

1.1 moves to amend H.F. No. 2431 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 **"ARTICLE 1**

1.4 **GENERAL EDUCATION**

1.5 Section 1. Minnesota Statutes 2008, section 11A.16, subdivision 5, is amended to read:

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

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

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

1.20 Sec. 2. Minnesota Statutes 2008, section 120B.07, is amended to read:

1.21 **120B.07 EARLY GRADUATION.**

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

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

2.4 **EFFECTIVE DATE.** This section is effective July 1, 2010.

2.5 Sec. 3. **[120B.08] EARLY GRADUATION ACHIEVEMENT SCHOLARSHIP**
2.6 **PROGRAM.**

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

2.10 Subd. 2. **Scholarship amounts.** A student who participates in the early graduation
2.11 achievement scholarship program is eligible for a scholarship of \$2,500 if the student
2.12 qualifies for graduation one semester early, \$5,000 if the student qualifies for graduation
2.13 two semesters early, or \$7,500 if the student qualifies for graduation three or more
2.14 semesters early.

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

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

2.22 Subd. 5. **Enrollment verification.** A student who qualifies under this section
2.23 and enrolls in an accredited higher education institution must submit a form to the
2.24 commissioner verifying the student's enrollment in the higher education institution and the
2.25 tuition charges for that semester. Within 15 days of receipt of a student's enrollment and
2.26 tuition verification form, the commissioner must issue a scholarship check to the student in
2.27 the lesser of the tuition amount for that semester or the maximum amount of the student's
2.28 early graduation achievement scholarship. A student may continue to submit enrollment
2.29 verification forms to the commissioner until the student has used the full amount of the
2.30 student's graduation achievement scholarship.

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

2.34 **EFFECTIVE DATE.** This section is effective for fiscal years 2011 and later.

3.1 Sec. 4. Minnesota Statutes 2008, section 123B.63, subdivision 3, is amended to read:

3.2 Subd. 3. **Capital project levy referendum.** (a) A district may levy the local tax
3.3 rate approved by a majority of the electors voting on the question to provide funds for
3.4 an approved project. The election must take place no more than five years before the
3.5 estimated date of commencement of the project. The referendum must be held on a date
3.6 set by the board. A referendum for a project not receiving a positive review and comment
3.7 by the commissioner under section 123B.71 must be approved by at least 60 percent of
3.8 the voters at the election.

3.9 (b) The referendum may be called by the school board and may be held:

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

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

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

3.18 (c) The ballot must provide a general description of the proposed project, state the
3.19 estimated total cost of the project, state whether the project has received a positive or
3.20 negative review and comment from the commissioner, state the maximum amount of the
3.21 capital project levy as a percentage of net tax capacity, state the amount that will be raised
3.22 by that local tax rate in the first year it is to be levied, and state the maximum number of
3.23 years that the levy authorization will apply.

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

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

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

3.31 (d) If the authority for an existing project is expiring and the district is proposing
3.32 a new project at the same maximum tax rate, the general description on the ballot may
3.33 state that the capital project levy is being renewed and that the tax rate is not being
3.34 increased from the previous year's rate and the notice required under section 276.60, may
3.35 be modified to read: "BY VOTING YES ON THIS BALLOT QUESTION, YOU ARE

4.1 VOTING TO EXTEND THE AUTHORITY FOR AN EXPIRING CAPITAL PROJECT
 4.2 AT THE SAME TAX RATE."

4.3 (e) In the event a conjunctive question proposes to authorize both the capital project
 4.4 levy and the issuance of obligations for the project, appropriate language authorizing the
 4.5 issuance of obligations must also be included in the question.

4.6 (f) The district must notify the commissioner of the results of the referendum.

4.7 **EFFECTIVE DATE.** This section is effective for referenda conducted on or after
 4.8 July 1, 2010.

4.9 Sec. 5. Minnesota Statutes 2008, section 124D.09, subdivision 20, is amended to read:

4.10 Subd. 20. **Textbooks; materials.** All textbooks and equipment provided to a pupil,
 4.11 and paid for under subdivision 13, are the property of the pupil's postsecondary institution.
 4.12 Each pupil is required to return all textbooks and equipment to the postsecondary
 4.13 institution after the course has ended. The postsecondary institution may bill the pupil for
 4.14 any textbooks and equipment that are not promptly returned by the student.

4.15 **EFFECTIVE DATE.** This section is effective July 1, 2010.

4.16 Sec. 6. Minnesota Statutes 2008, section 125A.79, subdivision 1, is amended to read:

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

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

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

4.22 (2) expenditures for tuition bills received under sections 125A.03 to 125A.24 and
 4.23 125A.65 for services eligible for revenue under section 125A.76, subdivision 2; minus

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

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

4.28 (b) "General revenue" for a school district means the sum of the general education
 4.29 revenue according to section 126C.10, subdivision 1, excluding alternative teacher
 4.30 compensation revenue, ~~plus the total qualifying referendum revenue specified in paragraph~~
 4.31 ~~(e)~~ minus transportation sparsity revenue minus total operating capital revenue. "General
 4.32 revenue" for a charter school means the sum of the general education revenue according to
 4.33 section 124D.11, subdivision 1, and transportation revenue according to section 124D.11,

5.1 subdivision 2, excluding alternative teacher compensation revenue, minus referendum
 5.2 equalization aid minus transportation sparsity revenue minus operating capital revenue.

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

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

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

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

5.10 Sec. 7. Minnesota Statutes 2008, section 126C.10, subdivision 2a, is amended to read:

5.11 Subd. 2a. **Extended time revenue.** (a) A school district's extended time revenue
 5.12 is equal to the product of ~~\$4,601~~ (1) the formula allowance for that year minus \$523,
 5.13 and (2) the sum of the adjusted marginal cost pupil units of the district for each pupil in
 5.14 average daily membership in excess of 1.0 and less than 1.2 according to section 126C.05,
 5.15 subdivision 8, if the district has extended time average daily membership in the current
 5.16 year.

5.17 (b) A school district's extended time revenue may be used for extended day
 5.18 programs, extended week programs, summer school, and other programming authorized
 5.19 under the learning year program.

5.20 **EFFECTIVE DATE.** This section is effective for revenue for fiscal years 2011
 5.21 and later.

5.22 Sec. 8. Minnesota Statutes 2008, section 126C.10, subdivision 13a, is amended to read:

5.23 Subd. 13a. **Operating capital levy.** To obtain operating capital revenue ~~for fiscal~~
 5.24 ~~year 2007 and later,~~ a district may levy an amount not more than the product of its
 5.25 operating capital revenue for the fiscal year times the lesser of one or the ratio of its
 5.26 adjusted net tax capacity per adjusted marginal cost pupil unit to the operating capital
 5.27 equalizing factor. The operating capital equalizing factor equals ~~\$22,222 for fiscal year~~
 5.28 ~~2006, and \$10,700 for fiscal year~~ years 2007 through 2011, \$10,915 for fiscal year 2012,
 5.29 and \$11,029 for fiscal years 2013 and later.

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

5.31 Sec. 9. Minnesota Statutes 2008, section 126C.10, subdivision 14, is amended to read:

- 6.1 Subd. 14. **Uses of total operating capital revenue.** Total operating capital revenue
6.2 may be used only for the following purposes:
- 6.3 (1) to acquire land for school purposes;
- 6.4 (2) to acquire or construct buildings for school purposes;
- 6.5 (3) to rent or lease buildings, including the costs of building repair or improvement
6.6 that are part of a lease agreement;
- 6.7 (4) to improve and repair school sites and buildings, and equip or reequip school
6.8 buildings with permanent attached fixtures, including library media centers;
- 6.9 (5) for a surplus school building that is used substantially for a public nonschool
6.10 purpose;
- 6.11 (6) to eliminate barriers or increase access to school buildings by individuals with a
6.12 disability;
- 6.13 (7) to bring school buildings into compliance with the State Fire Code adopted
6.14 according to chapter 299F;
- 6.15 (8) to remove asbestos from school buildings, encapsulate asbestos, or make
6.16 asbestos-related repairs;
- 6.17 (9) to clean up and dispose of polychlorinated biphenyls found in school buildings;
- 6.18 (10) to clean up, remove, dispose of, and make repairs related to storing heating fuel
6.19 or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined
6.20 in section 296A.01;
- 6.21 (11) for energy audits for school buildings and to modify buildings if the audit
6.22 indicates the cost of the modification can be recovered within ten years;
- 6.23 (12) to improve buildings that are leased according to section 123B.51, subdivision 4;
- 6.24 (13) to pay special assessments levied against school property but not to pay
6.25 assessments for service charges;
- 6.26 (14) to pay principal and interest on state loans for energy conservation according to
6.27 section 216C.37 or loans made under the Douglas J. Johnson Economic Protection Trust
6.28 Fund Act according to sections 298.292 to 298.298;
- 6.29 (15) to purchase or lease interactive telecommunications equipment;
- 6.30 (16) by board resolution, to transfer money into the debt redemption fund to: (i)
6.31 pay the amounts needed to meet, when due, principal and interest payments on certain
6.32 obligations issued according to chapter 475; or (ii) pay principal and interest on debt
6.33 service loans or capital loans according to section 126C.70;
- 6.34 (17) to pay operating capital-related assessments of any entity formed under a
6.35 cooperative agreement between two or more districts;

7.1 (18) to purchase or lease computers and related materials, copying machines,
7.2 telecommunications equipment, and other noninstructional equipment;

7.3 (19) to purchase or lease assistive technology or equipment for instructional
7.4 programs;

7.5 (20) to purchase textbooks;

7.6 (21) to purchase new and replacement library media resources or technology;

7.7 (22) to purchase vehicles;

7.8 (23) to purchase or lease telecommunications equipment, computers, and related
7.9 equipment for integrated information management systems for:

7.10 (i) managing and reporting learner outcome information for all students under a
7.11 results-oriented graduation rule;

7.12 (ii) managing student assessment, services, and achievement information required
7.13 for students with individual education plans; and

7.14 (iii) other classroom information management needs; ~~and~~

7.15 (24) to pay personnel costs directly related to the acquisition, operation, and
7.16 maintenance of telecommunications systems, computers, related equipment, and network
7.17 and applications software; and

7.18 (25) to pay the costs directly associated with closing a school facility, including
7.19 moving and storage costs.

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

7.21 Sec. 10. Minnesota Statutes 2008, section 126C.126, is amended to read:

7.22 **126C.126 REALLOCATING GENERAL EDUCATION REVENUE FOR**
7.23 **ALL-DAY KINDERGARTEN AND PREKINDERGARTEN.**

7.24 (a) In order to provide additional revenue for an optional all-day kindergarten
7.25 program, a district may reallocate general education revenue attributable to 12th grade
7.26 students who have graduated early under section 120B.07 and who do not participate in
7.27 the early graduation achievement scholarship program under section 120B.08.

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

7.30 **EFFECTIVE DATE.** This section is effective for fiscal years 2011 and later.

7.31 Sec. 11. Minnesota Statutes 2008, section 126C.17, is amended by adding a subdivision
7.32 to read:

8.1 Subd. 9a. **Renewal by school board.** Notwithstanding the election requirements of
 8.2 subdivision 9, a school board may renew an expiring referendum by board action if:

8.3 (1) the per pupil amount of the referendum is the same as the amount expiring;

8.4 (2) the term of the renewed referendum is no longer than the initial term approved
 8.5 by the voters; and

8.6 (3) the school board has adopted a written resolution authorizing the renewal after
 8.7 holding a meeting and allowing public testimony on the proposed renewal.

8.8 **EFFECTIVE DATE.** This section is effective July 1, 2010.

8.9 Sec. 12. Minnesota Statutes 2008, section 126C.20, is amended to read:

8.10 **126C.20 ANNUAL GENERAL EDUCATION AID APPROPRIATION.**

8.11 There is annually appropriated from the general fund to the department the amount
 8.12 necessary for general education aid under section 126C.13 and the early graduation
 8.13 achievement scholarship program under section 120B.08. This amount must be reduced
 8.14 by the amount of any money specifically appropriated for the same purpose in any year
 8.15 from any state fund.

8.16 **EFFECTIVE DATE.** This section is effective for fiscal years 2011 and later.

8.17 Sec. 13. Minnesota Statutes 2009 Supplement, section 126C.41, subdivision 2, is
 8.18 amended to read:

8.19 **Subd. 2. Retired employee health benefits.** (a) A district may levy an amount up
 8.20 to the amount the district is required by the collective bargaining agreement in effect
 8.21 on March 30, 1992, to pay for health insurance or unreimbursed medical expenses for
 8.22 licensed and nonlicensed employees who have terminated services in the employing
 8.23 district and withdrawn from active teaching service or other active service, as applicable,
 8.24 before July 1, 1992, and to pay for health insurance or unreimbursed medical expenses
 8.25 for licensed and nonlicensed employees who have terminated services in the employing
 8.26 district and withdrawn from active teaching service or other active service, as applicable
 8.27 before July 1, 1998, only if a sunset clause is in effect for the current collective bargaining
 8.28 agreement. The total amount of the levy each year may not exceed \$600,000.

8.29 (b) In addition to the levy authority granted under paragraph (a), a school district
 8.30 may levy for other postemployment benefits expenses actually paid during the previous
 8.31 fiscal year. For purposes of this subdivision, "postemployment benefits" means benefits
 8.32 giving rise to a liability under Statement No. 45 of the Government Accounting Standards
 8.33 Board. A district seeking levy authority under this subdivision must:

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

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

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

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

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

9.14 (1) \$9,242,000 for taxes payable in 2010;

9.15 (2) \$29,863,000 for taxes payable in 2011; and

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

9.18 Sec. 14. Minnesota Statutes 2009 Supplement, section 126C.44, is amended to read:

9.19 **126C.44 SAFE SCHOOLS LEVY.**

9.20 (a) Each district may make a levy on all taxable property located within the district
 9.21 for the purposes specified in this section. The maximum amount which may be levied
 9.22 for all costs under this section shall be equal to \$30 multiplied by the district's adjusted
 9.23 marginal cost pupil units for the school year. The proceeds of the levy must be reserved and
 9.24 used for directly funding the following purposes or for reimbursing the cities and counties
 9.25 who contract with the district for the following purposes: (1) to pay the costs incurred for
 9.26 the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison in
 9.27 services in the district's schools; (2) to pay the costs for a drug abuse prevention program
 9.28 as defined in section 609.101, subdivision 3, paragraph (e), in the elementary schools;
 9.29 (3) to pay the costs for a gang resistance education training curriculum in the district's
 9.30 schools; (4) to pay the costs for security in the district's schools and on school property; (5)
 9.31 to pay the costs for other crime prevention, drug abuse, student and staff safety, voluntary
 9.32 opt-in suicide prevention tools, and violence prevention measures taken by the school
 9.33 district; or (6) to pay costs for licensed school counselors, licensed school nurses, licensed
 9.34 school social workers, licensed school psychologists, and licensed alcohol and chemical
 9.35 dependency counselors to help provide early responses to problems. For expenditures

10.1 under clause (1), the district must initially attempt to contract for services to be provided
 10.2 by peace officers or sheriffs with the police department of each city or the sheriff's
 10.3 department of the county within the district containing the school receiving the services. If
 10.4 a local police department or a county sheriff's department does not wish to provide the
 10.5 necessary services, the district may contract for these services with any other police or
 10.6 sheriff's department located entirely or partially within the school district's boundaries.

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

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

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

10.23 **ARTICLE 2**

10.24 **EDUCATION EXCELLENCE**

10.25 Section 1. Minnesota Statutes 2008, section 120A.41, is amended to read:

10.26 **120A.41 LENGTH OF SCHOOL YEAR; DAYS OF INSTRUCTION.**

10.27 (a) A school board's annual school calendar must include at least the number of days
 10.28 of student instruction the board formally adopted as its school calendar at the beginning of
 10.29 the 1996-1997 school year.

10.30 (b) Notwithstanding paragraph (a), any school district that operated for at least 178
 10.31 instructional or professional development days during the 2007-2008 school year may
 10.32 reduce its calendar to not less than 178 calendar days, provided that the total number of
 10.33 student contact hours is not reduced below the total number of student contact hours
 10.34 for the 2007-2008 school year.

11.1 **EFFECTIVE DATE.** This section is effective for the 2010-2011 school year and
 11.2 later.

11.3 Sec. 2. Minnesota Statutes 2008, section 120B.021, subdivision 1, is amended to read:

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

11.6 (1) language arts;

11.7 (2) mathematics;

11.8 (3) science;

11.9 (4) social studies, including history, geography, economics, and government and
 11.10 citizenship;

11.11 (5) physical education;

11.12 ~~(6) health and physical education~~, for which locally developed academic standards
 11.13 apply; and

11.14 ~~(6)~~ (7) the arts, for which statewide or locally developed academic standards apply,
 11.15 as determined by the school district. Public elementary and middle schools must offer at
 11.16 least three and require at least two of the following four arts areas: dance; music; theater;
 11.17 and visual arts. Public high schools must offer at least three and require at least one of the
 11.18 following five arts areas: media arts; dance; music; theater; and visual arts.

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

11.21 For purposes of applicable federal law, the academic standards for language arts,
 11.22 mathematics, and science apply to all public school students, except the very few students
 11.23 with extreme cognitive or physical impairments for whom an individualized education
 11.24 plan team has determined that the required academic standards are inappropriate.

11.25 An individualized education plan team that makes this determination must establish
 11.26 alternative standards.

11.27 A school district, no later than the 2007-2008 school year, must adopt graduation
 11.28 requirements that meet or exceed state graduation requirements established in law or
 11.29 rule. A school district that incorporates these state graduation requirements before the
 11.30 2007-2008 school year must provide students who enter the 9th grade in or before
 11.31 the 2003-2004 school year the opportunity to earn a diploma based on existing locally
 11.32 established graduation requirements in effect when the students entered the 9th grade.
 11.33 District efforts to develop, implement, or improve instruction or curriculum as a result
 11.34 of the provisions of this section must be consistent with sections 120B.10, 120B.11,
 11.35 and 120B.20.

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

12.4 **EFFECTIVE DATE.** This section is effective the day following final enactment
 12.5 and applies to all school districts and charter schools beginning in the 2012-2013 school
 12.6 year and later. A school district or charter school is strongly encouraged to implement
 12.7 state physical education standards in an earlier school year than the 2012-2013 school
 12.8 year if it has adopted physical education standards equivalent to the standards developed
 12.9 by the National Association for Sport and Physical Education under section 30 on the
 12.10 effective date of this act, or if it is scheduled to undertake the periodic review of its local
 12.11 physical education standards under Minnesota Statutes, section 120B.023, subdivision 2,
 12.12 paragraph (g), in a school year before the 2012-2013 school year, it is strongly encouraged
 12.13 to implement state physical education standards consistent with section 30 in an earlier
 12.14 school year.

12.15 Sec. 3. Minnesota Statutes 2009 Supplement, section 120B.023, subdivision 2, is
 12.16 amended to read:

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

12.25 (b) The commissioner in the 2006-2007 school year must revise and align the state's
 12.26 academic standards and high school graduation requirements in mathematics to require
 12.27 that students satisfactorily complete the revised mathematics standards, beginning in the
 12.28 2010-2011 school year. Under the revised standards:

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

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

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

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

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

13.8 (d) The commissioner in the 2008-2009 school year must revise and align the state's
13.9 academic standards and high school graduation requirements in science to require that
13.10 students satisfactorily complete the revised science standards, beginning in the 2011-2012
13.11 school year. Under the revised standards, students scheduled to graduate in the 2014-2015
13.12 school year or later must satisfactorily complete a chemistry or physics credit. The
13.13 commissioner must implement a review of the academic standards and related benchmarks
13.14 in science beginning in the 2017-2018 school year.

13.15 (e) The commissioner in the 2009-2010 school year must revise and align the state's
13.16 academic standards and high school graduation requirements in language arts to require
13.17 that students satisfactorily complete the revised language arts standards beginning in the
13.18 2012-2013 school year. The commissioner must implement a review of the academic
13.19 standards and related benchmarks in language arts beginning in the 2018-2019 school year.

13.20 (f) The commissioner in the 2010-2011 school year must revise and align the state's
13.21 academic standards and high school graduation requirements in social studies to require
13.22 that students satisfactorily complete the revised social studies standards beginning in the
13.23 2013-2014 school year. The commissioner must implement a review of the academic
13.24 standards and related benchmarks in social studies beginning in the 2019-2020 school year.

13.25 (g) School districts and charter schools must revise and align local academic
13.26 standards and high school graduation requirements in health, ~~physical education~~, world
13.27 languages, and career and technical education to require students to complete the revised
13.28 standards beginning in a school year determined by the school district or charter school.
13.29 School districts and charter schools must formally establish a periodic review cycle for
13.30 the academic standards and related benchmarks in health, ~~physical education~~, world
13.31 languages, and career and technical education.

13.32 (h) The commissioner in the 2013-2014 school year and later must use the good
13.33 cause exemption under section 14.388, subdivision 1, clause (3), to amend the rules
13.34 governing state physical education standards to conform the state standards to changes in
13.35 the standards developed by the National Association for Sport and Physical Education.
13.36 Directions to the commissioner to embed technology and information literacy standards

14.1 under paragraph (a) and other requirements related to state academic standards under
 14.2 this chapter do not apply.

14.3 **EFFECTIVE DATE.** This section is effective the day following final enactment
 14.4 and applies to all school districts and charter schools beginning in the 2012-2013 school
 14.5 year and later, except that paragraph (h) applies beginning in the 2013-2014 school year
 14.6 and later. A school district or charter school is strongly encouraged to implement state
 14.7 physical education standards in an earlier school year than the 2012-2013 school year if it
 14.8 has adopted physical education standards equivalent to the standards developed by the
 14.9 National Association for Sport and Physical Education under section 30 on the effective
 14.10 date of this act, or if it is scheduled to undertake the periodic review of its local physical
 14.11 education standards under paragraph (g) in a school year before the 2012-2013 school
 14.12 year, it is strongly encouraged to implement state physical education standards consistent
 14.13 with section 30 in an earlier school year.

14.14 Sec. 4. Minnesota Statutes 2008, section 120B.15, is amended to read:

14.15 **120B.15 GIFTED AND TALENTED STUDENTS PROGRAMS.**

14.16 (a) School districts and charter schools may identify students, locally develop
 14.17 programs addressing instructional and affective needs, provide staff development, and
 14.18 evaluate programs to provide gifted and talented students with challenging and appropriate
 14.19 educational programs.

14.20 (b) School districts and charter schools may adopt guidelines for assessing and
 14.21 identifying students for participation in gifted and talented programs. The guidelines
 14.22 should include the use of:

14.23 (1) multiple and objective criteria; and

14.24 (2) assessments and procedures that are valid and reliable, fair, and based on
 14.25 current theory and research addressing the use of tools and methods that are sensitive to
 14.26 underrepresented groups, including, but not limited to, students who are low income,
 14.27 minority, gifted and learning disabled, and English language learners.

14.28 (c) School districts and charter schools must adopt procedures for the academic
 14.29 acceleration of gifted and talented students. These procedures must include how the
 14.30 district will:

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

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

15.1 Sec. 5. **[120B.21] MENTAL HEALTH EDUCATION.**

15.2 The legislature encourages districts to provide instruction in mental health for
15.3 students in grades 7 through 12. Instruction must be aligned with local health standards
15.4 and integrated into a district's existing programs, curriculum, or the general school
15.5 environment. The commissioner of education, in consultation with mental health
15.6 organizations, shall provide assistance to districts including:

15.7 (1) age-appropriate model learning activities for grades 7 through 12 that address
15.8 mental health components of the National Health Education Standards and the benchmarks
15.9 developed by the department's quality teaching network in health and best practices in
15.10 mental health education; and

15.11 (2) a directory of resources for planning and implementing age-appropriate mental
15.12 health curriculum and instruction in grades 7 through 12.

15.13 Sec. 6. Minnesota Statutes 2009 Supplement, section 120B.30, subdivision 1, is
15.14 amended to read:

15.15 Subdivision 1. **Statewide testing.** (a) The commissioner, with advice from experts
15.16 with appropriate technical qualifications and experience and stakeholders, consistent with
15.17 subdivision 1a, shall include in the comprehensive assessment system, for each grade
15.18 level to be tested, state-constructed tests developed from and aligned with the state's
15.19 required academic standards under section 120B.021, include multiple choice questions,
15.20 and be administered annually to all students in grades 3 through 8. State-developed high
15.21 school tests aligned with the state's required academic standards under section 120B.021
15.22 and administered to all high school students in a subject other than writing must include
15.23 multiple choice questions. The commissioner shall establish one or more months during
15.24 which schools shall administer the tests to students each school year. For students enrolled
15.25 in grade 8 before the 2005-2006 school year, Minnesota basic skills tests in reading,
15.26 mathematics, and writing shall fulfill students' basic skills testing requirements for a
15.27 passing state notation. The passing scores of basic skills tests in reading and mathematics
15.28 are the equivalent of 75 percent correct for students entering grade 9 based on the first
15.29 uniform test administered in February 1998. Students who have not successfully passed
15.30 a Minnesota basic skills test by the end of the 2011-2012 school year must pass the
15.31 graduation-required assessments for diploma under paragraph (b).

15.32 (b) The state assessment system must be aligned to the most recent revision of
15.33 academic standards as described in section 120B.023 in the following manner:

15.34 (1) mathematics;

15.35 (i) grades 3 through 8 beginning in the 2010-2011 school year; and

- 16.1 (ii) high school level beginning in the 2013-2014 school year;
- 16.2 (2) science; grades 5 and 8 and at the high school level beginning in the 2011-2012
- 16.3 school year; and
- 16.4 (3) language arts and reading; grades 3 through 8 and high school level beginning in
- 16.5 the 2012-2013 school year.
- 16.6 (c) For students enrolled in grade 8 in the 2005-2006 school year and later, only the
- 16.7 following options shall fulfill students' state graduation test requirements:
- 16.8 (1) for reading and mathematics:
- 16.9 (i) obtaining an achievement level equivalent to or greater than proficient as
- 16.10 determined through a standard setting process on the Minnesota comprehensive
- 16.11 assessments in grade 10 for reading and grade 11 for mathematics or achieving a passing
- 16.12 score as determined through a standard setting process on the graduation-required
- 16.13 assessment for diploma in grade 10 for reading and grade 11 for mathematics or
- 16.14 subsequent retests;
- 16.15 (ii) achieving a passing score as determined through a standard setting process on the
- 16.16 state-identified language proficiency test in reading and the mathematics test for English
- 16.17 language learners or the graduation-required assessment for diploma equivalent of those
- 16.18 assessments for students designated as English language learners;
- 16.19 (iii) achieving an individual passing score on the graduation-required assessment
- 16.20 for diploma as determined by appropriate state guidelines for students with an individual
- 16.21 education plan or 504 plan;
- 16.22 (iv) obtaining achievement level equivalent to or greater than proficient as
- 16.23 determined through a standard setting process on the state-identified alternate assessment
- 16.24 or assessments in grade 10 for reading and grade 11 for mathematics for students with
- 16.25 an individual education plan; or
- 16.26 (v) achieving an individual passing score on the state-identified alternate assessment
- 16.27 or assessments as determined by appropriate state guidelines for students with an
- 16.28 individual education plan; and
- 16.29 (2) for writing:
- 16.30 (i) achieving a passing score on the graduation-required assessment for diploma;
- 16.31 (ii) achieving a passing score as determined through a standard setting process on
- 16.32 the state-identified language proficiency test in writing for students designated as English
- 16.33 language learners;
- 16.34 (iii) achieving an individual passing score on the graduation-required assessment
- 16.35 for diploma as determined by appropriate state guidelines for students with an individual
- 16.36 education plan or 504 plan; or

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

17.4 (d) Students enrolled in grade 8 in any school year from the 2005-2006 school
 17.5 year to the 2009-2010 school year who do not pass the mathematics graduation-required
 17.6 assessment for diploma under paragraph (b) are eligible to receive a high school diploma
 17.7 ~~with a passing state notation~~ if they:

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

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

17.11 (3) fully participate in at least two retests of the mathematics GRAD test or until
 17.12 they pass the mathematics GRAD test, whichever comes first. A school, district, or
 17.13 charter school must place on the high school transcript a student's highest current pass
 17.14 status for each subject that has a required graduation assessment score for each of the
 17.15 ~~following assessments on the student's high school transcript: the mathematics Minnesota~~
 17.16 ~~Comprehensive Assessment, reading Minnesota Comprehensive Assessment, and writing~~
 17.17 ~~Graduation-Required Assessment for Diploma, and when applicable, the mathematics~~
 17.18 ~~Graduation-Required Assessment for Diploma and reading Graduation-Required~~
 17.19 ~~Assessment for Diploma.~~

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

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

17.28 (f) The 3rd through 8th grade and high school tests must be aligned with state
 17.29 academic standards. The commissioner shall determine the testing process and the order
 17.30 of administration. The statewide results shall be aggregated at the site and district level,
 17.31 consistent with subdivision 1a.

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

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

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

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

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

18.12 (h) Notwithstanding other law to the contrary, the commissioner must not sign a
18.13 memorandum of understanding, agree to participate in a consortium or partnership, or
18.14 enter into any other agreement with any other state to develop shared common assessments
18.15 of K-12 academic standards without first receiving specific legislative authorization.

18.16 **EFFECTIVE DATE.** Paragraph (h) is effective the day following final enactment,
18.17 and applies to agreements entered into after the effective date of this act.

18.18 Sec. 7. Minnesota Statutes 2009 Supplement, section 120B.30, subdivision 3, is
18.19 amended to read:

18.20 Subd. 3. **Reporting.** The commissioner shall report test ~~data~~ results publicly and
18.21 to stakeholders, including the performance achievement levels developed from students'
18.22 unweighted test scores in each tested subject and a listing of demographic factors that
18.23 strongly correlate with student performance. The test results must not include personally
18.24 identifiable information as defined in Code of Federal Regulations, title 34, section 99.3.
18.25 The commissioner shall also report data that compares performance results among school
18.26 sites, school districts, Minnesota and other states, and Minnesota and other nations. The
18.27 commissioner shall disseminate to schools and school districts a more comprehensive
18.28 report containing testing information that meets local needs for evaluating instruction
18.29 and curriculum.

18.30 Sec. 8. Minnesota Statutes 2009 Supplement, section 120B.30, subdivision 4, is
18.31 amended to read:

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

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

19.5 Sec. 9. Minnesota Statutes 2009 Supplement, section 120B.35, subdivision 3, is
19.6 amended to read:

19.7 Subd. 3. **State growth target; other state measures.** (a) The state's educational
19.8 assessment system measuring individual students' educational growth is based on
19.9 indicators of achievement growth that show an individual student's prior achievement.
19.10 Indicators of achievement and prior achievement must be based on highly reliable
19.11 statewide or districtwide assessments.

19.12 (b) The commissioner, in consultation with a stakeholder group that includes
19.13 assessment and evaluation directors and staff and researchers must implement a model
19.14 that uses a value-added growth indicator and includes criteria for identifying schools
19.15 and school districts that demonstrate medium and high growth under section 120B.299,
19.16 subdivisions 8 and 9, and may recommend other value-added measures under section
19.17 120B.299, subdivision 3. The model may be used to advance educators' professional
19.18 development and replicate programs that succeed in meeting students' diverse learning
19.19 needs. Data on individual teachers generated under the model are personnel data under
19.20 section 13.43. The model must allow users to:

19.21 (1) report student growth consistent with this paragraph; and
19.22 (2) for all student categories, report and compare aggregated and disaggregated state
19.23 growth data using the nine student categories identified under the federal 2001 No Child
19.24 Left Behind Act and two student gender categories of male and female, respectively,
19.25 following appropriate reporting practices to protect nonpublic student data.

19.26 The commissioner must report separate measures of student growth and proficiency,
19.27 consistent with this paragraph.

19.28 (c) When reporting student performance under section 120B.36, subdivision 1, the
19.29 commissioner annually, beginning July 1, 2011, must report two core measures indicating
19.30 the extent to which current high school graduates are being prepared for postsecondary
19.31 academic and career opportunities:

19.32 (1) a preparation measure indicating the number and percentage of high school
19.33 graduates in the most recent school year who completed course work important to
19.34 preparing them for postsecondary academic and career opportunities, consistent with

20.1 the core academic subjects required for admission to Minnesota's public colleges and
 20.2 universities as determined by the Office of Higher Education under chapter 136A; and

20.3 (2) a rigorous coursework measure indicating the number and percentage of high
 20.4 school graduates in the most recent school year who successfully completed one or more
 20.5 college-level advanced placement, international baccalaureate, postsecondary enrollment
 20.6 options including concurrent enrollment, other rigorous courses of study under section
 20.7 120B.021, subdivision 1a, or industry certification courses or programs.

20.8 When reporting the core measures under clauses (1) and (2), the commissioner must also
 20.9 analyze and report separate categories of information using the nine student categories
 20.10 identified under the federal 2001 No Child Left Behind Act and two student gender
 20.11 categories of male and female, respectively, following appropriate reporting practices to
 20.12 protect nonpublic student data.

20.13 (d) When reporting student performance under section 120B.36, subdivision 1, the
 20.14 commissioner annually, beginning July 1, 2014, must report summary data on school
 20.15 safety and students' engagement and connection at school. The summary data under this
 20.16 paragraph are separate from and must not be used for any purpose related to measuring
 20.17 or evaluating the performance of classroom teachers. The commissioner, in consultation
 20.18 with qualified experts on student engagement and connection and classroom teachers,
 20.19 must identify highly reliable variables that generate summary data under this paragraph.
 20.20 The summary data may be used at school, district, and state levels only. Any data on
 20.21 individuals received, collected, or created that are used to generate the summary data
 20.22 under this paragraph are nonpublic data under section 13.02, subdivision 9.

20.23 (e) For purposes of statewide educational accountability, the commissioner must
 20.24 identify and report measures that demonstrate the success of school districts, school sites,
 20.25 charter schools, and alternative program providers in improving the graduation outcomes
 20.26 of students under this paragraph. When reporting student performance under section
 20.27 120B.36, subdivision 1, the commissioner, beginning July 1, 2013, must annually report
 20.28 summary data on (i) the four- and six-year graduation rates of students throughout the state
 20.29 who are identified as at risk of not graduating or off track to graduate, including students
 20.30 who are eligible to participate in a program under section 123A.05 or 124D.68, among
 20.31 other students, and (ii) the success that school districts, school sites, charter schools, and
 20.32 alternative program providers experience in:

20.33 (1) identifying at-risk and off-track student populations by grade;

20.34 (2) providing successful prevention and intervention strategies for at-risk students;

20.35 (3) providing successful recuperative and recovery or reenrollment strategies for
 20.36 off-track students; and

21.1 (4) improving the graduation outcomes of at-risk and off-track students.

21.2 For purposes of this paragraph, a student who is at risk of not graduating is a student
 21.3 in eighth or ninth grade who meets one or more of the following criteria: first enrolled
 21.4 in an English language learners program in eighth or ninth grade and may be older than
 21.5 other students enrolled in the same grade; as an eighth grader, is absent from school for at
 21.6 least 20 percent of the days of instruction during the school year, is two or more years
 21.7 older than other students enrolled in the same grade, or fails multiple core academic
 21.8 courses; or as a ninth grader, fails multiple ninth grade core academic courses in English
 21.9 language arts, math, science, or social studies.

21.10 For purposes of this paragraph, a student who is off track to graduate is a student
 21.11 who meets one or more of the following criteria: first enrolled in an English language
 21.12 learners program in high school and is older than other students enrolled in the same grade;
 21.13 is a returning dropout; is 16 or 17 years old and two or more academic years off track to
 21.14 graduate; is 18 years or older and two or more academic years off track to graduate; or is
 21.15 18 years or older and may graduate within one school year.

21.16 **EFFECTIVE DATE.** Paragraph (e) applies to data that are collected in the
 21.17 2012-2013 school year and later and reported annually beginning July 1, 2013, consistent
 21.18 with the recommendations the commissioner receives from recognized and qualified
 21.19 experts on improving differentiated graduation rates, and establishing alternative routes to
 21.20 a standard high school diploma for at-risk and off-track students.

21.21 Sec. 10. Minnesota Statutes 2009 Supplement, section 120B.36, subdivision 1, is
 21.22 amended to read:

21.23 Subdivision 1. **School performance report cards.** (a) The commissioner
 21.24 shall report student academic performance under section 120B.35, subdivision 2; the
 21.25 percentages of students showing low, medium, and high growth under section 120B.35,
 21.26 subdivision 3, paragraph (b); school safety and student engagement and connection
 21.27 under section 120B.35, subdivision 3, paragraph (d); rigorous coursework under section
 21.28 120B.35, subdivision 3, paragraph (c); the four- and six-year graduation rates of at-risk and
 21.29 off-track students throughout the state under section 120B.35, subdivision 3, paragraph
 21.30 (e), and the success that school districts, school sites, charter schools, and alternative
 21.31 program providers experience in their efforts to improve the graduation outcomes of
 21.32 those students; two separate student-to-teacher ratios that clearly indicate the definition
 21.33 of teacher consistent with sections 122A.06 and 122A.15 for purposes of determining
 21.34 these ratios; staff characteristics excluding salaries; student enrollment demographics;
 21.35 district mobility; and extracurricular activities. The report also must indicate a school's

22.1 adequate yearly progress status, and must not set any designations applicable to high- and
 22.2 low-performing schools due solely to adequate yearly progress status.

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

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

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

22.10 (e) School performance report card data are nonpublic data under section 13.02,
 22.11 subdivision 9, until not later than ten days after the appeal procedure described in
 22.12 paragraph (d) concludes. The department shall annually post school performance report
 22.13 cards to its public Web site no later than September 1.

22.14 **EFFECTIVE DATE.** This section is effective the day following final enactment
 22.15 and applies to annual reports beginning July 1, 2013.

22.16 Sec. 11. **[121A.215] LOCAL SCHOOL DISTRICT WELLNESS POLICIES;**
 22.17 **WEB SITE.**

22.18 Where available, a school district must post its current local school wellness policy
 22.19 on its Web site.

22.20 **EFFECTIVE DATE.** This section is effective August 1, 2010.

22.21 Sec. 12. Minnesota Statutes 2009 Supplement, section 122A.09, subdivision 4, is
 22.22 amended to read:

22.23 Subd. 4. **License and rules.** (a) The board ~~must~~ may adopt new rules and amend
 22.24 any existing rules to license public school teachers and interns ~~subject to~~ only under
 22.25 specific legislative authority and consistent with the requirements of chapter 14. This
 22.26 paragraph does not prohibit the board from making technical changes or corrections to
 22.27 rules or repealing rules adopted by the board.

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

23.1 (c) The board must adopt rules to approve teacher preparation programs. The board,
23.2 upon the request of a postsecondary student preparing for teacher licensure or a licensed
23.3 graduate of a teacher preparation program, shall assist in resolving a dispute between the
23.4 person and a postsecondary institution providing a teacher preparation program when the
23.5 dispute involves an institution's recommendation for licensure affecting the person or the
23.6 person's credentials. At the board's discretion, assistance may include the application
23.7 of chapter 14.

23.8 (d) The board must provide the leadership and shall adopt rules for the redesign of
23.9 teacher education programs to implement a research based, results-oriented curriculum
23.10 that focuses on the skills teachers need in order to be effective. The board shall implement
23.11 new systems of teacher preparation program evaluation to assure program effectiveness
23.12 based on proficiency of graduates in demonstrating attainment of program outcomes.

23.13 (e) The board must adopt rules requiring candidates for initial licenses to
23.14 ~~successfully complete~~ pass an examination of general pedagogical knowledge and
23.15 examinations of licensure-specific teaching skills. The rules shall be effective by
23.16 September 1, 2001. The rules under this paragraph also must require candidates for
23.17 initial licenses to teach prekindergarten or elementary students to successfully complete,
23.18 as part of the examination of licensure-specific teaching skills, test items assessing the
23.19 candidates' knowledge, skill, and ability in comprehensive, scientifically based reading
23.20 instruction under section 122A.06, subdivision 4, and their knowledge and understanding
23.21 of the foundations of reading development, the development of reading comprehension,
23.22 and reading assessment and instruction, and their ability to integrate that knowledge
23.23 and understanding. The rules under this paragraph also must require general education
23.24 candidates for initial licenses to teach prekindergarten or elementary students to pass,
23.25 as part of the examination of licensure-specific teaching skills, test items assessing the
23.26 candidates' knowledge, skill, and ability in mathematics.

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

23.30 (g) The board must grant licenses to interns and to candidates for initial licenses.

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

23.34 (i) The board must receive recommendations from local committees as established
23.35 by the board for the renewal of teaching licenses. Committee recommendations must be
23.36 consistent with section 122A.18, subdivision 4, paragraph (b).

24.1 (j) The board must grant life licenses to those who qualify according to requirements
24.2 established by the board, and suspend or revoke licenses pursuant to sections 122A.20 and
24.3 214.10. The board must not establish any expiration date for application for life licenses.

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

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

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

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

24.23 (o) The board, consistent with section 122A.18, subdivision 4, paragraph (b), must
24.24 amend its licensure renewal rules to include professional reflection and growth in best
24.25 teaching practices in the preparation requirements for relicensure under this paragraph
24.26 and paragraphs (i), (k), (m), and (n), and any other preparation requirements applicable to
24.27 teachers seeking to renew their continuing license from the board.

24.28 **EFFECTIVE DATE.** This section is effective the day following final enactment
24.29 and applies to all new and amended rules proposed by the Board of Teaching, including all
24.30 new and amended rules that are not yet formally adopted, except that the amendments
24.31 to paragraphs (i) and (o) apply to licensees seeking relicensure beginning June 30, 2012.
24.32 This section does not affect the requirement that the Board of Teaching continue to finally
24.33 adopt rules initially proposed before the effective date of this section, to implement the
24.34 requirement of Laws 2003, chapter 129, article 1, section 10, and Laws 2007, chapter
24.35 146, article 2, section 34, that the board adopt rules relating to credentials for education
24.36 paraprofessionals.

25.1 Sec. 13. Minnesota Statutes 2008, section 122A.16, is amended to read:

25.2 **122A.16 HIGHLY QUALIFIED TEACHER DEFINED.**

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

25.5 (b) For the purposes of the federal No Child Left Behind Act, a highly qualified
25.6 teacher is one who holds a valid license under this chapter to perform the particular service
25.7 for which the teacher is employed in a public school or who meets the requirements of a
25.8 highly objective uniform state standard of evaluation (HOUSSE).

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

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

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

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

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

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

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

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

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

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

26.1 Sec. 14. Minnesota Statutes 2008, section 122A.18, subdivision 1, is amended to read:

26.2 Subdivision 1. **Authority to license.** (a) The Board of Teaching must license
26.3 teachers, as defined in section 122A.15, subdivision 1, except for supervisory personnel,
26.4 as defined in section 122A.15, subdivision 2.

26.5 (b) The Board of School Administrators must license supervisory personnel as
26.6 defined in section 122A.15, subdivision 2, except for athletic coaches.

26.7 (c) Licenses under the jurisdiction of the Board of Teaching, the Board of School
26.8 Administrators, and the commissioner of education must be issued through the licensing
26.9 section of the department.

26.10 (d) The Board of Teaching may approve only those teacher preparation programs that
26.11 target and address identified concerns affecting students in kindergarten through grade 12.
26.12 The Board of Teaching and the Department of Education, consistent with the requirements
26.13 of chapter 13, must enter into an agreement to share kindergarten through grade 12
26.14 educational data solely for approving and improving teacher education programs. The
26.15 Board of Teaching must ensure that this information remains confidential and is used only
26.16 for this purpose. Any unauthorized disclosure is subject to a penalty under section 13.09.

26.17 (e) The Board of School Administrators may approve only those administrator
26.18 preparation programs that target and address identified concerns affecting students in
26.19 kindergarten through grade 12. The Board of School Administrators and the Department
26.20 of Education, consistent with the requirements of chapter 13, must enter into an agreement
26.21 to share kindergarten through grade 12 educational data solely for approving and
26.22 improving education administration programs. The Board of School Administrators must
26.23 ensure that this information remains confidential and is used only for this purpose. Any
26.24 unauthorized disclosure is subject to a penalty under section 13.09.

26.25 Sec. 15. Minnesota Statutes 2008, section 122A.18, subdivision 2, is amended to read:

26.26 Subd. 2. **Teacher and support personnel qualifications.** (a) The Board of
26.27 Teaching must issue licenses under its jurisdiction to persons the board finds to be
26.28 qualified and competent for their respective positions.

26.29 (b) The board must require a person to ~~successfully complete~~ pass an examination of
26.30 skills in reading, writing, and mathematics before being granted an initial teaching license
26.31 to provide direct instruction to pupils in prekindergarten, elementary, secondary, or special
26.32 education programs. The board must require colleges and universities offering a board
26.33 approved teacher preparation program to provide remedial assistance that includes a
26.34 formal diagnostic component to persons enrolled in their institution who did not achieve a
26.35 qualifying score on the skills examination, including those for whom English is a second

27.1 language. The colleges and universities must provide assistance in the specific academic
 27.2 areas of deficiency in which the person did not achieve a qualifying score. School
 27.3 districts must provide similar, appropriate, and timely remedial assistance that includes a
 27.4 formal diagnostic component and mentoring to those persons employed by the district
 27.5 who completed their teacher education program outside the state of Minnesota, received
 27.6 a one-year license to teach in Minnesota and did not achieve a qualifying score on the
 27.7 skills examination, including those persons for whom English is a second language. The
 27.8 Board of Teaching shall report annually to the education committees of the legislature
 27.9 on the total number of teacher candidates during the most recent school year taking the
 27.10 skills examination, the number who achieve a qualifying score on the examination, the
 27.11 number who do not achieve a qualifying score on the examination, the distribution of all
 27.12 candidates' scores, the number of candidates who have taken the examination at least once
 27.13 before, and the number of candidates who have taken the examination at least once before
 27.14 and achieve a qualifying score.

27.15 ~~(c) A person who has completed an approved teacher preparation program and~~
 27.16 ~~obtained a one-year license to teach, but has not successfully completed the skills~~
 27.17 ~~examination, may renew the one-year license for two additional one-year periods. Each~~
 27.18 ~~renewal of the one-year license is contingent upon the licensee:~~

27.19 ~~(1) providing evidence of participating in an approved remedial assistance program~~
 27.20 ~~provided by a school district or postsecondary institution that includes a formal diagnostic~~
 27.21 ~~component in the specific areas in which the licensee did not obtain qualifying scores; and~~

27.22 ~~(2) attempting to successfully complete the skills examination during the period~~
 27.23 ~~of each one-year license.~~

27.24 ~~(d)~~ (c) The Board of Teaching must grant continuing licenses only to those persons
 27.25 who have met board criteria for granting a continuing license, which includes ~~successfully~~
 27.26 ~~completing~~ passing the skills examination in reading, writing, and mathematics.

27.27 ~~(e)~~ (d) All colleges and universities approved by the board of teaching to prepare
 27.28 persons for teacher licensure must include in their teacher preparation programs a common
 27.29 core of teaching knowledge and skills to be acquired by all persons recommended
 27.30 for teacher licensure. This common core shall meet the standards developed by the
 27.31 interstate new teacher assessment and support consortium in its 1992 "model standards for
 27.32 beginning teacher licensing and development." Amendments to standards adopted under
 27.33 this paragraph are covered by chapter 14. The board of teaching shall report annually to
 27.34 the education committees of the legislature on the performance of teacher candidates
 27.35 on common core assessments of knowledge and skills under this paragraph during the
 27.36 most recent school year.

28.1 (e) The Board of Teaching must:

28.2 (1) ensure that kindergarten through grade 12 teacher licensing standards are highly
 28.3 aligned with the state's kindergarten through grade 12 academic standards;

28.4 (2) adopt a review cycle that is consistent with the kindergarten through grade 12
 28.5 academic standards review cycle under section 120B.023, subdivision 2; and

28.6 (3) review and align the teacher licensure standards with the kindergarten through
 28.7 grade 12 academic standards within one school year after the commissioner reviews and
 28.8 adopts revised kindergarten through grade 12 academic standards in a particular subject
 28.9 area.

28.10 (f) All teacher preparation programs approved by the Board of Teaching must
 28.11 require teacher candidates to complete at least one online course.

28.12 Sec. 16. Minnesota Statutes 2008, section 122A.23, subdivision 2, is amended to read:

28.13 Subd. 2. **Applicants licensed in other states.** (a) Subject to the requirements
 28.14 of sections 122A.18, subdivision 8, and 123B.03, the Board of Teaching must issue
 28.15 a teaching license or a temporary teaching license under paragraphs (b) to (e) to an
 28.16 applicant who holds at least a baccalaureate degree from a regionally accredited college
 28.17 or university and holds or held a similar out-of-state teaching license that requires the
 28.18 applicant to successfully complete a teacher preparation program approved by the issuing
 28.19 state, which includes field-specific teaching methods and student teaching or essentially
 28.20 equivalent experience.

28.21 (b) The Board of Teaching must issue a teaching license to an applicant who:

28.22 (1) ~~successfully completed~~ passed all exams and ~~successfully completed~~ human
 28.23 relations preparation components required by the Board of Teaching; and

28.24 (2) holds or held an out-of-state teaching license to teach the same content field and
 28.25 grade levels if the scope of the out-of-state license is no more than one grade level less
 28.26 than a similar Minnesota license.

28.27 (c) The Board of Teaching, consistent with board rules, must issue up to three
 28.28 one-year temporary teaching licenses to an applicant who holds or held an out-of-state
 28.29 teaching license to teach the same content field and grade levels, where the scope of the
 28.30 out-of-state license is no more than one grade level less than a similar Minnesota license,
 28.31 but has not ~~successfully completed~~ passed all exams and ~~successfully completed~~ human
 28.32 relations preparation components required by the Board of Teaching.

28.33 (d) The Board of Teaching, consistent with board rules, must issue up to three
 28.34 one-year temporary teaching licenses to an applicant who:

29.1 (1) ~~successfully completed~~ passed all exams and successfully completed human
 29.2 relations preparation components required by the Board of Teaching; and

29.3 (2) holds or held an out-of-state teaching license to teach the same content field
 29.4 and grade levels, where the scope of the out-of-state license is no more than one grade
 29.5 level less than a similar Minnesota license, but has not completed field-specific teaching
 29.6 methods or student teaching or equivalent experience.

29.7 The applicant may complete field-specific teaching methods and student teaching
 29.8 or equivalent experience by successfully participating in a one-year school district
 29.9 mentorship program consistent with board-adopted standards of effective practice and
 29.10 Minnesota graduation requirements.

29.11 (e) The Board of Teaching must issue a temporary teaching license for a term of
 29.12 up to three years only in the content field or grade levels specified in the out-of-state
 29.13 license to an applicant who:

29.14 (1) ~~successfully completed~~ passed all exams and successfully completed human
 29.15 relations preparation components required by the Board of Teaching; and

29.16 (2) holds or held an out-of-state teaching license where the out-of-state license is
 29.17 more limited in the content field or grade levels than a similar Minnesota license.

29.18 (f) The Board of Teaching must not issue to an applicant more than three one-year
 29.19 temporary teaching licenses under this subdivision.

29.20 (g) The Board of Teaching must not issue a license under this subdivision if the
 29.21 applicant has not attained the additional degrees, credentials, or licenses required in a
 29.22 particular licensure field.

29.23 Sec. 17. **[122A.245] ALTERNATIVE TEACHER PREPARATION PROGRAM**
 29.24 **AND LIMITED-TERM TEACHER LICENSE.**

29.25 Subdivision 1. Requirements. (a) The Board of Teaching must approve qualified
 29.26 teacher preparation programs under this section that are a means to acquire a two-year
 29.27 limited-term license and to prepare for acquiring a standard entrance license. Partnerships
 29.28 composed of school districts or charter schools and either:

29.29 (1) a college or university with a board-approved alternative teacher preparation
 29.30 program; or

29.31 (2) a nonprofit corporation formed for an education-related purpose and subject
 29.32 to chapter 317A and a college or university with a board-approved alternative teacher
 29.33 preparation program may offer this program if:

30.1 (i) a need for teachers exists based on the determination by a participating school
30.2 district or charter school that in the previous school year too few qualified candidates
30.3 applied for its posted, available teaching positions;

30.4 (ii) the teaching staff does not reflect the racial and cultural diversity of the student
30.5 population of the district or charter school; or

30.6 (iii) the school district or charter school identifies a need to reduce or eliminate a
30.7 student achievement gap based on school performance report card data under section
30.8 120B.36.

30.9 (b) To participate in this program, a candidate must:

30.10 (1) have a bachelor's degree with a minimum 3.0 grade point average, or have a
30.11 bachelor's degree and meet other board-adopted criteria;

30.12 (2) pass the reading, writing, and mathematics skills examination under section
30.13 122A.18; and

30.14 (3) obtain qualifying scores on board-approved content area and pedagogy tests.

30.15 Subd. 2. **Characteristics.** An alternative teacher preparation program under this
30.16 section must include:

30.17 (1) a minimum 200-hour instructional phase that provides intensive preparation
30.18 before that person assumes classroom responsibilities;

30.19 (2) a research-based and results-oriented approach focused on best teaching practices
30.20 to increase student proficiency and growth measured against state academic standards;

30.21 (3) strategies to combine pedagogy and best teaching practices to better inform
30.22 teachers' classroom instruction;

30.23 (4) assessment, supervision, and evaluation of the program participant to determine
30.24 the participant's specific needs throughout the program and to support the participant
30.25 in successfully completing the program;

30.26 (5) formal instruction and intensive peer coaching throughout the school year that
30.27 provide structured guidance and regular ongoing support;

30.28 (6) high quality, sustained, intensive, and classroom-embedded staff development
30.29 opportunities conducted by a mentor or by a mentorship team that may include school
30.30 administrators, teachers, and postsecondary faculty members and are directed at improving
30.31 student learning and achievement; and

30.32 (7) a requirement that program participants demonstrate to the local site team under
30.33 subdivision 5 that they are making satisfactory progress toward acquiring a standard
30.34 entrance license from the Board of Teaching.

30.35 Subd. 3. **Program approval.** The Board of Teaching must approve alternative
30.36 teacher preparation programs under this section based on board-adopted criteria that reflect

31.1 best practices for alternative teacher preparation programs consistent with this section.
 31.2 The board must permit licensure candidates to demonstrate licensure competencies in
 31.3 school-based settings and through other nontraditional means.

31.4 Subd. 4. **Employment conditions.** Where applicable, teachers with a limited-term
 31.5 license under this section are subject to the terms of the local collective bargaining
 31.6 agreement between the local representative of the teachers and the school board.

31.7 Subd. 5. **Approval for standard entrance license.** A local site team that may
 31.8 include teachers, school administrators, postsecondary faculty, and nonprofit staff must
 31.9 evaluate the performance of the teacher candidate using the Minnesota State Standards of
 31.10 Effective Practice for Teachers established in rule and submit to the board an evaluation
 31.11 report recommending whether or not to issue the teacher candidate a standard entrance
 31.12 license.

31.13 Subd. 6. **Standard entrance license.** The Board of Teaching must issue a standard
 31.14 entrance license to a teacher candidate under this section who successfully performs
 31.15 throughout the program and is recommended for licensure under subdivision 5.

31.16 Subd. 7. **Qualified teacher.** A person with a valid limited-term license under this
 31.17 section is the teacher of record and a qualified teacher within the meaning of section
 31.18 122A.16.

31.19 Subd. 8. **Reports.** The Board of Teaching must submit an interim report on the
 31.20 efficacy of this program to the K-12 Education Policy and Finance committees of the
 31.21 legislature by February 15, 2012, and a final report by February 15, 2014.

31.22 **EFFECTIVE DATE.** This section is effective for the 2010-2011 school year and
 31.23 later.

31.24 Sec. 18. **[123A.29] EFFICIENCY PLUS ACCESS TASK FORCES.**

31.25 Subdivision 1. **Purpose.** The purpose of the efficiency plus access task forces
 31.26 is to facilitate greater efficiency and reduce education costs through collaboration and
 31.27 cooperation across school districts and other governmental agencies while maintaining
 31.28 or improving the learning results for students. The legislative intent is to reduce the
 31.29 administrative costs of education without resorting to a policy of required consolidation
 31.30 that reduces the number of districts or school boards and without creating fewer larger
 31.31 schools that require longer bus rides for students.

31.32 Subd. 2. **Required district participation.** Each district with an enrollment of
 31.33 fewer than 5,000 pupils in K-12 for fiscal year 2010 shall participate in an efficiency
 31.34 plus access task force.

32.1 Subd. 3. **Optional district and other public entity participation.** School districts
32.2 with more than 5,000 pupils, charter schools, cities, townships, counties, public higher
32.3 education institutions, Head Start agencies, public libraries, and other public entities are
32.4 encouraged to participate in the efficiency plus access task forces.

32.5 Subd. 4. **Task force membership.** (a) Participating districts may organize the task
32.6 forces using an existing education district, intermediate district, or other cooperative
32.7 model. Districts may request that a service cooperative assist in establishing task forces
32.8 for their service area. Districts do not need to be contiguous to form an efficiency plus
32.9 access task force. Each task force shall consist of one member appointed by each district
32.10 board included in the task force and one member from each entity defined in subdivision
32.11 3 that choose to participate. Districts and other public entities may decide to become
32.12 members of more than one efficiency plus access task force. These appointments shall be
32.13 made by August 15, 2010.

32.14 (b) Each school board shall develop a process within the district allowing teachers,
32.15 students, parents, and the community to have access and opportunities to review and make
32.16 recommendations to be brought forward to the efficiency plus access task force.

32.17 (c) The initial meeting of each task force shall not be later than September 30, 2010.
32.18 At the initial meeting, each task force shall elect a chair and other officers it considers
32.19 necessary to coordinate the work of the task force.

32.20 Subd. 5. **Task force; powers.** (a) Each task force shall review and make
32.21 recommendations to the boards of the participating districts and public entities regarding
32.22 how the purpose of this section can be met in the following areas:

32.23 (1) administrative services including but not limited to superintendent services,
32.24 principal services, financial management, human services, facilities and grounds
32.25 maintenance, food and nutrition services, research and evaluation services, transportation
32.26 services, health services, information technology services, and other administrative
32.27 services. Cooperation with other public agencies for the provision of administrative
32.28 services should be considered;

32.29 (2) instructional and learning services including but not limited to creating a
32.30 common calendar; low-attendance elective secondary courses; use of technology to
32.31 replace or supplement courses currently being provided; use of technology to provide
32.32 new learning opportunities through technology with an emphasis on using low-cost or
32.33 no-cost learning opportunities available online; coordination with higher education so
32.34 that advanced courses are provided college credit to avoid duplication between high
32.35 school and postsecondary; determine how certain students can complete select high school
32.36 credit requirements while in middle school; and exploring ways to utilize the learning

33.1 opportunities in the community through programs such as parks and recreation, arts,
 33.2 libraries, and other community providers; and

33.3 (3) cooperative arrangements for shared extracurricular activities, including having
 33.4 the activities become the responsibility of the community recreational program.

33.5 (b) The task force shall consider creating new models of schools including
 33.6 project-based learning schools, online learning schools in cooperation with other education
 33.7 districts, service cooperatives or chartered schools, new grade 11 postsecondary models
 33.8 in partnership with colleges and universities, prekindergarten through primary grades in
 33.9 partnership with early childhood providers, and other models of schooling.

33.10 Subd. 6. **Reporting.** Each efficiency plus access task force shall file its initial
 33.11 planning report with the commissioner no later than October 15, 2010. The report shall
 33.12 include the basic information about the composition of the task force, including how input
 33.13 to the task force will be obtained consistent with subdivision 4, paragraph (b). Each task
 33.14 force shall complete its recommendations and file its report with the member school
 33.15 boards and commissioner no later than December 1, 2011. The report shall include
 33.16 recommendations pursuant to subdivision 5 and identify the financial impact of those
 33.17 recommendations for at least fiscal years 2013 and 2014. Each school board shall file a
 33.18 report with the commissioner regarding the actions it will take in response to the report
 33.19 no later than March 15, 2012. The report shall also include the impact on other agencies
 33.20 included in the task force planning.

33.21 Sec. 19. Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 3, is
 33.22 amended to read:

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

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

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

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

34.4 "Affidavit" means the form an authorizer submits to the commissioner that is a
34.5 precondition to a charter school organizing an affiliated nonprofit building corporation
34.6 under subdivision 17a.

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

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

34.10 (2) a charitable organization under section 501(c)(3) of the Internal Revenue
34.11 Code of 1986, excluding a nonpublic sectarian or religious institution; without an
34.12 approved affidavit by the commissioner prior to July 1, 2009, and any person other than a
34.13 natural person that directly or indirectly, through one or more intermediaries, controls,
34.14 is controlled by, or is under common control with the nonpublic sectarian or religious
34.15 institution, and any other charitable organization under this clause that in the federal IRS
34.16 Form 1023, Part IV, describes activities indicating a religious purpose, that:

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

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

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

34.21 (iv) is incorporated in the state of Minnesota;

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

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

34.32 (5) no more than three single-purpose sponsors that are charitable, nonsectarian
34.33 organizations formed under section 501(c)(3) of the Internal Revenue Code of 1986 and
34.34 incorporated in the state of Minnesota whose sole purpose is to charter schools. Eligible
34.35 organizations interested in being approved as a sponsor under this paragraph must submit a
34.36 proposal to the commissioner that includes the provisions of paragraph (c) and a five-year

35.1 financial plan. Such authorizers shall consider and approve applications using the criteria
 35.2 provided in subdivision 4 and shall not limit the applications it solicits, considers, or
 35.3 approves to any single curriculum, learning program, or method.

35.4 (c) An eligible authorizer under this subdivision must apply to the commissioner for
 35.5 approval as an authorizer before submitting any affidavit to the commissioner to charter
 35.6 a school. The application for approval as a charter school authorizer must demonstrate
 35.7 the applicant's ability to implement the procedures and satisfy the criteria for chartering a
 35.8 school under this section. The commissioner must approve or disapprove an application
 35.9 within 60 business days of the application deadline. If the commissioner disapproves
 35.10 the application, the commissioner must notify the applicant of the deficiencies and the
 35.11 applicant then has 20 business days to address the deficiencies to the commissioner's
 35.12 satisfaction. Failing to address the deficiencies to the commissioner's satisfaction makes
 35.13 an applicant ineligible to be an authorizer. The commissioner, in establishing criteria for
 35.14 approval, must consider the applicant's:

- 35.15 (1) capacity and infrastructure;
- 35.16 (2) application criteria and process;
- 35.17 (3) contracting process;
- 35.18 (4) ongoing oversight and evaluation processes; and
- 35.19 (5) renewal criteria and processes.

35.20 (d) The ~~affidavit~~ application for approval to be submitted to and evaluated by the
 35.21 commissioner must include at least the following:

- 35.22 (1) how chartering schools is a way for the organization to carry out its mission;
- 35.23 (2) a description of the capacity of the organization to serve as a sponsor, including
 35.24 the personnel who will perform the sponsoring duties, their qualifications, the amount of
 35.25 time they will be assigned to this responsibility, and the financial resources allocated
 35.26 by the organization to this responsibility;
- 35.27 (3) a description of the application and review process the authorizer will use to make
 35.28 decisions regarding the granting of charters, which will include at least the following:
 - 35.29 (i) how the statutory purposes defined in subdivision 1 are addressed;
 - 35.30 (ii) the mission, goals, program model, and student performance expectations;
 - 35.31 (iii) an evaluation plan for the school that includes criteria for evaluating educational,
 35.32 organizational, and fiscal plans;
 - 35.33 (iv) the school's governance plan;
 - 35.34 (v) the financial management plan; and
 - 35.35 (vi) the administration and operations plan;

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

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

36.8 (6) the process for making decisions regarding the renewal or termination of
36.9 the school's charter based on evidence that demonstrates the academic, organizational,
36.10 and financial competency of the school, including its success in increasing student
36.11 achievement and meeting the goals of the charter school agreement; and

36.12 (7) an assurance specifying that the organization is committed to serving as a
36.13 sponsor for the full five-year term.

36.14 A disapproved applicant under this paragraph may resubmit an application during a
36.15 future application period.

36.16 (e) The authorizer must participate in department-approved training.

36.17 (f) An authorizer that chartered a school before August 1, 2009, must apply by
36.18 June 30, 2011, to the commissioner for approval, under paragraph (c), to continue as an
36.19 authorizer under this section. For purposes of this paragraph, an authorizer that fails to
36.20 submit a timely application is ineligible to charter a school.

36.21 (g) The commissioner shall review an authorizer's performance every five years in
36.22 a manner and form determined by the commissioner and may review an authorizer's
36.23 performance more frequently at the commissioner's own initiative or at the request of a
36.24 charter school operator, charter school board member, or other interested party. The
36.25 commissioner, after completing the review, shall transmit a report with findings to the
36.26 authorizer. If, consistent with this section, the commissioner finds that an authorizer
36.27 has not fulfilled the requirements of this section, the commissioner may subject the
36.28 authorizer to corrective action, which may include terminating the contract with the
36.29 charter school board of directors of a school it chartered. The commissioner must notify
36.30 the authorizer in writing of any findings that may subject the authorizer to corrective
36.31 action and the authorizer then has 15 business days to request an informal hearing before
36.32 the commissioner takes corrective action.

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

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

- 37.1 (2) violating a term of the chartering contract between the authorizer and the charter
37.2 school board of directors; or
37.3 (3) unsatisfactory performance as an approved authorizer.

37.4 Sec. 20. Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 4, is
37.5 amended to read:

37.6 Subd. 4. **Formation of school.** (a) An authorizer, after receiving an application from
37.7 a school developer, may charter a licensed teacher under section 122A.18, subdivision
37.8 1, or a group of individuals that includes one or more licensed teachers under section
37.9 122A.18, subdivision 1, to operate a school subject to the commissioner's approval of the
37.10 authorizer's affidavit under paragraph (b). The school must be organized and operated
37.11 as a cooperative under chapter 308A or nonprofit corporation under chapter 317A and
37.12 the provisions under the applicable chapter shall apply to the school except as provided
37.13 in this section.

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

37.17 (b) Before the operators may establish and operate a school, the authorizer must file
37.18 an affidavit with the commissioner stating its intent to charter a school. An authorizer
37.19 must file a separate affidavit for each school it intends to charter. The affidavit must
37.20 state the terms and conditions under which the authorizer would charter a school and
37.21 how the authorizer intends to oversee the fiscal and student performance of the charter
37.22 school and to comply with the terms of the written contract between the authorizer
37.23 and the charter school board of directors under subdivision 6. The commissioner must
37.24 approve or disapprove the authorizer's affidavit within 60 business days of receipt of the
37.25 affidavit. If the commissioner disapproves the affidavit, the commissioner shall notify
37.26 the authorizer of the deficiencies in the affidavit and the authorizer then has 20 business
37.27 days to address the deficiencies. If the authorizer does not address deficiencies to the
37.28 commissioner's satisfaction, the commissioner's disapproval is final. Failure to obtain
37.29 commissioner approval precludes an authorizer from chartering the school that is the
37.30 subject of this affidavit.

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

38.1 (d) The operators authorized to organize and operate a school, before entering into a
38.2 contract or other agreement for professional or other services, goods, or facilities, must
38.3 incorporate as a cooperative under chapter 308A or as a nonprofit corporation under
38.4 chapter 317A and must establish a board of directors composed of at least five members
38.5 who are not related parties until a timely election for members of the ongoing charter
38.6 school board of directors is held according to the school's articles and bylaws under
38.7 paragraph (f). A charter school board of directors must be composed of at least five
38.8 members who are not related parties. Staff members employed at the school, including
38.9 teachers providing instruction under a contract with a cooperative, and all parents or legal
38.10 guardians of children enrolled in the school are the voters eligible to elect the members
38.11 of the school's board of directors. A charter school must notify eligible voters of the
38.12 school board election dates at least 30 days before the election. Board of director meetings
38.13 must comply with chapter 13D.

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

38.23 (f) Every charter school board member shall attend department-approved training
38.24 on board governance, the board's role and responsibilities, employment policies and
38.25 practices, and financial management. A board member who does not begin the required
38.26 training within six months of being seated and complete the required training within 12
38.27 months of being seated on the board is ineligible to continue to serve as a board member.

38.28 (g) The ongoing board must be elected before the school completes its third year
38.29 of operation. Board elections must be held during a time when school is in session. The
38.30 charter school board of directors shall be composed of at least five nonrelated members
38.31 and include: (i) at least one licensed teacher employed and serving as a teacher at the
38.32 school or a licensed teacher providing instruction under a ~~contract~~ contract between the
38.33 charter school and a cooperative; (ii) the parent or legal guardian of a student enrolled
38.34 in the charter school who is not employed by the charter school; and (iii) an interested
38.35 community member who is not employed by the charter school and does not have a child
38.36 enrolled in the school. The board may be a teacher majority board composed of teachers

39.1 described in this paragraph. The chief financial officer and the chief administrator ~~are~~ may
39.2 only serve as ex-officio nonvoting board members and shall not serve as a voting member
39.3 of the board. Charter school employees shall not serve on the board unless item (i) applies.
39.4 Contractors providing facilities, goods, or services to a charter school shall not serve on
39.5 the board of directors of the charter school. Board bylaws shall outline the process and
39.6 procedures for changing the board's governance model, consistent with chapter 317A. A
39.7 board may change its governance model only:

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

39.11 (2) with the authorizer's approval.

39.12 Any change in board governance must conform with the board structure established
39.13 under this paragraph.

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

39.16 (i) The granting or renewal of a charter school by an authorizer must not be
39.17 contingent on the charter school being required to contract, lease, or purchase services
39.18 from the authorizer. Any potential contract, lease, or purchase of service from an
39.19 authorizer must be disclosed to the commissioner, accepted through an open bidding
39.20 process, and be a separate contract from the charter contract. The school must document
39.21 the open bidding process. An authorizer must not enter into a contract to provide
39.22 management and financial services for a school that it authorizes, unless the school
39.23 documents that it received at least two competitive bids.

39.24 (j) An authorizer may permit the board of directors of a charter school to expand
39.25 the operation of the charter school to additional sites or to add additional grades at the
39.26 school beyond those described in the authorizer's original affidavit as approved by
39.27 the commissioner only after submitting a supplemental affidavit for approval to the
39.28 commissioner in a form and manner prescribed by the commissioner. The supplemental
39.29 affidavit must show that:

39.30 (1) the expansion proposed by the charter school is supported by need and projected
39.31 enrollment;

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

39.35 (3) the charter school is fiscally sound and has the financial capacity to implement
39.36 the proposed expansion; and

40.1 (4) the authorizer finds that the charter school has the management capacity to
40.2 carry out its expansion.

40.3 (k) The commissioner shall have 30 business days to review and comment on the
40.4 supplemental affidavit. The commissioner shall notify the authorizer of any deficiencies in
40.5 the supplemental affidavit and the authorizer then has 30 business days to address, to the
40.6 commissioner's satisfaction, any deficiencies in the supplemental affidavit. The school
40.7 may not expand grades or add sites until the commissioner has approved the supplemental
40.8 affidavit. The commissioner's approval or disapproval of a supplemental affidavit is final.

40.9 Sec. 21. Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 4a,
40.10 is amended to read:

40.11 Subd. 4a. **Conflict of interest.** (a) An individual ~~is prohibited from serving~~ must
40.12 not serve as a member of the charter school board of directors if ~~the~~ that individual, an
40.13 immediate family member, or the individual's partner is an owner, an employee or agent
40.14 of, or a contractor who contracts with a for-profit or nonprofit entity, or an individual, and
40.15 with whom the charter school contracts, directly or indirectly, for professional services,
40.16 goods, or facilities. A violation of this prohibition renders a contract voidable at the option
40.17 of the commissioner or the charter school board of directors. A member of a charter
40.18 school board of directors who violates this prohibition is individually liable to the charter
40.19 school for any damage caused by the violation.

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

- 40.23 (1) the board member, employee, officer, or agent;
- 40.24 (2) the immediate family of the board member, employee, officer, or agent;
- 40.25 (3) the partner of the board member, employee, officer, or agent; or
- 40.26 (4) an organization that employs, or is about to employ any individual in clauses
40.27 (1) to (3),

40.28 has a financial or other interest in the entity with which the charter school is contracting.
40.29 A violation of this prohibition renders the contract void.

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

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

41.1 (e) A charter school board member or employee may receive remuneration such as
 41.2 a fee-for-service as part of a financial transaction involving a charter school only if the
 41.3 remuneration is payment for services rendered that are in addition to the services the board
 41.4 member or employee already agreed to provide to the charter school and the board of
 41.5 directors formally approves the remuneration.

41.6 (f) The conflict of interest provisions under this subdivision do not apply to
 41.7 compensation paid to a teacher employed by the charter school who also serves as a
 41.8 member of the board of directors.

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

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

41.13 Sec. 22. Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 6a,
 41.14 is amended to read:

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

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

41.23 (c) If the commissioner receives an audit report indicating that a material weakness
 41.24 exists in the financial reporting systems of a charter school, the charter school must
 41.25 submit a written report to the commissioner explaining how the material weakness will
 41.26 be resolved. An entity, as a condition of providing financial services to a charter school,
 41.27 must agree to make available information about a charter school's financial audit to the
 41.28 commissioner upon request.

41.29 Sec. 23. Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 23,
 41.30 is amended to read:

41.31 Subd. 23. **Causes for nonrenewal or termination of charter school contract.** (a)
 41.32 The duration of the contract with an authorizer must be for the term contained in the
 41.33 contract according to subdivision 6. The authorizer may or may not renew a contract at
 41.34 the end of the term for any ground listed in paragraph (b). An authorizer may unilaterally

42.1 terminate a contract during the term of the contract for any ground listed in paragraph
42.2 (b). At least 60 days before not renewing or terminating a contract, the authorizer shall
42.3 notify the board of directors of the charter school of the proposed action in writing. The
42.4 notice shall state the grounds for the proposed action in reasonable detail and that the
42.5 charter school's board of directors may request in writing an informal hearing before the
42.6 authorizer within 15 business days of receiving notice of nonrenewal or termination of the
42.7 contract. Failure by the board of directors to make a written request for a hearing within
42.8 the 15-business-day period shall be treated as acquiescence to the proposed action. Upon
42.9 receiving a timely written request for a hearing, the authorizer shall give ten business days'
42.10 notice to the charter school's board of directors of the hearing date. The authorizer shall
42.11 conduct an informal hearing before taking final action. The authorizer shall take final
42.12 action to renew or not renew a contract no later than 20 business days before the proposed
42.13 date for terminating the contract or the end date of the contract.

42.14 (b) A contract may be terminated or not renewed upon any of the following grounds:
42.15 (1) failure to meet the requirements for pupil performance contained in the contract;
42.16 (2) failure to meet generally accepted standards of fiscal management;
42.17 (3) violations of law; or
42.18 (4) other good cause shown.

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

42.21 (c) If the sponsor and the charter school board of directors mutually agree to
42.22 terminate or not renew the contract, a change in sponsors is allowed if the commissioner
42.23 approves the transfer to a different eligible authorizer to authorize the charter school.
42.24 Both parties must jointly submit their intent in writing to the commissioner to mutually
42.25 terminate the contract. The sponsor that is a party to the existing contract at least must
42.26 inform the approved different eligible sponsor about the fiscal and operational status
42.27 and student performance of the school. Before the commissioner determines whether
42.28 to approve a transfer of authorizer, the commissioner first must determine whether the
42.29 charter school and prospective new authorizer can identify and effectively resolve those
42.30 circumstances causing the previous authorizer and the charter school to mutually agree to
42.31 terminate the contract. If no transfer of sponsor is approved, the school must be dissolved
42.32 according to applicable law and the terms of the contract.

42.33 (d) The commissioner, after providing reasonable notice to the board of directors of
42.34 a charter school and the existing authorizer, and after providing an opportunity for a public
42.35 hearing under chapter 14, may terminate the existing contract between the authorizer and
42.36 the charter school board if the charter school has a history of:

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

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

43.5 (3) ~~repeated or major~~ violations of the law.

43.6 (e) If the commissioner terminates a charter school contract under subdivision 3,
 43.7 paragraph (g), the commissioner shall provide the charter school with information about
 43.8 other eligible authorizers.

43.9 Sec. 24. **[124D.101] VACANT BUILDING INVENTORY.**

43.10 The Department of Administration and the Department of Education annually shall
 43.11 publish a list of state and district-owned buildings and parts of buildings that are vacant
 43.12 and unused and that may be suitable for operating a charter school. The Department of
 43.13 Education shall make the list available to charter school applicants and operators. The
 43.14 list shall include the building address, a brief building description, and building name.
 43.15 Nothing in this section requires a building owner to sell or lease a listed building or a part
 43.16 of a building to a charter school, any other school, or any other prospective buyer or
 43.17 tenant. School districts, upon request, must provide the Department of Education with the
 43.18 information it needs to compile the vacant building list under this section.

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

43.20 Sec. 25. Laws 2009, chapter 96, article 2, section 64, is amended to read:

43.21 Sec. 64. **RESERVED REVENUE FOR STAFF DEVELOPMENT;**
 43.22 **TEMPORARY SUSPENSION.**

43.23 (a) Notwithstanding Minnesota Statutes, section 122A.61, subdivision 1, for fiscal
 43.24 years 2010 and 2011 only, a school district or charter school may use revenue reserved for
 43.25 staff development under Minnesota Statutes, section 122A.61, subdivision 1, according
 43.26 to the requirements of general education revenue under Minnesota Statutes, section
 43.27 126C.13, subdivision 5.

43.28 (b) On June 30, 2010, a school district may permanently transfer any balance from
 43.29 the reserved account for staff development to the undesignated general fund balance.

43.30 Sec. 26. Laws 2009, chapter 96, article 2, section 67, subdivision 14, is amended to
 43.31 read:

43.32 Subd. 14. **Collaborative urban educator.** For the collaborative urban educator
 43.33 grant program:

44.1 \$ 528,000 2010
 44.2 \$ 528,000 2011

44.3 \$210,000 each year is for the Southeast Asian teacher program at Concordia
 44.4 University, St. Paul; \$159,000 each year is for the collaborative urban educator program at
 44.5 the University of St. Thomas; and \$159,000 each year is for the Center for Excellence in
 44.6 Urban Teaching at Hamline University. Grant recipients must collaborate with urban and
 44.7 nonurban school districts. Any balance in the first year does not cancel but is available
 44.8 in the second year.

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

44.10 Sec. 27. Laws 2009, chapter 96, article 2, section 67, subdivision 17, is amended to
 44.11 read:

44.12 Subd. 17. **Education Planning and Assessment System (EPAS) program.** For
 44.13 the Educational Planning and Assessment System (EPAS) program under Minnesota
 44.14 Statutes, section 120B.128:

44.15 \$ 829,000 2010
 44.16 \$ ~~829,000~~ 638,000 2011

44.17 Any balance in the first year does not cancel but is available in the second year.

44.18 **EFFECTIVE DATE.** This section is effective July 1, 2010.

44.19 Sec. 28. **IMPLEMENTING DIFFERENTIATED GRADUATION RATE**
 44.20 **MEASURES AND EXPLORING ALTERNATIVE ROUTES TO A STANDARD**
 44.21 **DIPLOMA FOR AT-RISK AND OFF-TRACK STUDENTS.**

44.22 (a) To implement the requirements of Minnesota Statutes, section 120B.35,
 44.23 subdivision 3, paragraph (e), the commissioner of education must convene a group
 44.24 of recognized and qualified experts on improving differentiated graduation rates and
 44.25 establishing alternative routes to a standard high school diploma for at-risk and off-track
 44.26 students throughout the state. The commissioner must assist the group, as requested,
 44.27 to explore and recommend to the commissioner and the legislature (i) research-based
 44.28 measures that demonstrate the relative success of school districts, school sites, charter
 44.29 schools, and alternative program providers in improving the graduation outcomes of
 44.30 at-risk and off-track students, and (ii) state options for establishing alternative routes to a
 44.31 standard diploma consistent with the educational accountability system under Minnesota
 44.32 Statutes, chapter 120B. When proposing alternative routes to a standard diploma, the
 44.33 group also must identify highly reliable variables that generate summary data to comply

45.1 with Minnesota Statutes, section 120B.35, subdivision 3, paragraph (e), including: who
45.2 initiates the request for an alternative route; who approves the request for an alternative
45.3 route; the parameters of the alternative route process, including whether a student first
45.4 must fail a regular, state-mandated exam; and the comparability of the academic and
45.5 achievement criteria reflected in the alternative route and the standard route for a standard
45.6 diploma. The group is also encouraged to identify the data, time lines, and methods
45.7 needed to evaluate and report on the alternative routes to a standard diploma once they are
45.8 implemented and the student outcomes that result from those routes.

45.9 (b) The commissioner must convene the first meeting of this group by September
45.10 15, 2010. Group members must include: one administrator of, one teacher from, and
45.11 one parent of a student currently enrolled in a state-approved alternative program
45.12 selected by the Minnesota Association of Alternative Programs; one representative
45.13 selected by the Minnesota Online Learning Alliance; one representative selected by
45.14 the Metropolitan Federation of Alternative Schools; one representative selected by the
45.15 Minnesota Association of Charter Schools; one representative selected by the Minnesota
45.16 School Board Association; one representative selected by Education Minnesota; one
45.17 representative selected by the Association of Metropolitan School Districts; one
45.18 representative selected by the Minnesota Rural Education Association; two faculty
45.19 members selected by the dean of the college of education at the University of Minnesota
45.20 with expertise in serving and assessing at-risk and off-track students; two Minnesota State
45.21 Colleges and Universities faculty members selected by the Minnesota State Colleges
45.22 and Universities chancellor with expertise in serving and assessing at-risk and off-track
45.23 students; one currently serving superintendent from a school district selected by the
45.24 Minnesota Association of School Administrators; one currently serving high school
45.25 principal selected by the Minnesota Association of Secondary School Principals; and
45.26 two public members selected by the commissioner. The group may seek input from
45.27 representatives of other interested stakeholders and organizations with expertise to help
45.28 inform the group's work. The group must meet at least quarterly. Group members do not
45.29 receive compensation or reimbursement of expenses for participating in this group. The
45.30 group expires February 16, 2012.

45.31 (c) The group, by February 15, 2012, must develop and submit to the commissioner
45.32 and the education policy and finance committees of the legislature recommendations
45.33 and legislation, consistent with this section and Minnesota Statutes, section 120B.35,
45.34 subdivision 3, paragraph (e), for:

45.35 (1) measuring and reporting differentiated graduation rates for at-risk and off-track
45.36 students throughout the state and the success and costs that school districts, school sites,

46.1 charter schools, and alternative program providers experience in identifying and serving
46.2 at-risk or off-track student populations; and
46.3 (2) establishing alternative routes to a standard diploma.

46.4 **EFFECTIVE DATE.** This section is effective the day following final enactment
46.5 and applies to school report cards beginning July 1, 2013.

46.6 Sec. 29. **RULEMAKING AUTHORITY.**

46.7 The commissioner of education shall adopt rules consistent with chapter 14 that
46.8 provide English language proficiency standards for instruction of students identified
46.9 as limited English proficient under Minnesota Statutes, sections 124D.58 to 124D.64.
46.10 The English language proficiency standards must encompass the language domains of
46.11 listening, speaking, reading, and writing. The English language proficiency standards must
46.12 reflect social and academic dimensions of acquiring a second language that are accepted
46.13 of English language learners in prekindergarten through grade 12. The English language
46.14 proficiency standards must address the specific contexts for language acquisition in the
46.15 areas of social and instructional settings as well as academic language encountered in
46.16 language arts, mathematics, science, and social studies. The English language proficiency
46.17 standards must express the progression of language development through language
46.18 proficiency levels. The English language proficiency standards must be implemented
46.19 for all limited English proficient students beginning in the 2011-2012 school year and
46.20 assessed beginning in the 2012-2013 school year.

46.21 Sec. 30. **DEPARTMENT OF EDUCATION.**

46.22 Subdivision 1. **Recess guidelines.** The department is encouraged to develop
46.23 voluntary school district guidelines that promote high quality recess practices and foster
46.24 student behaviors that lead students to increase their activity levels, improve their social
46.25 skills, and misbehave less.

46.26 Subd. 2. **Common course catalogue.** The department is encouraged to include
46.27 in the Minnesota common course catalogue all district physical education classes and
46.28 physical education graduation requirements.

46.29 Subd. 3. **Standards adoption.** Notwithstanding other laws to the contrary, the
46.30 commissioner of education shall initially adopt statewide physical education standards
46.31 using the expedited rulemaking process in Minnesota Statutes, section 14.389. The
46.32 standards adopted must be identical to the physical education standards developed by

47.1 the National Association for Sport and Physical Education. The department must adopt
 47.2 the initial standards by December 1, 2010. The revisor may make grammatical or other
 47.3 technical changes to conform the standards to the form in Minnesota Rules.

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

47.5 Sec. 31. **HEALTHY KIDS AWARDS PROGRAM.**

47.6 Subdivision 1. **Recognition.** The healthy kids awards program rewards kindergarten
 47.7 through grade 12 students for their nutritional well-being and physical activity. In addition
 47.8 to the physical and nutritional education students receive in physical education classes,
 47.9 the program is intended to integrate physical activity and nutritional education into
 47.10 nonphysical education classes, recess, and extracurricular activities throughout the day.
 47.11 Interested schools must agree to participate from October through May of each school year.

47.12 Subd. 2. **School district participation.** School districts annually by September
 47.13 15 may submit to the commissioner of education a letter of intent to participate in a
 47.14 healthy kids awards program from October to May during the current school year. The
 47.15 commissioner must recognize on the school performance report card under Minnesota
 47.16 Statutes, section 120B.36, those schools and districts that affirm to the commissioner, as
 47.17 prescribed by the commissioner, that at least 75 percent of students in the school or district
 47.18 are physically active for at least 60 minutes each school day. The time students spend
 47.19 participating in a physical education class counts toward the daily 60-minute requirement.

47.20 **EFFECTIVE DATE.** This section is effective the day following final enactment
 47.21 and applies beginning in the 2010-2011 school year and later.

47.22 Sec. 32. **ADVISORY TASK FORCE ON SCHOOL DESEGREGATION AND**
 47.23 **INTEGRATION.**

47.24 Subdivision 1. **Establishment; purpose; membership.** (a) An advisory task force
 47.25 on school desegregation and integration is established to develop recommendations and
 47.26 legislation for the legislature on: (i) addressing the findings and recommendations in the
 47.27 2005 Minnesota legislative auditor's report on school district integration revenue, (ii)
 47.28 amending Minnesota's school desegregation rule, and (iii) specifying the purpose, use, and
 47.29 allocation of integration revenue under Minnesota Statutes, section 124D.86. The task
 47.30 force shall consist of education stakeholders interested in addressing school desegregation
 47.31 and integration policies, integration revenue uses, and the academic achievement gap

48.1 among groups of students. The 17-member task force consists of the commissioner of
48.2 education or the commissioner's designee and the following:

48.3 (1) one member appointed by and serving at the pleasure of the Minnesota Indian
48.4 Affairs Council;

48.5 (2) one member appointed by and serving at the pleasure of the Council on
48.6 Asian-Pacific Minnesotans;

48.7 (3) one member appointed by and serving at the pleasure of the Council on Black
48.8 Minnesotans;

48.9 (4) one member appointed by and serving at the pleasure of the Chicano Latino
48.10 Affairs Council;

48.11 (5) three public members appointed by the speaker of the house who are currently
48.12 serving as school district superintendents, collaborative coordinators, or school board
48.13 members, with one public member from each of the following: an urban school district, a
48.14 suburban school district, and a rural school district, and where at least one of the three
48.15 public members is also from a metropolitan integration district;

48.16 (6) four current members of the house of representatives appointed by the speaker
48.17 of the house, with two from each political party, and where two members are from the
48.18 seven-county metropolitan area and two members are from rural Minnesota;

48.19 (7) three public members appointed by the senate Subcommittee on Committees of
48.20 the Committee on Rules and Administration who are currently serving as school district
48.21 superintendents, collaborative coordinators, or school board members, with one public
48.22 member from each of the following: an urban school district, a suburban school district,
48.23 and a rural school district, and where at least one of the three public members is also from
48.24 a rural integration collaborative district; and

48.25 (8) two current members of the senate appointed by the senate Subcommittee on
48.26 Committees of the Committee on Rules and Administration, with one from each political
48.27 party, and where one member is from the seven-county metropolitan area and the second
48.28 member is from rural Minnesota.

48.29 (b) Task force members shall be appointed by July 1, 2010. Task force members
48.30 shall be represented by the designated appointee of each named organization. The task
48.31 force shall seek input from nonmember organizations such as the Institute on Race and
48.32 Poverty, the Minneapolis Urban League, the Minnesota Minority Education Partnership,
48.33 the National Association for the Advancement of Colored People, and the Office of the
48.34 State Demographer, among other organizations whose expertise can help inform the
48.35 work of the task force.

49.1 (c) The commissioner of education shall convene the first meeting of the task force
49.2 by September 15, 2010. Task force members shall elect one member to serve as the
49.3 task force chair. The task force may invite representatives of other interested education
49.4 stakeholders and organizations to participate in task force meetings. The task force must
49.5 meet at least monthly.

49.6 (d) Upon request, the commissioner of education shall provide assistance to the
49.7 task force.

49.8 (e) Task force members do not receive compensation or reimbursement of expenses
49.9 from the task force for service on the task force.

49.10 Subd. 2. **Duties; report.** (a) The task force shall develop recommendations and
49.11 legislation for addressing the findings and recommendations in the 2005 Minnesota
49.12 legislative auditor's report on school district integration revenue, amending Minnesota's
49.13 school desegregation rule, and Minnesota Statutes, section 124D.86, governing the use
49.14 and allocation of integration revenue. These recommendations and legislation may
49.15 address but are not limited to:

49.16 (1) access to integrated and equitable learning environments that enhance
49.17 achievement and opportunities for all students;

49.18 (2) changing demographics among Minnesota students reflected in the increasing
49.19 numbers of students of color, new immigrants, and English language learners;

49.20 (3) cultural proficiency training for teachers;

49.21 (4) the impact of school choice laws on state and local school desegregation and
49.22 integration efforts; and

49.23 (5) financial and other resources that enable schools and school districts to provide
49.24 staff development training, magnet schools, and other interdistrict collaborative initiatives
49.25 that enhance student achievement.

49.26 (b) By January 15, 2011, the task force shall submit to the legislative committees
49.27 and divisions with jurisdiction over early childhood through grade 12 education policy
49.28 and finance a report and accompanying legislation that reflect the substance of the
49.29 recommendation of the task force.

49.30 Subd. 3. **Expiration.** The task force expires on January 16, 2011.

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

49.32 Sec. 33. **REPEALER.**

49.33 Minnesota Statutes 2008, section 122A.24, is repealed.

50.1 **EFFECTIVE DATE.** This section is effective August 1, 2010.

50.2 **ARTICLE 3**

50.3 **SPECIAL PROGRAMS**

50.4 Section 1. Minnesota Statutes 2009 Supplement, section 125A.02, subdivision 1,
50.5 is amended to read:

50.6 Subdivision 1. **Child with a disability.** "Child with a disability" means a child
50.7 identified under federal and state special education law as ~~having a hearing impairment,~~
50.8 ~~blindness, visual disability,~~ deaf or hard-of-hearing, blind or visually impaired, or having a
50.9 speech or language impairment, a physical disability impairment, other health impairment
50.10 disability, mental developmental cognitive disability, emotional/behavioral an emotional
50.11 or behavioral disorder, specific learning disability, autism spectrum disorder, traumatic
50.12 brain injury, severe multiple disabilities impairments, or deafblind disability deafblindness
50.13 and who needs special education and related services, as determined by the rules of the
50.14 commissioner, ~~is a child with a disability.~~ A licensed physician, an advanced practice
50.15 nurse, or a licensed psychologist is qualified to make a diagnosis and determination
50.16 of attention deficit disorder or attention deficit hyperactivity disorder for purposes of
50.17 identifying a child with a disability.

50.18 **EFFECTIVE DATE.** This section is effective July 1, 2010.

50.19 Sec. 2. Minnesota Statutes 2008, section 125A.03, is amended to read:

50.20 **125A.03 SPECIAL INSTRUCTION FOR CHILDREN WITH A DISABILITY.**

50.21 (a) ~~As defined~~ Except as provided in paragraph (b), every district must provide or
50.22 make available special instruction education and related services, either within the district
50.23 or in another district, for all children every child with a disability, including providing
50.24 required services under Code of Federal Regulations, title 34, section 300.121, paragraph
50.25 (d), to those children suspended or expelled from school for more than ten school days
50.26 in that school year, who are residents is a resident of the district and who are disabled as
50.27 set forth in section 125A.02 from birth until that child becomes 21 years old or receives
50.28 a regular high school diploma, whichever comes first. For purposes of state and federal
50.29 special education laws, The phrase "special instruction education and related services"
50.30 in the state Education Code means a free and appropriate public education provided to an
50.31 eligible child with disabilities and includes special education and related services defined
50.32 in the Individuals with Disabilities Education Act, subpart A, section 300.24 a disability.

50.33 (b) ~~Notwithstanding any age limits in laws to the contrary, special instruction and~~
50.34 ~~services must be provided from birth until July 1 after the child with a disability becomes~~

51.1 ~~21 years old but shall not extend beyond secondary school or its equivalent, except as~~
 51.2 ~~provided in section 124D.68, subdivision 2. If a child with a disability becomes 21 years~~
 51.3 ~~old during the school year, the district shall continue to make available special education~~
 51.4 ~~and related services until the last day of the school year, or until the day the child receives~~
 51.5 ~~a regular high school diploma, whichever comes first.~~

51.6 (c) For purposes of this section and section 121A.41, subdivision 7, paragraph (a),
 51.7 clause (2), "school year" means the days of student instruction designated by the school
 51.8 board as the regular school year in the annual calendar adopted under section 120A.41.

51.9 (d) A district shall identify, locate, and evaluate children with a disability in the
 51.10 district who are in need of special education and related services. Local health, education,
 51.11 and social service agencies must refer children under age five who are known to need or
 51.12 suspected of needing special ~~instruction~~ education and related services to the school
 51.13 district. ~~Districts with less than the minimum number of eligible children with a disability~~
 51.14 as determined by the commissioner must cooperate with other districts to maintain a full
 51.15 range of programs for education and services for children with a disability. This section
 51.16 does not alter the compulsory attendance requirements of section 120A.22.

51.17 **EFFECTIVE DATE.** This section is effective July 1, 2010.

51.18 Sec. 3. **[125A.031] RESOLVING DISPUTES AMONG DISTRICTS.**

51.19 If districts dispute which district is responsible for providing or making available
 51.20 special education and related services to a child with a disability who is not currently
 51.21 enrolled in a district because the child's district of residence is disputed, the district in
 51.22 which that child first tries to enroll shall provide or make available special education
 51.23 and related services to the child until the commissioner is notified and expeditiously
 51.24 resolves the dispute. For purposes of this section, "district" means a school district or a
 51.25 charter school.

51.26 Sec. 4. Minnesota Statutes 2009 Supplement, section 125A.091, subdivision 7, is
 51.27 amended to read:

51.28 Subd. 7. **Conciliation conference.** A parent must have an opportunity to meet with
 51.29 appropriate district staff in at least one conciliation conference if the parent objects to
 51.30 any proposal of which the parent receives notice under subdivision 3a. A district must
 51.31 offer to hold a conciliation conference within two business days after receiving a parent's
 51.32 objection to a proposal or refusal in the prior written notice. The district must hold the
 51.33 conciliation conference within ten calendar days from the date the district receives a the
 51.34 parent's objection to a proposal or refusal in the prior written notice. Except as provided

52.1 in this section, all discussions held during a conciliation conference are confidential
 52.2 and are not admissible in a due process hearing. Within five school days after the final
 52.3 conciliation conference, the district must prepare and provide to the parent a conciliation
 52.4 conference memorandum that describes the district's final proposed offer of service. This
 52.5 memorandum is admissible in evidence in any subsequent proceeding.

52.6 **EFFECTIVE DATE.** This section is effective the day following final enactment
 52.7 and applies to all conciliation conferences required after that date.

52.8 Sec. 5. Minnesota Statutes 2008, section 125A.21, subdivision 2, is amended to read:

52.9 Subd. 2. **Third party reimbursement.** (a) Beginning July 1, 2000, districts shall
 52.10 seek reimbursement from insurers and similar third parties for the cost of services
 52.11 provided by the district whenever the services provided by the district are otherwise
 52.12 covered by the child's health coverage. Districts shall request, but may not require, the
 52.13 child's family to provide information about the child's health coverage when a child with a
 52.14 disability begins to receive services from the district of a type that may be reimbursable,
 52.15 and shall request, but may not require, updated information after that as needed.

52.16 (b) For children enrolled in medical assistance under chapter 256B or MinnesotaCare
 52.17 under chapter 256L who have no other health coverage, a district shall provide an initial
 52.18 written notice to the enrolled child's parent or legal representative of its intent to seek
 52.19 reimbursement from medical assistance or MinnesotaCare for the individual education
 52.20 plan health-related services provided by the district. The notice shall include:

52.21 (1) the right of the parent or legal representative to request a copy of all records
 52.22 concerning individualized education program health-related services disclosed by the
 52.23 district to any third party; and

52.24 (2) the right of the parent or legal representative to withdraw consent for disclosing a
 52.25 child's records at any time without consequence, including consent that was initially
 52.26 given as part of the application process for MinnesotaCare or medical assistance under
 52.27 section 256B.0625, subdivision 26.

52.28 (c) The district shall give the parent or legal representative annual written notice of:

52.29 (1) the district's intent to seek reimbursement from medical assistance or
 52.30 MinnesotaCare for individual education plan health-related services provided by the
 52.31 district;

52.32 (2) the right of the parent or legal representative to request a copy of all records
 52.33 concerning individual education plan health-related services disclosed by the district to
 52.34 any third party; and

53.1 (3) the right of the parent or legal representative to withdraw consent for disclosure
 53.2 of a child's records at any time without consequence, including consent that was initially
 53.3 given as part of the application process for MinnesotaCare or medical assistance under
 53.4 section 256B.0625, subdivision 26.

53.5 The written notice shall be provided as part of the written notice required by Code of
 53.6 Federal Regulations, title 34, section 300.504.

53.7 (d) In order to access the private health care coverage of a child who is covered by
 53.8 private health care coverage in whole or in part, a district must:

53.9 (1) obtain annual written informed consent from the parent or legal representative, in
 53.10 compliance with subdivision 5; and

53.11 (2) inform the parent or legal representative that a refusal to permit the district
 53.12 or state Medicaid agency to access their private health care coverage does not relieve
 53.13 the district of its responsibility to provide all services necessary to provide free and
 53.14 appropriate public education at no cost to the parent or legal representative.

53.15 (e) If the commissioner of human services obtains federal approval to exempt
 53.16 covered individual education plan health-related services from the requirement that private
 53.17 health care coverage refuse payment before medical assistance may be billed, paragraphs
 53.18 (b), (c), and (d) shall also apply to students with a combination of private health care
 53.19 coverage and health care coverage through medical assistance or MinnesotaCare.

53.20 (f) In the event that Congress or any federal agency or the Minnesota legislature
 53.21 or any state agency establishes lifetime limits, limits for any health care services,
 53.22 cost-sharing provisions, or otherwise provides that individual education plan health-related
 53.23 services impact benefits for persons enrolled in medical assistance or MinnesotaCare, the
 53.24 amendments to this subdivision adopted in 2002 are repealed on the effective date of any
 53.25 federal or state law or regulation that imposes the limits. In that event, districts must
 53.26 obtain informed consent consistent with this subdivision as it existed prior to the 2002
 53.27 amendments and subdivision 5, before seeking reimbursement for children enrolled in
 53.28 medical assistance under chapter 256B or MinnesotaCare under chapter 256L who have
 53.29 no other health care coverage.

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

53.31 Sec. 6. Minnesota Statutes 2008, section 125A.21, subdivision 3, is amended to read:

53.32 Subd. 3. **Use of reimbursements.** Of the reimbursements received, districts may:

53.33 (1) retain an amount sufficient to compensate the district for its administrative costs
 53.34 of obtaining reimbursements;

54.1 (2) regularly obtain from education- and health-related entities training and other
 54.2 appropriate technical assistance designed to improve the district's ability to ~~determine~~
 54.3 ~~which services are reimbursable and to seek timely reimbursement in a cost-effective~~
 54.4 ~~manner~~ access third-party payments for individualized education program health-related
 54.5 services; or

54.6 (3) reallocate reimbursements for the benefit of students with ~~special needs~~
 54.7 individualized education programs or individual family service plans in the district.

54.8 Sec. 7. Minnesota Statutes 2008, section 125A.21, subdivision 5, is amended to read:

54.9 Subd. 5. **Informed consent.** When obtaining informed consent, consistent with
 54.10 sections 13.05, subdivision 4, paragraph (d), ~~and 256B.77, subdivision 2, paragraph (p),~~
 54.11 and Code of Federal Regulations, title 34, parts 99 and 300, to bill health plans for covered
 54.12 services, the school district must notify the legal representative (1) that the cost of the
 54.13 person's private health insurance premium may increase due to providing the covered
 54.14 service in the school setting, (2) that the school district may pay certain enrollee health
 54.15 plan costs, including but not limited to, co-payments, coinsurance, deductibles, premium
 54.16 increases or other enrollee cost-sharing amounts for health and related services required
 54.17 by an individual service plan, or individual family service plan, and (3) that the school's
 54.18 billing for each type of covered service may affect service limits and prior authorization
 54.19 thresholds. The informed consent may be revoked in writing at any time by the person
 54.20 authorizing the billing of the health plan.

54.21 Sec. 8. Minnesota Statutes 2008, section 125A.21, subdivision 7, is amended to read:

54.22 Subd. 7. **District disclosure of information.** A school district may disclose
 54.23 information contained in a student's individual education plan, consistent with section
 54.24 13.32, subdivision 3, paragraph (a), and Code of Federal Regulations, title 34, part 99;
 54.25 including records of the student's diagnosis and treatment, to a health plan company only
 54.26 with the signed and dated consent of the student's parent, or other legally authorized
 54.27 individual. The school district shall disclose only that information necessary for the health
 54.28 plan company to decide matters of coverage and payment. A health plan company may
 54.29 use the information only for making decisions regarding coverage and payment, and for
 54.30 any other use permitted by law.

54.31 Sec. 9. Minnesota Statutes 2008, section 125A.515, is amended by adding a
 54.32 subdivision to read:

55.1 Subd. 3a. **Students without a disability from other states.** A school district need
 55.2 not provide education services under this section to an out-of-state student without an
 55.3 individualized education program who lacks a tuition agreement or other agreement by the
 55.4 placing authority to pay for the services.

55.5 **EFFECTIVE DATE.** This section is effective July 1, 2010, for fiscal years 2011
 55.6 and later.

55.7 Sec. 10. Minnesota Statutes 2009 Supplement, section 125A.63, subdivision 2, is
 55.8 amended to read:

55.9 Subd. 2. **Programs.** The Department of Education, through the resource centers
 55.10 must offer summer institutes or other training programs and other educational strategies
 55.11 throughout the state for deaf or hard-of-hearing, blind or visually impaired, and multiply
 55.12 disabled pupils. The resource centers must also offer workshops for teachers, and
 55.13 leadership development for teachers.

55.14 A program offered through the resource centers must promote and develop education
 55.15 programs offered by school districts or other organizations. The program must assist
 55.16 school districts or other organizations to develop innovative programs.

55.17 Sec. 11. Minnesota Statutes 2009 Supplement, section 125A.63, subdivision 4, is
 55.18 amended to read:

55.19 Subd. 4. **Advisory committees.** (a) The commissioner shall establish an
 55.20 advisory committee for each resource center. The advisory committees shall develop
 55.21 recommendations regarding the resource centers and submit an annual report to the
 55.22 commissioner on the form and in the manner prescribed by the commissioner.

55.23 (b) The advisory committee for the Resource Center for the Deaf and Hard of
 55.24 Hearing shall meet periodically at least four times per year and submit an annual report
 55.25 to the commissioner, the education policy and finance committees of the legislature,
 55.26 and the Commission of Deaf, DeafBlind, and Hard of Hearing Minnesotans. The report
 55.27 must, at least:

55.28 (1) identify and report the aggregate, data-based education outcomes for children
 55.29 with the primary disability classification of deaf and hard of hearing, consistent with
 55.30 the commissioner's child count reporting practices, the commissioner's state and local
 55.31 outcome data reporting system by district and region, ~~and~~ the school performance report
 55.32 cards under section 120B.36, subdivision 1, and relevant IDEA Parts B and C mandated
 55.33 reporting data; and

56.1 (2) describe the implementation of a data-based plan for improving the education
 56.2 outcomes of deaf and hard of hearing children that is premised on evidence-based best
 56.3 practices, and provide a cost estimate for ongoing implementation of the plan; and

56.4 (3) include the recommendations for improving the developmental outcomes of
 56.5 children birth to age 3 and the data underlying those recommendations that the coordinator
 56.6 identifies under subdivision 5.

56.7 Sec. 12. Minnesota Statutes 2009 Supplement, section 125A.63, subdivision 5, is
 56.8 amended to read:

56.9 Subd. 5. **Statewide hearing loss early education intervention coordinator.** (a)
 56.10 The coordinator shall:

56.11 (1) collaborate with the early hearing detection and intervention coordinator for the
 56.12 Department of Health, the director of the Department of Education Resource Center for
 56.13 Deaf and Hard-of-Hearing, and the Department of Health Early Hearing Detection and
 56.14 Intervention Advisory Council;

56.15 (2) coordinate and support Department of Education early hearing detection and
 56.16 intervention teams;

56.17 (3) leverage resources by serving as a liaison between interagency early intervention
 56.18 committees; part C coordinators from the Departments of Education, Health, and
 56.19 Human Services; Department of Education regional low-incidence facilitators; service
 56.20 coordinators from school districts; Minnesota children with special health needs in the
 56.21 Department of Health; public health nurses; child find; Department of Human Services
 56.22 Deaf and Hard-of-Hearing Services Division; and others as appropriate;

56.23 (4) identify, support, and promote culturally appropriate and evidence-based early
 56.24 intervention practices for infants with hearing loss, and provide training, outreach, and use
 56.25 of technology to increase consistency in statewide service provision;

56.26 (5) identify culturally appropriate specialized reliable and valid instruments to assess
 56.27 and track the progress of children with hearing loss and promote their use;

56.28 (6) ensure that early childhood providers, parents, and members of the individual
 56.29 family service and intervention plan are provided with child progress data resulting from
 56.30 specialized assessments;

56.31 (7) educate early childhood providers and teachers of the deaf and hard-of-hearing
 56.32 to use developmental data from specialized assessments to plan and adjust individual
 56.33 family service plans; and

56.34 (8) make recommendations that would improve educational outcomes to the early
 56.35 hearing detection and intervention committee, the commissioners of education and health,

57.1 the Commission of Deaf, DeafBlind and Hard-of-Hearing Minnesotans, and the advisory
57.2 council of the Minnesota Department of Education Resource Center for the Deaf and
57.3 Hard-of-Hearing.

57.4 (b) The Department of Education must provide aggregate data regarding outcomes
57.5 ~~of deaf and hard-of-hearing~~ children with hearing loss who receive early intervention
57.6 services within the state in accordance with the state performance plan.

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

57.8 Sec. 13. Minnesota Statutes 2008, section 125A.69, subdivision 1, is amended to read:

57.9 Subdivision 1. ~~Two kinds Admissions.~~ ~~There are two kinds of Admission to the~~
57.10 Minnesota State Academies is described in this section.

57.11 (a) A pupil who is deaf, hard of hearing, or blind-deaf, may be admitted to the
57.12 Academy for the Deaf. A pupil who is blind or visually impaired, blind-deaf, or multiply
57.13 disabled may be admitted to the Academy for the Blind. For a pupil to be admitted, two
57.14 decisions must be made under sections 125A.03 to 125A.24 and 125A.65.

57.15 (1) It must be decided by the individual education planning team that education in
57.16 regular or special education classes in the pupil's district of residence cannot be achieved
57.17 satisfactorily because of the nature and severity of the deafness or blindness or visual
57.18 impairment respectively.

57.19 (2) It must be decided by the individual education planning team that the academy
57.20 provides the most appropriate placement within the least restrictive alternative for the
57.21 pupil.

57.22 (b) A deaf or hard of hearing child or a visually impaired pupil may be admitted to
57.23 get socialization skills or on a short-term basis for skills development.

57.24 (c) A parent of a child who resides in Minnesota and who meets the disability criteria
57.25 for being deaf or hard-of-hearing, blind or visually impaired, or multiply disabled may
57.26 apply to place the child in the Minnesota State Academies. Academy staff must review
57.27 the application to determine whether the Minnesota State Academies is an appropriate
57.28 placement for the child. If academy staff determine that the Minnesota State Academies
57.29 is an appropriate placement, the staff must invite the individualized education program
57.30 team at the child's resident school district to participate in a meeting to arrange a trial
57.31 placement of between 60 and 90 calendar days at the Minnesota State Academies. If
57.32 the child's parent consents to the trial placement, the Minnesota State Academies is the
57.33 responsible serving school district and incur all due process obligations under law and the
57.34 child's resident school district is responsible for any transportation included in the child's
57.35 individualized education program during the trial placement. Before the trial placement

58.1 ends, academy staff must convene an individualized education program team meeting to
58.2 determine whether to continue the child's placement at the Minnesota State Academies or
58.3 that another placement is appropriate. If the individualized education program team and
58.4 the parent are unable to agree on the child's placement, the child's placement reverts to the
58.5 placement in the child's individualized education program that immediately preceded the
58.6 trial placement. If the parent and individualized education program team agree to continue
58.7 the placement beyond the trial period, the transportation and due process responsibilities
58.8 are the same as those described for the trial placement under this paragraph.

58.9 **EFFECTIVE DATE.** This section is effective for the 2010-2011 school year and
58.10 later.

58.11 Sec. 14. Minnesota Statutes 2009 Supplement, section 256B.0625, subdivision 26,
58.12 is amended to read:

58.13 Subd. 26. **Special education services.** (a) Medical assistance covers medical
58.14 services identified in a recipient's individualized education plan and covered under the
58.15 medical assistance state plan. Covered services include occupational therapy, physical
58.16 therapy, speech-language therapy, clinical psychological services, nursing services,
58.17 school psychological services, school social work services, personal care assistants
58.18 serving as management aides, assistive technology devices, transportation services,
58.19 health assessments, and other services covered under the medical assistance state plan.
58.20 Mental health services eligible for medical assistance reimbursement must be provided or
58.21 coordinated through a children's mental health collaborative where a collaborative exists if
58.22 the child is included in the collaborative operational target population. The provision or
58.23 coordination of services does not require that the individual education plan be developed
58.24 by the collaborative.

58.25 The services may be provided by a Minnesota school district that is enrolled as a
58.26 medical assistance provider or its subcontractor, and only if the services meet all the
58.27 requirements otherwise applicable if the service had been provided by a provider other
58.28 than a school district, in the following areas: medical necessity, physician's orders,
58.29 documentation, personnel qualifications, and prior authorization requirements. The
58.30 nonfederal share of costs for services provided under this subdivision is the responsibility
58.31 of the local school district as provided in section 125A.74. Services listed in a child's
58.32 individual education plan are eligible for medical assistance reimbursement only if those
58.33 services meet criteria for federal financial participation under the Medicaid program.

58.34 (b) Approval of health-related services for inclusion in the individual education plan
58.35 does not require prior authorization for purposes of reimbursement under this chapter.

59.1 The commissioner may require physician review and approval of the plan not more than
59.2 once annually or upon any modification of the individual education plan that reflects a
59.3 change in health-related services.

59.4 (c) Services of a speech-language pathologist provided under this section are covered
59.5 notwithstanding Minnesota Rules, part 9505.0390, subpart 1, item L, if the person:

59.6 (1) holds a masters degree in speech-language pathology;

59.7 (2) is licensed by the Minnesota Board of Teaching as an educational
59.8 speech-language pathologist; and

59.9 (3) either has a certificate of clinical competence from the American Speech and
59.10 Hearing Association, has completed the equivalent educational requirements and work
59.11 experience necessary for the certificate or has completed the academic program and is
59.12 acquiring supervised work experience to qualify for the certificate.

59.13 (d) Medical assistance coverage for medically necessary services provided under
59.14 other subdivisions in this section may not be denied solely on the basis that the same or
59.15 similar services are covered under this subdivision.

59.16 (e) The commissioner shall develop and implement package rates, bundled rates, or
59.17 per diem rates for special education services under which separately covered services are
59.18 grouped together and billed as a unit in order to reduce administrative complexity.

59.19 (f) The commissioner shall develop a cost-based payment structure for payment of
59.20 these services. Only costs reported through designated Department of Education data
59.21 systems in distinct service categories may be included in the cost-based payment structure.

59.22 The commissioner shall reimburse claims submitted based on an interim rate, and shall
59.23 settle at a final rate once the department has determined it. The commissioner shall
59.24 notify the school district of the final rate. The school district has 60 days to appeal the
59.25 final rate. To appeal the final rate, the school district shall file a written appeal request
59.26 to the commissioner within 60 days of the date the final rate determination was mailed.
59.27 The appeal request shall specify (1) the disputed items and (2) the name and address of
59.28 the person to contact regarding the appeal.

59.29 (g) Effective July 1, 2000, medical assistance services provided under an individual
59.30 education plan or an individual family service plan by local school districts shall not count
59.31 against medical assistance authorization thresholds for that child.

59.32 (h) Nursing services as defined in section 148.171, subdivision 15, and provided
59.33 as an individual education plan health-related service, are eligible for medical assistance
59.34 payment if they are otherwise a covered service under the medical assistance program.
59.35 Medical assistance covers the administration of prescription medications by a licensed
59.36 nurse who is employed by or under contract with a school district when the administration

60.1 of medications is identified in the child's individualized education plan. The simple
60.2 administration of medications alone is not covered under medical assistance when
60.3 administered by a provider other than a school district or when it is not identified in the
60.4 child's individualized education plan.

60.5 Sec. 15. Laws 2009, chapter 79, article 5, section 60, is amended to read:

60.6 Sec. 60. Minnesota Statutes 2008, section 256L.05, is amended by adding a
60.7 subdivision to read:

60.8 Subd. 1c. **Open enrollment and streamlined application and enrollment**
60.9 **process.** (a) The commissioner and local agencies working in partnership must develop a
60.10 streamlined and efficient application and enrollment process for medical assistance and
60.11 MinnesotaCare enrollees that meets the criteria specified in this subdivision.

60.12 (b) The commissioners of human services and education shall provide
60.13 recommendations to the legislature by January 15, 2010, on the creation of an open
60.14 enrollment process for medical assistance and MinnesotaCare that is coordinated with
60.15 the public education system. The recommendations must:

60.16 (1) be developed in consultation with medical assistance and MinnesotaCare
60.17 enrollees and representatives from organizations that advocate on behalf of children and
60.18 families, low-income persons and minority populations, counties, school administrators
60.19 and nurses, health plans, and health care providers;

60.20 (2) be based on enrollment and renewal procedures best practices, including express
60.21 lane eligibility as required under subdivision 1d;

60.22 (3) simplify the enrollment and renewal processes wherever possible; and

60.23 (4) establish a process:

60.24 (i) to disseminate information on medical assistance and MinnesotaCare to all
60.25 children in the public education system, including prekindergarten programs; and

60.26 (ii) for the commissioner of human services to enroll children and other household
60.27 members who are eligible.

60.28 The commissioner of human services in coordination with the commissioner of
60.29 education shall implement an open enrollment process by August 1, 2010, to be effective
60.30 beginning with the 2010-2011 school year.

60.31 (c) The commissioner and local agencies shall develop an online application process
60.32 for medical assistance and MinnesotaCare.

60.33 (d) The commissioner shall develop an application that is easily understandable
60.34 and does not exceed four pages in length.

61.1 (e) The commissioner of human services shall present to the legislature, by January
 61.2 15, 2010, an implementation plan for the open enrollment period and online application
 61.3 process.

61.4 (f) When developing the new application materials, the commissioner of human
 61.5 services shall include on the enrollment forms an authorization for a parent to consent
 61.6 to release to the commissioner the medical or other information about the parent's child
 61.7 that a medical services provider possesses and that is necessary for the provider to be
 61.8 reimbursed by MinnesotaCare or medical assistance.

61.9 **EFFECTIVE DATE.** This section is effective July 1, 2010, or upon federal
 61.10 approval, which must be requested by the commissioner, whichever is later.

61.11 Sec. 16. **SPECIAL EDUCATION REPORT.**

61.12 As the agency charged with administering and enforcing federal and state special
 61.13 education laws and making special education aid payments, the Department of Education
 61.14 must identify and report by February 15, 2011, to the committees of the house of
 61.15 representatives and senate with primary jurisdiction over kindergarten through grade
 61.16 12 education the specific circumstances under which a school district or other entity,
 61.17 consistent with federal and state law, must provide special education and related services
 61.18 to a child with a disability and thereby receives payment for providing the special
 61.19 education and related services.

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

61.21 Sec. 17. **THIRD-PARTY BILLING.**

61.22 To allow the cost effective billing of medical assistance for covered services that
 61.23 are not reimbursed by other legally liable third parties, the commissioner of human
 61.24 services must:

61.25 (1) summarize and document school district efforts to secure reimbursement from
 61.26 legally liable third parties; and

61.27 (2) request permission from the Centers of Medicare and Medicaid Services to allow
 61.28 school districts to bill Medicaid alone, without first billing private payers, when:

61.29 (i) a child has both public and private coverage; and

61.30 (ii) documentation demonstrates that the private payer involved does not reimburse
 61.31 for individualized education program health-related services.

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

62.1 The revisor of statutes shall substitute the term "individualized education program"
 62.2 or similar terms for "individual education plan" or similar terms wherever they appear
 62.3 in Minnesota Statutes and Minnesota Rules referring to the requirements relating to
 62.4 the federal Individuals with Disabilities Education Act. The revisor shall also make
 62.5 grammatical changes related to the changes in terms.

62.6 Sec. 19. **REPEALER.**

62.7 Minnesota Statutes 2008, section 125A.54, is repealed.

62.8 ARTICLE 4

62.9 FACILITIES AND TECHNOLOGY

62.10 Section 1. Minnesota Statutes 2008, section 123B.57, as amended by Laws 2009
 62.11 chapter 96, article 4, section 2, is amended to read:

62.12 **123B.57 CAPITAL EXPENDITURE; HEALTH AND SAFETY.**

62.13 Subdivision 1. **Health and safety ~~program~~ revenue application.** (a) To receive
 62.14 health and safety revenue for any fiscal year a district must submit to the commissioner
 62.15 ~~an a capital expenditure health and safety revenue application for aid and levy by the~~
 62.16 ~~date determined by the commissioner. The application may be for hazardous substance~~
 62.17 ~~removal, fire and life safety code repairs, labor and industry regulated facility and~~
 62.18 ~~equipment violations, and health, safety, and environmental management, including~~
 62.19 ~~indoor air quality management.~~ The application must include a health and safety ~~program~~
 62.20 budget adopted and confirmed by the school district board as being consistent with the
 62.21 district's health and safety policy under subdivision 2. The ~~program~~ budget must include
 62.22 the estimated cost, ~~per building,~~ of the program per Uniform Financial Accounting and
 62.23 Reporting Standards (UFARS) finance code, by fiscal year. Upon approval through the
 62.24 adoption of a resolution by each of an intermediate district's member school district
 62.25 boards and the approval of the Department of Education, a school district may include
 62.26 its proportionate share of the costs of health and safety projects for an intermediate
 62.27 district in its application.

62.28 (b) Health and safety projects with an estimated cost of \$500,000 or more per
 62.29 site are not eligible for health and safety revenue. Health and safety projects with an
 62.30 estimated cost of \$500,000 or more per site that meet all other requirements for health and
 62.31 safety funding, are eligible for alternative facilities bonding and levy revenue according
 62.32 to section 123B.59. A school board shall not separate portions of a single project into
 62.33 components to qualify for health and safety revenue, and shall not combine unrelated
 62.34 projects into a single project to qualify for alternative facilities bonding and levy revenue.

63.1 (c) The commissioner of education shall not make eligibility for health and safety
 63.2 revenue contingent on a district's compliance status, level of program development, or
 63.3 training. The commissioner shall not mandate additional performance criteria such as
 63.4 training, certifications, or compliance evaluations as a prerequisite for levy approval.

63.5 Subd. 2. **Contents of program Health and safety policy.** To qualify for health
 63.6 and safety revenue, a district school board must adopt a health and safety program policy.
 63.7 The program policy must include plans, where applicable, for hazardous substance
 63.8 removal, fire and life safety code repairs, regulated facility and equipment violations,
 63.9 and provisions for implementing a health and safety program that complies with health,
 63.10 safety, and environmental management, regulations and best practices including indoor
 63.11 air quality management.

63.12 ~~(a) A hazardous substance plan must contain provisions for the removal or~~
 63.13 ~~encapsulation of asbestos from school buildings or property, asbestos-related repairs,~~
 63.14 ~~cleanup and disposal of polychlorinated biphenyls found in school buildings or property,~~
 63.15 ~~and cleanup, removal, disposal, and repairs related to storing heating fuel or transportation~~
 63.16 ~~fuels such as alcohol, gasoline, fuel, oil, and special fuel, as defined in section 296A.01.~~
 63.17 ~~If a district has already developed a plan for the removal or encapsulation of asbestos as~~
 63.18 ~~required by the federal Asbestos Hazard Emergency Response Act of 1986, the district~~
 63.19 ~~may use a summary of that plan, which includes a description and schedule of response~~
 63.20 ~~actions, for purposes of this section. The plan must also contain provisions to make~~
 63.21 ~~modifications to existing facilities and equipment necessary to limit personal exposure~~
 63.22 ~~to hazardous substances, as regulated by the federal Occupational Safety and Health~~
 63.23 ~~Administration under Code of Federal Regulations, title 29, part 1910, subpart Z; or is~~
 63.24 ~~determined by the commissioner to present a significant risk to district staff or student~~
 63.25 ~~health and safety as a result of foreseeable use, handling, accidental spill, exposure, or~~
 63.26 ~~contamination.~~

63.27 ~~(b) A fire and life safety plan must contain a description of the current fire and life~~
 63.28 ~~safety code violations, a plan for the removal or repair of the fire and life safety hazard,~~
 63.29 ~~and a description of safety preparation and awareness procedures to be followed until the~~
 63.30 ~~hazard is fully corrected.~~

63.31 ~~(c) A facilities and equipment violation plan must contain provisions to correct~~
 63.32 ~~health and safety hazards as provided in Department of Labor and Industry standards~~
 63.33 ~~pursuant to section 182.655.~~

63.34 ~~(d) A health, safety, and environmental management plan must contain a description~~
 63.35 ~~of training, record keeping, hazard assessment, and program management as defined~~
 63.36 ~~in section 123B.56.~~

64.1 ~~(e) A plan to test for and mitigate radon produced hazards.~~

64.2 ~~(f) A plan to monitor and improve indoor air quality.~~

64.3 Subd. 3. **Health and safety revenue.** A district's health and safety revenue
64.4 for a fiscal year equals the district's alternative facilities levy under section 123B.59,
64.5 subdivision 5, paragraph (b), plus the greater of zero or:

64.6 (1) the sum of (a) the total approved cost of the district's hazardous substance
64.7 plan for fiscal years 1985 through 1989, plus (b) the total approved cost of the district's
64.8 health and safety program for fiscal year 1990 through the fiscal year to which the levy
64.9 is attributable, excluding expenditures funded with bonds issued under section 123B.59
64.10 or 123B.62, or chapter 475; certificates of indebtedness or capital notes under section
64.11 123B.61; levies under section 123B.58, 123B.59, 123B.63, or 126C.40, subdivision 1 or
64.12 6; and other federal, state, or local revenues, minus

64.13 (2) the sum of (a) the district's total hazardous substance aid and levy for fiscal years
64.14 1985 through 1989 under sections 124.245 and 275.125, subdivision 11c, plus (b) the
64.15 district's health and safety revenue under this subdivision, for years before the fiscal year
64.16 to which the levy is attributable.

64.17 Subd. 4. **Health and safety levy.** To receive health and safety revenue, a district
64.18 may levy an amount equal to the district's health and safety revenue as defined in
64.19 subdivision 3 multiplied by the lesser of one, or the ratio of the quotient derived by
64.20 dividing the adjusted net tax capacity of the district for the year preceding the year the
64.21 levy is certified by the adjusted marginal cost pupil units in the district for the school year
64.22 to which the levy is attributable, to \$2,935.

64.23 Subd. 5. **Health and safety aid.** A district's health and safety aid is the difference
64.24 between its health and safety revenue and its health and safety levy. If a district does not
64.25 levy the entire amount permitted, health and safety aid must be reduced in proportion to
64.26 the actual amount levied. Health and safety aid may not be reduced as a result of reducing
64.27 a district's health and safety levy according to section 123B.79.

64.28 Subd. 6. **Uses of health and safety revenue.** ~~(a)~~ Health and safety revenue may
64.29 be used only for approved expenditures necessary to correct fire and life safety hazards;
64.30 ~~or for the~~; design, purchase, installation, maintenance, and inspection of fire protection
64.31 and alarm equipment; purchase or construction of appropriate facilities for the storage of
64.32 combustible and flammable materials; inventories and facility modifications not related
64.33 to a remodeling project to comply with lab safety requirements under section 121A.31;
64.34 inspection, testing, repair, removal or encapsulation, and disposal of asbestos from school
64.35 ~~buildings or property owned or being acquired by the district, asbestos-related repairs,~~
64.36 asbestos-containing building materials; cleanup and disposal of polychlorinated biphenyls

65.1 ~~found in school buildings or property owned or being acquired by the district, or the;~~
65.2 cleanup and disposal of hazardous and infectious wastes; cleanup, removal, disposal, and
65.3 repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel
65.4 oil, and special fuel, as defined in section 296A.01, Minnesota; correction of occupational
65.5 safety and health administration regulated facility and equipment hazards; indoor air
65.6 quality inspections, investigations, and testing; mold abatement; upgrades or replacement
65.7 of mechanical ventilation systems to meet American Society of Heating, Refrigerating
65.8 and Air Conditioning Engineers standards and State Mechanical Code; design, materials,
65.9 and installation of local exhaust ventilation systems, including required make up air for
65.10 controlling regulated hazardous substances; correction of Department of Health Food
65.11 Code and violations; correction of swimming pool hazards excluding depth correction;
65.12 playground safety inspections and the installation of impact surfacing materials; bleacher
65.13 repair or rebuilding to comply with the order of a building code inspector under section
65.14 326B.112; testing and mitigation of elevated radon hazards; lead in water, paint, soil,
65.15 and toys testing; copper in water testing; cleanup after major weather-related disasters
65.16 or flooding; reduction of excessive organic and inorganic levels in wells and well
65.17 capping of abandoned wells; installation and testing of boiler backflow valves to prevent
65.18 contamination of potable water; vaccinations, titers, and preventative supplies for
65.19 bloodborne pathogen compliance; costs to comply with the Janet B. Johnson Parents'
65.20 Right To Know Act; and health, safety, and environmental management costs associated
65.21 with implementing the district's health and safety program including costs to establish
65.22 and operate safety committees, in school buildings or property owned or being acquired
65.23 by the district. Testing and calibration activities are permitted for existing mechanical
65.24 ventilation systems at intervals no less than every five years. Health and safety revenue
65.25 must not be used to finance a lease purchase agreement, installment purchase agreement,
65.26 or other deferred payments agreement. Health and safety revenue must not be used for
65.27 the construction of new facilities or the purchase of portable classrooms, for interest or
65.28 other financing expenses, or for energy efficiency projects under section 123B.65. The
65.29 revenue may not be used for a building or property or part of a building or property used
65.30 for postsecondary instruction or administration or for a purpose unrelated to elementary
65.31 and secondary education.

65.32 Subd. 6a. **Restrictions on health and safety revenue.** (b) Notwithstanding
65.33 paragraph (a) subdivision 6, health and safety revenue must not be used to finance a
65.34 lease purchase agreement, installment purchase agreement, or other deferred payments
65.35 agreement, for the construction of new facilities, remodeling of existing facilities, or
65.36 the purchase of portable classrooms, for interest or other financing expenses, or for

66.1 energy efficiency projects under section 123B.65, for a building or property or part of a
66.2 building or property used for postsecondary instruction or administration or for a purpose
66.3 unrelated to elementary and secondary education, for replacement of building materials
66.4 or facilities including roof, walls, windows, internal fixtures and flooring, nonhealth and
66.5 safety costs associated with demolition of facilities, structural repair or replacement of
66.6 facilities due to unsafe conditions, violence prevention and facility security, ergonomics,
66.7 or for building and heating, ventilating and air conditioning supplies, maintenance, and
66.8 cleaning activities. All assessments, investigations, inventories, and support equipment
66.9 not leading to the engineering or construction of a project shall be included in the health,
66.10 safety, and environmental management costs in subdivision 8, paragraph (a).

66.11 Subd. 6b. **Health and safety projects.** (a) Health and safety revenue applications
66.12 defined in subdivision 1 must be accompanied by a description of each project for which
66.13 funding is being requested. Project descriptions must provide enough detail for an auditor
66.14 to determine if the work qualifies for revenue. For projects other than fire and life
66.15 safety projects, playground projects, and health, safety, and environmental management
66.16 activities, a project description does not need to include itemized details such as material
66.17 types, room locations, square feet, names, or license numbers. The commissioner shall
66.18 approve only projects that comply with subdivisions 6 and 8, as defined by the Department
66.19 of Education.

66.20 (b) Districts may request funding for allowable projects based on self-assessments,
66.21 safety committee recommendations, insurance inspections, management assistance
66.22 reports, fire marshal orders, or other mandates. Notwithstanding subdivision 1, paragraph
66.23 (b), and subdivision 8, paragraph (b), for projects under \$500,000, individual project
66.24 size for projects authorized by this subdivision is not limited and may include related
66.25 work in multiple facilities. Health and safety management costs from subdivision 8 may
66.26 be reported as a single project.

66.27 (c) All costs directly related to a project shall be reported in the appropriate Uniform
66.28 Financial Accounting and Reporting Standards (UFARS) finance code.

66.29 (d) For fire and life safety egress and all other projects exceeding \$20,000, cited
66.30 under Minnesota Fire Code, a fire marshal plan review is required.

66.31 (e) Districts shall update project estimates with actual expenditures for each
66.32 fiscal year. If a project's final cost is significantly higher than originally approved, the
66.33 commissioner may request additional supporting information.

66.34 Subd. 6c. **Appeals process.** In the event a district is denied funding approval for
66.35 a project the district believes complies with subdivisions 6 and 8, and is not otherwise
66.36 excluded, a district may appeal the decision. All such requests must be in writing. The

67.1 commissioner shall respond in writing. A written request must contain the following:
 67.2 project number; description and amount; reason for denial; unresolved questions for
 67.3 consideration; reasons for reconsideration; and a specific statement of what action the
 67.4 district is requesting.

67.5 Subd. 7. **Proration.** In the event that the health and safety aid available for any year
 67.6 is prorated, a district having its aid prorated may levy an additional amount equal to the
 67.7 amount not paid by the state due to proration.

67.8 Subd. 8. **Health, safety, and environmental management cost.** (a) "Health, safety,
 67.9 and environmental management" is defined in section 123B.56.

67.10 (b) A district's cost for health, safety, and environmental management is limited to
 67.11 the lesser of:

67.12 (1) actual cost to implement their plan; or

67.13 (2) an amount determined by the commissioner, based on enrollment, building
 67.14 age, and size.

67.15 ~~(b)~~ (c) The department may contract with regional service organizations, private
 67.16 contractors, Minnesota Safety Council, or state agencies to provide management
 67.17 assistance to school districts for health and safety capital projects. Management assistance
 67.18 is the development of written programs for the identification, recognition and control of
 67.19 hazards, and prioritization and scheduling of district health and safety capital projects.
 67.20 The ~~department~~ commissioner shall not mandate management assistance or exclude
 67.21 private contractors from the opportunity to provide any health and safety services to
 67.22 school districts.

67.23 ~~(c) Notwithstanding paragraph (b), the department may approve revenue, up to~~
 67.24 ~~the limit defined in paragraph (a) for districts having an approved health, safety, and~~
 67.25 ~~environmental management plan that uses district staff to accomplish coordination and~~
 67.26 ~~provided services.~~

67.27 **EFFECTIVE DATE.** This section is effective July 1, 2010.

67.28 Sec. 2. **[126C.75] FIBER OPTIC INFRASTRUCTURE GRANT PROGRAM.**

67.29 **Subdivision 1. Creation of accounts.** Two public school fiber optic infrastructure
 67.30 accounts are created, one in the general fund and one in the bond proceeds fund. Money
 67.31 in these accounts may only be used for capital costs of fiber optic infrastructure for
 67.32 eligible public school projects.

67.33 **Subd. 2. Program purpose.** The fiber optic infrastructure grant program is
 67.34 established to provide the capital investment needed to bridge the gap between the federal
 67.35 Schools and Libraries Program of the Universal Service Fund, commonly known as

68.1 "E-Rate," and the total cost of fiber optic infrastructure that will better public school
68.2 buildings to support 21st century learning capacity at each district school.

68.3 Subd. 3. **General eligibility; state general obligation bond funds.** Article XI,
68.4 section 5, clause (a), of the Minnesota Constitution requires that state general obligation
68.5 bonds be issued to finance only the acquisition or betterment of public land, buildings, and
68.6 other public improvements of a capital nature. The legislature has determined that many
68.7 fiber optic infrastructure projects will constitute betterments and capital improvements
68.8 within the meaning of the Minnesota Constitution and capital expenditures under generally
68.9 accepted accounting principles, and will be financed more efficiently and economically
68.10 under this section than by direct appropriations for specific projects.

68.11 Subd. 4. **Definitions.** For purposes of this section:

68.12 (1) "school district" means an independent, common, special, or intermediate school
68.13 district or a charter school.

68.14 (2) "fiber optic infrastructure" means the land, buildings, fiber optic connection
68.15 cable, and end point hardware, including routers and switches. It does not include
68.16 computers, telephones, or cameras.

68.17 Subd. 5. **Grant program established.** The commissioner shall make grants to
68.18 school districts for fiber optic infrastructure projects.

68.19 Subd. 6. **Eligible costs for grants.** (a) "Eligible cost" for use of state general
68.20 obligation bond fund money means the acquisition of land or permanent easements;
68.21 preparation of land on which the fiber optic infrastructure will be located, including
68.22 demolition of structures and remediation of any hazardous conditions on the land; and
68.23 predesign, design, acquisition, and installation of publicly owned fiber optic infrastructure
68.24 in this state with a useful life of at least ten years that supports public school district
68.25 facility operation, administration, and instruction; the unpaid principal on debt issued by
68.26 the school district for a fiber optic infrastructure project, or the amount necessary to pay in
68.27 a lump sum all lease payments due if payment results in the school district owning the fiber
68.28 optic infrastructure. All uses under this paragraph must be for publicly owned property.

68.29 (b) "Eligible cost" for use of any other source of money will be determined by
68.30 limitations imposed on that source, but may include the costs of leases and reimbursement
68.31 of the costs of purchase and installation of fiber optic infrastructure.

68.32 Subd. 7. **Application.** The commissioner must develop forms and procedures for
68.33 soliciting and reviewing applications for grants under this section. At a minimum, a school
68.34 district must include the following information in its application:

68.35 (1) a resolution adopted by its school board certifying that the money required to be
68.36 supplied by the school district to complete the project is available and committed;

69.1 (2) a detailed and specific description of the project and an estimate, along with
 69.2 necessary supporting evidence, of the total costs for the project;

69.3 (3) an assessment of the need for and benefits of the project;

69.4 (4) a timeline indicating the major milestones of the project and their anticipated
 69.5 completion dates; and

69.6 (5) any additional information or material the commissioner prescribes.

69.7 Subd. 8. **Criteria for grants.** The commissioner must develop the criteria that will
 69.8 be used to award grants if grant applications exceed available resources.

69.9 Subd. 9. **Cancellation of grant.** If, five years after execution of a grant agreement,
 69.10 the commissioner determines that the grantee has not proceeded in a timely manner with
 69.11 implementation of the project funded, the commissioner must cancel the grant and the
 69.12 grantee must repay to the commissioner all grant money paid to the grantee. Section
 69.13 16A.642 applies to any appropriations made to the commissioner under this section that
 69.14 have not been awarded to grantees.

69.15 Subd. 10. **Report.** By January 15 of each year, the commissioner must submit to
 69.16 the commissioner of management and budget and the chairs of the legislative committees
 69.17 or divisions with jurisdiction over education policy, education finance, and capital
 69.18 investment, a list of the projects that have been funded with money under this program
 69.19 during the preceding calendar year, as well as a list of those priority projects for which state
 69.20 bond proceeds fund appropriations will be sought during that year's legislative session.

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

69.22 Sec. 3. **HEALTH AND SAFETY POLICY.**

69.23 Notwithstanding Minnesota Statutes, section 123B.57, subdivision 2, a school board
 69.24 that has not yet adopted a health and safety policy by September 30, 2010, may submit
 69.25 an application for health and safety revenue in the form and manner specified by the
 69.26 commissioner of education.

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

69.28 **ARTICLE 5**

69.29 **ACCOUNTING**

69.30 Section 1. Minnesota Statutes 2009 Supplement, section 16A.152, subdivision 2, as
 69.31 amended by Laws 2010, chapter 215, article 11, section 15, is amended to read:

69.32 Subd. 2. **Additional revenues; priority.** (a) If on the basis of a forecast of general
 69.33 fund revenues and expenditures, the commissioner of management and budget determines

70.1 that there will be a positive unrestricted budgetary general fund balance at the close of
 70.2 the biennium, the commissioner of management and budget must allocate money to the
 70.3 following accounts and purposes in priority order:

70.4 (1) the cash flow account established in subdivision 1 until that account reaches
 70.5 \$350,000,000;

70.6 (2) the budget reserve account established in subdivision 1a until that account
 70.7 reaches \$653,000,000;

70.8 (3) the amount necessary to increase the aid payment schedule for school district
 70.9 aids and credits payments in section 127A.45 to not more than 90 percent rounded to the
 70.10 nearest tenth of a percent without exceeding the amount available and with any remaining
 70.11 funds deposited in the budget reserve;

70.12 (4) the amount necessary to restore all or a portion of the net aid reductions under
 70.13 section 127A.441 and to reduce the property tax revenue recognition shift under section
 70.14 123B.75, subdivision 5, ~~paragraph (b), and Laws 2003, First Special Session chapter 9,~~
 70.15 ~~article 5, section 34, as amended by Laws 2003, First Special Session chapter 23, section~~
 70.16 ~~20~~; by the same amount;

70.17 (5) to the state airports fund, the amount necessary to restore the amount transferred
 70.18 from the state airports fund under Laws 2008, chapter 363, article 11, section 3,
 70.19 subdivision 5; and

70.20 (6) to the fire safety account in the special revenue fund, the amount necessary to
 70.21 restore transfers from the account to the general fund made in Laws 2010.

70.22 (b) The amounts necessary to meet the requirements of this section are appropriated
 70.23 from the general fund within two weeks after the forecast is released or, in the case of
 70.24 transfers under paragraph (a), clauses (3) and (4), as necessary to meet the appropriations
 70.25 schedules otherwise established in statute.

70.26 (c) The commissioner of management and budget shall certify the total dollar
 70.27 amount of the reductions under paragraph (a), clauses (3) and (4), to the commissioner of
 70.28 education. The commissioner of education shall increase the aid payment percentage and
 70.29 reduce the property tax shift percentage by these amounts and apply those reductions to
 70.30 the current fiscal year and thereafter.

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

70.32 Sec. 2. Minnesota Statutes 2008, section 123B.12, is amended to read:

70.33 **123B.12 INSUFFICIENT FUNDS TO PAY ORDERS.**

71.1 (a) In the event that a district or a cooperative unit defined in section 123A.24,
 71.2 subdivision 2, has insufficient funds to pay its usual lawful current obligations, subject to
 71.3 section 471.69, the board may enter into agreements with banks or any person to take its
 71.4 orders. Any order drawn, after having been presented to the treasurer for payment and not
 71.5 paid for want of funds shall be endorsed by the treasurer by putting on the back thereof
 71.6 the words "not paid for want of funds," giving the date of endorsement and signed by the
 71.7 treasurer. A record of such presentment, nonpayment and endorsement shall be made by
 71.8 the treasurer. The treasurer shall serve a written notice upon the payee or the payee's
 71.9 assignee, personally, or by mail, when the treasurer is prepared to pay such orders. The
 71.10 notice may be directed to the payee or the payee's assignee at the address given in writing
 71.11 by such payee or assignee to such treasurer, at any time prior to the service of such notice.
 71.12 No order shall draw any interest if such address is not given when the same is unknown to
 71.13 the treasurer, and no order shall draw any interest after the service of such notice.

71.14 (b) A district may enter, subject to section 471.69, into ~~a~~ an unsecured line of credit
 71.15 agreement with a financial institution. The amount of credit available must not exceed ~~95~~
 71.16 380 percent of average expenditure per month of operating expenditures in the previous
 71.17 fiscal year. Any amount advanced must be repaid no later than ~~45~~ 120 days after the
 71.18 day of advancement.

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

71.20 Sec. 3. Minnesota Statutes 2008, section 123B.75, is amended by adding a subdivision
 71.21 to read:

71.22 Subd. 1a. **Definition.** For the purpose of this section, "school district tax settlement
 71.23 revenue" means the current, delinquent, and manufactured home property tax receipts
 71.24 collected by the county and distributed to the school district.

71.25 **EFFECTIVE DATE.** This section is effective the day following final enactment
 71.26 and applies to fiscal years 2010 and later.

71.27 Sec. 4. Minnesota Statutes 2008, section 123B.75, subdivision 5, is amended to read:

71.28 ~~Subd. 5. **Levy recognition.** (a) "School district tax settlement revenue" means the~~
 71.29 ~~current, delinquent, and manufactured home property tax receipts collected by the county~~
 71.30 ~~and distributed to the school district.~~

71.31 ~~(b) For fiscal year 2004 and later years~~ 2009 and 2010, in June of each year, the
 71.32 school district must recognize as revenue, in the fund for which the levy was made, the
 71.33 lesser of:

72.1 (1) the sum of May, June, and July school district tax settlement revenue received in
 72.2 that calendar year, plus general education aid according to section 126C.13, subdivision
 72.3 4, received in July and August of that calendar year; or

72.4 (2) the sum of:

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

72.7 (ii) the entire amount of the levy certified in the prior calendar year according to
 72.8 section 124D.86, subdivision 4, for school districts receiving revenue under sections
 72.9 124D.86, subdivision 3, clauses (1), (2), and (3); 126C.41, subdivisions 1, 2, paragraph
 72.10 (a), and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2; 126C.457; and 126C.48,
 72.11 subdivision 6; plus

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

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

72.19 (1) the sum of May, June, and July school district tax settlement revenue received in
 72.20 that calendar year, plus general education aid according to section 126C.13, subdivision
 72.21 4, received in July and August of that calendar year; or

72.22 (2) the sum of:

72.23 (i) the greater of 47.8 percent of the referendum levy certified according to section
 72.24 126C.17, in the prior calendar year or 31 percent of the referendum levy certified
 72.25 according to section 126C.17, in calendar year 2000; plus

72.26 (ii) the entire amount of the levy certified in the prior calendar year according to
 72.27 section 124D.86, subdivision 4, for school districts receiving revenue under sections
 72.28 124D.86, subdivision 3, clauses (1), (2), and (3); 126C.41, subdivisions 1, 2, and 3,
 72.29 paragraphs (b), (c), and (d); 126C.43, subdivision 2; 126C.457; and 126C.48, subdivision
 72.30 6; plus

72.31 (iii) 47.8 percent of the amount of the levy certified in the prior calendar year for the
 72.32 school district's general and community service funds, plus or minus auditor's adjustments,
 72.33 not including the levy portions that are assumed by the state, that remains after subtracting
 72.34 the referendum levy certified according to section 126C.17 and the amount recognized
 72.35 according to clause (ii).

73.1 Sec. 5. Minnesota Statutes 2008, section 126C.54, is amended to read:

73.2 **126C.54 REPAYMENT; MATURITY DATE OF CERTIFICATES; INTEREST.**

73.3 (a) The proceeds of the current tax levies and future state aid receipts or other school
 73.4 funds which may become available must be applied to the extent necessary to repay
 73.5 such certificates and the full faith and credit of the district shall be pledged to payment
 73.6 of the certificates. Certificates issued in anticipation of receipt of aids shall mature not
 73.7 later than the anticipated date of receipt of the aids as estimated by the commissioner, but
 73.8 in no event later than three months after the close of the school year in which issued.
 73.9 Certificates issued in anticipation of receipt of taxes shall mature not later than the
 73.10 anticipated date of receipt in full of the taxes, but in no event later than three months after
 73.11 the close of the calendar year in which issued. The certificates must be sold at not less
 73.12 than par. The certificates must bear interest after maturity until paid at the rate they bore
 73.13 before maturity and any interest accruing before or after maturity must be paid from
 73.14 any available school funds.

73.15 (b) Notwithstanding any contrary provision in paragraph (a), if the certificates are
 73.16 issued as taxable obligations on which the interest is includable in gross income for federal
 73.17 income tax purposes, certificates issued in anticipation of receipt of aids shall mature not
 73.18 later than 12 months after the close of the school year in which issued and certificates
 73.19 issued in anticipation of receipt of taxes shall mature not later than 12 months after the
 73.20 close of the calendar year in which issued. Any certificate issued under this section with a
 73.21 maturity in excess of 12 months must be repaid with money from the general fund.

73.22 Sec. 6. Minnesota Statutes 2008, section 127A.42, subdivision 2, is amended to read:

73.23 Subd. 2. **Violations of law.** The commissioner may reduce or withhold the district's
 73.24 state aid for any school year whenever the board of the district authorizes or permits
 73.25 violations of law within the district by:

73.26 (1) employing a teacher who does not hold a valid teaching license or permit in a
 73.27 public school;

73.28 (2) noncompliance with a mandatory rule of general application promulgated by the
 73.29 commissioner in accordance with statute, unless special circumstances make enforcement
 73.30 inequitable, impose an extraordinary hardship on the district, or the rule is contrary to
 73.31 the district's best interests;

73.32 (3) the district's continued performance of a contract made for the rental of rooms
 73.33 or buildings for school purposes or for the rental of any facility owned or operated by or
 73.34 under the direction of any private organization, if the contract has been disapproved, the

74.1 time for review of the determination of disapproval has expired, and no proceeding for
74.2 review is pending;

74.3 (4) any practice which is a violation of sections 1 and 2 of article 13 of the
74.4 Constitution of the state of Minnesota;

74.5 (5) failure to reasonably provide for a resident pupil's school attendance under
74.6 Minnesota Statutes;

74.7 (6) noncompliance with state laws prohibiting discrimination because of race,
74.8 color, creed, religion, national origin, sex, age, marital status, status with regard to
74.9 public assistance or disability, as defined in sections 363A.08 to 363A.19 and 363A.28,
74.10 subdivision 10; or

74.11 (7) using funds contrary to the statutory purpose of the funds.

74.12 The reduction or withholding must be made in the amount and upon the procedure
74.13 provided in this section, or, in the case of the violation stated in clause (1), upon the
74.14 procedure provided in section 127A.43.

74.15 **EFFECTIVE DATE.** This section is effective July 1, 2010.

74.16 Sec. 7. Minnesota Statutes 2008, section 127A.43, is amended to read:

74.17 **127A.43 DISTRICT EMPLOYMENT OF UNLICENSED TEACHERS; AID**
74.18 **REDUCTION.**

74.19 When a district employs one or more teachers who do not hold a valid teaching
74.20 license, state aid shall be ~~withheld~~ reduced in the proportion that the number of such
74.21 teachers is to the total number of teachers employed by the district, multiplied by 60
74.22 percent of the basic revenue, as defined in section 126C.10, subdivision 2, of the district
74.23 for the year in which the employment occurred.

74.24 **EFFECTIVE DATE.** This section is effective July 1, 2010.

74.25 Sec. 8. Minnesota Statutes 2008, section 127A.441, is amended to read:

74.26 **127A.441 AID REDUCTION; LEVY REVENUE RECOGNITION CHANGE.**

74.27 Each year, the state aids payable to any school district for that fiscal year that are
74.28 recognized as revenue in the school district's general and community service funds shall
74.29 be adjusted by an amount equal to (1) the amount the district recognized as revenue for the
74.30 prior fiscal year pursuant to section 123B.75, subdivision 5, paragraph (a) or (b), minus (2)
74.31 the amount the district recognized as revenue for the current fiscal year pursuant to section
74.32 123B.75, subdivision 5, paragraph (a) or (b). For purposes of making the aid adjustments
74.33 under this section, the amount the district recognizes as revenue for either the prior fiscal

75.1 year or the current fiscal year pursuant to section 123B.75, subdivision 5, paragraph (b),
 75.2 shall not include any amount levied pursuant to section 124D.86, subdivision 4, for school
 75.3 districts receiving revenue under sections 124D.86, subdivision 3, clauses (1), (2), and (3);
 75.4 126C.41, subdivisions 1, 2, and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2;
 75.5 126C.457; and 126C.48, subdivision 6. Payment from the permanent school fund shall not
 75.6 be adjusted pursuant to this section. The school district shall be notified of the amount of
 75.7 the adjustment made to each payment pursuant to this section.

75.8 **EFFECTIVE DATE.** This section is effective the day following final enactment
 75.9 and applies to fiscal years 2010 and later.

75.10 Sec. 9. Minnesota Statutes 2008, section 127A.45, subdivision 2, is amended to read:

75.11 Subd. 2. **Definitions.** (a) ~~The term~~ "Other district receipts" means payments by
 75.12 county treasurers pursuant to section 276.10, apportionments from the school endowment
 75.13 fund pursuant to section 127A.33, apportionments by the county auditor pursuant to
 75.14 section 127A.34, subdivision 2, and payments to school districts by the commissioner of
 75.15 revenue pursuant to chapter 298.

75.16 (b) ~~The term~~ "Cumulative amount guaranteed" means the product of

75.17 (1) the cumulative disbursement percentage shown in subdivision 3; times

75.18 (2) the sum of

75.19 (i) the current year aid payment percentage of the estimated aid and credit
 75.20 entitlements paid according to subdivision 13; plus

75.21 (ii) 100 percent of the entitlements paid according to subdivisions 11 and 12; plus

75.22 (iii) the other district receipts.

75.23 (c) ~~The term~~ "Payment date" means the date on which state payments to districts
 75.24 are made by the electronic funds transfer method. If a payment date falls on a Saturday,
 75.25 a Sunday, or a weekday which is a legal holiday, the payment shall be made on the
 75.26 immediately preceding business day. The commissioner may make payments on dates
 75.27 other than those listed in subdivision 3, but only for portions of payments from any
 75.28 preceding payment dates which could not be processed by the electronic funds transfer
 75.29 method due to documented extenuating circumstances.

75.30 (d) The current year aid payment percentage equals ~~90~~ 73.

75.31 **EFFECTIVE DATE.** This section is effective the day following final enactment
 75.32 and applies to fiscal years 2010 and later.

75.33 Sec. 10. Minnesota Statutes 2008, section 127A.45, subdivision 3, is amended to read:

76.1 Subd. 3. **Payment dates and percentages.** (a) ~~For fiscal year 2004 and later,~~ The
 76.2 commissioner shall pay to a district on the dates indicated an amount computed as follows:
 76.3 the cumulative amount guaranteed minus the sum of ~~(a)~~ (1) the district's other district
 76.4 receipts through the current payment, and ~~(b)~~ (2) the aid and credit payments through the
 76.5 immediately preceding payment. For purposes of this computation, the payment dates and
 76.6 the cumulative disbursement percentages are as follows:

76.7	Payment date	Percentage
76.8	Payment 1 July 15:	5.5
76.9	Payment 2 July 30:	8.0
76.10	Payment 3 August 15:	17.5
76.11	Payment 4 August 30:	20.0
76.12	Payment 5 September 15:	22.5
76.13	Payment 6 September 30:	25.0
76.14	Payment 7 October 15:	27.0
76.15	Payment 8 October 30:	30.0
76.16	Payment 9 November 15:	32.5
76.17	Payment 10 November 30:	36.5
76.18	Payment 11 December 15:	42.0
76.19	Payment 12 December 30:	45.0
76.20	Payment 13 January 15:	50.0
76.21	Payment 14 January 30:	54.0
76.22	Payment 15 February 15:	58.0
76.23	Payment 16 February 28:	63.0
76.24	Payment 17 March 15:	68.0
76.25	Payment 18 March 30:	74.0
76.26	Payment 19 April 15:	78.0
76.27	Payment 20 April 30:	85.0
76.28	Payment 21 May 15:	90.0
76.29	Payment 22 May 30:	95.0
76.30	Payment 23 June 20:	100.0

76.31 ~~(b) In addition to the amounts paid under paragraph (a), for fiscal year 2004, the~~
 76.32 ~~commissioner shall pay to a district on the dates indicated an amount computed as follows:~~

76.33	Payment 3 August 15: the final adjustment for the prior fiscal year for the state paid
76.34	property tax credits established in section 273.1392
76.35	Payment 4 August 30: one-third of the final adjustment for the prior fiscal year for
76.36	all aid entitlements except state paid property tax credits
76.37	Payment 6 September 30: one-third of the final adjustment for the prior fiscal year
76.38	for all aid entitlements except state paid property tax credits
76.39	Payment 8 October 30: one-third of the final adjustment for the prior fiscal year for
76.40	all aid entitlements except state paid property tax credits

77.1 ~~(e)~~ (b) In addition to the amounts paid under paragraph (a), ~~for fiscal year 2005 and~~
 77.2 ~~later~~, the commissioner shall pay to a district on the dates indicated an amount computed
 77.3 as follows:

77.4 Payment 3 August 15: the final adjustment for the prior fiscal year for the state paid
 77.5 property tax credits established in section 273.1392
 77.6 Payment 4 August 30: 30 percent of the final adjustment for the prior fiscal year for
 77.7 all aid entitlements except state paid property tax credits
 77.8 Payment 6 September 30: 40 percent of the final adjustment for the prior fiscal year
 77.9 for all aid entitlements except state paid property tax credits
 77.10 Payment 8 October 30: 30 percent of the final adjustment for the prior fiscal year
 77.11 for all aid entitlements except state paid property tax credits

77.12 **EFFECTIVE DATE.** This section is effective the day following final enactment
 77.13 and applies to fiscal years 2010 and later.

77.14 Sec. 11. Minnesota Statutes 2008, section 127A.45, is amended by adding a
 77.15 subdivision to read:

77.16 Subd. 6a. **Cash flow adjustment.** The board of directors of any charter school
 77.17 servicing fewer than 150 students where the percentage of students eligible for special
 77.18 education services equals 100 percent of the charter school's total enrollment may request
 77.19 that the commissioner of education accelerate the school's cash flow under this section.
 77.20 The commissioner must approve a properly submitted request within 30 days of its receipt.
 77.21 The commissioner must accelerate the school's regular special education aid payments
 77.22 according to the schedule in the school's request and modify the payments to the school
 77.23 under subdivision 3 accordingly. A school must not receive current payments of regular
 77.24 special education aid exceeding 90 percent of its estimated aid entitlement for the fiscal
 77.25 year. The commissioner must delay the special education aid payments to all other school
 77.26 districts and charter schools in proportion to each district or charter school's total share
 77.27 of regular special education aid such that the overall aid payment savings from the aid
 77.28 payment shift remains unchanged for any fiscal year.

77.29 **EFFECTIVE DATE.** This section is effective the day following final enactment
 77.30 and applies to school district or charter school payments made on or after that date.

77.31 Sec. 12. Minnesota Statutes 2008, section 127A.45, is amended by adding a
 77.32 subdivision to read:

77.33 Subd. 7b. **Advance final payment.** (a) Notwithstanding subdivisions 3 and 7,
 77.34 a school district or charter school exceeding its expenditure limitations under section
 77.35 123B.83 as of June 30 of the prior fiscal year may receive a portion of its final payment

78.1 for the current fiscal year on June 20, if requested by the district or charter school. The
 78.2 amount paid under this subdivision must not exceed the lesser of:

78.3 (1) the difference between 90 percent and the current year payment percentage in
 78.4 subdivision 2, paragraph (d), in the current fiscal year times the sum of the district or
 78.5 charter school's general education aid plus the aid adjustment in section 127A.50 for
 78.6 the current fiscal year; or

78.7 (2) the amount by which the district's or charter school's net negative unreserved
 78.8 general fund balance as of June 30 of the prior fiscal year exceeds 2.5 percent of the
 78.9 district or charter school's expenditures for that fiscal year.

78.10 (b) The state total advance final payment under this subdivision for any year must
 78.11 not exceed \$7,500,000. If the amount request exceeds \$7,500,000, the advance final
 78.12 payment for each eligible district must be reduced proportionately.

78.13 **EFFECTIVE DATE.** This section is effective the day following final enactment
 78.14 and applies to fiscal years 2010 and later.

78.15 Sec. 13. Minnesota Statutes 2008, section 127A.45, subdivision 13, is amended to read:

78.16 Subd. 13. **Aid payment percentage.** Except as provided in subdivisions 11, 12, 12a,
 78.17 and 14, each fiscal year, all education aids and credits in this chapter and chapters 120A,
 78.18 120B, 121A, 122A, 123A, 123B, 124D, 125A, 125B, 126C, 134, and section 273.1392,
 78.19 shall be paid at the current year aid payment percentage of the estimated entitlement during
 78.20 the fiscal year of the entitlement. ~~For the purposes of this subdivision, a district's estimated~~
 78.21 ~~entitlement for special education excess cost aid under section 125A.79 for fiscal year~~
 78.22 ~~2005 equals 70 percent of the district's entitlement for the second prior fiscal year.~~ For the
 78.23 purposes of this subdivision, a district's estimated entitlement for special education excess
 78.24 cost aid under section 125A.79 for fiscal year 2006 and later equals 74.0 percent of the
 78.25 district's entitlement for the current fiscal year. The final adjustment payment, according
 78.26 to subdivision 9, must be the amount of the actual entitlement, after adjustment for actual
 78.27 data, minus the payments made during the fiscal year of the entitlement.

78.28 Sec. 14. Minnesota Statutes 2008, section 127A.45, is amended by adding a
 78.29 subdivision to read:

78.30 Subd. 17. **Payment to creditors.** Except where otherwise specifically authorized,
 78.31 state education aid payments shall be made only to the school district, charter school, or
 78.32 other education organization earning state aid revenues as a result of providing education
 78.33 services.

79.1 Sec. 15. **FUND TRANSFERS.**

79.2 Subdivision 1. Fiscal years 2010 and 2011 only. Notwithstanding Minnesota
 79.3 Statutes, section 123B.80, subdivision 3, for fiscal years 2010 and 2011 only, the
 79.4 commissioner must approve a request for a fund transfer if the transfer does not increase
 79.5 state aid obligations to the district or result in additional property tax authority for the
 79.6 district. This section does not permit transfers from the community service fund.

79.7 Subd. 2. Hayfield. Notwithstanding Minnesota Statutes, section 123B.79 or
 79.8 123B.80, on June 30, 2010, Independent School District No. 203, Hayfield, may
 79.9 permanently transfer up to \$75,000 from its reserved for operating capital account to its
 79.10 undesignated general fund balance.

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

79.12 Sec. 16. **REPEALER.**

79.13 Minnesota Statutes 2008, section 127A.46, is repealed.

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

79.15 **ARTICLE 6**79.16 **STATE AGENCIES**

79.17 Section 1. Minnesota Statutes 2008, section 3.303, is amended by adding a subdivision
 79.18 to read:

79.19 Subd. 11. Permanent school fund land management analyst. The commission
 79.20 shall undertake activities that are necessary to advise the legislature and to monitor the
 79.21 executive branch on issues related to the management of permanent school fund lands.
 79.22 The commission may hire a lead analyst and other staff as necessary for this purpose. The
 79.23 commission shall:

79.24 (1) monitor management of permanent school fund lands;

79.25 (2) analyze the benefits derived from the fund;

79.26 (3) actively participate in the work of the permanent school fund advisory committee
 79.27 under section 127A.30;

79.28 (4) provide oversight to ensure that the state fulfills its fiduciary responsibilities to
 79.29 the permanent school fund as specified by the Minnesota Constitution; and

79.30 (5) make effective recommendations to the permanent school fund advisory
 79.31 committee and the finance divisions and committees of the house of representatives and
 79.32 the senate.

80.1 The purpose of this function is to maximize the long-term economic returns to the
80.2 school trust lands consistent with the goals of section 127A.31.

80.3 **EFFECTIVE DATE.** This section is effective July 1, 2011.

80.4 Sec. 2. Minnesota Statutes 2008, section 16A.125, subdivision 5, is amended to read:

80.5 Subd. 5. **Forest trust lands.** (a) The term "state forest trust fund lands" as used
80.6 in this subdivision, means public land in trust under the Constitution set apart as "forest
80.7 lands under the authority of the commissioner" of natural resources as defined by section
80.8 89.001, subdivision 13.

80.9 (b) The commissioner of management and budget shall credit the revenue from the
80.10 forest trust fund lands to the forest suspense account. The account must specify the trust
80.11 funds interested in the lands and the respective receipts of the lands.

80.12 (c) After a fiscal year, the commissioner of management and budget shall certify the
80.13 total costs incurred for forestry during that year under appropriations for the protection,
80.14 improvement, administration, and management of state forest trust fund lands and
80.15 construction and improvement of forest roads to enhance the forest value of the lands.
80.16 The certificate must specify the trust funds interested in the lands. The commissioner of
80.17 natural resources shall supply the commissioner of management and budget with the
80.18 information needed for the certificate.

80.19 (d) After a fiscal year, the commissioner shall distribute the receipts credited to the
80.20 suspense account during that fiscal year as follows:

80.21 (1) the amount of the certified costs incurred by the state for forest management,
80.22 forest improvement, and road improvement during the fiscal year shall be transferred to
80.23 the forest management investment account established under section 89.039, including
80.24 the costs associated with the Legislative Coordinating Commission's permanent school
80.25 fund land management activities;

80.26 (2) the balance of the certified costs incurred by the state during the fiscal year
80.27 shall be transferred to the general fund; and

80.28 (3) the balance of the receipts shall then be returned prorated to the trust funds in
80.29 proportion to their respective interests in the lands which produced the receipts.

80.30 **EFFECTIVE DATE.** This section is effective July 1, 2011.

80.31 Sec. 3. Minnesota Statutes 2008, section 127A.30, subdivision 2, is amended to read:

80.32 Subd. 2. **Duties.** The advisory committee, in conjunction with the Legislative
80.33 Coordinating Commission, shall review the policies of the Department of Natural

81.1 Resources and current statutes on management of school trust fund lands at least annually
 81.2 and shall recommend necessary changes in statutes, policy, and implementation in order to
 81.3 ensure provident utilization of the permanent school fund lands. By January 15 of each
 81.4 year, the advisory committee shall submit a report to the legislature with recommendations
 81.5 for the oversight and management of school trust lands to secure long-term economic
 81.6 return for the permanent school fund, consistent with sections 92.121 and 127A.31. The
 81.7 committee's annual report may include recommendations to:

- 81.8 (1) manage the school trust lands efficiently;
- 81.9 (2) reduce the management expenditures of school trust lands and maximize the
 81.10 revenues deposited in the permanent school trust fund;
- 81.11 (3) manage the sale, exchange, and commercial leasing of school trust lands to
 81.12 maximize the revenues deposited in the permanent school trust fund and retain the value
 81.13 from the long-term appreciation of the school trust lands; and
- 81.14 (4) manage the school trust lands to maximize the long-term economic return for the
 81.15 permanent school trust fund while maintaining sound natural resource conservation and
 81.16 management principles.

81.17 **EFFECTIVE DATE.** This section is effective July 1, 2011.

81.18 Sec. 4. Minnesota Statutes 2008, section 157.15, is amended by adding a subdivision
 81.19 to read:

81.20 **Subd. 14a. School concession stand.** "School concession stand" means a food
 81.21 and beverage service establishment located in a school, on school grounds, or within a
 81.22 school-owned athletic complex, that is operated in conjunction with school-sponsored
 81.23 events.

81.24 Sec. 5. Minnesota Statutes 2009 Supplement, section 157.16, subdivision 3, is
 81.25 amended to read:

81.26 **Subd. 3. Establishment fees; definitions.** (a) The following fees are required
 81.27 for food and beverage service establishments, youth camps, hotels, motels, lodging
 81.28 establishments, public pools, and resorts licensed under this chapter. Food and beverage
 81.29 service establishments must pay the highest applicable fee under paragraph (d), clause
 81.30 (1), (2), (3), or (4), and establishments serving alcohol must pay the highest applicable
 81.31 fee under paragraph (d), clause (6) or (7). The license fee for new operators previously
 81.32 licensed under this chapter for the same calendar year is one-half of the appropriate annual
 81.33 license fee, plus any penalty that may be required. The license fee for operators opening

82.1 on or after October 1 is one-half of the appropriate annual license fee, plus any penalty
82.2 that may be required.

82.3 (b) All food and beverage service establishments, except special event food stands,
82.4 and all hotels, motels, lodging establishments, public pools, and resorts shall pay an
82.5 annual base fee of \$150.

82.6 (c) A special event food stand shall pay a flat fee of \$50 annually. "Special event
82.7 food stand" means a fee category where food is prepared or served in conjunction with
82.8 celebrations, county fairs, or special events from a special event food stand as defined
82.9 in section 157.15.

82.10 (d) In addition to the base fee in paragraph (b), each food and beverage service
82.11 establishment, other than a special event food stand and a school concession stand, and
82.12 each hotel, motel, lodging establishment, public pool, and resort shall pay an additional
82.13 annual fee for each fee category, additional food service, or required additional inspection
82.14 specified in this paragraph:

82.15 (1) Limited food menu selection, \$60. "Limited food menu selection" means a fee
82.16 category that provides one or more of the following:

82.17 (i) prepackaged food that receives heat treatment and is served in the package;

82.18 (ii) frozen pizza that is heated and served;

82.19 (iii) a continental breakfast such as rolls, coffee, juice, milk, and cold cereal;

82.20 (iv) soft drinks, coffee, or nonalcoholic beverages; or

82.21 (v) cleaning for eating, drinking, or cooking utensils, when the only food served
82.22 is prepared off site.

82.23 (2) Small establishment, including boarding establishments, \$120. "Small
82.24 establishment" means a fee category that has no salad bar and meets one or more of
82.25 the following:

82.26 (i) possesses food service equipment that consists of no more than a deep fat fryer, a
82.27 grill, two hot holding containers, and one or more microwave ovens;

82.28 (ii) serves dipped ice cream or soft serve frozen desserts;

82.29 (iii) serves breakfast in an owner-occupied bed and breakfast establishment;

82.30 (iv) is a boarding establishment; or

82.31 (v) meets the equipment criteria in clause (3), item (i) or (ii), and has a maximum
82.32 patron seating capacity of not more than 50.

82.33 (3) Medium establishment, \$310. "Medium establishment" means a fee category
82.34 that meets one or more of the following:

82.35 (i) possesses food service equipment that includes a range, oven, steam table, salad
82.36 bar, or salad preparation area;

83.1 (ii) possesses food service equipment that includes more than one deep fat fryer,
83.2 one grill, or two hot holding containers; or

83.3 (iii) is an establishment where food is prepared at one location and served at one or
83.4 more separate locations.

83.5 Establishments meeting criteria in clause (2), item (v), are not included in this fee
83.6 category.

83.7 (4) Large establishment, \$540. "Large establishment" means either:

83.8 (i) a fee category that (A) meets the criteria in clause (3), items (i) or (ii), for a
83.9 medium establishment, (B) seats more than 175 people, and (C) offers the full menu
83.10 selection an average of five or more days a week during the weeks of operation; or

83.11 (ii) a fee category that (A) meets the criteria in clause (3), item (iii), for a medium
83.12 establishment, and (B) prepares and serves 500 or more meals per day.

83.13 (5) Other food and beverage service, including food carts, mobile food units,
83.14 seasonal temporary food stands, and seasonal permanent food stands, \$60.

83.15 (6) Beer or wine table service, \$60. "Beer or wine table service" means a fee
83.16 category where the only alcoholic beverage service is beer or wine, served to customers
83.17 seated at tables.

83.18 (7) Alcoholic beverage service, other than beer or wine table service, \$165.

83.19 "Alcohol beverage service, other than beer or wine table service" means a fee
83.20 category where alcoholic mixed drinks are served or where beer or wine are served from
83.21 a bar.

83.22 (8) Lodging per sleeping accommodation unit, \$10, including hotels, motels,
83.23 lodging establishments, and resorts, up to a maximum of \$1,000. "Lodging per sleeping
83.24 accommodation unit" means a fee category including the number of guest rooms, cottages,
83.25 or other rental units of a hotel, motel, lodging establishment, or resort; or the number of
83.26 beds in a dormitory.

83.27 (9) First public pool, \$325; each additional public pool, \$175. "Public pool" means a
83.28 fee category that has the meaning given in section 144.1222, subdivision 4.

83.29 (10) First spa, \$175; each additional spa, \$100. "Spa pool" means a fee category that
83.30 has the meaning given in Minnesota Rules, part 4717.0250, subpart 9.

83.31 (11) Private sewer or water, \$60. "Individual private water" means a fee category
83.32 with a water supply other than a community public water supply as defined in Minnesota
83.33 Rules, chapter 4720. "Individual private sewer" means a fee category with an individual
83.34 sewage treatment system which uses subsurface treatment and disposal.

83.35 (12) Additional food service, \$150. "Additional food service" means a location at
83.36 a food service establishment, other than the primary food preparation and service area,

84.1 used to prepare or serve food to the public. "Additional food service" does not apply to
 84.2 school concession stands.

84.3 (13) Additional inspection fee, \$360. "Additional inspection fee" means a fee to
 84.4 conduct the second inspection each year for elementary and secondary education facility
 84.5 school lunch programs when required by the Richard B. Russell National School Lunch
 84.6 Act.

84.7 (e) A fee for review of construction plans must accompany the initial license
 84.8 application for restaurants, hotels, motels, lodging establishments, resorts, seasonal food
 84.9 stands, and mobile food units. The fee for this construction plan review is as follows:

84.10	Service Area	Type	Fee
84.11	Food	limited food menu	\$275
84.12		small establishment	\$400
84.13		medium establishment	\$450
84.14		large food establishment	\$500
84.15		additional food service	\$150
84.16	Transient food service	food cart	\$250
84.17		seasonal permanent food stand	\$250
84.18		seasonal temporary food stand	\$250
84.19		mobile food unit	\$350
84.20	Alcohol	beer or wine table service	\$150
84.21		alcohol service from bar	\$250
84.22	Lodging	less than 25 rooms	\$375
84.23		25 to less than 100 rooms	\$400
84.24		100 rooms or more	\$500
84.25		less than five cabins	\$350
84.26		five to less than ten cabins	\$400
84.27		ten cabins or more	\$450

84.28 (f) When existing food and beverage service establishments, hotels, motels, lodging
 84.29 establishments, resorts, seasonal food stands, and mobile food units are extensively
 84.30 remodeled, a fee must be submitted with the remodeling plans. The fee for this
 84.31 construction plan review is as follows:

84.32	Service Area	Type	Fee
84.33	Food	limited food menu	\$250
84.34		small establishment	\$300
84.35		medium establishment	\$350
84.36		large food establishment	\$400
84.37		additional food service	\$150
84.38	Transient food service	food cart	\$250
84.39		seasonal permanent food stand	\$250
84.40		seasonal temporary food stand	\$250

85.1		mobile food unit	\$250
85.2	Alcohol	beer or wine table service	\$150
85.3		alcohol service from bar	\$250
85.4	Lodging	less than 25 rooms	\$250
85.5		25 to less than 100 rooms	\$300
85.6		100 rooms or more	\$450
85.7		less than five cabins	\$250
85.8		five to less than ten cabins	\$350
85.9		ten cabins or more	\$400

85.10 (g) Special event food stands are not required to submit construction or remodeling
85.11 plans for review.

85.12 (h) Youth camps shall pay an annual single fee for food and lodging as follows:

85.13 (1) camps with up to 99 campers, \$325;

85.14 (2) camps with 100 to 199 campers, \$550; and

85.15 (3) camps with 200 or more campers, \$750.

85.16 Sec. 6. **DEPARTMENT OF EDUCATION; APPROPRIATIONS.**

85.17 (a) The appropriation to the Department of Education under Laws 2009, chapter
85.18 96, article 7, section 3, subdivision 2, is reduced by \$250,000 in fiscal year 2010 and
85.19 by \$482,000 in fiscal year 2011.

85.20 (b) \$24,000 in fiscal year 2010 and \$23,000 in fiscal year 2011 are transferred from
85.21 the department's special revenue fund to the general fund.

85.22 (c) The base appropriation for the Department of Education for fiscal year 2012
85.23 and later is \$18,678,000.

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

85.25 Sec. 7. **PERPICH CENTER FOR ARTS EDUCATION; APPROPRIATION.**

85.26 \$19,000 in fiscal year 2010 and \$11,000 in fiscal year 2011 are transferred from the
85.27 Perpich Center's special revenue fund to the general fund.

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

85.29 **ARTICLE 7**

85.30 **PUPIL TRANSPORTATION**

85.31 Section 1. Minnesota Statutes 2008, section 123B.88, subdivision 13, is amended to
85.32 read:

86.1 Subd. 13. **Area learning center pupils; transport between buildings.** Districts
 86.2 may provide bus transportation between buildings along school bus routes when space is
 86.3 available, for pupils attending programs at an area learning center. The transportation is
 86.4 ~~only~~ permitted between schools ~~and~~ if it does not increase the district's expenditures for
 86.5 transportation. The cost of these services shall be considered part of the authorized cost
 86.6 ~~for nonregular transportation~~ for the purpose of section 123B.92.

86.7 Sec. 2. Minnesota Statutes 2008, section 123B.90, subdivision 3, is amended to read:

86.8 Subd. 3. **Model training program.** The commissioner shall develop and maintain a
 86.9 comprehensive ~~model~~ list of school bus safety training program instructional materials
 86.10 for pupils who ride the bus that includes bus safety curriculum for both classroom and
 86.11 practical instruction ~~and age-appropriate instructional materials.~~

86.12 **EFFECTIVE DATE.** This section is effective July 1, 2010.

86.13 Sec. 3. Minnesota Statutes 2009 Supplement, section 123B.92, subdivision 1, is
 86.14 amended to read:

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

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

86.19 (1) the sum of:

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

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

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

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

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

86.34 (1) Regular transportation is:

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

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

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

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

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

87.18 For the purposes of this paragraph, a district may designate a licensed day care
 87.19 facility, school day care facility, respite care facility, the residence of a relative, ~~or~~ the
 87.20 residence of a person chosen by the pupil's parent or guardian, or an after-school program
 87.21 for children operated by a political subdivision of the state, as the home of a pupil for part
 87.22 or all of the day, if requested by the pupil's parent or guardian, and if that facility ~~or~~₂
 87.23 residence, or program is within the attendance area of the school the pupil attends.

87.24 (2) Excess transportation is:

87.25 (i) transportation to and from school during the regular school year for resident
 87.26 secondary pupils residing at least one mile but less than two miles from the public or
 87.27 nonpublic school they attend, and transportation to and from school for resident pupils
 87.28 residing less than one mile from school who are transported because of extraordinary
 87.29 traffic, drug, or crime hazards; and

87.30 (ii) transportation to and from school during the regular school year required under
 87.31 subdivision 3 for nonresident secondary pupils when the distance from the attendance area
 87.32 border to the school is at least one mile but less than two miles from the public school
 87.33 they attend, and for nonresident pupils when the distance from the attendance area border
 87.34 to the school is less than one mile from the school and who are transported because of
 87.35 extraordinary traffic, drug, or crime hazards.

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

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

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

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

88.13 (iii) necessary transportation for resident pupils with disabilities required by sections
 88.14 125A.12, and 125A.26 to 125A.48;

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

88.17 (v) transportation from one educational facility to another within the district for
 88.18 resident pupils enrolled on a shared-time basis in educational programs, and necessary
 88.19 transportation required by sections 125A.18, and 125A.26 to 125A.48, for resident pupils
 88.20 with disabilities who are provided special instruction and services on a shared-time basis
 88.21 or if resident pupils are not transported, the costs of necessary travel between public
 88.22 and private schools or neutral instructional sites by essential personnel employed by the
 88.23 district's program for children with a disability;

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

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

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

88.33 For purposes of computing special education initial aid under section 125A.76,
 88.34 subdivision 2, the cost of providing transportation for children with disabilities includes
 88.35 (A) the additional cost of transporting a homeless student from a temporary nonshelter
 88.36 home in another district to the school of origin, or a formerly homeless student from a

89.1 permanent home in another district to the school of origin but only through the end of the
 89.2 academic year; and (B) depreciation on district-owned school buses purchased after July 1,
 89.3 2005, and used primarily for transportation of pupils with disabilities, calculated according
 89.4 to paragraph (a), clauses (ii) and (iii). Depreciation costs included in the disabled
 89.5 transportation category must be excluded in calculating the actual expenditure per pupil
 89.6 transported in the regular and excess transportation categories according to paragraph (a).

89.7 (5) "Nonpublic nonregular transportation" is:

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

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

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

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

89.20 **EFFECTIVE DATE.** This section is effective for revenue for fiscal years 2011
 89.21 and later.

89.22 Sec. 4. Minnesota Statutes 2008, section 123B.92, subdivision 5, is amended to read:

89.23 Subd. 5. **District reports.** (a) Each district must report data to the department as
 89.24 required by the department to account for transportation expenditures.

89.25 (b) Salaries and fringe benefits of district employees whose primary duties are
 89.26 other than transportation, including central office administrators and staff, building
 89.27 administrators and staff, teachers, social workers, school nurses, and instructional aides,
 89.28 must not be included in a district's transportation expenditures, except that a district may
 89.29 include salaries and benefits according to paragraph (c) for (1) an employee designated
 89.30 as the district transportation director, (2) an employee providing direct support to the
 89.31 transportation director, or (3) an employee providing direct transportation services such as
 89.32 a bus driver or bus aide.

89.33 (c) Salaries and fringe benefits of the district employees listed in paragraph (b),
 89.34 clauses (1), (2), and (3), who work part time in transportation and part time in other areas
 89.35 must not be included in a district's transportation expenditures unless the district maintains

90.1 documentation of the employee's time spent on pupil transportation matters in the form
90.2 and manner prescribed by the department.

90.3 (d) Pupil transportation expenditures, excluding expenditures for capital outlay,
90.4 leased buses, student board and lodging, crossing guards, and aides on buses, must
90.5 be allocated among transportation categories based on cost-per-mile, cost-per-student,
90.6 cost-per-hour, or cost-per-route, regardless of whether the transportation services are
90.7 provided on district-owned or contractor-owned school buses. Expenditures for school
90.8 bus driver salaries and fringe benefits may either be directly charged to the appropriate
90.9 transportation category or may be allocated among transportation categories based
90.10 on cost-per-mile, cost-per-student, cost-per-hour, or cost-per-route. Expenditures
90.11 by private contractors or individuals who provide transportation exclusively in one
90.12 transportation category must be charged directly to the appropriate transportation category.
90.13 Transportation services provided by contractor-owned school bus companies incorporated
90.14 under different names but owned by the same individual or group of individuals must be
90.15 treated as the same company for cost allocation purposes.

90.16 (e) Notwithstanding paragraph (d), districts contracting for transportation services
90.17 are exempt from the standard cost allocation method for authorized and nonauthorized
90.18 transportation categories if: (1) the district bids its contracts separately for authorized
90.19 and nonauthorized transportation categories and for special transportation separate from
90.20 regular and excess transportation; (2) the district receives bids or quotes from more
90.21 than one vendor for these transportation categories; and (3) the district's cost-per-mile,
90.22 cost-per-hour, or cost-per-route does not vary more than ten percent among categories,
90.23 excluding salaries and fringe benefits of bus aides. If the costs reported by the district
90.24 for contractor-owned operations vary by more than ten percent among categories, the
90.25 department shall require the district to reallocate its transportation costs, excluding salaries
90.26 and fringe benefits of bus aides, among all categories.

90.27 **EFFECTIVE DATE.** This section is effective for revenue for fiscal years 2011
90.28 and later.

90.29 Sec. 5. Minnesota Statutes 2008, section 169.447, subdivision 2a, is amended to read:

90.30 Subd. 2a. **Passenger lap and shoulder belts.** (a) In addition to the requirements in
90.31 section 169.4501, subdivision 1~~;~~

90.32 (1) a school bus may be equipped with an approved lap belt or an approved lap and
90.33 shoulder belt installed for each passenger-seating position on the bus; and

91.1 (2) a school motor coach manufactured after July 1, 2012, must be equipped with an
91.2 approved lap belt or an approved lap and shoulder belt installed for each passenger-seating
91.3 position.

91.4 (b) The design and installation of lap belts and lap and shoulder belts required
91.5 under this paragraph (a) must meet the standards of the commissioner established under
91.6 this paragraph (b).

91.7 ~~(b)~~ The commissioner shall consider all concerns necessary to properly integrate
91.8 lap belts or lap and shoulder belts into the current compartmentalization safety system
91.9 and prescribe standards for the design and installation of lap and shoulder belts required
91.10 under paragraph (a). The standards are not subject to chapter 14 and are specifically not
91.11 subject to section 14.386.

91.12 (c) This subdivision does not apply to specially equipped school buses under section
91.13 169.4504.

91.14 (d) A passenger on a school bus or school motor coach equipped with lap belts
91.15 or lap and shoulder belts must use these lap belts or lap and shoulder belts unless the
91.16 passenger, or if the passenger is a minor, the passenger's parent or guardian, has notified
91.17 the school district in writing that the passenger does not intend to wear the lap belt or lap
91.18 and shoulder belt.

91.19 (e) In an action for personal injury or wrongful death against a school district, a
91.20 school bus or school motor coach operator under contract with a school district, or any
91.21 agent or employee of a school district or operator, or against a volunteer, no such person or
91.22 entity shall be held liable solely because the injured party was not wearing a safety belt;
91.23 provided, however, that nothing contained herein shall be construed to grant immunity
91.24 from liability for failure to:

91.25 (1) maintain in operating order any equipment required by statute, rule, or school
91.26 district policy; or

91.27 (2) comply with an applicable statute, rule, or school district policy.

91.28 (f) In an action for personal injury or wrongful death, a school district, a school
91.29 bus or school motor coach contract operator, any agent or employee of a school district or
91.30 operator, or a volunteer is not liable for failing to assist any child with the adjustment,
91.31 fastening, unfastening, or other use of the lap belt or lap and shoulder belt.

91.32 (g) For purposes of this subdivision, "school motor coach" means a bus that has an
91.33 elevated passenger deck located over a baggage compartment, when the vehicle is used
91.34 to transport pupils to or from school-related activities, by (1) the school or (2) someone
91.35 under an agreement with the school or a school district, including operation under charter
91.36 carrier authority.

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

92.2 Sec. 6. Minnesota Statutes 2009 Supplement, section 171.02, subdivision 2b, is
92.3 amended to read:

92.4 Subd. 2b. **Exception for type III vehicle drivers.** (a) Notwithstanding subdivision
92.5 2, the holder of a class A, B, C, or D driver's license, without a school bus endorsement,
92.6 may operate a type III vehicle described in section 169.011, subdivision 71, paragraph (h),
92.7 under the conditions in paragraphs (b) through (o).

92.8 (b) The operator is an employee of the entity that owns, leases, or contracts for
92.9 the school bus.

92.10 (c) The operator's employer has adopted and implemented a policy that provides for
92.11 annual training and certification of the operator in:

92.12 (1) safe operation of a type III vehicle;

92.13 (2) understanding student behavior, including issues relating to students with
92.14 disabilities;

92.15 (3) encouraging orderly conduct of students on the bus and handling incidents of
92.16 misconduct appropriately;

92.17 (4) knowing and understanding relevant laws, rules of the road, and local school
92.18 bus safety policies;

92.19 (5) handling emergency situations;

92.20 (6) proper use of seat belts and child safety restraints;

92.21 (7) performance of pretrip vehicle inspections;

92.22 (8) safe loading and unloading of students, including, but not limited to:

92.23 (i) utilizing a safe location for loading and unloading students at the curb, on the
92.24 nontraffic side of the roadway, or at off-street loading areas, driveways, yards, and other
92.25 areas to enable the student to avoid hazardous conditions;

92.26 (ii) refraining from loading and unloading students in a vehicular traffic lane, on the
92.27 shoulder, in a designated turn lane, or a lane adjacent to a designated turn lane;

92.28 (iii) avoiding a loading or unloading location that would require a pupil to cross a
92.29 road, or ensuring that the driver or an aide personally escort the pupil across the road if
92.30 it is not reasonably feasible to avoid such a location; ~~and~~

92.31 (iv) placing the type III vehicle in "park" during loading and unloading; and

92.32 (v) escorting a pupil across the road under clause (iii) only after the motor is
92.33 stopped, the ignition key is removed, the brakes are set, and the vehicle is otherwise
92.34 rendered immobile; and

93.1 (9) compliance with paragraph (k), concerning reporting certain convictions to the
93.2 employer within ten days of the date of conviction.

93.3 (d) A background check or background investigation of the operator has been
93.4 conducted that meets the requirements under section 122A.18, subdivision 8, or 123B.03
93.5 for school district employees; section 144.057 or chapter 245C for day care employees;
93.6 or section 171.321, subdivision 3, for all other persons operating a ~~type A or type III~~
93.7 vehicle under this subdivision.

93.8 (e) Operators shall submit to a physical examination as required by section 171.321,
93.9 subdivision 2.

93.10 (f) The operator's employer requires preemployment drug ~~and alcohol~~ testing of
93.11 applicants for operator positions. Current operators must comply with the employer's
93.12 policy under section 181.951, subdivisions 2, 4, and 5. Notwithstanding any law to the
93.13 contrary, the operator's employer may use a breathalyzer or similar device to fulfill random
93.14 or reasonable suspicion alcohol testing requirements.

93.15 (g) The operator's driver's license is verified annually by the entity that owns,
93.16 leases, or contracts for the ~~school bus~~ type III vehicle as required under section 171.321,
93.17 subdivision 5.

93.18 (h) A person who sustains a conviction, as defined under section 609.02, of violating
93.19 section 169A.25, 169A.26, 169A.27, or 169A.31, or whose driver's license is revoked
93.20 under sections 169A.50 to 169A.53 of the implied consent law, or who is convicted of
93.21 violating or whose driver's license is revoked under a similar statute or ordinance of
93.22 another state, is precluded from operating a type III vehicle for five years from the date
93.23 of conviction.

93.24 (i) A person who has ever been convicted of a disqualifying offense as defined in
93.25 section 171.3215, subdivision 1, paragraph (c), may not operate a type III vehicle under
93.26 this subdivision.

93.27 (j) A person who sustains a conviction, as defined under section 609.02, of a moving
93.28 offense in violation of chapter 169 within three years of the first of three other moving
93.29 offenses is precluded from operating a type III vehicle for one year from the date of
93.30 the last conviction.

93.31 (k) An operator who sustains a conviction as described in paragraph (h), (i), or (j)
93.32 while employed by the entity that owns, leases, or contracts for the school bus, shall report
93.33 the conviction to the employer within ten days of the date of the conviction.

93.34 (l) Students riding the type III vehicle must have training required under section
93.35 123B.90, subdivision 2.

94.1 (m) Documentation of meeting the requirements listed in this subdivision must be
 94.2 maintained under separate file at the business location for each type III vehicle operator.
 94.3 The business manager, school board, governing body of a nonpublic school, or any
 94.4 other entity that owns, leases, or contracts for the type III vehicle operating under this
 94.5 subdivision is responsible for maintaining these files for inspection.

94.6 (n) The type III vehicle must bear a current certificate of inspection issued under
 94.7 section 169.451.

94.8 (o) An employee of a school or of a school district, who is not employed for the sole
 94.9 purpose of operating a type III vehicle, is exempt from paragraphs (e) and (f).

94.10 (p) Notwithstanding any law to the contrary, any person who conducts testing under
 94.11 paragraph (f) is exempt from section 181.953, subdivisions 9 and 10, paragraph (b).

94.12 **EFFECTIVE DATE.** This section is effective July 1, 2010.

94.13 Sec. 7. Minnesota Statutes 2008, section 171.321, subdivision 2, is amended to read:

94.14 Subd. 2. **Rules.** (a) The commissioner of public safety shall prescribe rules
 94.15 governing (1) the physical qualifications of school bus drivers and tests required to obtain
 94.16 a school bus endorsement and (2) the physical qualifications of type III vehicle drivers.
 94.17 The rules for physical qualifications of type III vehicle drivers are not subject to chapter
 94.18 14 and section 14.386 does not apply.

94.19 (b) The rules under paragraph (a) must provide that an applicant for a school
 94.20 bus endorsement or renewal is exempt from the physical qualifications and medical
 94.21 examination required to operate a school bus upon providing evidence of being medically
 94.22 examined and certified within the preceding 24 months as physically qualified to operate a
 94.23 commercial motor vehicle, pursuant to Code of Federal Regulations, title 49, part 391,
 94.24 subpart E, or rules of the commissioner of transportation incorporating those federal
 94.25 regulations. The commissioner shall accept physical examinations for school bus drivers
 94.26 conducted by medical examiners authorized as provided by Code of Federal Regulations,
 94.27 title 49, chapter 3, part 391, subpart E.

94.28 ~~(b)~~ (c) The commissioner of public safety, in conjunction with the commissioner
 94.29 of education, shall adopt rules prescribing a training program for Head Start bus drivers.
 94.30 The program must provide for initial classroom and behind-the-wheel training, and annual
 94.31 in-service training. The program must provide training in defensive driving, human
 94.32 relations, emergency and accident procedures, vehicle maintenance, traffic laws, and use
 94.33 of safety equipment. The program must provide that the training will be conducted by the
 94.34 contract operator for a Head Start agency, the Head Start grantee, a licensed driver training
 94.35 school, or by another person or entity approved by both commissioners.

95.1 (d) The commissioner may exempt a type III vehicle driver from the physical
 95.2 qualifications required to operate a type III vehicle upon receiving evidence of the
 95.3 driver having been medically examined and certified within the preceding 24 months as
 95.4 physically qualified to operate a commercial motor vehicle as provided for applicants for a
 95.5 school bus endorsement under paragraph (b).

95.6 **ARTICLE 8**

95.7 **EDUCATION FINANCE REFORM**

95.8 Section 1. Minnesota Statutes 2008, section 123B.53, subdivision 5, is amended to read:

95.9 Subd. 5. **Equalized debt service levy.** (a) The equalized debt service levy of a
 95.10 district equals the sum of the first tier equalized debt service levy and the second tier
 95.11 equalized debt service levy.

95.12 (b) A district's first tier equalized debt service levy equals the district's first tier debt
 95.13 service equalization revenue times the lesser of one or the ratio of:

95.14 (1) the quotient derived by dividing the adjusted net tax capacity of the district for
 95.15 the year before the year the levy is certified by the adjusted pupil units in the district for
 95.16 the school year ending in the year prior to the year the levy is certified; to

95.17 (2) ~~\$3,200~~ 100 percent of the statewide adjusted net tax capacity equalizing factor.

95.18 (c) A district's second tier equalized debt service levy equals the district's second tier
 95.19 debt service equalization revenue times the lesser of one or the ratio of:

95.20 (1) the quotient derived by dividing the adjusted net tax capacity of the district for
 95.21 the year before the year the levy is certified by the adjusted pupil units in the district for
 95.22 the school year ending in the year prior to the year the levy is certified; to

95.23 (2) ~~\$8,000~~ 200 percent of the statewide adjusted net tax capacity equalizing factor.

95.24 **EFFECTIVE DATE.** This section is effective for taxes payable in 2013 and later.

95.25 Sec. 2. **[123B.555] SCHOOL BOND AGRICULTURAL CREDIT.**

95.26 Subdivision 1. Eligibility. All class 2a, 2b, and 2c property under section 273.13,
 95.27 subdivision 23, except for property consisting of the house, garage, and immediately
 95.28 surrounding one acre of land of an agricultural homestead, is eligible to receive the credit
 95.29 under this section.

95.30 Subd. 2. Credit amount. For each qualifying property, the school bond agricultural
 95.31 credit is equal to 66 percent of the property's eligible net tax capacity multiplied by the
 95.32 school debt tax rate determined under section 275.08, subdivision 1b.

95.33 Subd. 3. Credit reimbursements. The county auditor shall determine the tax
 95.34 reductions allowed under this section within the county for each taxes payable year and

96.1 shall certify that amount to the commissioner of revenue as a part of the abstracts of tax
 96.2 lists submitted under section 275.29. Any prior year adjustments shall also be certified on
 96.3 the abstracts of tax lists. The commissioner shall review the certifications for accuracy,
 96.4 and may make such changes as are deemed necessary, or return the certification to the
 96.5 county auditor for correction. The credit under this section must be used to reduce the
 96.6 school district net tax capacity-based property tax as provided in section 273.1393.

96.7 Subd. 4. **Payment.** The commissioner of revenue shall certify the total of the tax
 96.8 reductions granted under this section for each taxes payable year within each school
 96.9 district to the commissioner of education, who shall pay the reimbursement amounts to
 96.10 each school district as provided in section 273.1392.

96.11 **EFFECTIVE DATE.** This section is effective for taxes payable in 2013 and later.

96.12 Sec. 3. Minnesota Statutes 2008, section 124D.4531, as amended by Laws 2009,
 96.13 chapter 88, article 2, section 1, is amended to read:

96.14 **124D.4531 CAREER AND TECHNICAL ~~LEVY~~ AID.**

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

96.18 (1) ~~\$80~~ \$240 times the district's average daily membership in grades 10 through 12
 96.19 for the current fiscal year ~~in which the levy is certified~~; or

96.20 (2) 25 percent of approved expenditures in the previous fiscal year ~~in which the~~
 96.21 ~~levy is certified~~ for the following:

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

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

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

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

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

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

97.1 (vii) specialized vocational instructional supplies.

97.2 (b) Up to ten percent of a district's career and technical ~~levy aid~~ may be spent on
 97.3 equipment purchases. Districts using the career and technical ~~levy aid~~ for equipment
 97.4 purchases must report to the department on the improved learning opportunities for
 97.5 students that result from the investment in equipment.

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

97.8 Subd. 2. **Allocation from cooperative centers and intermediate districts.** For
 97.9 purposes of this section, a cooperative center or an intermediate district must allocate its
 97.10 approved expenditures for career and technical education programs among participating
 97.11 districts.

97.12 Subd. 3. **Levy Aid guarantee.** Notwithstanding subdivision 1, the career and
 97.13 technical education ~~levy aid~~ for a district is not less than the lesser of:

97.14 (1) the district's career and technical education ~~levy authority~~ revenue for the
 97.15 previous fiscal year; or

97.16 (2) 100 percent of the approved expenditures for career and technical programs
 97.17 included in subdivision 1, paragraph (b), for the prior fiscal year ~~in which the levy is~~
 97.18 ~~certified.~~

97.19 Subd. 4. **District reports.** Each district or cooperative center must report data to the
 97.20 department for all career and technical education programs as required by the department
 97.21 ~~to implement the career and technical levy formula.~~

97.22 Subd. 5. **Allocation from districts participating in agreements for secondary**
 97.23 **education or interdistrict cooperation.** For purposes of this section, a district with a
 97.24 career and technical program approved under this section that participates in an agreement
 97.25 under section 123A.30 or 123A.32 must allocate its levy authority under this section
 97.26 among participating districts.

97.27 **EFFECTIVE DATE.** This section is effective for aid payments for fiscal year
 97.28 2014 and thereafter.

97.29 Sec. 4. Minnesota Statutes 2008, section 124D.59, subdivision 2, is amended to read:

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

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

98.1 (2) the pupil is determined by developmentally appropriate measures, which might
 98.2 include observations, teacher judgment, parent recommendations, or developmentally
 98.3 appropriate assessment instruments, to lack the necessary English skills to participate
 98.4 fully in classes taught in English.

98.5 (b) Notwithstanding paragraph (a), a pupil in grades 4 through 12 who was enrolled
 98.6 in a Minnesota public school on the dates during the previous school year when a
 98.7 commissioner provided assessment that measures the pupil's emerging academic English
 98.8 was administered, shall not be counted as a pupil of limited English proficiency in
 98.9 calculating limited English proficiency pupil units under section 126C.05, subdivision
 98.10 17, and shall not generate state limited English proficiency aid under section 124D.65,
 98.11 subdivision 5, unless the pupil scored below the state cutoff score on an assessment
 98.12 measuring emerging academic English provided by the commissioner during the previous
 98.13 school year.

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

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

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

98.23 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
 98.24 and later.

98.25 Sec. 5. Minnesota Statutes 2008, section 124D.65, subdivision 5, is amended to read:

98.26 Subd. 5. **School district LEP revenue.** (a) A district's limited English proficiency
 98.27 programs revenue equals the product of: (1) \$700 in fiscal year 2004 and later times .2;
 98.28 (2) the basic formula allowance for that year; and (3) the greater of 20 or the adjusted
 98.29 marginal cost average daily membership of eligible pupils of limited English proficiency
 98.30 enrolled in the district during the current fiscal year.

98.31 (b) A pupil ceases to generate state limited English proficiency aid in the school
 98.32 year following the school year in which the pupil attains the state cutoff score on a
 98.33 commissioner-provided assessment that measures the pupil's emerging academic English.

99.1 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
 99.2 and later.

99.3 Sec. 6. Minnesota Statutes 2008, section 125A.76, subdivision 5, is amended to read:

99.4 Subd. 5. **School district special education aid.** A school district's special education
 99.5 aid ~~for fiscal year 2008 and later equals the state total special education aid times the ratio~~
 99.6 ~~of the district's its initial special education aid to the state total initial special education aid.~~

99.7 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
 99.8 and later.

99.9 Sec. 7. Minnesota Statutes 2008, section 125A.79, subdivision 7, is amended to read:

99.10 Subd. 7. **District special education excess cost aid.** A district's special education
 99.11 excess cost aid ~~for fiscal year 2002 and later equals the state total special education excess~~
 99.12 ~~cost aid times the ratio of the district's its initial excess cost aid to the state total initial~~
 99.13 ~~excess cost aid.~~

99.14 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
 99.15 and later.

99.16 Sec. 8. Minnesota Statutes 2008, section 126C.01, is amended by adding a subdivision
 99.17 to read:

99.18 Subd. 2a. **Adjusted net tax capacity equalizing factor.** The adjusted net tax
 99.19 capacity equalizing factor equals the quotient derived by dividing the total adjusted net tax
 99.20 capacity of all school districts in the state for the year before the year the levy is certified
 99.21 by the total number of adjusted pupil units in the state for the current school year.

99.22 **EFFECTIVE DATE.** This section is effective for taxes payable in 2013 and later.

99.23 Sec. 9. Minnesota Statutes 2008, section 126C.01, is amended by adding a subdivision
 99.24 to read:

99.25 Subd. 3a. **Referendum market value equalizing factor.** The referendum market
 99.26 value equalizing factor equals the quotient derived by dividing the total referendum
 99.27 market value of all school districts in the state for the year before the year the levy is
 99.28 certified by the total number of resident pupil units in the state for the current school year.

99.29 **EFFECTIVE DATE.** This section is effective for taxes payable in 2013.

100.1 Sec. 10. Minnesota Statutes 2008, section 126C.01, is amended by adding a
100.2 subdivision to read:

100.3 Subd. 5a. **Location equity index.** (a) A school district's location equity index
100.4 equals each district's composite wage level divided by the statewide average wage for the
100.5 same period. The composite wage level for a school district equals the sum of 50 percent
100.6 of the district's county wage level and 50 percent of the district's economic development
100.7 region composite wage level. The composite wage level is computed by using the most
100.8 recent three-year weighted wage data.

100.9 (b) A school district's location equity index must not be less than .9 or greater than
100.10 1.05.

100.11 (c) The commissioner of education annually must recalculate the indexes in this
100.12 section. For purposes of this subdivision, the commissioner must locate a school district
100.13 with boundaries that cross county borders in the county that generates the highest location
100.14 equity index for that district.

100.15 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
100.16 and later.

100.17 Sec. 11. Minnesota Statutes 2008, section 126C.05, subdivision 1, is amended to read:

100.18 Subdivision 1. **Pupil unit.** Pupil units for each Minnesota resident pupil under the
100.19 age of 21 or who meets the requirements of section 120A.20, subdivision 1, paragraph (c),
100.20 in average daily membership enrolled in the district of residence, in another district under
100.21 sections 123A.05 to 123A.08, 124D.03, 124D.08, or 124D.68; in a charter school under
100.22 section 124D.10; or for whom the resident district pays tuition under section 123A.18,
100.23 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04,
100.24 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, shall be counted according to this
100.25 subdivision.

100.26 (a) A prekindergarten pupil with a disability who is enrolled in a program approved
100.27 by the commissioner and has an individual education plan is counted as the ratio of the
100.28 number of hours of assessment and education service to 825 times 1.25 with a minimum
100.29 average daily membership of 0.28, but not more than 1.25 pupil units.

100.30 (b) A prekindergarten pupil who is assessed but determined not to be disabled is
100.31 counted as the ratio of the number of hours of assessment service to 825 times 1.25.

100.32 (c) A kindergarten pupil with a disability who is enrolled in a program approved
100.33 by the commissioner is counted as the ratio of the number of hours of assessment and
100.34 education services required in the fiscal year by the pupil's individual education program
100.35 plan to 875, but not more than one.

101.1 (d) A kindergarten pupil who is not included in paragraph (c) is counted as ~~.612~~ 1.0
 101.2 pupil units.

101.3 (e) A pupil who is in any of grades 1 to 3 is counted as ~~1.115~~ 1.0 pupil units for
 101.4 fiscal year 2000 and thereafter.

101.5 (f) A pupil who is any of grades 4 to 6 is counted as ~~1.06~~ 1.0 pupil units for fiscal
 101.6 year 1995 and thereafter.

101.7 (g) A pupil who is in any of grades 7 to 12 is counted as ~~1.3~~ 1.0 pupil units.

101.8 (h) A pupil who is in the postsecondary enrollment options program is counted as
 101.9 ~~1.3~~ 1.0 pupil units.

101.10 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
 101.11 and later.

101.12 Sec. 12. Minnesota Statutes 2008, section 126C.05, subdivision 3, is amended to read:

101.13 Subd. 3. **Compensation revenue pupil units.** Compensation revenue pupil units
 101.14 ~~for fiscal year 1998 and thereafter~~ must be computed according to this subdivision.

101.15 (a) The compensation revenue concentration percentage for each ~~building in a~~
 101.16 district equals the product of 100 times the ratio of:

101.17 (1) ~~the sum of~~ the number of pupils enrolled in the ~~building district~~ eligible to receive
 101.18 ~~free lunch plus one-half of the pupils eligible to receive reduced priced or reduced-price~~
 101.19 lunch on October 1 of the previous fiscal year; to

101.20 (2) the number of pupils enrolled in the ~~building district~~ on October 1 of the
 101.21 previous fiscal year.

101.22 (b) The compensation revenue pupil weighting factor ~~for a building~~ equals the
 101.23 ~~lesser of one or the quotient obtained by dividing the building's~~ compensation revenue
 101.24 concentration percentage ~~by 80.0.~~

101.25 (c) The compensation revenue pupil units for a ~~building district~~ equals the product of:

101.26 (1) ~~the sum of~~ the number of pupils enrolled in the ~~building district~~ eligible to receive
 101.27 ~~free lunch and one-half of the pupils eligible to receive reduced priced or reduced-price~~
 101.28 lunch on October 1 of the previous fiscal year; times

101.29 (2) the compensation revenue pupil weighting factor for the ~~building; times~~

101.30 ~~(3) .60~~ district.

101.31 (d) Notwithstanding paragraphs (a) to (c), for charter schools and contracted
 101.32 alternative programs in the first year of operation, compensation revenue pupil units shall
 101.33 be computed using data for the current fiscal year. If the charter school or contracted
 101.34 alternative program begins operation after October 1, compensatory revenue pupil units
 101.35 shall be computed based on pupils enrolled on an alternate date determined by the

102.1 commissioner, and the compensation revenue pupil units shall be prorated based on the
 102.2 ratio of the number of days of student instruction to 170 days.

102.3 (e) The percentages in this subdivision must be based on the count of individual
 102.4 pupils and not on a building average or minimum.

102.5 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
 102.6 and later.

102.7 Sec. 13. Minnesota Statutes 2008, section 126C.05, subdivision 5, is amended to read:

102.8 Subd. 5. **Adjusted pupil units.** ~~(a)~~ Adjusted pupil units for a district or charter
 102.9 school means the sum of:

102.10 (1) the number of pupil units served, according to subdivision 7, plus

102.11 (2) pupil units according to subdivision 1 for whom the district or charter school
 102.12 pays tuition under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488,
 102.13 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65,
 102.14 minus

102.15 (3) pupil units according to subdivision 1 for whom the district or charter school
 102.16 receives tuition under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488,
 102.17 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65.

102.18 ~~(b) Adjusted marginal cost pupil units means the greater of:~~

102.19 ~~(1) the sum of .77 times the pupil units defined in paragraph (a) for the current school~~
 102.20 ~~year and .23 times the pupil units defined in paragraph (a) for the previous school year; or~~

102.21 ~~(2) the number of adjusted pupil units defined in paragraph (a) for the current school~~
 102.22 ~~year.~~

102.23 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
 102.24 and later.

102.25 Sec. 14. Minnesota Statutes 2008, section 126C.05, subdivision 6, is amended to read:

102.26 Subd. 6. **Resident pupil units.** ~~(a)~~ Resident pupil units for a district means the
 102.27 number of pupil units according to subdivision 1 residing in the district.

102.28 ~~(b) Resident marginal cost pupil units means the greater of:~~

102.29 ~~(1) the sum of .77 times the pupil units defined in paragraph (a) for the current year~~
 102.30 ~~and .23 times the pupil units defined in paragraph (a) for the previous school year; or~~

102.31 ~~(2) the number of resident pupil units defined in paragraph (a) for the current school~~
 102.32 ~~year.~~

103.1 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
 103.2 and later.

103.3 Sec. 15. Minnesota Statutes 2008, section 126C.05, subdivision 8, is amended to read:

103.4 Subd. 8. **Average daily membership.** (a) Membership for pupils in grades
 103.5 kindergarten through 12 and for prekindergarten pupils with disabilities shall mean the
 103.6 number of pupils on the current roll of the school, counted from the date of entry until
 103.7 withdrawal. The date of withdrawal shall mean the day the pupil permanently leaves
 103.8 the school or the date it is officially known that the pupil has left or has been legally
 103.9 excused. However, a pupil, regardless of age, who has been absent from school for 15
 103.10 consecutive school days during the regular school year or for five consecutive school days
 103.11 during summer school or intersession classes of flexible school year programs without
 103.12 receiving instruction in the home or hospital shall be dropped from the roll and classified
 103.13 as withdrawn. Nothing in this section shall be construed as waiving the compulsory
 103.14 attendance provisions cited in section 120A.22. Average daily membership equals the
 103.15 sum for all pupils of the number of days of the school year each pupil is enrolled in the
 103.16 district's schools divided by the number of days the schools are in session. Days of
 103.17 summer school or intersession classes of flexible school year programs are only included
 103.18 in the computation of membership for pupils with a disability not appropriately served
 103.19 primarily in the regular classroom. A student must not be counted as more than 1.2 pupils
 103.20 in average daily membership under this section. When the initial total average daily
 103.21 membership exceeds 1.2 for a pupil enrolled in more than one school district during the
 103.22 fiscal year, each district's average daily membership must be reduced proportionately.

103.23 (b) A student must not be counted as more than one pupil in average daily
 103.24 membership except for purposes of section 126C.10, subdivision 2a.

103.25 (c) For purposes of section 126C.10, subdivision 2a, only, a pupil's average daily
 103.26 membership is counted as 1.0 once a kindergarten or elementary pupil has received 960
 103.27 hours of instruction during the school year and as 1.0 once a secondary student has
 103.28 received 1,050 hours of instruction during the school year.

103.29 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
 103.30 and later.

103.31 Sec. 16. Minnesota Statutes 2008, section 126C.05, subdivision 16, is amended to read:

103.32 Subd. 16. **Free and reduced-price lunches.** The commissioner shall determine the
 103.33 number of children eligible to receive either a free or reduced-price lunch on October 1
 103.34 each year. Children enrolled ~~in a building~~ on October 1 and determined to be eligible to

104.1 receive free or reduced-price lunch by December 15 of that school year shall be counted
 104.2 as eligible on October 1 for purposes of subdivision 3. The commissioner may use
 104.3 federal definitions for these purposes and may adjust these definitions as appropriate.
 104.4 The commissioner may adopt reporting guidelines to assure accuracy of data counts and
 104.5 eligibility. Districts shall use any guidelines adopted by the commissioner.

104.6 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
 104.7 and later.

104.8 Sec. 17. Minnesota Statutes 2008, section 126C.05, subdivision 17, is amended to read:

104.9 Subd. 17. **LEP pupil units.** (a) Limited English proficiency pupil units ~~for fiscal~~
 104.10 ~~year 2004 and thereafter shall be determined according to this subdivision.~~

104.11 ~~(b) The limited English proficiency concentration percentage for a district equals the~~
 104.12 ~~product of 100 times the ratio of:~~

104.13 ~~(1) means the number of eligible pupils of limited English proficiency in average~~
 104.14 ~~daily membership enrolled in the district during the current fiscal year; to~~

104.15 ~~(2) the number of pupils in average daily membership enrolled in the district.~~

104.16 ~~(c) The limited English proficiency pupil units for each eligible pupil of limited~~
 104.17 ~~English proficiency in average daily membership equals the lesser of one or the quotient~~
 104.18 ~~obtained by dividing the limited English proficiency concentration percentage for the~~
 104.19 ~~pupil's district of enrollment by 11.5.~~

104.20 ~~(d) (b)~~ Limited English proficiency pupil units shall be counted by the district of
 104.21 enrollment.

104.22 ~~(e) (c)~~ Notwithstanding paragraph ~~(d) (b)~~, for the purposes of this subdivision,
 104.23 pupils enrolled in a cooperative or intermediate school district shall be counted by the
 104.24 district of residence.

104.25 ~~(f) (d)~~ For the purposes of this subdivision, the terms defined in section 124D.59
 104.26 have the same meaning.

104.27 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
 104.28 and later.

104.29 Sec. 18. **[126C.09] EDUCATION FUNDING FRAMEWORK.**

104.30 Subdivision 1. **Basic formula framework; general classroom funding.** The
 104.31 general classroom funding for each school district equals the sum of the district's general
 104.32 education basic revenue, extended time revenue, compensatory revenue, LEP revenue,
 104.33 referendum replacement revenue, and special education revenue.

105.1 Subd. 2. **District instructional services.** A school district's instructional services
 105.2 revenue equals the sum of its operating sparsity revenue, location equity revenue, and
 105.3 declining enrollment revenue.

105.4 Subd. 3. **District support services.** A school district's support services revenue
 105.5 equals the sum of its operating capital revenue, alternative facilities revenue, integration
 105.6 revenue, and transportation revenue.

105.7 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
 105.8 and later.

105.9 Sec. 19. Minnesota Statutes 2008, section 126C.10, subdivision 1, is amended to read:

105.10 Subdivision 1. **General education revenue.** (a) For fiscal year 2006 ~~and later~~
 105.11 through 2013, the general education revenue for each district equals the sum of the
 105.12 district's basic revenue, extended time revenue, gifted and talented revenue, basic skills
 105.13 revenue, training and experience revenue, secondary sparsity revenue, elementary sparsity
 105.14 revenue, transportation sparsity revenue, total operating capital revenue, equity revenue,
 105.15 alternative teacher compensation revenue, and transition revenue.

105.16 (b) For fiscal years 2014 and later, a school district's general education revenue
 105.17 equals the sum of its basic revenue, extended time revenue, declining enrollment revenue,
 105.18 basic skills revenue, location equity revenue, referendum replacement revenue, secondary
 105.19 sparsity revenue, elementary sparsity revenue, transportation revenue, and total operating
 105.20 capital revenue.

105.21 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
 105.22 and later.

105.23 Sec. 20. Minnesota Statutes 2008, section 126C.10, subdivision 2, is amended to read:

105.24 Subd. 2. **Basic revenue.** (a) The basic revenue for each district equals the formula
 105.25 allowance times the adjusted ~~marginal cost~~ pupil units for the school year.

105.26 (b) The formula allowance for fiscal year 2007 is \$4,974. The formula allowance for
 105.27 fiscal year 2008 is \$5,074 and the formula allowance for fiscal year 2009 ~~and subsequent~~
 105.28 ~~years~~ is \$5,124.

105.29 (c) The formula allowance for fiscal year 2014 is \$7,500. The formula allowance
 105.30 for fiscal year 2015 and later equals the formula allowance for the previous year times
 105.31 the sum of 1.0 and the greater of zero or the ratio of implicit price deflator, as defined in
 105.32 section 275.70, subdivision 2, for the most recent year to the implicit price deflator for
 105.33 the previous year.

106.1 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
 106.2 and later.

106.3 Sec. 21. Minnesota Statutes 2008, section 126C.10, subdivision 2a, is amended to read:

106.4 Subd. 2a. **Extended time revenue.** (a) A school district's extended time revenue
 106.5 is equal to the product of ~~\$4,601~~ the formula allowance for that year and the sum of
 106.6 the adjusted ~~marginal cost~~ pupil units of the district for each pupil in average daily
 106.7 membership in excess of 1.0 and less than 1.2 according to section 126C.05, subdivision 8.

106.8 (b) A school district's extended time revenue may be used for extended day
 106.9 programs, extended week programs, summer school, and other programming authorized
 106.10 under the learning year program.

106.11 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
 106.12 and later.

106.13 Sec. 22. Minnesota Statutes 2008, section 126C.10, is amended by adding a
 106.14 subdivision to read:

106.15 Subd. 2c. **Declining enrollment revenue.** A school district's declining enrollment
 106.16 revenue equals the greater of zero or the product of: (1) the basic formula allowance for
 106.17 that year; and (2) the difference between the mean average adjusted pupil units for the
 106.18 three preceding years and the adjusted pupil units for the current year.

106.19 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
 106.20 and later.

106.21 Sec. 23. Minnesota Statutes 2008, section 126C.10, is amended by adding a
 106.22 subdivision to read:

106.23 Subd. 2d. **Location equity revenue.** A school district's location equity revenue
 106.24 equals the product of:

- 106.25 (1) .50;
 106.26 (2) the basic formula allowance for that year;
 106.27 (3) the district's adjusted pupil units for that year; and
 106.28 (4) the district's location equity index minus .9.

106.29 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
 106.30 and later.

107.1 Sec. 24. Minnesota Statutes 2008, section 126C.10, is amended by adding a
107.2 subdivision to read:

107.3 Subd. 2e. **Referendum replacement revenue.** A school district's referendum
107.4 replacement revenue equals \$500 times the district's adjusted pupil units for that year.

107.5 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
107.6 and later.

107.7 Sec. 25. Minnesota Statutes 2008, section 126C.10, subdivision 3, is amended to read:

107.8 Subd. 3. **Compensatory education revenue.** (a) The compensatory education
107.9 revenue for each ~~building in the~~ district equals the greater of: (1) \$2,500 times the district's
107.10 enrollment of students eligible for free or reduced-price meals under section 126C.05,
107.11 subdivision 3, paragraph (a), clause (1); or (2) 40 percent of the formula allowance ~~minus~~
107.12 \$415 times the compensation revenue pupil units computed according to section 126C.05,
107.13 subdivision 3. Revenue shall be paid to the district and must be allocated according to
107.14 section 126C.15, subdivision 2.

107.15 (b) When the district contracting with an alternative program under section 124D.69
107.16 changes prior to the start of a school year, the compensatory revenue generated by pupils
107.17 attending the program shall be paid to the district contracting with the alternative program
107.18 for the current school year, and shall not be paid to the district contracting with the
107.19 alternative program for the prior school year.

107.20 (c) When the fiscal agent district for an area learning center changes prior to the start
107.21 of a school year, the compensatory revenue shall be paid to the fiscal agent district for the
107.22 current school year, and shall not be paid to the fiscal agent district for the prior school year.

107.23 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
107.24 and later.

107.25 Sec. 26. Minnesota Statutes 2008, section 126C.10, subdivision 4, is amended to read:

107.26 Subd. 4. **Basic skills revenue.** A school district's basic skills revenue equals the
107.27 sum of:

- 107.28 (1) compensatory revenue under subdivision 3; plus
107.29 (2) limited English proficiency revenue under section 124D.65, subdivision 5; ~~plus.~~
107.30 ~~(3) \$250 times the limited English proficiency pupil units under section 126C.05,~~
107.31 ~~subdivision 17.~~

107.32 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
107.33 and later.

108.1 Sec. 27. Minnesota Statutes 2008, section 126C.10, subdivision 6, is amended to read:

108.2 Subd. 6. **Definitions.** The definitions in this subdivision apply only to subdivisions
108.3 7 and 8.

108.4 (a) "High school" means a public secondary school, except a charter school under
108.5 section 124D.10, that has pupils enrolled in at least the 10th, 11th, and 12th grades. If
108.6 there is no high school in the district and the school is at least ~~19~~15 miles from the next
108.7 nearest school, the commissioner must designate one school in the district as a high school
108.8 for the purposes of this section.

108.9 (b) "Secondary average daily membership" means, for a district that has only one
108.10 high school, the average daily membership of pupils served in grades 7 through 12. For a
108.11 district that has more than one high school, "secondary average daily membership" for
108.12 each high school means the product of the average daily membership of pupils served in
108.13 grades 7 through 12 in the high school, times the ratio of six to the number of grades
108.14 in the high school.

108.15 (c) "Attendance area" means the total surface area of the district, in square miles,
108.16 divided by the number of high schools in the district. For a district that does not operate
108.17 a high school and is less than ~~19~~15 miles from the nearest operating high school, the
108.18 attendance area equals zero.

108.19 (d) "Isolation index" for a high school means the square root of 55 percent of the
108.20 attendance area plus the distance in miles, according to the usually traveled routes,
108.21 between the high school and the nearest high school. For a district in which there is located
108.22 land defined in section 84A.01, 84A.20, or 84A.31, the distance in miles is the sum of:

108.23 (1) the square root of one-half of the attendance area; and

108.24 (2) the distance from the border of the district to the nearest high school.

108.25 (e) "Qualifying high school" means a high school that has an isolation index greater
108.26 than 23 and that has secondary average daily membership of less than 400.

108.27 (f) "Qualifying elementary school" means a public elementary school, except a
108.28 charter school under section 124D.10, that is located ~~19~~15 miles or more from the nearest
108.29 elementary school or from the nearest elementary school within the district and, in either
108.30 case, has an elementary average daily membership of an average of 20 or fewer per grade.

108.31 (g) "Elementary average daily membership" means, for a district that has only
108.32 one elementary school, the average daily membership of pupils served in kindergarten
108.33 through grade 6. For a district that has more than one elementary school, "average daily
108.34 membership" for each school means the average daily membership of pupils served in
108.35 kindergarten through grade 6 multiplied by the ratio of seven to the number of grades
108.36 in the elementary school.

109.1 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
109.2 and later.

109.3 Sec. 28. Minnesota Statutes 2008, section 126C.10, subdivision 13, is amended to read:

109.4 Subd. 13. **Total operating capital and technology revenue.** (a) Total operating
109.5 capital revenue for a district equals: (1) \$50 times the adjusted pupil units for the school
109.6 year for technology purposes; (2) for any district not participating in the alternative
109.7 facilities program under section 123B.59, \$600 times the adjusted pupil units for deferred
109.8 maintenance and health and safety purposes under sections 123B.57 and 123B.59; (3) the
109.9 amount determined under paragraph (b) or (c), ~~plus \$73;~~ and (4) \$100 times the adjusted
109.10 ~~marginal cost~~ pupil units for the school year. The revenue must be placed in a reserved
109.11 account in the general fund and may only be used according to subdivision 14.

109.12 (b) Capital revenue for a district equals \$100 times the district's maintenance cost
109.13 index times its adjusted ~~marginal cost~~ pupil units for the school year.

109.14 (c) The revenue for a district that operates a program under section 124D.128, is
109.15 increased by an amount equal to \$30 times the number of ~~marginal cost~~ adjusted pupil
109.16 units served at the site where the program is implemented.

109.17 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
109.18 and later.

109.19 Sec. 29. Minnesota Statutes 2008, section 126C.10, subdivision 14, is amended to read:

109.20 Subd. 14. **Uses of total operating capital revenue.** Technology revenue may only
109.21 be used for purposes in clauses (18), (19), (21), (23), and (24). Total operating capital
109.22 revenue may be used only for the following purposes:

109.23 (1) to acquire land for school purposes;

109.24 (2) to acquire or construct buildings for school purposes;

109.25 (3) to rent or lease buildings, including the costs of building repair or improvement
109.26 that are part of a lease agreement;

109.27 (4) to improve and repair school sites and buildings, and equip or reequip school
109.28 buildings with permanent attached fixtures, including library media centers;

109.29 (5) for a surplus school building that is used substantially for a public nonschool
109.30 purpose;

109.31 (6) to eliminate barriers or increase access to school buildings by individuals with a
109.32 disability;

109.33 (7) to bring school buildings into compliance with the State Fire Code adopted
109.34 according to chapter 299F;

- 110.1 (8) to remove asbestos from school buildings, encapsulate asbestos, or make
110.2 asbestos-related repairs;
- 110.3 (9) to clean up and dispose of polychlorinated biphenyls found in school buildings;
- 110.4 (10) to clean up, remove, dispose of, and make repairs related to storing heating fuel
110.5 or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined
110.6 in section 296A.01;
- 110.7 (11) for energy audits for school buildings and to modify buildings if the audit
110.8 indicates the cost of the modification can be recovered within ten years;
- 110.9 (12) to improve buildings that are leased according to section 123B.51, subdivision 4;
- 110.10 (13) to pay special assessments levied against school property but not to pay
110.11 assessments for service charges;
- 110.12 (14) to pay principal and interest on state loans for energy conservation according to
110.13 section 216C.37 or loans made under the Douglas J. Johnson Economic Protection Trust
110.14 Fund Act according to sections 298.292 to 298.298;
- 110.15 (15) to purchase or lease interactive telecommunications equipment;
- 110.16 (16) by board resolution, to transfer money into the debt redemption fund to: (i)
110.17 pay the amounts needed to meet, when due, principal and interest payments on certain
110.18 obligations issued according to chapter 475; or (ii) pay principal and interest on debt
110.19 service loans or capital loans according to section 126C.70;
- 110.20 (17) to pay operating capital-related assessments of any entity formed under a
110.21 cooperative agreement between two or more districts;
- 110.22 (18) to purchase or lease computers and related materials, copying machines,
110.23 telecommunications equipment, and other noninstructional equipment;
- 110.24 (19) to purchase or lease assistive technology or equipment for instructional
110.25 programs;
- 110.26 (20) to purchase textbooks;
- 110.27 (21) to purchase new and replacement library media resources or technology;
- 110.28 (22) to purchase vehicles;
- 110.29 (23) to purchase or lease telecommunications equipment, computers, and related
110.30 equipment for integrated information management systems for:
- 110.31 (i) managing and reporting learner outcome information for all students under a
110.32 results-oriented graduation rule;
- 110.33 (ii) managing student assessment, services, and achievement information required
110.34 for students with individual education plans; and
- 110.35 (iii) other classroom information management needs; and

111.1 (24) to pay personnel costs directly related to the acquisition, operation, and
 111.2 maintenance of telecommunications systems, computers, related equipment, and network
 111.3 and applications software.

111.4 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014.

111.5 Sec. 30. Minnesota Statutes 2008, section 126C.10, subdivision 18, is amended to read:

111.6 Subd. 18. **Transportation sparsity revenue allowance.** ~~(a)~~ A district's
 111.7 transportation sparsity allowance equals the greater of zero or the result of the following
 111.8 computation:

111.9 (i) Multiply the formula allowance according to subdivision 2, by .1469.

111.10 (ii) Multiply the result in clause (i) by the district's sparsity index raised to the
 111.11 26/100 power.

111.12 (iii) Multiply the result in clause (ii) by the district's density index raised to the
 111.13 13/100 power.

111.14 (iv) Multiply the formula allowance according to subdivision 2, by .0485.

111.15 (v) Subtract the result in clause (iv) from the result in clause (iii).

111.16 ~~(b) Transportation sparsity revenue is equal to the transportation sparsity allowance~~
 111.17 ~~times the adjusted marginal cost pupil units.~~

111.18 **EFFECTIVE DATE.** This section is effective for fiscal year 2014 and later.

111.19 Sec. 31. Minnesota Statutes 2008, section 126C.10, is amended by adding a
 111.20 subdivision to read:

111.21 **Subd. 18a. Transportation revenue.** (a) A school district's transportation revenue
 111.22 equals the sum of its transportation sparsity revenue, hazardous transportation revenue,
 111.23 and bus purchase revenue.

111.24 (b) A school district's transportation sparsity revenue equals its transportation
 111.25 sparsity allowance times its adjusted pupil units for that year.

111.26 (c) A school district's hazardous transportation aid equals the amount necessary to
 111.27 provide transportation services to students facing hazardous transportation conditions. A
 111.28 district's hazardous transportation aid must not exceed 20 percent of the district's total
 111.29 regular to and from school transportation costs for that year. For any year, a school
 111.30 district may receive aid under this paragraph only after the school board has considered
 111.31 the comprehensive plan for hazardous transportation submitted by the district's pupil
 111.32 transportation safety committee at a regularly scheduled meeting of the school board. The

112.1 comprehensive plan may not be adopted until after the board has allowed the public
112.2 reasonable time to testify on the plan.

112.3 (d) A school district's bus purchase revenue equals five percent of the district's
112.4 spending on transportation services for the previous fiscal year.

112.5 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
112.6 and later.

112.7 Sec. 32. **[126C.115] INNOVATION REVENUE.**

112.8 (a) A school district must use its innovation revenue to implement evidence-based
112.9 innovation premised on research-based curriculum and instruction and other education
112.10 programs and practices, including best teaching practices, that are known to improve
112.11 academic performance for diverse groups of students. If a school district demonstrates
112.12 low growth and needs to improve students' current achievement and educational growth,
112.13 as measured by a growth-based value-added system under section 120B.35, the school
112.14 district must submit a plan to the commissioner, developed in consultation with interested
112.15 parents, that describes how the district proposes to use its innovation revenue to
112.16 supplement state reading requirements under section 120B.12, subdivision 1, and state
112.17 math and science requirements under section 120B.023, subdivision 2, paragraphs (b) and
112.18 (d), and improve student outcomes. The plan must:

112.19 (1) identify specific education goals, consistent with this section, and the indicators
112.20 to demonstrate progress toward achieving those goals, which may include a value-added
112.21 assessment model under sections 120B.35 and 120B.362;

112.22 (2) supplement current district initiatives that may transform district programs,
112.23 practices, and processes sufficient to significantly improve student outcomes, which
112.24 may include, among other initiatives, an organizational assessment and performance
112.25 improvement process under section 120B.3625; and

112.26 (3) demonstrate how innovation revenue helps narrow and eliminate differences in
112.27 student academic achievement in reading, math, and science based on student measures of
112.28 mobility, attendance, race and ethnicity, gender, English language learner status, eligibility
112.29 for free or reduced price lunch, and special education, among other outcomes.

112.30 (b) After transmitting its plan to the commissioner, a district must spend its
112.31 innovation revenue effectively and efficiently, consistent with its plan. A school district
112.32 that submits an innovation revenue plan under paragraph (a) must report annually by June
112.33 30 to the commissioner and post on the district's official Web site reliable and accessible
112.34 information and supporting longitudinal data showing the amount of progress the district
112.35 made in the immediately preceding school year and previous school years in realizing its

113.1 innovation revenue goals. The commissioner must analyze the data from the annual
 113.2 district reports and post the analysis on the department's official Web site.

113.3 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
 113.4 and later.

113.5 Sec. 33. Minnesota Statutes 2008, section 126C.13, subdivision 4, is amended to read:

113.6 Subd. 4. **General education aid.** ~~For fiscal years 2007 and later,~~ A district's general
 113.7 education aid ~~is the sum of the following amounts~~ equals its:

- 113.8 (1) general education revenue, ~~excluding equity revenue, total operating capital~~
 113.9 ~~revenue, alternative teacher compensation revenue, and transition revenue;~~
 113.10 ~~(2) operating capital aid under section 126C.10, subdivision 13b;~~
 113.11 ~~(3) equity aid under section 126C.10, subdivision 30;~~
 113.12 ~~(4) alternative teacher compensation aid under section 126C.10, subdivision 36;~~
 113.13 ~~(5) transition aid under section 126C.10, subdivision 33~~ for that year;
 113.14 ~~(6)~~ (2) shared time aid under section 126C.01, subdivision 7;
 113.15 ~~(7)~~ (3) referendum aid under section 126C.17, subdivisions 7 and 7a; and
 113.16 ~~(8)~~ (4) online learning aid according to section 124D.096.

113.17 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
 113.18 and later.

113.19 Sec. 34. Minnesota Statutes 2008, section 126C.13, subdivision 5, is amended to read:

113.20 Subd. 5. **Uses of revenue.** ~~Except as provided in sections 126C.10, subdivision~~
 113.21 ~~14; 126C.12; and 126C.15,~~ (a) General education revenue may be used during the
 113.22 regular school year and the summer for general and special school purposes and for
 113.23 prekindergarten programs except as limited by paragraph (b).

113.24 (b) General education revenue set-asides include:

- 113.25 (1) 1.0 percent of basic revenue must be used only for gifted and talented activities
 113.26 consistent with section 120B.15;
 113.27 (2) 5.0 percent of basic revenue must be used only to implement a district's
 113.28 innovative revenue program activities under section 126C.115;
 113.29 (3) basic skills revenue must be used according to section 126C.15; and
 113.30 (4) operating capital revenue must be spent according to section 126C.10,
 113.31 subdivision 14.

113.32 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
 113.33 and later.

114.1 Sec. 35. Minnesota Statutes 2008, section 126C.17, subdivision 1, is amended to read:

114.2 Subdivision 1. **Referendum allowance.** ~~(a) For fiscal year 2003 and later, a district's~~
 114.3 ~~initial referendum revenue allowance equals the sum of the allowance under section~~
 114.4 ~~126C.16, subdivision 2, plus any additional allowance per resident marginal cost pupil~~
 114.5 ~~unit authorized under subdivision 9 before May 1, 2001, for fiscal year 2002 and later,~~
 114.6 ~~plus the referendum conversion allowance approved under subdivision 13, minus \$415.~~
 114.7 ~~For districts with more than one referendum authority, the reduction must be computed~~
 114.8 ~~separately for each authority. The reduction must be applied first to the referendum~~
 114.9 ~~conversion allowance and next to the authority with the earliest expiration date. A~~
 114.10 ~~district's initial referendum revenue allowance may not be less than zero.~~

114.11 ~~(b) For fiscal year 2003, a district's referendum revenue allowance equals the initial~~
 114.12 ~~referendum allowance plus any additional allowance per resident marginal cost pupil unit~~
 114.13 ~~authorized under subdivision 9 between April 30, 2001, and December 30, 2001, for~~
 114.14 ~~fiscal year 2003 and later.~~

114.15 ~~(c) For fiscal year 2004 and later, A district's referendum revenue allowance equals~~
 114.16 ~~the sum of:~~

114.17 ~~(1) the product of (i) the ratio of the resident marginal cost pupil units the district~~
 114.18 ~~would have counted for fiscal year 2004 under Minnesota Statutes 2002, section 126C.05,~~
 114.19 ~~to the district's resident marginal cost pupil units for fiscal year 2004, times (ii) the greater~~
 114.20 ~~of zero or the district's initial referendum allowance plus any additional allowance per~~
 114.21 ~~resident marginal cost pupil unit authorized under subdivision 9 between April 30, 2001,~~
 114.22 ~~and May 30, 2003, for fiscal year 2003 and later 2014 less \$500, plus~~

114.23 ~~(2) any additional allowance per resident marginal cost pupil unit authorized under~~
 114.24 ~~subdivision 9 after May 30, 2003 2012, for fiscal year 2005 2014 and later.~~

114.25 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
 114.26 and later.

114.27 Sec. 36. Minnesota Statutes 2008, section 126C.17, subdivision 5, is amended to read:

114.28 Subd. 5. **Referendum equalization revenue.** (a) ~~For fiscal year 2003 and later,~~
 114.29 A district's referendum equalization revenue equals the sum of the first tier referendum
 114.30 equalization revenue and the second tier referendum equalization revenue.

114.31 ~~(b) A district's first tier referendum equalization revenue equals the district's first~~
 114.32 ~~tier referendum equalization allowance times the district's resident marginal cost pupil~~
 114.33 ~~units for that year.~~

114.34 ~~(c) For fiscal year 2006, a district's first tier referendum equalization allowance~~
 114.35 ~~equals the lesser of the district's referendum allowance under subdivision 1 or \$500. For~~

115.1 ~~fiscal year 2007, a district's first tier referendum equalization allowance equals the lesser~~
 115.2 ~~of the district's referendum allowance under subdivision 1 or \$600.~~

115.3 ~~For fiscal year 2008 and later, (b)~~ A district's first tier referendum equalization
 115.4 allowance equals the lesser of the district's referendum allowance under subdivision 1
 115.5 or \$700.

115.6 ~~(d)~~ (c) A district's second tier referendum equalization revenue equals the district's
 115.7 second tier referendum equalization allowance times the district's resident marginal cost
 115.8 pupil units for that year.

115.9 ~~(e) For fiscal year 2006, a district's second tier referendum equalization allowance~~
 115.10 ~~equals the lesser of the district's referendum allowance under subdivision 1 or 18.6 percent~~
 115.11 ~~of the formula allowance, minus the district's first tier referendum equalization allowance.~~

115.12 ~~For fiscal year 2007 and later, (d)~~ A district's second tier referendum equalization
 115.13 allowance equals the lesser of the district's referendum allowance under subdivision 1 or
 115.14 26 percent of the formula allowance, minus the district's first tier referendum equalization
 115.15 allowance.

115.16 ~~(f)~~ (e) Notwithstanding paragraph ~~(e)~~ (d), the second tier referendum allowance for a
 115.17 district qualifying for secondary sparsity revenue under section 126C.10, subdivision 7, or
 115.18 elementary sparsity revenue under section 126C.10, subdivision 8, equals the district's
 115.19 referendum allowance under subdivision 1 minus the district's first tier referendum
 115.20 equalization allowance.

115.21 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014.

115.22 Sec. 37. Minnesota Statutes 2008, section 126C.17, subdivision 6, is amended to read:

115.23 Subd. 6. **Referendum equalization levy.** (a) ~~For fiscal year 2003 and later,~~
 115.24 A district's referendum equalization levy equals the sum of the first tier referendum
 115.25 equalization levy and the second tier referendum equalization levy.

115.26 (b) A district's first tier referendum equalization levy equals the district's first tier
 115.27 referendum equalization revenue times the lesser of one or the ratio of the district's
 115.28 referendum market value per resident marginal cost pupil unit to ~~\$476,000~~ 100 percent of
 115.29 the statewide referendum market value equalizing factor.

115.30 (c) A district's second tier referendum equalization levy equals the district's second
 115.31 tier referendum equalization revenue times the lesser of one or the ratio of the district's
 115.32 referendum market value per resident marginal cost pupil unit to ~~\$270,000~~ 60 percent of
 115.33 the statewide referendum market value equalizing factor.

115.34 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014.

116.1 Sec. 38. Minnesota Statutes 2008, section 126C.20, is amended to read:

116.2 **126C.20 ANNUAL GENERAL EDUCATION AID APPROPRIATION.**

116.3 There is annually appropriated from the general fund to the department the ~~amount~~
116.4 amounts necessary for: (1) general education aid; (2) special education aid; (3) debt
116.5 service aid; and (4) the school bond agricultural credit. ~~This amount~~ These amounts must
116.6 be reduced by the amount of any money specifically appropriated for the same purpose
116.7 in any year from any state fund.

116.8 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
116.9 and later.

116.10 Sec. 39. Minnesota Statutes 2008, section 126C.40, subdivision 1, is amended to read:

116.11 Subdivision 1. **To lease building or land.** (a) When an independent or a special
116.12 school district or a group of independent or special school districts finds it economically
116.13 advantageous to rent or lease a building or land for any instructional ~~purposes or~~
116.14 administrative purpose, or for school storage or furniture repair, and it determines that
116.15 the operating capital revenue authorized under section 126C.10, subdivision 13, is
116.16 insufficient for this purpose, it may apply to the commissioner for permission to make
116.17 an additional capital expenditure levy for this purpose. An application for permission to
116.18 levy under this subdivision must contain financial justification for the proposed levy, the
116.19 terms and conditions of the proposed lease, and a description of the space to be leased
116.20 and its proposed use.

116.21 (b) The criteria for approval of applications to levy under this subdivision must
116.22 include: the reasonableness of the price, the appropriateness of the space to the proposed
116.23 activity, the feasibility of transporting pupils to the leased building or land, conformity
116.24 of the lease to the laws and rules of the state of Minnesota, and the appropriateness of
116.25 the proposed lease to the space needs and the financial condition of the district. The
116.26 commissioner must not authorize a levy under this subdivision in an amount greater than
116.27 the cost to the district of renting or leasing a building or land for approved purposes.
116.28 The proceeds of this levy must not be used for custodial or other maintenance services.
116.29 A district may not levy under this subdivision for the purpose of leasing or renting a
116.30 district-owned building or site to itself.

116.31 (c) For agreements finalized after July 1, 1997, a district may not levy under this
116.32 subdivision for the purpose of leasing: (1) a newly constructed building used primarily
116.33 for regular kindergarten, elementary, or secondary instruction; or (2) a newly constructed
116.34 building addition or additions used primarily for regular kindergarten, elementary, or

117.1 secondary instruction that contains more than 20 percent of the square footage of the
117.2 previously existing building.

117.3 (d) Notwithstanding paragraph (b), a district may levy under this subdivision for the
117.4 purpose of leasing or renting a district-owned building or site to itself only if the amount
117.5 is needed by the district to make payments required by a lease purchase agreement,
117.6 installment purchase agreement, or other deferred payments agreement authorized by law,
117.7 and the levy meets the requirements of paragraph (c). A levy authorized for a district by
117.8 the commissioner under this paragraph may be in the amount needed by the district to
117.9 make payments required by a lease purchase agreement, installment purchase agreement,
117.10 or other deferred payments agreement authorized by law, provided that any agreement
117.11 include a provision giving the school districts the right to terminate the agreement
117.12 annually without penalty.

117.13 (e) The total levy under this subdivision for a district for any year must not exceed
117.14 \$150 times the resident pupil units for the fiscal year to which the levy is attributable.

117.15 (f) For agreements for which a review and comment have been submitted to the
117.16 Department of Education after April 1, 1998, the term "instructional purpose" as used in
117.17 this subdivision excludes expenditures on stadiums.

117.18 (g) The commissioner of education may authorize a school district to exceed the
117.19 limit in paragraph (e) if the school district petitions the commissioner for approval. The
117.20 commissioner shall grant approval to a school district to exceed the limit in paragraph (e)
117.21 for not more than five years if the district meets the following criteria:

117.22 (1) the school district has been experiencing pupil enrollment growth in the
117.23 preceding five years;

117.24 (2) the purpose of the increased levy is in the long-term public interest;

117.25 (3) the purpose of the increased levy promotes colocation of government services;

117.26 and

117.27 (4) the purpose of the increased levy is in the long-term interest of the district by
117.28 avoiding over construction of school facilities.

117.29 (h) A school district that is a member of an intermediate school district may include
117.30 in its authority under this section the costs associated with leases of administrative and
117.31 classroom space for intermediate school district programs. This authority must not
117.32 exceed ~~\$43~~ \$50 times the adjusted marginal cost pupil units of the member districts. This
117.33 authority is in addition to any other authority authorized under this section.

117.34 (i) In addition to the allowable capital levies in paragraph (a), a district that is a
117.35 member of the "Technology and Information Education Systems" data processing joint
117.36 board, that finds it economically advantageous to enter into a lease purchase agreement for

118.1 a building for a group of school districts or special school districts for staff development
 118.2 purposes, may levy for its portion of lease costs attributed to the district within the total
 118.3 levy limit in paragraph (e).

118.4 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
 118.5 and later.

118.6 Sec. 40. Minnesota Statutes 2008, section 127A.51, is amended to read:

118.7 **127A.51 STATEWIDE AVERAGE REVENUE.**

118.8 By October 1 of each year the commissioner must estimate the statewide average
 118.9 adjusted general revenue per adjusted marginal cost pupil unit and the disparity in adjusted
 118.10 general revenue among pupils and districts by computing the ratio of the 95th percentile
 118.11 to the fifth percentile of adjusted general revenue. The commissioner must provide that
 118.12 information to all districts.

118.13 If the disparity in adjusted general revenue as measured by the ratio of the 95th
 118.14 percentile to the fifth percentile increases in any year, the commissioner shall recommend
 118.15 to the legislature options for change in the general education formula that will limit the
 118.16 disparity in adjusted general revenue to no more than the disparity for the previous
 118.17 school year. The commissioner must submit the recommended options to the education
 118.18 committees of the legislature by January 15.

118.19 For purposes of this section and section 126C.10, adjusted general revenue means:

118.20 (1) for fiscal year 2002, the sum of basic revenue under section 126C.10, subdivision
 118.21 2; supplemental revenue under section 126C.10, subdivisions 9 and 12; transition revenue
 118.22 under section 126C.10, subdivision 20; referendum revenue under section 126C.17; and
 118.23 equity revenue under section 126C.10, subdivisions 24a and 24b; ~~and~~

118.24 (2) for fiscal year 2003 ~~and later~~ through 2013, the sum of basic revenue under
 118.25 section 126C.10, subdivision 2; referendum revenue under section 126C.17; and equity
 118.26 revenue under section 126C.10, subdivisions 24a and 24b; and

118.27 (3) for fiscal year 2014 and later, the sum of basic revenue under section 126C.10,
 118.28 subdivision 2, and referendum revenue under section 126C.17.

118.29 **EFFECTIVE DATE.** This section is effective for fiscal year 2014 and later.

118.30 Sec. 41. **PHASE-IN.**

118.31 Subdivision 1. **Baseline revenue.** A school district's baseline revenue equals the
 118.32 revenue amounts for the aid appropriations calculated under Minnesota Statutes, section

119.1 126C.20, calculated using the current year's data and the revenue formulas in place in
119.2 Minnesota Statutes 2008.

119.3 Subd. 2. **New revenue.** A school district's new revenue equals the revenue amounts
119.4 for the aid appropriations calculated under Minnesota Statutes, section 126C.20, calculated
119.5 using the current year's data and the revenue formulas in place under this act.

119.6 Subd. 3. **Phase-in schedule.** A school district's revenue amounts for the revenue
119.7 formulas listed in subdivisions 1 and 2 equals the district's baseline revenue plus the
119.8 percent of the difference specified in subdivision 6 multiplied by the number of years
119.9 of the phase in specified in subdivision 7.

119.10 Subd. 4. **Aid.** A school district's aid entitlement for the formulas listed under
119.11 this act equals the district's baseline aid plus the phase-in percentage times the new aid
119.12 amounts calculated under this act.

119.13 Subd. 5. **Levy.** A school district levy for the formulas listed in this act equals the
119.14 levy for the same formulas calculated under Minnesota Statutes 2008, and the phase-in
119.15 percentage times the new revenue amounts for the levy calculated under this act.

119.16 Subd. 6. **Percentage.** The phase-in percentage equals 25 percent.

119.17 Subd. 7. **Years of phase-in.** The new revenue under this section is phased in over
119.18 four years.

119.19 **EFFECTIVE DATE.** This section is effective July 1, 2013.

119.20 Sec. 42. **REVISOR'S INSTRUCTION.**

119.21 In the year 2014 and subsequent editions of Minnesota Statutes, the revisor of statutes
119.22 shall change all references to "adjusted marginal cost pupil units" to "adjusted pupil units"
119.23 and all references to "resident marginal cost pupil units" to "resident pupil units."

119.24 **EFFECTIVE DATE.** This section is effective July 1, 2013.

119.25 Sec. 43. **REPEALER.**

119.26 Minnesota Statutes 2008, sections 123B.54; 123B.57, subdivisions 3, 4, and 5;
119.27 123B.591; 125A.76, subdivision 4; 125A.79, subdivision 6; 126C.10, subdivisions 2b,
119.28 13a, 13b, 24, 25, 26, 27, 28, 29, 30, 31, 31a, 31b, 32, 33, 34, 35, and 36; 126C.12;
119.29 126C.126; and 127A.50, are repealed.

119.30 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014."

120.1 Delete the title and insert:

120.2 "A bill for an act
 120.3 relating to education; providing for policy and funding for kindergarten
 120.4 through grade 12 education including general education, education excellence,
 120.5 special programs, facilities and technology, accounting, state agencies, pupil
 120.6 transportation, and education finance reform; authorizing rulemaking; requiring
 120.7 reports; appropriating money; amending Minnesota Statutes 2008, sections
 120.8 3.303, by adding a subdivision; 11A.16, subdivision 5; 16A.125, subdivision
 120.9 5; 120A.41; 120B.021, subdivision 1; 120B.07; 120B.15; 122A.16; 122A.18,
 120.10 subdivisions 1, 2; 122A.23, subdivision 2; 123B.12; 123B.53, subdivision 5;
 120.11 123B.57, as amended; 123B.63, subdivision 3; 123B.75, subdivision 5, by
 120.12 adding a subdivision; 123B.88, subdivision 13; 123B.90, subdivision 3; 123B.92,
 120.13 subdivision 5; 124D.09, subdivision 20; 124D.4531, as amended; 124D.59,
 120.14 subdivision 2; 124D.65, subdivision 5; 125A.03; 125A.21, subdivisions 2, 3,
 120.15 5, 7; 125A.515, by adding a subdivision; 125A.69, subdivision 1; 125A.76,
 120.16 subdivision 5; 125A.79, subdivisions 1, 7; 126C.01, by adding subdivisions;
 120.17 126C.05, subdivisions 1, 3, 5, 6, 8, 16, 17; 126C.10, subdivisions 1, 2,
 120.18 2a, 3, 4, 6, 13, 13a, 14, 18, by adding subdivisions; 126C.126; 126C.13,
 120.19 subdivisions 4, 5; 126C.17, subdivisions 1, 5, 6, by adding a subdivision;
 120.20 126C.20; 126C.40, subdivision 1; 126C.54; 127A.30, subdivision 2; 127A.42,
 120.21 subdivision 2; 127A.43; 127A.441; 127A.45, subdivisions 2, 3, 13, by adding
 120.22 subdivisions; 127A.51; 157.15, by adding a subdivision; 169.447, subdivision
 120.23 2a; 171.321, subdivision 2; Minnesota Statutes 2009 Supplement, sections
 120.24 16A.152, subdivision 2, as amended; 120B.023, subdivision 2; 120B.30,
 120.25 subdivisions 1, 3, 4; 120B.35, subdivision 3; 120B.36, subdivision 1; 122A.09,
 120.26 subdivision 4; 123B.92, subdivision 1; 124D.10, subdivisions 3, 4, 4a, 6a, 23;
 120.27 125A.02, subdivision 1; 125A.091, subdivision 7; 125A.63, subdivisions 2, 4,
 120.28 5; 126C.41, subdivision 2; 126C.44; 157.16, subdivision 3; 171.02, subdivision
 120.29 2b; 256B.0625, subdivision 26; Laws 2009, chapter 79, article 5, section
 120.30 60; Laws 2009, chapter 96, article 2, sections 64; 67, subdivisions 14, 17;
 120.31 proposing coding for new law in Minnesota Statutes, chapters 120B; 121A;
 120.32 122A; 123A; 123B; 124D; 125A; 126C; repealing Minnesota Statutes 2008,
 120.33 sections 122A.24; 123B.54; 123B.57, subdivisions 3, 4, 5; 123B.591; 125A.54;
 120.34 125A.76, subdivision 4; 125A.79, subdivision 6; 126C.10, subdivisions 2b,
 120.35 13a, 13b, 24, 25, 26, 27, 28, 29, 30, 31, 31a, 31b, 32, 33, 34, 35, 36; 126C.12;
 120.36 126C.126; 127A.46; 127A.50."