2, 3, 6a, by adding a subdivision; 134.195, subdivision 8; 171.05, subdivision 2; 171.17, subdivision 1; 171.22, subdivision 1; Laws 1999, chapter 241, article 4, section 25, by adding a subdivision; Laws 2009, chapter 96, article 1, section 24, subdivisions 2, as amended, 3, 4, as amended, 5, as amended, 6, as amended, 7, as amended; article 2, section 67, subdivisions 2, as amended, 3, as amended, 4, as amended, 6, 9, as amended; article 3, section 21, subdivisions 3, 4, as amended; article 4, section 12, subdivision 6, as amended; article 5, section 13, subdivisions 2, 3, 4, as amended; article 6, section 11, subdivisions 3, as amended, 4, as amended, 8, as amended, 12, as amended; proposing coding for new law in Minnesota Statutes, chapters 120B; 124D; repealing Minnesota Statutes 2010, sections 120A.26, subdivisions 1, 2; 123B.05; 124D.11, subdivision 8; 124D.38, subdivisions 4, 5, 6; 124D.86; 124D.871; 124D.88; 125A.54; 126C.10, subdivision 5; 126C.457; 127A.46.

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

2.2 **ARTICLE 1**

2.3 **GENERAL EDUCATION**

2.4 Section 1. Minnesota Statutes 2010, section 11A.16, subdivision 5, is amended to read:

2.5 Subd. 5. **Calculation of income.** As of the end of each fiscal year, the state
2.6 board shall calculate the investment income earned by the permanent school fund. The
2.7 investment income earned by the fund shall equal the amount of interest on debt securities
2.8 ~~and, dividends on equity securities, and interest earned on certified monthly earnings prior~~
2.9 ~~to the transfer to the Department of Education.~~ Gains and losses arising from the sale of
2.10 securities shall be apportioned as follows:

2.11 (a) If the sale of securities results in a net gain during a fiscal year, the gain shall
2.12 be apportioned in equal installments over the next ten fiscal years to offset net losses in
2.13 those years. If any portion of an installment is not needed to recover subsequent losses
2.14 identified in paragraph (b) it shall be added to the principal of the fund.

2.15 (b) If the sale of securities results in a net loss during a fiscal year, the net loss shall
2.16 be recovered first from the gains in paragraph (a) apportioned to that fiscal year. If these
2.17 gains are insufficient, any remaining net loss shall be recovered from interest and dividend
2.18 income in equal installments over the following ten fiscal years.

2.19 Sec. 2. Minnesota Statutes 2010, section 120A.24, is amended to read:

2.20 **120A.24 REPORTING.**

2.21 Subdivision 1. **Reports to superintendent.** ~~(a) The person in charge of providing~~
2.22 ~~instruction to a child must submit the following information to the superintendent of the~~
2.23 ~~district in which the child resides the name, birth date, and address of the child; the annual~~
2.24 ~~tests intended to be used under section 120A.22, subdivision 11, if required; the name of~~
2.25 ~~each instructor; and evidence of compliance with one of the requirements specified in~~
2.26 ~~section 120A.22, subdivision 10:~~

2.27 (1) by October 1 of ~~each the first school year, the name, birth date, and address~~
2.28 ~~of each child receiving instruction~~ the child receives instruction after reaching the age
2.29 of seven;

2.30 ~~(2) the name of each instructor and evidence of compliance with one of the~~
2.31 ~~requirements specified in section 120A.22, subdivision 10;~~

2.32 ~~(3) an annual instructional calendar; and~~

~~(4) for each child instructed by a parent who meets only the requirement of section 120A.22, subdivision 10, clause (6), a quarterly report card on the achievement of the child in each subject area required in section 120A.22, subdivision 9.~~

(2) within 15 days of when a parent withdraws a child from public school after age seven to homeschool;

(3) within 15 days of moving out of a district; and

(4) by October 1 after a new resident district is established.

(b) The person in charge of providing instruction to a child between the ages of seven and 16 must submit, by October 1 of each school year, a letter of intent to continue to provide instruction under this section for all students under the person's supervision and any changes to the information required in paragraph (a) for each student.

(c) The superintendent may collect the required information under this section through an electronic or Web-based format, but must not require electronic submission of information under this section from the person in charge of reporting under this subdivision.

Subd. 2. **Availability of documentation.** (a) The person in charge of providing instruction to a child must ~~make available~~ maintain documentation indicating that the subjects required in section 120A.22, subdivision 9, are being taught and proof that the tests under section 120A.22, subdivision 11, have been administered. This documentation must include class schedules, copies of materials used for instruction, and descriptions of methods used to assess student achievement.

(b) The parent of a child who enrolls full time in public school after having been enrolled in a home school under section 120A.22, subdivision 6, must provide the enrolling public school or school district with the child's scores on any tests administered to the child under section 120A.22, subdivision 11, and other education-related documents the enrolling school or district requires to determine where the child is placed in school and what course requirements apply. This paragraph does not apply to a shared time student who does not seek a public school diploma.

(c) The person in charge of providing instruction to a child must make the documentation in this subdivision available to the county attorney when a case is commenced under section 120A.26, subdivision 5; chapter 260C; or when diverted under chapter 260A.

Subd. 3. **Exemptions.** A nonpublic school, person, or other institution that is accredited by an accrediting agency, recognized according to section 123B.445, or recognized by the commissioner, is exempt from the requirements in ~~subdivisions 1 and subdivision 2, except for the requirement in subdivision 1, clause (1).~~

Subd. 4. **Reports to the state.** A superintendent must make an annual report to the commissioner of education by December 1 of the total number of nonpublic children reported as residing in the district. The report must include the following information:

(1) the number of children residing in the district attending nonpublic schools or receiving instruction from persons or institutions other than a public school;

(2) the number of children in clause (1) who are in compliance with section 120A.22 and this section; and

(3) the number of children in clause (1) who the superintendent has determined are not in compliance with section 120A.22 and this section.

Subd. 5. **Obligations.** Nothing in this section alleviates the obligations under section 120A.22.

Sec. 3. Minnesota Statutes 2010, section 120A.41, is amended to read:

120A.41 LENGTH OF SCHOOL YEAR; ~~DAYS~~ HOURS OF INSTRUCTION.

A school board's annual school calendar must include at least ~~the number of days of student instruction the board formally adopted as its school calendar at the beginning of the 1996-1997 school year~~ 425 hours of instruction for a kindergarten student without a disability, 935 hours of instruction for a student in grades 1 through 6, and 1,020 hours of instruction for a student in grades 7 through 12, not including summer school. Nothing in this section permits a school district to adopt a four-day week schedule unless approved by the commissioner under section 124D.126.

EFFECTIVE DATE. This section is effective July 1, 2012.

Sec. 4. Minnesota Statutes 2010, section 120B.07, is amended to read:

120B.07 EARLY GRADUATION.

(a) Notwithstanding any law to the contrary, any secondary school student who has completed all required courses or standards may, with the approval of the student, the student's parent or guardian, and local school officials, graduate before the completion of the school year.

(b) General education revenue attributable to the student must be paid as though the student was in attendance for the entire year unless the student participates in the early graduation achievement scholarship program under section 120B.08 or the early graduation military service award program under section 120B.081.

5.1 Sec. 5. **[120B.08] EARLY GRADUATION ACHIEVEMENT SCHOLARSHIP**
5.2 **PROGRAM.**

5.3 Subdivision 1. **Participation.** A student who qualifies for early graduation under
5.4 section 120B.07 is eligible to participate in the early graduation achievement scholarship
5.5 program.

5.6 Subd. 2. **Scholarship amounts.** A student who participates in the early graduation
5.7 achievement scholarship program is eligible for a scholarship of \$2,500 if the student
5.8 qualifies for graduation one semester or two trimesters early, \$5,000 if the student qualifies
5.9 for graduation two semesters or three or four trimesters early, or \$7,500 if the student
5.10 qualifies for graduation three or more semesters or five or more trimesters early.

5.11 Subd. 3. **Scholarship uses.** An early graduation achievement scholarship may be
5.12 used at any accredited institution of higher education.

5.13 Subd. 4. **Application.** A qualifying student may apply to the commissioner of
5.14 education for an early graduation achievement scholarship. The application must be in
5.15 the form and manner specified by the commissioner. Upon verification of the qualifying
5.16 student's course completion necessary for graduation, the department must issue the
5.17 student a certificate showing the student's scholarship amount.

5.18 Subd. 5. **Enrollment verification.** A student who qualifies under this section
5.19 and enrolls in an accredited higher education institution must submit a form to the
5.20 commissioner verifying the student's enrollment in the higher education institution and the
5.21 tuition charges for that semester. Within 15 days of receipt of a student's enrollment and
5.22 tuition verification form, the commissioner must issue a scholarship check to the student in
5.23 the lesser of the tuition amount for that semester or the maximum amount of the student's
5.24 early graduation achievement scholarship. A student may continue to submit enrollment
5.25 verification forms to the commissioner until the student has used the full amount of the
5.26 student's graduation achievement scholarship.

5.27 Subd. 6. **General education money transferred.** The commissioner must transfer
5.28 the amounts necessary to fund the early graduation achievement scholarships from the
5.29 general education aid appropriation for that year.

5.30 **EFFECTIVE DATE.** This section is effective for fiscal year 2012 and later.

5.31 Sec. 6. **[120B.081] EARLY GRADUATION MILITARY SERVICE AWARD**
5.32 **PROGRAM.**

5.33 Subdivision 1. **Eligibility.** For purposes of this section, "eligible person" means
5.34 a secondary student enrolled in any Minnesota public school who qualifies for early
5.35 graduation under section 120B.07 and who, before the end of the calendar year of the

student's graduation, enters into active service in either the active or reserve component of the United States armed forces and deploys for 60 days or longer to a military base or installation outside Minnesota for the purpose of attending basic military training or military school and, if required by the military, performing other military duty. The active service may be in accordance with United States Code, title 10 or title 32.

Subd. 2. Application. An eligible person may apply to the commissioner of education for an early graduation military service bonus. The application must be in the form and manner specified by the commissioner.

Subd. 3. Verification and award. Upon verification of the qualifying student's course completion necessary for graduation and eligibility for the military service bonus, the commissioner must issue payment to that person. Payment amounts must be determined according to section 120B.08, subdivision 2.

EFFECTIVE DATE. This section is effective for fiscal year 2012 and later.

Sec. 7. Minnesota Statutes 2010, section 121A.15, subdivision 8, as amended by Laws 2011, chapter 76, article 1, section 12, is amended to read:

Subd. 8. Report. The administrator or other person having general control and supervision of the elementary or secondary school shall file a report with the commissioner on all persons enrolled in the school. The superintendent of each district shall file a report with the commissioner for all persons within the district receiving instruction in a home school in compliance with sections 120A.22 and 120A.24. The parent of persons receiving instruction in a home school shall submit the statements as required by subdivisions 1, 2, 3, ~~and 4~~, and 12 to the superintendent of the district in which the person resides by October 1 of ~~each school year~~ the first year of their homeschooling in Minnesota and the grade 7 year. The school report must be prepared on forms developed jointly by the commissioner of health and the commissioner of education and be distributed to the local districts by the commissioner of health. The school report must state the number of persons attending the school, the number of persons who have not been immunized according to subdivision 1 or 2, and the number of persons who received an exemption under subdivision 3, clause (c) or (d). The school report must be filed with the commissioner of education within 60 days of the commencement of each new school term. Upon request, a district must be given a 60-day extension for filing the school report. The commissioner of education shall forward the report, or a copy thereof, to the commissioner of health who shall provide summary reports to boards of health as defined in section 145A.02, subdivision 2. The administrator or other person having general control and supervision of the child care facility shall file a report with the commissioner of human services on all persons enrolled in the child care

7.1 facility. The child care facility report must be prepared on forms developed jointly by
7.2 the commissioner of health and the commissioner of human services and be distributed
7.3 to child care facilities by the commissioner of health. The child care facility report
7.4 must state the number of persons enrolled in the facility, the number of persons with no
7.5 immunizations, the number of persons who received an exemption under subdivision 3,
7.6 clause (c) or (d), and the number of persons with partial or full immunization histories.
7.7 The child care facility report must be filed with the commissioner of human services by
7.8 November 1 of each year. The commissioner of human services shall forward the report,
7.9 or a copy thereof, to the commissioner of health who shall provide summary reports to
7.10 boards of health as defined in section 145A.02, subdivision 2. The report required by this
7.11 subdivision is not required of a family child care or group family child care facility, for
7.12 prekindergarten children enrolled in any elementary or secondary school provided services
7.13 according to sections 125A.03 and 125A.06, nor for child care facilities in which at least
7.14 75 percent of children in the facility participate on a onetime only or occasional basis to a
7.15 maximum of 45 hours per child, per month.

7.16 Sec. 8. Minnesota Statutes 2010, section 123A.55, is amended to read:

7.17 **123A.55 CLASSES, NUMBER.**

7.18 Districts shall be classified as common, independent, ~~or special, or charter~~ districts;
7.19 ~~Each of which~~ common, independent, and special district is a public corporation. Each
7.20 district shall be known by its classification and assigned a number by the commissioner so
7.21 that its title will be School District No.

7.22 **EFFECTIVE DATE.** This section is effective March 1, 2012, and later.

7.23 Sec. 9. Minnesota Statutes 2010, section 123B.41, subdivision 2, is amended to read:

7.24 Subd. 2. **Textbook.** "Textbook" means any book or book substitute, including
7.25 electronic books as well as other printed materials delivered electronically, which a
7.26 pupil uses as a text or text substitute in a particular class or program in the school
7.27 regularly attended and a copy of which is expected to be available for the individual use
7.28 of each pupil in this class or program. The term shall be limited to books, workbooks,
7.29 or manuals, whether bound or in loose-leaf form, as well as electronic books and other
7.30 printed materials delivered electronically, intended for use as a principal source of study
7.31 material for a given class or a group of students. The term includes only such secular,
7.32 neutral and nonideological textbooks as are available, used by, or of benefit to Minnesota
7.33 public school pupils.

8.1 Sec. 10. Minnesota Statutes 2010, section 123B.41, subdivision 5, is amended to read:

8.2 Subd. 5. **Individualized instructional or cooperative learning materials.**

8.3 "Individualized instructional or cooperative learning materials" means educational
8.4 materials which:

8.5 (a) are designed primarily for individual pupil use or use by pupils in a cooperative
8.6 learning group in a particular class or program in the school the pupil regularly attends;

8.7 (b) are secular, neutral, nonideological and not capable of diversion for religious
8.8 use; and

8.9 (c) are available, used by, or of benefit to Minnesota public school pupils.

8.10 Subject to the requirements in clauses (a), (b), and (c), "individualized instructional
8.11 or cooperative learning materials" include, but are not limited to, the following if they
8.12 do not fall within the definition of "textbook" in subdivision 2: published materials;
8.13 periodicals; documents; pamphlets; photographs; reproductions; pictorial or graphic
8.14 works; prerecorded video programs; prerecorded tapes, cassettes and other sound
8.15 recordings; manipulative materials; desk charts; games; study prints and pictures; desk
8.16 maps; models; learning kits; blocks or cubes; flash cards; individualized multimedia
8.17 systems; prepared instructional computer software programs; choral and band sheet music;
8.18 electronic books and other printed materials delivered electronically; and CD-Rom.

8.19 "Individualized instructional or cooperative learning materials" do not include
8.20 instructional equipment, instructional hardware, or ordinary daily consumable classroom
8.21 supplies.

8.22 Sec. 11. Minnesota Statutes 2010, section 123B.63, subdivision 3, is amended to read:

8.23 Subd. 3. **Capital project levy referendum.** A district may levy the local tax
8.24 rate approved by a majority of the electors voting on the question to provide funds for
8.25 an approved project. The election must take place no more than five years before the
8.26 estimated date of commencement of the project. The referendum must be held on a date
8.27 set by the board. A district must meet the requirements of section 123B.71 for projects
8.28 funded under this section. If a review and comment is required under section 123B.71,
8.29 subdivision 8, a referendum for a project not receiving a positive review and comment by
8.30 the commissioner under section 123B.71 must be approved by at least 60 percent of the
8.31 voters at the election. The referendum may be called by the school board and may be held:

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

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

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

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

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

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

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

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

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

9.22 Sec. 12. Minnesota Statutes 2010, section 123B.75, subdivision 5, is amended to read:

9.23 Subd. 5. **Levy recognition.** (a) For fiscal years 2009 and 2010, in June of each
9.24 year, the school district must recognize as revenue, in the fund for which the levy was
9.25 made, the lesser of:

9.26 (1) the sum of May, June, and July school district tax settlement revenue received in
9.27 that calendar year, plus general education aid according to section 126C.13, subdivision
9.28 4, received in July and August of that calendar year; or

9.29 (2) the sum of:

9.30 (i) 31 percent of the referendum levy certified according to section 126C.17, in
9.31 calendar year 2000; and

9.32 (ii) the entire amount of the levy certified in the prior calendar year according to
9.33 section 124D.86, subdivision 4, for school districts receiving revenue under sections
9.34 124D.86, subdivision 3, clauses (1), (2), and (3); 126C.41, subdivisions 1, 2, paragraph

10.1 (a), and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2; 126C.457; and 126C.48,
10.2 subdivision 6; plus

10.3 (iii) zero percent of the amount of the levy certified in the prior calendar year for the
10.4 school district's general and community service funds, plus or minus auditor's adjustments,
10.5 not including the levy portions that are assumed by the state, that remains after subtracting
10.6 the referendum levy certified according to section 126C.17 and the amount recognized
10.7 according to item (ii).

10.8 (b) For fiscal year 2011 and later years, in June of each year, the school district must
10.9 recognize as revenue, in the fund for which the levy was made, the lesser of:

10.10 (1) the sum of May, June, and July school district tax settlement revenue received in
10.11 that calendar year, plus general education aid according to section 126C.13, subdivision
10.12 4, received in July and August of that calendar year; or

10.13 (2) the sum of:

10.14 (i) the greater of 48.6 percent of the referendum levy certified according to section
10.15 126C.17 in the prior calendar year, or 31 percent of the referendum levy certified
10.16 according to section 126C.17 in calendar year 2000; plus

10.17 (ii) the entire amount of the levy certified in the prior calendar year according to
10.18 section 124D.4531, 124D.86, subdivision 4, for school districts receiving revenue under
10.19 sections 124D.86, subdivision 3, clauses (1), (2), and (3); 126C.41, subdivisions 1, 2,
10.20 paragraph (a), and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2; ~~126C.457~~;
10.21 and 126C.48, subdivision 6; plus

10.22 (iii) 48.6 percent of the amount of the levy certified in the prior calendar year for the
10.23 school district's general and community service funds, plus or minus auditor's adjustments,
10.24 not including the levy portions that are assumed by the state, that remains after subtracting
10.25 the referendum levy certified according to section 126C.17 and the amount recognized
10.26 according to item (ii).

10.27 Sec. 13. Minnesota Statutes 2010, section 124D.59, subdivision 2, is amended to read:

10.28 Subd. 2. **Pupil of limited English proficiency.** (a) "Pupil of limited English
10.29 proficiency" means a pupil in kindergarten through grade 12 who meets the following
10.30 requirements:

10.31 (1) the pupil, as declared by a parent or guardian first learned a language other than
10.32 English, comes from a home where the language usually spoken is other than English, or
10.33 usually speaks a language other than English; and

10.34 (2) the pupil is determined by developmentally appropriate measures, which might
10.35 include observations, teacher judgment, parent recommendations, or developmentally

11.1 appropriate assessment instruments, to lack the necessary English skills to participate
 11.2 fully in classes taught in English.

11.3 (b) Notwithstanding paragraph (a), a pupil in grades 4 through 12 who was enrolled
 11.4 in a Minnesota public school on the dates during the previous school year when a
 11.5 commissioner provided assessment that measures the pupil's emerging academic English
 11.6 was administered, shall not be counted as a pupil of limited English proficiency in
 11.7 calculating limited English proficiency pupil units under section 126C.05, subdivision
 11.8 17, and shall not generate state limited English proficiency aid under section 124D.65,
 11.9 subdivision 5, unless the pupil scored below the state cutoff score or is otherwise counted
 11.10 as a nonproficient participant on an assessment measuring emerging academic English
 11.11 provided by the commissioner during the previous school year.

11.12 (c) Notwithstanding paragraphs (a) and (b), a pupil in kindergarten through grade 12
 11.13 shall not be counted as a pupil of limited English proficiency in calculating limited English
 11.14 proficiency pupil units under section 126C.05, subdivision 17, and shall not generate state
 11.15 limited English proficiency aid under section 124D.65, subdivision 5, if:

11.16 (1) the pupil is not enrolled during the current fiscal year in an educational program
 11.17 for pupils of limited English proficiency in accordance with sections 124D.58 to 124D.64;
 11.18 or

11.19 (2) the pupil has generated five or more years of average daily membership in
 11.20 Minnesota public schools since July 1, 1996.

11.21 Sec. 14. Minnesota Statutes 2010, section 125A.79, subdivision 1, is amended to read:

11.22 Subdivision 1. **Definitions.** For the purposes of this section, the definitions in this
 11.23 subdivision apply.

11.24 (a) "Unreimbursed special education cost" means the sum of the following:

11.25 (1) expenditures for teachers' salaries, contracted services, supplies, equipment, and
 11.26 transportation services eligible for revenue under section 125A.76; plus

11.27 (2) expenditures for tuition bills received under sections 125A.03 to 125A.24 and
 11.28 125A.65 for services eligible for revenue under section 125A.76, subdivision 2; minus

11.29 (3) revenue for teachers' salaries, contracted services, supplies, equipment, and
 11.30 transportation services under section 125A.76; minus

11.31 (4) tuition receipts under sections 125A.03 to 125A.24 and 125A.65 for services
 11.32 eligible for revenue under section 125A.76, subdivision 2.

11.33 (b) "General revenue" for a school district means the sum of the general education
 11.34 revenue according to section 126C.10, subdivision 1, excluding alternative teacher
 11.35 compensation revenue, ~~plus the total qualifying referendum revenue specified in paragraph~~

12.1 ~~(e)~~ minus transportation sparsity revenue minus total operating capital revenue. "General
 12.2 revenue" for a charter school means the sum of the general education revenue according to
 12.3 section 124D.11, subdivision 1, and transportation revenue according to section 124D.11,
 12.4 subdivision 2, excluding alternative teacher compensation revenue, minus referendum
 12.5 equalization aid minus transportation sparsity revenue minus operating capital revenue.

12.6 (c) "Average daily membership" has the meaning given it in section 126C.05.

12.7 (d) "Program growth factor" means 1.02 for fiscal year 2012 and later.

12.8 ~~(e) "Total qualifying referendum revenue" means two-thirds of the district's total~~
 12.9 ~~referendum revenue as adjusted according to section 127A.47, subdivision 7, paragraphs~~
 12.10 ~~(a) to (c), for fiscal year 2006, one-third of the district's total referendum revenue for fiscal~~
 12.11 ~~year 2007, and none of the district's total referendum revenue for fiscal year 2008 and later.~~

12.12 Sec. 15. Minnesota Statutes 2010, section 126C.10, subdivision 1, is amended to read:

12.13 Subdivision 1. **General education revenue.** ~~For fiscal year 2006 and later,~~ The
 12.14 general education revenue for each district equals the sum of the district's basic revenue,
 12.15 extended time revenue, gifted and talented revenue, small schools revenue, basic skills
 12.16 revenue, training and experience revenue, secondary sparsity revenue, elementary sparsity
 12.17 revenue, transportation sparsity revenue, total operating capital revenue, equity revenue,
 12.18 alternative teacher compensation revenue, and transition revenue.

12.19 **EFFECTIVE DATE.** This section is effective for fiscal year 2013 and later.

12.20 Sec. 16. Minnesota Statutes 2010, section 126C.10, subdivision 2, is amended to read:

12.21 Subd. 2. **Basic revenue.** The basic revenue for each district equals the formula
 12.22 allowance times the adjusted marginal cost pupil units for the school year. The formula
 12.23 allowance for fiscal year ~~2007 is \$4,974~~ 2011 is \$5,124. The formula allowance for fiscal
 12.24 year ~~2008 is \$5,074 and~~ 2012 is \$5,174. The formula allowance for fiscal year ~~2009~~
 12.25 2013 and subsequent years is ~~\$5,124~~ \$5,224.

12.26 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2012
 12.27 and later.

12.28 Sec. 17. Minnesota Statutes 2010, section 126C.10, is amended by adding a
 12.29 subdivision to read:

12.30 Subd. 2c. **Small schools revenue.** A school district, not including a charter school,
 12.31 is eligible for small schools revenue equal to the product of:

12.32 (1) \$5,224;

- 13.1 (2) the district's adjusted marginal cost pupil units for that year;
 13.2 (3) the greater of zero or the ratio of (i) 1,000 less the district's adjusted marginal
 13.3 cost pupil units for that year, to (ii) 1,000; and
 13.4 (4) 0.10.

13.5 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2013
 13.6 and later.

13.7 Sec. 18. Minnesota Statutes 2010, section 126C.10, subdivision 8a, is amended to read:

13.8 Subd. 8a. **Sparsity revenue for school districts that close facilities.** A school
 13.9 district that closes a school facility or whose sparsity revenue is reduced by a school
 13.10 closure in another district is eligible for elementary and secondary sparsity revenue equal
 13.11 to the greater of the amounts calculated under subdivisions 6, 7, and 8 or the total amount
 13.12 of sparsity revenue for the previous fiscal year if the school board of the district has
 13.13 adopted a written resolution stating that the district intends to close the school facility, but
 13.14 cannot proceed with the closure without the adjustment to sparsity revenue authorized by
 13.15 this subdivision. The written resolution must be approved by the board and filed with the
 13.16 commissioner of education ~~at least 60 days~~ prior to the start of the fiscal year for which
 13.17 aid under this subdivision is first requested. A school district whose sparsity revenue
 13.18 is affected by a closure in another district is not required to adopt a written resolution
 13.19 under this section.

13.20 **EFFECTIVE DATE.** This section is effective for board resolutions approved by
 13.21 the school board in fiscal year 2011 and later for sparsity revenue calculations in fiscal
 13.22 year 2012 and later.

13.23 Sec. 19. Minnesota Statutes 2010, section 126C.10, subdivision 14, is amended to read:

13.24 Subd. 14. **Uses of total operating capital revenue.** Total operating capital revenue
 13.25 may be used only for the following purposes:

- 13.26 (1) to acquire land for school purposes;
 13.27 (2) to acquire or construct buildings for school purposes;
 13.28 (3) to rent or lease buildings, including the costs of building repair or improvement
 13.29 that are part of a lease agreement;
 13.30 (4) to improve and repair school sites and buildings, and equip or reequip school
 13.31 buildings with permanent attached fixtures, including library media centers;
 13.32 (5) for a surplus school building that is used substantially for a public nonschool
 13.33 purpose;

- 14.1 (6) to eliminate barriers or increase access to school buildings by individuals with a
14.2 disability;
- 14.3 (7) to bring school buildings into compliance with the State Fire Code adopted
14.4 according to chapter 299F;
- 14.5 (8) to remove asbestos from school buildings, encapsulate asbestos, or make
14.6 asbestos-related repairs;
- 14.7 (9) to clean up and dispose of polychlorinated biphenyls found in school buildings;
- 14.8 (10) to clean up, remove, dispose of, and make repairs related to storing heating fuel
14.9 or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined
14.10 in section 296A.01;
- 14.11 (11) for energy audits for school buildings and to modify buildings if the audit
14.12 indicates the cost of the modification can be recovered within ten years;
- 14.13 (12) to improve buildings that are leased according to section 123B.51, subdivision 4;
- 14.14 (13) to pay special assessments levied against school property but not to pay
14.15 assessments for service charges;
- 14.16 (14) to pay principal and interest on state loans for energy conservation according to
14.17 section 216C.37 or loans made under the Douglas J. Johnson Economic Protection Trust
14.18 Fund Act according to sections 298.292 to 298.298;
- 14.19 (15) to purchase or lease interactive telecommunications equipment;
- 14.20 (16) by board resolution, to transfer money into the debt redemption fund to: (i)
14.21 pay the amounts needed to meet, when due, principal and interest payments on certain
14.22 obligations issued according to chapter 475; or (ii) pay principal and interest on debt
14.23 service loans or capital loans according to section 126C.70;
- 14.24 (17) to pay operating capital-related assessments of any entity formed under a
14.25 cooperative agreement between two or more districts;
- 14.26 (18) to purchase or lease computers and related materials, copying machines,
14.27 telecommunications equipment, and other noninstructional equipment;
- 14.28 (19) to purchase or lease assistive technology or equipment for instructional
14.29 programs;
- 14.30 (20) to purchase textbooks;
- 14.31 (21) to purchase new and replacement library media resources or technology;
- 14.32 (22) to lease or purchase vehicles;
- 14.33 (23) to purchase or lease telecommunications equipment, computers, and related
14.34 equipment for integrated information management systems for:
- 14.35 (i) managing and reporting learner outcome information for all students under a
14.36 results-oriented graduation rule;

15.1 (ii) managing student assessment, services, and achievement information required
15.2 for students with individual education plans; and
15.3 (iii) other classroom information management needs; ~~and~~
15.4 (24) to pay personnel costs directly related to the acquisition, operation, and
15.5 maintenance of telecommunications systems, computers, related equipment, and network
15.6 and applications software; and
15.7 (25) to pay the costs directly associated with closing a school facility, including
15.8 moving and storage costs.

15.9 Sec. 20. Minnesota Statutes 2010, section 126C.126, is amended to read:

15.10 **126C.126 REALLOCATING GENERAL EDUCATION REVENUE FOR**
15.11 **ALL-DAY KINDERGARTEN AND PREKINDERGARTEN.**

15.12 (a) In order to provide additional revenue for an optional all-day kindergarten
15.13 program, a district may reallocate general education revenue attributable to 12th grade
15.14 students who have graduated early under section 120B.07 and who do not participate in
15.15 the early graduation achievement scholarship program under section 120B.08 or the early
15.16 graduation military service award program under section 120B.081.

15.17 (b) A school district may spend general education revenue on extended time
15.18 kindergarten and prekindergarten programs.

15.19 **EFFECTIVE DATE.** This section is effective for fiscal year 2012 and later.

15.20 Sec. 21. Minnesota Statutes 2010, section 126C.15, subdivision 2, is amended to read:

15.21 Subd. 2. **Building allocation.** (a) A district or cooperative must allocate its
15.22 compensatory revenue to each school building in the district or cooperative where
15.23 the children who have generated the revenue are served unless the school district or
15.24 cooperative has received permission under Laws 2005, First Special Session chapter 5,
15.25 article 1, section 50, to allocate compensatory revenue according to student performance
15.26 measures developed by the school board.

15.27 (b) Notwithstanding paragraph (a), a district or cooperative may allocate up to
15.28 five percent of the amount of compensatory revenue that the district receives to school
15.29 sites according to a plan adopted by the school board. The money reallocated under
15.30 this paragraph must be spent for the purposes listed in subdivision 1, but may be
15.31 spent on students in any grade, including students attending school readiness or other
15.32 prekindergarten programs.

16.1 (c) For the purposes of this section and section 126C.05, subdivision 3, "building"
16.2 means education site as defined in section 123B.04, subdivision 1.

16.3 (d) Notwithstanding section 123A.26, subdivision 1, compensatory revenue
16.4 generated by students served at a cooperative unit shall be paid to the cooperative unit.

16.5 (e) A district or cooperative with school building openings, school building
16.6 closings, changes in attendance area boundaries, or other changes in programs or student
16.7 demographics between the prior year and the current year may reallocate compensatory
16.8 revenue among sites to reflect these changes. A district or cooperative must report to the
16.9 department any adjustments it makes according to this paragraph and the department must
16.10 use the adjusted compensatory revenue allocations in preparing the report required under
16.11 section 123B.76, subdivision 3, paragraph (c).

16.12 Sec. 22. Minnesota Statutes 2010, section 126C.20, is amended to read:

16.13 **126C.20 ANNUAL GENERAL EDUCATION AID APPROPRIATION.**

16.14 There is annually appropriated from the general fund to the department the
16.15 amount necessary for general education aid under section 126C.13, the early graduation
16.16 achievement scholarship program under section 120B.08, and the early graduation
16.17 military service award program under section 120B.081. This amount must be reduced
16.18 by the amount of any money specifically appropriated for the same purpose in any year
16.19 from any state fund.

16.20 **EFFECTIVE DATE.** This section is effective for fiscal year 2012 and later.

16.21 Sec. 23. Minnesota Statutes 2010, section 126C.41, subdivision 2, is amended to read:

16.22 Subd. 2. **Retired employee health benefits.** (a) A district may levy an amount up
16.23 to the amount the district is required by the collective bargaining agreement in effect
16.24 on March 30, 1992, to pay for health insurance or unreimbursed medical expenses for
16.25 licensed and nonlicensed employees who have terminated services in the employing
16.26 district and withdrawn from active teaching service or other active service, as applicable,
16.27 before July 1, 1992, and to pay for health insurance or unreimbursed medical expenses
16.28 for licensed and nonlicensed employees who have terminated services in the employing
16.29 district and withdrawn from active teaching service or other active service, as applicable
16.30 before July 1, 1998, only if a sunset clause is in effect for the current collective bargaining
16.31 agreement. The total amount of the levy each year may not exceed \$600,000.

16.32 (b) In addition to the levy authority granted under paragraph (a), a school district
16.33 may levy for other postemployment benefits expenses actually paid during the previous

17.1 fiscal year. For purposes of this subdivision, "postemployment benefits" means benefits
17.2 giving rise to a liability under Statement No. 45 of the Government Accounting Standards
17.3 Board. A district seeking levy authority under this subdivision must:

17.4 (1) create or have created an actuarial liability to pay postemployment benefits to
17.5 employees or officers after their termination of service;

17.6 (2) have a sunset clause in effect for the current collective bargaining agreement as
17.7 required by paragraph (a); and

17.8 (3) apply for the authority in the form and manner required by the commissioner
17.9 of education.

17.10 If the total levy authority requested under this paragraph exceeds the amount established
17.11 in paragraph (c), the commissioner must proportionately reduce each district's maximum
17.12 levy authority under this subdivision. The commissioner may subsequently adjust each
17.13 district's levy authority under this subdivision so long as the total levy authority does not
17.14 exceed the maximum levy authority for that year.

17.15 (c) The maximum levy authority under paragraph (b) must not exceed the following
17.16 amounts:

17.17 (1) \$9,242,000 for taxes payable in 2010;

17.18 (2) \$29,863,000 for taxes payable in 2011; and

17.19 (3) for taxes payable in 2012 and later, the maximum levy authority must not exceed
17.20 the sum of the previous year's authority and \$14,000,000.

17.21 Sec. 24. Minnesota Statutes 2010, section 126C.44, is amended to read:

17.22 **126C.44 SAFE SCHOOLS LEVY.**

17.23 (a) Each district may make a levy on all taxable property located within the district
17.24 for the purposes specified in this section. The maximum amount which may be levied
17.25 for all costs under this section shall be equal to \$30 multiplied by the district's adjusted
17.26 marginal cost pupil units for the school year. The proceeds of the levy must be reserved and
17.27 used for directly funding the following purposes or for reimbursing the cities and counties
17.28 who contract with the district for the following purposes: (1) to pay the costs incurred for
17.29 the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison in
17.30 services in the district's schools; (2) to pay the costs for a drug abuse prevention program
17.31 as defined in section 609.101, subdivision 3, paragraph (e), in the elementary schools;
17.32 (3) to pay the costs for a gang resistance education training curriculum in the district's
17.33 schools; (4) to pay the costs for security in the district's schools and on school property; (5)
17.34 to pay the costs for other crime prevention, drug abuse, student and staff safety, voluntary
17.35 opt-in suicide prevention tools, and violence prevention measures taken by the school

district; or (6) to pay costs for licensed school counselors, licensed school nurses, licensed school social workers, licensed school psychologists, and licensed alcohol and chemical dependency counselors to help provide early responses to problems. For expenditures under clause (1), the district must initially attempt to contract for services to be provided by peace officers or sheriffs with the police department of each city or the sheriff's department of the county within the district containing the school receiving the services. If a local police department or a county sheriff's department does not wish to provide the necessary services, the district may contract for these services with any other police or sheriff's department located entirely or partially within the school district's boundaries.

(b) A school district that is a member of an intermediate school district may include in its authority under this section the costs associated with safe schools activities authorized under paragraph (a) for intermediate school district programs. This authority must not exceed \$10 times the adjusted marginal cost pupil units of the member districts. This authority is in addition to any other authority authorized under this section. Revenue raised under this paragraph must be transferred to the intermediate school district.

~~(c) A school district must set aside at least \$3 per adjusted marginal cost pupil unit of the safe schools levy proceeds for the purposes authorized under paragraph (a); clause (6). The district must annually certify either that: (1) its total spending on services provided by the employees listed in paragraph (a), clause (6), is not less than the sum of its expenditures for these purposes, excluding amounts spent under this section, in the previous year plus the amount spent under this section; or (2) that the district's full-time equivalent number of employees listed in paragraph (a), clause (6), is not less than the number for the previous year.~~

Sec. 25. Minnesota Statutes 2010, section 126C.50, is amended to read:

126C.50 TAX AND AID ANTICIPATION BORROWING; DEFINITIONS.

School district as used in sections 126C.50 to 126C.56 means any common, independent, and special school district in the state of Minnesota, however organized and wherever located.

Sec. 26. Minnesota Statutes 2010, section 127A.33, is amended to read:

127A.33 SCHOOL ENDOWMENT FUND; APPORTIONMENT.

The commissioner shall apportion the school endowment fund semiannually on the first Monday in March and September in each year, to districts whose schools have been in session at least nine months. The apportionment shall be in proportion to ~~the number of pupils in~~ each district's adjusted average daily membership during the preceding year.

19.1 The apportionment shall not be paid to a district for pupils for whom tuition is received
19.2 by the district.

19.3 **EFFECTIVE DATE.** This section is effective March 1, 2012, and later.

19.4 Sec. 27. Minnesota Statutes 2010, section 127A.45, subdivision 6a, is amended to read:

19.5 Subd. 6a. **Cash flow adjustment.** The board of directors of any charter school
19.6 serving fewer than 150 students where the percent of students eligible for special
19.7 education services equals ~~100~~ at least 90 percent of the charter school's total enrollment
19.8 may request that the commissioner of education accelerate the school's cash flow under
19.9 this section. The commissioner must approve a properly submitted request within 30 days
19.10 of its receipt. The commissioner must accelerate the school's ~~cash flow aid payments~~
19.11 ~~for all state aid~~ regular special education aid payments according to the schedule in the
19.12 school's request and modify the payments to the school under subdivision 3 accordingly.
19.13 A school must not receive current payments of regular special education aid exceeding 90
19.14 percent of its estimated aid entitlement for the fiscal year. The commissioner must delay
19.15 the special education aid payments to all other school districts and charter schools in
19.16 proportion to each district or charter school's total share of regular special education aid
19.17 such that the overall aid payment savings from the aid payment shift remains unchanged
19.18 for any fiscal year.

19.19 Sec. 28. Minnesota Statutes 2010, section 171.05, subdivision 2, is amended to read:

19.20 Subd. 2. **Person less than 18 years of age.** (a) Notwithstanding any provision
19.21 in subdivision 1 to the contrary, the department may issue an instruction permit to an
19.22 applicant who is 15, 16, or 17 years of age and who:

19.23 (1) has completed a course of driver education in another state, has a previously
19.24 issued valid license from another state, or is enrolled in either:

19.25 (i) a public, private, or commercial driver education program that is approved by
19.26 the commissioner of public safety and that includes classroom and behind-the-wheel
19.27 training; or

19.28 (ii) an approved behind-the-wheel driver education program when the student is
19.29 receiving full-time instruction in a home school within the meaning of sections 120A.22
19.30 and 120A.24, the student is working toward a homeschool diploma, ~~the student's status~~
19.31 ~~as a homeschool student has been certified by the superintendent of the school district in~~
19.32 ~~which the student resides, and~~ the student is taking home-classroom driver training with
19.33 classroom materials approved by the commissioner of public safety, and the student's

20.1 parent has certified the student's homeschool and home-classroom driver training status on
20.2 the form approved by the commissioner;

20.3 (2) has completed the classroom phase of instruction in the driver education program;

20.4 (3) has passed a test of the applicant's eyesight;

20.5 (4) has passed a department-administered test of the applicant's knowledge of traffic
20.6 laws;

20.7 (5) has completed the required application, which must be approved by (i) either
20.8 parent when both reside in the same household as the minor applicant or, if otherwise,
20.9 then (ii) the parent or spouse of the parent having custody or, in the event there is no
20.10 court order for custody, then (iii) the parent or spouse of the parent with whom the minor
20.11 is living or, if items (i) to (iii) do not apply, then (iv) the guardian having custody of the
20.12 minor, (v) the foster parent or the director of the transitional living program in which the
20.13 child resides or, in the event a person under the age of 18 has no living father, mother,
20.14 or guardian, or is married or otherwise legally emancipated, then (vi) the applicant's
20.15 adult spouse, adult close family member, or adult employer; provided, that the approval
20.16 required by this clause contains a verification of the age of the applicant and the identity of
20.17 the parent, guardian, adult spouse, adult close family member, or adult employer; and

20.18 (6) has paid the fee required in section 171.06, subdivision 2.

20.19 (b) For the purposes of determining compliance with the certification of paragraph
20.20 (a), clause (1), item (ii), the commissioner may request verification of a student's
20.21 homeschool status from the superintendent of the school district in which the student
20.22 resides and the superintendent shall provide that verification.

20.23 (c) The instruction permit is valid for two years from the date of application and
20.24 may be renewed upon payment of a fee equal to the fee for issuance of an instruction
20.25 permit under section 171.06, subdivision 2.

20.26 Sec. 29. Minnesota Statutes 2010, section 171.17, subdivision 1, is amended to read:

20.27 Subdivision 1. **Offenses.** (a) The department shall immediately revoke the license
20.28 of a driver upon receiving a record of the driver's conviction of:

20.29 (1) manslaughter resulting from the operation of a motor vehicle or criminal
20.30 vehicular homicide or injury under section 609.21;

20.31 (2) a violation of section 169A.20 or 609.487;

20.32 (3) a felony in the commission of which a motor vehicle was used;

20.33 (4) failure to stop and disclose identity and render aid, as required under section
20.34 169.09, in the event of a motor vehicle accident, resulting in the death or personal injury
20.35 of another;

21.1 (5) perjury or the making of a false affidavit or statement to the department under
21.2 any law relating to the application, ownership, or operation of a motor vehicle, including
21.3 on the certification required under section 171.05, subdivision 2, paragraph (a), clause (1),
21.4 item (ii), to issue an instruction permit to a homeschool student;

21.5 (6) except as this section otherwise provides, three charges of violating within a
21.6 period of 12 months any of the provisions of chapter 169 or of the rules or municipal
21.7 ordinances enacted in conformance with chapter 169, for which the accused may be
21.8 punished upon conviction by imprisonment;

21.9 (7) two or more violations, within five years, of the misdemeanor offense described
21.10 in section 169.444, subdivision 2, paragraph (a);

21.11 (8) the gross misdemeanor offense described in section 169.444, subdivision 2,
21.12 paragraph (b);

21.13 (9) an offense in another state that, if committed in this state, would be grounds for
21.14 revoking the driver's license; or

21.15 (10) a violation of an applicable speed limit by a person driving in excess of 100
21.16 miles per hour. The person's license must be revoked for six months for a violation of
21.17 this clause, or for a longer minimum period of time applicable under section 169A.53,
21.18 169A.54, or 171.174.

21.19 (b) The department shall immediately revoke the school bus endorsement of a driver
21.20 upon receiving a record of the driver's conviction of the misdemeanor offense described in
21.21 section 169.443, subdivision 7.

21.22 Sec. 30. Minnesota Statutes 2010, section 171.22, subdivision 1, is amended to read:

21.23 Subdivision 1. **Violations.** With regard to any driver's license, including a
21.24 commercial driver's license, it shall be unlawful for any person:

21.25 (1) to display, cause or permit to be displayed, or have in possession, any fictitious
21.26 or fraudulently altered driver's license or Minnesota identification card;

21.27 (2) to lend the person's driver's license or Minnesota identification card to any other
21.28 person or knowingly permit the use thereof by another;

21.29 (3) to display or represent as one's own any driver's license or Minnesota
21.30 identification card not issued to that person;

21.31 (4) to use a fictitious name or date of birth to any police officer or in any application
21.32 for a driver's license or Minnesota identification card, or to knowingly make a false
21.33 statement, or to knowingly conceal a material fact, or otherwise commit a fraud in any
21.34 such application;

21.35 (5) to alter any driver's license or Minnesota identification card;

22.1 (6) to take any part of the driver's license examination for another or to permit
22.2 another to take the examination for that person;

22.3 (7) to make a counterfeit driver's license or Minnesota identification card;

22.4 (8) to use the name and date of birth of another person to any police officer for the
22.5 purpose of falsely identifying oneself to the police officer; ~~or~~

22.6 (9) to display as a valid driver's license any canceled, revoked, or suspended driver's
22.7 license. A person whose driving privileges have been withdrawn may display a driver's
22.8 license only for identification purposes; or

22.9 (10) to submit a false affidavit or statement to the department on the certification
22.10 required under section 171.05, subdivision 2, paragraph (a), clause (1), item (ii), to issue
22.11 an instruction permit to a homeschool student.

22.12 Sec. 31. **ALTERNATIVE COMPENSATION FORECAST REVENUE**
22.13 **RECAPTURE.**

22.14 Notwithstanding Minnesota Statutes, section 126C.10, subdivision 34, paragraph
22.15 (c), for fiscal year 2012 only, the revenue for basic alternative compensation is reduced by
22.16 \$10,190,000 compared to the February 2011 forecast. Nothing in this section shall limit
22.17 the November 2011 forecast of alternative compensation revenue.

22.18 Sec. 32. **KITTSOON CENTRAL SCHOOL CLOSING.**

22.19 Independent School District No. 356, Lancaster, is eligible for sparsity revenue
22.20 calculated under Minnesota Statutes, section 126C.10, subdivision 8a, for fiscal year 2012
22.21 and later, if the board has adopted a written resolution at any time prior to the start of
22.22 the 2011-2012 school year to notify the commissioner and request aid under Minnesota
22.23 Statutes, section 126C.10, subdivision 8a. For the purposes of this section, the school
22.24 district shall be eligible for aid under Minnesota Statutes, section 126C.10, subdivision
22.25 8a, as a result of the closure of the Kennedy Elementary School in Independent School
22.26 District No. 2171, Kittson Central.

22.27 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2012
22.28 and later.

22.29 Sec. 33. **NORTHLAND COMMUNITY SCHOOL CLOSING.**

22.30 (a) Independent School District No. 118, Northland Community Schools, is eligible
22.31 for sparsity revenue calculated under Minnesota Statutes, section 126C.10, subdivision 8a,
22.32 for fiscal year 2012 and later, if the board has adopted the required written resolution at
22.33 least 60 days prior to the start of fiscal year 2012.

23.1 (b) If the school district adopts a written resolution under paragraph (a), in fiscal
23.2 year 2012, the commissioner must provide sparsity aid to the district in an amount equal
23.3 to the amount that the district would have received under Minnesota Statutes, section
23.4 126C.10, subdivision 8a, in fiscal year 2011, if the provisions of paragraph (a) had been in
23.5 effect. The school district must recognize the sparsity aid provided under this paragraph as
23.6 revenue in fiscal year 2011.

23.7 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2011.

23.8 Sec. 34. **SCHOOL DISTRICT LEVY ADJUSTMENTS.**

23.9 Subdivision 1. **Tax rate adjustment.** The commissioner of education must adjust
23.10 each school district tax rate established under Minnesota Statutes, chapters 120B to 127A,
23.11 by multiplying the rate by the ratio of the statewide total tax capacity for assessment
23.12 year 2010 as it existed prior to the passage of Regular Session 2011 House File 42, or a
23.13 similarly styled bill passed in a special session, to the statewide total tax capacity for
23.14 assessment year 2010.

23.15 Subd. 2. **Equalizing factors.** The commissioner of education must adjust each
23.16 school district equalizing factor established under Minnesota Statutes, chapters 120B to
23.17 127A, by dividing the equalizing factor by the ratio of the statewide total tax capacity for
23.18 assessment year 2010 as it existed prior to the passage of Regular Session 2011 House
23.19 File 42, or a similarly styled bill passed in a special session, to the statewide total tax
23.20 capacity for assessment year 2010.

23.21 Sec. 35. **RESERVED REVENUE FOR STAFF DEVELOPMENT; TEMPORARY**
23.22 **SUSPENSION.**

23.23 Notwithstanding Minnesota Statutes, section 122A.61, subdivision 1, for fiscal years
23.24 2012 and 2013 only, a school district or charter school may use revenue reserved for staff
23.25 development under Minnesota Statutes, section 122A.61, subdivision 1, according to the
23.26 requirements of general education revenue under Minnesota Statutes, section 126C.13,
23.27 subdivision 5.

23.28 Sec. 36. **APPROPRIATIONS.**

23.29 Subdivision 1. **Department of Education.** The sums indicated in this section are
23.30 appropriated from the general fund to the Department of Education for the fiscal years
23.31 designated.

24.1 Subd. 2. **General education aid.** For general education aid under Minnesota
 24.2 Statutes, section 126C.13, subdivision 4:

24.3 \$ 5,112,037,000 2012

24.4 \$ 5,850,065,000 2013

24.5 The 2012 appropriation includes \$1,678,539,000 for 2011 and \$3,433,498,000
 24.6 for 2012.

24.7 The 2013 appropriation includes \$2,297,765,000 for 2012 and \$3,552,300,000
 24.8 for 2013.

24.9 Subd. 3. **Enrollment options transportation.** For transportation of pupils attending
 24.10 postsecondary institutions under Minnesota Statutes, section 124D.09, or for transportation
 24.11 of pupils attending nonresident districts under Minnesota Statutes, section 124D.03:

24.12 \$ 31,000 2012

24.13 \$ 32,000 2013

24.14 Subd. 4. **Abatement revenue.** For abatement aid under Minnesota Statutes, section
 24.15 127A.49:

24.16 \$ 1,294,000 2012

24.17 \$ 1,627,000 2013

24.18 The 2012 appropriation includes \$346,000 for 2011 and \$948,000 for 2012.

24.19 The 2013 appropriation includes \$631,000 for 2012 and \$996,000 for 2013.

24.20 Subd. 5. **Consolidation transition.** For districts consolidating under Minnesota
 24.21 Statutes, section 123A.485:

24.22 \$ 145,000 2012

24.23 \$ 180,000 2013

24.24 The 2012 appropriation includes \$145,000 for 2011 and \$0 for 2012.

24.25 The 2013 appropriation includes \$0 for 2012 and \$180,000 for 2013.

24.26 Subd. 6. **Nonpublic pupil education aid.** For nonpublic pupil education aid under
 24.27 Minnesota Statutes, sections 123B.40 to 123B.43 and 123B.87:

24.28 \$ 14,598,000 2012

24.29 \$ 16,198,000 2013

24.30 The 2012 appropriation includes \$5,078,000 for 2011 and \$9,520,000 for 2012.

24.31 The 2013 appropriation includes \$6,346,000 for 2012 and \$9,852,000 for 2013.

24.32 Subd. 7. **Nonpublic pupil transportation.** For nonpublic pupil transportation aid
 24.33 under Minnesota Statutes, section 123B.92, subdivision 9:

25.1 \$ 17,178,000 2012

25.2 \$ 19,056,000 2013

25.3 The 2012 appropriation includes \$5,895,000 for 2011 and \$11,283,000 for 2012.

25.4 The 2013 appropriation includes \$7,521,000 for 2012 and \$11,535,000 for 2013.

25.5 Subd. 8. **One-room schoolhouse.** For a grant to Independent School District No.
25.6 690, Warroad, to operate the Angle Inlet School:

25.7 \$ 65,000 2012

25.8 \$ 65,000 2013

25.9 Subd. 9. **Compensatory revenue pilot project.** For grants for participation in the
25.10 compensatory revenue pilot program under Laws 2005, First Special Session chapter 5,
25.11 article 1, section 50:

25.12 \$ 2,325,000 2012

25.13 \$ 2,325,000 2013

25.14 Of this amount, \$1,500,000 in each year is for a grant to Independent School District
25.15 No. 11, Anoka-Hennepin; \$75,000 in each year is for a grant to Independent School
25.16 District No. 286, Brooklyn Center; \$210,000 in each year is for a grant to Independent
25.17 School District No. 279, Osseo; \$160,000 in each year is for a grant to Independent
25.18 School District No. 281, Robbinsdale; \$165,000 in each year is for a grant to Independent
25.19 School District No. 535, Rochester; and \$65,000 in each year is for a grant to Independent
25.20 School District No. 833, South Washington; and \$150,000 in each year is for a grant to
25.21 Independent School District No. 241, Albert Lea.

25.22 If a grant to a specific school district is not awarded, the commissioner may increase
25.23 the aid amounts to any of the remaining participating school districts.

25.24 This appropriation is part of the base budget for subsequent fiscal years.

25.25 Subd. 10. **Compensatory pilot project formula aid.** For grants for compensatory
25.26 pilot project formula aid as calculated under this subdivision:

25.27 \$ 9,776,000 2013

25.28 For fiscal year 2013 only, a district which has a pupil unit count that is in the top 20
25.29 largest pupil unit counts is eligible for the greater of zero or \$1,400 times the number of
25.30 compensatory pupil units, minus the amount of compensatory education revenue received
25.31 by the district under Minnesota Statutes, section 126C.10, subdivision 3.

25.32 The 2013 appropriation includes \$0 for 2012 and \$9,776,000 for 2013.

25.33 This is a onetime appropriation.

26.1 Sec. 37. **REPEALER.**

26.2 Minnesota Statutes 2010, sections 120A.26, subdivisions 1 and 2; 126C.10,
26.3 subdivision 5; and 126C.457, are repealed.

26.4 **ARTICLE 2**

26.5 **ACADEMIC EXCELLENCE**

26.6 Section 1. Minnesota Statutes 2010, section 13D.02, is amended by adding a
26.7 subdivision to read:

26.8 **Subd. 5. School boards; interactive technology with an audio and visual link.**

26.9 A school board conducting a meeting under this section may use interactive technology
26.10 with an audio and visual link to conduct the meeting if the school board complies with
26.11 all other requirements under this section.

26.12 Sec. 2. Minnesota Statutes 2010, section 120B.023, subdivision 2, is amended to read:

26.13 **Subd. 2. Revisions and reviews required.** (a) The commissioner of education must
26.14 revise and appropriately embed technology and information literacy standards consistent
26.15 with recommendations from school media specialists into the state's academic standards
26.16 and graduation requirements and implement a review cycle for state academic standards
26.17 and related benchmarks, consistent with this subdivision. During each review cycle, the
26.18 commissioner also must examine the alignment of each required academic standard and
26.19 related benchmark with the knowledge and skills students need for college readiness and
26.20 advanced work in the particular subject area.

26.21 (b) The commissioner in the 2006-2007 school year must revise and align the state's
26.22 academic standards and high school graduation requirements in mathematics to require
26.23 that students satisfactorily complete the revised mathematics standards, beginning in the
26.24 2010-2011 school year. Under the revised standards:

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

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

26.29 The commissioner also must ensure that the statewide mathematics assessments
26.30 administered to students in grades 3 through 8 and 11 are aligned with the state academic
26.31 standards in mathematics, consistent with section 120B.30, subdivision 1, paragraph

26.32 (b). The commissioner must implement a review of the academic standards and related
26.33 benchmarks in mathematics beginning in the 2015-2016 school year.

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

27.6 (d) The commissioner in the 2008-2009 school year must revise and align the state's
 27.7 academic standards and high school graduation requirements in science to require that
 27.8 students satisfactorily complete the revised science standards, beginning in the 2011-2012
 27.9 school year. Under the revised standards, students scheduled to graduate in the 2014-2015
 27.10 school year or later must satisfactorily complete a chemistry ~~or~~ physics, or career and
 27.11 technical education credit that meets the standards underlying either the chemistry or
 27.12 physics credit. The commissioner must implement a review of the academic standards and
 27.13 related benchmarks in science beginning in the 2017-2018 school year.

27.14 (e) The commissioner in the 2009-2010 school year must revise and align the state's
 27.15 academic standards and high school graduation requirements in language arts to require
 27.16 that students satisfactorily complete the revised language arts standards beginning in the
 27.17 2012-2013 school year. The commissioner must implement a review of the academic
 27.18 standards and related benchmarks in language arts beginning in the 2018-2019 school year.

27.19 (f) The commissioner in the 2010-2011 school year must revise and align the state's
 27.20 academic standards and high school graduation requirements in social studies to require
 27.21 that students satisfactorily complete the revised social studies standards beginning in the
 27.22 2013-2014 school year. The commissioner must implement a review of the academic
 27.23 standards and related benchmarks in social studies beginning in the 2019-2020 school year.

27.24 (g) School districts and charter schools must revise and align local academic
 27.25 standards and high school graduation requirements in health, world languages, and career
 27.26 and technical education to require students to complete the revised standards beginning
 27.27 in a school year determined by the school district or charter school. School districts and
 27.28 charter schools must formally establish a periodic review cycle for the academic standards
 27.29 and related benchmarks in health, world languages, and career and technical education.

27.30 Sec. 3. Minnesota Statutes 2010, section 120B.12, is amended to read:

27.31 **120B.12 READING INTERVENTION PROFICIENTLY NO LATER THAN**
 27.32 **THE END OF GRADE 3.**

27.33 Subdivision 1. **Literacy goal.** The legislature seeks to have ~~Minnesota's children~~
 27.34 ~~able to read no later than the end of second grade~~ every child reading at or above

28.1 grade level no later than the end of grade 3 and that teachers provide comprehensive,
 28.2 scientifically based reading instruction consistent with section 122A.06, subdivision 4.

28.3 Subd. 2. **Identification; report.** For the ~~2002-2003~~ 2011-2012 school year and
 28.4 later, each school district shall identify before the end of ~~first kindergarten,~~ grade 1, and
 28.5 grade 2 students who are ~~at risk of not learning to read~~ not reading at grade level before
 28.6 the end of ~~second grade~~ the current school year. Reading assessments must identify and
 28.7 evaluate students' areas of academic need related to literacy. The district must use a
 28.8 locally adopted assessment ~~method. The district must~~ and annually report ~~the~~ summary
 28.9 assessment results of the assessment to the commissioner by June 1.

28.10 Subd. 2a. **Parent notification and involvement.** Schools, at least annually,
 28.11 must give the parent of each student who is not reading at or above grade level timely
 28.12 information about:

- 28.13 (1) student's reading proficiency as measured by a locally adopted assessment;
- 28.14 (2) reading-related services currently being provided to the student; and
- 28.15 (3) strategies for parents to use in helping their student succeed in becoming
 28.16 grade-level proficient in reading.

28.17 Subd. 3. **Intervention.** For each student identified under subdivision 2, the district
 28.18 shall provide ~~a reading intervention method or program to assist the student in reaching~~
 28.19 reading intervention to accelerate student growth in order to reach the goal of ~~learning to~~
 28.20 ~~read no later than~~ reading at or above grade level by the end of ~~second~~ the current grade
 28.21 and school year. District intervention methods shall encourage parental involvement
 28.22 and, where possible, collaboration with appropriate school and community programs.
 28.23 Intervention methods may include, but are not limited to, requiring attendance in summer
 28.24 school ~~and,~~ intensified reading instruction that may require that the student be removed
 28.25 from the regular classroom for part of the school day or extended-day programs.

28.26 Subd. 4. **Staff development.** Each district shall use the data under subdivision 2
 28.27 to identify the staff development needs to ensure so that:

- 28.28 (1) elementary teachers are able to implement comprehensive, scientifically
 28.29 ~~based, and balanced~~ reading instruction programs that have resulted in improved
 28.30 ~~student performance in the five reading areas of phonemic awareness, phonics, fluency,~~
 28.31 vocabulary, and comprehension as defined in section 122A.06, subdivision 4, until the
 28.32 student achieves grade-level reading proficiency;

- 28.33 (2) elementary teachers ~~who are instructing students identified under subdivision~~
 28.34 ~~2 are prepared to teach~~ have sufficient training to provide comprehensive, scientifically
 28.35 based reading instruction using the intervention methods or programs selected by the
 28.36 district for the identified students; ~~and~~

29.1 (3) ~~all~~ licensed teachers employed by the district have regular opportunities to
29.2 improve reading instruction; and

29.3 (4) licensed teachers recognize students' diverse needs in cross-cultural settings
29.4 and are able to serve the oral language and linguistic needs of students who are English
29.5 language learners.

29.6 Subd. 4a. **Local literacy plan.** Consistent with this section, a school district must
29.7 adopt a local literacy plan to have every child reading at or above grade level no later than
29.8 the end of grade 3. The plan must include a process to assess students' level of reading
29.9 proficiency, notify and involve parents, intervene with students who are not reading at
29.10 or above grade level, and identify and meet staff development needs. The district must
29.11 post its literacy plan on the official school district Web site.

29.12 Subd. 5. **Commissioner.** The commissioner shall recommend to districts multiple
29.13 assessment tools ~~that will~~ to assist districts and teachers with identifying students under
29.14 subdivision 2. The commissioner shall also make available ~~to districts~~ examples of
29.15 nationally recognized and research-based instructional methods or programs ~~that to~~
29.16 districts ~~may use~~ to provide comprehensive, scientifically based reading instruction and
29.17 intervention according to under this section.

29.18 Sec. 4. Minnesota Statutes 2010, section 120B.30, subdivision 1, is amended to read:

29.19 Subdivision 1. **Statewide testing.** (a) The commissioner, with advice from experts
29.20 with appropriate technical qualifications and experience and stakeholders, consistent with
29.21 subdivision 1a, shall include in the comprehensive assessment system, for each grade
29.22 level to be tested, state-constructed tests developed from and aligned with the state's
29.23 required academic standards under section 120B.021, include multiple choice questions,
29.24 and be administered annually to all students in grades 3 through 8. State-developed high
29.25 school tests aligned with the state's required academic standards under section 120B.021
29.26 and administered to all high school students in a subject other than writing must include
29.27 multiple choice questions. The commissioner shall establish one or more months during
29.28 which schools shall administer the tests to students each school year. For students enrolled
29.29 in grade 8 before the 2005-2006 school year, Minnesota basic skills tests in reading,
29.30 mathematics, and writing shall fulfill students' basic skills testing requirements for a
29.31 passing state notation. The passing scores of basic skills tests in reading and mathematics
29.32 are the equivalent of 75 percent correct for students entering grade 9 based on the first
29.33 uniform test administered in February 1998. Students who have not successfully passed
29.34 a Minnesota basic skills test by the end of the 2011-2012 school year must pass the
29.35 graduation-required assessments for diploma under paragraph (c).

- 30.1 (b) The state assessment system must be aligned to the most recent revision of
30.2 academic standards as described in section 120B.023 in the following manner:
- 30.3 (1) mathematics;
- 30.4 (i) grades 3 through 8 beginning in the 2010-2011 school year; and
- 30.5 (ii) high school level beginning in the 2013-2014 school year;
- 30.6 (2) science; grades 5 and 8 and at the high school level beginning in the 2011-2012
30.7 school year; and
- 30.8 (3) language arts and reading; grades 3 through 8 and high school level beginning in
30.9 the 2012-2013 school year.
- 30.10 (c) For students enrolled in grade 8 in the 2005-2006 school year and later, only the
30.11 following options shall fulfill students' state graduation test requirements:
- 30.12 (1) for reading and mathematics:
- 30.13 (i) obtaining an achievement level equivalent to or greater than proficient as
30.14 determined through a standard setting process on the Minnesota comprehensive
30.15 assessments in grade 10 for reading and grade 11 for mathematics or achieving a passing
30.16 score as determined through a standard setting process on the graduation-required
30.17 assessment for diploma in grade 10 for reading and grade 11 for mathematics or
30.18 subsequent retests;
- 30.19 (ii) achieving a passing score as determined through a standard setting process on the
30.20 state-identified language proficiency test in reading and the mathematics test for English
30.21 language learners or the graduation-required assessment for diploma equivalent of those
30.22 assessments for students designated as English language learners;
- 30.23 (iii) achieving an individual passing score on the graduation-required assessment
30.24 for diploma as determined by appropriate state guidelines for students with an individual
30.25 education plan or 504 plan;
- 30.26 (iv) obtaining achievement level equivalent to or greater than proficient as
30.27 determined through a standard setting process on the state-identified alternate assessment
30.28 or assessments in grade 10 for reading and grade 11 for mathematics for students with
30.29 an individual education plan; or
- 30.30 (v) achieving an individual passing score on the state-identified alternate assessment
30.31 or assessments as determined by appropriate state guidelines for students with an
30.32 individual education plan; and
- 30.33 (2) for writing:
- 30.34 (i) achieving a passing score on the graduation-required assessment for diploma;

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

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

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

31.10 (d) Students enrolled in grade 8 in any school year from the 2005-2006 school
 31.11 year to the 2009-2010 school year who do not pass the mathematics graduation-required
 31.12 assessment for diploma under paragraph (c) are eligible to receive a high school diploma
 31.13 if they:

31.14 (1) complete with a passing score or grade all state and local coursework and credits
 31.15 required for graduation by the school board granting the students their diploma;

31.16 (2) participate in district-prescribed academic remediation in mathematics; and

31.17 (3) fully participate in at least two retests of the mathematics GRAD test or until
 31.18 they pass the mathematics GRAD test, whichever comes first. A school, district, or
 31.19 charter school must place on the high school transcript a student's highest current pass
 31.20 status for each subject that has a required graduation assessment ~~score for each of the~~
 31.21 ~~following assessments on the student's high school transcript: the mathematics Minnesota~~
 31.22 ~~Comprehensive Assessment, reading Minnesota Comprehensive Assessment, and writing~~
 31.23 ~~Graduation-Required Assessment for Diploma, and when applicable, the mathematics~~
 31.24 ~~Graduation-Required Assessment for Diploma and reading Graduation-Required~~
 31.25 ~~Assessment for Diploma.~~

31.26 In addition, the school board granting the students their diplomas may formally
 31.27 decide to include a notation of high achievement on the high school diplomas of those
 31.28 graduating seniors who, according to established school board criteria, demonstrate
 31.29 exemplary academic achievement during high school.

31.30 (e) The 3rd through 8th grade and high school test results shall be available to
 31.31 districts for diagnostic purposes affecting student learning and district instruction and
 31.32 curriculum, and for establishing educational accountability. The commissioner must
 31.33 disseminate to the public the high school test results upon receiving those results.

31.34 (f) The 3rd through 8th grade and high school tests must be aligned with state
 31.35 academic standards. The commissioner shall determine the testing process and the order

32.1 of administration. The statewide results shall be aggregated at the site and district level,
 32.2 consistent with subdivision 1a.

32.3 (g) In addition to the testing and reporting requirements under this section, the
 32.4 commissioner shall include the following components in the statewide public reporting
 32.5 system:

32.6 (1) uniform statewide testing of all students in grades 3 through 8 and at the high
 32.7 school level that provides appropriate, technically sound accommodations or alternate
 32.8 assessments;

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

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

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

32.17 Sec. 5. Minnesota Statutes 2010, section 120B.30, subdivision 3, is amended to read:

32.18 Subd. 3. **Reporting.** The commissioner shall report test ~~data~~ results publicly and
 32.19 to stakeholders, including the performance achievement levels developed from students'
 32.20 unweighted test scores in each tested subject and a listing of demographic factors that
 32.21 strongly correlate with student performance. The test results must not include personally
 32.22 identifiable information as defined in Code of Federal Regulations, title 34, section 99.3.

32.23 The commissioner shall also report data that compares performance results among school
 32.24 sites, school districts, Minnesota and other states, and Minnesota and other nations. The
 32.25 commissioner shall disseminate to schools and school districts a more comprehensive
 32.26 report containing testing information that meets local needs for evaluating instruction and
 32.27 curriculum. The commissioner shall disseminate to charter school authorizers a more
 32.28 comprehensive report containing testing information that contains anonymized data where
 32.29 cell count data are sufficient to protect student identity and that meets the authorizer's
 32.30 needs in fulfilling its obligations under section 124D.10.

32.31 Sec. 6. Minnesota Statutes 2010, section 120B.30, subdivision 4, is amended to read:

32.32 Subd. 4. **Access to tests.** Consistent with section 13.34, the commissioner must
 32.33 adopt and publish a policy to provide public and parental access for review of basic skills
 32.34 tests, Minnesota Comprehensive Assessments, or any other such statewide test and

33.1 assessment which would not compromise the objectivity or fairness of the testing or
33.2 examination process. Upon receiving a written request, the commissioner must make
33.3 available to parents or guardians a copy of their student's actual responses to the test
33.4 questions for their review.

33.5 Sec. 7. Minnesota Statutes 2010, section 120B.31, subdivision 4, is amended to read:

33.6 Subd. 4. **Statistical adjustments; Student performance data.** In developing
33.7 policies and assessment processes to hold schools and districts accountable for high levels
33.8 of academic standards under section 120B.021, the commissioner shall aggregate student
33.9 data over time to report student performance and growth levels measured at the school,
33.10 school district, and statewide level. When collecting and reporting the performance data,
33.11 the commissioner shall: ~~(1) acknowledge the impact of significant demographic factors~~
33.12 ~~such as residential instability, the number of single parent families, parents' level of~~
33.13 ~~education, and parents' income level on school outcomes; and (2) organize and report the~~
33.14 data so that state and local policy makers can understand the educational implications
33.15 of changes in districts' demographic profiles over time. Any report the commissioner
33.16 disseminates containing summary data on student performance must integrate student
33.17 performance and the demographic factors that strongly correlate with that performance.

33.18 Sec. 8. Minnesota Statutes 2010, section 120B.36, subdivision 1, is amended to read:

33.19 Subdivision 1. **School performance report cards.** (a) The commissioner
33.20 shall report student academic performance under section 120B.35, subdivision 2; the
33.21 percentages of students showing low, medium, and high growth under section 120B.35,
33.22 subdivision 3, paragraph (b); school safety and student engagement and connection
33.23 under section 120B.35, subdivision 3, paragraph (d); rigorous coursework under section
33.24 120B.35, subdivision 3, paragraph (c); two separate student-to-teacher ratios that clearly
33.25 indicate the definition of teacher consistent with sections 122A.06 and 122A.15 for
33.26 purposes of determining these ratios; staff characteristics excluding salaries; student
33.27 enrollment demographics; district mobility; and extracurricular activities. The report also
33.28 must indicate a school's adequate yearly progress status, and must not set any designations
33.29 applicable to high- and low-performing schools due solely to adequate yearly progress
33.30 status.

33.31 (b) The commissioner shall develop, annually update, and post on the department
33.32 Web site school performance report cards.

33.33 (c) The commissioner must make available performance report cards by the
33.34 beginning of each school year.

34.1 (d) A school or district may appeal its adequate yearly progress status in writing to
 34.2 the commissioner within 30 days of receiving the notice of its status. The commissioner's
 34.3 decision to uphold or deny an appeal is final.

34.4 (e) School performance report card data are nonpublic data under section 13.02,
 34.5 subdivision 9, until ~~not later than ten days after the appeal procedure described in~~
 34.6 ~~paragraph (d) concludes~~ the commissioner publicly releases the data. The ~~department~~
 34.7 commissioner shall annually post school performance report cards to ~~its~~ the department's
 34.8 public web site no later than September 1, except that in years when the report card
 34.9 reflects new performance standards, the commissioner shall post the school performance
 34.10 report cards no later than October 1.

34.11 Sec. 9. Minnesota Statutes 2010, section 120B.36, subdivision 2, is amended to read:

34.12 Subd. 2. **Adequate yearly progress and other data.** All data the department
 34.13 receives, collects, or creates to determine adequate yearly progress status under Public
 34.14 Law 107-110, section 1116, set state growth targets, and determine student growth are
 34.15 nonpublic data under section 13.02, subdivision 9, until ~~not later than ten days after the~~
 34.16 ~~appeal procedure described in subdivision 1, paragraph (d), concludes~~ the commissioner
 34.17 publicly releases the data. Districts must provide parents sufficiently detailed summary
 34.18 data to permit parents to appeal under Public Law 107-110, section 1116(b)(2). The
 34.19 ~~department~~ commissioner shall annually post federal adequate yearly progress data and
 34.20 state student growth data to ~~its~~ the department's public Web site no later than September
 34.21 1, except that in years when adequate yearly progress reflects new performance standards,
 34.22 the commissioner shall post federal adequate yearly progress data and state student growth
 34.23 data no later than October 1.

34.24 Sec. 10. Minnesota Statutes 2010, section 122A.09, subdivision 4, as amended by
 34.25 Laws 2011, chapter 5, section 1, is amended to read:

34.26 Subd. 4. **License and rules.** (a) The board must adopt rules to license public school
 34.27 teachers and interns subject to chapter 14.

34.28 (b) The board must adopt rules requiring a person to successfully complete a skills
 34.29 examination in reading, writing, and mathematics as a requirement for initial teacher
 34.30 licensure. Such rules must require college and universities offering a board-approved
 34.31 teacher preparation program to provide remedial assistance to persons who did not
 34.32 achieve a qualifying score on the skills examination, including those for whom English is
 34.33 a second language.

35.1 (c) The board must adopt rules to approve teacher preparation programs. The board,
35.2 upon the request of a postsecondary student preparing for teacher licensure or a licensed
35.3 graduate of a teacher preparation program, shall assist in resolving a dispute between the
35.4 person and a postsecondary institution providing a teacher preparation program when the
35.5 dispute involves an institution's recommendation for licensure affecting the person or the
35.6 person's credentials. At the board's discretion, assistance may include the application
35.7 of chapter 14.

35.8 (d) The board must provide the leadership and adopt rules for the redesign of teacher
35.9 education programs to implement a research based, results-oriented curriculum that
35.10 focuses on the skills teachers need in order to be effective. The board shall implement new
35.11 systems of teacher preparation program evaluation to assure program effectiveness based
35.12 on proficiency of graduates in demonstrating attainment of program outcomes. Teacher
35.13 preparation programs including alternative teacher preparation programs under section
35.14 122A.245, among other programs, must include a content-specific, board-approved,
35.15 performance-based assessment that measures teacher candidates in three areas: planning
35.16 for instruction and assessment; engaging students and supporting learning; and assessing
35.17 student learning.

35.18 (e) The board must adopt rules requiring candidates for initial licenses to successfully
35.19 complete an examination of general pedagogical knowledge and examinations of
35.20 licensure-specific teaching skills. The rules shall be effective by September 1, 2001.
35.21 The rules under this paragraph also must require candidates for initial licenses to teach
35.22 prekindergarten or elementary students to successfully complete, as part of the examination
35.23 of licensure-specific teaching skills, test items assessing the candidates' knowledge,
35.24 skill, and ability in comprehensive, scientifically based reading instruction under section
35.25 122A.06, subdivision 4, and their knowledge and understanding of the foundations of
35.26 reading development, the development of reading comprehension, and reading assessment
35.27 and instruction, and their ability to integrate that knowledge and understanding.

35.28 (f) The board must adopt rules requiring teacher educators to work directly with
35.29 elementary or secondary school teachers in elementary or secondary schools to obtain
35.30 periodic exposure to the elementary or secondary teaching environment.

35.31 (g) The board must grant licenses to interns and to candidates for initial licenses
35.32 based on appropriate professional competencies that are aligned with the board's licensing
35.33 system and students' diverse learning needs. The board must include these licenses in a
35.34 statewide differentiated licensing system that creates new leadership roles for successful
35.35 experienced teachers premised on a collaborative professional culture dedicated to meeting

36.1 students' diverse learning needs in the 21st century and formalizes mentoring and induction
36.2 for newly licensed teachers that is provided through a teacher support framework.

36.3 (h) The board must design and implement an assessment system which requires a
36.4 candidate for an initial license and first continuing license to demonstrate the abilities
36.5 necessary to perform selected, representative teaching tasks at appropriate levels.

36.6 (i) The board must receive recommendations from local committees as established
36.7 by the board for the renewal of teaching licenses.

36.8 (j) The board must grant life licenses to those who qualify according to requirements
36.9 established by the board, and suspend or revoke licenses pursuant to sections 122A.20 and
36.10 214.10. The board must not establish any expiration date for application for life licenses.

36.11 (k) The board must adopt rules that require all licensed teachers who are renewing
36.12 their continuing license to include in their renewal requirements further preparation in
36.13 the areas of using positive behavior interventions and in accommodating, modifying, and
36.14 adapting curricula, materials, and strategies to appropriately meet the needs of individual
36.15 students and ensure adequate progress toward the state's graduation rule.

36.16 (l) In adopting rules to license public school teachers who provide health-related
36.17 services for disabled children, the board shall adopt rules consistent with license or
36.18 registration requirements of the commissioner of health and the health-related boards who
36.19 license personnel who perform similar services outside of the school.

36.20 (m) The board must adopt rules that require all licensed teachers who are renewing
36.21 their continuing license to include in their renewal requirements further reading
36.22 preparation, consistent with section 122A.06, subdivision 4. The rules do not take effect
36.23 until they are approved by law. Teachers who do not provide direct instruction including, at
36.24 least, counselors, school psychologists, school nurses, school social workers, audiovisual
36.25 directors and coordinators, and recreation personnel are exempt from this section.

36.26 (n) The board must adopt rules that require all licensed teachers who are renewing
36.27 their continuing license to include in their renewal requirements further preparation
36.28 in understanding the key warning signs of early-onset mental illness in children and
36.29 adolescents.

36.30 **EFFECTIVE DATE.** This section is effective June 30, 2014.

36.31 Sec. 11. Minnesota Statutes 2010, section 122A.16, as amended by Laws 2011, chapter
36.32 5, section 2, is amended to read:

36.33 **122A.16 HIGHLY QUALIFIED TEACHER DEFINED.**

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

(b) For the purposes of the federal No Child Left Behind Act, a highly qualified teacher is one who holds a valid license under this chapter, including under section 122A.245, among other sections, ~~to perform the particular service for which the teacher is employed in a public school or who meets the requirements of a highly objective uniform state standard of evaluation (HOUSSE) and is determined by local administrators as~~ having highly qualified status according to the approved Minnesota highly qualified plan. Teachers delivering core content instruction must be deemed highly qualified at the local level and reported to the state via the staff automated reporting system.

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

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

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

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

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

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

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

~~(7) evidence of the successful completion of high quality professional development activities.~~

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

38.1 ~~(c) Achievement of the HOUSSE criteria is not equivalent to a license. A teacher~~
 38.2 ~~must obtain permission from the Board of Teaching in order to teach in a public school.~~

38.3 **EFFECTIVE DATE.** This section is effective for the 2011-2012 school year and
 38.4 later.

38.5 Sec. 12. Minnesota Statutes 2010, section 122A.40, subdivision 5, is amended to read:

38.6 Subd. 5. **Probationary period.** (a) The first three consecutive years of a teacher's
 38.7 first teaching experience in Minnesota in a single district is deemed to be a probationary
 38.8 period of employment, and ~~after completion thereof,~~ the probationary period in each
 38.9 district in which the teacher is thereafter employed shall be one year. The school board
 38.10 must adopt a plan for written evaluation of teachers during the probationary period that
 38.11 is consistent with subdivision 8. Evaluation must occur at least three times periodically
 38.12 throughout each school year for a teacher performing services ~~on 120 or more school days;~~
 38.13 ~~at least two times each year for a teacher performing services on 60 to 119 school days, and~~
 38.14 ~~at least one time each year for a teacher performing services on fewer than 60 school days~~
 38.15 during that school year; the first evaluation must occur within the first 90 days of teaching
 38.16 service. Days devoted to parent-teacher conferences, teachers' workshops, and other
 38.17 staff development opportunities and days on which a teacher is absent from school must
 38.18 not be included in determining the number of school days on which a teacher performs
 38.19 services. Except as otherwise provided in paragraph (b), during the probationary period
 38.20 any annual contract with any teacher may or may not be renewed as the school board shall
 38.21 see fit. However, the board must give any such teacher whose contract it declines to
 38.22 renew for the following school year written notice to that effect before ~~July~~ June 1. If the
 38.23 teacher requests reasons for any nonrenewal of a teaching contract, the board must give
 38.24 the teacher its reason in writing, including a statement that appropriate supervision was
 38.25 furnished describing the nature and the extent of such supervision furnished the teacher
 38.26 during the employment by the board, within ten days after receiving such request. The
 38.27 school board may, after a hearing held upon due notice, discharge a teacher during the
 38.28 probationary period for cause, effective immediately, under section 122A.44.

38.29 (b) A board must discharge a probationary teacher, effective immediately, upon
 38.30 receipt of notice under section 122A.20, subdivision 1, paragraph (b), that the teacher's
 38.31 license has been revoked due to a conviction for child abuse or sexual abuse.

38.32 (c) A probationary teacher whose first three years of consecutive employment are
 38.33 interrupted for active military service and who promptly resumes teaching consistent with
 38.34 federal reemployment timelines for uniformed service personnel under United States

39.1 Code, title 38, section 4312(e), is considered to have a consecutive teaching experience
 39.2 for purposes of paragraph (a).

39.3 (d) A probationary teacher must complete at least ~~60~~ 120 days of teaching service
 39.4 each year during the probationary period. Days devoted to parent-teacher conferences,
 39.5 teachers' workshops, and other staff development opportunities and days on which a
 39.6 teacher is absent from school do not count as days of teaching service under this paragraph.

39.7 **EFFECTIVE DATE.** This section applies to all collective bargaining agreements
 39.8 ratified after July 1, 2013.

39.9 Sec. 13. Minnesota Statutes 2010, section 122A.40, subdivision 6, is amended to read:

39.10 Subd. 6. **Mentoring for probationary teachers.** A school board and an exclusive
 39.11 representative of the teachers in the district must develop a probationary teacher peer
 39.12 review process through joint agreement that is consistent with subdivision 8. The process
 39.13 may include having trained observers serve as mentors or coaches or having teachers
 39.14 participate in professional learning communities.

39.15 **EFFECTIVE DATE.** This section is effective the day following final enactment
 39.16 and applies beginning in the 2014-2015 school year and later.

39.17 Sec. 14. Minnesota Statutes 2010, section 122A.40, subdivision 8, is amended to read:

39.18 Subd. 8. **Development, evaluation, and peer coaching for continuing contract**
 39.19 **teachers.** (a) To improve student learning and success, a school board and an exclusive
 39.20 representative of the teachers in the district shall, consistent with paragraph (b), may
 39.21 develop a teacher evaluation and peer review process for probationary and continuing
 39.22 contract teachers through joint agreement. If a school board and the exclusive
 39.23 representative of the teachers do not agree to an annual teacher evaluation and peer review
 39.24 process, then the school board and the exclusive representative of the teachers must
 39.25 implement the plan for evaluation and review under paragraph (c). The process ~~may~~ must
 39.26 include having trained observers serve as peer coaches or having teachers participate in
 39.27 professional learning communities, consistent with paragraph (b).

39.28 (b) To develop, improve, and support qualified teachers and effective teaching
 39.29 practices and improve student learning and success, the annual evaluation process for
 39.30 teachers:

39.31 (1) must, for probationary teachers, provide for all evaluations required under
 39.32 subdivision 5;

40.1 (2) must establish a three-year professional review cycle for each teacher that
40.2 includes an individual growth and development plan, a peer review process, the
40.3 opportunity to participate in a professional learning community under paragraph (a), and
40.4 at least one summative evaluation performed by a qualified and trained evaluator such as a
40.5 school administrator. For the years when a tenured teacher is not evaluated by a qualified
40.6 and trained evaluator, the teacher must be evaluated by a peer review;
40.7 (3) must be based on professional teaching standards established in rule;
40.8 (4) must coordinate staff development activities under sections 122A.60 and
40.9 122A.61 with this evaluation process and teachers' evaluation outcomes;
40.10 (5) may provide time during the school day and school year for peer coaching and
40.11 teacher collaboration;
40.12 (6) may include mentoring and induction programs;
40.13 (7) must include an option for teachers to develop and present a portfolio
40.14 demonstrating evidence of reflection and professional growth, consistent with section
40.15 122A.18, subdivision 4, paragraph (b), and include teachers' own performance assessment
40.16 based on student work samples and examples of teachers' work, which may include video
40.17 among other activities for the summative evaluation;
40.18 (8) must use an agreed upon teacher value-added assessment model for the grade
40.19 levels and subject areas for which value-added data are available and establish state
40.20 or local measures of student growth for the grade levels and subject areas for which
40.21 value-added data are not available as a basis for 35 percent of teacher evaluation results;
40.22 (9) must use longitudinal data on student engagement and connection, and other
40.23 student outcome measures explicitly aligned with the elements of curriculum for which
40.24 teachers are responsible;
40.25 (10) must require qualified and trained evaluators such as school administrators to
40.26 perform summative evaluations;
40.27 (11) must give teachers not meeting professional teaching standards under clauses
40.28 (3) through (10) support to improve through a teacher improvement process that includes
40.29 established goals and timelines; and
40.30 (12) must discipline a teacher for not making adequate progress in the teacher
40.31 improvement process under clause (11) that may include a last chance warning,
40.32 termination, discharge, nonrenewal, transfer to a different position, a leave of absence, or
40.33 other discipline a school administrator determines is appropriate.
40.34 Data on individual teachers generated under this subdivision are personnel data
40.35 under section 13.43.

41.1 (c) The department, in consultation with parents who may represent parent
41.2 organizations and teacher and administrator representatives appointed by their respective
41.3 organizations, representing the Board of Teaching, the Minnesota Association of School
41.4 Administrators, the Minnesota School Boards Association, the Minnesota Elementary
41.5 and Secondary Principals Associations, Education Minnesota, and representatives of
41.6 the Minnesota Assessment Group, the Minnesota Business Partnership, the Minnesota
41.7 Chamber of Commerce, and Minnesota postsecondary institutions with research expertise
41.8 in teacher evaluation, must create and publish a teacher evaluation process that complies
41.9 with the requirements in paragraph (b) and applies to all teachers under this section
41.10 122A.40 and section 122A.41 for whom no agreement exists under paragraph (a) for an
41.11 annual teacher evaluation and peer review process. The teacher evaluation process created
41.12 under this subdivision does not create additional due process rights for probationary
41.13 teachers under subdivision 5.

41.14 **EFFECTIVE DATE.** This section is effective the day following final enactment
41.15 and applies beginning in the 2014-2015 school year and later.

41.16 Sec. 15. Minnesota Statutes 2010, section 122A.40, subdivision 9, is amended to read:

41.17 Subd. 9. **Grounds for termination.** A continuing contract may be terminated,
41.18 effective at the close of the school year, upon any of the following grounds:

41.19 (a) Inefficiency in teaching or in the management of a school, consistent with
41.20 subdivision 8, paragraph (b);

41.21 (b) Neglect of duty, or persistent violation of school laws, rules, regulations, or
41.22 directives;

41.23 (c) Conduct unbecoming a teacher which materially impairs the teacher's educational
41.24 effectiveness;

41.25 (d) Other good and sufficient grounds rendering the teacher unfit to perform the
41.26 teacher's duties.

41.27 A contract must not be terminated upon one of the grounds specified in clause (a),
41.28 (b), (c), or (d), unless the teacher fails to correct the deficiency after being given written
41.29 notice of the specific items of complaint and reasonable time within which to remedy them.

41.30 **EFFECTIVE DATE.** This section applies to all collective bargaining agreements
41.31 ratified after July 1, 2014.

41.32 Sec. 16. Minnesota Statutes 2010, section 122A.41, subdivision 1, is amended to read:

Subdivision 1. **Words, terms, and phrases.** Unless the language or context clearly indicates that a different meaning is intended, the following words, terms, and phrases, for the purposes of the following subdivisions in this section shall be defined as follows:

(a) **Teachers.** The term "teacher" includes every person regularly employed, as a principal, or to give instruction in a classroom, or to superintend or supervise classroom instruction, or as placement teacher and visiting teacher. Persons regularly employed as counselors and school librarians shall be covered by these sections as teachers if licensed as teachers or as school librarians.

(b) **School board.** The term "school board" includes a majority in membership of any and all boards or official bodies having the care, management, or control over public schools.

(c) **Demote.** The word "demote" means to reduce ~~in rank or to transfer to a lower branch of the service or to a position carrying a lower salary or~~ the compensation a person actually receives in the new position.

(d) **Nonprovisional license.** For purposes of this section, "nonprovisional license" shall mean an entrance, continuing, or life license.

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

Sec. 17. Minnesota Statutes 2010, section 122A.41, subdivision 2, is amended to read:

Subd. 2. **Probationary period; discharge or demotion.** (a) All teachers in the public schools in cities of the first class during the first three years of consecutive employment shall be deemed to be in a probationary period of employment during which period any annual contract with any teacher may, or may not, be renewed as the school board, after consulting with the peer review committee charged with evaluating the probationary teachers under subdivision 3, shall see fit. The school site management team or the school board if there is no school site management team, shall adopt a plan for a written evaluation of teachers during the probationary period according to ~~subdivision~~ subdivisions 3 and 5. Evaluation by the peer review committee charged with evaluating probationary teachers under subdivision 3 shall occur at least three times periodically throughout each school year for a teacher performing services ~~on 120 or more school days, at least two times each year for a teacher performing services on 60 to 119 school days, and at least one time each year for a teacher performing services on fewer than 60 school days~~ during that school year; the first evaluation must occur within the first 90 days of teaching service. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school shall not be included in determining the number of school days on which a teacher

performs services. The school board may, during such probationary period, discharge or demote a teacher for any of the causes as specified in this code. A written statement of the cause of such discharge or demotion shall be given to the teacher by the school board at least 30 days before such removal or demotion shall become effective, and the teacher so notified shall have no right of appeal therefrom.

(b) A probationary teacher whose first three years of consecutive employment are interrupted for active military service and who promptly resumes teaching consistent with federal reemployment timelines for uniformed service personnel under United States Code, title 38, section 4312(e), is considered to have a consecutive teaching experience for purposes of paragraph (a).

(c) A probationary teacher must complete at least ~~60~~ 120 days of teaching service each year during the probationary period. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school do not count as days of teaching service under this paragraph.

EFFECTIVE DATE. This section applies to all collective bargaining agreements ratified after July 1, 2013.

Sec. 18. Minnesota Statutes 2010, section 122A.41, subdivision 3, is amended to read:

Subd. 3. **Mentoring for probationary teachers.** A board and an exclusive representative of the teachers in the district must develop a probationary teacher peer review process through joint agreement that is consistent with subdivision 5. The process may include having trained observers serve as mentors or coaches or having teachers participate in professional learning communities.

EFFECTIVE DATE. This section is effective the day following final enactment and applies beginning in the 2014-2015 school year and later.

Sec. 19. Minnesota Statutes 2010, section 122A.41, subdivision 5, is amended to read:

Subd. 5. **Development, evaluation, and peer coaching for continuing contract teachers.** (a) To improve student learning and success, a school board and an exclusive representative of the teachers in the district must, consistent with paragraph (b), may develop a an annual teacher evaluation and peer review process for probationary and nonprobationary teachers through joint agreement. If a school board and the exclusive representative of the teachers in the district do not agree to an annual teacher evaluation and peer review process, then the school board and the exclusive representative of the teachers must implement the plan for evaluation and review developed under paragraph

44.1 (c).The process ~~may~~ must include having trained observers serve as peer coaches or having
44.2 teachers participate in professional learning communities, consistent with paragraph (b).

44.3 (b) To develop, improve, and support qualified teachers and effective teaching
44.4 practices and improve student learning and success, the annual evaluation process for
44.5 teachers:

44.6 (1) must, for probationary teachers, provide for all evaluations required under
44.7 subdivision 5;

44.8 (2) must establish a three-year professional review cycle for each teacher that
44.9 includes an individual growth and development plan, a peer review process, the
44.10 opportunity to participate in a professional learning community under paragraph (a), and
44.11 at least one summative evaluation performed by a qualified and trained evaluator such
44.12 as a school administrator;

44.13 (3) must be based on professional teaching standards established in rule;

44.14 (4) must coordinate staff development activities under sections 122A.60 and
44.15 122A.61 with this evaluation process and teachers' evaluation outcomes;

44.16 (5) may provide time during the school day and school year for peer coaching and
44.17 teacher collaboration;

44.18 (6) may include mentoring and induction programs;

44.19 (7) must include an option for teachers to develop and present a portfolio
44.20 demonstrating evidence of reflection and professional growth, consistent with section
44.21 122A.18, subdivision 4, paragraph (b), and include teachers' own performance assessment
44.22 based on student work samples and examples of teachers' work, which may include video
44.23 among other activities for the summative evaluation;

44.24 (8) must use an agreed upon teacher value-added assessment model for the grade
44.25 levels and subject areas for which value-added data are available and establish state
44.26 or local measures of student growth for the grade levels and subject areas for which
44.27 value-added data are not available as a basis for 35 percent of teacher evaluation results;

44.28 (9) must use longitudinal data on student engagement and connection and other
44.29 student outcome measures explicitly aligned with the elements of curriculum for which
44.30 teachers are responsible;

44.31 (10) must require qualified and trained evaluators such as school administrators to
44.32 perform summative evaluations;

44.33 (11) must give teachers not meeting professional teaching standards under clauses
44.34 (3) through (10) support to improve through a teacher improvement process that includes
44.35 established goals and timelines; and

45.1 (12) must discipline a teacher for not making adequate progress in the teacher
45.2 improvement process under clause (11) that may include a last chance warning,
45.3 termination, discharge, nonrenewal, transfer to a different position, a leave of absence, or
45.4 other discipline a school administrator determines is appropriate.

45.5 Data on individual teachers generated under this subdivision are personnel data
45.6 under section 13.43.

45.7 (c) The department, in consultation with parents who may represent parent
45.8 organizations and teacher and administrator representatives appointed by their respective
45.9 organizations, representing the Board of Teaching, the Minnesota Association of School
45.10 Administrators, the Minnesota School Boards Association, the Minnesota Elementary
45.11 and Secondary Principals Associations, Education Minnesota, and representatives of
45.12 the Minnesota Assessment Group, the Minnesota Business Partnership, the Minnesota
45.13 Chamber of Commerce, and Minnesota postsecondary institutions with research expertise
45.14 in teacher evaluation, must create and publish a teacher evaluation process that complies
45.15 with the requirements in paragraph (b) and applies to all teachers under this section and
45.16 section 122A.41 for whom no agreement exists under paragraph (a) for an annual teacher
45.17 evaluation and peer review process. The teacher evaluation process created under this
45.18 subdivision does not create additional due process rights for probationary teachers under
45.19 subdivision 5.

45.20 **EFFECTIVE DATE.** This section is effective the day following final enactment
45.21 and applies beginning in the 2014-2015 school year and later.

45.22 Sec. 20. Minnesota Statutes 2010, section 122A.41, subdivision 6, is amended to read:

45.23 Subd. 6. **Grounds for discharge or demotion.** (a) Except as otherwise provided
45.24 in paragraph (b), causes for the discharge or demotion of a teacher either during or after
45.25 the probationary period must be:

45.26 (1) immoral character, conduct unbecoming a teacher, or insubordination;

45.27 (2) failure without justifiable cause to teach without first securing the written release
45.28 of the school board having the care, management, or control of the school in which the
45.29 teacher is employed;

45.30 (3) inefficiency in teaching or in the management of a school, consistent with
45.31 subdivision 5, paragraph (b);

45.32 (4) affliction with active tuberculosis or other communicable disease must be
45.33 considered as cause for removal or suspension while the teacher is suffering from such
45.34 disability; or

45.35 (5) discontinuance of position or lack of pupils.

For purposes of this paragraph, conduct unbecoming a teacher includes an unfair discriminatory practice described in section 363A.13.

(b) A probationary or continuing-contract teacher must be discharged immediately upon receipt of notice under section 122A.20, subdivision 1, paragraph (b), that the teacher's license has been revoked due to a conviction for child abuse or sexual abuse.

EFFECTIVE DATE. This section applies to all collective bargaining agreements ratified after July 1, 2014.

Sec. 21. Minnesota Statutes 2010, section 123B.143, subdivision 1, is amended to read:

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

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

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

(3) annually evaluate each school principal assigned responsibility for supervising a school building within the district, consistent with section 123B.147, subdivision 3, paragraph (b);

(4) superintend school grading practices and examinations for promotions;

~~(4)~~ (5) make reports required by the commissioner; and

~~(5)~~ (6) perform other duties prescribed by the board.

EFFECTIVE DATE. This section is effective for the 2013-2014 school year and later.

Sec. 22. Minnesota Statutes 2010, section 123B.147, subdivision 3, is amended to read:

Subd. 3. **Duties; evaluation.** (a) The principal shall provide administrative, supervisory, and instructional leadership services, under the supervision of the superintendent of schools of the district and ~~in accordance with~~ according to the policies, rules, and regulations of the school board of education, for the planning, management, operation, and evaluation of the education program of the building or buildings to which the principal is assigned.

(b) To enhance a principal's leadership skills and support and improve teaching practices, school performance, and student achievement, a district must develop and implement a performance-based system for annually evaluating school principals assigned to supervise a school building within the district. The evaluation must be designed to improve teaching and learning by supporting the principal in shaping the school's professional environment and developing teacher quality, performance, and effectiveness. The annual evaluation must:

(1) support and improve a principal's instructional leadership, organizational management, and professional development, and strengthen the principal's capacity in the areas of instruction, supervision, evaluation, and teacher development;

(2) include formative and summative evaluations;

(3) be consistent with a principal's job description, a district's long-term plans and goals, and the principal's own professional multiyear growth plans and goals, all of which must support the principal's leadership behaviors and practices, rigorous curriculum, school performance, and high-quality instruction;

(4) include on-the-job observations and previous evaluations;

48.1 (5) allow surveys to help identify a principal's effectiveness, leadership skills and
48.2 processes, and strengths and weaknesses in exercising leadership in pursuit of school
48.3 success;

48.4 (6) use longitudinal data on student academic growth as an evaluation component
48.5 and incorporate district achievement goals and targets;

48.6 (7) be linked to professional development that emphasizes improved teaching and
48.7 learning, curriculum and instruction, student learning, and a collaborative professional
48.8 culture; and

48.9 (8) for principals not meeting standards of professional practice or other criteria
48.10 under this subdivision, implement a plan to improve the principal's performance and
48.11 specify the procedure and consequence if the principal's performance is not improved.

48.12 The provisions of this paragraph are intended to provide districts with sufficient
48.13 flexibility to accommodate district needs and goals related to developing, supporting,
48.14 and evaluating principals.

48.15 **EFFECTIVE DATE.** This section is effective for the 2013-2014 school year and
48.16 later.

48.17 Sec. 23. Minnesota Statutes 2010, section 123B.88, is amended by adding a
48.18 subdivision to read:

48.19 Subd. 1a. **Full-service school zones.** The board may establish a full-service
48.20 school zone by adopting a written resolution and may provide transportation for students
48.21 attending a school in that full-service school zone. A full-service school zone may be
48.22 established for a school that is located in an area with higher than average crime or other
48.23 social and economic challenges and that provides education, health or human services, or
48.24 other parental support in collaboration with a city, county, state, or nonprofit agency. The
48.25 pupil transportation must be intended to stabilize enrollment and reduce mobility at the
48.26 school located in a full-service school zone.

48.27 Sec. 24. Minnesota Statutes 2010, section 123B.92, subdivision 1, as amended by
48.28 Laws 2011, chapter 103, section 3, is amended to read:

48.29 Subdivision 1. **Definitions.** For purposes of this section and section 125A.76, the
48.30 terms defined in this subdivision have the meanings given to them.

48.31 (a) "Actual expenditure per pupil transported in the regular and excess transportation
48.32 categories" means the quotient obtained by dividing:

48.33 (1) the sum of:

(i) all expenditures for transportation in the regular category, as defined in paragraph (b), clause (1), and the excess category, as defined in paragraph (b), clause (2), plus

(ii) an amount equal to one year's depreciation on the district's school bus fleet and mobile units computed on a straight line basis at the rate of 15 percent per year for districts operating a program under section 124D.128 for grades 1 to 12 for all students in the district and 12-1/2 percent per year for other districts of the cost of the fleet, plus

(iii) an amount equal to one year's depreciation on the district's type III vehicles, as defined in section 169.011, subdivision 71, which must be used a majority of the time for pupil transportation purposes, computed on a straight line basis at the rate of 20 percent per year of the cost of the type three school buses by:

(2) the number of pupils eligible for transportation in the regular category, as defined in paragraph (b), clause (1), and the excess category, as defined in paragraph (b), clause (2).

(b) "Transportation category" means a category of transportation service provided to pupils as follows:

(1) Regular transportation is:

(i) transportation to and from school during the regular school year for resident elementary pupils residing one mile or more from the public or nonpublic school they attend, and resident secondary pupils residing two miles or more from the public or nonpublic school they attend, excluding desegregation transportation and noon kindergarten transportation; but with respect to transportation of pupils to and from nonpublic schools, only to the extent permitted by sections 123B.84 to 123B.87;

(ii) transportation of resident pupils to and from language immersion programs;

(iii) transportation of a pupil who is a custodial parent and that pupil's child between the pupil's home and the child care provider and between the provider and the school, if the home and provider are within the attendance area of the school;

(iv) transportation to and from or board and lodging in another district, of resident pupils of a district without a secondary school; and

(v) transportation to and from school during the regular school year required under subdivision 3 for nonresident elementary pupils when the distance from the attendance area border to the public school is one mile or more, and for nonresident secondary pupils when the distance from the attendance area border to the public school is two miles or more, excluding desegregation transportation and noon kindergarten transportation.

For the purposes of this paragraph, a district may designate a licensed day care facility, school day care facility, respite care facility, the residence of a relative, or the residence of a person or other location chosen by the pupil's parent or guardian, or an after-school program for children operated by a political subdivision of the state, as the

50.1 home of a pupil for part or all of the day, if requested by the pupil's parent or guardian,
50.2 and if that facility, residence, or program is within the attendance area of the school the
50.3 pupil attends.

50.4 (2) Excess transportation is:

50.5 (i) transportation to and from school during the regular school year for resident
50.6 secondary pupils residing at least one mile but less than two miles from the public or
50.7 nonpublic school they attend, and transportation to and from school for resident pupils
50.8 residing less than one mile from school who are transported because of full-service school
50.9 zones, extraordinary traffic, drug, or crime hazards; and

50.10 (ii) transportation to and from school during the regular school year required under
50.11 subdivision 3 for nonresident secondary pupils when the distance from the attendance area
50.12 border to the school is at least one mile but less than two miles from the public school
50.13 they attend, and for nonresident pupils when the distance from the attendance area border
50.14 to the school is less than one mile from the school and who are transported because of
50.15 full-service school zones, extraordinary traffic, drug, or crime hazards.

50.16 (3) Desegregation transportation is transportation within and outside of the district
50.17 during the regular school year of pupils to and from schools located outside their normal
50.18 attendance areas under a plan for desegregation mandated by the commissioner or under
50.19 court order.

50.20 (4) "Transportation services for pupils with disabilities" is:

50.21 (i) transportation of pupils with disabilities who cannot be transported on a regular
50.22 school bus between home or a respite care facility and school;

50.23 (ii) necessary transportation of pupils with disabilities from home or from school to
50.24 other buildings, including centers such as developmental achievement centers, hospitals,
50.25 and treatment centers where special instruction or services required by sections 125A.03
50.26 to 125A.24, 125A.26 to 125A.48, and 125A.65 are provided, within or outside the district
50.27 where services are provided;

50.28 (iii) necessary transportation for resident pupils with disabilities required by sections
50.29 125A.12, and 125A.26 to 125A.48;

50.30 (iv) board and lodging for pupils with disabilities in a district maintaining special
50.31 classes;

50.32 (v) transportation from one educational facility to another within the district for
50.33 resident pupils enrolled on a shared-time basis in educational programs, and necessary
50.34 transportation required by sections 125A.18, and 125A.26 to 125A.48, for resident pupils
50.35 with disabilities who are provided special instruction and services on a shared-time basis
50.36 or if resident pupils are not transported, the costs of necessary travel between public

51.1 and private schools or neutral instructional sites by essential personnel employed by the
51.2 district's program for children with a disability;

51.3 (vi) transportation for resident pupils with disabilities to and from board and lodging
51.4 facilities when the pupil is boarded and lodged for educational purposes;

51.5 (vii) transportation of pupils for a curricular field trip activity on a school bus
51.6 equipped with a power lift when the power lift is required by a student's disability or
51.7 section 504 plan; and

51.8 (viii) services described in clauses (i) to (vii), when provided for pupils with
51.9 disabilities in conjunction with a summer instructional program that relates to the pupil's
51.10 individual education plan or in conjunction with a learning year program established
51.11 under section 124D.128.

51.12 For purposes of computing special education initial aid under section 125A.76,
51.13 subdivision 2, the cost of providing transportation for children with disabilities includes
51.14 (A) the additional cost of transporting a homeless student from a temporary nonshelter
51.15 home in another district to the school of origin, or a formerly homeless student from a
51.16 permanent home in another district to the school of origin but only through the end of the
51.17 academic year; and (B) depreciation on district-owned school buses purchased after July 1,
51.18 2005, and used primarily for transportation of pupils with disabilities, calculated according
51.19 to paragraph (a), clauses (ii) and (iii). Depreciation costs included in the disabled
51.20 transportation category must be excluded in calculating the actual expenditure per pupil
51.21 transported in the regular and excess transportation categories according to paragraph (a).

51.22 (5) "Nonpublic nonregular transportation" is:

51.23 (i) transportation from one educational facility to another within the district for
51.24 resident pupils enrolled on a shared-time basis in educational programs, excluding
51.25 transportation for nonpublic pupils with disabilities under clause (4);

51.26 (ii) transportation within district boundaries between a nonpublic school and a
51.27 public school or a neutral site for nonpublic school pupils who are provided pupil support
51.28 services pursuant to section 123B.44; and

51.29 (iii) late transportation home from school or between schools within a district for
51.30 nonpublic school pupils involved in after-school activities.

51.31 (c) "Mobile unit" means a vehicle or trailer designed to provide facilities for
51.32 educational programs and services, including diagnostic testing, guidance and counseling
51.33 services, and health services. A mobile unit located off nonpublic school premises is a
51.34 neutral site as defined in section 123B.41, subdivision 13.

51.35 Sec. 25. Minnesota Statutes 2010, section 124D.09, subdivision 5, is amended to read:

52.1 Subd. 5. **Authorization; notification.** Notwithstanding any other law to the
52.2 contrary, an 11th or 12th grade pupil enrolled in a school or an American Indian-controlled
52.3 tribal contract or grant school eligible for aid under section 124D.83, except a foreign
52.4 exchange pupil enrolled in a district under a cultural exchange program, may apply to an
52.5 eligible institution, as defined in subdivision 3, to enroll in nonsectarian courses offered by
52.6 that postsecondary institution. Notwithstanding any other law to the contrary, a 9th or 10th
52.7 grade pupil enrolled in a district or an American Indian-controlled tribal contract or grant
52.8 school eligible for aid under section 124D.83, except a foreign exchange pupil enrolled in
52.9 a district under a cultural exchange program, may apply to enroll in nonsectarian courses
52.10 offered under subdivision 10, if after all 11th and 12th grade students have applied for a
52.11 course, additional students are necessary to offer the course. If an institution accepts a
52.12 secondary pupil for enrollment under this section, the institution shall send written notice
52.13 to the pupil, the pupil's school or school district, and the commissioner within ten days of
52.14 acceptance. The notice must indicate the course and hours of enrollment of that pupil. If
52.15 the pupil enrolls in a course for postsecondary credit, the institution must notify the pupil
52.16 about payment in the customary manner used by the institution.

52.17 Sec. 26. Minnesota Statutes 2010, section 124D.09, subdivision 7, is amended to read:

52.18 Subd. 7. **Dissemination of information; notification of intent to enroll.** By March
52.19 1 of each year, a district must provide general information about the program to all pupils
52.20 in grades 8, 9, 10, and 11. To assist the district in planning, a pupil shall inform the district
52.21 by March 30 of each year of the pupil's intent to enroll in postsecondary courses during
52.22 the following school year. A pupil is not bound by notifying or not notifying the district
52.23 by March 30.

52.24 Sec. 27. Minnesota Statutes 2010, section 124D.09, subdivision 8, is amended to read:

52.25 Subd. 8. **Limit on participation.** A pupil who first enrolls in grade 9 may not
52.26 enroll in postsecondary courses under this section for secondary credit for more than
52.27 the equivalent of four academic years. A pupil who first enrolls in grade 10 may not
52.28 enroll in postsecondary courses under this section for secondary credit for more than
52.29 the equivalent of three academic years. A pupil who first enrolls in grade 11 may not
52.30 enroll in postsecondary courses under this section for secondary credit for more than the
52.31 equivalent of two academic years. A pupil who first enrolls in grade 12 may not enroll in
52.32 postsecondary courses under this section for secondary credit for more than the equivalent
52.33 of one academic year. If a pupil in grade 9, 10, 11, or 12 first enrolls in a postsecondary
52.34 course for secondary credit during the school year, the time of participation shall be

53.1 reduced proportionately. If a pupil is in a learning year or other year-round program and
 53.2 begins each grade in the summer session, summer sessions shall not be counted against the
 53.3 time of participation. A pupil who has graduated from high school cannot participate in a
 53.4 program under this section. A pupil who has completed course requirements for graduation
 53.5 but who has not received a diploma may participate in the program under this section.

53.6 Sec. 28. Minnesota Statutes 2010, section 124D.091, subdivision 2, is amended to read:

53.7 Subd. 2. **Eligibility.** A district that offers a concurrent enrollment course according
 53.8 to an agreement under section 124D.09, subdivision 10, is eligible to receive aid for the
 53.9 costs of providing postsecondary courses at the high school. Beginning in fiscal year 2011,
 53.10 districts only are eligible for aid if the college or university concurrent enrollment courses
 53.11 offered by the district are accredited by the National Alliance of Concurrent Enrollment
 53.12 Partnership, in the process of being accredited, or are shown by clear evidence to be of
 53.13 comparable standard to accredited courses, or are technical courses within a recognized
 53.14 career and technical education program of study approved by the commissioner of
 53.15 education and the chancellor of the Minnesota State Colleges and Universities.

53.16 Sec. 29. Minnesota Statutes 2010, section 124D.10, as amended by Laws 2011,
 53.17 chapters 27, section 2, and 90, section 3, is amended to read:

53.18 **124D.10 CHARTER SCHOOLS.**

53.19 Subdivision 1. **Purposes.** (a) The purpose of this section is to:

- 53.20 (1) improve pupil learning and student achievement;
- 53.21 (2) increase learning opportunities for pupils;
- 53.22 (3) encourage the use of different and innovative teaching methods;
- 53.23 (4) measure learning outcomes and create different and innovative forms of
- 53.24 measuring outcomes;
- 53.25 (5) establish new forms of accountability for schools; and

53.26 (6) create new professional opportunities for teachers, including the opportunity to
 53.27 be responsible for the learning program at the school site.

53.28 (b) This section does not provide a means to keep open a school that otherwise would
 53.29 ~~be closed or to reestablish a school that has been closed. Applicants in these circumstances~~
 53.30 ~~bear the burden of proving that conversion to a charter school or establishment of a new~~
 53.31 ~~charter school fulfills the purposes specified in this subdivision, independent of the~~
 53.32 ~~school's closing~~ a school board decides to close. However, a school board may endorse
 53.33 or authorize the establishing of a charter school to replace the school the board decided
 53.34 to close. Applicants seeking a charter under this circumstance must demonstrate to the

54.1 authorizer that the charter sought is substantially different in purpose and program from
 54.2 the school the board closed and that the proposed charter satisfies the requirements of this
 54.3 subdivision. If the school board that closed the school authorizes the charter, it must
 54.4 document in its affidavit to the commissioner that the charter is substantially different in
 54.5 program and purpose from the school it closed.

54.6 An authorizer shall not approve an application submitted by a charter school
 54.7 developer under subdivision 4, paragraph (a), if the application does not comply with this
 54.8 subdivision. The commissioner shall not approve an affidavit submitted by an authorizer
 54.9 under subdivision 4, paragraph (b), if the affidavit does not comply with this subdivision.

54.10 Subd. 2. **Applicability.** This section applies only to charter schools formed and
 54.11 operated under this section.

54.12 Subd. 3. **Authorizer.** (a) For purposes of this section, the terms defined in this
 54.13 subdivision have the meanings given them.

54.14 "Application" to receive approval as an authorizer means the proposal an eligible
 54.15 authorizer submits to the commissioner under paragraph (c) before that authorizer is able
 54.16 to submit any affidavit to charter to a school.

54.17 "Application" under subdivision 4 means the charter school business plan a
 54.18 school developer submits to an authorizer for approval to establish a charter school that
 54.19 documents the school developer's mission statement, school purposes, program design,
 54.20 financial plan, governance and management structure, and background and experience,
 54.21 plus any other information the authorizer requests. The application also shall include a
 54.22 "statement of assurances" of legal compliance prescribed by the commissioner.

54.23 "Affidavit" means a written statement the authorizer submits to the commissioner
 54.24 for approval to establish a charter school under subdivision 4 attesting to its review and
 54.25 approval process before chartering a school.

54.26 ~~"Affidavit" means the form an authorizer submits to the commissioner that is a~~
 54.27 ~~precondition to a charter school organizing an affiliated nonprofit building corporation~~
 54.28 ~~under subdivision 17a.~~

54.29 (b) The following organizations may authorize one or more charter schools:

54.30 (1) a school board; intermediate school district school board; education district
 54.31 organized under sections 123A.15 to 123A.19;

54.32 (2) a charitable organization under section 501(c)(3) of the Internal Revenue Code
 54.33 of 1986, excluding a nonpublic sectarian or religious institution, any person other than a
 54.34 natural person that directly or indirectly, through one or more intermediaries, controls,
 54.35 is controlled by, or is under common control with the nonpublic sectarian or religious

institution, and any other charitable organization under this clause that in the federal IRS Form 1023, Part IV, describes activities indicating a religious purpose, that:

(i) is a member of the Minnesota Council of Nonprofits or the Minnesota Council on Foundations;

(ii) is registered with the attorney general's office; and

(iii) ~~reports an end-of-year fund balance of at least \$2,000,000; and~~

~~(iv)~~ is incorporated in the state of Minnesota and has been operating continuously for at least five years but does not operate a charter school;

(3) a Minnesota private college, notwithstanding clause (2), that grants two- or four-year degrees and is registered with the Minnesota Office of Higher Education under chapter 136A; community college, state university, or technical college governed by the Board of Trustees of the Minnesota State Colleges and Universities; or the University of Minnesota; or

(4) a nonprofit corporation subject to chapter 317A, described in section 317A.905, and exempt from federal income tax under section 501(c)(6) of the Internal Revenue Code of 1986, may authorize one or more charter schools if the charter school has operated for at least three years under a different authorizer and if the nonprofit corporation has existed for at least 25 years.

(5) ~~no more than three~~ single-purpose authorizers that are charitable, nonsectarian organizations formed under section 501(c)(3) of the Internal Revenue Code of 1986 and incorporated in the state of Minnesota whose sole purpose is to charter schools. Eligible organizations interested in being approved as an authorizer under this paragraph must submit a proposal to the commissioner that includes the provisions of paragraph (c) and a five-year financial plan. Such authorizers shall consider and approve applications using the criteria provided in subdivision 4 and shall not limit the applications it solicits, considers, or approves to any single curriculum, learning program, or method.

(c) An eligible authorizer under this subdivision must apply to the commissioner for approval as an authorizer before submitting any affidavit to the commissioner to charter a school. The application for approval as a charter school authorizer must demonstrate the applicant's ability to implement the procedures and satisfy the criteria for chartering a school under this section. The commissioner must approve or disapprove an application within ~~60~~ 45 business days of the application deadline. If the commissioner disapproves the application, the commissioner must notify the applicant of the specific deficiencies in writing and the applicant then has 20 business days to address the deficiencies to the commissioner's satisfaction. After the 20 business days expire, the commissioner has 15 business days to make a final decision to approve or disapprove the application. Failing to

56.1 address the deficiencies to the commissioner's satisfaction makes an applicant ineligible to
 56.2 be an authorizer. The commissioner, in establishing criteria for approval, must consider
 56.3 the applicant's:

- 56.4 (1) capacity and infrastructure;
- 56.5 (2) application criteria and process;
- 56.6 (3) contracting process;
- 56.7 (4) ongoing oversight and evaluation processes; and
- 56.8 (5) renewal criteria and processes.

56.9 (d) ~~The affidavit to be submitted to and evaluated by~~ An applicant must include in
 56.10 its application to the commissioner must include to be an approved authorizer at least
 56.11 the following:

56.12 (1) how chartering schools is a way for the organization to carry out its mission;

56.13 (2) a description of the capacity of the organization to serve as an authorizer,
 56.14 including the personnel who will perform the authorizing duties, their qualifications, the
 56.15 amount of time they will be assigned to this responsibility, and the financial resources
 56.16 allocated by the organization to this responsibility;

56.17 (3) a description of the application and review process the authorizer will use to make
 56.18 decisions regarding the granting of charters, ~~which will include at least the following:~~

56.19 ~~(i) how the statutory purposes defined in subdivision 1 are addressed;~~
 56.20 ~~(ii) the mission, goals, program model, and student performance expectations;~~
 56.21 ~~(iii) an evaluation plan for the school that includes criteria for evaluating educational,~~
 56.22 ~~organizational, and fiscal plans;~~

56.23 ~~(iv) the school's governance plan;~~

56.24 ~~(v) the financial management plan; and~~

56.25 ~~(vi) the administration and operations plan;~~

56.26 (4) a description of the type of contract it will arrange with the schools it charters
 56.27 that meets the provisions of subdivision 6 ~~and defines the rights and responsibilities of the~~
 56.28 ~~charter school for governing its educational program, controlling its funds, and making~~
 56.29 ~~school management decisions;~~

56.30 (5) the process to be used for providing ongoing oversight of the school consistent
 56.31 with the contract expectations specified in clause (4) that assures that the schools chartered
 56.32 are complying with both the provisions of applicable law and rules, and with the contract;

56.33 (6) a description of the criteria and process the authorizer will use to grant expanded
 56.34 applications under subdivision 4, paragraph (j);

56.35 (7) the process for making decisions regarding the renewal or termination of
 56.36 the school's charter based on evidence that demonstrates the academic, organizational,

57.1 and financial competency of the school, including its success in increasing student
57.2 achievement and meeting the goals of the charter school agreement; and

57.3 ~~(7)~~ (8) an assurance specifying that the organization is committed to serving as
57.4 an authorizer for the full five-year term.

57.5 (e) A disapproved applicant under this ~~paragraph~~ section may resubmit an
57.6 application during a future application period.

57.7 (f) If the governing board of an approved authorizer that has chartered multiple
57.8 schools votes to withdraw as an approved authorizer for a reason unrelated to any
57.9 cause under subdivision 23, the authorizer must notify all its chartered schools and the
57.10 commissioner in writing by July 15 of its intent to withdraw as an authorizer on June 30 in
57.11 the next calendar year. The commissioner may approve the transfer of a charter school
57.12 to a new authorizer under this paragraph after the new authorizer submits an affidavit to
57.13 the commissioner.

57.14 ~~(e)~~ (g) The authorizer must participate in department-approved training.

57.15 ~~(f)~~ (h) An authorizer that chartered a school before August 1, 2009, must apply by
57.16 June 30, 2012, to the commissioner for approval, under paragraph (c), to continue as an
57.17 authorizer under this section. For purposes of this paragraph, an authorizer that fails to
57.18 submit a timely application is ineligible to charter a school.

57.19 ~~(g)~~ (i) The commissioner shall review an authorizer's performance every five years
57.20 in a manner and form determined by the commissioner and may review an authorizer's
57.21 performance more frequently at the commissioner's own initiative or at the request of a
57.22 charter school operator, charter school board member, or other interested party. The
57.23 commissioner, after completing the review, shall transmit a report with findings to the
57.24 authorizer. If, consistent with this section, the commissioner finds that an authorizer has
57.25 not fulfilled the requirements of this section, the commissioner may subject the authorizer
57.26 to corrective action, which may include terminating the contract with the charter school
57.27 board of directors of a school it chartered. The commissioner must notify the authorizer
57.28 in writing of any findings that may subject the authorizer to corrective action and
57.29 the authorizer then has 15 business days to request an informal hearing before the
57.30 commissioner takes corrective action. If the commissioner terminates a contract between
57.31 an authorizer and a charter school under this paragraph, the commissioner may assist the
57.32 charter school in acquiring a new authorizer.

57.33 ~~(h)~~ (j) The commissioner may at any time take corrective action against an
57.34 authorizer, including terminating an authorizer's ability to charter a school for:

57.35 (1) failing to demonstrate the criteria under paragraph (c) under which the
57.36 commissioner approved the authorizer;

58.1 (2) violating a term of the chartering contract between the authorizer and the charter
 58.2 school board of directors; ~~or~~
 58.3 (3) unsatisfactory performance as an approved authorizer; or
 58.4 (4) any good cause shown that provides the commissioner a legally sufficient reason
 58.5 to take corrective action against an authorizer.

58.6 Subd. 4. **Formation of school.** (a) An authorizer, after receiving an application from
 58.7 a school developer, may charter a licensed teacher under section 122A.18, subdivision
 58.8 1, or a group of individuals that includes one or more licensed teachers under section
 58.9 122A.18, subdivision 1, to operate a school subject to the commissioner's approval of the
 58.10 authorizer's affidavit under paragraph (b). The school must be organized and operated
 58.11 as a ~~cooperative under chapter 308A or~~ nonprofit corporation under chapter 317A and
 58.12 the provisions under the applicable chapter shall apply to the school except as provided
 58.13 in this section.

58.14 Notwithstanding sections 465.717 and 465.719, a school district, subject to this
 58.15 section and section 124D.11, may create a corporation for the purpose of establishing a
 58.16 charter school.

58.17 (b) Before the operators may establish and operate a school, the authorizer must file
 58.18 an affidavit with the commissioner stating its intent to charter a school. An authorizer
 58.19 must file a separate affidavit for each school it intends to charter. The affidavit must
 58.20 state the terms and conditions under which the authorizer would charter a school and
 58.21 how the authorizer intends to oversee the fiscal and student performance of the charter
 58.22 school and to comply with the terms of the written contract between the authorizer
 58.23 and the charter school board of directors under subdivision 6. The commissioner must
 58.24 approve or disapprove the authorizer's affidavit within 60 business days of receipt of the
 58.25 affidavit. If the commissioner disapproves the affidavit, the commissioner shall notify
 58.26 the authorizer of the deficiencies in the affidavit and the authorizer then has 20 business
 58.27 days to address the deficiencies. If the authorizer does not address deficiencies to the
 58.28 commissioner's satisfaction, the commissioner's disapproval is final. Failure to obtain
 58.29 commissioner approval precludes an authorizer from chartering the school that is the
 58.30 subject of this affidavit.

58.31 (c) The authorizer may prevent an approved charter school from opening for
 58.32 operation if, among other grounds, the charter school violates this section or does not meet
 58.33 the ready-to-open standards that are part of the authorizer's oversight and evaluation
 58.34 process or are stipulated in the charter school contract.

58.35 (d) The operators authorized to organize and operate a school, before entering into a
 58.36 contract or other agreement for professional or other services, goods, or facilities, must

59.1 incorporate as a ~~cooperative under chapter 308A or as a~~ nonprofit corporation under
 59.2 chapter 317A and must establish a board of directors composed of at least five members
 59.3 who are not related parties until a timely election for members of the ongoing charter
 59.4 school board of directors is held according to the school's articles and bylaws under
 59.5 paragraph (f). A charter school board of directors must be composed of at least five
 59.6 members who are not related parties. Staff members employed at the school, including
 59.7 teachers providing instruction under a contract with a cooperative, and all parents or legal
 59.8 guardians of children enrolled in the school are the voters eligible to elect the members
 59.9 of the school's board of directors. A charter school must notify eligible voters of the
 59.10 school board election dates at least 30 days before the election. Board of director meetings
 59.11 must comply with chapter 13D.

59.12 (e) Upon the request of an individual, the charter school must make available in
 59.13 a timely fashion the minutes of meetings of the board of directors, and of members
 59.14 and committees having any board-delegated authority; financial statements showing all
 59.15 operations and transactions affecting income, surplus, and deficit during the school's last
 59.16 annual accounting period; and a balance sheet summarizing assets and liabilities on the
 59.17 closing date of the accounting period. A charter school also must post on its official Web
 59.18 site information identifying its authorizer and indicate how to contact that authorizer and
 59.19 include that same information about its authorizer in other school materials that it makes
 59.20 available to the public.

59.21 (f) Every charter school board member shall attend department-approved ongoing
 59.22 training throughout the member's term on board governance, including training on the
 59.23 board's role and responsibilities, employment policies and practices, and financial
 59.24 management. A board member who does not begin the required initial training within six
 59.25 months ~~of~~ after being seated and complete ~~the required~~ that training within 12 months of
 59.26 being seated on the board is ineligible to continue to serve as a board member.

59.27 (g) The ongoing board must be elected before the school completes its third year of
 59.28 operation. Board elections must be held during ~~a time when the~~ the school is in session year
 59.29 but may not be conducted on days when the school is closed for holidays or vacations.
 59.30 The charter school board of directors shall be composed of at least five nonrelated
 59.31 members and include: (i) at least one licensed teacher employed at the school or a licensed
 59.32 teacher providing instruction under ~~a contract~~ contract between the charter school and a
 59.33 cooperative; (ii) the parent or legal guardian of a student enrolled in the charter school
 59.34 who is not an employee of the charter school; and (iii) an interested community member
 59.35 who is not employed by the charter school and does not have a child enrolled in the
 59.36 school. The board may be a teacher majority board composed of teachers described in this

60.1 paragraph. The chief financial officer and the chief administrator ~~are~~ may only serve as
 60.2 ex-officio nonvoting board members and may not serve as a voting member of the board.
 60.3 Charter school employees shall not serve on the board unless item (i) applies. Contractors
 60.4 providing facilities, goods, or services to a charter school shall not serve on the board of
 60.5 directors of the charter school. Board bylaws shall outline the process and procedures for
 60.6 changing the board's governance model, consistent with chapter 317A. A board may
 60.7 change its governance model only:

60.8 (1) by a majority vote of the board of directors and the licensed teachers employed
 60.9 by the school, including licensed teachers providing instruction under a contract between
 60.10 the school and a cooperative; and

60.11 (2) with the authorizer's approval.

60.12 Any change in board governance must conform with the board structure established
 60.13 under this paragraph.

60.14 (h) The granting or renewal of a charter by an authorizer must not be conditioned
 60.15 upon the bargaining unit status of the employees of the school.

60.16 (i) The granting or renewal of a charter school by an authorizer must not be
 60.17 contingent on the charter school being required to contract, lease, or purchase services
 60.18 from the authorizer. Any potential contract, lease, or purchase of service from an
 60.19 authorizer must be disclosed to the commissioner, accepted through an open bidding
 60.20 process, and be a separate contract from the charter contract. The school must document
 60.21 the open bidding process. An authorizer must not enter into a contract to provide
 60.22 management and financial services for a school that it authorizes, unless the school
 60.23 documents that it received at least two competitive bids.

60.24 (j) An authorizer may permit the board of directors of a charter school to expand
 60.25 the operation of the charter school to additional sites or to add additional grades at the
 60.26 school beyond those described in the authorizer's original affidavit as approved by
 60.27 the commissioner only after submitting a supplemental affidavit for approval to the
 60.28 commissioner in a form and manner prescribed by the commissioner. The supplemental
 60.29 affidavit must ~~show~~ document that:

60.30 (1) the ~~expansion proposed by the charter school~~ is supported by expansion plan
 60.31 demonstrates need and projected enrollment;

60.32 (2) the ~~charter school~~ expansion is warranted, at a minimum, by longitudinal data
 60.33 demonstrating students' improved academic performance and growth on statewide
 60.34 assessments under chapter 120B;

60.35 (3) the charter school is ~~fiscally~~ financially sound and ~~has the financial capacity~~ the
 60.36 financing it needs to implement the proposed expansion exists; and

61.1 (4) the ~~authorizer finds that the~~ charter school has the governance structure and
61.2 management capacity to carry out its expansion.

61.3 (k) The commissioner shall have 30 business days to review and comment on the
61.4 supplemental affidavit. The commissioner shall notify the authorizer of any deficiencies in
61.5 the supplemental affidavit and the authorizer then has ~~30~~ 20 business days to address, to
61.6 the commissioner's satisfaction, any deficiencies in the supplemental affidavit. The school
61.7 may not expand grades or add sites until the commissioner has approved the supplemental
61.8 affidavit. The commissioner's approval or disapproval of a supplemental affidavit is final.

61.9 Subd. 4a. **Conflict of interest.** (a) An individual is prohibited from serving as a
61.10 member of the charter school board of directors if the individual, an immediate family
61.11 member, or the individual's partner is an owner, employee or agent of, or a contractor
61.12 with a for-profit or nonprofit entity or individual with whom the charter school contracts,
61.13 directly or indirectly, for professional services, goods, or facilities. A violation of this
61.14 prohibition renders a contract voidable at the option of the commissioner or the charter
61.15 school board of directors. A member of a charter school board of directors who violates
61.16 this prohibition is individually liable to the charter school for any damage caused by
61.17 the violation.

61.18 (b) No member of the board of directors, employee, officer, or agent of a charter
61.19 school shall participate in selecting, awarding, or administering a contract if a conflict
61.20 of interest exists. A conflict exists when:

- 61.21 (1) the board member, employee, officer, or agent;
61.22 (2) the immediate family of the board member, employee, officer, or agent;
61.23 (3) the partner of the board member, employee, officer, or agent; or
61.24 (4) an organization that employs, or is about to employ any individual in clauses
61.25 (1) to (3),
61.26 has a financial or other interest in the entity with which the charter school is contracting.
61.27 A violation of this prohibition renders the contract void.

61.28 (c) Any employee, agent, or board member of the authorizer who participates
61.29 in the initial review, approval, ongoing oversight, evaluation, or the charter renewal or
61.30 nonrenewal process or decision is ineligible to serve on the board of directors of a school
61.31 chartered by that authorizer.

61.32 (d) An individual may serve as a member of the board of directors if no conflict of
61.33 interest under paragraph (a) exists.

61.34 (e) The conflict of interest provisions under this subdivision do not apply to
61.35 compensation paid to a teacher employed by the charter school who also serves as a
61.36 member of the board of directors.

62.1 (f) The conflict of interest provisions under this subdivision do not apply to a teacher
 62.2 who provides services to a charter school through a cooperative formed under chapter
 62.3 308A when the teacher also serves on the charter school board of directors.

62.4 Subd. 5. **Conversion of existing schools.** A board of an independent or special
 62.5 school district may convert one or more of its existing schools to charter schools under
 62.6 this section if 60 percent of the full-time teachers at the school sign a petition seeking
 62.7 conversion. The conversion must occur at the beginning of an academic year.

62.8 Subd. 6. **Charter contract.** The authorization for a charter school must be in the
 62.9 form of a written contract signed by the authorizer and the board of directors of the charter
 62.10 school. The contract must be completed within 45 business days of the commissioner's
 62.11 approval of the authorizer's affidavit. The authorizer shall submit to the commissioner a
 62.12 copy of the signed charter contract within ten business days of its execution. The contract
 62.13 for a charter school must be in writing and contain at least the following:

62.14 (1) a declaration of the purposes in subdivision 1 that the school intends to carry out
 62.15 and how the school will report its implementation of those purposes;

62.16 (2) a description of the school program and the specific academic and nonacademic
 62.17 outcomes that pupils must achieve;

62.18 (3) a statement of admission policies and procedures;

62.19 (4) a governance, management, and administration plan for the school;

62.20 (5) signed agreements from charter school board members to comply with all
 62.21 federal and state laws governing organizational, programmatic, and financial requirements
 62.22 applicable to charter schools;

62.23 (6) the criteria, processes, and procedures that the authorizer will use for ongoing
 62.24 oversight of operational, financial, and academic performance;

62.25 (7) the performance evaluation that is a prerequisite for reviewing a charter contract
 62.26 under subdivision 15;

62.27 (8) types and amounts of insurance liability coverage to be obtained by the charter
 62.28 school;

62.29 (9) consistent with subdivision 25, paragraph (d), a provision to indemnify and hold
 62.30 harmless the authorizer and its officers, agents, and employees from any suit, claim,
 62.31 or liability arising from any operation of the charter school, and the commissioner and
 62.32 department officers, agents, and employees notwithstanding section 3.736;

62.33 (10) the term of the initial contract, which may be up to three years for an initial
 62.34 contract plus an additional preoperational planning year, and up to five years for a renewed
 62.35 contract or a contract with a new authorizer after a transfer of authorizers, if warranted by
 62.36 the school's academic, financial, and operational performance;

63.1 ~~(10)~~ (11) how the board of directors or the operators of the charter school will
 63.2 provide special instruction and services for children with a disability under sections
 63.3 125A.03 to 125A.24, and 125A.65, a description of the financial parameters within
 63.4 which the charter school will operate to provide the special instruction and services to
 63.5 children with a disability;

63.6 ~~(11)~~ (12) the process and criteria the authorizer intends to use to monitor and
 63.7 evaluate the fiscal and student performance of the charter school, consistent with
 63.8 subdivision 15; and

63.9 ~~(12)~~ (13) the plan for an orderly closing of the school under chapter ~~308A~~ or 317A,
 63.10 if the closure is a termination for cause, a voluntary termination, or a nonrenewal of
 63.11 the contract, and that includes establishing the responsibilities of the school board of
 63.12 directors and the authorizer and notifying the commissioner, authorizer, school district in
 63.13 which the charter school is located, and parents of enrolled students about the closure,
 63.14 the transfer of student records to students' resident districts, and procedures for closing
 63.15 financial operations.

63.16 Subd. 6a. **Audit report.** (a) The charter school must submit an audit report to the
 63.17 commissioner and its authorizer by December 31 each year.

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

63.24 (c) If the ~~commissioner receives an~~ audit report indicating finds that a material
 63.25 weakness exists in the financial reporting systems of a charter school, the charter school
 63.26 must submit a written report to the commissioner explaining how the material weakness
 63.27 will be resolved. An auditor, as a condition of providing financial services to a charter
 63.28 school, must agree to make available information about a charter school's financial audit
 63.29 to the commissioner and authorizer upon request.

63.30 Subd. 7. **Public status; exemption from statutes and rules.** A charter school is
 63.31 a public school and is part of the state's system of public education. A charter school is
 63.32 exempt from all statutes and rules applicable to a school, school board, or school district
 63.33 unless a statute or rule is made specifically applicable to a charter school or is included
 63.34 in this section.

63.35 Subd. 8. **Federal, state, and local requirements.** (a) A charter school shall meet all
 63.36 federal, state, and local health and safety requirements applicable to school districts.

64.1 (b) A school must comply with statewide accountability requirements governing
64.2 standards and assessments in chapter 120B.

64.3 (c) A school authorized by a school board may be located in any district, unless the
64.4 school board of the district of the proposed location disapproves by written resolution.

64.5 (d) A charter school must be nonsectarian in its programs, admission policies,
64.6 employment practices, and all other operations. An authorizer may not authorize a charter
64.7 school or program that is affiliated with a nonpublic sectarian school or a religious
64.8 institution. A charter school student must be released for religious instruction, consistent
64.9 with section 120A.22, subdivision 12, clause (3).

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

64.12 (f) The primary focus of a charter school must be to provide a comprehensive
64.13 program of instruction for at least one grade or age group from five through 18 years
64.14 of age. Instruction may be provided to people younger than five years and older than
64.15 18 years of age.

64.16 (g) A charter school may not charge tuition.

64.17 (h) A charter school is subject to and must comply with chapter 363A and section
64.18 121A.04.

64.19 (i) A charter school is subject to and must comply with the Pupil Fair Dismissal
64.20 Act, sections 121A.40 to 121A.56, and the Minnesota Public School Fee Law, sections
64.21 123B.34 to 123B.39.

64.22 (j) A charter school is subject to the same financial audits, audit procedures, and
64.23 audit requirements as a district. Audits must be conducted in compliance with generally
64.24 accepted governmental auditing standards, the federal Single Audit Act, if applicable,
64.25 and section 6.65. A charter school is subject to and must comply with sections 15.054;
64.26 118A.01; 118A.02; 118A.03; 118A.04; 118A.05; 118A.06; 471.38; 471.391; 471.392; and
64.27 471.425. The audit must comply with the requirements of sections 123B.75 to 123B.83,
64.28 except to the extent deviations are necessary because of the program at the school.
64.29 Deviations must be approved by the commissioner and authorizer. The Department of
64.30 Education, state auditor, legislative auditor, or authorizer may conduct financial, program,
64.31 or compliance audits. A charter school determined to be in statutory operating debt under
64.32 sections 123B.81 to 123B.83 must submit a plan under section 123B.81, subdivision 4.

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

64.34 (l) A charter school must comply with chapters 13 and 13D; and sections 120A.22,
64.35 subdivision 7; 121A.75; and 260B.171, subdivisions 3 and 5.

65.1 (m) A charter school is subject to the Pledge of Allegiance requirement under
65.2 section 121A.11, subdivision 3.

65.3 (n) A charter school offering online courses or programs must comply with section
65.4 124D.095.

65.5 (o) A charter school and charter school board of directors are subject to chapter 181.

65.6 (p) A charter school must comply with section 120A.22, subdivision 7, governing
65.7 the transfer of students' educational records and sections 138.163 and 138.17 governing
65.8 the management of local records.

65.9 (q) A charter school that provides early childhood health and developmental
65.10 screening must comply with sections 121A.16 to 121A.19.

65.11 (r) A charter school that provides school-sponsored youth athletic activities must
65.12 comply with section 121A.38.

65.13 Subd. 8a. **Aid reduction.** The commissioner may reduce a charter school's state aid
65.14 under section 127A.42 or 127A.43 if the charter school board fails to correct a violation
65.15 under this section.

65.16 Subd. 8b. **Aid reduction for violations.** The commissioner may reduce a charter
65.17 school's state aid by an amount not to exceed 60 percent of the charter school's basic
65.18 revenue for the period of time that a violation of law occurs.

65.19 Subd. 9. **Admission requirements.** A charter school may limit admission to:

65.20 (1) pupils within an age group or grade level;

65.21 (2) pupils who are eligible to participate in the graduation incentives program under
65.22 section 124D.68; or

65.23 (3) residents of a specific geographic area in which the school is located when the
65.24 majority of students served by the school are members of underserved populations.

65.25 A charter school shall enroll an eligible pupil who submits a timely application,
65.26 unless the number of applications exceeds the capacity of a program, class, grade level, or
65.27 building. In this case, pupils must be accepted by lot. The charter school must develop
65.28 and publish a lottery policy and process that it must use when accepting pupils by lot.

65.29 A charter school shall give enrollment preference ~~for enrollment~~ to a sibling of an
65.30 enrolled pupil and to a foster child of that pupil's parents and may give preference for
65.31 enrolling children of the school's ~~teachers~~ staff before accepting other pupils by lot.

65.32 A charter school may not limit admission to pupils on the basis of intellectual ability,
65.33 measures of achievement or aptitude, or athletic ability and may not establish any criteria
65.34 or requirements for admission that are inconsistent with this subdivision.

66.1 The charter school shall not distribute any services or goods of value to students,
66.2 parents, or guardians as an inducement, term, or condition of enrolling a student in a
66.3 charter school.

66.4 Subd. 10. **Pupil performance.** A charter school must design its programs to at
66.5 least meet the outcomes adopted by the commissioner for public school students. In
66.6 the absence of the commissioner's requirements, the school must meet the outcomes
66.7 contained in the contract with the authorizer. The achievement levels of the outcomes
66.8 contained in the contract may exceed the achievement levels of any outcomes adopted by
66.9 the commissioner for public school students.

66.10 Subd. 11. **Employment and other operating matters.** (a) A charter school must
66.11 employ or contract with necessary teachers, as defined by section 122A.15, subdivision 1,
66.12 who hold valid licenses to perform the particular service for which they are employed in
66.13 the school. The charter school's state aid may be reduced under section 127A.43 if the
66.14 school employs a teacher who is not appropriately licensed or approved by the board of
66.15 teaching. The school may employ necessary employees who are not required to hold
66.16 teaching licenses to perform duties other than teaching and may contract for other services.
66.17 The school may discharge teachers and nonlicensed employees. The charter school board
66.18 is subject to section 181.932. When offering employment to a prospective employee, a
66.19 charter school must give that employee a written description of the terms and conditions
66.20 of employment and the school's personnel policies.

66.21 (b) A person, without holding a valid administrator's license, may perform
66.22 administrative, supervisory, or instructional leadership duties. The board of directors shall
66.23 establish qualifications for persons that hold administrative, supervisory, or instructional
66.24 leadership roles. The qualifications shall include at least the following areas: instruction
66.25 and assessment; human resource and personnel management; financial management;
66.26 legal and compliance management; effective communication; and board, authorizer, and
66.27 community relationships. The board of directors shall use those qualifications as the basis
66.28 for job descriptions, hiring, and performance evaluations of those who hold administrative,
66.29 supervisory, or instructional leadership roles. The board of directors and an individual
66.30 who does not hold a valid administrative license and who serves in an administrative,
66.31 supervisory, or instructional leadership position shall develop a professional development
66.32 plan. Documentation of the implementation of the professional development plan of these
66.33 persons shall be included in the school's annual report.

66.34 (c) The board of directors also shall decide matters related to the operation of the
66.35 school, including budgeting, curriculum and operating procedures.

67.1 Subd. 12. **Pupils with a disability.** A charter school must comply with sections
67.2 125A.02, 125A.03 to 125A.24, and 125A.65 and rules relating to the education of pupils
67.3 with a disability as though it were a district.

67.4 Subd. 13. **Length of school year.** A charter school must provide instruction
67.5 each year for at least the number of days required by section 120A.41. It may provide
67.6 instruction throughout the year according to sections 124D.12 to 124D.127 or 124D.128.

67.7 Subd. 14. **Annual public reports.** A charter school must publish an annual report
67.8 approved by the board of directors. The annual report must at least include information
67.9 on school enrollment, student attrition, governance and management, staffing, finances,
67.10 academic performance, operational performance, innovative practices and implementation,
67.11 and future plans. A charter school must distribute the annual report by publication, mail,
67.12 or electronic means to the commissioner, authorizer, school employees, and parents and
67.13 legal guardians of students enrolled in the charter school and must also post the report on
67.14 the charter school's official Web site. The reports are public data under chapter 13.

67.15 Subd. 15. **Review and comment.** (a) The authorizer shall provide a formal written
67.16 evaluation of the school's performance before the authorizer renews the charter contract.
67.17 The department must review and comment on the authorizer's evaluation process at the
67.18 time the authorizer submits its application for approval and each time the authorizer
67.19 undergoes its five-year review under subdivision 3, paragraph (e).

67.20 (b) An authorizer shall monitor and evaluate the fiscal, operational, and student
67.21 performance of the school, and may for this purpose annually assess a charter school
67.22 a fee according to paragraph (c). The agreed-upon fee structure must be stated in the
67.23 charter school contract.

67.24 (c) The fee that each charter school pays to an authorizer each year is the greater of:

67.25 (1) the basic formula allowance for that year; or

67.26 (2) the lesser of:

67.27 (i) the maximum fee factor times the basic formula allowance for that year; or

67.28 (ii) the fee factor times the basic formula allowance for that year times the charter
67.29 school's adjusted marginal cost pupil units for that year. The fee factor equals .005 in fiscal
67.30 year 2010, .01 in fiscal year 2011, .013 in fiscal year 2012, and .015 in fiscal years 2013
67.31 and later. The maximum fee factor equals 1.5 in fiscal year 2010, 2.0 in fiscal year 2011,
67.32 3.0 in fiscal year 2012, and 4.0 in fiscal years 2013 and later.

67.33 (d) The department and any charter school it charters must not assess or pay a fee
67.34 under paragraphs (b) and (c).

67.35 (e) For the preoperational planning period, the authorizer may assess a charter school
67.36 a fee equal to the basic formula allowance.

68.1 (f) By September 30 of each year, an authorizer shall submit to the commissioner
68.2 a statement of expenditures related to chartering activities during the previous school
68.3 year ending June 30. A copy of the statement shall be given to all schools chartered by
68.4 the authorizer.

68.5 Subd. 16. **Transportation.** (a) A charter school after its first fiscal year of operation
68.6 by March 1 of each fiscal year and a charter school by July 1 of its first fiscal year of
68.7 operation must notify the district in which the school is located and the Department of
68.8 Education if it will provide its own transportation or use the transportation services of the
68.9 district in which it is located for the fiscal year.

68.10 (b) If a charter school elects to provide transportation for pupils, the transportation
68.11 must be provided by the charter school within the district in which the charter school is
68.12 located. The state must pay transportation aid to the charter school according to section
68.13 124D.11, subdivision 2.

68.14 For pupils who reside outside the district in which the charter school is located, the
68.15 charter school is not required to provide or pay for transportation between the pupil's
68.16 residence and the border of the district in which the charter school is located. A parent
68.17 may be reimbursed by the charter school for costs of transportation from the pupil's
68.18 residence to the border of the district in which the charter school is located if the pupil is
68.19 from a family whose income is at or below the poverty level, as determined by the federal
68.20 government. The reimbursement may not exceed the pupil's actual cost of transportation
68.21 or 15 cents per mile traveled, whichever is less. Reimbursement may not be paid for
68.22 more than 250 miles per week.

68.23 At the time a pupil enrolls in a charter school, the charter school must provide the
68.24 parent or guardian with information regarding the transportation.

68.25 (c) If a charter school does not elect to provide transportation, transportation for
68.26 pupils enrolled at the school must be provided by the district in which the school is
68.27 located, according to sections 123B.88, subdivision 6, and 124D.03, subdivision 8, for a
68.28 pupil residing in the same district in which the charter school is located. Transportation
68.29 may be provided by the district in which the school is located, according to sections
68.30 123B.88, subdivision 6, and 124D.03, subdivision 8, for a pupil residing in a different
68.31 district. If the district provides the transportation, the scheduling of routes, manner and
68.32 method of transportation, control and discipline of the pupils, and any other matter relating
68.33 to the transportation of pupils under this paragraph shall be within the sole discretion,
68.34 control, and management of the district.

68.35 Subd. 17. **Leased space.** A charter school may lease space from an independent
68.36 or special school board eligible to be an authorizer, other public organization, private,

69.1 nonprofit nonsectarian organization, private property owner, or a sectarian organization
69.2 if the leased space is constructed as a school facility. The department must review and
69.3 approve or disapprove leases in a timely manner.

69.4 Subd. 17a. **Affiliated nonprofit building corporation.** (a) Before a charter school
69.5 may organize an affiliated nonprofit building corporation (i) to renovate or purchase an
69.6 existing facility to serve as a school or (ii) to construct a new school facility, an authorizer
69.7 must submit an affidavit to the commissioner for approval in the form and manner the
69.8 commissioner prescribes, and consistent with paragraphs (b) and (c) or (d).

69.9 (b) An affiliated nonprofit building corporation under this subdivision must:

69.10 (1) be incorporated under section 317A and comply with applicable Internal
69.11 Revenue Service regulations;

69.12 (2) submit to the commissioner each fiscal year a list of current board members
69.13 and a copy of its annual audit; and

69.14 (3) comply with government data practices law under chapter 13.

69.15 An affiliated nonprofit building corporation must not serve as the leasing agent for
69.16 property or facilities it does not own. A charter school that leases a facility from an
69.17 affiliated nonprofit building corporation that does not own the leased facility is ineligible
69.18 to receive charter school lease aid. The state is immune from liability resulting from a
69.19 contract between a charter school and an affiliated nonprofit building corporation.

69.20 (c) A charter school may organize an affiliated nonprofit building corporation to
69.21 renovate or purchase an existing facility to serve as a school if the charter school:

69.22 (1) has been operating for at least five consecutive school years ~~and the school's~~
69.23 ~~charter has been renewed for a five-year term;~~

69.24 (2) has had a net positive unreserved general fund balance as of June 30 in the
69.25 preceding five fiscal years;

69.26 (3) has a long-range strategic and financial plan;

69.27 (4) completes a feasibility study of available buildings; and

69.28 (5) documents ~~sustainable~~ enrollment projections and the need to use an affiliated
69.29 building corporation to renovate or purchase an existing facility to serve as a school.

69.30 (d) A charter school may organize an affiliated nonprofit building corporation to
69.31 construct a new school facility if the charter school:

69.32 (1) demonstrates the lack of facilities available to serve as a school;

69.33 (2) has been operating for at least eight consecutive school years;

69.34 (3) has had a net positive unreserved general fund balance as of June 30 in the
69.35 preceding eight fiscal years;

69.36 (4) completes a feasibility study of facility options;

(5) has a long-range strategic and financial plan that includes ~~sustainable~~ enrollment projections and demonstrates the need for constructing a new school facility; and

(6) has a positive review and comment from the commissioner under section 123B.71.

Subd. 19. **Disseminate information.** (a) The authorizer, the operators, and the department must disseminate information to the public on how to form and operate a charter school. Charter schools must disseminate information about how to use the offerings of a charter school. Targeted groups include low-income families and communities, students of color, and students who are at risk of academic failure.

(b) Authorizers, operators, and the department also may disseminate information about the successful best practices in teaching and learning demonstrated by charter schools.

Subd. 20. **Leave to teach in a charter school.** If a teacher employed by a district makes a written request for an extended leave of absence to teach at a charter school, the district must grant the leave. The district must grant a leave not to exceed a total of five years. Any request to extend the leave shall be granted only at the discretion of the school board. The district may require that the request for a leave or extension of leave be made before February 1 in the school year preceding the school year in which the teacher intends to leave, or February 1 of the calendar year in which the teacher's leave is scheduled to terminate. Except as otherwise provided in this subdivision and except for section 122A.46, subdivision 7, the leave is governed by section 122A.46, including, but not limited to, reinstatement, notice of intention to return, seniority, salary, and insurance.

During a leave, the teacher may continue to aggregate benefits and credits in the Teachers' Retirement Association account under chapters 354 and 354A, consistent with subdivision 22.

Subd. 21. **Collective bargaining.** Employees of the board of directors of a charter school may, if otherwise eligible, organize under chapter 179A and comply with its provisions. The board of directors of a charter school is a public employer, for the purposes of chapter 179A, upon formation of one or more bargaining units at the school. Bargaining units at the school must be separate from any other units within an authorizing district, except that bargaining units may remain part of the appropriate unit within an authorizing district, if the employees of the school, the board of directors of the school, the exclusive representative of the appropriate unit in the authorizing district, and the board of the authorizing district agree to include the employees in the appropriate unit of the authorizing district.

71.1 Subd. 22. **Teacher and other employee retirement.** (a) Teachers in a charter
71.2 school must be public school teachers for the purposes of chapters 354 and 354a.

71.3 (b) Except for teachers under paragraph (a), employees in a charter school must be
71.4 public employees for the purposes of chapter 353.

71.5 Subd. 23. **Causes for nonrenewal or termination of charter school contract.** (a)
71.6 The duration of the contract with an authorizer must be for the term contained in the
71.7 contract according to subdivision 6. The authorizer may or may not renew a contract at
71.8 the end of the term for any ground listed in paragraph (b). An authorizer may unilaterally
71.9 terminate a contract during the term of the contract for any ground listed in paragraph (b).
71.10 At least 60 business days before not renewing or terminating a contract, the authorizer
71.11 shall notify the board of directors of the charter school of the proposed action in writing.
71.12 The notice shall state the grounds for the proposed action in reasonable detail and that the
71.13 charter school's board of directors may request in writing an informal hearing before the
71.14 authorizer within 15 business days of receiving notice of nonrenewal or termination of
71.15 the contract. Failure by the board of directors to make a written request for ~~a~~ an informal
71.16 hearing within the 15-business-day period shall be treated as acquiescence to the proposed
71.17 action. Upon receiving a timely written request for a hearing, the authorizer shall give ten
71.18 business days' notice to the charter school's board of directors of the hearing date. The
71.19 authorizer shall conduct an informal hearing before taking final action. The authorizer
71.20 shall take final action to renew or not renew a contract no later than 20 business days
71.21 before the proposed date for terminating the contract or the end date of the contract.

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

- 71.23 (1) failure to meet the requirements for pupil performance contained in the contract;
71.24 (2) failure to meet generally accepted standards of fiscal management;
71.25 (3) violations of law; or
71.26 (4) other good cause shown.

71.27 If a contract is terminated or not renewed under this paragraph, the school must be
71.28 dissolved according to the applicable provisions of chapter ~~308A~~ or 317A.

71.29 (c) If the authorizer and the charter school board of directors mutually agree to
71.30 terminate or not renew the contract, a change in authorizers is allowed if the commissioner
71.31 approves the transfer change to a different eligible authorizer to authorize the charter
71.32 school. Both parties must jointly submit their intent in writing to the commissioner to
71.33 mutually terminate the contract. The authorizer that is a party to the existing contract
71.34 ~~at least~~ must inform the ~~approved different eligible~~ proposed authorizer about the fiscal
71.35 and operational status and student performance of the school. Before the commissioner
71.36 determines whether to approve a ~~transfer of~~ change in authorizer, the ~~commissioner first~~

72.1 ~~proposed authorizer must determine whether the charter school and prospective new~~
 72.2 ~~authorizer can identify and effectively resolve those circumstances causing the previous~~
 72.3 ~~authorizer and the charter school to mutually agree to terminate the contract~~ identify any
 72.4 outstanding issues in the proposed charter contract that were unresolved in the previous
 72.5 charter contract and have the charter school agree to resolve those issues. If no ~~transfer of~~
 72.6 change in authorizer is approved, the school must be dissolved according to applicable
 72.7 law and the terms of the contract.

72.8 (d) The commissioner, after providing reasonable notice to the board of directors of
 72.9 a charter school and the existing authorizer, and after providing an opportunity for a public
 72.10 hearing, may terminate the existing contract between the authorizer and the charter school
 72.11 board if the charter school has a history of:

72.12 (1) failure to meet pupil performance requirements ~~contained in the contract~~
 72.13 consistent with state law;

72.14 (2) financial mismanagement or failure to meet generally accepted standards of
 72.15 fiscal management; or

72.16 (3) repeated or major violations of the law.

72.17 ~~(e) If the commissioner terminates a charter school contract under subdivision 3,~~
 72.18 ~~paragraph (g), the commissioner shall provide the charter school with information about~~
 72.19 ~~other eligible authorizers.~~

72.20 Subd. 23a. **Related party lease costs.** (a) A charter school is prohibited from
 72.21 entering a lease of real property with a related party unless the lessor is a nonprofit
 72.22 corporation under chapter 317A or a cooperative under chapter 308A, and the lease cost is
 72.23 reasonable under section 124D.11, subdivision 4, clause (1).

72.24 (b) For purposes of this section and section 124D.11:

72.25 (1) "related party" means an affiliate or immediate relative of the other party in
 72.26 question, an affiliate of an immediate relative, or an immediate relative of an affiliate;

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

72.29 (3) "immediate family" means an individual whose relationship by blood, marriage,
 72.30 adoption, or partnering is no more remote than first cousin;

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

72.32 (5) "control" means the ability to affect the management, operations, or policy
 72.33 actions or decisions of a person, whether through ownership of voting securities, by
 72.34 contract, or otherwise.

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

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

73.8 Subd. 24. **Pupil enrollment upon nonrenewal or termination of charter school**
 73.9 **contract.** If a contract is not renewed or is terminated according to subdivision 23, a
 73.10 pupil who attended the school, siblings of the pupil, or another pupil who resides in the
 73.11 same place as the pupil may enroll in the resident district or may submit an application
 73.12 to a nonresident district according to section 124D.03 at any time. Applications and
 73.13 notices required by section 124D.03 must be processed and provided in a prompt manner.
 73.14 The application and notice deadlines in section 124D.03 do not apply under these
 73.15 circumstances. The closed charter school must transfer the student's educational records
 73.16 within ten business days of closure to the student's school district of residence where the
 73.17 records must be retained or transferred under section 120A.22, subdivision 7.

73.18 Subd. 25. **Extent of specific legal authority.** (a) The board of directors of a charter
 73.19 school may sue and be sued.

73.20 (b) The board may not levy taxes or issue bonds.

73.21 (c) The commissioner, an authorizer, members of the board of an authorizer in
 73.22 their official capacity, and employees of an authorizer are immune from civil or criminal
 73.23 liability with respect to all activities related to a charter school they approve or authorize.
 73.24 The board of directors shall obtain at least the amount of and types of insurance up to the
 73.25 applicable tort liability limits under chapter 466. The charter school board must submit
 73.26 a copy of the insurance policy to its authorizer and the commissioner before starting
 73.27 operations. The charter school board must submit changes in its insurance carrier or policy
 73.28 to its authorizer and the commissioner within 20 business days of the change.

73.29 (d) Notwithstanding section 3.736, the charter school shall assume full liability for
 73.30 its activities and indemnify and hold harmless the authorizer and its officers, agents, and
 73.31 employees from any suit, claim, or liability arising from any operation of the charter school
 73.32 and the commissioner and department officers, agents, and employees. A charter school
 73.33 is not required to indemnify or hold harmless a state employee if the state would not be
 73.34 required to indemnify and hold the employee harmless under section 3.736, subdivision 9.

73.35 Sec. 30. Minnesota Statutes 2010, section 124D.11, subdivision 4, is amended to read:

74.1 Subd. 4. **Building lease aid.** When a charter school finds it economically
 74.2 advantageous to rent or lease a building or land for any instructional purposes and it
 74.3 determines that the total operating capital revenue under section 126C.10, subdivision 13,
 74.4 is insufficient for this purpose, it may apply to the commissioner for building lease aid
 74.5 for this purpose. The commissioner must review and either approve or deny a lease aid
 74.6 application using the following criteria:

- 74.7 (1) the reasonableness of the price based on current market values;
- 74.8 (2) the extent to which the lease conforms to applicable state laws and rules; and
- 74.9 (3) the appropriateness of the proposed lease in the context of the space needs and
 74.10 financial circumstances of the charter school.

74.11 A charter school must not use the building lease aid it receives for custodial, maintenance
 74.12 service, utility, or other operating costs. The amount of building lease aid per pupil unit
 74.13 served for a charter school for any year shall not exceed the lesser of (a) 90 percent of
 74.14 the approved cost or (b) the product of the pupil units served for the current school year
 74.15 times ~~the greater of the charter school's building lease aid per pupil unit served for fiscal~~
 74.16 ~~year 2003, excluding the adjustment under Laws 2002, chapter 392, article 6, section 4,~~
 74.17 ~~or~~ \$1,200.

74.18 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2013
 74.19 and later.

74.20 Sec. 31. Minnesota Statutes 2010, section 124D.11, subdivision 9, is amended to read:

74.21 Subd. 9. **Payment of aids to charter schools.** (a) Notwithstanding section 127A.45,
 74.22 subdivision 3, aid payments for the current fiscal year to a charter school shall be of an
 74.23 equal amount on each of the 24 payment dates.

74.24 (b) Notwithstanding paragraph (a) and section 127A.45, for a charter school ceasing
 74.25 operation on or prior to June 30 of a school year, for the payment periods occurring after
 74.26 the school ceases serving students, the commissioner shall withhold the estimated state aid
 74.27 owed the school. The charter school board of directors and authorizer must submit to the
 74.28 commissioner a closure plan under chapter 308A or 317A, and financial information about
 74.29 the school's liabilities and assets. After receiving the closure plan, financial information,
 74.30 an audit of pupil counts, documentation of lease expenditures, and monitoring of special
 74.31 education expenditures, the commissioner may release cash withheld and may continue
 74.32 regular payments up to the current year payment percentages if further amounts are
 74.33 owed. If, based on audits and monitoring, the school received state aid in excess of the
 74.34 amount owed, the commissioner shall retain aid withheld sufficient to eliminate the aid

overpayment. For a charter school ceasing operations prior to, or at the end of, a school year, notwithstanding section 127A.45, subdivision 3, preliminary final payments may be made after receiving the closure plan, audit of pupil counts, monitoring of special education expenditures, documentation of lease expenditures, and school submission of Uniform Financial Accounting and Reporting Standards (UFARS) financial data for the final year of operation. Final payment may be made upon receipt of audited financial statements under section 123B.77, subdivision 3.

(c) If a charter school fails to comply with the commissioner's directive to return, for cause, federal or state funds administered by the department, the commissioner may withhold an amount of state aid sufficient to satisfy the directive.

(d) If, within the timeline under section 471.425, a charter school fails to pay the state of Minnesota, a school district, intermediate school district, or service cooperative after receiving an undisputed invoice for goods and services, the commissioner may withhold an amount of state aid sufficient to satisfy the claim and shall distribute the withheld aid to the interested state agency, school district, intermediate school district, or service cooperative. An interested state agency, school district, intermediate school district, or education cooperative shall notify the commissioner when a charter school fails to pay an undisputed invoice within 75 business days of when it received the original invoice.

(e) Notwithstanding section 127A.45, subdivision 3, and paragraph (a), 80 percent of the start-up cost aid under subdivision 8 shall be paid within 45 days after the first day of student attendance for that school year.

(f) In order to receive state aid payments under this subdivision, a charter school in its first three years of operation must submit a school calendar in the form and manner requested by the department and a quarterly report to the Department of Education. The report must list each student by grade, show the student's start and end dates, if any, with the charter school, and for any student participating in a learning year program, the report must list the hours and times of learning year activities. The report must be submitted not more than two weeks after the end of the calendar quarter to the department. The department must develop a Web-based reporting form for charter schools to use when submitting enrollment reports. A charter school in its fourth and subsequent year of operation must submit a school calendar and enrollment information to the department in the form and manner requested by the department.

(g) Notwithstanding sections 317A.701 to 317A.791, upon closure of a charter school and satisfaction of creditors, cash and investment balances remaining shall be returned to the state.

76.1 (h) A charter school must have a valid, signed contract under section 124D.10,
76.2 subdivision 6, on file at the Department of Education at least 15 days prior to the date of
76.3 first payment of state aid for the fiscal year.

76.4 (i) State aid entitlements shall be computed for a charter school only for the
76.5 portion of a school year for which it has a valid, signed contract under section 124D.10,
76.6 subdivision 6.

76.7 Sec. 32. Minnesota Statutes 2010, section 124D.36, is amended to read:

76.8 **124D.36 CITATION; ~~MINNESOTA YOUTHWORKS~~ SERVE MINNESOTA**
76.9 **INNOVATION ACT.**

76.10 Sections 124D.37 to 124D.45 shall be cited as the "~~Minnesota Youthworks~~
76.11 ServeMinnesota Innovation Act."

76.12 Sec. 33. Minnesota Statutes 2010, section 124D.37, is amended to read:

76.13 **124D.37 PURPOSE OF ~~MINNESOTA YOUTHWORKS~~ SERVE MINNESOTA**
76.14 **INNOVATION ACT.**

76.15 The purposes of sections 124D.37 to 124D.45 are to:

76.16 (1) renew the ethic of civic responsibility in Minnesota;

76.17 (2) empower youth to improve their life opportunities through literacy, job
76.18 placement, and other essential skills;

76.19 (3) empower government to meet its responsibility to prepare young people to be
76.20 contributing members of society;

76.21 (4) help meet human, educational, environmental, and public safety needs,
76.22 particularly those needs relating to poverty;

76.23 (5) prepare a citizenry that is academically competent, ready for work, and socially
76.24 responsible;

76.25 (6) demonstrate the connection between youth and community service, community
76.26 service and education, and education and meaningful opportunities in the business
76.27 community;

76.28 (7) demonstrate the connection between providing opportunities for at-risk youth
76.29 and reducing crime rates and the social costs of troubled youth;

76.30 (8) create linkages for a comprehensive youth service and learning program in
76.31 Minnesota including school age programs, higher education programs, youth work
76.32 programs, and service corps programs; and

76.33 (9) coordinate federal and state activities that advance the purposes in this section.

77.1 Sec. 34. Minnesota Statutes 2010, section 124D.38, subdivision 3, is amended to read:

77.2 Subd. 3. **Federal law.** "Federal law" means Public Law ~~101-610~~ 111-13, as
 77.3 amended, or any other federal law or program assisting youth community service,
 77.4 work-based learning, or youth transition from school to work.

77.5 Sec. 35. Minnesota Statutes 2010, section 124D.385, subdivision 3, is amended to read:

77.6 Subd. 3. **Duties.** (a) The commission shall:

77.7 (1) develop, with the assistance of the governor, the commissioner of education, and
 77.8 affected state agencies, a comprehensive state plan to provide services under sections
 77.9 124D.37 to 124D.45 and federal law;

77.10 (2) actively pursue public and private funding sources for services, including
 77.11 funding available under federal law;

77.12 (3) administer the ~~Youthworks~~ ServeMinnesota grant program under sections
 77.13 124D.39 to 124D.44, including soliciting and approving grant applications from eligible
 77.14 organizations, and administering individual postservice benefits;

77.15 (4) establish an evaluation plan for programs developed and services provided
 77.16 under sections 124D.37 to 124D.45;

77.17 (5) report to the governor, commissioner of education, and legislature; and

77.18 (6) administer the federal AmeriCorps Program.

77.19 (b) Nothing in sections 124D.37 to 124D.45 precludes an organization from
 77.20 independently seeking public or private funding to accomplish purposes similar to those
 77.21 described in paragraph (a).

77.22 Sec. 36. Minnesota Statutes 2010, section 124D.39, is amended to read:

77.23 **124D.39 YOUTHWORKS SERVE MINNESOTA INNOVATION PROGRAM.**

77.24 The ~~Youthworks~~ ServeMinnesota Innovation program is established to provide
 77.25 funding for the commission to leverage federal and private funding to fulfill the purposes
 77.26 of section 124D.37. The ~~Youthworks~~ ServeMinnesota Innovation program must
 77.27 supplement existing programs and services. The program must not displace existing
 77.28 programs and services, existing funding of programs or services, or existing employment
 77.29 and employment opportunities. No eligible organization may terminate, layoff, or reduce
 77.30 the hours of work of an employee to place or hire a program participant. No eligible
 77.31 organization may place or hire an individual for a project if an employee is on layoff from
 77.32 the same or a substantially equivalent position.

78.1 Sec. 37. Minnesota Statutes 2010, section 124D.40, is amended to read:

78.2 **124D.40 ~~YOUTHWORKS~~ SERVE MINNESOTA INNOVATION GRANTS.**

78.3 Subdivision 1. **Application.** An eligible organization interested in receiving a
 78.4 grant under sections 124D.39 to 124D.44 may prepare and submit an application to the
 78.5 commission. As part of the grant application process, the commission must establish and
 78.6 publish grant application guidelines that are consistent with this subdivision, section
 78.7 124D.37, and Public Law 111-13; include criteria for reviewing an applicant's cost-benefit
 78.8 analysis; and require grantees to use research-based measures of program outcomes to
 78.9 generate valid and reliable data that are available to the commission for evaluation and
 78.10 public reporting purposes.

78.11 Subd. 2. **Grant authority.** The commission must use any state appropriation and
 78.12 any available federal funds, including any grant received under federal law, to award
 78.13 grants to establish programs for ~~Youthworks~~ Serve Minnesota Innovation. At least one
 78.14 grant each must be available for a metropolitan proposal, a rural proposal, and a statewide
 78.15 proposal. If a portion of the suburban metropolitan area is not included in the metropolitan
 78.16 grant proposal, the statewide grant proposal must incorporate at least one suburban
 78.17 metropolitan area. In awarding grants, the commission may select at least one residential
 78.18 proposal and one nonresidential proposal.

78.19 Sec. 38. Minnesota Statutes 2010, section 124D.42, is amended to read:

78.20 **124D.42 ~~YOUTHWORKS PROGRAM TRAINING; READING CORPS.~~**

78.21 Subd. 6. **Program training.** The commission must, within available resources:

78.22 (1) orient each grantee organization in the nature, philosophy, and purpose of the
 78.23 program; ~~and~~

78.24 (2) build an ethic of community service through general community service training;
 78.25 and

78.26 (3) provide guidance on integrating programmatic-based measurement into program
 78.27 models.

78.28 Subd. 8. **Minnesota reading corps program.** (a) A Minnesota reading corps
 78.29 program is established to provide ~~Americorps~~ Serve Minnesota Innovation members with a
 78.30 data-based problem-solving model of literacy instruction to use in helping to train local
 78.31 Head Start program providers, other prekindergarten program providers, and staff in
 78.32 schools with students in kindergarten through grade 3 to evaluate and teach early literacy
 78.33 skills, including comprehensive, scientifically based reading instruction under section
 78.34 122A.06, subdivision 4, to children age 3 to grade 3.

79.1 (b) Literacy programs under this subdivision must comply with the provisions
 79.2 governing literacy program goals and data use under section 119A.50, subdivision 3,
 79.3 paragraph (b).

79.4 (c) The commission must submit a biennial report to the committees of the
 79.5 legislature with jurisdiction over kindergarten through grade 12 education that records and
 79.6 evaluates program data to determine the efficacy of the programs under this subdivision.

79.7 Sec. 39. Minnesota Statutes 2010, section 124D.44, is amended to read:

79.8 **124D.44 MATCH REQUIREMENTS.**

79.9 ~~Youthworks~~ ServeMinnesota Innovation grant funds must be used for the living
 79.10 allowance, cost of employer taxes under sections 3111 and 3301 of the Internal Revenue
 79.11 Code of 1986, workers' compensation coverage, health benefits, training and evaluation
 79.12 for each program participant, and administrative expenses, which must not exceed
 79.13 five seven percent of total program costs. ~~Youthworks grant funds may also be used to~~
 79.14 ~~supplement applicant resources to fund postservice benefits for program participants.~~
 79.15 Applicant resources, from sources and in a form determined by the commission, must
 79.16 be used to provide for all other program costs, ~~including the portion of the applicant's~~
 79.17 ~~obligation for postservice benefits that is not covered by state or federal grant funds and~~
 79.18 ~~such costs as supplies, materials, transportation, and salaries and benefits of those staff~~
 79.19 ~~directly involved in the operation, internal monitoring, and evaluation of the program.~~

79.20 Sec. 40. Minnesota Statutes 2010, section 124D.45, subdivision 2, is amended to read:

79.21 Subd. 2. **Interim report.** The commission must report ~~semiannually~~ annually to the
 79.22 legislature with interim recommendations to change the program.

79.23 Sec. 41. Minnesota Statutes 2010, section 124D.4531, subdivision 1, is amended to
 79.24 read:

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

79.28 (1) \$80 times the district's average daily membership in grades ~~10~~ 9 through 12 for
 79.29 the fiscal year in which the levy is certified; or

79.30 (2) ~~25~~ 35 percent of approved expenditures in the fiscal year in which the levy is
 79.31 certified for the following:

80.1 (i) salaries paid to essential, licensed personnel providing direct instructional
80.2 services to students in that fiscal year, including extended contracts, for services rendered
80.3 in the district's approved career and technical education programs;

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

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

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

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

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

80.14 (vii) specialized vocational instructional supplies.

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

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

80.21 (d) The amount of the levy certified under this subdivision may not exceed
80.22 \$17,850,000 for taxes payable in 2012, \$15,520,000 for taxes payable in 2013, and
80.23 \$15,545,000 for taxes payable in 2014.

80.24 (e) If the estimated levy exceeds the amount in paragraph (d), the commissioner
80.25 must reduce the percentage in paragraph (a), clause (2), until the estimated levy no longer
80.26 exceeds the limit in paragraph (d).

80.27 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and later.

80.28 Sec. 42. **[124D.855] SCHOOL SEGREGATION PROHIBITED.**

80.29 The state, consistent with section 123B.30 and chapter 363A, does not condone
80.30 separating school children of different socioeconomic, demographic, ethnic, or racial
80.31 backgrounds into distinct public schools. Instead, the state's interest lies in offering
80.32 children a diverse and nondiscriminatory educational experience.

80.33 Sec. 43. **[124D.98] LITERACY INCENTIVE AID.**

81.1 Subdivision 1. **Literacy incentive aid.** In fiscal year 2013 and later, a district's
81.2 literacy incentive aid equals the sum of the proficiency aid under subdivision 2, and the
81.3 growth aid under subdivision 3.

81.4 Subd. 2. **Proficiency aid.** In fiscal year 2013 and later, the proficiency aid for each
81.5 school is equal to the product of the school's proficiency allowance times the number
81.6 of pupils at the school on October 1 of the previous fiscal year. A school's proficiency
81.7 allowance is equal to the percentage of students in each building that meet or exceed
81.8 proficiency on the third grade reading Minnesota Comprehensive Assessment, averaged
81.9 across the previous three test administrations, times \$85.

81.10 Subd. 3. **Growth aid.** In fiscal year 2013 and later, the growth aid for each school is
81.11 equal to the product of the school's growth allowance times the number of pupils enrolled
81.12 at the school on October 1 of the previous fiscal year. A school's growth allowance is
81.13 equal to the percentage of students at that school making medium or high growth, under
81.14 section 120B.299, on the fourth grade reading Minnesota Comprehensive Assessment,
81.15 averaged across the previous three test administrations, times \$85.

81.16 Sec. 44. **CHARTER SCHOOL START-UP AID.**

81.17 Notwithstanding any law to the contrary, a charter school in its first year of operation
81.18 during fiscal year 2012 is not eligible for charter school start-up aid under Minnesota
81.19 Statutes, section 124D.11, subdivision 8.

81.20 Sec. 45. **LITERACY INCENTIVE AID LIMIT.**

81.21 Notwithstanding Minnesota Statutes, section 124D.98, subdivision 1, for fiscal year
81.22 2013 only, the commissioner must adjust the entitlement for literacy incentive aid under
81.23 Minnesota Statutes, section 124D.98, subdivision 1, to ensure that the total entitlement
81.24 does not exceed \$48,585,000. If the literacy incentive aid exceeds the limit established in
81.25 this section, the aid must be reduced proportionately to match the limit.

81.26 Sec. 46. **ENGLISH LANGUAGE PROFICIENCY STANDARDS.**

81.27 Subdivision 1. **Standards.** The Department of Education shall adopt, as statewide
81.28 standards, English language proficiency standards for instruction of students identified as
81.29 limited English proficient under Minnesota Statutes, sections 124D.58 to 124D.64.

81.30 Subd. 2. **Adoption.** Notwithstanding Minnesota Statutes, chapter 14, and sections
81.31 14.386, 120B.02, 120B.021, and 120B.023, the commissioner of education shall adopt
81.32 the most recent English language proficiency standards for English learners developed

82.1 by World-Class Instructional Design and Assessment in kindergarten through grade 12.

82.2 These standards shall be adopted as permanent rules when:

82.3 (1) the revisor of statutes approves the form of the rule by certificate;

82.4 (2) the commissioner signs an order adopting the rule; and

82.5 (3) a copy of the rule is published by the department in the State Register.

82.6 **Sec. 47. IMPLEMENTING A PERFORMANCE-BASED EVALUATION**
82.7 **SYSTEM FOR PRINCIPALS.**

82.8 (a) To implement the requirements of Minnesota Statutes, sections 123B.143,
82.9 subdivision 1, clause (3), and 123B.147, subdivision 3, paragraph (b), the commissioner of
82.10 education, the Minnesota Association of Secondary School Principals, and the Minnesota
82.11 Association of Elementary School Principals must convene a group of recognized and
82.12 qualified experts and interested stakeholders, including principals, superintendents,
82.13 teachers, school board members, and parents, among other stakeholders, to develop a
82.14 performance-based system model for annually evaluating school principals. In developing
82.15 the system model, the group must at least consider how principals develop and maintain:

82.16 (1) high standards for student performance;

82.17 (2) rigorous curriculum;

82.18 (3) quality instruction;

82.19 (4) a culture of learning and professional behavior;

82.20 (5) connections to external communities;

82.21 (6) systemic performance accountability; and

82.22 (7) leadership behaviors that create effective schools and improve school
82.23 performance, including how to plan for, implement, support, advocate for, communicate
82.24 about, and monitor continuous and improved learning.

82.25 The group also may consider whether to establish a multitiered evaluation system
82.26 that supports newly licensed principals in becoming highly skilled school leaders and
82.27 provides opportunities for advanced learning for more experienced school leaders.

82.28 (b) The commissioner, the Minnesota Association of Secondary School Principals,
82.29 and the Minnesota Association of Elementary School Principals must submit a
82.30 written report and all the group's working papers to the education committees of the
82.31 legislature by February 1, 2012, discussing the group's responses to paragraph (a) and its
82.32 recommendations for a performance-based system model for annually evaluating school
82.33 principals. The group convened under this section expires June 1, 2012.

82.34 **EFFECTIVE DATE.** This section is effective the day following final enactment
82.35 and applies to principal evaluations beginning in the 2013-2014 school year and later.

83.1 Sec. 48. **TIERED LICENSURE ADVISORY TASK FORCE.**

83.2 (a) The Board of Teaching and the commissioner of education must jointly convene
83.3 and facilitate an advisory task force to develop recommendations for a statewide tiered
83.4 teacher licensure system, consistent with Minnesota Statutes, section 122A.09, subdivision
83.5 4, paragraph (g), that is premised on:

83.6 (1) appropriate research-based professional competencies that include content skills,
83.7 adaptive expertise, college-readiness preparation, multicultural skills, use of student
83.8 performance data, and skills for fostering citizenship, among other competencies that
83.9 improve all students' learning outcomes;

83.10 (2) ongoing teacher professional growth to enable teachers to develop multiple
83.11 professional competencies;

83.12 (3) an assessment system for evaluating teachers' performance that is aligned with
83.13 student expectations and value-added measures of student outcomes and includes an
83.14 emphasis on developing students' reading and literacy skills, among other measures and
83.15 outcomes, and recognizes and rewards successful teachers;

83.16 (4) an expectation that teachers progress through various stages of teaching
83.17 practice throughout their teaching careers and receive opportunities for leadership roles
83.18 commensurate with their practice and competency; and

83.19 (5) a periodic evaluation of the licensing structure to determine its effectiveness in
83.20 meeting students' learning needs.

83.21 When developing its recommendations, the task force is encouraged to consider, among
83.22 other resources, the draft "Model Core Teaching Standards" developed by the Interstate
83.23 Teacher Assessment and Support Consortium.

83.24 (b) Each of the following entities shall appoint a member to the advisory task force:
83.25 Education Minnesota, the Minnesota Association of School Administrators, the Minnesota
83.26 Association for Colleges of Teacher Education, the Minnesota Association of School
83.27 Personnel Administrators, the Minnesota Elementary School Principals Association, the
83.28 Minnesota Secondary School Principals Association, the Parents United Network, the
83.29 Minnesota Business Partnership, the Minnesota Chamber of Commerce, the Minnesota
83.30 School Boards Association, and the Minnesota Association of Career and Technical
83.31 Educators. The executive director of the Board of Teaching or the commissioner may
83.32 appoint additional advisory task force members. Task force members may seek advice
83.33 from the Educator Development and Resource Center at the University of Minnesota on
83.34 developing a research-based framework for a differentiated licensure system in Minnesota.

83.35 (c) Upon request, the commissioner must provide the task force with technical,
83.36 fiscal, and other support services.

84.1 (d) Task force members' terms and other task force matters are subject to Minnesota
84.2 Statutes, section 15.059. The commissioner may reimburse task force members from the
84.3 Department of Education's current operating budget but may not compensate task force
84.4 members for task force activities.

84.5 (e) The executive director of the Board of Teaching and the commissioner must
84.6 submit by February 15, 2012, a joint report to the education policy and finance committees
84.7 of the legislature recommending a differentiated statewide teacher licensing structure.

84.8 (f) The advisory task force expires on February 16, 2012.

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

84.10 Sec. 49. **INTEGRATION REVENUE REPLACEMENT ADVISORY TASK**
84.11 **FORCE.**

84.12 (a) The commissioner of education must convene a 12-member advisory task force to
84.13 develop recommendations for repurposing integration revenue funds to create and sustain
84.14 opportunities for students to achieve improved educational outcomes. The advisory task
84.15 force, among other things, must consider how districts may effectively narrow and close
84.16 the academic achievement gap and foster academic success for students by:

84.17 (1) pursuing specific academic achievement goals premised on continuous adapting
84.18 of best teaching practices and efficient use of resources; and

84.19 (2) identifying variables to show annual progress toward achieving student, school,
84.20 and district goals for student's academic success.

84.21 (b) The funding allocation for the new program should ensure funding stability for
84.22 districts between the current integration program and the new program. The money shall
84.23 be used for the purposes recommended and forwarded by the task force and approved and
84.24 appropriated by the legislature.

84.25 (c) The advisory task force is composed of: six members appointed by the
84.26 commissioner of education, three members appointed by the speaker of the house, and
84.27 three members appointed by the Subcommittee on Committees of the Committee on Rules
84.28 and Administration. The commissioner must convene the first meeting of the task force
84.29 and offer assistance to the task force upon request. Task force members must seek input
84.30 from organizations and individuals whose expertise can help inform the work of the
84.31 task force and must develop recommendations to improve the academic achievement of
84.32 students.

84.33 (d) The commissioner, on behalf of the task force, must submit a report to the
84.34 legislature by February 15, 2012, recommending how best to allocate funds previously

85.1 allocated under Minnesota Statutes, section 124D.86, to achieve improved educational
85.2 outcomes for students.

85.3 (e) The base appropriation for the new program in this section is \$40,911,000 for
85.4 2014 and \$68,488,000 for 2015.

85.5 (f) For taxes payable in 2013, districts may certify a levy in an amount equal to
85.6 the district's certified levy for taxes payable in 2012, under Minnesota Statutes, section
85.7 124D.86.

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

85.9 Sec. 50. **APPROPRIATIONS.**

85.10 Subdivision 1. **Department of Education.** The sums indicated in this section are
85.11 appropriated from the general fund to the Department of Education for the fiscal years
85.12 designated.

85.13 Subd. 2. **Charter school building lease aid.** For building lease aid under Minnesota
85.14 Statutes, section 124D.11, subdivision 4:

85.15 \$ 43,203,000 2012

85.16 \$ 52,359,000 2013

85.17 The 2012 appropriation includes \$13,336,000 for 2011 and \$29,867,000 for 2012.

85.18 The 2013 appropriation includes \$19,910,000 for 2012 and \$32,449,000 for 2013.

85.19 Subd. 3. **Charter school start-up aid.** For charter school start-up cost aid under
85.20 Minnesota Statutes, section 124D.11, subdivision 8:

85.21 \$ 171,000 2012

85.22 \$ 34,000 2013

85.23 The 2012 appropriation includes \$119,000 for 2011 and \$52,000 for 2012.

85.24 The 2013 appropriation includes \$34,000 for 2012 and \$0 for 2013.

85.25 Subd. 4. **Integration aid.** For integration aid under Minnesota Statutes, section
85.26 124D.86:

85.27 \$ 59,599,000 2012

85.28 \$ 67,432,000 2013

85.29 The 2012 appropriation includes \$19,272,000 for 2011 and \$40,327,000 for 2012.

85.30 The 2013 appropriation includes \$26,884,000 for 2012 and \$40,548,000 for 2013.

85.31 The base for the final payment in fiscal year 2014 for fiscal year 2013 is \$34,828,000.

86.1 Subd. 5. **Literacy incentive aid.** For literacy incentive aid under Minnesota
86.2 Statutes, section 124D.98:

86.3 \$ 29,151,000 2013

86.4 The 2013 appropriation includes \$0 for 2012 and \$29,151,000 for 2013.

86.5 Subd. 6. **Interdistrict desegregation or integration transportation grants.** For
86.6 interdistrict desegregation or integration transportation grants under Minnesota Statutes,
86.7 section 124D.87:

86.8 \$ 14,917,000 2012

86.9 \$ 16,612,000 2013

86.10 Subd. 7. **Success for the future.** For American Indian success for the future grants
86.11 under Minnesota Statutes, section 124D.81:

86.12 \$ 1,924,000 2012

86.13 \$ 2,137,000 2013

86.14 The 2012 appropriation includes \$641,000 for 2011 and \$1,283,000 for 2012.

86.15 The 2013 appropriation includes \$854,000 for 2012 and \$1,283,000 for 2013.

86.16 Subd. 8. **American Indian teacher preparation grants.** For joint grants to assist
86.17 American Indian people to become teachers under Minnesota Statutes, section 122A.63:

86.18 \$ 190,000 2012

86.19 \$ 190,000 2013

86.20 Subd. 9. **Tribal contract schools.** For tribal contract school aid under Minnesota
86.21 Statutes, section 124D.83:

86.22 \$ 1,883,000 2012

86.23 \$ 2,206,000 2013

86.24 The 2012 appropriation includes \$600,000 for 2011 and \$1,283,000 for 2012.

86.25 The 2013 appropriation includes \$855,000 for 2012 and \$1,351,000 for 2013.

86.26 Subd. 10. **Early childhood programs at tribal schools.** For early childhood
86.27 family education programs at tribal contract schools under Minnesota Statutes, section
86.28 124D.83, subdivision 4:

86.29 \$ 68,000 2012

86.30 \$ 68,000 2013

86.31 Subd. 11. **Statewide testing and reporting system.** For the statewide testing and
86.32 reporting system under Minnesota Statutes, section 120B.30:

87.1 \$ 15,150,000 2012

87.2 \$ 15,150,000 2013

87.3 Any balance in the first year does not cancel but is available in the second year.

87.4 Subd. 12. Examination fees; teacher training and support programs. (a) For
87.5 students' advanced placement and international baccalaureate examination fees under
87.6 Minnesota Statutes, section 120B.13, subdivision 3, and the training and related costs
87.7 for teachers and other interested educators under Minnesota Statutes, section 120B.13,
87.8 subdivision 1:

87.9 \$ 4,500,000 2012

87.10 \$ 4,500,000 2013

87.11 (b) The advanced placement program shall receive 75 percent of the appropriation
87.12 each year and the international baccalaureate program shall receive 25 percent of the
87.13 appropriation each year. The department, in consultation with representatives of the
87.14 advanced placement and international baccalaureate programs selected by the Advanced
87.15 Placement Advisory Council and IBMN, respectively, shall determine the amounts of
87.16 the expenditures each year for examination fees and training and support programs for
87.17 each program.

87.18 (c) Notwithstanding Minnesota Statutes, section 120B.13, subdivision 1, at least
87.19 \$500,000 each year is for teachers to attend subject matter summer training programs
87.20 and follow-up support workshops approved by the advanced placement or international
87.21 baccalaureate programs. The amount of the subsidy for each teacher attending an
87.22 advanced placement or international baccalaureate summer training program or workshop
87.23 shall be the same. The commissioner shall determine the payment process and the amount
87.24 of the subsidy.

87.25 (d) The commissioner shall pay all examination fees for all students of low-income
87.26 families under Minnesota Statutes, section 120B.13, subdivision 3, and to the extent
87.27 of available appropriations shall also pay examination fees for students sitting for an
87.28 advanced placement examination, international baccalaureate examination, or both.

87.29 Any balance in the first year does not cancel but is available in the second year.

87.30 Subd. 13. Concurrent enrollment programs. For concurrent enrollment programs
87.31 under Minnesota Statutes, section 124D.091:

87.32 \$ 2,000,000 2012

87.33 \$ 2,000,000 2013

87.34 If the appropriation is insufficient, the commissioner must proportionately reduce
87.35 the aid payment to each district.

88.1 Any balance in the first year does not cancel but is available in the second year.

88.2 Subd. 14. **Collaborative urban educator.** For the collaborative urban educator
88.3 program:

88.4 \$ 528,000 2012

88.5 \$ 528,000 2013

88.6 \$200,000 each year is for the Southeast Asian teacher program at Concordia
88.7 University, St. Paul; \$164,000 each year is for the collaborative educator program at
88.8 the University of St. Thomas; and \$164,000 each year is for the Center for Excellence
88.9 in Urban Teaching at Hamline University.

88.10 Any balance in the first year does not cancel but is available in the second year.

88.11 Each institution shall prepare for the legislature, by January 15 of each year, a
88.12 detailed report regarding the funds used. The report must include the number of teachers
88.13 prepared as well as the diversity of each cohort of teachers produced.

88.14 Subd. 15. **ServeMinnesota program.** For funding ServeMinnesota programs under
88.15 Minnesota Statutes, sections 124D.37 to 124D.45:

88.16 \$ 900,000 2012

88.17 \$ 900,000 2013

88.18 A grantee organization may provide health and child care coverage to the dependents
88.19 of each participant enrolled in a full-time ServeMinnesota program to the extent such
88.20 coverage is not otherwise available.

88.21 Subd. 16. **Student organizations.** For student organizations:

88.22 \$ 725,000 2012

88.23 \$ 725,000 2013

88.24 \$49,000 each year is for student organizations serving health occupations (HUSA).

88.25 \$46,000 each year is for student organizations serving service occupations (HERO).

88.26 \$106,000 each year is for student organizations serving trade and industry
88.27 occupations (SkillsUSA, secondary and postsecondary).

88.28 \$101,000 each year is for student organizations serving business occupations
88.29 (DECA, BPA, secondary and postsecondary).

88.30 \$158,000 each year is for student organizations serving agriculture occupations
88.31 (FFA, PAS).

88.32 \$150,000 each year is for student organizations serving family and consumer science
88.33 occupations (FCCLA).

89.1 \$115,000 each year is for student organizations serving marketing occupations
89.2 (DEX).

89.3 Any balance in the first year does not cancel but is available in the second year.

89.4 Subd. 17. **Early childhood literacy programs.** For early childhood literacy
89.5 programs under Minnesota Statutes, section 119A.50, subdivision 3:

89.6 \$ 4,125,000 2012

89.7 \$ 4,125,000 2013

89.8 \$4,125,000 each year is for leveraging federal and private funding to support
89.9 AmeriCorps members serving in the Minnesota Reading Corps program established by
89.10 ServeMinnesota, including costs associated with the training and teaching of early literacy
89.11 skills to children age three to grade 3 and the evaluation of the impact of the program
89.12 under Minnesota Statutes, sections 124D.38, subdivision 2, and 124D.42, subdivision 6.

89.13 Any balance in the first year does not cancel, but is available in the second year.

89.14 Subd. 18. **Educational planning and assessment system (EPAS) program.**
89.15 For the educational planning and assessment system program under Minnesota Statutes,
89.16 section 120B.128:

89.17 \$ 829,000 2012

89.18 \$ 829,000 2013

89.19 Any balance in the first year does not cancel but is available in the second year.

89.20 Sec. 51. **REPEALER.**

89.21 (a) Minnesota Statutes 2010, sections 124D.871; and 124D.88, are repealed effective
89.22 for fiscal year 2012 and later.

89.23 (b) Minnesota Statutes 2010, sections 123B.05; and 124D.38, subdivisions 4, 5,
89.24 and 6, are repealed.

89.25 (c) Minnesota Statutes 2010, section 124D.11, subdivision 8, is repealed effective
89.26 for fiscal year 2013 and later.

89.27 (d) Minnesota Statutes 2010, section 124D.86, is repealed effective for revenue
89.28 for fiscal year 2014.

89.29 **ARTICLE 3**

89.30 **SPECIAL EDUCATION**

89.31 Section 1. Minnesota Statutes 2010, section 125A.02, subdivision 1, is amended to
89.32 read:

90.1 Subdivision 1. **Child with a disability.** "Child with a disability" means a child
 90.2 identified under federal and state special education law as ~~having a hearing impairment,~~
 90.3 ~~blindness, visual disability,~~ deaf or hard-of-hearing, blind or visually impaired, deafblind,
 90.4 or having a speech or language impairment, a physical disability impairment, other health
 90.5 ~~impairment disability, mental developmental cognitive disability, emotional/behavioral an~~
 90.6 emotional or behavioral disorder, specific learning disability, autism spectrum disorder,
 90.7 traumatic brain injury, or severe multiple disabilities impairments, or deafblind disability
 90.8 and who needs special education and related services, as determined by the rules of the
 90.9 commissioner, ~~is a child with a disability.~~ A licensed physician, an advanced practice
 90.10 nurse, or a licensed psychologist is qualified to make a diagnosis and determination
 90.11 of attention deficit disorder or attention deficit hyperactivity disorder for purposes of
 90.12 identifying a child with a disability.

90.13 Sec. 2. Minnesota Statutes 2010, section 125A.0942, subdivision 3, is amended to read:

90.14 Subd. 3. **Physical holding or seclusion.** Physical holding or seclusion may be used
 90.15 only in an emergency. A school that uses physical holding or seclusion shall meet the
 90.16 following requirements:

90.17 (1) the physical holding or seclusion must be the least intrusive intervention that
 90.18 effectively responds to the emergency;

90.19 (2) physical holding or seclusion must end when the threat of harm ends and the
 90.20 staff determines that the child can safely return to the classroom or activity;

90.21 (3) staff must directly observe the child while physical holding or seclusion is being
 90.22 used;

90.23 (4) each time physical holding or seclusion is used, the staff person who implements
 90.24 or oversees the physical holding or seclusion shall document, as soon as possible after the
 90.25 incident concludes, the following information:

90.26 (i) a description of the incident that led to the physical holding or seclusion;

90.27 (ii) why a less restrictive measure failed or was determined by staff to be
 90.28 inappropriate or impractical;

90.29 (iii) the time the physical holding or seclusion began and the time the child was
 90.30 released; and

90.31 (iv) a brief record of the child's behavioral and physical status;

90.32 (5) the room used for seclusion must:

90.33 (i) be at least six feet by five feet;

90.34 (ii) be well lit, well ventilated, adequately heated, and clean;

90.35 (iii) have a window that allows staff to directly observe a child in seclusion;

91.1 (iv) have tamperproof fixtures, electrical switches located immediately outside the
 91.2 door, and secure ceilings;

91.3 (v) have doors that open out and are unlocked, locked with keyless locks that
 91.4 have immediate release mechanisms, or locked with locks that have immediate release
 91.5 mechanisms connected with a fire and emergency system; and

91.6 (vi) not contain objects that a child may use to injure the child or others; ~~and~~

91.7 (6) before using a room for seclusion, a school must:

91.8 (i) receive written notice from local authorities that the room and the locking
 91.9 mechanisms comply with applicable building, fire, and safety codes; and

91.10 (ii) register the room with the commissioner, who may view that room; and

91.11 (7) until August 1, 2012, a school district may use prone restraints under the
 91.12 following conditions:

91.13 (i) a district has provided to the department a list of staff who have had specific
 91.14 training on the use of prone restraints;

91.15 (ii) a district provides information on the type of training that was provided and
 91.16 by whom;

91.17 (iii) prone restraints may only be used by staff who have received specific training;

91.18 (iv) each incident of the use of prone restraints is reported to the department within
 91.19 five working days on a form provided by the department or on a district's restrictive
 91.20 procedure documentation form; and

91.21 (v) a district, prior to using prone restraints, must review any known medical or
 91.22 psychological limitations that contraindicate the use of prone restraints.

91.23 The department will report back to the chairs and ranking minority members of the
 91.24 legislative committees with primary jurisdiction over education policy by February 1,
 91.25 2012, on the use of prone restraints in the schools.

91.26 Sec. 3. Minnesota Statutes 2010, section 125A.15, is amended to read:

91.27 **125A.15 PLACEMENT IN ANOTHER DISTRICT; RESPONSIBILITY.**

91.28 The responsibility for special instruction and services for a child with a disability
 91.29 temporarily placed in another district for care and treatment shall be determined in the
 91.30 following manner:

91.31 (a) The district of residence of a child shall be the district in which the child's parent
 91.32 resides, if living, or the child's guardian, ~~or the district designated by the commissioner~~
 91.33 ~~if neither parent nor guardian is living within the state.~~ If there is a dispute between
 91.34 school districts regarding residency, the district of residence is the district designated by
 91.35 the commissioner.

92.1 (b) If a district other than the resident district places a pupil for care and treatment,
92.2 the district placing the pupil must notify and give the resident district an opportunity to
92.3 participate in the placement decision. When an immediate emergency placement of a
92.4 pupil is necessary and time constraints foreclose a resident district from participating in
92.5 the emergency placement decision, the district in which the pupil is temporarily placed
92.6 must notify the resident district of the emergency placement within 15 days. The resident
92.7 district has up to five business days after receiving notice of the emergency placement
92.8 to request an opportunity to participate in the placement decision, which the placing
92.9 district must then provide.

92.10 (c) When a child is temporarily placed for care and treatment in a day program
92.11 located in another district and the child continues to live within the district of residence
92.12 during the care and treatment, the district of residence is responsible for providing
92.13 transportation to and from the care and treatment program and an appropriate educational
92.14 program for the child. The resident district may establish reasonable restrictions on
92.15 transportation, except if a Minnesota court or agency orders the child placed at a day care
92.16 and treatment program and the resident district receives a copy of the order, then the
92.17 resident district must provide transportation to and from the program unless the court or
92.18 agency orders otherwise. Transportation shall only be provided by the resident district
92.19 during regular operating hours of the resident district. The resident district may provide the
92.20 educational program at a school within the district of residence, at the child's residence, or
92.21 in the district in which the day treatment center is located by paying tuition to that district.

92.22 (d) When a child is temporarily placed in a residential program for care and
92.23 treatment, the nonresident district in which the child is placed is responsible for providing
92.24 an appropriate educational program for the child and necessary transportation while the
92.25 child is attending the educational program; and must bill the district of the child's residence
92.26 for the actual cost of providing the program, as outlined in section 125A.11, except as
92.27 provided in paragraph (e). However, the board, lodging, and treatment costs incurred in
92.28 behalf of a child with a disability placed outside of the school district of residence by the
92.29 commissioner of human services or the commissioner of corrections or their agents, for
92.30 reasons other than providing for the child's special educational needs must not become the
92.31 responsibility of either the district providing the instruction or the district of the child's
92.32 residence. For the purposes of this section, the state correctional facilities operated on a
92.33 fee-for-service basis are considered to be residential programs for care and treatment.

92.34 (e) A privately owned and operated residential facility may enter into a contract
92.35 to obtain appropriate educational programs for special education children and services
92.36 with a joint powers entity. The entity with which the private facility contracts for special

93.1 education services shall be the district responsible for providing students placed in that
 93.2 facility an appropriate educational program in place of the district in which the facility is
 93.3 located. If a privately owned and operated residential facility does not enter into a contract
 93.4 under this paragraph, then paragraph (d) applies.

93.5 (f) The district of residence shall pay tuition and other program costs, not including
 93.6 transportation costs, to the district providing the instruction and services. The district of
 93.7 residence may claim general education aid for the child as provided by law. Transportation
 93.8 costs must be paid by the district responsible for providing the transportation and the state
 93.9 must pay transportation aid to that district.

93.10 Sec. 4. Minnesota Statutes 2010, section 125A.21, subdivision 2, is amended to read:

93.11 Subd. 2. **Third-party reimbursement.** (a) Beginning July 1, 2000, districts
 93.12 shall seek reimbursement from insurers and similar third parties for the cost of services
 93.13 provided by the district whenever the services provided by the district are otherwise
 93.14 covered by the child's health coverage. Districts shall request, but may not require, the
 93.15 child's family to provide information about the child's health coverage when a child with a
 93.16 disability begins to receive services from the district of a type that may be reimbursable,
 93.17 and shall request, but may not require, updated information after that as needed.

93.18 (b) For children enrolled in medical assistance under chapter 256B or MinnesotaCare
 93.19 under chapter 256L who have no other health coverage, a district shall provide an initial
 93.20 and annual written notice to the enrolled child's parent or legal representative of its intent
 93.21 to seek reimbursement from medical assistance or MinnesotaCare for the ~~individual~~
 93.22 individualized education ~~plan program~~ health-related services provided by the district.
 93.23 The initial notice must give the child's parent or legal representative the right to request
 93.24 a copy of the child's education records on the health-related services that the district
 93.25 provided to the child and disclosed to a third-party payer.

93.26 (c) The district shall give the parent or legal representative annual written notice of:

93.27 (1) the district's intent to seek reimbursement from medical assistance or
 93.28 MinnesotaCare for individual education plan health-related services provided by the
 93.29 district;

93.30 (2) the right of the parent or legal representative to request a copy of all records
 93.31 concerning individual education plan health-related services disclosed by the district to
 93.32 any third party; and

93.33 (3) the right of the parent or legal representative to withdraw consent for disclosure
 93.34 of a child's records at any time without consequence.

94.1 The written notice shall be provided as part of the written notice required by Code of
 94.2 Federal Regulations, title 34, section 300.504. The district must ensure that the parent of a
 94.3 child with a disability is given notice, in understandable language, of federal and state
 94.4 procedural safeguards available to the parent under this paragraph and paragraph (b).

94.5 (d) In order to access the private health care coverage of a child who is covered by
 94.6 private health care coverage in whole or in part, a district must:

94.7 (1) obtain annual written informed consent from the parent or legal representative, in
 94.8 compliance with subdivision 5; and

94.9 (2) inform the parent or legal representative that a refusal to permit the district
 94.10 or state Medicaid agency to access their private health care coverage does not relieve
 94.11 the district of its responsibility to provide all services necessary to provide free and
 94.12 appropriate public education at no cost to the parent or legal representative.

94.13 (e) If the commissioner of human services obtains federal approval to exempt
 94.14 covered individual education plan health-related services from the requirement that private
 94.15 health care coverage refuse payment before medical assistance may be billed, paragraphs
 94.16 (b), (c), and (d) shall also apply to students with a combination of private health care
 94.17 coverage and health care coverage through medical assistance or MinnesotaCare.

94.18 (f) In the event that Congress or any federal agency or the Minnesota legislature
 94.19 or any state agency establishes lifetime limits, limits for any health care services,
 94.20 cost-sharing provisions, or otherwise provides that individual education plan health-related
 94.21 services impact benefits for persons enrolled in medical assistance or MinnesotaCare, the
 94.22 amendments to this subdivision adopted in 2002 are repealed on the effective date of any
 94.23 federal or state law or regulation that imposes the limits. In that event, districts must
 94.24 obtain informed consent consistent with this subdivision as it existed prior to the 2002
 94.25 amendments and subdivision 5, before seeking reimbursement for children enrolled in
 94.26 medical assistance under chapter 256B or MinnesotaCare under chapter 256L who have
 94.27 no other health care coverage.

94.28 Sec. 5. Minnesota Statutes 2010, section 125A.21, subdivision 3, is amended to read:

94.29 Subd. 3. **Use of reimbursements.** Of the reimbursements received, districts may:

94.30 (1) retain an amount sufficient to compensate the district for its administrative costs
 94.31 of obtaining reimbursements;

94.32 (2) regularly obtain from education- and health-related entities training and other
 94.33 appropriate technical assistance designed to improve the district's ability to determine
 94.34 ~~which services are reimbursable and to seek timely reimbursement in a cost-effective~~

95.1 ~~manner~~ access third-party payments for individualized education program health-related
 95.2 services; or

95.3 (3) reallocate reimbursements for the benefit of students with ~~special needs~~
 95.4 individualized education programs or individual family service plans in the district.

95.5 Sec. 6. Minnesota Statutes 2010, section 125A.21, subdivision 5, is amended to read:

95.6 Subd. 5. **Informed consent.** When obtaining informed consent, consistent with
 95.7 sections 13.05, subdivision 4a, ~~and~~, 256B.77, subdivision 2, paragraph (p), and Code of
 95.8 Federal Regulations, title 34, parts 99 and 300, to bill health plans for covered services, the
 95.9 school district must notify the legal representative (1) that the cost of the person's private
 95.10 health insurance premium may increase due to providing the covered service in the school
 95.11 setting, (2) that the school district may pay certain enrollee health plan costs, including
 95.12 but not limited to, co-payments, coinsurance, deductibles, premium increases or other
 95.13 enrollee cost-sharing amounts for health and related services required by an individual
 95.14 service plan, or individual family service plan, and (3) that the school's billing for each
 95.15 type of covered service may affect service limits and prior authorization thresholds. The
 95.16 informed consent may be revoked in writing at any time by the person authorizing the
 95.17 billing of the health plan.

95.18 Sec. 7. Minnesota Statutes 2010, section 125A.21, subdivision 7, is amended to read:

95.19 Subd. 7. **District disclosure of information.** A school district may disclose
 95.20 information contained in a student's ~~individual~~ individualized education plan program,
 95.21 consistent with section 13.32, subdivision 3, paragraph (a), and Code of Federal
 95.22 Regulations, title 34, parts 99 and 300; including records of the student's diagnosis and
 95.23 treatment, to a health plan company only with the signed and dated consent of the student's
 95.24 parent, or other legally authorized individual, including consent that the parent or legal
 95.25 representative gave as part of the application process for MinnesotaCare or medical
 95.26 assistance under section 256B.08, subdivision 1. The school district shall disclose only
 95.27 that information necessary for the health plan company to decide matters of coverage and
 95.28 payment. A health plan company may use the information only for making decisions
 95.29 regarding coverage and payment, and for any other use permitted by law.

95.30 Sec. 8. Minnesota Statutes 2010, section 125A.51, is amended to read:

95.31 **125A.51 PLACEMENT OF CHILDREN WITHOUT DISABILITIES;**
 95.32 **EDUCATION AND TRANSPORTATION.**

96.1 The responsibility for providing instruction and transportation for a pupil without a
96.2 disability who has a short-term or temporary physical or emotional illness or disability, as
96.3 determined by the standards of the commissioner, and who is temporarily placed for care
96.4 and treatment for that illness or disability, must be determined as provided in this section.

96.5 (a) The school district of residence of the pupil is the district in which the pupil's
96.6 parent or guardian resides. If there is a dispute between school districts regarding
96.7 residency, the district of residence is the district designated by the commissioner.

96.8 (b) When parental rights have been terminated by court order, the legal residence
96.9 of a child placed in a residential or foster facility for care and treatment is the district in
96.10 which the child resides.

96.11 (c) Before the placement of a pupil for care and treatment, the district of residence
96.12 must be notified and provided an opportunity to participate in the placement decision.
96.13 When an immediate emergency placement is necessary and time does not permit
96.14 resident district participation in the placement decision, the district in which the pupil is
96.15 temporarily placed, if different from the district of residence, must notify the district
96.16 of residence of the emergency placement within 15 days of the placement. When a
96.17 nonresident district makes an emergency placement without first consulting with the
96.18 resident district, the resident district has up to five business days after receiving notice
96.19 of the emergency placement to request an opportunity to participate in the placement
96.20 decision, which the placing district must then provide.

96.21 (d) When a pupil without a disability is temporarily placed for care and treatment
96.22 in a day program and the pupil continues to live within the district of residence during
96.23 the care and treatment, the district of residence must provide instruction and necessary
96.24 transportation to and from the care and treatment program for the pupil. The resident
96.25 district may establish reasonable restrictions on transportation, except if a Minnesota court
96.26 or agency orders the child placed at a day care and treatment program and the resident
96.27 district receives a copy of the order, then the resident district must provide transportation
96.28 to and from the program unless the court or agency orders otherwise. Transportation shall
96.29 only be provided by the resident district during regular operating hours of the resident
96.30 district. The resident district may provide the instruction at a school within the district of
96.31 residence, at the pupil's residence, or in the case of a placement outside of the resident
96.32 district, in the district in which the day treatment program is located by paying tuition to
96.33 that district. The district of placement may contract with a facility to provide instruction
96.34 by teachers licensed by the state Board of Teaching.

96.35 (e) When a pupil without a disability is temporarily placed in a residential program
96.36 for care and treatment, the district in which the pupil is placed must provide instruction

97.1 for the pupil and necessary transportation while the pupil is receiving instruction, and in
97.2 the case of a placement outside of the district of residence, the nonresident district must
97.3 bill the district of residence for the actual cost of providing the instruction for the regular
97.4 school year and for summer school, excluding transportation costs.

97.5 (f) Notwithstanding paragraph (e), if the pupil is homeless and placed in a public or
97.6 private homeless shelter, then the district that enrolls the pupil under section 127A.47,
97.7 subdivision 2, shall provide the transportation, unless the district that enrolls the pupil
97.8 and the district in which the pupil is temporarily placed agree that the district in which
97.9 the pupil is temporarily placed shall provide transportation. When a pupil without a
97.10 disability is temporarily placed in a residential program outside the district of residence,
97.11 the administrator of the court placing the pupil must send timely written notice of the
97.12 placement to the district of residence. The district of placement may contract with a
97.13 residential facility to provide instruction by teachers licensed by the state Board of
97.14 Teaching. For purposes of this section, the state correctional facilities operated on a
97.15 fee-for-service basis are considered to be residential programs for care and treatment.

97.16 (g) The district of residence must include the pupil in its residence count of pupil
97.17 units and pay tuition as provided in section 123A.488 to the district providing the
97.18 instruction. Transportation costs must be paid by the district providing the transportation
97.19 and the state must pay transportation aid to that district. For purposes of computing state
97.20 transportation aid, pupils governed by this subdivision must be included in the disabled
97.21 transportation category if the pupils cannot be transported on a regular school bus route
97.22 without special accommodations.

97.23 Sec. 9. Minnesota Statutes 2010, section 125A.515, is amended by adding a
97.24 subdivision to read:

97.25 Subd. 3a. **Students without a disability from other states.** A school district is not
97.26 required to provide education services under this section to a student who:

97.27 (1) is not a resident of Minnesota;

97.28 (2) does not have an individualized education program; and

97.29 (3) does not have a tuition arrangement or agreement to pay the cost of education
97.30 from the placing authority.

97.31 **EFFECTIVE DATE.** This section is effective July 1, 2011, for fiscal year 2012
97.32 and later.

97.33 Sec. 10. Minnesota Statutes 2010, section 125A.69, subdivision 1, is amended to read:

Subdivision 1. ~~Two kinds~~ Admissions. ~~There are two kinds of Admission to the Minnesota State Academies is described in this section.~~

(a) A pupil who is deaf, hard of hearing, or ~~blind-deaf~~ deafblind, may be admitted to the Academy for the Deaf. A pupil who is blind or visually impaired, ~~blind-deaf~~ deafblind, or multiply disabled may be admitted to the Academy for the Blind. For a pupil to be admitted, two decisions must be made under sections 125A.03 to 125A.24 and 125A.65.

(1) It must be decided by the individual education planning team that education in regular or special education classes in the pupil's district of residence cannot be achieved satisfactorily because of the nature and severity of the deafness or blindness or visual impairment respectively.

(2) It must be decided by the individual education planning team that the academy provides the most appropriate placement within the least restrictive alternative for the pupil.

(b) A deaf or hard-of-hearing child or a visually impaired pupil may be admitted to get socialization skills or on a short-term basis for skills development.

(c) A parent of a child who resides in Minnesota and who meets the disability criteria for being deaf or hard of hearing, blind or visually impaired, or multiply disabled may apply to place the child in the Minnesota State Academies. Academy staff must review the application to determine whether the Minnesota State Academies is an appropriate placement for the child. If academy staff determine that the Minnesota State Academies is an appropriate placement, the staff must invite the individualized education program team at the child's resident school district to participate in a meeting to arrange a trial placement of between 60 and 90 calendar days at the Minnesota State Academies. If the child's parent consents to the trial placement, the Minnesota State Academies is the responsible serving school district and incurs all due process obligations under law, and the child's resident school district is responsible for any transportation included in the child's individualized education program during the trial placement. Before the trial placement ends, academy staff must convene an individualized education program team meeting to determine whether to continue the child's placement at the Minnesota State Academies or that another placement is appropriate. If the academy members of the individualized education program team and the parent are unable to agree on the child's placement, the child's placement reverts to the placement in the child's individualized education program that immediately preceded the trial placement. If the parent and individualized education program team agree to continue the placement beyond the trial period, the transportation and due process responsibilities are the same as those described for the trial placement under this paragraph.

99.1 Sec. 11. **APPROPRIATIONS.**

99.2 **Subdivision 1. Department of Education.** The sums indicated in this section are
99.3 appropriated from the general fund to the Department of Education for the fiscal years
99.4 designated.

99.5 **Subd. 2. Special education; regular.** For special education aid under Minnesota
99.6 Statutes, section 125A.75:

99.7 \$ 732,658,000 2012

99.8 \$ 855,605,000 2013

99.9 The 2012 appropriation includes \$235,975,000 for 2011 and \$496,683,000 for 2012.

99.10 The 2013 appropriation includes \$331,121,000 for 2012 and \$524,484,000 for 2013.

99.11 **Subd. 3. Aid for children with disabilities.** For aid under Minnesota Statutes,
99.12 section 125A.75, subdivision 3, for children with disabilities placed in residential facilities
99.13 within the district boundaries for whom no district of residence can be determined:

99.14 \$ 1,648,000 2012

99.15 \$ 1,745,000 2013

99.16 If the appropriation for either year is insufficient, the appropriation for the other
99.17 year is available.

99.18 **Subd. 4. Travel for home-based services.** For aid for teacher travel for home-based
99.19 services under Minnesota Statutes, section 125A.75, subdivision 1:

99.20 \$ 322,000 2012

99.21 \$ 358,000 2013

99.22 The 2012 appropriation includes \$107,000 for 2011 and \$215,000 for 2012.

99.23 The 2013 appropriation includes \$142,000 for 2012 and \$216,000 for 2013.

99.24 **Subd. 5. Special education; excess costs.** For excess cost aid under Minnesota
99.25 Statutes, section 125A.79, subdivision 7:

99.26 \$ 103,978,000 2012

99.27 \$ 115,304,000 2013

99.28 The 2012 appropriation includes \$53,449,000 for 2011 and \$50,529,000 for 2012.

99.29 The 2013 appropriation includes \$63,273,000 for 2012 and \$52,031,000 for 2013.

99.30 **Subd. 6. Court-placed special education revenue.** For reimbursing serving
99.31 school districts for unreimbursed eligible expenditures attributable to children placed in
99.32 the serving school district by court action under Minnesota Statutes, section 125A.79,
99.33 subdivision 4:

100.1 \$ 80,000 2012

100.2 \$ 82,000 2013

100.3 Subd. 7. **Special education out-of-state tuition.** For special education out-of-state
100.4 tuition according to Minnesota Statutes, section 125A.79, subdivision 8:

100.5 \$ 250,000 2012

100.6 \$ 250,000 2013

100.7 **Sec. 12. REVISOR'S INSTRUCTION.**

100.8 The revisor of statutes shall substitute the term "individualized education program"
100.9 or similar terms for "individual education plan" or similar terms wherever they appear
100.10 in Minnesota Statutes and Minnesota Rules referring to the requirements relating to
100.11 the federal Individuals with Disabilities Education Act. The revisor shall also make
100.12 grammatical changes related to the changes in terms.

100.13 **Sec. 13. REPEALER.**

100.14 Minnesota Statutes 2010, section 125A.54, is repealed.

ARTICLE 4

FACILITIES AND TECHNOLOGIES

100.17 Section 1. Minnesota Statutes 2010, section 123B.54, is amended to read:

100.18 **123B.54 DEBT SERVICE APPROPRIATION.**

100.19 (a) ~~\$17,161,000~~ \$11,022,000 in fiscal year 2012 and ~~\$19,175,000~~, \$19,484,000 in
100.20 fiscal year 2013, \$23,588,000 in fiscal year 2014, and \$23,967,000 in fiscal year 2015 and
100.21 later are appropriated from the general fund to the commissioner of education for payment
100.22 of debt service equalization aid under section 123B.53.

100.23 (b) The appropriations in paragraph (a) must be reduced by the amount of any
100.24 money specifically appropriated for the same purpose in any year from any state fund.

100.25 Sec. 2. Minnesota Statutes 2010, section 123B.57, is amended to read:

100.26 **123B.57 CAPITAL EXPENDITURE: HEALTH AND SAFETY.**

100.27 Subdivision 1. **Health and safety program revenue application.** (a) To receive
100.28 health and safety revenue for any fiscal year a district must submit to the commissioner
100.29 ~~an a capital expenditure health and safety revenue application for aid and levy by the~~
100.30 ~~date determined by the commissioner. The application may be for hazardous substance~~

101.1 ~~removal, fire and life safety code repairs, labor and industry regulated facility and~~
 101.2 ~~equipment violations, and health, safety, and environmental management, including~~
 101.3 ~~indoor air quality management.~~ The application must include a health and safety ~~program~~
 101.4 budget adopted and confirmed by the school district board as being consistent with the
 101.5 district's health and safety policy under subdivision 2. The ~~program~~ budget must include
 101.6 the estimated cost, ~~per building,~~ of the program per Uniform Financial Accounting and
 101.7 Reporting Standards (UFARS) finance code, by fiscal year. Upon approval through the
 101.8 adoption of a resolution by each of an intermediate district's member school district
 101.9 boards and the approval of the Department of Education, a school district may include
 101.10 its proportionate share of the costs of health and safety projects for an intermediate
 101.11 district in its application.

101.12 (b) Health and safety projects with an estimated cost of \$500,000 or more per
 101.13 site are not eligible for health and safety revenue. Health and safety projects with an
 101.14 estimated cost of \$500,000 or more per site that meet all other requirements for health and
 101.15 safety funding, are eligible for alternative facilities bonding and levy revenue according
 101.16 to section 123B.59. A school board shall not separate portions of a single project into
 101.17 components to qualify for health and safety revenue, and shall not combine unrelated
 101.18 projects into a single project to qualify for alternative facilities bonding and levy revenue.

101.19 (c) The commissioner of education shall not make eligibility for health and safety
 101.20 revenue contingent on a district's compliance status, level of program development, or
 101.21 training. The commissioner shall not mandate additional performance criteria such as
 101.22 training, certifications, or compliance evaluations as a prerequisite for levy approval.

101.23 Subd. 2. ~~Contents of program~~ **Health and safety policy.** To qualify for health
 101.24 and safety revenue, a district school board must adopt a health and safety program policy.
 101.25 The ~~program~~ policy must include ~~plans, where applicable, for hazardous substance~~
 101.26 ~~removal, fire and life safety code repairs, regulated facility and equipment violations,~~
 101.27 ~~and~~ provisions for implementing a health and safety program that complies with health,
 101.28 safety, and environmental ~~management,~~ regulations and best practices including indoor
 101.29 air quality management.

101.30 (a) ~~A hazardous substance plan must contain provisions for the removal or~~
 101.31 ~~encapsulation of asbestos from school buildings or property, asbestos-related repairs,~~
 101.32 ~~cleanup and disposal of polychlorinated biphenyls found in school buildings or property,~~
 101.33 ~~and cleanup, removal, disposal, and repairs related to storing heating fuel or transportation~~
 101.34 ~~fuels such as alcohol, gasoline, fuel, oil, and special fuel, as defined in section 296A.01.~~
 101.35 ~~If a district has already developed a plan for the removal or encapsulation of asbestos as~~
 101.36 ~~required by the federal Asbestos Hazard Emergency Response Act of 1986, the district~~

102.1 ~~may use a summary of that plan, which includes a description and schedule of response~~
102.2 ~~actions, for purposes of this section. The plan must also contain provisions to make~~
102.3 ~~modifications to existing facilities and equipment necessary to limit personal exposure~~
102.4 ~~to hazardous substances, as regulated by the federal Occupational Safety and Health~~
102.5 ~~Administration under Code of Federal Regulations, title 29, part 1910, subpart Z; or is~~
102.6 ~~determined by the commissioner to present a significant risk to district staff or student~~
102.7 ~~health and safety as a result of foreseeable use, handling, accidental spill, exposure, or~~
102.8 ~~contamination.~~

102.9 ~~(b) A fire and life safety plan must contain a description of the current fire and life~~
102.10 ~~safety code violations, a plan for the removal or repair of the fire and life safety hazard,~~
102.11 ~~and a description of safety preparation and awareness procedures to be followed until the~~
102.12 ~~hazard is fully corrected.~~

102.13 ~~(c) A facilities and equipment violation plan must contain provisions to correct~~
102.14 ~~health and safety hazards as provided in Department of Labor and Industry standards~~
102.15 ~~pursuant to section 182.655.~~

102.16 ~~(d) A health, safety, and environmental management plan must contain a description~~
102.17 ~~of training, record keeping, hazard assessment, and program management as defined~~
102.18 ~~in section 123B.56.~~

102.19 ~~(e) A plan to test for and mitigate radon produced hazards.~~

102.20 ~~(f) A plan to monitor and improve indoor air quality.~~

102.21 Subd. 3. **Health and safety revenue.** A district's health and safety revenue
102.22 for a fiscal year equals the district's alternative facilities levy under section 123B.59,
102.23 subdivision 5, paragraph (b), plus the greater of zero or:

102.24 (1) the sum of (a) the total approved cost of the district's hazardous substance
102.25 plan for fiscal years 1985 through 1989, plus (b) the total approved cost of the district's
102.26 health and safety program for fiscal year 1990 through the fiscal year to which the levy
102.27 is attributable, excluding expenditures funded with bonds issued under section 123B.59
102.28 or 123B.62, or chapter 475; certificates of indebtedness or capital notes under section
102.29 123B.61; levies under section 123B.58, 123B.59, 123B.63, or 126C.40, subdivision 1 or
102.30 6; and other federal, state, or local revenues, minus

102.31 (2) the sum of (a) the district's total hazardous substance aid and levy for fiscal years
102.32 1985 through 1989 under sections 124.245 and 275.125, subdivision 11c, plus (b) the
102.33 district's health and safety revenue under this subdivision, for years before the fiscal year
102.34 to which the levy is attributable.

102.35 Subd. 4. **Health and safety levy.** To receive health and safety revenue, a district
102.36 may levy an amount equal to the district's health and safety revenue as defined in

103.1 subdivision 3 multiplied by the lesser of one, or the ratio of the quotient derived by
 103.2 dividing the adjusted net tax capacity of the district for the year preceding the year the
 103.3 levy is certified by the adjusted marginal cost pupil units in the district for the school year
 103.4 to which the levy is attributable, to \$2,935.

103.5 Subd. 5. **Health and safety aid.** A district's health and safety aid is the difference
 103.6 between its health and safety revenue and its health and safety levy. If a district does not
 103.7 levy the entire amount permitted, health and safety aid must be reduced in proportion to
 103.8 the actual amount levied. Health and safety aid may not be reduced as a result of reducing
 103.9 a district's health and safety levy according to section 123B.79.

103.10 Subd. 6. **Uses of health and safety revenue.** ~~(a)~~ Health and safety revenue may be
 103.11 used only for approved expenditures necessary ~~to correct~~ for the correction of fire and life
 103.12 safety hazards, ~~or for the~~ design, purchase, installation, maintenance, and inspection of
 103.13 fire protection and alarm equipment; purchase or construction of appropriate facilities for
 103.14 the storage of combustible and flammable materials; inventories and facility modifications
 103.15 not related to a remodeling project to comply with lab safety requirements under section
 103.16 121A.31; inspection, testing, repair, removal or encapsulation, and disposal of asbestos
 103.17 ~~from school buildings or property owned or being acquired by the district, asbestos-related~~
 103.18 ~~repairs, asbestos-containing building materials; cleanup and disposal of polychlorinated~~
 103.19 ~~biphenyls found in school buildings or property owned or being acquired by the district,~~
 103.20 ~~or the; cleanup and disposal of hazardous and infectious wastes; cleanup, removal,~~
 103.21 disposal, and repairs related to storing heating fuel or transportation fuels such as alcohol,
 103.22 gasoline, fuel oil, and special fuel, as defined in section 296A.01, ~~Minnesota~~; correction of
 103.23 occupational safety and health administration regulated ~~facility and equipment hazards;~~
 103.24 indoor air quality inspections, investigations, and testing; mold abatement; upgrades or
 103.25 replacement of mechanical ventilation systems to meet American Society of Heating,
 103.26 Refrigerating and Air Conditioning Engineers standards and State Mechanical Code;
 103.27 design, materials, and installation of local exhaust ventilation systems, including required
 103.28 make-up air for controlling regulated hazardous substances; correction of Department
 103.29 of Health Food Code ~~and~~ violations; correction of swimming pool hazards excluding
 103.30 depth correction; playground safety inspections, repair of unsafe outdoor playground
 103.31 equipment, and the installation of impact surfacing materials; bleacher repair or rebuilding
 103.32 to comply with the order of a building code inspector under section 326B.112; testing and
 103.33 mitigation of elevated radon hazards; lead testing; copper in water testing; cleanup after
 103.34 major weather-related disasters or flooding; reduction of excessive organic and inorganic
 103.35 levels in wells and capping of abandoned wells; installation and testing of boiler backflow
 103.36 valves to prevent contamination of potable water; vaccinations, titers, and preventative

104.1 supplies for bloodborne pathogen compliance; costs to comply with the Janet B. Johnson
 104.2 Parents' Right to Know Act; automated external defibrillators and other emergency plan
 104.3 equipment and supplies specific to the district's emergency action plan; and health, safety,
 104.4 and environmental management costs associated with implementing the district's health
 104.5 and safety program including costs to establish and operate safety committees, in school
 104.6 buildings or property owned or being acquired by the district. Testing and calibration
 104.7 activities are permitted for existing mechanical ventilation systems at intervals no less than
 104.8 every five years. Health and safety revenue must not be used to finance a lease purchase
 104.9 agreement, installment purchase agreement, or other deferred payments agreement. Health
 104.10 and safety revenue must not be used for the construction of new facilities or the purchase
 104.11 of portable classrooms, for interest or other financing expenses, or for energy efficiency
 104.12 projects under section 123B.65. The revenue may not be used for a building or property or
 104.13 part of a building or property used for postsecondary instruction or administration or for a
 104.14 purpose unrelated to elementary and secondary education.

104.15 Subd. 6a. **Restrictions on health and safety revenue.** (b) Notwithstanding
 104.16 paragraph (a) subdivision 6, health and safety revenue must not be used:

104.17 (1) to finance a lease purchase agreement, installment purchase agreement, or other
 104.18 deferred payments agreement;

104.19 (2) for the construction of new facilities, remodeling of existing facilities, or the
 104.20 purchase of portable classrooms;

104.21 (3) for interest or other financing expenses;

104.22 (4) for energy-efficiency projects under section 123B.65, for a building or property
 104.23 or part of a building or property used for postsecondary instruction or administration or for
 104.24 a purpose unrelated to elementary and secondary education;

104.25 (5) for replacement of building materials or facilities including roof, walls, windows,
 104.26 internal fixtures and flooring, nonhealth and safety costs associated with demolition of
 104.27 facilities, structural repair or replacement of facilities due to unsafe conditions, violence
 104.28 prevention and facility security, ergonomics, or public announcement systems and
 104.29 emergency communication devices; or

104.30 (6) for building and heating, ventilating and air conditioning supplies, maintenance,
 104.31 and cleaning activities. All assessments, investigations, inventories, and support
 104.32 equipment not leading to the engineering or construction of a project shall be included in
 104.33 the health, safety, and environmental management costs in subdivision 8, paragraph (a).

104.34 Subd. 6b. **Health and safety projects.** (a) Health and safety revenue applications
 104.35 defined in subdivision 1 must be accompanied by a description of each project for which
 104.36 funding is being requested. Project descriptions must provide enough detail for an auditor

105.1 to determine if the work qualifies for revenue. For projects other than fire and life
105.2 safety projects, playground projects, and health, safety, and environmental management
105.3 activities, a project description does not need to include itemized details such as material
105.4 types, room locations, square feet, names, or license numbers. The commissioner
105.5 may request supporting information and shall approve only projects that comply with
105.6 subdivisions 6 and 8, as defined by the Department of Education.

105.7 (b) Districts may request funding for allowable projects based on self-assessments,
105.8 safety committee recommendations, insurance inspections, management assistance
105.9 reports, fire marshal orders, or other mandates. Notwithstanding subdivision 1, paragraph
105.10 (b), and subdivision 8, paragraph (b), for projects under \$500,000, individual project
105.11 size for projects authorized by this subdivision is not limited and may include related
105.12 work in multiple facilities. Health and safety management costs from subdivision 8 may
105.13 be reported as a single project.

105.14 (c) All costs directly related to a project shall be reported in the appropriate Uniform
105.15 Financial Accounting and Reporting Standards (UFARS) finance code.

105.16 (d) For fire and life safety egress and all other projects exceeding \$20,000, cited
105.17 under Minnesota Fire Code, a fire marshal plan review is required.

105.18 (e) Districts shall update project estimates with actual expenditures for each
105.19 fiscal year. If a project's final cost is significantly higher than originally approved, the
105.20 commissioner may request additional supporting information.

105.21 Subd. 6c. **Appeals process.** In the event a district is denied funding approval for
105.22 a project the district believes complies with subdivisions 6 and 8, and is not otherwise
105.23 excluded, a district may appeal the decision. All such requests must be in writing. The
105.24 commissioner shall respond in writing. A written request must contain the following:
105.25 project number; description and amount; reason for denial; unresolved questions for
105.26 consideration; reasons for reconsideration; and a specific statement of what action the
105.27 district is requesting.

105.28 Subd. 7. **Proration.** In the event that the health and safety aid available for any year
105.29 is prorated, a district having its aid prorated may levy an additional amount equal to the
105.30 amount not paid by the state due to proration.

105.31 Subd. 8. **Health, safety, and environmental management cost.** (a) "Health, safety,
105.32 and environmental management" is defined in section 123B.56.

105.33 (b) A district's cost for health, safety, and environmental management is limited to
105.34 the lesser of:

105.35 (1) actual cost to implement their plan; or

106.1 (2) an amount determined by the commissioner, based on enrollment, building
106.2 age, and size.

106.3 ~~(b)~~ (c) The department may contract with regional service organizations, private
106.4 contractors, Minnesota Safety Council, or state agencies to provide management
106.5 assistance to school districts for health and safety capital projects. Management assistance
106.6 is the development of written programs for the identification, recognition and control of
106.7 hazards, and prioritization and scheduling of district health and safety capital projects.
106.8 The ~~department~~ commissioner shall not mandate management assistance or exclude
106.9 private contractors from the opportunity to provide any health and safety services to
106.10 school districts.

106.11 ~~(c) Notwithstanding paragraph (b), the department may approve revenue, up to~~
106.12 ~~the limit defined in paragraph (a) for districts having an approved health, safety, and~~
106.13 ~~environmental management plan that uses district staff to accomplish coordination and~~
106.14 ~~provided services.~~

106.15 Sec. 3. Minnesota Statutes 2010, section 123B.63, subdivision 3, is amended to read:

106.16 Subd. 3. **Capital project levy referendum.** (a) A district may levy the local tax
106.17 rate approved by a majority of the electors voting on the question to provide funds for
106.18 an approved project. The election must take place no more than five years before the
106.19 estimated date of commencement of the project. The referendum must be held on a date
106.20 set by the board. A referendum for a project not receiving a positive review and comment
106.21 by the commissioner under section 123B.71 must be approved by at least 60 percent of
106.22 the voters at the election.

106.23 (b) The referendum may be called by the school board and may be held:

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

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

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

106.32 (c) The ballot must provide a general description of the proposed project, state the
106.33 estimated total cost of the project, state whether the project has received a positive or
106.34 negative review and comment from the commissioner, state the maximum amount of the
106.35 capital project levy as a percentage of net tax capacity, state the amount that will be raised

107.1 by that local tax rate in the first year it is to be levied, and state the maximum number of
107.2 years that the levy authorization will apply.

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

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

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

107.10 (d) If the district proposes a new capital project to begin at the time the existing
107.11 capital project expires and at the same maximum tax rate, the general description on the
107.12 ballot may state that the capital project levy is being renewed and that the tax rate is not
107.13 being increased from the previous year's rate. An election to renew authority under this
107.14 paragraph may be called at any time that is otherwise authorized by this subdivision. The
107.15 ballot notice required under section 275.60 may be modified to read:

107.16 "BY VOTING YES ON THIS BALLOT QUESTION, YOU ARE VOTING
107.17 TO RENEW AN EXISTING CAPITAL PROJECTS REFERENDUM THAT IS
107.18 SCHEDULED TO EXPIRE."

107.19 (e) In the event a conjunctive question proposes to authorize both the capital project
107.20 levy and the issuance of obligations for the project, appropriate language authorizing the
107.21 issuance of obligations must also be included in the question.

107.22 (f) The district must notify the commissioner of the results of the referendum.

107.23 **EFFECTIVE DATE.** This section is effective the day following final enactment for
107.24 referenda conducted on or after the 53rd day following final enactment.

107.25 Sec. 4. Minnesota Statutes 2010, section 123B.71, subdivision 5, is amended to read:

107.26 Subd. 5. **Final plans.** If a construction contract has not been awarded within two
107.27 years of approval, the approval shall not be valid. After approval, final plans and the
107.28 approval shall be ~~filed with~~ made available, if requested, to the commissioner of education.
107.29 If substantial changes are made to the initial approved plans, documents reflecting
107.30 the changes shall be submitted to the commissioner for approval. Upon completing a
107.31 project, the school board shall certify to the commissioner that the project was completed
107.32 according to the approved plans.

107.33 Sec. 5. Minnesota Statutes 2010, section 123B.72, subdivision 3, is amended to read:

108.1 Subd. 3. **Certification.** Prior to occupying or reoccupying a school facility affected
108.2 by this section, a school board or its designee shall submit a document prepared by a
108.3 system inspector to the building official or to the commissioner, verifying that the facility's
108.4 heating, ventilation, and air conditioning system has been installed and operates according
108.5 to design specifications and code, according to section 123B.71, subdivision 9, clause
108.6 ~~(11)~~ (12). A systems inspector shall also verify that the facility's design will provide
108.7 the ability for monitoring of outdoor airflow and total airflow of ventilation systems in
108.8 new school facilities and that any heating, ventilation, or air conditioning system that is
108.9 installed or modified for a project subject to this section must provide a filtration system
108.10 with a current ASHRAE standard.

108.11 Sec. 6. Minnesota Statutes 2010, section 126C.40, subdivision 1, is amended to read:

108.12 Subdivision 1. **To lease building or land.** (a) When an independent or a special
108.13 school district or a group of independent or special school districts finds it economically
108.14 advantageous to rent or lease a building or land for any instructional purposes or for
108.15 school storage or furniture repair, and it determines that the operating capital revenue
108.16 authorized under section 126C.10, subdivision 13, is insufficient for this purpose, it may
108.17 apply to the commissioner for permission to make an additional capital expenditure levy
108.18 for this purpose. An application for permission to levy under this subdivision must contain
108.19 financial justification for the proposed levy, the terms and conditions of the proposed
108.20 lease, and a description of the space to be leased and its proposed use.

108.21 (b) The criteria for approval of applications to levy under this subdivision must
108.22 include: the reasonableness of the price, the appropriateness of the space to the proposed
108.23 activity, the feasibility of transporting pupils to the leased building or land, conformity
108.24 of the lease to the laws and rules of the state of Minnesota, and the appropriateness of
108.25 the proposed lease to the space needs and the financial condition of the district. The
108.26 commissioner must not authorize a levy under this subdivision in an amount greater than
108.27 the cost to the district of renting or leasing a building or land for approved purposes.
108.28 The proceeds of this levy must not be used for custodial or other maintenance services.
108.29 A district may not levy under this subdivision for the purpose of leasing or renting a
108.30 district-owned building or site to itself.

108.31 (c) For agreements finalized after July 1, 1997, a district may not levy under this
108.32 subdivision for the purpose of leasing: (1) a newly constructed building used primarily
108.33 for regular kindergarten, elementary, or secondary instruction; or (2) a newly constructed
108.34 building addition or additions used primarily for regular kindergarten, elementary, or

109.1 secondary instruction that contains more than 20 percent of the square footage of the
109.2 previously existing building.

109.3 (d) Notwithstanding paragraph (b), a district may levy under this subdivision for the
109.4 purpose of leasing or renting a district-owned building or site to itself only if the amount
109.5 is needed by the district to make payments required by a lease purchase agreement,
109.6 installment purchase agreement, or other deferred payments agreement authorized by law,
109.7 and the levy meets the requirements of paragraph (c). A levy authorized for a district by
109.8 the commissioner under this paragraph may be in the amount needed by the district to
109.9 make payments required by a lease purchase agreement, installment purchase agreement,
109.10 or other deferred payments agreement authorized by law, provided that any agreement
109.11 include a provision giving the school districts the right to terminate the agreement
109.12 annually without penalty.

109.13 (e) The total levy under this subdivision for a district for any year must not exceed
109.14 \$150 times the resident pupil units for the fiscal year to which the levy is attributable.

109.15 (f) For agreements for which a review and comment have been submitted to the
109.16 Department of Education after April 1, 1998, the term "instructional purpose" as used in
109.17 this subdivision excludes expenditures on stadiums.

109.18 (g) The commissioner of education may authorize a school district to exceed the
109.19 limit in paragraph (e) if the school district petitions the commissioner for approval. The
109.20 commissioner shall grant approval to a school district to exceed the limit in paragraph (e)
109.21 for not more than five years if the district meets the following criteria:

109.22 (1) the school district has been experiencing pupil enrollment growth in the
109.23 preceding five years;

109.24 (2) the purpose of the increased levy is in the long-term public interest;

109.25 (3) the purpose of the increased levy promotes colocation of government services;
109.26 and

109.27 (4) the purpose of the increased levy is in the long-term interest of the district by
109.28 avoiding over construction of school facilities.

109.29 (h) A school district that is a member of an intermediate school district may include
109.30 in its authority under this section the costs associated with leases of administrative and
109.31 classroom space for intermediate school district programs. This authority must not exceed
109.32 \$43 times the adjusted marginal cost pupil units of the member districts. This authority is
109.33 in addition to any other authority authorized under this section.

109.34 (i) In addition to the allowable capital levies in paragraph (a), for taxes payable in
109.35 2012, a district that is a member of the "Technology and Information Education Systems"
109.36 data processing joint board, that finds it economically advantageous to enter into a lease

110.1 ~~purchase~~ agreement ~~for~~ to finance improvements to a building for a group of school
110.2 districts or special school districts for staff development purposes, may levy for its portion
110.3 of lease costs attributed to the district within the total levy limit in paragraph (e). The total
110.4 levy authority under this paragraph shall not exceed \$632,000.

110.5 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012.

110.6 Sec. 7. Laws 1999, chapter 241, article 4, section 25, is amended by adding a
110.7 subdivision to read:

110.8 **Subd. 3. Independent School District No. 284, Wayzata.** Independent School
110.9 District No. 284, Wayzata, is eligible for the alternative facilities revenue program under
110.10 Minnesota Statutes, section 123B.59, for the purposes of financing school facilities
110.11 in the district.

110.12 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2013
110.13 and later.

110.14 Sec. 8. **EARLY REPAYMENT.**

110.15 A school district that received a maximum effort capital loan prior to January 1,
110.16 1997, may repay the full outstanding original principal on its capital loan prior to July 1,
110.17 2012, and the liability of the district on the loan is satisfied and discharged and interest
110.18 on the loan ceases.

110.19 Sec. 9. **HEALTH AND SAFETY POLICY.**

110.20 Notwithstanding Minnesota Statutes, section 123B.57, subdivision 2, a school board
110.21 that has not yet adopted a health and safety policy by September 30, 2011, may submit an
110.22 application for health and safety revenue for taxes payable in 2012 in the form and manner
110.23 specified by the commissioner of education.

110.24 Sec. 10. **APPROPRIATIONS.**

110.25 Subdivision 1. Department of Education. The sums indicated in this section are
110.26 appropriated from the general fund to the Department of Education for the fiscal years
110.27 designated.

110.28 Subd. 2. Health and safety revenue. For health and safety aid according to
110.29 Minnesota Statutes, section 123B.57, subdivision 5:

111.1 \$ 111,000 2012

111.2 \$ 114,000 2013

111.3 The 2012 appropriation includes \$39,000 for 2011 and \$72,000 for 2012.

111.4 The 2013 appropriation includes \$48,000 for 2012 and \$66,000 for 2013.

111.5 Subd. 3. **Debt service equalization.** For debt service aid according to Minnesota
 111.6 Statutes, section 123B.53, subdivision 6:

111.7 \$ 11,022,000 2012

111.8 \$ 19,484,000 2013

111.9 The 2012 appropriation includes \$2,604,000 for 2011 and \$8,418,000 for 2012.

111.10 The 2013 appropriation includes \$5,611,000 for 2012 and \$13,873,000 for 2013.

111.11 Subd. 4. **Alternative facilities bonding aid.** For alternative facilities bonding aid,
 111.12 according to Minnesota Statutes, section 123B.59, subdivision 1:

111.13 \$ 17,359,000 2012

111.14 \$ 19,287,000 2013

111.15 The 2012 appropriation includes \$5,786,000 for 2011 and \$11,573,000 for 2012.

111.16 The 2013 appropriation includes \$7,714,000 for 2012 and \$11,573,000 for 2013.

111.17 Subd. 5. **Equity in telecommunications access.** For equity in telecommunications
 111.18 access:

111.19 \$ 3,750,000 2012

111.20 \$ 3,750,000 2013

111.21 If the appropriation amount is insufficient, the commissioner shall reduce the
 111.22 reimbursement rate in Minnesota Statutes, section 125B.26, subdivisions 4 and 5, and the
 111.23 revenue for fiscal years 2012 and 2013 shall be prorated.

111.24 Any balance in the first year does not cancel but is available in the second year.

111.25 Subd. 6. **Deferred maintenance aid.** For deferred maintenance aid, according to
 111.26 Minnesota Statutes, section 123B.591, subdivision 4:

111.27 \$ 2,234,000 2012

111.28 \$ 2,972,000 2013

111.29 The 2012 appropriation includes \$676,000 for 2011 and \$1,558,000 for 2012.

111.30 The 2013 appropriation includes \$1,038,000 for 2012 and \$1,934,000 for 2013.

112.1 **ARTICLE 5**

112.2 **NUTRITION AND ACCOUNTING**

112.3 Section 1. Minnesota Statutes 2010, section 16A.152, subdivision 2, is amended to
112.4 read:

112.5 Subd. 2. **Additional revenues; priority.** (a) If on the basis of a forecast of general
112.6 fund revenues and expenditures, the commissioner of management and budget determines
112.7 that there will be a positive unrestricted budgetary general fund balance at the close of
112.8 the biennium, the commissioner of management and budget must allocate money to the
112.9 following accounts and purposes in priority order:

112.10 (1) the cash flow account established in subdivision 1 until that account reaches
112.11 \$350,000,000;

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

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

112.18 (4) the amount necessary to restore all or a portion of the net aid reductions under
112.19 section 127A.441 and to reduce the property tax revenue recognition shift under section
112.20 123B.75, subdivision 5, ~~paragraph (a), and Laws 2003, First Special Session chapter 9,~~
112.21 ~~article 5, section 34, as amended by Laws 2003, First Special Session chapter 23, section~~
112.22 ~~20,~~ by the same amount;

112.23 (5) to the state airports fund, the amount necessary to restore the amount transferred
112.24 from the state airports fund under Laws 2008, chapter 363, article 11, section 3,
112.25 subdivision 5; and

112.26 (6) to the fire safety account in the special revenue fund, the amount necessary to
112.27 restore transfers from the account to the general fund made in Laws 2010.

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

112.32 (c) The commissioner of management and budget shall certify the total dollar
112.33 amount of the reductions under paragraph (a), clauses (3) and (4), to the commissioner of
112.34 education. The commissioner of education shall increase the aid payment percentage and

113.1 reduce the property tax shift percentage by these amounts and apply those reductions to
113.2 the current fiscal year and thereafter.

113.3 Sec. 2. Minnesota Statutes 2010, section 123B.75, subdivision 5, is amended to read:

113.4 Subd. 5. **Levy recognition.** (a) For fiscal years 2009 and 2010, in June of each
113.5 year, the school district must recognize as revenue, in the fund for which the levy was
113.6 made, the lesser of:

113.7 (1) the sum of May, June, and July school district tax settlement revenue received in
113.8 that calendar year, plus general education aid according to section 126C.13, subdivision
113.9 4, received in July and August of that calendar year; or

113.10 (2) the sum of:

113.11 (i) 31 percent of the referendum levy certified according to section 126C.17, in
113.12 calendar year 2000; and

113.13 (ii) the entire amount of the levy certified in the prior calendar year according to
113.14 section 124D.86, subdivision 4, for school districts receiving revenue under sections
113.15 124D.86, subdivision 3, clauses (1), (2), and (3); 126C.41, subdivisions 1, 2, paragraph
113.16 (a), and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2; 126C.457; and 126C.48,
113.17 subdivision 6; plus

113.18 (iii) zero percent of the amount of the levy certified in the prior calendar year for the
113.19 school district's general and community service funds, plus or minus auditor's adjustments,
113.20 not including the levy portions that are assumed by the state, that remains after subtracting
113.21 the referendum levy certified according to section 126C.17 and the amount recognized
113.22 according to item (ii).

113.23 (b) For fiscal year 2011 and later years, in June of each year, the school district must
113.24 recognize as revenue, in the fund for which the levy was made, the lesser of:

113.25 (1) the sum of May, June, and July school district tax settlement revenue received in
113.26 that calendar year, plus general education aid according to section 126C.13, subdivision
113.27 4, received in July and August of that calendar year; or

113.28 (2) the sum of:

113.29 (i) the greater of 48.6 percent of the referendum levy certified according to section
113.30 126C.17 in the prior calendar year, or 31 percent of the referendum levy certified
113.31 according to section 126C.17 in calendar year 2000; plus

113.32 (ii) the entire amount of the levy certified in the prior calendar year according to
113.33 section 124D.86, subdivision 4, for school districts receiving revenue under sections
113.34 124D.86, subdivision 3, clauses (1), (2), and (3); 126C.41, subdivisions 1, 2, paragraph

114.1 (a), and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2; 126C.457; and 126C.48,
114.2 subdivision 6; plus

114.3 (iii) 48.6 percent of the amount of the levy certified in the prior calendar year for the
114.4 school district's general and community service funds, plus or minus auditor's adjustments,
114.5 ~~not including the levy portions that are assumed by the state~~, that remains after subtracting
114.6 the referendum levy certified according to section 126C.17 and the amount recognized
114.7 according to item (ii).

114.8 **EFFECTIVE DATE.** This section is effective for fiscal year 2011 and later.

114.9 Sec. 3. Minnesota Statutes 2010, section 124D.11, subdivision 9, is amended to read:

114.10 Subd. 9. **Payment of aids to charter schools.** (a) Notwithstanding section
114.11 127A.45, subdivision 3, if the current year aid payment percentage under section
114.12 127A.45, subdivision 2, paragraph (d), is 90 or greater, aid payments for the current
114.13 fiscal year to a charter school shall be of an equal amount on each of the 24 payment
114.14 dates. Notwithstanding section 127A.45, subdivision 3, if the current year aid payment
114.15 percentage under section 127A.45, subdivision 2, paragraph (d), is less than 90, aid
114.16 payments for the current fiscal year to a charter school shall be of an equal amount on
114.17 each of the 16 payment dates in July through February.

114.18 (b) Notwithstanding paragraph (a) and section 127A.45, for a charter school ceasing
114.19 operation on or prior to June 30 of a school year, for the payment periods occurring after
114.20 the school ceases serving students, the commissioner shall withhold the estimated state aid
114.21 owed the school. The charter school board of directors and authorizer must submit to the
114.22 commissioner a closure plan under chapter 308A or 317A, and financial information about
114.23 the school's liabilities and assets. After receiving the closure plan, financial information,
114.24 an audit of pupil counts, documentation of lease expenditures, and monitoring of special
114.25 education expenditures, the commissioner may release cash withheld and may continue
114.26 regular payments up to the current year payment percentages if further amounts are
114.27 owed. If, based on audits and monitoring, the school received state aid in excess of the
114.28 amount owed, the commissioner shall retain aid withheld sufficient to eliminate the aid
114.29 overpayment. For a charter school ceasing operations prior to, or at the end of, a school
114.30 year, notwithstanding section 127A.45, subdivision 3, preliminary final payments may
114.31 be made after receiving the closure plan, audit of pupil counts, monitoring of special
114.32 education expenditures, documentation of lease expenditures, and school submission of
114.33 Uniform Financial Accounting and Reporting Standards (UFARS) financial data for the
114.34 final year of operation. Final payment may be made upon receipt of audited financial
114.35 statements under section 123B.77, subdivision 3.

115.1 (c) If a charter school fails to comply with the commissioner's directive to return,
115.2 for cause, federal or state funds administered by the department, the commissioner may
115.3 withhold an amount of state aid sufficient to satisfy the directive.

115.4 (d) If, within the timeline under section 471.425, a charter school fails to pay the state
115.5 of Minnesota, a school district, intermediate school district, or service cooperative after
115.6 receiving an undisputed invoice for goods and services, the commissioner may withhold
115.7 an amount of state aid sufficient to satisfy the claim and shall distribute the withheld
115.8 aid to the interested state agency, school district, intermediate school district, or service
115.9 cooperative. An interested state agency, school district, intermediate school district, or
115.10 education cooperative shall notify the commissioner when a charter school fails to pay an
115.11 undisputed invoice within 75 business days of when it received the original invoice.

115.12 (e) Notwithstanding section 127A.45, subdivision 3, and paragraph (a), 80 percent
115.13 of the start-up cost aid under subdivision 8 shall be paid within 45 days after the first day
115.14 of student attendance for that school year.

115.15 (f) In order to receive state aid payments under this subdivision, a charter school in
115.16 its first three years of operation must submit a school calendar in the form and manner
115.17 requested by the department and a quarterly report to the Department of Education. The
115.18 report must list each student by grade, show the student's start and end dates, if any,
115.19 with the charter school, and for any student participating in a learning year program,
115.20 the report must list the hours and times of learning year activities. The report must be
115.21 submitted not more than two weeks after the end of the calendar quarter to the department.
115.22 The department must develop a Web-based reporting form for charter schools to use
115.23 when submitting enrollment reports. A charter school in its fourth and subsequent year of
115.24 operation must submit a school calendar and enrollment information to the department in
115.25 the form and manner requested by the department.

115.26 (g) Notwithstanding sections 317A.701 to 317A.791, upon closure of a charter
115.27 school and satisfaction of creditors, cash and investment balances remaining shall be
115.28 returned to the state.

115.29 Sec. 4. Minnesota Statutes 2010, section 127A.42, subdivision 2, is amended to read:

115.30 Subd. 2. **Violations of law.** The commissioner may reduce or withhold the district's
115.31 state aid for any school year whenever the board of the district authorizes or permits
115.32 violations of law within the district by:

115.33 (1) employing a teacher who does not hold a valid teaching license or permit in a
115.34 public school;

116.1 (2) noncompliance with a mandatory rule of general application promulgated by the
116.2 commissioner in accordance with statute, unless special circumstances make enforcement
116.3 inequitable, impose an extraordinary hardship on the district, or the rule is contrary to
116.4 the district's best interests;

116.5 (3) the district's continued performance of a contract made for the rental of rooms
116.6 or buildings for school purposes or for the rental of any facility owned or operated by or
116.7 under the direction of any private organization, if the contract has been disapproved, the
116.8 time for review of the determination of disapproval has expired, and no proceeding for
116.9 review is pending;

116.10 (4) any practice which is a violation of sections 1 and 2 of article 13 of the
116.11 Constitution of the state of Minnesota;

116.12 (5) failure to reasonably provide for a resident pupil's school attendance under
116.13 Minnesota Statutes;

116.14 (6) noncompliance with state laws prohibiting discrimination because of race,
116.15 color, creed, religion, national origin, sex, age, marital status, status with regard to
116.16 public assistance or disability, as defined in sections 363A.08 to 363A.19 and 363A.28,
116.17 subdivision 10; or

116.18 (7) using funds contrary to the statutory purpose of the funds.

116.19 The reduction or withholding must be made in the amount and upon the procedure
116.20 provided in this section, or, in the case of the violation stated in clause (1), upon the
116.21 procedure provided in section 127A.43.

116.22 Sec. 5. Minnesota Statutes 2010, section 127A.43, is amended to read:

116.23 **127A.43 DISTRICT EMPLOYMENT OF UNLICENSED TEACHERS; AID**
116.24 **REDUCTION.**

116.25 When a district employs one or more teachers who do not hold a valid teaching
116.26 license, state aid shall be ~~withheld~~ reduced in the proportion that the number of such
116.27 teachers is to the total number of teachers employed by the district, multiplied by 60
116.28 percent of the basic revenue, as defined in section 126C.10, subdivision 2, of the district
116.29 for the year in which the employment occurred.

116.30 Sec. 6. Minnesota Statutes 2010, section 127A.441, is amended to read:

116.31 **127A.441 AID REDUCTION; LEVY REVENUE RECOGNITION CHANGE.**

116.32 (a) Each year, the state aids payable to any school district for that fiscal year that are
116.33 recognized as revenue in the school district's general and community service funds shall

117.1 be adjusted by an amount equal to (1) the amount the district recognized as revenue for the
117.2 prior fiscal year pursuant to section 123B.75, subdivision 5, paragraph (a) or (b), minus (2)
117.3 the amount the district recognized as revenue for the current fiscal year pursuant to section
117.4 123B.75, subdivision 5, paragraph (a) or (b). For purposes of making the aid adjustments
117.5 under this section, the amount the district recognizes as revenue for either the prior fiscal
117.6 year or the current fiscal year pursuant to section 123B.75, subdivision 5, paragraph (b),
117.7 shall not include any amount levied pursuant to section 124D.86, subdivision 4, for school
117.8 districts receiving revenue under sections 124D.86, subdivision 3, clauses (1), (2), and (3);
117.9 126C.41, subdivisions 1, 2, and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2;
117.10 126C.457; and 126C.48, subdivision 6. Payment from the permanent school fund shall
117.11 not be adjusted pursuant to this section.

117.12 (b) The commissioner shall schedule the timing of the adjustments under paragraph
117.13 (a) as close to the end of the fiscal year as possible.

117.14 The school district shall be notified of the amount of the adjustment made to each
117.15 payment pursuant to this section.

117.16 **EFFECTIVE DATE.** This section is effective for fiscal year 2011 and later.

117.17 Sec. 7. Minnesota Statutes 2010, section 127A.45, subdivision 2, is amended to read:

117.18 Subd. 2. **Definitions.** (a) "Other district receipts" means payments by county
117.19 treasurers pursuant to section 276.10, apportionments from the school endowment fund
117.20 pursuant to section 127A.33, apportionments by the county auditor pursuant to section
117.21 127A.34, subdivision 2, and payments to school districts by the commissioner of revenue
117.22 pursuant to chapter 298.

117.23 (b) "Cumulative amount guaranteed" means the product of

117.24 (1) the cumulative disbursement percentage shown in subdivision 3; times

117.25 (2) the sum of

117.26 (i) the current year aid payment percentage of the estimated aid and credit
117.27 entitlements paid according to subdivision 13; plus

117.28 (ii) 100 percent of the entitlements paid according to subdivisions 11 and 12; plus

117.29 (iii) the other district receipts.

117.30 (c) "Payment date" means the date on which state payments to districts are made
117.31 by the electronic funds transfer method. If a payment date falls on a Saturday, a Sunday,
117.32 or a weekday which is a legal holiday, the payment shall be made on the immediately
117.33 preceding business day. The commissioner may make payments on dates other than
117.34 those listed in subdivision 3, but only for portions of payments from any preceding

118.1 payment dates which could not be processed by the electronic funds transfer method due
118.2 to documented extenuating circumstances.

118.3 (d) The current year aid payment percentage equals 73 in fiscal year 2010; and 70 in
118.4 fiscal year 2011, and ~~90~~ 60 in fiscal years 2012 and later.

118.5 Sec. 8. Minnesota Statutes 2010, section 127A.45, subdivision 3, is amended to read:

118.6 Subd. 3. **Payment dates and percentages.** (a) The commissioner shall pay to a
118.7 district on the dates indicated an amount computed as follows: the cumulative amount
118.8 guaranteed minus the sum of (1) the district's other district receipts through the current
118.9 payment, and (2) the aid and credit payments through the immediately preceding payment.
118.10 For purposes of this computation, the payment dates and the cumulative disbursement
118.11 percentages are as follows:

	Payment date	Percentage
118.12		
118.13	Payment 1 July 15:	5.5
118.14	Payment 2 July 30:	8.0
118.15	Payment 3 August 15:	17.5
118.16	Payment 4 August 30:	20.0
118.17	Payment 5 September 15:	22.5
118.18	Payment 6 September 30:	25.0
118.19	Payment 7 October 15:	27.0
118.20	Payment 8 October 30:	30.0
118.21	Payment 9 November 15:	32.5
118.22	Payment 10 November 30:	36.5
118.23	Payment 11 December 15:	42.0
118.24	Payment 12 December 30:	45.0
118.25	Payment 13 January 15:	50.0
118.26	Payment 14 January 30:	54.0
118.27	Payment 15 February 15:	58.0
118.28	Payment 16 February 28:	63.0
118.29	Payment 17 March 15:	68.0
118.30	Payment 18 March 30:	74.0
118.31	Payment 19 April 15:	78.0
118.32	Payment 20 April 30:	85.0
118.33	Payment 21 May 15:	90.0
118.34	Payment 22 May 30:	95.0
118.35	Payment 23 June 20:	100.0

118.36 (b) In addition to the amounts paid under paragraph (a), the commissioner shall pay
118.37 to a school district on the dates indicated an amount computed as follows:

119.1	Payment 3	August 15: the final adjustment for the prior fiscal year for the state paid
119.2		property tax credits established in section 273.1392

119.3	Payment 4	August 30: 30 percent of the final adjustment for the prior fiscal year for
119.4		all aid entitlements except state paid property tax credits

119.5	Payment 6	September 30: 40 percent of the final adjustment for the prior fiscal year
119.6		for all aid entitlements except state paid property tax credits

119.7	Payment 8	October 30: 30 percent of the final adjustment for the prior fiscal year
119.8		for all aid entitlements except state paid property tax credits

119.9 (c) In addition to the amounts paid under paragraph (a), the commissioner shall pay
119.10 to a charter school on the dates indicated an amount computed as follows:

119.11	<u>Payment 1</u>	<u>July 15: 75 percent of the final adjustment for the prior fiscal year for</u>
119.12		<u>all aid entitlements</u>

119.13	<u>Payment 8</u>	<u>October 30: 25 percent of the final adjustment for the prior fiscal year</u>
119.14		for all aid entitlements

119.15 Sec. 9. Minnesota Statutes 2010, section 127A.45, is amended by adding a subdivision
119.16 to read:

119.17 Subd. 17. **Payment to creditors.** Except where otherwise specifically authorized,
119.18 state education aid payments shall be made only to the school district, charter school, or
119.19 other education organization earning state aid revenues as a result of providing education
119.20 services.

119.21 **Sec. 10. LEVY AID RECOGNITION TIMING.**

119.22 Notwithstanding Minnesota Statutes, section 127A.441, paragraph (b), the
119.23 commissioner of education shall schedule the portion of the aid adjustment for fiscal year
119.24 2011 attributable to the exclusion of levy portions assumed by the state from the levy
119.25 recognition calculation under Minnesota Statutes, section 123B.75, subdivision 5, to occur
119.26 with the final payment for fiscal year 2011 made on October 30, 2011.

119.27 **Sec. 11. FUND TRANSFER; FISCAL YEARS 2012 AND 2013 ONLY.**

119.28 (a) Notwithstanding Minnesota Statutes, section 123B.80, subdivision 3, for fiscal
119.29 years 2012 and 2013 only, the commissioner must approve a request for a fund transfer
119.30 if the transfer does not increase state aid obligations to the district or result in additional
119.31 property tax authority for the district. This section does not permit transfers from the
119.32 community service fund or the food service fund.

119.33 (b) A school board may approve a fund transfer under paragraph (a) only after
119.34 adopting a resolution stating the fund transfer will not diminish instructional opportunities
119.35 for students.

120.1 Sec. 12. **APPROPRIATIONS.**

121.1 ~~provided for operation of library or media services below the level of support provided in~~
121.2 ~~the preceding year.~~

121.3 **EFFECTIVE DATE.** This section is effective for revenue retroactive to fiscal
121.4 year 2011 and later.

121.5 Sec. 2. **APPROPRIATIONS.**

121.6 Subdivision 1. **Department of Education.** The sums indicated in this section are
121.7 appropriated from the general fund to the Department of Education for the fiscal years
121.8 designated.

121.9 Subd. 2. **Basic system support.** For basic system support grants under Minnesota
121.10 Statutes, section 134.355:

121.11 \$ 12,213,000 2012

121.12 \$ 13,570,000 2013

121.13 The 2012 appropriation includes \$4,071,000 for 2011 and \$8,142,000 for 2012.

121.14 The 2013 appropriation includes \$5,428,000 for 2012 and \$8,142,000 for 2013.

121.15 Subd. 3. **Multicounty, multitype library systems.** For grants under Minnesota
121.16 Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

121.17 \$ 1,170,000 2012

121.18 \$ 1,300,000 2013

121.19 The 2012 appropriation includes \$390,000 for 2011 and \$780,000 for 2012.

121.20 The 2013 appropriation includes \$520,000 for 2012 and \$780,000 for 2013.

121.21 Subd. 4. **Electronic library for Minnesota.** For statewide licenses to online
121.22 databases selected in cooperation with the Minnesota Office of Higher Education for
121.23 school media centers, public libraries, state government agency libraries, and public
121.24 or private college or university libraries:

121.25 \$ 900,000 2012

121.26 \$ 900,000 2013

121.27 Any balance in the first year does not cancel but is available in the second year.

121.28 Subd. 5. **Regional library telecommunications aid.** For regional library
121.29 telecommunications aid under Minnesota Statutes, section 134.355:

121.30 \$ 2,070,000 2012

121.31 \$ 2,300,000 2013

121.32 The 2012 appropriation includes \$690,000 for 2011 and \$1,380,000 for 2012.

122.1 The 2013 appropriation includes \$920,000 for 2012 and \$1,380,000 for 2013.

123.1 literacy achievement gap by the end of third grade, partnership members must agree to use
 123.2 best efforts and practices and to work collaboratively to implement a seamless literacy
 123.3 model from age three to grade 3, consistent with paragraph (a). Literacy programs under
 123.4 this paragraph must collect and use literacy data to:

- 123.5 (1) evaluate children's literacy skills; and
 123.6 (2) formulate specific intervention strategies to provide reading instruction to
 123.7 children premised on the outcomes of formative and summative assessments and
 123.8 research-based indicators of literacy development.

123.9 The literacy programs under this paragraph also must train teachers and other
 123.10 providers working with children to use the assessment outcomes under clause (2) to
 123.11 develop and use effective, long-term literacy coaching models that are specific to the
 123.12 program providers.

123.13 ~~(c) The commissioner must collect and evaluate literacy data on children from age~~
 123.14 ~~three to grade 3 who participate in literacy programs under this section to determine the~~
 123.15 ~~efficacy of early literacy programs on children's success in developing the literacy skills~~
 123.16 ~~that they need for long-term academic success and the programs' success in closing the~~
 123.17 ~~literacy achievement gap. Annually by February 1, the commissioner must report to~~
 123.18 ~~the education policy and finance committees of the legislature on the ongoing impact~~
 123.19 ~~of these programs.~~

123.20 Sec. 2. **APPROPRIATIONS.**

123.21 Subdivision 1. **Department of Education.** The sums indicated in this section are
 123.22 appropriated from the general fund to the Department of Education for the fiscal years
 123.23 designated.

123.24 Subd. 2. **School readiness.** For revenue for school readiness programs under
 123.25 Minnesota Statutes, sections 124D.15 and 124D.16:

123.26 \$ 9,085,000 2012
 123.27 \$ 10,095,000 2013

123.28 The 2012 appropriation includes \$3,028,000 for 2011 and \$6,057,000 for 2012.
 123.29 The 2013 appropriation includes \$4,038,000 for 2012 and \$6,057,000 for 2013.

123.30 Subd. 3. **Early childhood family education aid.** For early childhood family
 123.31 education aid under Minnesota Statutes, section 124D.135:

123.32 \$ 20,191,000 2012
 123.33 \$ 22,977,000 2013

123.34 The 2012 appropriation includes \$6,542,000 for 2011 and \$13,649,000 for 2012.

124.1 The 2013 appropriation includes \$9,099,000 for 2012 and \$13,878,000 for 2013.

124.2 Subd. 4. **Health and developmental screening aid.** For health and developmental
 124.3 screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

124.4 \$ 3,211,000 2012

124.5 \$ 3,550,000 2013

124.6 The 2012 appropriation includes \$1,066,000 for 2011 and \$2,145,000 for 2012.

124.7 The 2013 appropriation includes \$1,429,000 for 2012 and \$2,121,000 for 2013.

124.8 Subd. 5. **Head Start program.** For Head Start programs under Minnesota Statutes,
 124.9 section 119A.52:

124.10 \$ 20,100,000 2012

124.11 \$ 20,100,000 2013

124.12 Subd. 6. **Educate parents partnership.** For the educate parents partnership under
 124.13 Minnesota Statutes, section 124D.129:

124.14 \$ 49,000 2012

124.15 \$ 49,000 2013

124.16 Subd. 7. **Kindergarten entrance assessment initiative and intervention**
 124.17 **program.** For the kindergarten entrance assessment initiative and intervention program
 124.18 under Minnesota Statutes, section 124D.162:

124.19 \$ 281,000 2012

124.20 \$ 281,000 2013

124.21 Subd. 8. **Early childhood education scholarships.** For grants to early childhood
 124.22 education scholarships for public or private early childhood preschool programs for
 124.23 children ages 3 to 5:

124.24 \$ 4,000,000 2013

124.25 (a) All children whose parents or legal guardians meet the eligibility requirements
 124.26 of paragraph (b) established by the commissioner are eligible to receive early childhood
 124.27 education scholarships under this section.

124.28 (b) A parent or legal guardian is eligible for an early childhood education scholarship
 124.29 if the parent or legal guardian:

124.30 (1) has a child three or four years of age on September 1, beginning in calendar
 124.31 year 2012; and

124.32 (2)(i) has income equal to or less than 47 percent of the state median income in the
 124.33 current calendar year; or

125.1 (ii) can document their child's identification through another public funding
125.2 eligibility process, including the Free and Reduced Price Lunch Program, National School
125.3 Lunch Act, United States Code, title 42, section 1751, part 210; Head Start under federal
125.4 Improving Head Start for School Readiness Act of 2007; Minnesota family investment
125.5 program under chapter 256J; and child care assistance programs under chapter 119B.

125.6 Each year, if this appropriation is insufficient to provide early childhood education
125.7 scholarships to all eligible children, the Department of Education shall make scholarships
125.8 available on a first-come, first-served basis.

125.9 The commissioner of education shall submit a written report to the education
125.10 committees of the legislature by January 15, 2012, describing its plan for implementation
125.11 of scholarships under this subdivision for the 2012-2013 school year.

125.12 Any balance in the first year does not cancel but is available in the second year.

125.13 The base for this program is \$2,000,000 each year.

125.14 **ARTICLE 8**

125.15 **PREVENTION**

125.16 Section 1. Minnesota Statutes 2010, section 124D.19, subdivision 3, is amended to
125.17 read:

125.18 Subd. 3. **Community education director.** (a) Except as provided under paragraphs
125.19 (b) and (c), each board shall employ a licensed community education director. The board
125.20 shall submit the name of the person who is serving as director of community education
125.21 under this section on the district's annual community education report to the commissioner.

125.22 (b) A board may apply to the Minnesota Board of School Administrators under
125.23 Minnesota Rules, part 3512.3500, subpart 9, for authority to use an individual who is not
125.24 licensed as a community education director.

125.25 (c) A board of a district with a total population of ~~2,000~~ 6,000 or less may identify
125.26 an employee who holds a valid ~~Minnesota principal or superintendent~~ license under
125.27 Minnesota Rules, chapter 3512, to serve as director of community education. To be
125.28 eligible for an exception under this paragraph, the board shall certify in writing to the
125.29 commissioner that the district has not placed a licensed director of community education
125.30 on unrequested leave. A principal serving as a community education director under this
125.31 paragraph on June 1, 2011, may continue to serve in that capacity.

125.32 Sec. 2. **APPROPRIATION.**

126.1

Subdivision 1. **Department of Education.** The sums indicated in this section are

126.2

appropriated from the general fund to the Department of Education for the fiscal years

126.3

designated.

126.4

Subd. 2. **Community education aid.** For community education aid under

126.5

Minnesota Statutes, section 124D.20:

126.6

\$	<u>429,000</u>	<u>.....</u>	<u>2012</u>
\$	<u>665,000</u>	<u>.....</u>	<u>2013</u>

126.8

The 2012 appropriation includes \$134,000 for 2011 and \$295,000 for 2012.

126.9

The 2013 appropriation includes \$196,000 for 2012 and \$469,000 for 2013.

126.10

Subd. 3. **Adults with disabilities program aid.** For adults with disabilities

126.11

programs under Minnesota Statutes, section 124D.56:

126.12

\$	<u>639,000</u>	<u>.....</u>	<u>2012</u>
\$	<u>710,000</u>	<u>.....</u>	<u>2013</u>

126.14

The 2012 appropriation includes \$213,000 for 2011 and \$426,000 for 2012.

126.15

The 2013 appropriation includes \$284,000 for 2012 and \$426,000 for 2013.

126.16

Subd. 4. **Hearing-impaired adults.** For programs for hearing-impaired adults

126.17

under Minnesota Statutes, section 124D.57:

126.18

\$	<u>70,000</u>	<u>.....</u>	<u>2012</u>
\$	<u>70,000</u>	<u>.....</u>	<u>2013</u>

126.20

Subd. 5. **School-age care revenue.** For extended day aid under Minnesota Statutes,

126.21

section 124D.22:

126.22

\$	<u>1,000</u>	<u>.....</u>	<u>2012</u>
\$	<u>1,000</u>	<u>.....</u>	<u>2013</u>

126.24

The 2012 appropriation includes \$0 for 2011 and \$1,000 for 2012.

126.25

The 2013 appropriation includes \$0 for 2012 and \$1,000 for 2013.

126.26

ARTICLE 9

126.27

SELF-SUFFICIENCY AND LIFELONG LEARNING

126.28

Section 1. Minnesota Statutes 2010, section 124D.531, subdivision 1, is amended to

126.29

read:

126.30

Subdivision 1. **State total adult basic education aid.** (a) ~~The state total adult basic~~

126.31

~~education aid for fiscal year 2005 is \$36,509,000. The state total adult basic education~~

126.32

~~aid for fiscal year 2006 equals \$36,587,000 plus any amount that is not paid for during~~

127.1 ~~the previous fiscal year, as a result of adjustments under subdivision 4, paragraph (a), or~~
 127.2 ~~section 124D.52, subdivision 3. The state total adult basic education aid for fiscal year~~
 127.3 ~~2007 equals \$37,673,000 plus any amount that is not paid for during the previous fiscal~~
 127.4 ~~year, as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52,~~
 127.5 ~~subdivision 3. The state total adult basic education aid for fiscal year 2008~~ 2011 equals
 127.6 ~~\$40,650,000~~ \$44,419,000, plus any amount that is not paid during the previous fiscal
 127.7 year as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52,
 127.8 subdivision 3. The state total adult basic education aid for later fiscal years equals:

127.9 (1) the state total adult basic education aid for the preceding fiscal year plus any
 127.10 amount that is not paid for during the previous fiscal year, as a result of adjustments under
 127.11 subdivision 4, paragraph (a), or section 124D.52, subdivision 3; times

127.12 (2) the lesser of:

127.13 (i) ~~1.03~~ 1.02; or

127.14 (ii) the average growth in state total contact hours over the prior ten program years.

127.15 Beginning in fiscal year 2002, two percent of the state total adult basic education
 127.16 aid must be set aside for adult basic education supplemental service grants under section
 127.17 124D.522.

127.18 (b) The state total adult basic education aid, excluding basic population aid, equals
 127.19 the difference between the amount computed in paragraph (a), and the state total basic
 127.20 population aid under subdivision 2.

127.21 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2012
 127.22 and later.

127.23 Sec. 2. Minnesota Statutes 2010, section 124D.531, subdivision 4, is amended to read:

127.24 Subd. 4. **Adult basic education program aid limit.** (a) Notwithstanding
 127.25 subdivisions 2 and 3, the total adult basic education aid for a program per prior year
 127.26 contact hour must not exceed \$22 per prior year contact hour computed under subdivision
 127.27 3, clause (2).

127.28 (b) ~~For fiscal year 2006 and fiscal year 2007, the aid for a program under subdivision~~
 127.29 ~~3, clause (2), adjusted for changes in program membership, must not exceed the aid for~~
 127.30 ~~that program under subdivision 3, clause (2), for the first preceding fiscal year by more~~
 127.31 ~~than the greater of eight percent or \$10,000.~~

127.32 (c) ~~For fiscal year 2008, the aid for a program under subdivision 3, clause (2),~~
 127.33 ~~adjusted for changes in program membership, shall not be limited.~~

127.34 (d) ~~For fiscal year 2009 and later,~~ The aid for a program under subdivision 3,
 127.35 clause (2), adjusted for changes in program membership, must not exceed the aid for

128.1 that program under subdivision 3, clause (2), for the first preceding fiscal year by more
 128.2 than the greater of 11 percent or \$10,000.

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

128.5 ~~(d)~~ (d) Any adult basic education aid that is not paid to a program because of the
 128.6 program aid limitation under paragraph (a) must be added to the state total adult basic
 128.7 education aid for the next fiscal year under subdivision 1. Any adult basic education aid
 128.8 that is not paid to a program because of the program aid limitations under paragraph
 128.9 (b), ~~(c)~~, or ~~(d)~~, must be reallocated among programs by adjusting the rate per contact hour
 128.10 under subdivision 3, clause (2).

128.11 Sec. 3. **APPROPRIATIONS.**

128.12 Subdivision 1. **Department of Education.** The sums indicated in this section are
 128.13 appropriated from the general fund to the Department of Education for the fiscal years
 128.14 designated.

128.15 Subd. 2. **Adult basic education aid.** For adult basic education aid under Minnesota
 128.16 Statutes, section 124D.531:

128.17 \$ 40,545,000 2012

128.18 \$ 45,842,000 2013

128.19 The 2012 appropriation includes \$13,365,000 for 2011 and \$27,180,000 for 2012.

128.20 The 2013 appropriation includes \$18,119,000 for 2012 and \$27,723,000 for 2013.

128.21 Subd. 3. **GED tests.** For payment of 60 percent of the costs of GED tests under
 128.22 Minnesota Statutes, section 124D.55:

128.23 \$ 125,000 2012

128.24 \$ 125,000 2013

128.25 **ARTICLE 10**

128.26 **STUDENT TRANSPORTATION**

128.27 Section 1. Minnesota Statutes 2010, section 123B.88, subdivision 13, is amended to
 128.28 read:

128.29 Subd. 13. **Area learning center pupils between buildings.** Districts may provide
 128.30 between-building bus transportation along school bus routes when space is available, for
 128.31 pupils attending programs at an area learning center. The transportation is ~~only~~ permitted
 128.32 between schools ~~and~~ if it does not increase the district's expenditures for transportation.

129.1 The cost of these services shall be considered part of the authorized cost for nonregular
129.2 transportation for the purpose of section 123B.92.

129.3 Sec. 2. Minnesota Statutes 2010, section 123B.92, subdivision 1, is amended to read:

129.4 Subdivision 1. **Definitions.** For purposes of this section and section 125A.76, the
129.5 terms defined in this subdivision have the meanings given to them.

129.6 (a) "Actual expenditure per pupil transported in the regular and excess transportation
129.7 categories" means the quotient obtained by dividing:

129.8 (1) the sum of:

129.9 (i) all expenditures for transportation in the regular category, as defined in paragraph

129.10 (b), clause (1), and the excess category, as defined in paragraph (b), clause (2), plus

129.11 (ii) an amount equal to one year's depreciation on the district's school bus fleet

129.12 and mobile units computed on a straight line basis at the rate of 15 percent per year for

129.13 districts operating a program under section 124D.128 for grades 1 to 12 for all students in

129.14 the district and 12-1/2 percent per year for other districts of the cost of the fleet, plus

129.15 (iii) an amount equal to one year's depreciation on the district's type III vehicles, as

129.16 defined in section 169.011, subdivision 71, which must be used a majority of the time for

129.17 pupil transportation purposes, computed on a straight line basis at the rate of 20 percent

129.18 per year of the cost of the type three school buses by:

129.19 (2) the number of pupils eligible for transportation in the regular category, as defined

129.20 in paragraph (b), clause (1), and the excess category, as defined in paragraph (b), clause (2).

129.21 (b) "Transportation category" means a category of transportation service provided to
129.22 pupils as follows:

129.23 (1) Regular transportation is:

129.24 (i) transportation to and from school during the regular school year for resident

129.25 elementary pupils residing one mile or more from the public or nonpublic school they

129.26 attend, and resident secondary pupils residing two miles or more from the public

129.27 or nonpublic school they attend, excluding desegregation transportation and noon

129.28 kindergarten transportation; but with respect to transportation of pupils to and from

129.29 nonpublic schools, only to the extent permitted by sections 123B.84 to 123B.87;

129.30 (ii) transportation of resident pupils to and from language immersion programs;

129.31 (iii) transportation of a pupil who is a custodial parent and that pupil's child between

129.32 the pupil's home and the child care provider and between the provider and the school, if

129.33 the home and provider are within the attendance area of the school;

129.34 (iv) transportation to and from or board and lodging in another district, of resident

129.35 pupils of a district without a secondary school; and

130.1 (v) transportation to and from school during the regular school year required under
130.2 subdivision 3 for nonresident elementary pupils when the distance from the attendance
130.3 area border to the public school is one mile or more, and for nonresident secondary pupils
130.4 when the distance from the attendance area border to the public school is two miles or
130.5 more, excluding desegregation transportation and noon kindergarten transportation.

130.6 For the purposes of this paragraph, a district may designate a licensed day care
130.7 facility, school day care facility, respite care facility, the residence of a relative, or the
130.8 residence of a person chosen by the pupil's parent or guardian, or an after-school program
130.9 for children operated by a political subdivision of the state, as the home of a pupil for
130.10 part or all of the day, if requested by the pupil's parent or guardian, and if that facility,
130.11 residence, or program is within the attendance area of the school the pupil attends.

130.12 (2) Excess transportation is:

130.13 (i) transportation to and from school during the regular school year for resident
130.14 secondary pupils residing at least one mile but less than two miles from the public or
130.15 nonpublic school they attend, and transportation to and from school for resident pupils
130.16 residing less than one mile from school who are transported because of extraordinary
130.17 traffic, drug, or crime hazards; and

130.18 (ii) transportation to and from school during the regular school year required under
130.19 subdivision 3 for nonresident secondary pupils when the distance from the attendance area
130.20 border to the school is at least one mile but less than two miles from the public school
130.21 they attend, and for nonresident pupils when the distance from the attendance area border
130.22 to the school is less than one mile from the school and who are transported because of
130.23 extraordinary traffic, drug, or crime hazards.

130.24 (3) Desegregation transportation is transportation within and outside of the district
130.25 during the regular school year of pupils to and from schools located outside their normal
130.26 attendance areas under a plan for desegregation mandated by the commissioner or under
130.27 court order.

130.28 (4) "Transportation services for pupils with disabilities" is:

130.29 (i) transportation of pupils with disabilities who cannot be transported on a regular
130.30 school bus between home or a respite care facility and school;

130.31 (ii) necessary transportation of pupils with disabilities from home or from school to
130.32 other buildings, including centers such as developmental achievement centers, hospitals,
130.33 and treatment centers where special instruction or services required by sections 125A.03
130.34 to 125A.24, 125A.26 to 125A.48, and 125A.65 are provided, within or outside the district
130.35 where services are provided;

131.1 (iii) necessary transportation for resident pupils with disabilities required by sections
131.2 125A.12, and 125A.26 to 125A.48;

131.3 (iv) board and lodging for pupils with disabilities in a district maintaining special
131.4 classes;

131.5 (v) transportation from one educational facility to another within the district for
131.6 resident pupils enrolled on a shared-time basis in educational programs, and necessary
131.7 transportation required by sections 125A.18, and 125A.26 to 125A.48, for resident pupils
131.8 with disabilities who are provided special instruction and services on a shared-time basis
131.9 or if resident pupils are not transported, the costs of necessary travel between public
131.10 and private schools or neutral instructional sites by essential personnel employed by the
131.11 district's program for children with a disability;

131.12 (vi) transportation for resident pupils with disabilities to and from board and lodging
131.13 facilities when the pupil is boarded and lodged for educational purposes; ~~and~~

131.14 (vii) transportation of pupils for a curricular field trip activity on a school bus
131.15 equipped with a power lift when the power lift is required by a student's disability or
131.16 section 504 plan; and

131.17 (viii) services described in clauses (i) to ~~(vi)~~ (vii), when provided for pupils with
131.18 disabilities in conjunction with a summer instructional program that relates to the pupil's
131.19 individual education plan or in conjunction with a learning year program established
131.20 under section 124D.128.

131.21 For purposes of computing special education initial aid under section 125A.76,
131.22 subdivision 2, the cost of providing transportation for children with disabilities includes
131.23 (A) the additional cost of transporting a homeless student from a temporary nonshelter
131.24 home in another district to the school of origin, or a formerly homeless student from a
131.25 permanent home in another district to the school of origin but only through the end of the
131.26 academic year; and (B) depreciation on district-owned school buses purchased after July 1,
131.27 2005, and used primarily for transportation of pupils with disabilities, calculated according
131.28 to paragraph (a), clauses (ii) and (iii). Depreciation costs included in the disabled
131.29 transportation category must be excluded in calculating the actual expenditure per pupil
131.30 transported in the regular and excess transportation categories according to paragraph (a).

131.31 (5) "Nonpublic nonregular transportation" is:

131.32 (i) transportation from one educational facility to another within the district for
131.33 resident pupils enrolled on a shared-time basis in educational programs, excluding
131.34 transportation for nonpublic pupils with disabilities under clause (4);

132.1 (ii) transportation within district boundaries between a nonpublic school and a
 132.2 public school or a neutral site for nonpublic school pupils who are provided pupil support
 132.3 services pursuant to section 123B.44; and

132.4 (iii) late transportation home from school or between schools within a district for
 132.5 nonpublic school pupils involved in after-school activities.

132.6 (c) "Mobile unit" means a vehicle or trailer designed to provide facilities for
 132.7 educational programs and services, including diagnostic testing, guidance and counseling
 132.8 services, and health services. A mobile unit located off nonpublic school premises is a
 132.9 neutral site as defined in section 123B.41, subdivision 13.

132.10 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2012
 132.11 and later.

132.12 Sec. 3. Minnesota Statutes 2010, section 123B.92, subdivision 5, is amended to read:

132.13 Subd. 5. **District reports.** (a) Each district must report data to the department as
 132.14 required by the department to account for transportation expenditures.

132.15 (b) Salaries and fringe benefits of district employees whose primary duties are
 132.16 other than transportation, including central office administrators and staff, building
 132.17 administrators and staff, teachers, social workers, school nurses, and instructional aides,
 132.18 must not be included in a district's transportation expenditures, except that a district may
 132.19 include salaries and benefits according to paragraph (c) for (1) an employee designated
 132.20 as the district transportation director, (2) an employee providing direct support to the
 132.21 transportation director, or (3) an employee providing direct transportation services such as
 132.22 a bus driver or bus aide.

132.23 (c) Salaries and fringe benefits of the district employees listed in paragraph (b),
 132.24 clauses (1), (2), and (3), who work part time in transportation and part time in other areas
 132.25 must not be included in a district's transportation expenditures unless the district maintains
 132.26 documentation of the employee's time spent on pupil transportation matters in the form
 132.27 and manner prescribed by the department.

132.28 (d) Pupil transportation expenditures, excluding expenditures for capital outlay,
 132.29 leased buses, student board and lodging, crossing guards, and aides on buses, must be
 132.30 allocated among transportation categories based on cost-per-mile, or cost-per-student;
 132.31 ~~cost-per-hour, or cost-per-route~~, regardless of whether the transportation services are
 132.32 provided on district-owned or contractor-owned school buses. Expenditures for school
 132.33 bus driver salaries and fringe benefits may either be directly charged to the appropriate
 132.34 transportation category or may be allocated among transportation categories based
 132.35 on cost-per-mile, or cost-per-student, ~~cost-per-hour, or cost-per-route~~. Expenditures

133.1 by private contractors or individuals who provide transportation exclusively in one
 133.2 transportation category must be charged directly to the appropriate transportation category.
 133.3 Transportation services provided by contractor-owned school bus companies incorporated
 133.4 under different names but owned by the same individual or group of individuals must be
 133.5 treated as the same company for cost allocation purposes.

133.6 (e) Notwithstanding paragraph (d), districts contracting for transportation services
 133.7 are exempt from the standard cost allocation method for authorized and nonauthorized
 133.8 transportation categories if the district: (1) bids its contracts separately for authorized
 133.9 and nonauthorized transportation categories and for special transportation separate from
 133.10 regular and excess transportation; (2) receives bids or quotes from more than one vendor
 133.11 for these transportation categories; and (3) the district's cost-per-mile does not vary
 133.12 more than ten percent among categories, excluding salaries and fringe benefits of bus
 133.13 aides. If the costs reported by the district for contractor-owned operations vary by more
 133.14 than ten percent among categories, the department shall require the district to reallocate
 133.15 its transportation costs, excluding salaries and fringe benefits of bus aides, among all
 133.16 categories.

133.17 ARTICLE 11

133.18 STATE AGENCIES

133.19 Section 1. APPROPRIATIONS; DEPARTMENT OF EDUCATION.

133.20 Subdivision 1. Department of Education. Unless otherwise indicated, the sums
 133.21 indicated in this section are appropriated from the general fund to the Department of
 133.22 Education for the fiscal years designated.

133.23 Subd. 2. Department. (a) For the Department of Education:

133.24 \$ 18,820,000 2012

133.25 \$ 18,820,000 2013

133.26 Any balance in the first year does not cancel but is available in the second year.

133.27 (b) \$260,000 each year is for the Minnesota Children's Museum.

133.28 (c) \$41,000 each year is for the Minnesota Academy of Science.

133.29 (d) \$50,000 each year is for the Duluth Children's Museum.

133.30 (e) \$618,000 each year is for the Board of Teaching. Any balance in the first year
 133.31 does not cancel but is available in the second year.

133.32 (f) \$167,000 each year is for the Board of School Administrators. Any balance in
 133.33 the first year does not cancel but is available in the second year.

134.1

(g) The expenditures of federal grants and aids as shown in the biennial budget

134.2

document and its supplements are approved and appropriated and shall be spent as

134.3

indicated.

134.4

(h) None of the amounts appropriated under this subdivision may be used for

134.5

Minnesota's Washington, D.C. office.

134.6

Subd. 3. **Board of Teaching; licensure by portfolio.** For the Board of Teaching

134.7

for licensure by portfolio:

134.8

\$ 30,000 2012

134.9

\$ 30,000 2013

134.10

This appropriation is from the educator licensure portfolio account of the special

134.11

revenue fund.

134.12

Sec. 2. **APPROPRIATIONS; MINNESOTA STATE ACADEMIES.**

134.13

The sums indicated in this section are appropriated from the general fund to the

134.14

Minnesota State Academies for the Deaf and Blind for the fiscal years designated:

134.15

\$ 11,603,000 2012

134.16

\$ 11,603,000 2013

134.17

Any balance in the first year does not cancel but is available in the second year.

134.18

Sec. 3. **APPROPRIATIONS; PERPICH CENTER FOR ARTS EDUCATION.**

134.19

The sums in this section are appropriated from the general fund to the Perpich

134.20

Center for Arts Education for the fiscal years designated:

134.21

\$ 6,733,000 2012

134.22

\$ 6,733,000 2013

134.23

Any balance in the first year does not cancel, but is available in the second year.

134.24

ARTICLE 12

134.25

FORECAST ADJUSTMENT

134.26

A. GENERAL EDUCATION

134.27

Section 1. Laws 2009, chapter 96, article 1, section 24, subdivision 2, as amended by

134.28

Laws 2010, First Special Session chapter 1, article 3, section 10, is amended to read:

134.29

Subd. 2. **General education aid.** For general education aid under Minnesota

134.30

Statutes, section 126C.13, subdivision 4:

135.1 \$ 4,291,422,000 2010
 135.2 ~~4,776,884,000~~
 135.3 \$ 4,832,264,000 2011

135.4 The 2010 appropriation includes \$553,591,000 for 2009 and \$3,737,831,000 for
 135.5 2010.

135.6 The 2011 appropriation includes \$1,363,306,000 for 2010 and ~~\$3,413,578,000~~
 135.7 \$3,468,958,000 for 2011.

135.8 Sec. 2. Laws 2009, chapter 96, article 1, section 24, subdivision 3, is amended to read:

135.9 Subd. 3. **Enrollment options transportation.** For transportation of pupils attending
 135.10 postsecondary institutions under Minnesota Statutes, section 124D.09, or for transportation
 135.11 of pupils attending nonresident districts under Minnesota Statutes, section 124D.03:

135.12 \$ 48,000 2010
 135.13 ~~52,000~~
 135.14 \$ 29,000 2011

135.15 Sec. 3. Laws 2009, chapter 96, article 1, section 24, subdivision 4, as amended by
 135.16 Laws 2010, First Special Session chapter 1, article 4, section 2, is amended to read:

135.17 Subd. 4. **Abatement revenue.** For abatement aid under Minnesota Statutes, section
 135.18 127A.49:

135.19 \$ 1,000,000 2010
 135.20 ~~1,132,000~~
 135.21 \$ 1,127,000 2011

135.22 The 2010 appropriation includes \$140,000 for 2009 and \$860,000 for 2010.

135.23 The 2011 appropriation includes \$317,000 for 2010 and ~~\$815,000~~ \$810,000 for 2011.

135.24 Sec. 4. Laws 2009, chapter 96, article 1, section 24, subdivision 5, as amended by
 135.25 Laws 2010, First Special Session chapter 1, article 4, section 3, is amended to read:

135.26 Subd. 5. **Consolidation transition.** For districts consolidating under Minnesota
 135.27 Statutes, section 123A.485:

135.28 \$ 684,000 2010
 135.29 ~~576,000~~
 135.30 \$ 593,000 2011

135.31 The 2010 appropriation includes \$0 for 2009 and \$684,000 for 2010.

135.32 The 2011 appropriation includes \$252,000 for 2010 and ~~\$324,000~~ \$341,000 for 2011.

136.1 Sec. 5. Laws 2009, chapter 96, article 1, section 24, subdivision 6, as amended by
136.2 Laws 2010, First Special Session chapter 1, article 4, section 4, is amended to read:

136.3 Subd. 6. **Nonpublic pupil education aid.** For nonpublic pupil education aid under
136.4 Minnesota Statutes, sections 123B.40 to 123B.43 and 123B.87:

136.5 \$ 12,861,000 2010

136.6 ~~16,157,000~~

136.7 \$ 16,213,000 2011

136.8 The 2010 appropriation includes \$1,067,000 for 2009 and \$11,794,000 for 2010.

136.9 The 2011 appropriation includes \$4,362,000 for 2010 and ~~\$11,795,000~~ \$11,851,000
136.10 for 2011.

136.11 Sec. 6. Laws 2009, chapter 96, article 1, section 24, subdivision 7, as amended by
136.12 Laws 2010, First Special Session chapter 1, article 4, section 5, is amended to read:

136.13 Subd. 7. **Nonpublic pupil transportation.** For nonpublic pupil transportation aid
136.14 under Minnesota Statutes, section 123B.92, subdivision 9:

136.15 \$ 17,297,000 2010

136.16 ~~19,729,000~~

136.17 \$ 19,387,000 2011

136.18 The 2010 appropriation includes \$2,077,000 for 2009 and \$15,220,000 for 2010.

136.19 The 2011 appropriation includes \$5,629,000 for 2010 and ~~\$14,100,000~~ \$13,758,000
136.20 for 2011.

136.21 **B. EDUCATION EXCELLENCE**

136.22 Sec. 7. Laws 2009, chapter 96, article 2, section 67, subdivision 2, as amended by
136.23 Laws 2010, First Special Session chapter 1, article 4, section 6, is amended to read:

136.24 Subd. 2. **Charter school building lease aid.** For building lease aid under Minnesota
136.25 Statutes, section 124D.11, subdivision 4:

136.26 \$ 34,833,000 2010

136.27 ~~44,938,000~~

136.28 \$ 42,633,000 2011

136.29 The 2010 appropriation includes \$3,704,000 for 2009 and \$31,129,000 for 2010.

136.30 The 2011 appropriation includes \$11,513,000 for 2010 and ~~\$33,425,000~~ \$31,120,000
136.31 for 2011.

136.32 Sec. 8. Laws 2009, chapter 96, article 2, section 67, subdivision 3, as amended by
136.33 Laws 2010, First Special Session chapter 1, article 4, section 7, is amended to read:

137.1 Subd. 3. **Charter school startup aid.** For charter school startup cost aid under
 137.2 Minnesota Statutes, section 124D.11:

137.3 \$ 1,218,000 2010

137.4 ~~743,000~~

137.5 \$ 654,000 2011

137.6 The 2010 appropriation includes \$202,000 for 2009 and \$1,016,000 for 2010.

137.7 The 2011 appropriation includes \$375,000 for 2010 and ~~\$368,000~~ \$279,000 for 2011.

137.8 Sec. 9. Laws 2009, chapter 96, article 2, section 67, subdivision 4, as amended by
 137.9 Laws 2010, First Special Session chapter 1, article 4, section 8, is amended to read:

137.10 Subd. 4. **Integration aid.** For integration aid under Minnesota Statutes, section
 137.11 124D.86, subdivision 5:

137.12 \$ 50,812,000 2010

137.13 ~~61,782,000~~

137.14 \$ 61,604,000 2011

137.15 The 2010 appropriation includes \$5,832,000 for 2009 and \$44,980,000 for 2010.

137.16 The 2011 appropriation includes \$16,636,000 for 2010 and ~~\$45,146,000~~ \$44,968,000

137.17 for 2011.

137.18 Sec. 10. Laws 2009, chapter 96, article 2, section 67, subdivision 6, is amended to read:

137.19 Subd. 6. **Interdistrict desegregation or integration transportation grants.** For
 137.20 interdistrict desegregation or integration transportation grants under Minnesota Statutes,
 137.21 section 124D.87:

137.22 \$ 14,468,000 2010

137.23 ~~17,582,000~~

137.24 \$ 13,393,000 2011

137.25 Sec. 11. Laws 2009, chapter 96, article 2, section 67, subdivision 9, as amended by
 137.26 Laws 2010, First Special Session chapter 1, article 4, section 10, is amended to read:

137.27 Subd. 9. **Tribal contract schools.** For tribal contract school aid under Minnesota
 137.28 Statutes, section 124D.83:

137.29 \$ 1,702,000 2010

137.30 ~~2,119,000~~

137.31 \$ 1,958,000 2011

137.32 The 2010 appropriation includes \$191,000 for 2009 and \$1,511,000 for 2010.

137.33 The 2011 appropriation includes \$558,000 for 2010 and ~~\$1,561,000~~ \$1,400,000

137.34 for 2011.

138.1

C. SPECIAL EDUCATION

138.2 Sec. 12. Laws 2009, chapter 96, article 3, section 21, subdivision 3, is amended to read:

138.3 Subd. 3. **Aid for children with disabilities.** For aid under Minnesota Statutes,
138.4 section 125A.75, subdivision 3, for children with disabilities placed in residential facilities
138.5 within the district boundaries for whom no district of residence can be determined:

138.6 \$ 1,717,000 2010

138.7 ~~1,895,000~~

138.8 \$ 1,554,000 2011

138.9 If the appropriation for either year is insufficient, the appropriation for the other
138.10 year is available.

138.11 Sec. 13. Laws 2009, chapter 96, article 3, section 21, subdivision 4, as amended by
138.12 Laws 2010, First Special Session chapter 1, article 4, section 12, is amended to read:

138.13 Subd. 4. **Travel for home-based services.** For aid for teacher travel for home-based
138.14 services under Minnesota Statutes, section 125A.75, subdivision 1:

138.15 \$ 224,000 2010

138.16 ~~282,000~~

138.17 \$ 324,000 2011

138.18 The 2010 appropriation includes \$24,000 for 2009 and \$200,000 for 2010.

138.19 The 2011 appropriation includes \$73,000 for 2010 and ~~\$209,000~~ \$251,000 for 2011.

138.20

D. FACILITIES AND TECHNOLOGY

138.21 Sec. 14. Laws 2009, chapter 96, article 4, section 12, subdivision 6, as amended by
138.22 Laws 2010, First Special Session chapter 1, article 4, section 17, is amended to read:

138.23 Subd. 6. **Deferred maintenance aid.** For deferred maintenance aid, according to
138.24 Minnesota Statutes, section 123B.591, subdivision 4:

138.25 \$ 1,918,000 2010

138.26 ~~2,146,000~~

138.27 \$ 2,191,000 2011

138.28 The 2010 appropriation includes \$260,000 for 2009 and \$1,658,000 for 2010.

138.29 The 2011 appropriation includes \$613,000 for 2010 and ~~\$1,533,000~~ \$1,578,000
138.30 for 2011.

138.31

E. NUTRITION

138.32 Sec. 15. Laws 2009, chapter 96, article 5, section 13, subdivision 2, is amended to read:

139.1 Subd. 2. **School lunch.** For school lunch aid according to Minnesota Statutes,
 139.2 section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

139.3 \$ 12,688,000 2010
 139.4 ~~13,069,000~~
 139.5 \$ 12,378,000 2011

139.6 Sec. 16. Laws 2009, chapter 96, article 5, section 13, subdivision 3, is amended to read:

139.7 Subd. 3. **School breakfast.** For traditional school breakfast aid under Minnesota
 139.8 Statutes, section 124D.1158:

139.9 \$ 4,978,000 2010
 139.10 ~~5,147,000~~
 139.11 \$ 4,646,000 2011

139.12 Sec. 17. Laws 2009, chapter 96, article 5, section 13, subdivision 4, as amended by
 139.13 Laws 2010, First Special Session chapter 1, article 4, section 18, is amended to read:

139.14 Subd. 4. **Kindergarten milk.** For kindergarten milk aid under Minnesota Statutes,
 139.15 section 124D.118:

139.16 \$ 1,104,000 2010
 139.17 ~~1,126,000~~
 139.18 \$ 1,063,000 2011

139.19 **F. EARLY CHILDHOOD EDUCATION, PREVENTION, AND**
 139.20 **SELF-SUFFICIENCY AND LIFELONG LEARNING**

139.21 Sec. 18. Laws 2009, chapter 96, article 6, section 11, subdivision 3, as amended by
 139.22 Laws 2010, First Special Session chapter 1, article 4, section 23, is amended to read:

139.23 Subd. 3. **Early childhood family education aid.** For early childhood family
 139.24 education aid under Minnesota Statutes, section 124D.135:

139.25 \$ 19,005,000 2010
 139.26 ~~21,460,000~~
 139.27 \$ 21,177,000 2011

139.28 The 2010 appropriation includes \$3,020,000 for 2009 and \$15,985,000 for 2010.

139.29 The 2011 appropriation includes \$5,911,000 for 2010 and ~~\$15,549,000~~ \$15,266,000
 139.30 for 2011.

139.31 Sec. 19. Laws 2009, chapter 96, article 6, section 11, subdivision 4, as amended by
 139.32 Laws 2010, First Special Session chapter 1, article 4, section 24, is amended to read:

140.1 Subd. 4. **Health and developmental screening aid.** For health and developmental
140.2 screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

140.3 \$ 2,922,000 2010
140.4 ~~3,425,000~~
140.5 \$ 3,434,000 2011

140.6 The 2010 appropriation includes \$367,000 for 2009 and \$2,555,000 for 2010.

140.7 The 2011 appropriation includes \$945,000 for 2010 and ~~\$2,480,000~~ \$2,489,000
140.8 for 2011.

140.9 Sec. 20. Laws 2009, chapter 96, article 6, section 11, subdivision 8, as amended by
140.10 Laws 2010, First Special Session chapter 1, article 4, section 25, is amended to read:

140.11 Subd. 8. **Community education aid.** For community education aid under
140.12 Minnesota Statutes, section 124D.20:

140.13 \$ 476,000 2010
140.14 ~~473,000~~
140.15 \$ 463,000 2011

140.16 The 2010 appropriation includes \$73,000 for 2009 and \$403,000 for 2010.

140.17 The 2011 appropriation included \$148,000 for 2010 and ~~\$325,000~~ \$315,000 for
140.18 2011.

140.19 Sec. 21. Laws 2009, chapter 96, article 6, section 11, subdivision 12, as amended by
140.20 Laws 2010, First Special Session chapter 1, article 4, section 27, is amended to read:

140.21 Subd. 12. **Adult basic education aid.** For adult basic education aid under
140.22 Minnesota Statutes, section 124D.531:

140.23 \$ 35,671,000 2010
140.24 ~~42,732,000~~
140.25 \$ 42,829,000 2011

140.26 The 2010 appropriation includes \$4,187,000 for 2009 and \$31,484,000 for 2010.

140.27 The 2011 appropriation includes \$11,644,000 for 2010 and ~~\$31,088,000~~ \$31,185,000
140.28 for 2011.

140.29 **ARTICLE 13**
140.30 **EFFECTIVE DATE**

140.31 Section 1. **EFFECTIVE DATE; RELATIONSHIP TO OTHER**
140.32 **APPROPRIATIONS.**

- 141.1 Unless otherwise specified, this act is effective retroactively from July 1, 2011,
141.2 and supersedes and replaces funding authorized by order of the Second Judicial District
141.3 Court in Case No. 62-CV-11-5203.

APPENDIX
Article locations in 11-3673

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ARTICLE 6	LIBRARIES	Page.Ln 120.23
ARTICLE 7	EARLY CHILDHOOD EDUCATION	Page.Ln 122.2
ARTICLE 8	PREVENTION	Page.Ln 125.14
ARTICLE 9	SELF-SUFFICIENCY AND LIFELONG LEARNING	Page.Ln 126.26
ARTICLE 10	STUDENT TRANSPORTATION	Page.Ln 128.25
ARTICLE 11	STATE AGENCIES	Page.Ln 133.17
ARTICLE 12	FORECAST ADJUSTMENT	Page.Ln 134.24
ARTICLE 13	EFFECTIVE DATE	Page.Ln 140.29

120A.26 ENFORCEMENT AND PROSECUTION.

Subdivision 1. **On-site visits.** A superintendent or the superintendent's designee may make an annual on-site visit, at a mutually agreed-upon time, to an unaccredited nonpublic school, home, or other institution where children are receiving instruction. Upon mutual agreement between the parties, the superintendent or the superintendent's designee may also visit an accredited nonpublic school, person, or other institution providing instruction. The purpose of these visits shall be limited to monitoring compliance with the requirements of section 120A.22. If the superintendent determines that there is evidence of noncompliance with the requirements of sections 120A.22 and 120A.24, the superintendent may make additional visits during the school year.

Subd. 2. **Alternative to visits.** In lieu of the visit authorized in subdivision 1, a parent who is providing instruction may present the documentation required in section 120A.24, subdivision 2, to the superintendent.

123B.05 CONTRACT DEADLINE AND PENALTY.

Subdivision 1. **Definitions.** The following definitions apply to this section.

(1) "Public employer" means:

(i) a district; and

(ii) a public employer, as defined by section 179A.03, subdivision 15, other than a district that (i) negotiates a contract under chapter 179A with teachers, and (ii) is established by, receives state money, or levies under chapters 120A to 129C, or 136D, or 268A.

(2) "Teacher" means a person, other than a superintendent or assistant superintendent, principal, assistant principal, or a supervisor or confidential employee who occupies a position for which the person must be licensed by the Board of Teaching, commissioner of education, the former Board of Technical Colleges, or the Board of Trustees of the Minnesota State Colleges and Universities.

Subd. 2. **Contract deadline date; state aid penalty.** Notwithstanding any law to the contrary, a public employer and the exclusive representative of the teachers must both sign a collective bargaining agreement on or before January 15 of an even-numbered calendar year. If a collective bargaining agreement is not signed by that date, state aid paid to the public employer for that fiscal year must be reduced. However, state aid must not be reduced if:

(1) a public employer and the exclusive representative of the teachers have submitted all unresolved contract items to interest arbitration according to section 179A.16 before December 31 of an odd-numbered year and filed required final positions on all unresolved items with the commissioner of mediation services before January 15 of an even-numbered year; and

(2) the arbitration panel has issued its decision within 60 days after the date the final positions were filed.

Subd. 3. **State aid penalty exemptions.** (a) For a district that reorganizes according to section 123A.46, 123A.48, or sections 123A.35 to 123A.43 effective July 1 of an odd-numbered year, state aid must not be reduced according to this section if the board and the exclusive representative of the teachers both sign a collective bargaining agreement on or before the March 15 following the effective date of reorganization.

(b) For a district that jointly negotiates a contract before the effective date of reorganization under section 123A.46, 123A.48, or sections 123A.35 to 123A.43 that, for the first time, includes teachers in all districts to be reorganized, state aid must not be reduced according to this section if the board and the exclusive representative of the teachers sign a collective bargaining agreement on or before the March 15 following the expiration of the teacher contracts in each district involved in the joint negotiation.

(c) Only one extension of the contract deadline is available to a district under this subdivision.

Subd. 4. **Calculation of state aid reduction.** (a) The reduction must equal \$25 times the number of adjusted pupil units:

(1) for a district, that are in the district during that fiscal year; or

(2) for a public employer other than a district, that are in programs provided by the employer during the preceding fiscal year.

(b) The department must determine the number of full-time equivalent resident pupil units in the programs. The department must reduce general education aid; if general education aid is insufficient or not paid, the department must reduce other state aids.

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Subd. 5. **State aid reductions returned to general fund.** Reductions from aid to districts and public employers other than districts must be returned to the general fund.

124D.11 REVENUE FOR A CHARTER SCHOOL.

Subd. 8. **Start-up costs.** During the first two years of a charter school's operation, the charter school is eligible for aid to pay for start-up costs and additional operating costs. Start-up cost aid equals the greater of:

- (1) \$50,000 per charter school; or
- (2) \$500 times the charter school's pupil units served for that year.

124D.38 DEFINITIONS.

Subd. 4. **Mentor.** "Mentor" means a business person, an adult from the community, or a person who has successfully completed the Youthworks program who volunteers to establish a one-on-one relationship with a participant in the Youthworks program to encourage and guide the participant to obtain an education, participate in service and work-related activities, and effectively use postservice benefits.

Subd. 5. **Participant.** "Participant" means an individual enrolled in a program that receives assistance under sections 124D.37 to 124D.45.

Subd. 6. **Placement.** "Placement" means the matching of a participant with a specific project.

124D.86 INTEGRATION REVENUE.

Subdivision 1. **Use of revenue.** Districts must use integration revenue under this section for programs established under a desegregation plan filed with the Department of Education according to Minnesota Rules, parts 3535.0100 to 3535.0180, or under court order. The revenue must be used for students to have increased and sustained interracial contacts and improved educational opportunities and outcomes designed to close the academic achievement gap between white students and protected students as defined in Minnesota Rules, part 3535.0110, subpart 4, through classroom experiences, staff initiatives, and other educationally related programs, consistent with subdivision 1b.

Subd. 1a. **Budget approval process.** Each year before a district receives any revenue under subdivision 3, the district by March 15 must submit to the Department of Education, for its review and approval by May 15 a budget detailing the costs of the desegregation/integration plan filed under Minnesota Rules, parts 3535.0100 to 3535.0180. Notwithstanding chapter 14, the department may develop criteria for budget approval, consistent with subdivision 1b. The department shall consult with the Desegregation Advisory Board in developing these criteria. The criteria developed by the department must address, at a minimum, the following:

- (1) budget items cannot be approved unless they are part of any overall desegregation plan approved by the district for isolated sites or by the Multidistrict Collaboration Council and participating individual members;
- (2) the budget must indicate how revenue expenditures will be used specifically to support increased and sustained interracial contacts and improved educational opportunities and outcomes designed to close the academic achievement gap between white students and protected students as defined in Minnesota Rules, part 3535.0110, subpart 4, consistent with subdivision 1b;
- (3) components of the budget to be considered by the department, including staffing, curriculum, transportation, facilities, materials, and equipment and reasonable planning costs, as determined by the department; and
- (4) if plans are proposed to enhance existing programs, the total budget being appropriated to the program must be included, indicating what part is to be funded using integration revenue and what part is to be funded using other revenues.

Subd. 1b. **Plan components.** Each year a district's board must approve the plans submitted by each district under Minnesota Rules, parts 3535.0160 and 3535.0170, before integration revenue is awarded. If a district is applying for revenue for a plan that is part of a multidistrict council, the individual district shall not receive revenue unless it ratifies the plan adopted by its multidistrict council or approves a modified plan with a written explanation of any modifications. Each plan shall:

- (1) identify the integration issues at the sites or districts covered by Minnesota Rules, parts 3535.0100 to 3535.0180;

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(2) describe the community outreach that preceded the integration plan, such that the commissioner can determine whether the membership of the planning councils complied with the requirements of Minnesota Rules, parts 3535.0100 to 3535.0180;

(3) identify specific goals of the integration plan that is premised on valid and reliable measures, effective and efficient use of resources, and continuous adaptation of best practices;

(4) provide for implementing innovative and practical strategies and programs such as magnet schools, transportation, research-based programs to improve the performance of protected students with lower measured achievement on state or local assessments, staff development for teachers in cultural competency, formative assessments, and increased numbers of teachers of color that enable the district to achieve annual progress in realizing the goals in its plan; and

(5) establish valid and reliable longitudinal measures for the district to use in demonstrating to the commissioner the amount of progress it has achieved in realizing the goals in its plan. By June 30 of the subsequent fiscal year, each district shall report to the commissioner in writing about the extent to which the integration goals identified in the plan were met.

Subd. 2. **Separate account.** Integration revenue shall be maintained in a separate account to identify expenditures for salaries and programs related to this revenue.

Subd. 3. **Integration revenue.** Integration revenue equals the following amounts:

(1) for Independent School District No. 709, Duluth, \$206 times the adjusted pupil units for the school year;

(2) for Independent School District No. 625, St. Paul, \$445 times the adjusted pupil units for the school year;

(3) for Special School District No. 1, Minneapolis, the sum of \$445 times the adjusted pupil units for the school year and an additional \$35 times the adjusted pupil units for the school year that is provided entirely through a local levy;

(4) for a district not listed in clause (1), (2), or (3), that must implement a plan under Minnesota Rules, parts 3535.0100 to 3535.0180, where the district's enrollment of protected students, as defined under Minnesota Rules, part 3535.0110, exceeds 15 percent, the lesser of (i) the actual cost of implementing the plan during the fiscal year minus the aid received under subdivision 6, or (ii) \$129 times the adjusted pupil units for the school year;

(5) for a district not listed in clause (1), (2), (3), or (4), that is required to implement a plan according to the requirements of Minnesota Rules, parts 3535.0100 to 3535.0180, the lesser of

(i) the actual cost of implementing the plan during the fiscal year minus the aid received under subdivision 6, or

(ii) \$92 times the adjusted pupil units for the school year.

Any money received by districts in clauses (1) to (3) which exceeds the amount received in fiscal year 2000 shall be subject to the budget requirements in subdivision 1a; and

(6) for a member district of a multidistrict integration collaborative that files a plan with the commissioner, but is not contiguous to a racially isolated district, integration revenue equals the amount defined in clause (5).

Subd. 4. **Integration levy.** A district may levy an amount equal to 37 percent for fiscal year 2003, 23 percent for fiscal year 2004, and 30 percent for fiscal year 2005 and thereafter of the district's integration revenue as defined in subdivision 3.

Subd. 5. **Integration aid.** A district's integration aid equals the difference between the district's integration revenue and its integration levy.

Subd. 6. **Alternative attendance programs.** (a) The integration aid under subdivision 5 must be adjusted for each pupil residing in a district eligible for integration revenue under subdivision 3, clause (1), (2), or (3), and attending a nonresident district under sections 123A.05 to 123A.08, 124D.03, and 124D.08, that is not eligible for integration revenue under subdivision 3, clause (1), (2), or (3), and has implemented a plan under Minnesota Rules, parts 3535.0100 to 3535.0180, if the enrollment of the pupil in the nonresident district contributes to desegregation or integration purposes. The adjustments must be made according to this subdivision.

(b) Aid paid to a district serving nonresidents must be increased by an amount equal to the revenue per pupil unit of the resident district under subdivision 3, clause (1), (2), or (3), minus the revenue attributable to the pupil in the nonresident district under subdivision 3, clause (4), (5), or (6), for the time the pupil is enrolled in the nonresident district.

124D.871 MAGNET SCHOOL AND PROGRAM GRANTS.

(a) The commissioner of education, in consultation with the desegregation/integration office under section 124D.892, shall award grants to school districts and chartered public schools for planning and developing magnet schools and magnet programs.

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(b) Grant recipients must use the grant money under paragraph (a) to establish or operate a magnet school or a magnet program and provide all students with equal educational opportunities. Grant recipients may expend grant money on:

- (1) teachers who provide instruction or services to students in a magnet school or magnet program;
- (2) educational paraprofessionals who assist teachers in providing instruction or services to students in a magnet school or magnet program;
- (3) clerical support needed to operate a magnet school or magnet program;
- (4) equipment, equipment maintenance contracts, materials, supplies, and other property needed to operate a magnet school or magnet program;
- (5) minor remodeling needed to operate a magnet school or magnet program;
- (6) transportation for field trips that are part of a magnet school or magnet program curriculum;
- (7) program planning and staff and curriculum development for a magnet school or magnet program;
- (8) disseminating information on magnet schools and magnet programs; and
- (9) indirect costs calculated according to the state's statutory formula governing indirect costs.

124D.88 METROPOLITAN MAGNET SCHOOL GRANTS.

Subdivision 1. **Policy and purpose.** A metropolitan magnet school grant program is established for the purpose of promoting integrated education for students in prekindergarten through grade 12, increasing mutual understanding among all students, and addressing the inability of local school districts to provide required construction funds through local property taxes. The program seeks to encourage districts located in whole or in part within the seven-county metropolitan area to make available to school age children residing in the metropolitan area those educational programs, services, and facilities that are essential to meeting all children's needs and abilities. The program anticipates using the credit of the state, to a limited degree, to provide grants to metropolitan area school districts to improve the educational opportunities and academic achievement of disadvantaged children and the facilities that are available to those children.

Subd. 2. **Approval authority; application forms.** To the extent money is available, the commissioner may approve projects from applications submitted under this section. The grant money must be used only to design, acquire, construct, expand, remodel, improve, furnish, or equip the building or site of a magnet school facility according to contracts entered into within 24 months after the date on which a grant is awarded.

Subd. 3. **Grant application process.** (a) Any group of school districts that meets the criteria required under paragraph (b), clause (1), may apply for a magnet school grant in an amount not to exceed the approved costs or expansion of a magnet school facility.

(b)(1) Any group of districts that submits an application for a grant shall submit a proposal to the commissioner for review and comment under section 123B.71, and the commissioner shall prepare a review and comment on the proposed magnet school facility, regardless of the amount of the capital expenditure required to design, acquire, construct, remodel, improve, furnish, or equip the facility. The commissioner must not approve an application for a magnet school grant for any facility unless the facility receives a favorable review and comment under section 123B.71 and the participating districts:

- (i) establish a joint powers board under section 471.59 to represent all participating districts and govern the magnet school facility;
- (ii) design the planned magnet school facility to meet the applicable requirements contained in Minnesota Rules, chapter 3535;
- (iii) submit a statement of need, including reasons why the magnet school will facilitate integration and improve learning;
- (iv) prepare an educational plan that includes input from both community and professional staff; and
- (v) develop an education program that will improve learning opportunities for students attending the magnet school.

(2) The districts may develop a plan that permits social service, health, and other programs serving students and community residents to be located within the magnet school facility. The commissioner shall consider this plan when preparing a review and comment on the proposed facility.

(c) When two or more districts enter into an agreement establishing a joint powers board to govern the magnet school facility, all member districts shall have the same powers.

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(d) A joint powers board of participating school districts established under paragraphs (b) and (c) that intends to apply for a grant must adopt a resolution stating the costs of the proposed project, the purpose for which the debt is to be incurred, and an estimate of the dates when the contracts for the proposed project will be completed. A copy of the resolution must accompany any application for a state grant under this section.

(e)(1) The commissioner shall examine and consider all grant applications. If the commissioner finds that any joint powers district is not a qualified grant applicant, the commissioner shall promptly notify that joint powers board. The commissioner shall make awards to no more than two qualified applicants whose applications have been on file with the commissioner more than 30 days.

(2) A grant award is subject to verification by the joint powers board under paragraph (f). A grant award must not be made until the participating districts determine the site of the magnet school facility. If the total amount of the approved applications exceeds the amount of grant funding that is or can be made available, the commissioner shall allot the available amount equally between the approved applicant districts. The commissioner shall promptly certify to each qualified joint powers board the amount, if any, of the grant awarded to it.

(f) Each grant must be evidenced by a contract between the joint powers board and the state acting through the commissioner. The contract obligates the state to pay to the joint powers board an amount computed according to paragraph (e), clause (2), and a schedule, and terms and conditions acceptable to the commissioner of management and budget.

(g) Notwithstanding the provisions of section 123B.02, subdivision 3, the joint powers and its individual members may enter into long-term lease agreements as part of the magnet school program.

Subd. 4. **Start-up costs.** During the first two years of a metropolitan magnet school's operation, the school is eligible for aid to pay for start-up costs and additional operating costs. Start-up cost aid equals \$500 times the magnet school's pupil units served for that year.

125A.54 INTERAGENCY OFFICE ON TRANSITION SERVICES.

The commissioner must establish an Interagency Office on Transition Services to:

(1) gather and coordinate data on transition services for secondary age pupils with a disability;

(2) provide information, consultation, and technical assistance to state and local agencies involved in the delivery of services to pupils with a disability in transition from secondary school programs to employment and postsecondary training programs;

(3) assist agencies in establishing local interagency agreements to assure the necessary services for efficient and appropriate transition from school to work or postsecondary training programs; and

(4) assist regions and local areas in planning interagency in-service training to develop and improve transition services.

126C.10 GENERAL EDUCATION REVENUE.

Subd. 5. **Training and experience revenue.** The training and experience revenue for each district equals the greater of zero or the result of the following computation:

(1) subtract .8 from the training and experience index;

(2) multiply the result in clause (1) by the product of \$660 times the adjusted marginal cost pupil units for the school year.

126C.457 CAREER AND TECHNICAL LEVY.

For taxes payable in 2006 and 2007, a school district may levy an amount equal to the greater of (1) \$10,000, or (2) the district's fiscal year 2001 entitlement for career and technical aid under Minnesota Statutes 2000, section 124D.453. The district must recognize the full amount of this levy as revenue for the fiscal year in which it is certified. Revenue received under this section must be reserved and used only for career and technical programs.

127A.46 CHANGE IN PAYMENT OF AIDS AND CREDITS.

If the commissioner of management and budget determines that modifications in the payment schedule would reduce the need for state short-term borrowing, the commissioner may modify payments to districts according to this section. The modifications must begin no sooner than September 1 of each fiscal year, and must remain in effect until no later than May 30 of that

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same fiscal year. In calculating the payment to a district pursuant to section 127A.45, subdivision 3, the commissioner may subtract the sum specified in that subdivision, plus an additional amount no greater than the following:

(1) the net cash balance in each of the district's operating funds on June 30 of the preceding fiscal year; minus

(2) the product of \$700 times the number of resident pupil units in the preceding fiscal year; minus

(3) the amount of payments made by the county treasurer during the preceding fiscal year, pursuant to section 276.11, which is considered revenue for the current school year. However, no additional amount shall be subtracted if the total of the net unappropriated fund balances in the district's four operating funds on June 30 of the preceding fiscal year, is less than the product of \$700 times the number of resident pupil units in the preceding fiscal year. The net cash balance must include all cash and investments, less certificates of indebtedness outstanding, and orders not paid for want of funds.

A district may appeal the payment schedule established by this section according to the procedures established in section 127A.45, subdivision 4.