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543.22**ARTICLE 34**  
**GENERAL EDUCATION****S3086-2**

1.31 Section 1. Minnesota Statutes 2017 Supplement, section 123B.41, subdivision 2, is amended  
1.32 to read:

2.1 Subd. 2. **Textbook.** (a) "Textbook" means any book or book substitute, including  
2.2 electronic books as well as other printed materials delivered electronically, which a pupil  
2.3 uses as a text or text substitute in a particular class or program in the school regularly  
2.4 attended and a copy of which is expected to be available for the individual use of each pupil  
2.5 in this class or program. Textbook includes an online book with an annual subscription cost.  
2.6 Textbook includes teacher materials that accompany materials that a pupil uses.

2.7 (b) For purposes of calculating the annual nonpublic pupil aid entitlement for textbooks,  
2.8 the term shall be limited to books, workbooks, or manuals, whether bound or in loose-leaf  
2.9 form, as well as electronic books and other printed materials delivered electronically,  
2.10 intended for use as a principal source of study material for a given class or a group of students  
2.11 and must not include teacher materials that accompany materials that a pupil uses.

2.12 (c) For purposes of sections 123B.40 to 123B.48, the terms "textbook" and "software  
2.13 or other educational technology" include only such secular, neutral, and nonideological  
2.14 materials as are available, used by, or of benefit to Minnesota public school pupils.

2.15 Sec. 2. Minnesota Statutes 2016, section 123B.41, subdivision 5, is amended to read:

2.16 Subd. 5. **Individualized instructional or cooperative learning materials.** (a)  
2.17 "Individualized instructional or cooperative learning materials" means educational materials  
2.18 which:

2.19 ~~(1)~~ (1) are designed primarily for individual pupil use or use by pupils in a cooperative  
2.20 learning group in a particular class or program in the school the pupil regularly attends,  
2.21 including teacher materials that accompany materials that a pupil uses;

2.22 ~~(2)~~ (2) are secular, neutral, nonideological and not capable of diversion for religious  
2.23 use; and

2.20  
2.21**ARTICLE 1**  
**GENERAL EDUCATION**

2.22 Section 1. Minnesota Statutes 2017 Supplement, section 123B.41, subdivision 2, is amended  
2.23 to read:

2.24 Subd. 2. **Textbook.** (a) "Textbook" means any book or book substitute, including  
2.25 electronic books as well as other printed materials delivered electronically, which a pupil  
2.26 uses as a text or text substitute in a particular class or program in the school regularly  
2.27 attended and a copy of which is expected to be available for the individual use of each pupil  
2.28 in this class or program. Textbook includes an online book with an annual subscription cost.  
2.29 Textbook includes a teacher's edition or teacher's guide that accompanies a textbook that a  
2.30 pupil uses.

2.31 (b) For purposes of calculating the annual nonpublic pupil aid entitlement for textbooks,  
2.32 the term shall be limited to books, workbooks, or manuals, whether bound or in loose-leaf  
2.33 form, as well as electronic books and other printed materials delivered electronically,  
2.34 intended for use as a principal source of study material for a given class or a group of  
2.35 students.

2.36 (c) For purposes of sections 123B.40 to 123B.48, the terms "textbook" and "software  
2.37 or other educational technology" include only such secular, neutral, and nonideological  
2.38 materials as are available, used by, or of benefit to Minnesota public school pupils.

2.39 **EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2019 and later.

3.1 Sec. 2. Minnesota Statutes 2016, section 123B.41, subdivision 5, is amended to read:

3.2 Subd. 5. **Individualized instructional or cooperative learning materials.**  
3.3 "Individualized instructional or cooperative learning materials" means educational materials  
3.4 which:

3.5 ~~(1)~~ (1) are designed primarily for individual pupil use or use by pupils in a cooperative  
3.6 learning group in a particular class or program in the school the pupil regularly attends,  
3.7 including a teacher's edition or teacher's guide that accompanies materials that a pupil uses;

3.8 ~~(2)~~ (2) are secular, neutral, nonideological and not capable of diversion for religious  
3.9 use; and

2.24 ~~(e)~~ (3) are available, used by, or of benefit to Minnesota public school pupils.

2.25 ~~(b)~~ Subject to the requirements in paragraph (a), clauses ~~(a)~~ (1), ~~(b)~~ (2), and ~~(e)~~ (3),  
 2.26 "individualized instructional or cooperative learning materials" include, but are not limited  
 2.27 to, the following if they do not fall within the definition of "textbook" in subdivision 2:  
 2.28 published materials; periodicals; documents; pamphlets; photographs; reproductions; pictorial  
 2.29 or graphic works; prerecorded video programs; prerecorded tapes, cassettes and other sound  
 2.30 recordings; manipulative materials; desk charts; games; study prints and pictures; desk  
 2.31 maps; models; learning kits; blocks or cubes; flash cards; individualized multimedia systems;  
 2.32 prepared instructional computer software programs; choral and band sheet music; electronic  
 2.33 books and other printed materials delivered electronically; and CD-Rom.

3.1 ~~(c)~~ "Individualized instructional or cooperative learning materials" do not include  
 3.2 instructional equipment, instructional hardware, or ordinary daily consumable classroom  
 3.3 supplies.

3.4 ~~(d)~~ For purposes of calculating the annual nonpublic aid entitlement for individualized  
 3.5 instructional or cooperative learning materials, the term must not include teacher materials  
 3.6 that accompany materials that a pupil uses.

3.7 Sec. 3. Minnesota Statutes 2016, section 123B.42, subdivision 3, is amended to read:

3.8 Subd. 3. **Cost; limitation.** (a) The cost per pupil of the textbooks, individualized  
 3.9 instructional or cooperative learning materials, software or other educational technology,  
 3.10 and standardized tests provided for in this section for each school year must not exceed the  
 3.11 statewide average expenditure per pupil, adjusted pursuant to clause (b), by the Minnesota  
 3.12 public elementary and secondary schools for textbooks, individualized instructional materials  
 3.13 and standardized tests as computed and established by the department by February 1 of the  
 3.14 preceding school year from the most recent public school year data then available.

3.15 (b) The cost computed in clause (a) shall be increased by an inflation adjustment equal  
 3.16 to the percent of increase in the formula allowance, pursuant to section 126C.10, subdivision  
 3.17 2, from the second preceding school year to the current school year. ~~Notwithstanding the~~  
 3.18 ~~amount of the formula allowance for fiscal years 2015 and 2016 in section 126C.10,~~  
 3.19 ~~subdivision 2, the commissioner shall use the amount of the formula allowance for the~~  
 3.20 ~~current year minus \$414 in determining the inflation adjustment for fiscal years 2015 and~~  
 3.21 ~~2016.~~

3.22 (c) The commissioner shall allot to the districts or intermediary service areas the total  
 3.23 cost for each school year of providing or loaning the textbooks, individualized instructional  
 3.24 or cooperative learning materials, software or other educational technology, and standardized  
 3.25 tests for the pupils in each nonpublic school. The allotment shall not exceed the product of

3.10 ~~(e)~~ (3) are available, used by, or of benefit to Minnesota public school pupils.

3.11 Subject to the requirements in clauses ~~(a)~~ (1), ~~(b)~~ (2), and ~~(e)~~ (3), "individualized  
 3.12 instructional or cooperative learning materials" include, but are not limited to, the following  
 3.13 if they do not fall within the definition of "textbook" in subdivision 2: published materials;  
 3.14 periodicals; documents; pamphlets; photographs; reproductions; pictorial or graphic works;  
 3.15 prerecorded video programs; prerecorded tapes, cassettes and other sound recordings;  
 3.16 manipulative materials; desk charts; games; study prints and pictures; desk maps; models;  
 3.17 learning kits; blocks or cubes; flash cards; individualized multimedia systems; prepared  
 3.18 instructional computer software programs; choral and band sheet music; electronic books  
 3.19 and other printed materials delivered electronically; and CD-Rom.

3.20 "Individualized instructional or cooperative learning materials" do not include  
 3.21 instructional equipment, instructional hardware, or ordinary daily consumable classroom  
 3.22 supplies.

3.26 the statewide average expenditure per pupil, according to clause (a), adjusted pursuant to  
 3.27 clause (b), multiplied by the number of nonpublic school pupils who make requests pursuant  
 3.28 to this section and who are enrolled as of September 15 of the current school year.

3.29 Sec. 4. Minnesota Statutes 2017 Supplement, section 124D.09, subdivision 3, is amended  
 3.30 to read:

3.31 Subd. 3. **Definitions.** For purposes of this section, the following terms have the meanings  
 3.32 given to them.

4.1 (a) "Eligible institution" means a Minnesota public postsecondary institution, a private,  
 4.2 nonprofit two-year trade and technical school granting associate degrees, an accredited  
 4.3 opportunities industrialization center accredited by the North Central Association of Colleges  
 4.4 and Schools Council on Occupational Education or Accreditation Commission of Career  
 4.5 Schools and Colleges, or a private, residential, two-year or four-year, liberal arts,  
 4.6 degree-granting college or university located in Minnesota.

4.7 (b) "Course" means a course or program.

4.8 (c) "Concurrent enrollment" means nonsectarian courses in which an eligible pupil under  
 4.9 subdivision 5 or 5b enrolls to earn both secondary and postsecondary credits, are taught by  
 4.10 a secondary teacher or a postsecondary faculty member, and are offered at a high school  
 4.11 for which the district is eligible to receive concurrent enrollment program aid under section  
 4.12 124D.091.

4.13 **EFFECTIVE DATE.** This section is effective June 1, 2018.

### S3656-2

543.23 Section 1. Minnesota Statutes 2016, section 124D.09, subdivision 4, is amended to read:

543.24 Subd. 4. **Alternative pupil.** (a) "Alternative pupil" means an 11th or 12th grade student  
 543.25 not enrolled in a public school district, and includes students attending nonpublic schools  
 543.26 and students who are home schooled.

3.23 Sec. 3. Minnesota Statutes 2017 Supplement, section 124D.09, subdivision 3, is amended  
 3.24 to read:

3.25 Subd. 3. **Definitions.** For purposes of this section, the following terms have the meanings  
 3.26 given to them.

3.27 (a) "Eligible institution" means a Minnesota public postsecondary institution, a private,  
 3.28 nonprofit two-year trade and technical school granting associate degrees, an accredited  
 3.29 opportunities industrialization center accredited by the North Central Association of Colleges  
 3.30 and Schools, or a private, residential, two-year or four-year, liberal arts, degree-granting  
 3.31 college or university located in Minnesota.

3.32 (b) "Course" means a course or program.

4.1 (c) "Concurrent enrollment" means nonsectarian courses in which an eligible pupil under  
 4.2 subdivision 5 or 5b enrolls to earn both secondary and postsecondary credits, are taught by  
 4.3 a secondary teacher or a postsecondary faculty member, and are offered at a high school  
 4.4 for which the district is eligible to receive concurrent enrollment program aid under section  
 4.5 124D.091.

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

4.7 Sec. 4. Minnesota Statutes 2016, section 124D.09, subdivision 4, is amended to read:

4.8 Subd. 4. **Alternative pupil.** (a) "Alternative pupil" means an a 10th, 11th, or 12th grade  
 4.9 student, subject to paragraph (b), who is not enrolled in a public school district, and includes  
 4.10 Alternative pupil includes students attending nonpublic schools and students who are home  
 4.11 schooled. An alternative pupil is considered a pupil for purposes of this section only. An  
 4.12 alternative pupil must register with the commissioner of education before participating in  
 4.13 the postsecondary enrollment options program. The commissioner shall must prescribe the  
 4.14 form and manner of the registration, in consultation with the Nonpublic Education Council  
 4.15 under section 123B.445, and may request any necessary information from the alternative  
 4.16 pupil.

543.27 (b) "Alternative pupil" includes a 10th grade student who:

543.28 (1) is not enrolled in a public school district, including a student attending a nonpublic

543.29 school or who is home schooled;

543.30 (2) is applying to enroll in a career or technical education course offered by a Minnesota

543.31 state college or university; and

544.1 (3) has received a passing score on the 8th grade Minnesota Comprehensive Assessment,

544.2 or if the student did not take the 8th grade Minnesota Comprehensive Assessment in reading,

544.3 another reading assessment accepted by the enrolling postsecondary institution.

544.4 The alternative 10th grade pupil's enrollment in courses is subject to the same conditions

544.5 and restrictions as applies to all other 10th grade students under this section.

544.6 (c) An alternative pupil is considered a pupil for purposes of this section only. An

544.7 alternative pupil must register with the commissioner of education before participating in

544.8 the postsecondary enrollment options program. The commissioner shall prescribe the form

544.9 and manner of the registration, in consultation with the Nonpublic Education Council under

544.10 section 123B.445, and may request any necessary information from the alternative pupil.

544.11 **EFFECTIVE DATE.** This section is effective for fiscal year 2019 and later.

544.12 Sec. 2. Minnesota Statutes 2016, section 124D.09, subdivision 22, is amended to read:

544.13 Subd. 22. **Transportation.** (a) A parent or guardian of a pupil enrolled in a course for

544.14 secondary credit may apply to the pupil's district of residence for reimbursement for

544.15 transporting the pupil between the secondary school in which the pupil is enrolled or the

544.16 pupil's home and the postsecondary institution that the pupil attends. The state shall provide

544.17 state aid to a district in an amount sufficient to reimburse the parent or guardian for the

544.18 necessary transportation costs when the family's or guardian's income is at or below the

544.19 poverty level, as determined by the federal government. The reimbursement shall be the

544.20 pupil's actual cost of transportation or ~~15 cents~~ the United States Internal Revenue Service

544.21 business standard mileage rate per mile traveled, whichever is less. Reimbursement may

544.22 not be paid for more than 250 miles per week. However, if the nearest postsecondary

544.23 institution is more than 25 miles from the pupil's resident secondary school, the weekly

544.24 reimbursement may not exceed the reimbursement rate per mile times the actual distance

544.25 between the secondary school or the pupil's home and the nearest postsecondary institution

544.26 times ten. The state must pay aid to the district according to this subdivision.

544.27 (b) A parent or guardian of an alternative pupil enrolled in a course for secondary credit

544.28 may apply to the pupil's postsecondary institution for reimbursement for transporting the

544.29 pupil between the secondary school in which the pupil is enrolled or the pupil's home and

544.30 the postsecondary institution in an amount sufficient to reimburse the parent or guardian

544.31 for the necessary transportation costs when the family's or guardian's income is at or below

4.17 (b) A 10th grade student qualifies as an alternative pupil if the student: (1) is enrolled

4.18 in a career or technical education course offered by an eligible institution; and (2) received

4.19 a passing score on the 8th grade Minnesota Comprehensive Assessment, or another reading

4.20 assessment accepted by the enrolling postsecondary institution. A career or technical

4.21 education course must meet the requirements under subdivision 5a. If an alternative pupil

4.22 in 10th grade receives a grade of "C" or better in the career or technical education course

4.23 taken under this subdivision, the postsecondary institution must allow the student to take

4.24 additional postsecondary courses for credit at that institution, not to exceed the limits in

4.25 subdivision 8.

4.26 **EFFECTIVE DATE.** This section is effective for applications submitted on or after

4.27 July 1, 2018.

544.32 the poverty level, as determined by the federal government. The amount of the reimbursement  
544.33 shall be determined as in paragraph (a). The state must pay aid to the postsecondary institution  
544.34 according to this subdivision.

545.1 (c) "Necessary transportation costs" under this subdivision includes the costs of  
545.2 transportation in a private vehicle, bus, taxi, or other shared vehicle.

545.3 **EFFECTIVE DATE.** This section is effective for fiscal year 2019 and later.

545.4 Sec. 3. Minnesota Statutes 2017 Supplement, section 124D.68, subdivision 2, is amended  
545.5 to read:

545.6 Subd. 2. **Eligible pupils.** (a) A pupil under the age of 21 or who meets the requirements  
545.7 of section 120A.20, subdivision 1, paragraph (c), is eligible to participate in the graduation  
545.8 incentives program, if the pupil:

545.9 (1) performs substantially below the performance level for pupils of the same age in a  
545.10 locally determined achievement test;

545.11 (2) is behind in satisfactorily completing coursework or obtaining credits for graduation;

545.12 (3) is pregnant or is a parent;

545.13 (4) has been assessed as chemically dependent;

545.14 (5) has been excluded or expelled according to sections 121A.40 to 121A.56;

545.15 (6) has been referred by a school district for enrollment in an eligible program or a  
545.16 program pursuant to section 124D.69;

545.17 (7) is a victim of physical or sexual abuse;

545.18 (8) has experienced mental health problems;

545.19 (9) has experienced homelessness sometime within six months before requesting a  
545.20 transfer to an eligible program;

545.21 (10) speaks English as a second language or is an English learner; or

545.22 (11) has withdrawn from school or has been chronically truant; or

545.23 (12) is being treated in a hospital in the seven-county metropolitan area for cancer or  
545.24 other life threatening illness or is the sibling of an eligible pupil who is being currently  
545.25 treated, and resides with the pupil's family at least 60 miles beyond the outside boundary  
545.26 of the seven-county metropolitan area.

545.27 (b) For fiscal ~~years 2017 and 2018~~ year 2019 only, a pupil otherwise qualifying under  
545.28 paragraph (a) who is at least 21 years of age and not yet 22 years of age, is an English learner  
545.29 with an interrupted formal education according to section 124D.59, subdivision 2a, and was  
545.30 in an early middle college program during the previous school year is eligible to participate  
546.1 in the graduation incentives program under section 124D.68 and in concurrent enrollment  
546.2 courses offered under section 124D.09, subdivision 10, and is funded in the same manner  
546.3 as other pupils under this section.

546.4 **EFFECTIVE DATE.** This section is effective July 1, 2018.

546.5 Sec. 4. Minnesota Statutes 2016, section 124E.20, subdivision 1, is amended to read:

546.6 Subdivision 1. **Revenue calculation.** (a) General education revenue must be paid to a  
546.7 charter school as though it were a district. The general education revenue for each adjusted  
546.8 pupil unit is the state average general education revenue per pupil unit, plus the referendum  
546.9 equalization aid allowance and first tier local optional aid allowance in the pupil's district  
546.10 of residence, minus an amount equal to the product of the formula allowance according to  
546.11 section 126C.10, subdivision 2, times .0466, calculated without declining enrollment revenue,  
546.12 local optional revenue, basic skills revenue, extended time revenue, pension adjustment  
546.13 revenue, transition revenue, and transportation sparsity revenue, plus declining enrollment  
546.14 revenue, basic skills revenue, pension adjustment revenue, and transition revenue as though  
546.15 the school were a school district.

546.16 (b) For a charter school operating an extended day, extended week, or summer program,  
546.17 the general education revenue in paragraph (a) is increased by an amount equal to 25 percent  
546.18 of the statewide average extended time revenue per adjusted pupil unit.

546.19 (c) Notwithstanding paragraph (a), the general education revenue for an eligible special  
546.20 education charter school as defined in section 124E.21, subdivision 2, equals the sum of  
546.21 the amount determined under paragraph (a) and the school's unreimbursed cost as defined  
546.22 in section 124E.21, subdivision 2, for educating students not eligible for special education  
546.23 services.

546.24 **EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2020 and later.

546.25 Sec. 5. Minnesota Statutes 2016, section 126C.10, subdivision 2e, is amended to read:

546.26 Subd. 2e. **Local optional revenue.** (a) For fiscal year 2019, local optional revenue for  
546.27 a school district equals \$424 times the adjusted pupil units of the district for that school  
546.28 year. For fiscal year 2020 and later, local optional revenue for a school district equals the  
546.29 sum of the district's first tier local optional revenue and second tier local optional revenue.  
546.30 A district's first tier local optional revenue equals \$300 times the adjusted pupil units of the  
546.31 district for that school year. A district's second tier local optional revenue equals \$424 times  
546.32 the adjusted pupil units of the district for that school year.

547.1 (b) For fiscal year 2019, a district's local optional levy equals its local optional revenue  
547.2 times the lesser of one or the ratio of its referendum market value per resident pupil unit to  
547.3 \$510,000. For fiscal year 2020 and later, a district's local optional levy equals the sum of  
547.4 the first tier local optional levy and the second tier local optional levy. A district's first tier  
547.5 local optional levy equals the district's first tier local optional revenue times the lesser of  
547.6 one or the ratio of the district's referendum market value per resident pupil unit to \$880,000.  
547.7 A district's second tier local optional levy equals the district's second tier local optional  
547.8 revenue times the lesser of one or the ratio of the district's referendum market value per  
547.9 resident pupil unit to \$510,000. The local optional revenue levy must be spread on referendum  
547.10 market value. A district may levy less than the permitted amount.

547.11 (c) A district's local optional aid equals its local optional revenue less its local optional  
547.12 levy, times the ratio of the actual amount levied to the permitted levy. If a district's actual  
547.13 levy for first or second tier local optional revenue is less than its maximum levy limit for  
547.14 that tier, aid shall be proportionately reduced.

547.15 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2020 and later.

547.16 Sec. 6. Minnesota Statutes 2016, section 126C.10, subdivision 24, is amended to read:

547.17 Subd. 24. **Equity revenue.** (a) A school district qualifies for equity revenue if:

547.18 (1) the school district's adjusted pupil unit amount of basic revenue, transition revenue,  
547.19 first tier local optional revenue, and referendum revenue is less than the value of the school  
547.20 district at or immediately above the 95th percentile of school districts in its equity region  
547.21 for those revenue categories; and

547.22 (2) the school district's administrative offices are not located in a city of the first class  
547.23 on July 1, 1999.

547.24 (b) Equity revenue for a qualifying district that receives referendum revenue under  
547.25 section 126C.17, subdivision 4, equals the product of (1) the district's adjusted pupil units  
547.26 for that year; times (2) the sum of (i) \$14, plus (ii) \$80, times the school district's equity  
547.27 index computed under subdivision 27.

547.28 ~~(e)~~ Equity revenue for a qualifying district that does not receive referendum revenue  
 547.29 under section 126C.17, subdivision 4, equals the product of the district's adjusted pupil units  
 547.30 for that year times \$14.

547.31 ~~(d)~~ (c) A school district's equity revenue is increased by the greater of zero or an amount  
 547.32 equal to the district's adjusted pupil units times the difference between ten percent of the  
 547.33 statewide average amount of referendum revenue and first tier local optional revenue per  
 548.1 adjusted pupil unit for that year and the sum of the district's referendum revenue and first  
 548.2 tier local optional revenue per adjusted pupil unit. A school district's revenue under this  
 548.3 paragraph must not exceed \$100,000 for that year.

548.4 ~~(e)~~ (d) A school district's equity revenue for a school district located in the metro equity  
 548.5 region equals the amount computed in paragraphs (b); and (c); and ~~(d)~~ multiplied by 1.25.

548.6 ~~(d)~~ (e) For fiscal years 2017, 2018, and 2019 for a school district not included in paragraph  
 548.7 ~~(e)~~ (d), a district's equity revenue equals the amount computed in paragraphs (b); and (c);  
 548.8 and ~~(d)~~ multiplied by 1.16. For fiscal year 2020 and later for a school district not included  
 548.9 in paragraph ~~(e)~~ (d), a district's equity revenue equals the amount computed in paragraphs  
 548.10 (b); and (c); and ~~(d)~~ multiplied by 1.25.

548.11 ~~(e)~~ (f) A school district's additional equity revenue equals \$50 times its adjusted pupil  
 548.12 units.

548.13 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2020 and later.

4.28 Sec. 5. Minnesota Statutes 2016, section 126C.15, subdivision 5, is amended to read:

4.29 Subd. 5. **Annual expenditure report.** (a) Each year, a district that receives basic skills  
 4.30 revenue must submit a report to the commissioner of education identifying the expenditures  
 4.31 it incurred to meet the needs of eligible learners under subdivision 1.

4.32 (b) The report must:

5.1 (1) conform to uniform financial and reporting standards established for this purpose;

5.2 (2) categorize expenditures by each of the permitted uses authorized in subdivision 1,  
 5.3 in the form and manner specified by the commissioner; and



- 5.4 ~~(3) report under section 120B.11, using valid and reliable data and measurement criteria,~~  
 5.5 ~~the report also must determine whether increased expenditures raised student achievement~~  
 5.6 ~~levels.~~
- 5.7 **EFFECTIVE DATE.** This section is effective for reports issued after July 1, 2018.
- 5.8 Sec. 6. Minnesota Statutes 2016, section 126C.15, is amended by adding a subdivision to  
 5.9 read:
- 5.10 Subd. 6. **Commissioner's report.** By February 15 of each year, the commissioner shall  
 5.11 compile the district data submitted under subdivision 5, report the results to the legislative  
 5.12 committees with jurisdiction over education, and file the report according to section 3.195.
- 5.13 **EFFECTIVE DATE.** This section is effective July 1, 2018.
- 548.14 Sec. 7. Minnesota Statutes 2016, section 126C.17, subdivision 1, is amended to read:
- 548.15 Subdivision 1. **Referendum allowance.** (a) A district's initial referendum allowance for  
 548.16 ~~fiscal year 2020 and later equals the result of the following calculations:~~
- 548.17 ~~(1) multiply the referendum allowance the district would have received for fiscal year~~  
 548.18 ~~2015 under Minnesota Statutes 2012, section 126C.17, subdivision 1, based on elections~~  
 548.19 ~~held before July 1, 2013, by the resident marginal cost pupil units the district would have~~  
 548.20 ~~counted for fiscal year 2015 under Minnesota Statutes 2012, section 126C.05;~~
- 548.21 ~~(2) add to the result of clause (1) the adjustment the district would have received under~~  
 548.22 ~~Minnesota Statutes 2012, section 127A.47, subdivision 7, paragraphs (a), (b), and (c), based~~  
 548.23 ~~on elections held before July 1, 2013;~~
- 548.24 ~~(3) divide the result of clause (2) by the district's adjusted pupil units for fiscal year~~  
 548.25 ~~2015;~~
- 548.26 ~~(4) add to the result of clause (3) any additional referendum allowance per adjusted pupil~~  
 548.27 ~~unit authorized by elections held between July 1, 2013, and December 31, 2013;~~
- 548.28 ~~(5) add to the result in clause (4) any additional referendum allowance resulting from~~  
 548.29 ~~inflation adjustments approved by the voters prior to January 1, 2014;~~
- 548.30 ~~(6) subtract from the result of clause (5), the sum of a district's actual local optional levy~~  
 548.31 ~~and local optional aid under section 126C.10, subdivision 2c, divided by the adjusted pupil~~  
 548.32 ~~units of the district for that school year; and~~

- 549.1 (1) subtract \$424 from the district's allowance under Minnesota Statutes 2016, section  
 549.2 126C.17, subdivision 1, paragraph (a), clause (5);
- 549.3 (2) if the result of clause (1) is less than zero, set the allowance to zero;
- 549.4 (3) add to the result in clause (2) any new referendum allowance authorized between  
 549.5 July 1, 2013, and December 31, 2013, under Minnesota Statutes 2013, section 126C.17,  
 549.6 subdivision 9a;
- 549.7 (4) add to the result in clause (3) any additional referendum allowance per adjusted pupil  
 549.8 unit authorized between January 1, 2014, and June 30, 2018;
- 549.9 (5) subtract from the result in clause (4) any allowances expiring in fiscal year 2016,  
 549.10 2017, 2018, or 2019;
- 549.11 (6) subtract \$300 from the result in clause (5); and
- 549.12 (7) if the result of clause (6) is less than zero, set the allowance to zero.
- 549.13 (b) A district's referendum allowance equals the sum of the district's initial referendum  
 549.14 allowance, plus any new referendum allowance authorized between July 1, 2013, and  
 549.15 December 31, 2013, under subdivision 9a, plus any additional referendum allowance per  
 549.16 adjusted pupil unit authorized after December 31, 2013, after July 1, 2018, minus any  
 549.17 allowances expiring in fiscal year 2016 2020 or later, plus any inflation adjustments for  
 549.18 fiscal year 2020 and later approved by the voters prior to July 1, 2018, provided that the  
 549.19 allowance may not be less than zero. For a district with more than one referendum allowance  
 549.20 for fiscal year 2015 under Minnesota Statutes 2012, section 126C.17, the allowance calculated  
 549.21 under paragraph (a), clause (3), must be divided into components such that the same  
 549.22 percentage of the district's allowance expires at the same time as the old allowances would  
 549.23 have expired under Minnesota Statutes 2012, section 126C.17. For a district with more than  
 549.24 one allowance for fiscal year 2015 that expires in the same year, the reduction under  
 549.25 paragraph (a), clause clauses (1) and (6), to offset local optional revenue shall be made first  
 549.26 from any allowances that do not have an inflation adjustment approved by the voters.
- 549.27 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2020 and later.
- 549.28 Sec. 8. Minnesota Statutes 2016, section 126C.17, subdivision 2, is amended to read:
- 549.29 Subd. 2. **Referendum allowance limit.** (a) Notwithstanding subdivision 1, for fiscal  
 549.30 year 2015 2020 and later, a district's referendum allowance must not exceed the annual  
 549.31 inflationary increase as calculated under paragraph (b) times the greatest of:

550.1 (1) ~~\$1,845~~ the product of the annual inflationary increase as calculated under paragraph  
550.2 (b), and ~~\$2,012.53~~, minus \$300;

550.3 (2) the product of the annual inflationary increase as calculated under paragraph (b),  
550.4 and the sum of the referendum revenue the district would have received for fiscal year 2015  
550.5 under Minnesota Statutes 2012, section 126C.17, subdivision 4, based on elections held  
550.6 before July 1, 2013, and the adjustment the district would have received under Minnesota  
550.7 Statutes 2012, section 127A.47, subdivision 7, paragraphs (a), (b), and (c), based on elections  
550.8 held before July 1, 2013, divided by the district's adjusted pupil units for fiscal year 2015,  
550.9 minus \$300;

550.10 (3) the product of the referendum allowance limit the district would have received for  
550.11 fiscal year 2015 under Minnesota Statutes 2012, section 126C.17, subdivision 2, and the  
550.12 resident marginal cost pupil units the district would have received for fiscal year 2015 under  
550.13 Minnesota Statutes 2012, section 126C.05, subdivision 6, plus the adjustment the district  
550.14 would have received under Minnesota Statutes 2012, section 127A.47, subdivision 7,  
550.15 paragraphs (a), (b), and (c), based on elections held before July 1, 2013, divided by the  
550.16 district's adjusted pupil units for fiscal year 2015; minus \$424 for a newly reorganized  
550.17 district created on July 1, 2019, the referendum revenue authority for each reorganizing  
550.18 district in the year preceding reorganization divided by its adjusted pupil units for the year  
550.19 preceding reorganization, minus \$300; or

550.20 (4) for a newly reorganized district created after July 1, ~~2013~~ 2020, the referendum  
550.21 revenue authority for each reorganizing district in the year preceding reorganization divided  
550.22 by its adjusted pupil units for the year preceding reorganization.

550.23 (b) For purposes of this subdivision, for fiscal year ~~2016~~ 2021 and later, "inflationary  
550.24 increase" means one plus the percentage change in the Consumer Price Index for urban  
550.25 consumers, as prepared by the United States Bureau of Labor Standards, for the current  
550.26 fiscal year to fiscal year ~~2015~~ 2020. For fiscal year 2016 and later, for purposes of paragraph  
550.27 (a), clause (3), the inflationary increase equals one-fourth of the percentage increase in the  
550.28 formula allowance for that year compared with the formula allowance for fiscal year 2015.

550.29 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2020 and later.

550.30 Sec. 9. Minnesota Statutes 2016, section 126C.17, subdivision 5, is amended to read:

550.31 Subd. 5. **Referendum equalization revenue.** (a) A district's referendum equalization  
550.32 revenue equals the sum of the first tier referendum equalization revenue and the second tier  
550.33 referendum equalization revenue, and the third tier referendum equalization revenue.

- 551.1 (b) A district's first tier referendum equalization revenue equals the district's first tier  
 551.2 referendum equalization allowance times the district's adjusted pupil units for that year.
- 551.3 (c) A district's first tier referendum equalization allowance equals the lesser of the  
 551.4 district's referendum allowance under subdivision 1 or ~~\$300~~ \$460.
- 551.5 (d) A district's second tier referendum equalization revenue equals the district's second  
 551.6 tier referendum equalization allowance times the district's adjusted pupil units for that year.
- 551.7 (e) A district's second tier referendum equalization allowance equals the lesser of the  
 551.8 district's referendum allowance under subdivision 1 or ~~\$760~~, minus the district's first tier  
 551.9 ~~referendum equalization allowance~~.
- 551.10 (f) A district's third tier referendum equalization revenue equals the district's third tier  
 551.11 referendum equalization allowance times the district's adjusted pupil units for that year.
- 551.12 (g) A district's third tier referendum equalization allowance equals the lesser of the  
 551.13 district's referendum allowance under subdivision 1 or 25 percent of the formula allowance,  
 551.14 minus the sum of ~~\$300~~ and the district's first tier referendum equalization allowance and  
 551.15 ~~second tier referendum equalization allowance~~.
- 551.16 (h) (f) Notwithstanding paragraph (g) (e), the ~~third~~ second tier referendum allowance  
 551.17 for a district qualifying for secondary sparsity revenue under section 126C.10, subdivision  
 551.18 7, or elementary sparsity revenue under section 126C.10, subdivision 8, equals the district's  
 551.19 referendum allowance under subdivision 1 minus the ~~sum of the~~ district's first tier referendum  
 551.20 equalization allowance and ~~second tier referendum equalization allowance~~.
- 551.21 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2020 and later.
- 551.22 Sec. 10. Minnesota Statutes 2016, section 126C.17, subdivision 6, is amended to read:
- 551.23 Subd. 6. **Referendum equalization levy.** (a) A district's referendum equalization levy  
 551.24 equals the sum of the first tier referendum equalization levy; and the second tier referendum  
 551.25 equalization levy; and the third tier referendum equalization levy.
- 551.26 (b) A district's first tier referendum equalization levy equals the district's first tier  
 551.27 referendum equalization revenue times the lesser of one or the ratio of the district's  
 551.28 referendum market value per resident pupil unit to ~~\$880,000~~ \$510,000.
- 551.29 (c) A district's second tier referendum equalization levy equals the district's second tier  
 551.30 referendum equalization revenue times the lesser of one or the ratio of the district's  
 551.31 referendum market value per resident pupil unit to ~~\$510,000~~ \$290,000.

- 552.1 ~~(d) A district's third tier referendum equalization levy equals the district's third tier~~  
552.2 ~~referendum equalization revenue times the lesser of one or the ratio of the district's~~  
552.3 ~~referendum market value per resident pupil unit to \$290,000.~~
- 552.4 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2020 and later.
- 552.5 Sec. 11. Minnesota Statutes 2016, section 126C.17, subdivision 7, is amended to read:
- 552.6 Subd. 7. **Referendum equalization aid.** (a) A district's referendum equalization aid  
552.7 equals the difference between its referendum equalization revenue and levy.
- 552.8 (b) If a district's actual levy for first, ~~or second, or third~~ tier referendum equalization  
552.9 revenue is less than its maximum levy limit for that tier, aid shall be proportionately reduced.
- 552.10 (c) Notwithstanding paragraph (a), the referendum equalization aid for a district, ~~where~~  
552.11 ~~the referendum equalization aid under paragraph (a) exceeds 90 percent of the referendum~~  
552.12 ~~revenue, must not exceed (1) the difference between 25 percent of the formula allowance~~  
552.13 ~~and \$300 times (2) the district's adjusted pupil units. A district's referendum levy is increased~~  
552.14 ~~by the amount of any reduction in referendum aid under this paragraph.~~
- 552.15 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2020 and later.
- 552.16 Sec. 12. Minnesota Statutes 2016, section 126C.17, subdivision 7a, is amended to read:
- 552.17 Subd. 7a. **Referendum tax base replacement aid.** For each school district that had a  
552.18 referendum allowance for fiscal year 2002 exceeding \$415, for each separately authorized  
552.19 referendum levy, the commissioner of revenue, in consultation with the commissioner of  
552.20 education, shall certify the amount of the referendum levy in taxes payable year 2001  
552.21 attributable to the portion of the referendum allowance exceeding \$415 levied against  
552.22 property classified as class 2, noncommercial 4c(1), or 4c(4), under section 273.13, excluding  
552.23 the portion of the tax paid by the portion of class 2a property consisting of the house, garage,  
552.24 and surrounding one acre of land. The resulting amount must be used to reduce the district's  
552.25 referendum levy ~~or first tier local optional levy~~ amount otherwise determined, and must be  
552.26 paid to the district each year that the referendum ~~or first tier local optional~~ authority remains  
552.27 in effect, is renewed, or new referendum authority is approved. The aid payable under this  
552.28 subdivision must be subtracted from the district's referendum equalization aid under  
552.29 subdivision 7. The referendum equalization aid ~~and the first tier local optional aid~~ after the  
552.30 subtraction must not be less than zero.
- 552.31 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2020 and later.

5.14 Sec. 7. Minnesota Statutes 2016, section 127A.41, as amended by Laws 2017, chapter 40,  
5.15 article 1, section 16, and Laws 2017, First Special Session chapter 5, article 1, section 15,  
5.16 is amended to read:

5.17 **127A.41 DISTRIBUTION OF SCHOOL AIDS; APPROPRIATION.**

5.18 Subdivision 1. **Commissioner duties.** The commissioner shall supervise distribution of  
5.19 school aids and grants in accordance with law. The commissioner may make rules consistent  
5.20 with law for the distribution to enable districts to perform efficiently the services required  
5.21 by law and further education in the state, including reasonable requirements for the reports  
5.22 and accounts to it as will assure accurate and lawful apportionment of aids. State and federal  
5.23 aids and discretionary or entitlement grants distributed by the commissioner shall not be  
5.24 subject to the contract approval procedures of the commissioner of administration or to  
5.25 chapter 16A, 16B, or 16C. The commissioner shall adopt internal procedures for  
5.26 administration and monitoring of aids and grants.

5.27 Subd. 2. **Errors in distribution.** On determining that the amount of state aid distributed  
5.28 to a school district is in error or has been spent contrary to statutorily established revenue  
5.29 uses, the commissioner is authorized to adjust the amount of aid consistent with this  
5.30 subdivision. On determining that the amount of aid is in excess of the school district's  
5.31 entitlement, the commissioner is authorized to recover the amount of the excess by any  
5.32 appropriate means. Notwithstanding the fiscal years designated by the appropriation, the  
6.1 excess may be recovered by reducing future aid payments to the district. Notwithstanding  
6.2 any law to the contrary, if the aid reduced is not of the same type as that overpaid, the district  
6.3 must adjust all necessary financial accounts to properly reflect all revenues earned in  
6.4 accordance with the uniform financial accounting and reporting standards pursuant to  
6.5 sections 123B.75 to 123B.83. Notwithstanding the fiscal years designated by the  
6.6 appropriation, on determining that the amount of an aid paid is less than the school district's  
6.7 entitlement, the commissioner is authorized to increase such aid from the current  
6.8 appropriation. If the aid program has been discontinued and has no appropriation, the  
6.9 appropriation for general education shall be used for recovery or payment of the aid decrease  
6.10 or increase. Any excess of aid recovery over aid payment shall be canceled to the state  
6.11 general fund.

6.12 Subd. 3. **Audits.** The commissioner shall establish procedures for conducting and shall  
6.13 conduct audits of district records and files for the purpose of verifying district pupil counts,  
6.14 levy limitations, ~~and~~ aid entitlements, and appropriate revenue uses. The commissioner  
6.15 shall establish procedures for selecting and shall select districts to be audited. Disparities,  
6.16 if any, between pupil counts, levy limitations, ~~or~~ aid entitlements, or revenue uses determined  
6.17 by audit of district records and files and data reported by districts in reports, claims and  
6.18 other documents shall be reviewed by the commissioner who shall order increases or  
6.19 decreases accordingly. The commissioner may reduce an allocation to a district or charter  
6.20 school if the statutorily prescribed uses of the revenue are not being met. Whenever possible,  
6.21 the commissioner shall audit at least ~~25~~ 50 districts each year pursuant to this subdivision.

- 6.22 Procedures adopted under this subdivision are not subject to chapter 14, including section  
6.23 14.386, and may differ from the procedures under section 127A.42.
- 6.24 Subd. 4. **Less than 25 50 districts audited.** If the commissioner audits fewer than 25  
6.25 50 districts in a fiscal year pursuant to subdivision 3, the commissioner shall report the  
6.26 reasons for the number audited to the following legislative committees: house of  
6.27 representatives education, house of representatives appropriations, senate education, and  
6.28 senate finance.
- 6.29 Subd. 5. **District appeal of aid reduction; inspection of district schools and accounts  
6.30 and records.** Public schools shall at all times be open to the inspection of the commissioner.  
6.31 The accounts and records of any district must be open to inspection by the state auditor, or  
6.32 the commissioner for the purpose of audits conducted under this section. Each district shall  
6.33 keep for a minimum of three years at least the following: (1) identification of the annual  
6.34 session days held, together with a record of the length of each session day, (2) a record of  
6.35 each pupil's daily attendance, with entrance and withdrawal dates, and (3) identification of  
7.1 the to-and-from school transportation category for each pupil as defined in section 123B.92,  
7.2 subdivision 1.
- 7.3 Subd. 7. **Schedule adjustments.** (a) It is the intention of the legislature to encourage  
7.4 efficient and effective use of staff and facilities by districts. Districts are encouraged to  
7.5 consider both cost and energy saving measures.
- 7.6 (b) Any district operating a program pursuant to sections 124D.12 to 124D.127 or  
7.7 124D.128, or operating a commissioner-designated area learning center program under  
7.8 section 123A.09, or that otherwise receives the approval of the commissioner to operate its  
7.9 instructional program to avoid an aid reduction in any year, may adjust the annual school  
7.10 schedule for that program throughout the calendar year.
- 7.11 Subd. 8. **Appropriation transfers.** (a) If a direct appropriation from the general fund  
7.12 to the department for any education aid or grant authorized in this chapter and chapters  
7.13 122A, 123A, 123B, 124D, 124E, 125A, 126C, and 134, excluding appropriations under  
7.14 sections 124D.135, 124D.16, 124D.20, 124D.22, 124D.52, 124D.531, 124D.55, and 124D.56,  
7.15 exceeds the amount required, the commissioner may transfer the excess to any education  
7.16 aid or grant appropriation that is insufficient. However, section 126C.20 applies to a  
7.17 deficiency in the direct appropriation for general education aid. Excess appropriations must  
7.18 be allocated proportionately among aids or grants that have insufficient appropriations. The  
7.19 commissioner of management and budget shall make the necessary transfers among  
7.20 appropriations according to the determinations of the commissioner. If the amount of the  
7.21 direct appropriation for the aid or grant plus the amount transferred according to this  
7.22 subdivision is insufficient, the commissioner shall prorate the available amount among  
7.23 eligible districts. The state is not obligated for any additional amounts.

7.24 (b) Transfers for aids paid under section 127A.45, subdivisions 12 and 13, shall be made  
 7.25 during the fiscal year after the fiscal year of the entitlement. Transfers for aids paid under  
 7.26 section 127A.45, subdivisions 11 and 12a, shall be made during the fiscal year of the  
 7.27 appropriation.

7.28 Subd. 9. **Appropriation transfers for community education programs.** If a direct  
 7.29 appropriation from the general fund to the Department of Education for an education aid  
 7.30 or grant authorized under section 124D.135, 124D.16, 124D.20, 124D.22, 124D.52,  
 7.31 124D.531, 124D.55, or 124D.56 exceeds the amount required, the commissioner of education  
 7.32 may transfer the excess to any education aid or grant appropriation that is insufficiently  
 7.33 funded under these sections. Excess appropriations shall be allocated proportionately among  
 7.34 aids or grants that have insufficient appropriations. The commissioner of management and  
 8.1 budget shall make the necessary transfers among appropriations according to the  
 8.2 determinations of the commissioner of education. If the amount of the direct appropriation  
 8.3 for the aid or grant plus the amount transferred according to this subdivision is insufficient,  
 8.4 the commissioner shall prorate the available amount among eligible districts. The state is  
 8.5 not obligated for any additional amounts.

8.6 Subd. 10. ~~Health and safety aid transfer.~~ The commissioner, with the approval of the  
 8.7 commissioner of management and budget, annually may transfer an amount from the  
 8.8 appropriation for health and safety aid to the appropriation for debt service aid for the same  
 8.9 fiscal year. The amount of the transfer equals the amount necessary to fund any shortage  
 8.10 in the debt service aid appropriation created by a data correction that occurs between  
 8.11 November 1 and June 30 of the preceding fiscal year.

8.12 **EFFECTIVE DATE.** This section is effective for fiscal year 2019 and later.

## S3086-2

4.14 Sec. 5. Minnesota Statutes 2016, section 127A.45, subdivision 11, is amended to read:

4.15 Subd. 11. **Payment percentage for reimbursement aids.** One hundred percent of the  
 4.16 aid for the previous fiscal year must be paid in the current year for the following aids:  
 4.17 telecommunications/Internet access equity and according to section 125B.26, special  
 4.18 education special pupil aid according to section 125A.75, subdivision 3, ~~aid for litigation~~  
 4.19 ~~costs according to section 125A.75, subdivision 9;~~ aid for court-placed special education  
 4.20 expenses according to section 125A.79, subdivision 4, and aid for special education  
 4.21 out-of-state tuition according to section 125A.79, subdivision 8, and shared time aid  
 4.22 according to section 126C.01, subdivision 7.

4.23 Sec. 6. Minnesota Statutes 2016, section 127A.45, subdivision 16, is amended to read:

8.13 Sec. 8. Minnesota Statutes 2016, section 127A.45, subdivision 11, is amended to read:

8.14 Subd. 11. **Payment percentage for reimbursement aids.** One hundred percent of the  
 8.15 aid for the previous fiscal year must be paid in the current year for the following aids:  
 8.16 telecommunications/Internet access equity and according to section 125B.26, special  
 8.17 education special pupil aid according to section 125A.75, subdivision 3, ~~aid for litigation~~  
 8.18 ~~costs according to section 125A.75, subdivision 9;~~ aid for court-placed special education  
 8.19 expenses according to section 125A.79, subdivision 4, and aid for special education  
 8.20 out-of-state tuition according to section 125A.79, subdivision 8, and shared time aid  
 8.21 according to section 126C.01, subdivision 7.

8.22 Sec. 9. Minnesota Statutes 2016, section 127A.45, subdivision 16, is amended to read:



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

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

8.28 Sec. 10. Minnesota Statutes 2016, section 471.59, subdivision 1, is amended to read:

8.29 Subdivision 1. **Agreement.** (a) Two or more governmental units, by agreement entered  
 8.30 into through action of their governing bodies, may jointly or cooperatively exercise any  
 8.31 power common to the contracting parties or any similar powers, including those which are  
 8.32 the same except for the territorial limits within which they may be exercised. The agreement  
 9.1 may provide for the exercise of such powers by one or more of the participating governmental  
 9.2 units on behalf of the other participating units.

9.3 (b) The term "governmental unit" as used in this section includes every city, county,  
 9.4 town, school district, service cooperative under section 123A.21, independent nonprofit  
 9.5 firefighting corporation, other political subdivision of this or another state, another state,  
 9.6 federally recognized Indian tribe, the University of Minnesota, the Minnesota Historical  
 9.7 Society, nonprofit hospitals licensed under sections 144.50 to 144.56, rehabilitation facilities  
 9.8 and extended employment providers that are certified by the commissioner of employment  
 9.9 and economic development, day and supported employment services licensed under chapter  
 9.10 245D, and any agency of the state of Minnesota or the United States, and includes any  
 9.11 instrumentality of a governmental unit. For the purpose of this section, an instrumentality  
 9.12 of a governmental unit means an instrumentality having independent policy-making and  
 9.13 appropriating authority.

**S3656-2**

553.1 Sec. 13. Laws 2017, First Special Session chapter 5, article 1, section 19, subdivision 2,  
 553.2 is amended to read:

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

553.5		<del>7,032,051,000</del>		
553.6	\$	<u>7,078,769,000</u>	.....	2018
553.7		<del>7,227,809,000</del>		
553.8	\$	<u>7,239,247,000</u>	.....	2019

9.14 Sec. 11. Laws 2017, First Special Session chapter 5, article 1, section 19, subdivision 2,  
 9.15 is amended to read:

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

9.18		<del>7,032,051,000</del>		
9.19	\$	<u>7,078,769,000</u>	.....	2018
9.20		<del>7,227,809,000</del>		
9.21	\$	<u>7,239,221,000</u>	.....	2019

553.9 The 2018 appropriation includes \$686,828,000 for 2017 and ~~\$6,345,223,000~~  
 553.10 \$6,391,941,000 for 2018.

553.11 The 2019 appropriation includes ~~\$705,024,000~~ \$683,110,000 for 2018 and  
 553.12 ~~\$6,522,785,000~~ \$6,556,137,000 for 2019.

553.13 **EFFECTIVE DATE.** This section is effective June 30, 2018.

553.14 Sec. 14. Laws 2017, First Special Session chapter 5, article 1, section 19, subdivision 3,  
 553.15 is amended to read:

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

553.19 ~~29,000~~  
 553.20 \$ 25,000 ..... 2018

553.21 ~~31,000~~  
 553.22 \$ 29,000 ..... 2019

553.23 **EFFECTIVE DATE.** This section is effective June 30, 2018.

9.22 The 2018 appropriation includes \$686,828,000 for 2017 and ~~\$6,345,223,000~~  
 9.23 \$6,391,941,000 for 2018.

9.24 The 2019 appropriation includes ~~\$705,024,000~~ \$683,110,000 for 2018 and  
 9.25 ~~\$6,522,785,000~~ \$6,556,111,000 for 2019.

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

**NOTE: FROM FORECAST ADJUSTMENTS ARTICLE 11, SECTION 1**

174.27 Section 1. Laws 2017, First Special Session chapter 5, article 1, section 19, subdivision  
 174.28 3, is amended to read:

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

175.1 ~~29,000~~  
 175.2 \$ 25,000 ..... 2018

175.3 ~~31,000~~  
 175.4 \$ 27,000 ..... 2019

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

9.27 Sec. 12. **FUND TRANSFERS.**

9.28 Subdivision 1. Minnetonka school district, (a) Notwithstanding Minnesota Statutes,  
 9.29 section 123B.79, 123B.80, or 124D.20, subdivision 10, on June 30, 2018, Independent  
 9.30 School District No. 276, Minnetonka, may permanently transfer up to \$2,400,000 from its  
 9.31 community education reserve fund balance to its reserved for operating capital account in  
 9.32 the general fund.

10.1 (b) The transferred funds must be used only to design, construct, furnish, and equip an  
 10.2 early childhood classroom addition.

10.3 Subd. 2. Ivanhoe school district, Notwithstanding Minnesota Statutes, section 123B.79,  
 10.4 123B.80, or 124D.20, subdivision 10, on June 30, 2018, Independent School District No.  
 10.5 403, Ivanhoe, may permanently transfer up to \$79,000 from its community education reserve  
 10.6 fund balance to its undesignated general fund.

- 10.7 Subd. 3. **Minneapolis school district.** (a) Notwithstanding Minnesota Statutes, section  
 10.8 123B.79, 123B.80, or 124D.20, subdivision 10, on June 30, 2018, Special School District  
 10.9 No. 1, Minneapolis, may permanently transfer up to \$5,500,000 from its community  
 10.10 education reserve fund balance to its undesignated general fund.
- 10.11 (b) The transferred funds must be used only for school support services, including mental  
 10.12 health services.
- 10.13 Subd. 4. **Hopkins school district.** (a) Notwithstanding Minnesota Statutes, section  
 10.14 123B.79, 123B.80, or 124D.20, subdivision 10, on June 30, 2018, Independent School  
 10.15 District No. 270, Hopkins, may permanently transfer up to \$500,000 from its community  
 10.16 education reserve fund balance to its reserved for operating capital account in the general  
 10.17 fund.
- 10.18 (b) The transferred funds must be used only to design, construct, furnish, and equip an  
 10.19 early childhood classroom addition.
- 10.20 **EFFECTIVE DATE.** This section is effective the day following final enactment.
- 10.21 Sec. 13. **SCHOOL REVENUE GENERATION AND SPENDING; LEGISLATIVE**  
 10.22 **AUDITOR STUDY.**
- 10.23 (a) The legislative auditor is requested to conduct a study of how students in  
 10.24 prekindergarten through grade 12 generate revenue and compare how that revenue is spent  
 10.25 and reported at the school level for a sample of school districts.
- 10.26 (b) The study shall focus on a sample of school districts and include the following topics:
- 10.27 (1) the extent to which the funding generated by students is spent at the school sites  
 10.28 those students attend;
- 10.29 (2) how district calculations of actual salaries for teachers and staff compare to average  
 10.30 salaries and how those calculations may impact per pupil expenditures at the school level;
- 11.1 (3) how per pupil expenditures within a given school district compare across school  
 11.2 sites, including expenditures to reduce class sizes, hire additional support staff, and support  
 11.3 other resources;
- 11.4 (4) the extent to which revenue sources for a given school district vary by school site,  
 11.5 including state and local funding and philanthropic and parent association funds;

- 11.6 (5) whether there is currently variation in reporting across schools in the Uniform  
 11.7 Financial Accounting and Reporting Standards (UFARS) system; and
- 11.8 (6) what steps the Department of Education can take to ensure consistent and accurate  
 11.9 UFARS reporting from schools and districts on school-level revenue and expenditures.
- 11.10 (c) The legislative auditor must deliver the study findings to the chairs and ranking  
 11.11 minority members of the legislative committees with primary jurisdiction over kindergarten  
 11.12 through grade 12 education no later than February 1, 2019.
- 11.13 Sec. 14. **APPROPRIATIONS.**
- 11.14 Subdivision 1. **Commissioner of education.** The sum indicated in this section is  
 11.15 appropriated from the general fund to the commissioner of education in the fiscal year  
 11.16 designated.
- 11.17 Subd. 2. **St. Cloud English language learner summer program.** (a) For a grant to  
 11.18 Independent School District No. 742, St. Cloud, for a summer language academy providing  
 11.19 targeted services and extended year programming for English language learners:
- 11.20 §           420,000   .... 2019
- 11.21 (b) A program funded under this subdivision must:
- 11.22 (1) provide a research-based language summer instructional program to help English  
 11.23 learners, as defined in Minnesota Statutes, section 124D.59, subdivision 2, acquire English  
 11.24 and achieve academic excellence;
- 11.25 (2) be consistent with English language development standards under Minnesota Rules,  
 11.26 parts 3501.1200 and 3501.1210; and
- 11.27 (3) provide instruction by a highly qualified teacher of English as a second language.
- 11.28 (c) Independent School District No. 742, St. Cloud, must report to the education  
 11.29 committees of the legislature by January 15, 2021, on the program's design, student  
 11.30 participation levels, and any measurable outcomes of the program.
- 11.31 (d) This is a onetime appropriation.

12.1 (e) This appropriation does not cancel and is available until June 30, 2021.

12.2 Subd. 3. **School bus safety campaign.** (a) For transfer to the commissioner of public  
12.3 safety for an education and awareness campaign on passing school buses:

12.4 § 50,000 .... 2019

12.5 (b) This is a onetime appropriation.

12.6 (c) The campaign must be designed to: (1) help reduce occurrences of motor vehicles  
12.7 unlawfully passing school buses; and (2) inform drivers about the safety of pupils boarding  
12.8 and unloading from school buses, including (i) laws requiring a motor vehicle to stop when  
12.9 a school bus has extended the stop-signal arm and is flashing red lights, and (ii) penalties  
12.10 for violations. When developing the campaign, the commissioner must identify best practices,  
12.11 review effective communication methods to educate drivers, and consider multiple forms  
12.12 of media to convey the information.

12.13 Sec. 15. **APPROPRIATION; SCHOOL REVENUE GENERATION AND**  
12.14 **SPENDING; LEGISLATIVE AUDITOR STUDY.**

12.15 \$200,000 in fiscal year 2019 is appropriated from the general fund to the Office of the  
12.16 Legislative Auditor for the legislative auditor to study and report on school revenue  
12.17 generation and spending outlined in section 13. This is a onetime appropriation.

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

12.19 Sec. 16. **DUPLICATE APPROPRIATIONS.**

12.20 If an appropriation in this act from the general fund or any other fund is enacted more  
12.21 than once in the 2018 legislative session, the appropriation must be given effect only once.

553.24 Sec. 15. **REPEALER.**

553.25 (a) Minnesota Statutes 2016, section 126C.17, subdivision 9a, is repealed.

553.26 (b) Minnesota Statutes 2016, section 126C.16, subdivisions 1 and 3, are repealed.

553.27 **EFFECTIVE DATE.** Paragraph (a) is effective for revenue for fiscal year 2020 and  
553.28 later. Paragraph (b) is effective July 1, 2018.

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4.29 Sec. 7. **REPEALER.**

4.30 Minnesota Statutes 2016, sections 123A.26, subdivision 3; and 125A.75, subdivision 9,

4.31 are repealed.