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Bill Summary

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Article 1: General Education

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Overview

This article contains changes to the general education revenue program and certain other changes to school finance formulas.

- 1 Hours of instruction exemption. Removes references to the hours of service for area learning centers.
- 2 Extended year instruction. Removes obsolete language relating to the number of hours required in the school year.
- 3 Voluntary dissolution referendum revenue. Eliminates obsolete language relating to referendum revenues for reorganized districts.
- 4 Consolidation; maximum authorized referendum revenues. Eliminates obsolete language relating to referendum revenues for reorganized districts.
- 5 Alternative method. Eliminates obsolete language relating to referendum revenue for reorganized districts.
- 6 **Student training.** Modifies school bus safety training requirements for students. Requires each school transportation safety director to certify the student's bus safety training to the superintendent of the school district instead of the commissioner of children, families and learning.
- 7 **Model training program.** Eliminates training on the appropriate use of seat belts from the model training program developed by the commissioner.
- 8 **Comprehensive policy.** Eliminates mandatory references in each district's comprehensive pupil transportation safety policy to:
 - ▶ seat belt policy;
 - ▶ bus driver duties;
 - ▶ provisions for annual bus driver in-service training; and
 - ▶ basic first aid training.Eliminates the recommendation that school district use the model policy developed jointly by the Minnesota school boards association and the departments of public safety and children, families and learning.
- 9 **Transportation definitions.** Clarifies the definitions of regular and excess transportation.
- 10 **Alternative attendance programs.** Clarifies transportation services for students in alternative attendance programs.
- 11 Nonpublic pupil transportation aid. Changes the calculation of nonpublic pupil transportation aid for FY 2004 to use the basic formula allowance minus \$415 to exclude the \$415 "roll-in." For FY 2005 and later, the \$415 roll-in has no impact, because the nonpublic pupil transportation aid formula uses the ratio of the formula for the current year to the formula for the second prior year.
- 12 Financial arrangements. Beginning in FY 2004, lowers the payments made to post secondary institutions under the PSEO program by excluding the \$415 "roll-in" of referendum revenue from the basic formula allowance.

- 13 **Revenue computation and reporting.** Attributes learning year revenue that occurs after the close of the 2003-2004 school year to fiscal year 2004.
- 14 Pupil of limited English proficiency (LEP). Limits the length of time that an LEP pupil may be counted for funding purposes to not more than seven years. Phases out LEP revenue during years five, six and seven. Specifies that a pupil enrolled in a Minnesota public school during the prior school year when the test of emerging academic English was given who scores above the state cutoff score on the test does not qualify for aid.
- 15 School district LEP revenue. Changes LEP funding formula from \$584 per identified LEP pupil to \$650 in FY 04 and \$675 in FY 05 per eligible LEP pupil in average daily membership. Strike obsolete language.
- 16 Pupil unit. Lowers elementary pupil weights to 1.0 and kindergarten pupil weights to .50.
- 17 Average daily membership. Prohibits a school district from counting a student as more than 1.2 pupils in average daily membership (ADM) for a fiscal year. Provides for allocation of ADM for students served by more than one district during a fiscal year. Authorizes any pupil's average daily membership between 1.0 and 1.2 to count only for purposes of calculating extended time revenue.
- 18 Computing pupil units for a prior year. Provides for the adjustment of prior year pupil data used in the calculation of current funding for changes in the number of ADM that can be generated by a student in a fiscal year.
- 19 Learning year pupil units. Eliminates the authority for school districts to count pupils in the learning year program as more than one ADM for a fiscal year except for purposes of calculating extended time revenue (this is the funding mechanism used by most school districts to fund summer school and other extended day programs).
- 20 Free and reduced price lunches. Moves forward the date by which school districts must submit their count of children eligible for free or reduced price meals from January 15 to December 15.
- 21 LEP pupil units. Changes calculation of LEP pupil units to correspond to changes made in section 16.
- 22 General education revenue. Beginning in FY 2004, adds extended time revenue, class size reduction revenue and a new transition revenue to the list of components of general education revenue.
- 23 Extended time revenue. Creates a new component of general education revenue called extended time revenue. Sets extended time revenue equal to \$4,601 times the sum of the number of additional hours of programming provided to each student through learning year programs. Caps the maximum programming time at not more than 1.2.
- 24 Class size reduction revenue. Creates a new component of general education revenue called class size reduction revenue. Sets the revenue equal to the amount currently reserved for class size reduction through enhanced pupil weights.
- 25 Compensatory revenue. De-links compensatory revenue from the general education formula allowance. Sets the compensatory allowance at \$4,150 times the compensatory pupil units. Creates a non-concentration compensatory formula guaranteeing that each compensatory pupil will generate at least \$500 per pupil. Increases the minimum allowance by \$50 per year starting in FY 06.
- 26 Basic skills revenue. Beginning in FY 2004, increases the LEP concentration aid allowance from \$190 to \$200. Strikes obsolete language.
- 27 Transportation sparsity definitions. Strikes obsolete language.
- 28 Transportation sparsity revenue allowance. Beginning in FY 2004, reduces transportation sparsity revenue by excluding the \$415 "roll-in" from the basic formula from referendum revenue in the 2001 legislative session.

- 29 Equity revenue. Beginning in FY 05, increases the minimum equity revenue from \$10 to \$13 per pupil. Increases the maximum equity revenue from \$55 to \$75 per pupil.
- 30 Equity levy. Beginning in FY 2005, adds an equalized levy to the equity revenue component of general education revenue. The levy is equalized on referendum market value at \$476,000 per pupil unit, the same as Tier 1 referendum levies.
- 31 Equity aid. Calculates equity aid as the equity revenue minus the equity levy, with an adjustment for districts not levying the maximum amount.
- 32 Transition revenue. Defines the calculation of transition revenue for FY 2004 through FY 2008. Transition revenue expires after FY 2008. The transition allowance equals the greater of zero or the product of the ratio of the district's old formula adjusted marginal cost pupil units (AMCPU) to new formula AMCPU times the difference between (i) the lesser of the district's general education revenue per AMCPU in FY 2003 or the district's general education revenue per AMCPU for FY 2004 under Minnesota Statutes 2002, and (ii) the district's general education revenue per old formula AMCPU for FY 2004, excluding transition revenue. The statutory definition of general education revenue, as referenced in this section, excludes referendum revenue and enrollment options adjustments. A district's transition revenue equals the product of the transition allowance times the district's AMCPU. Transition revenue expires beginning in FY 2009.
- 33 Transition levy. Beginning in FY 2005, requires school districts to levy on referendum market value to obtain transition revenue. The levy is equalized at \$476,000 per pupil unit, the same as Tier 1 referendum levies.
- 34 Transition aid. Calculates transition aid as the transition revenue minus the transition levy, with an adjustment for districts not levying the maximum amount.
- 35 General education aid. Beginning FY 2004, adds distance learning education aid to the definition of general education aid. Beginning in FY 2005, adds equity aid and transition aid to the definition of general education aid.
- 36 Use of basic skills revenue. Removes an obsolete reference to the old transition revenue, which was repealed in 2001.
- 37 Referendum allowance. Adjusts the operating referendum allowance for FY 2004 and later based on the ratio of a district's resident marginal cost pupil units (RMCPU) for FY 2004 under Minnesota Statutes 2002 to the district's RMCPU for FY 2004, to adjust for the elimination of additional ADM for students enrolled more than full time and the elimination of elementary pupil weights in excess of 1.0.
- 38 Referendum allowance limit. Increases the standard referendum allowance limit from 18.2% (\$837) to 21% (\$920) of the formula allowance, and increases the alternate limit from 1.162 to 1.3 times the district's 1994 referendum allowance, adjusted for the \$415 transfer, to adjust for the elimination of additional ADM for students served more than full-time and the elimination of elementary pupil weights in excess of 1.0. Adds an adjustment that increases the referendum cap by the rate of inflation beginning in fiscal year 2005. Strikes obsolete language.
- 39 Referendum equalization revenue. Increases first tier referendum equalization from \$126 per pupil unit in FY 2004 to \$405 per pupil unit in FY 2005 and to \$500 for FY 2006 and later. Adjusts the upper limit for second tier referendum equalization from 18.2% of the formula allowance to 21% of the formula allowance to correspond to the change made in section 39.
- 40 Referendum equalization aid. Adjusts the upper limit for second tier referendum equalization for districts where the referendum equalization aid exceeds 90% of referendum revenue from 18.2% of the formula allowance to 21% of the formula allowance to correspond to the changes made in sections 27 and 28.
- 41 Referendum tax base replacement aid. Deletes a provision that distinguishes the referendum levy into equalizing levels. This is not needed because the \$415 referendum transfer, passed

- 42 in 2001, eliminated the portion of school referendum levies that were equalized in 2002.
Referendum revenue. Clarifies language and removes obsolete references.
- 43 Referendum conversion allowance. Authorizes a school district to convert its transition
revenue to referendum revenue with voter approval. The ballot language and procedures are
the same as for a regular operating referendum election, except that the ballot may state that
existing transition revenue authority is being cancelled or is expiring. Increases the
referendum allowance limit for a district by the amount of the allowance converted from
transition revenue.
- 44 County apportionment deduction. Removes an obsolete reference to the old transition
revenue, which was repealed in 2001.
- 45 Career and technical levy. Makes the levy for career and technical programming (secondary
vocational programming) permanent.
- 46 Stop required. Makes a type III school bus exempt from the requirement of school buses to
stop at railroad grade crossings.
- 47 Certification. Allows a school bus dealer, or certified Minnesota commercial vehicle
inspector who is also an employee of an organization purchasing a school bus to certify that
the bus meets Minnesota standards.
- 48 Identification; type III vehicles. Eliminates the requirement that a type III school bus display
a sign that says the vehicle stops at all railroad crossings. This conforms to the change in
section 47.
- 49 Annual evaluation aid license verification. Eliminates the requirement for a school's pupil
transportation safety director to certify that a school bus driver meets certain school bus
driver training requirements since those requirements are eliminated in section 9.
- 50 Nonpublic pupil materials and tests. For FY 2004, requires the nonpublic pupil textbook and
individualized instructional materials aid to be computed using the formula allowance minus
\$415 to exclude the \$415 per pupil unit transferred to the basic formula from referendum
revenue in the 2001 legislative session. For FY 2005 and later, the \$415 roll-in has no
impact, because the nonpublic pupil aid formula uses the ratio of the formula for the current
year to the formula for the second prior year.
- 51 Recognition of excellence in education. Requires the commissioner of children, families and
learning to develop for the governor's K-12 task force on school finance reform a plan to
recognize and financially reward outstanding schools.
- 52 Appropriations. See attached fiscal worksheet. For fiscal information, see the Fiscal Analysis
Department spreadsheets:
- ▶ Appropriations: <http://www.house.leg.state.mn.us/fiscal/files/k1203app.pdf>
 - ▶ Levies: <http://www.house.leg.state.mn.us/fiscal/files/k1203lvy.pdf>
- 53 Repealer.

(a) Repeals the following Minnesota Statutes July 1, 2003:

- ▶ 122A.60 - staff development program
- ▶ 122A.61 - staff development reserve of 2% of basic revenue
- ▶ 123A.73, subdivision 7, 10, and 11 - unnecessary adjustments in consolidation
referendum levy computation, supplemental revenue, and aid deductions for
reorganized districts
- ▶ 123B.81, subdivision 6 - obsolete reference to a one-time report
- ▶ 124D.65, subdivision 4 - obsolete fiscal year 2000 LEP aid formula, which was
replaced with a different formula in fiscal year 2001
- ▶ 126C.01, subdivision 4 - obsolete definition of equalizing factor

- ▶ 126C.12 - learning and development revenue reserve
- ▶ 126C.125 - additional class size, all day kindergarten and special education reserve

(b) Repeals the following Minnesota Statutes effective for revenue for fiscal year 2003:

- ▶ 126C.14 - obsolete because of the repeal of the general education levy in 2001

(c) Repeals the following Minnesota Statutes for taxes payable in 2004:

- ▶ 122A.62 - staff development incentive levy; and
- ▶ 126C.445 - tree growth levy.

(d) Repeals the following session laws:

- ▶ Laws 2001, First Special Session chapter 6, article 5, section 12, as amended by Laws 2002, chapter 377, article 12, section 15, the laws directing CFL to recalculate tax rates due to the 2001 property tax changes.
- ▶ Laws 2000, chapter 489, article 2, section 36 as amended - Richfield Airport Impact Aid.

Article 2: Education Excellence

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Overview

Among other provisions, proposes to foster students' academic achievement and provide school districts and charter schools with greater flexibility in meeting students' educational needs.

1. 1 Reports to the state. Requires school superintendents to report to the department only the number, and not the names, ages and addresses of children not complying with the state's compulsory attendance law.
- 2 Length of school year; days of instruction. Strikes the requirement that three days be added to the school year calendar.

Makes the section effective for the 2003-2004 school year.

- 3 American heritage education. (a) Directs school districts to adopt an instructional policy giving students the opportunity to learn about historical documents important to the country's development. Ensures that educators have access to historical documents with religious content. Lists examples of those documents.

(b) Precludes school districts from circumscribing instruction on national or state history that includes historical documents with religious content. Prohibits using instructional materials with religious content to establish religion.

(c) Allows students to voluntarily study a topic with religious content if other students are able to freely choose a study topic.

Makes this section immediately effective.

- 4 Pledge of allegiance. (a) Requires all public and charter school students to recite the pledge

of allegiance at least one time each week. Allows the recitation to be conducted by a classroom teacher or over the school intercom system by the principal or other administrator. Allows a local school board or the charter school board of directors annually to waive these requirements by majority vote.

(b) Allows students and teachers who object to reciting the pledge to be excused from participating without penalty.

(c) Allows a local school board or the charter school board of directors that waives the requirement to recite the pledge to adopt a district or school policy on reciting the pledge.

Makes this section effective immediately.

5 Instruction. Requires a school district to instruct students in proper flag etiquette and in patriotic exercises unless a school board annually votes to waive this requirement.

Makes this section effective immediately and applicable to the 2004-2005 school year and later.

6 Sexually transmitted infections and diseases program. Strikes language directing the department to assist service cooperatives in helping school districts, and allowing the department to assist nonpublic schools in developing and implementing a program to prevent and reduce the risk of sexually transmitted infections and diseases.

7 Abstinence until marriage. Requires a school district that provides a program to students for preventing and reducing the risk of sexually transmitted infections and diseases to also provide students with curriculum on and instruction in abstinence until marriage. Requires the curriculum and instruction to be premised on risk avoidance.

Makes this section immediately effective.

8 Notice requirements for student surveys and similar instruments. (a) Requires school districts to obtain prior written informed consent from a student's parent before administering a student survey, assessment, analysis, evaluation or similar instrument that reveals any of the following information about the student or the student's family: political affiliations or beliefs; mental or psychological problems; sexual behavior or attitudes; illegal, antisocial, self-incriminating or demeaning behavior; critical appraisals of another individual with whom a student has a close family relationship; legally recognized privileged or analogous relationships; religious practices, affiliations or beliefs; or income-related information.

(b) Requires a school district, when seeking a parent's consent, to make a copy of the instrument readily available to the parent and to identify the information listed in paragraph (a) that the instrument reveals.

(c) Makes civil remedies available to a parent seeking to compel a school district to comply with this section.

Makes this section effective immediately.

9 Judicial review. Makes school district decisions on student exclusions and expulsions subject to direct judicial review by writ certiorari to the court of appeals without the commissioner of children, families and learning first reviewing the decision. Allows a district to implement its decision during the appeal.

Makes the section effective immediately and applicable to all appeals of school district

decisions made after that date.

- 10 Policies to be established. Permits a school district to include in its student discipline policy a provision to allow the district, in consultation with a student's parent, to assign a student to an area learning center or provide other alternative educational services, consistent with district policy.

Strikes a requirement that the DCFL commissioner actively encourage and assist districts to cooperatively establish alternative educational services to pupils who are dismissed for engaging in dangerous, disruptive or violent behavior.

Makes this section effective immediately.

- 11 Notification; teachers' legitimate educational interest. (a) Declares that a classroom teacher has a legitimate educational interest in knowing which students have a history of violent behavior and must be notified when such students are placed in the teacher's classroom.
- (b) Directs school board members and the exclusive representative of the teachers to discuss a model policy on student records and modifications for notifying classroom teachers and other district employees about violent students, and permits discussion of the need for intervention services or other staff training related to placing students with a history of violent behavior in teachers' classrooms.
- 12 Report. Requires school districts receiving alternative compensation aid to submit a biennial report to the commissioner.
- 13 Aid amount. Allows the commissioner to give preference to those school districts submitting an alternative compensation application that involves the entire district or school sites or aligns measures of teacher performance with student academic achievement and progress.
- 14 Aid timing. Gives two years of alternative compensation aid to districts and school sites that applied to the commissioner before June 1 of the first year of a two-year contract. Gives alternative compensation aid in the second year of the contract to districts and school sites that applied to the commissioner after June 1. Gives aid to a qualifying district or site that received alternative compensation aid for the previous fiscal year if the district or site submits a timely application and the district or site continues to implement an alternative teacher professional pay system.
- 15 Review and comment. Makes a technical change.
- 16 Employees; contracts for services. Makes school board authority to contract or subcontract for services an inherent managerial right, unless that power is specifically prohibited by collective bargaining agreements with all units of affected employees. Allows either party to declare an impasse after 45 days of mediation, at which point the current collective bargaining agreement expires. Makes this section effective for contracts negotiated and entered into on or after July 1, 2003, and contracts beginning negotiation, but not entered into, before July 1, 2003.
- 17 School sponsorship and advertising revenue. Allows school districts to pursue additional sources of revenue through contracts with advertisers and others for advertising and naming rights to school facilities and vehicles. Requires school boards to develop a plan for using the revenue.
- 18 School boards may require fees. Allows resident school districts to charge fees to charter schools for the costs of transporting charter school students to and from the district's extracurricular activities.

Makes this section effective for the 2003-2004 school year.

- 19 Board control of extracurricular activities. (a) Makes all resident students enrolled in a

charter school eligible to participate in a district's extracurricular activities on the same basis as public school students enrolled in the district's schools. Requires charter school students interested in participating in the extracurricular activities to meet the academic and student conduct requirements of the charter school and the resident district.

(f) Allows school districts to charge charter schools a proportionate share of the direct and indirect costs of the extracurricular activities not covered by student fees.

Makes this section effective for the 2003-2004 school year and later.

20 Voluntary surrender of transportation privileges. Extends to parents of elementary students the ability to surrender a student's bussing privileges.

21 Reserve account. Requires first grade preparedness revenue to be placed in a general fund reserve account and used only for first grade preparedness programs at qualifying school sites.

22 Enrollment priority. Prohibits a post secondary institution participating in the post-secondary enrollment options program from recruiting secondary school students to enroll in its program based on financial grounds.

23 Courses according to agreements. Makes a technical change.

24 Financial arrangements for courses provided according to agreements. Makes a technical change.

25 Textbooks; materials. Makes the textbooks and materials used by students participating in the post-secondary enrollment options program the property of the post-secondary institution providing the course or program.

26 Distance education option.

Subd. 1. Citation. Names the section the Distance Education Option Act.

Subd. 2. Definitions. (a) Defines "distance education" as an interactive course or program that delivers instruction to a student by video, audio, computer or multimedia communication, is combined with other traditional delivery methods that include frequent student assessment and actual teacher contact time, and meets or exceeds state academic standards.

(b) Defines "distance education provider" as a school district, a group of school districts operating under a joint powers agreement or a charter school located in Minnesota that provides distance education to students.

(c) Defines "student" as a Minnesota resident enrolled in a public, nonpublic, or home school in kindergarten through grade 12.

(d) Defines "distance education student" as a student enrolled in distance education offered by a distance education provider under paragraph (b).

Subd. 3. Authorization; notice; limitations on enrollment. (a) Allows a student to apply to enroll in distance education. Prohibits school districts and charter schools from preventing a student from enrolling in distance education. Requires a distance education provider to notify a student it accepts, and the student's school, if applicable, within 10 days.

(b) Requires a distance education provider to notify the commissioner that it is

delivering distance education, the number of students it is accepting and the distance education courses and programs it is delivering.

(c) Allows a distance education provider to limit enrollment if the provider's school board or board of directors adopts a resolution containing specific standards for accepting and rejecting applications.

Subd. 4. Distance education parameters. (a) Grants academic credit to a distance education student for successfully completing a course or program. Requires that secondary credits granted to a distance education student be counted toward the graduation and subject area requirements in the school district or charter school in which the student is enrolled.

(b) Allows a distance education student to enroll in the equivalent of up to 12 semester-long courses during a single school year, complete course work at a different grade level and enroll in additional courses under a separate agreement to pay course fees.

(c) Gives a distance education student the same access to computer hardware and education software as other students enrolled in the district or charter school. Requires a distance education provider to assist a distance education student whose family qualifies for the education tax credit to acquire computer hardware and education software.

Subd. 5. Participation in extracurricular activities. Allows a distance education student to participate in the extracurricular activities of the charter school or school district in which the student is currently enrolled on the same basis as other students enrolled in the charter school or school district.

Subd. 6. Information. Requires school districts and charter schools to make available distance education information.

Subd. 7. Financial arrangements. Establishes funding formulas for distance education providers.

Sets the reimbursement time for each semester-long distance learning course equal to 1/12 of a full-time student's average daily membership. Generates distance learning average daily membership only for pupils that remain enrolled in the distance learning course for more than 15 days and who are new to the public school system in Minnesota. This means that these pupils are funded separately from Minnesota's general education revenue program through the line item appropriation for this program contained in this article.

Students participating in distance learning courses that were enrolled in Minnesota's public school system during the previous year are counted for revenue under all of Minnesota's school finance formulas for the portion of time that they are not involved in distance education programs. For the portion of time that the student is taking distance education courses, the student's funding is limited to the basic formula allowance.

Requires the department to pay the providers of distance education courses an amount equal to 88% of the basic formula allowance for each qualifying course within 45 days of verification of enrollment. Pays the remaining 12% of the basic formula allowance to the enrolled school district on the metered payment schedule used for all other school district payments.

Subd. 8. Payment priority. (a) To the extent funds are available, directs the commissioner to pay a distance education provider in the order in which the distance education provider notifies the commissioner that it is delivering distance education. Directs a distance education provider to submit needed student information.

(b) Before paying other distance education providers, directs the commissioner to pay providers that delivered distance education in fiscal year 2003. Limits a qualifying provider to 110 percent of the previous year's pupils. Allows a provider that qualifies under this paragraph to also submit an application for funding under paragraph (a) for additional students.

Makes this section effective for the 2003-2004 school year and later.

27 Charter school advisory council. Makes the terms of members of the charter school advisory council three years. Directs the commissioner to appoint the members. Strikes a direction to the council to review charter school applications and recommend their approval or disapproval. Causes the council to expire 6/30/07.

28 Sponsor. Allows a nonprofit corporation that is a chamber of commerce, board of trade or exchange under Minnesota Statutes, chapter 317A, has existed for at least 25 years and is exempt from federal income tax to sponsor one or more charter schools.

Makes this section effective for the 2003-2004 school year.

29 Formation of a school. Requires a sponsor to submit additional information before expanding the charter school to other sites or adding grades beyond what was approved in the initial charter school application.

30 State and local requirements. (l) Makes charter schools subject to the laws governing the participation of charter school students in the extracurricular activities of their resident school district.

(m) Makes a charter school subject to the pledge of allegiance requirement.

Makes this section effective immediately.

31 Transportation. Declares that matters related to transporting students are within the sole discretion, control and management of the school district.

32 Leave to teach in a charter school. Limits to a total of five years the length of a teacher's leave of absence to teach at a charter school. Gives school boards the discretion to extend the leave of absence.

Makes this section effective immediately and applicable to approval of leaves and extensions of leaves made after that date. Grants a one-year extension for the 2003-2004 school year only to a teacher on a leave of absence to teach at a charter school who has taught five or more years as of the 2003-2004 school year.

33 General education revenue. Clarifies the formula for calculating the general education revenue paid to a charter school by removing obsolete references.

- 34 Transportation revenue. Clarifies the formula for calculating transportation revenue paid to a charter school by removing obsolete references.
- 35 Building lease aid. Lowers the maximum charter school building lease aid from \$1,500 per pupil to \$1,200 per pupil. Charter schools with lease aid amounts above the cap are grandfathered in at their current building lease aid amount.
- Makes this section effective for revenue for fiscal year 2004.
- 36 Other aid, grants, revenue. Strikes language authorizing a charter school to apply for a grant to receive the aid portion of integration revenue for students it enrolls that reside in a school district eligible for integration revenue.
- Makes this section effective for revenue for fiscal year 2004.
- 37 Student planning. Requires a school district to inform students and their parents about the learning year program.
- Makes this section effective immediately.
- 38 Program training. Allows Youth Works participants to receive training in evaluating early literacy skills and teaching reading to preschool children in order to assist local Head Start organizations in establishing and evaluating Head Start programs for developing children's early literacy skills.
- 39 **Budget approval process.** Requires school districts obligated to prepare a school desegregation plan to submit to the department for review and approval a budget detailing the costs of the plan. Makes this section retroactively effective for revenue for fiscal year 2002 and later .
- 40 Integration revenue. Increases school district integration revenue allowances to partially offset the revenue losses caused by the compression of pupil weights.
- Makes this section effective for revenue for fiscal year 2004.
- 41 Integration levy. Increases the share of integration revenue paid through a local levy from 22 to 23 percent for FY 04 and from 29 to 30 percent for FY 05 and later.
- Makes this section effective for revenue for fiscal year 2004.
- 42 Integration aid. Defines integration aid as the difference between integration revenue and integration levy.
- Makes this section effective for revenue for fiscal year 2004.
- 43 Alternative attendance programs. Clarifies an erroneous cross-reference.
- Makes this section retroactively effective for fiscal year 2002 and later.
- 44 Distance education students. Establishes the average daily membership for students participating in the distance education program.
- 45 Distance education aid. Establishes the formula for distance education aid. Sets the aid amount equal to the adjusted average daily membership for students participating in the program times each student's grade level weighting and the basic formula allowance. Establishes the payment schedule for distance education providers.
- 46 Safe schools levy. Increases safe schools allowance from \$30 to \$31 per pupil to compensate for the reduction in pupil weights.
- Makes this section effective for taxes payable in 2004.
- 47 Supervised competitive high school diving. (a) Allows pools built before January 1, 1987,

that satisfy the swimming and diving rules of the national federation of the state high school associations to be used for supervised competitive high school diving provided that appropriate notice is sent to parents and participants.

(b) Applies to schools or districts that provided a high school diving program during the 2000-2001 school year.

Makes this section effective for the 2003-2004 school year and later.

48 Required primary in certain circumstances. Strikes the current optimal school primary provision. Requires a primary if there are more than two candidates for a specific school board position or over twice as many candidates as will be elected to an at-large board.

Makes this section apply immediately to the St. Cloud school district. Takes effect January 1, 2004, for all other school districts and applies to school elections beginning in 2004.

49 Candidates, filing. Amends the statute on the school primary ballot to conform.

50 Results. Amends the school primary returns statute to conform

51 Filing period. Technical conforming amendment.

Makes this section apply immediately to the St. Cloud school district. Takes effect January 1, 2004, for all other school districts and applies to school elections beginning in 2004.

52 Schools' academic and financial performance evaluation; independent contractor. Amends session law describing six core categories of academic and financial analysis that an independent contractor must evaluate under a contract with the commissioner. Strikes a requirement that the evaluating and reporting of test scores distinguish between performance-based assessments and academic, objective knowledge-based tests.

53 Charter school advisory board member terms. Directs the commissioner to appoint charter school advisory board members to staggered three-year terms.

54 Pilot project; care and treatment charter school.

Subd. 1. Pilot project authorized. Authorizes a pilot project to evaluate the effectiveness of combining a care and treatment program with a charter school.

Subd. 2. Application. Allows Northwood Children's Services to form a charter school upon application to the commissioner of children, families and learning. Requires Northwood Children's Services to submit information to the commissioner.

Subd. 3. Enrollment. Authorizes the pilot project to give enrollment preferences to students participating in the center's care and treatment programs.

Subd. 4. Placement of students; responsibilities for providing education. Notwithstanding the state's general policy that the district in which a treatment facility is located is the party responsible for education at the facility to allow the pilot school to provide education services, including special education.

Subd. 5. Revenue. Authorizes the pilot charter school to receive revenue, except building lease revenue, as if it were a charter school.

Subd. 6. Financial information. Requires the pilot charter school to keep financial records sufficient to allow an audit of the school program.

Subd. 7. Report. Requires Northwood Children's Services to report to the legislature on an annual basis.

Subd. 8. Expiration. Makes the charter pilot school a six-year project.

Makes this section effective immediately.

55 Pilot project to evaluate parental involvement policies and strategies.

Subd. 1. District and school site policy evaluation. Permits school boards, with the participation of a parent involvement review committee, to implement a two-year pilot project to evaluate parental involvement policies and strategies.

Subd. 2. Parent involvement review committees. Directs a participating school board and interested school sites to allow parent involvement review committee(s) composed of teachers and parents to evaluate the ability of parental involvement programs and strategies to involve parents in meaningful ways in the educational process. Requires a majority of the committee board to be parents of enrolled students. Requires school districts to assist school site committees.

Subd. 3. Notification of participation; notice to parents. Requires participating school districts to notify the commissioner. Allows the commissioner to assist districts, upon request, to develop and implement a district or school committee.

Subd. 4. Report. Requires district and school committees to report on the effectiveness of local parental involvement programs to the school board and make annual recommendations by March 1. Directs the school board to transmit a summary of findings and recommendations to the commissioner, who may use the information to modify guidelines and model plans.

Makes this section effective immediately and applicable for the 2003-2004 and 2004-2005 school years.

56 Program efficacy. Directs the commissioner to study the efficacy of the American Indian Success for the Future program and present a written report to the legislature by 2/15/04.

57 Charter school start-up aid. Makes a charter school first operating in fiscal year 2004 or 2005 ineligible for start-up aid.

58 Alternative attendance adjustments for fiscal year 2003. Clarifies integration aid calculations for fiscal year 2002.

59 Policy on students with a history of violent behavior. (a) Directs representatives of the Minnesota school boards association, Education Minnesota and the information policy analysis division of the state department of administration, the parent of a child who has participated in the Title I delinquent education program, minority and majority members from the state house and senate and the commissioner of children, families and learning to develop a model policy by 8/1/03 on notifying classroom teachers and other interested school district employees when a student with a history of violent behavior is placed in the classroom. Lists a minimum of seven policy components the task force must address.

(b) Directs the information policy analysis division of the state department of administration by 8/15/03 to post the model policy on its web site.

(c) Causes the task force to expire on 8/1/03.

60 Title. Names section 3 the "American Heritage Education in Minnesota Public Schools Act."

Makes this section immediately effective.

61 Appropriations. See attached fiscal summary.

For fiscal information, see the Fiscal Analysis Department spreadsheets:

- ▶ Appropriations: <http://www.house.leg.state.mn.us/fiscal/files/k1203app.pdf>
- ▶ Levies: <http://www.house.leg.state.mn.us/fiscal/files/k1203lvy.pdf>

62 Revisor instruction. Directs the revisor of statutes to codify a 2001 session law provision requiring the commissioner to make available test information to parents upon request.

63 Repealer. (a) Repeals:

- ▶ 122A.64 - teachers of color program;
- ▶ 122A.65 - minority teacher incentives program;
- ▶ 124D.84, subdivision 2 - American Indian scholarship committee;
- ▶ 124D.89 - summer cultural exchange grant program.

(b) Repeals Laws 1993, chapter 224, article 8, section 20, subdivision 2 - fellowship grants.

(c) Repeals section 121A.49 - appeal to DCFL commissioner of school district decisions on student dismissals.

(d) Repeals section 123B.05 - January 15 contract settlement deadline and aid penalty.

Article 3: Special Programs

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Overview

Among other provisions, proposes to amend state statutes to conform to federal special education requirements and to reduce the time and cost of resolving disputes about the education of children with disabilities.

1. 1 Suspension. Includes "other qualified personnel" as part of the individualized education plan team, consistent with federal law requirements.
- 2 District report; career and technical education. Requires school districts and cooperative centers to report data on career and technical education programs, consistent with federal law requirements.
- 3 Purpose. Refers to career and technical education programs, instead of transition programs, for purposes of funding the components of a transition plan for children with disabilities.
- 4 Definitions. Strikes obsolete language. Defines essential personnel to mean a licensed teacher, licensed support services staff person, paraprofessional providing direct services to students, or licensed personnel.
- 5 Base revenue. Refers to transition-disabled program base revenue instead of transition program disabled base revenue. Includes approved paraprofessionals in the base revenue calculation. Makes a technical change.
- 6 Use of aid. Makes technical changes.
- 7 Exclusion. Makes a technical change.
- 8 Compliance with rules. Directs the commissioner to pay career and technical education aid only for services provided by and costs incurred by essential licensed personnel under an approved career and technical education program, consistent with department rules.
- 9 Alternative dispute resolution and due process hearings.

Subd. 1. District obligation. Requires school districts to use federal and state mandated

procedures to reach decisions affecting the education of a child with disabilities.

Subd. 2. Prior written notice. Requires that a parent receive timely prior written notice before a district proposes or refuses to initiate or change aspects of how a child with disabilities is being educated.

Subd. 3. Content of notice. Lists the information that a district must include in its written notice to the parent of a child with disabilities.

Subd. 4. Understandable notice. Requires the written notice be understandable and available in the parent's native language or through another communication form.

Subd. 5. Initial action; parent consent. Requires a parent to give prior written consent to a district's initial actions affecting the education of a child with disabilities. Prevents a district from overriding a parent's written refusal to consent to an initial evaluation or to a reevaluation.

Subd. 6. Dispute resolution processes generally. Encourages parties to use alternative dispute resolution processes to resolve disputes affecting the education of a child with disabilities. Declares that alternative dispute resolution processes are voluntary, cannot be used to deny or delay the right to a due process hearing and are provided at no cost to the parent.

Subd. 7. Conciliation conference. Entitles a parent who objects to a district proposal affecting the education of a child with disabilities to at least one conciliation conference. Declares that a parent's refusal to conciliate a dispute satisfies the conciliation requirement. Requires a district to prepare a memo describing the district's final offer of service. Makes the memo admissible evidence.

Subd. 8. Voluntary dispute resolution options. Requires a district to inform parents of other alternative dispute resolution options. Makes admissible the fact that parties used an alternative dispute resolution option. Prevents state-provided mediators and team meeting facilitators from being subpoenaed to testify and makes their records inaccessible to the parties.

Subd. 9. Mediation. Makes a voluntary mediation option available that cannot be used to deny or delay the right to a due process hearing. Makes mediation discussions confidential and inadmissible unless the parties agree otherwise, evidence is otherwise available or evidence is offered to prove the witness is biased or prejudiced.

Subd. 9a. Mediated agreements. Makes mediated agreements inadmissible unless the parties agree otherwise or a party believes the agreement is not being implemented, which allows the aggrieved party to enter the agreement into evidence at a due process hearing. Allows parties to request mediation to resolve a dispute about the mediated agreement. Directs the commissioner to provide a mediator upon request, who must conduct a mediation session within three days.

Subd. 10. Facilitated team meeting. Declares that a state-provided facilitator leads facilitated team meetings to develop an individualized education plan.

Subd. 11. Impartial due process hearing. (a) Entitles parties to a state-conducted impartial due process hearing to resolve disputes affecting the education of a child with disabilities. Holds the hearing in the district responsible for FAPE. Requires the proceedings to be recorded and preserved at state expense pending a final outcome.

(b) Makes a due process hearing subject to federal law and state rules.

(c) Prevents a party from raising a claim that occurred more than two years before the

hearing request.

Subd. 12. Hearing officer qualifications. Requires the commissioner to appoint a qualified hearing officer. Lists the qualifications of a hearing officer.

Subd. 13. Request for hearing. Lists the requirements for a due process hearing request. Requires a district administrator to forward a hearing request to the commissioner, who must appoint a hearing officer within two business days. Prohibits the commissioner from denying an incomplete hearing request. Restricts a party's ability to disqualify a hearing officer.

Subd. 14. Prehearing conference. Establishes the conditions for a prehearing conference.

Subd. 15. Burden of proof. Places the burden of proof on the district to demonstrate that it offered or provided FAPE in the least restrictive environment. Places the burden of proof on a parent who wants a district that failed to offer or provide FAPE in the least restrictive environment to pay for a private placement.

Subd. 16. Admissible evidence. Allows a hearing officer to admit probative evidence. Requires a hearing officer to effect to the rules of privilege.

Subd. 17. Hearing officer authority. (a) Requires a hearing officer to limit a due process hearing to a sufficient time for the parties to present their case.

(b) Requires the hearing officer to control and manage the hearing.

Subd. 18. Expedited due process hearings. Entitles a parent to an expedited due process hearing if the dispute is about a manifestation determination or a proposed or actual placement in an interim alternative setting. Entitles a district to an expedited due process hearing if the dispute is about proposing or maintaining placement in an interim alternative educational setting. Requires a hearing officer to hold a hearing and issue a decision within 10 days and allows the hearing officer to extend an expedited due process hearing up to five additional days.

Subd. 19. Hearing officer's decision; time period. (a) Requires a hearing officer to issue a decision within 45 days and encourages the hearing officer to accelerate the time line to 30 days for a child under age three. Prevents the hearing officer from extending the time unless a party shows good cause. Limits an extended time line to an additional 30 days. Gives examples of good cause.

(b) Establishes parameters for the hearing officer's decision.

Subd. 20. Compensatory educational services. Allows the hearing officer to require a district to provide compensatory educational services to a child if the hearing officer finds that the district failed to offer or provide FAPE in the least restrictive environment and the child suffered a loss of educational benefits. Defines compensatory educational services to include direct and indirect special education and related services to address the child's loss of educational benefit. Requires the hearing officer's finding to be based on a present determination of loss of educational benefit.

Subd. 21. Child's educational placement during a due process hearing. Requires a child to remain in the child's current educational placement during a due process hearing, unless the parent and district agree otherwise. Requires a child to remain in the child's interim alternative educational setting until a proceeding challenging that setting is completed and a hearing officer issues a decision or the 45 days for an interim alternative educational setting expires, whichever is first, unless the parent and district

agree otherwise.

Subd. 22. Review of hearing officer decisions. (a) Makes effective that portion of a hearing officer's decision granting a parent's relief when the decision is issued.

(b) Leaves a child in the child's interim alternative educational setting when a hearing officer grants the district's relief until the time to appeal the decision expires or the court issues its decision, whichever is later.

Subd. 23. Review of hearing officer decisions. Allows a parent or district to appeal a hearing officer's decision to state or federal court.

Subd. 24. Enforcement of orders. Directs the commissioner to ensure enforcement of hearing officer orders.

Subd. 25. Hearing officer and person conducting alternative dispute resolution are state employees. Makes a hearing officer and persons conducting alternative dispute resolution state employees for tort claim purposes only.

Subd. 26. Hearing officer training. Requires a hearing officer to participate in training and follow the commissioner's procedures.

Subd. 27. District liability. Declares that a district is not liable for harmless technical violations if the violations did not harm a student's educational progress or a parent's right to notice, participation or due process.

- 10 Third party reimbursement. Makes a technical change.
- 11 State interagency coordinating council. Changes references from children, families and learning to education. Extends the expiration date of the council to 2005.
- 12 Interagency early intervention committees. Includes representatives of Head Start, childcare resource and referral agencies and school readiness programs as members of interagency early intervention committees for children with disabilities and their families. Requires the committees to review and comment on plans by these entities to serve children with disabilities.
- 13 Definitions. Eliminate the inflationary growth in state total regular special education revenue by setting the program growth factor at 1.0 for fiscal year 2004 and later.
- 14 State total special education aid. Freezes state total special education aid for fiscal year 2004 by setting statewide revenue equal to \$530,642,000 for fiscal year 2004 and \$529,164,000 for fiscal year 2005.
- 15 Definitions. Eliminates the inflationary growth in the state total special education excess cost aid for fiscal year 2004 and later.
- 16 State total special education excess cost aid. Freezes the state total special education excess cost aid at \$92,067,000 for fiscal year 2004 and \$91,811,000 for fiscal year 2005.
- 17 Special education cross-subsidy reduction aid. Appropriates \$5 million in FY 04 and \$15 million in FY 05 for added special education cross-subsidy reduction aid.
- 18 Impact of waiving specific special education requirements that exceed federal law; three-year pilot project.

Subd. 1. Establishment; goal. Establishes a three-year pilot project for the Rochester school district and up to three other school districts or cooperative units selected by the commissioner of children, families and learning to determine what impact waiving specific state special education requirements has on the quality and cost effectiveness of the instructional services provided to and the educational outcomes of eligible students in the participating districts.

Subd. 2. Eligibility; applications. Directs the commissioner to transmit information about the pilot project and make application forms available to interested districts. Requires applicants to submit an application by July 1, 2003, identifying the special education requirements listed in subdivision 3 from which the applicant seeks a waiver and indicating how the applicant proposes to modify the activities and procedures affected by the waiver. Requires the commissioner to approve the applications by August 1, 2003.

Subd. 3. Waivers. Waives four state special education requirements for the 2003-2004, 2004-2005, and 2005-2006 school years for the participating districts: pre-referral interventions, transitional services for students reaching age 14 or the ninth grade, community transition interagency committees, and coordinated interagency services affecting eligible students with disabilities who are age seven or older.

Subd. 4. Students' rights. States that eligible students with disabilities enrolled in a participating school district remain entitled to federal and state procedural protections. Requires project participants to protect students' civil rights, provide equal educational opportunities, and prohibit discrimination. Makes ineligible to continue participating any district participant that fails to comply with this subdivision.

Subd. 5. Technical assistance. Directs the commissioner to assist project participants at their request in developing an evaluation process.

Subd. 6. Evaluation; report. Requires participating districts to evaluate the impact of waiving the state special education requirements listed in subdivision 3 on the quality and cost effectiveness of the instructional services provided to and educational outcomes of eligible students in the participating districts. Requires participating districts also to document parents' responses. Directs participating districts to submit a progress report by September 1, 2004 and a final report by November 1, 2005. Directs the commissioner to present the results of the report to the legislature by February 1, 2006 and recommend appropriate statutory changes.

Makes this section effective immediately.

19 Department responsibility. Directs the commissioner to adopt rules by 1/1/04 governing hearing officers, training for persons conducting due process hearings and standards for expedited due process hearings. Directs the commissioner by 3/1/04 to notify participants in state-provided dispute resolution processes about their rights.

20 Appropriations. See attached fiscal worksheet.

For fiscal information, see the Fiscal Analysis Department spreadsheets:

- ▶ Appropriations: <http://www.house.leg.state.mn.us/fiscal/files/k1203app.pdf>
- ▶ Levies: <http://www.house.leg.state.mn.us/fiscal/files/k1203lvy.pdf>

21 Repealer. Repeals the following:

- ▶ 125A.023, subdivision 5 - 1999 proposal requests for interagency intervention demonstration projects
- ▶ 125A.09 - procedures for special education decisions
- ▶ 125A.47 - 1994 plan to collect data on early intervention services
- ▶ 125A.79, subdivision 2 - excess cost aid for fiscal years 2000 and 2001

Article 4: Facilities and Technology

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Overview

This article makes changes to school finance provisions relating to facilities and technology.

1. 1 Lease real property. Clarifies that school districts have authority to lease land as well as buildings for school purposes.
2. 2 Lease for nonschool purpose. Clarifies that school districts have authority to lease land as well as buildings for nonschool purposes. Eliminate obsolete references to the capital expenditure fund and replace with references to the operating capital account.
3. 3 Project labor agreements; construction contracts. Prohibits a school district from requiring a contractor or subcontractor to provide wages, benefits, or other economic benefits as if the contractor or subcontractor had an agreement with a labor organization (if the contractor or subcontractor does not actually have such an agreement). Prohibits a school district from requiring a contractor's or subcontractor's employees to be members of or pay dues to a labor organization.
4. 4 Debt service equalization revenue. Excludes alternative facilities levies under section 123B.59 from eligibility for second tier debt equalization revenue.
5. 5 Health and safety program. Excludes health and safety projects with estimated costs of \$500,000 or more per site from eligibility for health and safety revenue, and makes these projects eligible for alternative facilities bonding and levy revenue.
5. 6 Health and safety levy. Codifies the actual equalizing factor for the health and safety revenue program (the existing statutory equalizing factor was modified by the 2001 legislative changes to property tax class rates).
6. 7 Uses of health and safety revenue. Clarifies that indoor air quality mold abatement, upgrades or replacement of mechanical ventilation systems to meet standards, changes to meet department of health food code, and changes to correct swimming pool hazards excluding depth correction are eligible for health and safety revenue. Specifies that health and safety revenue must not be used for replacement of building materials or facilities including roof, walls, windows, internal fixtures and flooring, non-health and safety costs associated with demolition of facilities, structural repair or replacement of facilities due to unsafe conditions, violence prevention and facility security, ergonomics, building and heating, ventilating and air conditioning supplies, maintenance, cleaning, testing and calibration activities. Clarifies that all assessments, investigations, inventories and support equipment not leading to the engineering or construction of a project must be included in the health, safety and environmental management costs in section 123B.57, subd. 8(a)
8. 8 To qualify. Authorizes districts with approved health and safety projects with estimated costs of \$500,000 or more that do not otherwise qualify for alternative bonding to participate in the alternative bonding program for these projects only.
9. 9 Facility plan. Requires districts with approved health and safety projects with estimated costs of \$500,000 or more that do not otherwise qualify for alternative bonding to have a five-year plan approved by the commissioner that includes an inventory of health and safety projects with estimated costs of \$500,000 or more.
10. 10 Bond authorization. Effective for bonds issued under the alternative facilities bonding and levy program after April 1, 2003 for taxes payable in 2004 and later, requires a district to publish notice of intended projects and provide an opportunity for a reverse referendum

before issuing bonds.

- 11 Levy authorization. Effective for annual levies made under the alternative facilities bonding and levy program for taxes payable in 2004 and later, requires a district to publish notice of intended projects and provide an opportunity for a reverse referendum before levying.
- 12 Levy authorized. Strikes references to local board approval and to alternative facilities aid.
- 13 Creation of a capital project referendum account. Changes the name of the "down payment" levy to the "capital projects" levy. This more accurately reflects the current usage of this program by school districts.
- 14 Uses of the account. Changes the term "down payment" to "capital projects."
- 15 Capital project levy referendum. Renames the down payment levy program the capital project program.
- 16 Excess levy proceeds. Makes conforming changes.
- 17 Minnesota education telecommunications council. Sunsets the Minnesota education telecommunications council June 30, 2004.
- 18 To lease building or land. Beginning with taxes payable in 2004, reduces the building lease levy from 100% of cost up to \$100 per pupil unit to 90% of cost up to \$90 per pupil unit. Additional levy authority for members of intermediate districts is reduced from 100% of cost up to \$25 per pupil unit to 90% of cost up to \$22.50 per pupil unit.
- 19 Levy. Clarifies a district's maximum effort net debt service levy and codifies the actual maximum effort tax rate (the existing statutory tax rate was modified by the 2001 legislative changes to property tax class rates).
- 20 Maximum effort debt service levy. Clarifies a district's maximum effort net debt service levy and codifies the actual tax rate (the existing statutory tax rate was modified by the 2001 legislative changes to property tax class rates).
- 21 Capital loans eligibility. Codifies the actual minimum tax rate needed to qualify for the maximum effort capital loan program (the existing statutory tax rate was modified by the 2001 legislative changes to property tax class rates).
- 22 Loan amount limits. Codifies the actual loan amount limits for the maximum effort capital loan program (the existing statutory loan limits were modified by the 2001 legislative changes to property tax class rates).
- 23 Prevailing wage. Amends the definition of project under Minnesota's prevailing wage law to exclude public school facilities from the requirements of the law.
- 24 Debt service resolution. Sets the maximum amount a district may levy for debt service to repay school building bonds at 105 percent of the principal and interest during the coming year. (Current law allows the district to levy an amount between 105 and 106 percent of the amount needed.)
- 25 Irrevocability. Clarifies that the commissioner of children, families and learning, instead of the county auditor, reduces a school district's debt levy for an excess in the debt redemption fund.
- 26 Bonds, Mounds View. Notwithstanding section 10, authorizes independent school district, No. 621, Mounds View, to issue alternative facility bonds for projects approved before February 1, 2003.
- 27 Lease levy exception. Allows the Anoka school district to continue to levy 100 percent of the amount necessary to repay the bonds issued by the county for the secondary technical education program (STEP).
- 28 Property sale; St. Francis School District. Authorizes independent school district No. 15, St. Francis, to deposit the proceeds from the sale of land that was initially purchased in 1992 with funds from specially authorized bonds in the district's reserved for operating capital account instead of in the district's debt redemption fund.
- 29 Study of school facilities formulas. Requires the commissioner of children, families and

learning to develop a report on facilities maintenance and facilities formulas for the task force on school finance reform. Requires the commissioner to analyze the proposed facility formula changes contained in this article. Directs the commissioner, to the extent possible, to use Forest elementary school as a case study and to make recommendations to the legislature by January 15, 2004.

30 Appropriations. See attached fiscal worksheet. For fiscal information, see the Fiscal Analysis Department spreadsheets:

- ▶ Appropriations: <http://www.house.leg.state.mn.us/fiscal/files/k1203app.pdf>
- ▶ Levies: <http://www.house.leg.state.mn.us/fiscal/files/k1203lvy.pdf>

31 Repealer. Repeals the following effective July 1, 2003:

- ▶ 125B.11 - regional clearinghouse for improving education technology

Repeals the following effective for revenue for fiscal year 2005:

- ▶ 123B.59, subdivisions 6 and 7 - alternative facilities aid

Article 5: Nutrition; School Accounting; Other Programs

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Overview

This article makes accounting changes; reduces the aid paid in the current year from 83% to 77% of the aid entitlement; modifies the school breakfast program; and make other changes to school aid and levy programs.

1. 1 **Specific authority.** Deletes a provision exempting school districts from state aid penalties for loss of instructional time as a result of emergency school closings ordered by the commissioner at the request of the governor. This exemption is obsolete because there is no longer a state aid penalty in law for operating schools fewer than a fixed minimum number of days.
- 2 **County's use of funds.** Corrects an obsolete reference to the general education levy.
- 3 Elementary school. Deletes a sentence that does not conform to the current definition of "elementary school."
- 4 Payment of aids to charter schools. Changes payment schedules for charter schools to reflect the change from 83% current payments to 77% current payments.
- 5 School breakfast program. Breakfast program eligibility is simplified and reimbursements are revised. Reimbursement rates are 55 cents set for each fully paid breakfast served and 30 cents for each reduced price breakfast served. Prohibits a school district from charging a breakfast fee to any student who qualifies for free or reduced price meals.
- 6 Milk reimbursement. Reimburses school district nine cents for each half-pint of milk that is served to kindergarten students (this costs \$500,000 per year).
- 7 Statutory operating debt. Codifies the actual tax rate and the statutory operating debt levy (the existing statutory tax rate was modified by the 2001 legislative changes to property tax class rates).
- 8 Payment to unemployment insurance program trust fund by state and political subdivisions. Beginning with taxes payable in 2004, reduces the unemployment insurance levy from 100% of actual cost to 90% of actual cost in excess of \$10 per AMCPU.

- 9 Tax levy for judgment. Beginning with taxes payable in 2004, reduces the judgment levy from 100% of actual cost to 90% of actual cost in excess of \$10 per AMCPU.
- 10 Ice arena levy. Beginning with taxes payable in 2004, reduces the ice arena levy from 100% of actual cost to 90% of actual cost.
- 11 Adjustments. Corrects an obsolete reference for general fund levy adjustments.
- 12 Definitions. Lowers the percent of a district's aid entitlement paid in the current year from 83% to 77%.
- 13 Payment dates and percentages. Beginning in FY 2003, increases the percentage of current aid payments made each pay period to offset the reduction from 83% to 77% current payments, in order to maintain the flow of aids during most of the fiscal year as close as possible to current levels, and have the payment reductions resulting from the change to 77% current funding occur toward the end of the fiscal year. Beginning in FY 2005, changes the payment schedule for final payments from 1/3 on August 30, 1/3 on September 30 and 1/3 on October 30 to 30% on August 30, 40% on September 30, and 30% on October 30. Strikes obsolete language relating to FY 2003.
- 14 Advance final payment. Lowers the amount to make early advance payments to school districts in financial difficulty from \$17.5 million to \$12 million per year.
- 15 Payments to school nonoperating funds. Lowers the percentage of non-operating fund aids paid during the current year from 83% to 77%.
- 16 Aid payment percentage. Lowers the percentage of state aids paid during the current year from 83% to 77%.
- 17 Nonpublic aids. Changes the payment schedule for nonpublic pupil aid to reflect an 77% current payment instead of an 83% current payment.
- 18 State nutrition programs. Clarifies the aid payment schedule for school breakfast, school milk, and school lunch programs.
- 19 Payments to third parties. Changes the payment schedule for payments to third parties to reflect an 77% current payment instead of an 83% current payment.
- 20 Alternative attendance programs. Deletes obsolete reference to 124D.07, which was repealed in 2001. Clarifies that nonresident students enrolled into a district are to receive the same level of transportation service within the attendance area of the school they attend as resident students attending that school. This reflects current CFL practice in administering this law.
- 21 Payment of aids to charter schools. Changes payment schedules for charter schools to reflect the change from 83% current payments to 77% current payments.
- 22 Abatements. Deletes references to the community education grandfather levy and the adults with disabilities levy in the abatement aid computation. These levies were inadvertently added to the calculation. Eliminates obsolete references to general education levy.
- 23 Excess tax increment. Deletes references to the community education grandfather levy and the adults with disabilities levy in the excess tax increment computation. These levies were inadvertently added to the calculation. Eliminates obsolete references to general education levy.
- 24 Net debt limits; Minneapolis. Adjusts the net debt limit for the Minneapolis school district to match the tax base changes that resulted from the 2001 legislative changes to property tax class rates.
- 25 Election by state or political subdivision to be a taxpaying employer. Effective immediately, excludes school districts from authority to elect to be a taxpaying employer for unemployment insurance, instead of making an annual levy for actual costs.
- 26 Method of payment by political subdivision. Excludes school districts from general authority for political subdivisions to levy for unemployment insurance costs, and authorizes school districts to levy as provided in section 8.
- 27 School districts; taconite aid. Clarifies that the amount of taconite referendum aid reserved

for early childhood or outcome-based learning programs equals the lesser of \$25 per pupil or the amount received from this program.

28 Aid. Corrects an obsolete cross-reference for general fund levies.

29 Surplus funds. Updates the statute to reflect repeal of the general education levy.

30 St. Paul school district severance levy. Updates the St. Paul school district severance levy tax rate to reflect the actual rate (the existing statutory tax rate was modified by the 2001 legislative changes to property tax class rates).

31 Appropriations. See attached fiscal worksheet. For fiscal information, see the Fiscal Analysis Department spreadsheets:

- ▶ Appropriations: <http://www.house.leg.state.mn.us/fiscal/files/k1203app.pdf>

- ▶ Levies: <http://www.house.leg.state.mn.us/fiscal/files/k1203lvy.pdf>

32 Revisor instruction. Codifies a 1965 law authorizing a severance levy for the St. Paul school district.

33 Repealer. Repeals the following:

- ▶ 93.22, subd. 2 - taconite lease revenue; mineral suspense account

- ▶ 93.223, subd. 1 - school fund mineral lease suspense account

- ▶ 124D.115 - school breakfast program

- ▶ 124D.1156 - fast break to learning program

- ▶ 127A.41, subdivision 6 - obsolete cross-reference

Article 6: Libraries

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Overview

Maintains local funding and makes general fund appropriations to libraries.

1. 1 Limitation. For two years only, requires cities and counties to provide at least 90% (instead of 100%) of previous financial support for libraries in order to qualify for regional basic system support grants.

2. 2 Appropriations. See attached fiscal worksheet. For fiscal information, see the Fiscal Analysis Department spreadsheets:

- ▶ Appropriations: <http://www.house.leg.state.mn.us/fiscal/files/k1203app.pdf>

- ▶ Levies: <http://www.house.leg.state.mn.us/fiscal/files/k1203lvy.pdf>

3. 3 Repealer. Repeals the changes made to section 1 effective July 1, 2005.

Article 7: Early Childhood Family Support

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Overview

This article modifies funding formulas and program requirements for early childhood family education programs (ECFE), Head Start, school readiness programs, and certain other programs for young children.

1. 1 Head Start; distribution of appropriation and program coordination. Eliminates the requirement that 11% of the state Head Start grant be used for grants for innovative programming. Requires Head Start grantees to submit a work plan to the commissioner of children, families and learning for approval. Describes the contents of the work plan.
- 2 ECFE program characteristics. Encourages early childhood family education (ECFE) programs to target resources for children from birth to age three if funding is insufficient to serve all children. Encourage ECFE programs to refer parents to other public and private programs for four and five year old children.
- 3 Home visiting program. Simplifies the statutory language describing the parent education component of the home visiting program.
- 4 ECFE program coordination. Modifies the ECFE program coordination language. Broadens ECFE program coordination with others from "special education and vocational education programs provided by other government agencies and nonprofit agencies" to "public and private community resources."
- 5 ECFE teachers. Replaces the requirement that a school board employ necessary qualified teachers for ECFE programs with a requirement that the board employ qualified teachers or professionals licensed in a field related to health, child development or parent education supervised by a licensed teacher.
- 6 ECFE revenue. Beginning in FY 05, reduces ECFE revenue from \$120 to \$105 times the greater of 150 or the number or people under age 5 residing in the district.
- 7 ECFE reserve account limit. Eliminates the reallocation of ECFE aid and levy reductions from districts with excess ECFE fund balances to districts without excess ECFE fund balances. Clarifies the calculation of the ECFE fund balance limit.
- 8 Advisory council. Adds local early intervention committees to school district school readiness advisory councils.
- 9 School readiness program review and approval. Extends the commissioner's time to review and comment on school readiness programs from 30 to 90 days. Clarifies language.
- 10 School readiness reserve account limit. Eliminates the reallocation of school readiness aid reductions from districts with excess school readiness fund balances to districts without excess fund balances. Clarifies the calculation of the school readiness fund balance limit.
- 11 Study on effectively serving low-income children. Requires the commissioner of children, families and learning to study how to redistribute state Head Start funds to qualifying providers of early childhood programs, including Head Start grantees. Directs the commissioner to determine eligibility criteria and service delivery costs and to require providers to demonstrate relevant experience and a strong learning component. Requires the commissioner to report her recommendations to the legislature by February 15, 2004.
- 12 Appropriation. See attached fiscal worksheet. For fiscal information, see the Fiscal Analysis Department spreadsheets:

► Appropriations: <http://www.house.leg.state.mn.us/fiscal/files/k1203app.pdf>

13 ▶ Levies: <http://www.house.leg.state.mn.us/fiscal/files/k1203lvy.pdf>
Repealer. Repeals the following;

- ▶ 124D.17 - Way to Grow program

Article 8: Prevention

(Page 186)

Overview

This article modifies funding formulas and program requirements for community education programs.

1. 1 Community education director. Clarifies that a school board the requests a waiver to hire a nonlicensed person as a community education director should request the waiver from the Minnesota board of administrators, not the commissioner of children, families and learning.
2. 2 Community education revenue. Lowers the community education revenue allowance from \$5.95 per capita to \$5.23 per capita for FY 05 and later.
3. 3 Total community education levy. Changes the maximum community education levy from a split rate of 1.0017% of ANTC for districts with a youth after-school enrichment program or 0.6463% of ANTC for districts without a youth after-school school enrichment program to a single maximum rate of 0.985% of ANTC for all districts.
4. 4 Reserve account limit. Limits a school district's general community education fund balance to 25% of the district's community education revenue for the previous fiscal year. Reduces the current year community education aid and levy for districts with an excess fund balance.
5. 5 Waiver. Permits districts anticipating an excess community education fund balance because of extenuating circumstances to request a waiver from the commissioner.
6. 6 School-age care levy. Codifies the actual equalizing factor for the school age care revenue program (the existing statutory equalizing factor was modified by the 2001 legislative change to property tax class rates).
7. 7 Appropriation. See attached fiscal worksheet.

- ▶ Appropriations: <http://www.house.leg.state.mn.us/fiscal/files/k1203app.pdf>

8 ▶ Levies: <http://www.house.leg.state.mn.us/fiscal/files/k1203lvy.pdf>
Repealer. Repeals the following:

- ▶ 120B.23 - violence prevention education grants
- ▶ 124D.21 - community education grandfather levy
- ▶ 124D.221 - after school enrichment grants
- ▶ 124D.93 - Minnesota local partnership program

- ▶ 144.401, subdivision 5 - transfer of community prevention grants for federal drug free schools from the department of children, families and learning to health

Article 9: Self-Sufficiency and Life Long Learning

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Overview

This article makes changes to funding formulas and programs for adults. Affected programs include the adult basic education aid program and the adult graduation aid program.

1. 1 Program requirements. Permits a school board or the governing body of a consortium offering Adult Basic Education (ABE) to charge fees on a sliding scale to participants who are over age 21. Fees must be waived for participants who are unable to pay.
2. 2 Accounts; revenue; aid. Requires districts to maintain a reserve account in the community service fund for receipts and disbursements related to ABE programs.
3. 3 State total adult basic education aid. Eliminates the current law growth factor and sets the state total ABE aid for FY 2004 at \$34,388,000 and for FY 2005 and later at \$36,509,000.
4. 4 Basic population aid. Reduces the basic population aid from the greater of \$4,000 or \$1.80 times the population of the district to the greater of \$3,844 or \$1.73 times the population of the district.
5. 5 Adult basic education program aid limit. Beginning in FY 2004, reduces the maximum annual growth in contact hour aid for an individual district or consortium from the greater of 17% or \$20,000 to the greater of 8% or \$10,000. For FY 2005 only, includes the instructional hours for students participating in the adult graduation aid program (this is because the adult graduation aid program is eliminated and rolled into the ABE program).
6. 6 Program audits. Eliminates the requirement for the commissioner to audit 50 percent of all ABE programs in FY 2003 and the remaining 50 percent of all ABE programs in FY 2004, and the requirement to audit ABE programs once every 5 years beginning in FY 2005.
7. 7 Adult basic education program approval and aid, fiscal year 2004. For FY 2004 only, authorizes a district or consortium that provided a program funded with adult graduation aid in FY 2003 to request an extension of the application deadline for approval of an ABE program. Adjusts the attendance hours for students participating in a program funded in the previous fiscal year with adult graduation aid.
8. 8 Adult basic education transition aid. Creates a one-time transition aid in fiscal year 2004 only to accommodate the "roll-in" of adult graduation aid into the adult basic education aid program.
9. 9 Appropriation. See attached fiscal worksheet.
 - ▶ Appropriations: <http://www.house.leg.state.mn.us/fiscal/files/k1203app.pdf>
 - ▶ Levies: <http://www.house.leg.state.mn.us/fiscal/files/k1203lvy.pdf>
10. 10 Repealer. Repeals the following:
 - ▶ 124D.09, subdivision 15 - PSEO, pupils age 21 and over,
 - ▶ 124D.54 - adult high school graduation aid, and
 - ▶ 126C.05, subdivision 12 - ADM, pupils 21 and over, are repealed.

Article 10: State Agencies

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Overview

This article appropriates money for the operation of the state department of education, the state academies for the deaf and blind, and Perpich Center for Arts Education. The article also changes the name of the agency from children, families and learning to education.

1. 1 Departments of the state. Changes the name of the department from "children, families and learning" to "education."
- 2 Establishment. Changes the name of the department from "children, families and learning" to "education."
- 3 Commissioner. Changes the name of the department from "children, families and learning" to "education."
- 4 Department. Changes the name of the department from "children, families and learning" to "education."
- 5 Commissioner. Changes the name of the department from "children, families and learning" to "education."
- 6 Department. Changes the name of the department from "children, families and learning" to "education."
- 7 Department of education. Changes the name of the department from "children, families and learning" to "education."
- 8 Commissioner. Changes the name of the department from "children, families and learning" to "education."
- 9 Department. Changes the name of the department from "children, families and learning" to "education."
- 10 Variances. (b) To meet the needs of students enrolled in an alternative education program, allows the board of teaching to permit a licensed teacher teaching in an alternative education program to instruct students in a content area for which the teacher is not licensed.
- 11 Membership. Adds a 10th member to the board of administrators. Current law puts either a community education director or a special education director on the board. This changes places both directors on the board.
- 12 Terms, composition, removal, administration. Technical change to conform to section 11.
- 13 Permission to substitute teach. (b) Allows the board of teaching to issue a lifetime qualified short-call substitute teaching license to a person who: (1) applies to the board, was a qualified teacher while holding a continuing five-year license issued by the board and receives a retirement annuity; (2) holds an out-of-state teaching license and receives a retirement annuity as a result of the person's teaching experience; or (3) held a continuing five-year license issued by the board, taught at least three years in an accredited nonpublic school in Minnesota and receives a retirement annuity as a result to the person's teaching experience. Exempts a person holding a lifetime qualified short-call substitute teaching license from having to complete continuing education clock hours. Allows a person holding this license to reapply for a continuing five-year license and requires the person to again complete continuing education clock hours one school year after receiving the continuing five-year license.

Makes this section effective for the 2003-2004 school year and later.

- 14 Teachers and administrators' licenses; fees. Increases the teacher license processing fee from

\$47 to \$57.

15 District verification of teacher licenses. Strikes a requirement that teachers file a certified copy of their teaching license in the employing school district. Requires employing school districts and charter schools to use the Minnesota education licensing system available on the department of children, families and learning website to verify that a teacher is fully licensed.

Makes this section effective for the 2003-2004 school year and later.

16 Appointment and duties. Changes the name of the department from "children, families and learning" to "education."

17 General supervision over public schools and educational agencies. Changes the name of the department from "children, families and learning" to "education."

18 Driver training. Clarifies that driver education courses are approved by the commissioner of public safety.

19 Commissioner's authority; rules; curriculum. Clarifies that standards for driver improvement clinics are established by the commissioner of public safety.

20 Members. Corrects the title of an official at the department of children, families and learning.

21 Cost benefit analysis of federal No Child Left Behind Act. Requires the commissioner to conduct a rigorous cost-benefit analysis to determine the benefits to Minnesota of implementing the federal No Child Left Behind Act, and report on the results to the legislature by February 15, 2004.

22 Appropriations; department of education. Appropriates \$23.653 million each year for operations of the department of education. Cancels two reserve accounts. Sets aside the following amounts:

Minnesota Children's Museum	\$260,000 per year
Minnesota Academy of Science	\$41,000 per year
Board of Teaching	\$621,000 per year
Board of Administrators	\$165,000 per year

For fiscal information, see the Fiscal Analysis Department spreadsheets:

- ▶ Appropriations: <http://www.house.leg.state.mn.us/fiscal/files/k1203app.pdf>
- ▶ Levies: <http://www.house.leg.state.mn.us/fiscal/files/k1203lvy.pdf>

23 Appropriations: Minnesota state academies for the deaf and blind. See attached fiscal worksheet. For fiscal information, see the Fiscal Analysis Department spreadsheets:

- ▶ Appropriations: <http://www.house.leg.state.mn.us/fiscal/files/k1203app.pdf>
- ▶ Levies: <http://www.house.leg.state.mn.us/fiscal/files/k1203lvy.pdf>

24 Appropriations: Perpich Center for Arts Education. See attached fiscal worksheet. For fiscal information, see the Fiscal Analysis Department spreadsheets:

- ▶ Appropriations: <http://www.house.leg.state.mn.us/fiscal/files/k1203app.pdf>
- ▶ Levies: <http://www.house.leg.state.mn.us/fiscal/files/k1203lvy.pdf>

25 Revisor instruction. (a) Requires the revisor to renumber the definition of the commissioner from chapter 119A to chapter 120A.

(b) Instructs the revisor to change all references from "children, families and learning" to "education."

(c) Requires the revisor to change references from the commissioner of children, families and

learning to the commissioner of public safety, for certain functions related to school buses and school bus drivers. Requires the revisor to change any references from the federal "part H" program to the federal "part C" program.

Repealer. (a) Repeals the following statutes:

- ▶ 15.014, subdivision 3 - curriculum development task force;
- ▶ 119A.01, subdivision 1 - department of education abolition;
- ▶ 123B.90, subdivision 1 - school bus safety week;
- ▶ 169.441, subdivision 4 - Minnesota designation in school bus body serial number;
- ▶ 239.004 - public education about the metric system.

(b) Repeals the following obsolete Minnesota Rules:

- ▶ 3500.0600 - teachers' duty free lunch
- ▶ 3520.0400 - transportation data reporting requirements
- ▶ 3520.1400 - regulations relating to equal transportation
- ▶ 3520.3300 - transportation of pupils with disabilities
- ▶ 3530.1500 - service for the blind and physically handicapped and institutions
- ▶ 3530.2700 - school lunch program
- ▶ 3530.4400 - civil defense; disaster plan
- ▶ 3530.4500 - civil defense; planning coordinator in districts
- ▶ 3530.4700 - civil defense school building construction
- ▶ 3545.2100 - capital loan program; preapplication requirement
- ▶ 3545.2200 - capital loan program; review and comment
- ▶ 3545.2400 - capital loan program; approval recommendation by commissioner
- ▶ 3545.2500 - capital loan program; information required by commissioner
- ▶ 3545.2600 - capital loan program; denial recommendation by commissioner
- ▶ 3545.3008 - cooperative secondary facilities grants; receipt of application
- ▶ 3545.3010 - cooperative secondary facilities grants; maximum grant
- ▶ 3545.3018 - cooperative secondary facilities grants; approval of pilot projects
- ▶ 3545.3020 - cooperative secondary facilities grants; referendum; bond issue
- ▶ 3550.0100 - training an experience index

NOTE: These rules have been reported as obsolete in CFL's 2001 "Obsolete Rules Report" to the legislature.

Article 11: Deficiencies

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Overview

This article makes corrections to fiscal year 2003 appropriations. These adjustments are already reflected in the February 2003 forecast.

1. 1 Department of children, families and learning. Appropriates the dollar amounts in section 2 to eliminate fiscal year 2003 appropriations.
2. 2 Appropriates; department of children, families and learning. Makes deficiency appropriations in the following amounts:
 - ▶ community education aid \$219,000

- ▶ general education aid \$8,791,000
- ▶ nonpublic pupil aid \$473,000
- ▶ consolidation transition aid \$5,000
- ▶ interdistrict desegregation \$169,000
- ▶ travel for home-based services \$48,000
- ▶ debt service aid \$19,000
- ▶ school breakfast \$100,000
- ▶ fast break to learning \$1,081,000

For fiscal information, see the Fiscal Analysis Department spreadsheets:

- ▶ Appropriations: <http://www.house.leg.state.mn.us/fiscal/files/k1203app.pdf>
 - ▶ Levies: <http://www.house.leg.state.mn.us/fiscal/files/k1203lvy.pdf>
3. 3 Effective date. Makes sections 1 and 2 effective the day following enactment.

Article 12: Technical Amendments

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Overview

Contains technical corrections to state statutes suggested by the office of the revisor of statutes.

1. 1 Transition year families. Strikes reference to repealed program.
2. 2 School health services. Strikes obsolete provision.
3. 3 Probationary period; discharge or demotion. Corrects incorrect cross reference.
4. 4 Board authority. Inserts provision with statutory language adopted in 2002.
5. 5 Certification. Corrects incorrect cross reference.
6. 6 Advertising on school buses. Strikes reference to expired committee.
7. 7 Termination of enrollment. Strikes cross reference to repealed section.
8. 8 Definitions. Strikes duplicative language.
9. 9 Length of school year. Corrects incorrect cross reference.
10. 10 Related party lease costs. Corrects incorrect cross reference.
11. 11 Method of special instruction. Reflects recodification change.
12. 12 Attendance in another district. Strikes repealed cross reference.
13. 13 Equity region. Corrects incorrect cross reference.

14. 14 Aid reduction for repayment. Strikes reference to repealed cross reference.
15. 15 Administrative rules. Strikes reference to repealed cross reference.
16. 16 Payment percentage for certain aids. Corrects changed reference reflecting amendments to American Indian grant programs.
17. 17 State school bus safety administration. Strikes reference to expired committee.
18. 18 Rules. Strikes reference to expired committee.
19. 19 Inspection manual. Strikes reference to expired committee.
20. 20 Variance. Strikes reference to expired committee.
21. 21 Repealer. (a) Repeals the following:
 - ▶ 126C.55, subdivision 5 - an obsolete provision
 (b) Repeals amended language of repealed sections in session laws.

Article 13: Academic Content Standards

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Overview

Repeals the profile of learning and the annual statewide tests aligned with the profile of learning. Retains the basic skills tests. Directs the commissioner of children, families and learning to seek advice from stakeholders in developing statewide rigorous core academic standards in English, math, science and history and geography. Establishes parameters for the standards and an implementation time line. Requires the commissioner to present proposed rules to the legislature.

1. 1 Repealing profile of learning statutes and rules and related statewide testing requirement. (a) Prohibits the commissioner of children, families and learning from implementing the profile of learning portion of Minnesota's high school graduation rule. (b) Repeals the statutory requirement for an annual test aligned with the profile of learning portion of the state's graduation standards. Declares that this repeal does not apply to the state's basic skills tests.

Makes paragraph (a) of this section governing the profile of learning effective immediately and applicable to the 2003-2004 school year and later. Makes paragraph (b) of this section governing the annual testing requirement related to the profile of learning effective immediately and applicable to the 2004-2005 school year.

2. 2 Replacing profile of learning statutes and rules.

Subd. 1. Stakeholder advice on standards. Directs the commissioner to seek advice from at least the following specified stakeholders when developing a proposal to present to the legislature on statewide rigorous core academic standards in English, math, science, and history and geography: parents and the public; teachers and principals; school board and charter school board members; faculty teaching core subjects at post secondary institutions; and representatives of Minnesota's business

community.

Subd. 2. Parameters for academic standards. Requires standards to (1) be based on knowledge in core academic areas, (2) be clear, concise, measurable and grade-level appropriate, (3) preserve and promote fundamental American principles, (4) not mandate a specific teaching methodology nor include work-based learning or other inconsistent content standards, and (5) be assessed using tests aligned with the state's academic standards.

Subd. 3. Commissioner to present proposed rules to the legislature. (a) Directs the commissioner to present to the legislature proposed rules for implementing statewide rigorous core academic standards according to a stated timeline: by April 15, 2003, proposed rules for English and math standards; a statewide plan to make the transition from the profile of learning to the standards proposed in this legislation; by March 1, 2004, proposed rules for science standards; and by March 1, 2005, proposed rules for history and geography standards.

(b) Requires all proposed rules to comply with this legislation.

(c) Requires school districts to incorporate the state graduation requirements into local graduation requirements by the 2007-2008 school year. Requires school districts that incorporate the state graduation requirements before the 2007-2008 school year to provide students who enter ninth grade by the 2004-2005 school year with the opportunity to graduate based on local graduation standards in effect when the students enter the ninth grade. Directs school districts that develop, implement or improve instruction or curriculum in response to this legislation to ensure participation by the community and parents.

Subd. 4. Rules implementing reading and math standards. Directs the commissioner to use an expedited rule making process when adopting rules for implementing English and math standards that remain in effect for two years under this process.

Makes subdivisions 1, 2 and 3 immediately effective and makes subdivision 4 governing the commissioner's authority to adopt rules effective April 30, 2003.

3. 3 Interim alternative. If the legislature does not authorize the commissioner to adopt rules to implement English and math standards before the start of the 2003-2004 school year, directs school districts and charter schools to continue to implement English and math standards consistent with the state's statutory curriculum requirements.

Makes this section effective immediately.

4. 4 Rules for supplemental services providers. Allows the commissioner to use "good cause exemption" rule making to establish criteria for identifying, annually reviewing and formally listing eligible supplemental education service providers, consistent with federal law and Minnesota's application under the No Child Left Behind Act.

Makes this section effective immediately and applicable to English and math supplemental service providers in the 2003-2004 school year and later.