

# HOUSE RESEARCH

## Bill Summary

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**Authors:** Seagren and Others

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**Analyst:** Tim Strom, Legislative Analyst, 651-296-1886

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### Overview

H.F. 781 is the governor's K-12 education budget recommendations.

#### Article 1: General Education

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- 1 Staff development revenue.** Beginning in FY 2004, lowers the set-aside for staff development by excluding the \$415 per pupil unit transferred to the basic formula from referendum revenue in the 2001 legislative session from the 2% calculation.
- 2 Levy recognition.** Beginning in FY 2004, increases the property tax revenue recognition shift to include:
  - (a) the greater of 36.6% of the operating referendum levy certified in the prior calendar year or the 31% of the operating referendum levy certified in calendar year 2000 that is currently recognized early,
  - (b) 100% of certain general fund levies (e.g., reemployment insurance, health benefits) that are currently recognized early, and
  - (c) 36.6% of other levies certified in the school district's general and community service funds in the prior calendar year that are not already recognized early.
- 3 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

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referendum revenue from the basic formula allowance.

- 4 **Commissioner designation.** Deletes the requirement for a school district to maintain a separate record system for students participating in learning year programs to ensure that the total number of pupil units generated will not be increased as a result of participation in the program, and an exception to this rule enabling students not completing graduation requirements to continue to be counted as ADM until graduation requirements are satisfied of the student turns 21.
- 5 **Student planning.** Replaces a reference to students generating more than one ADM in a grade to students not making grade progression.
- 6 **Revenue computation and reporting.** Sunsets after FY 2004 a provision calling for average daily membership generated by students after the close of the regular school year to be counted in the next fiscal year. Beginning in June 2005, these hours would be counted in the current fiscal year.
- 7 **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 five years. 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.
- 8 **School district LEP revenue.** Changes LEP funding formula from \$584 per identified LEP pupil to \$700 per eligible LEP pupil in average daily membership. This increase keeps the statewide LEP aid about the same since LEP pupil units are reduced in section 7. Strikes obsolete language.
- 9 **Average daily membership.** Prohibits a school district from counting a student as more than one pupil 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.
- 10 **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. With this change, FY 2003 ADM used in calculating FY 2004 adjusted marginal cost pupil units would be adjusted to reflect the limit of one ADM per student.
- 11 **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 (this is the funding mechanism used by most school districts to fund summer school and other extended day programs).
- 12 **LEP pupil units.** Changes calculation of LEP pupil units to correspond to changes made in section 7.
- 13 **General education revenue.** Beginning in FY 2004, adds a new transition revenue and deletes training and experience revenue from the list of components of general education revenue.
- 14 **Compensatory education revenue.** Beginning in FY 2004, reduces compensatory revenue by excluding the \$415 "roll-in" from the basic formula allowance.

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- 15 Basic skills revenue.** Beginning in FY 2004, increases the LEP concentration aid allowance from \$190 to \$250 to correspond to the reduction in LEP pupils under section 7. Strikes obsolete language.
- 16 Secondary sparsity revenue.** Beginning in FY 2004, reduces secondary sparsity revenue by excluding the \$415 "roll-in" from the basic formula allowance.
- 17 Elementary sparsity revenue.** Beginning in FY 2004, reduces elementary sparsity revenue by excluding the \$415 "roll-in" from the basic formula allowance.
- 18 Transportation sparsity definitions.** Strikes obsolete language.
- 19 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.
- 20 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.
- 21 Equity aid.** Calculates equity aid as the equity revenue minus the equity levy, with an adjustment for districts not levying the maximum amount.
- 22 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.
- 23 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.
- 24 Transition aid.** Calculates transition aid as the transition revenue minus the transition levy, with an adjustment for districts not levying the maximum amount.
- 25 General education aid.** Beginning in FY 2005, adds equity aid and transition aid to the definition of general education aid.
- 26 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.
- 27 Referendum allowance limit.** Increases the standard referendum allowance limit from 18.2% (\$837) to 18.6% (\$...) of the formula allowance, and increases the alternate limit from 1.162 to 1.177 times the district's 1994 referendum allowance, adjusted for the \$415 transfer,

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to adjust for the elimination of additional ADM for students served more than full-time. Strikes obsolete language.

- 28 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 18.6% of the formula allowance to correspond to the change made in section 27.
- 29 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 18.6% of the formula allowance to correspond to the changes made in sections 27 and 28.
- 30 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.
- 31 Aid reduction; levy revenue recognition change.** Adjusts state aid payments to school districts to offset the change from the previous year in early recognition of property tax levies under section 2. This change lowers aid payments during the spring of the year.
- 32 Definitions.** Lowers the percent of a district's aid entitlement paid in the current year from 83% to 80%.
- 33 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 80% 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 80% 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.
- 34 Payments to school nonoperating funds.** Lowers the percentage of non-operating fund aids paid during the current year from 83% to 80%.
- 35 Aid payment percentage.** Lowers the percentage of state aids paid during the current year from 83% to 80%.
- 36 Nonpublic aids.** Changes the payment schedule for nonpublic pupil aid to reflect an 80% current payment instead of an 83% current payment.
- 37 Payments to third parties.** Changes the payment schedule for payments to third parties to reflect an 80% current payment instead of an 83% current payment.
- 38 Appropriations.** Sets the appropriations for general education aid and referendum tax base replacement aid for FY 2004 and FY 2005. See fiscal worksheet for details.
- 39 Repealer.** Repeals section 126C.01, subd. 9 (T&E index), and section 126C.10, subd. 5

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(T&E revenue) effective for revenue in FY 2004.

### **Article 2: Other General Programs**

- 1 1 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.
- 2 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.
- 3 Ice arena levy.** Beginning with taxes payable in 2004, reduces the ice arena levy from 100% of actual cost to 90% of actual cost.
- 4 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.
- 5 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 1.
- 6 Appropriations.** See attached fiscal worksheet.
- 7 Repealer.** Repeals sections
  - ▶ 122A.62, staff development incentive levy,
  - ▶ 126C.445, tree growth levy, and
  - ▶ 126C.455, swimming pool levy effective with taxes payable in 2004.Repeals Richfield airport impact aid effective for FY 2004.

### **Article 3: Nonpublic Pupil Programs**

- 1 1 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.
- 2 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.
- 3 Appropriations.** See attached fiscal worksheet.

## Article 4: Charter Schools

- 1 1 **General education revenue.** Requires that transition revenue must be computed for a charter school as though the school were a school district, except that transition revenue for a charter school must be computed using the lesser of the charter school pupil units for FY 2004 or the current fiscal year.
- 2 **Building lease aid.** Lowers the maximum charter school building lease aid from a maximum of \$1,500 per pupil unit to the greater of \$1,200 or the charter school's FY 2003 lease aid per pupil unit.
- 3 **Other aid, grants, revenue.** Strikes language authorizing charter schools to qualify for integration grants. Changes reference from "children, families and learning to "education".
- 4 **Payment of aids to charter schools.** Changes payment schedules for charter schools to reflect the change from 83% current payments to 80% current payments.
- 5 **Appropriations.** See attached fiscal worksheet.

## Article 5: Desegregation Programs

- 1 1 **Integration revenue.** Beginning in FY 2004, increases integration allowances to offset the reduction in the number of pupil units due to elimination of additional average daily membership (ADM) for students served more than full time (in learning year programs).
- 2 **Integration levy.** For FY 2006 and later, increases the local share of integration revenue from 22% to 29%. (The local share is set at 29% for FY 2005 and is scheduled to be reduced to 22% beginning in FY 2006).
- 3 **Integration aid.** For FY 2006 and later, reduces the state share of integration revenue from 78% to 71%. (The state share is set at 71% for FY 2005 and is scheduled to be increased to 78% beginning in FY 2006).
- 4 **Appropriations.** See attached fiscal worksheet.
- 5 **Repealer.** Repeals sections
  - ▶ 122A.64 (Teachers of Color Program),
  - ▶ 122A.65 (Minority Teacher Incentives ) and
  - ▶ 124D.89 (Summer Cultural Exchange Grant Program), and uncodified language relating to Minority Fellowship Grants.

## Article 6: American Indian Programs

- 1 1 **Appropriations.** See attached fiscal worksheet.

## Article 7: Accountability and Reform

- 1 1 **Schools' academic and financial performance evaluation; independent contractor.** Authorizes additional categories of analysis to be added to the six categories specified in statute. Strikes references to "multiple indicia", "attendance rates", and "dropout rates" for the category of analysis relating to students' performance outcomes. Strikes a requirement that the evaluation and reporting of test scores must distinguish between performance-based assessments and academic, objective knowledge-based tests.
- 2 **Appropriations.** See attached fiscal worksheet.

## Article 8: Programs for Special Populations

- 1 1 **Appropriations.** See attached fiscal worksheet.
- 2 **Repealer.** Repeals uncodified language relating to reading competency; St Croix River Education District.

## Article 9: Special Programs

- 1 1 **Definitions.** Eliminates the special education-regular "program growth factor" for FY 2004 and later (current law increases statewide special education revenue by 4.6% per year).
- 2 **State total special education aid.** Sets state total special education-regular aid at \$530,642,000 for FY 2004 and at \$529,164,000 for FY 2005.
- 3 **Definitions.** Eliminates the special education excess cost "program growth factor" for FY 2004 and later (current law increases statewide excess cost revenue by 2% per year).
- 4 **State total special education excess cost aid.** Sets state total special education-excess cost aid at \$92,067,000 for FY 2004 and at \$91,811,000 for FY 2005.
- 5 **Special education cross-subsidy reduction aid.** Provides \$5 million in FY 2004 and \$15 million in FY 2005 for special education cross-subsidy reduction aid. The aid is allocated among districts in proportion to the districts' special education excess cost aid for the previous fiscal year. The aid must be used to pay for unfunded special education costs that would otherwise be cross-subsidized with general education revenue.
- 6 **Appropriations.** See attached fiscal worksheet.
- 7 **Repealer.** Repeals section 125A.79, subd. 2 (obsolete language related to excess cost aid for FY 2000 and FY 2001).

## Article 10: Facilities and Technology

- 1 1 **Debt service equalization revenue.** Excludes alternative facilities levies under section 123B.59 from eligibility for second tier debt equalization revenue.

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- 2 **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.
- 3 **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)
- 4 **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.
- 5 **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.
- 6 **Bond authorization.** Effective for bonds issued under the alternative facilities bonding and levy program after February 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.
- 7 **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.
- 8 **Levy authorized.** Strikes references to local board approval and to alternative facilities aid.
- 9 **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.
- 10 **Pre-July 1990 lease purchase, installment buys.** Reduces levy authority from 100% of costs to 90% of costs.
- 11 **Lease purchase; installment buys.** Reduces levy authority from 100% of costs to 90% of costs.
- 12 **Bonds, Mounds View.** Notwithstanding section 6, authorizes independent school district, No. 621, Mounds View, to issue alternative facility bonds for projects approved before February 1, 2003.

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- 13 Appropriations.** See attached fiscal worksheet.
- 14 Repealer.** Repeals section 123B.59, subdivision 6 and 7, (alternative facilities aid and alternative facilities appropriation), effective for FY 2005.

### **Article 11: Nutrition Programs**

- 1 1 School breakfast program.** Breakfast program eligibility is simplified and reimbursements are revised so that participating schools will not receive less than required to cover costs. Schools that participate in the federal breakfast program will qualify for either a) the Fast Break to Learning aid, or b) Traditional School Breakfast aid, but not both.

To qualify for Fast Break to Learning aid, the school must either have participated in the program in the previous year or have served at least 33% of school lunches free or at a reduced price in the second prior year. Students at participating sites cannot be charged for fast break to learning meals. State aid is not available for 1) meals reimbursed at the federal free rate, and 2) free and reduced price meals eligible for federal severe need reimbursement rate. Other meals will be reimbursed the difference between the federal rate of reimbursement and the average breakfast cost based on CPI for meals eaten away from home.

Other schools will qualify for reimbursement under the Traditional School Breakfast program. State aid is not available for reduced priced breakfasts eligible for the federal severe need reimbursement rate. Reimbursement for other reduced price breakfast is 30 cents per meal. Fully paid breakfasts will be reimbursed at 20 cents per meal in FY 2004 and at 40 cents in FY 2005.

- 2 Program; eligibility.** All state child nutrition aids, including fast break to learning, will be paid 100% in the school year based on submitted vouchers.
- 3 Appropriations.** See attached fiscal worksheet.
- 4 Repealer.** Repeals sections
- ▶ 124D.115, School Breakfast Program,
  - ▶ 124D.1156, Fast Break to Learning Breakfast Program, and
  - ▶ 124D.118, School Milk Program.

### **Article 12: Libraries**

- 1 1 Appropriations.** See attached fiscal worksheet.

## Article 13: Child Care Programs

### Overview

Child care programs are considered by the health and human services committee in the house.

- 1 **1 Parent fee.** Increases the minimum parent fee for families between 75% and 100% of the poverty level from \$5 to \$10 per month.
- 2 **Legal nonlicensed family child care provider rates.** Requires that legal nonlicensed family child care providers receiving reimbursement must be paid in hourly blocks of time for families receiving assistance. Specifies that the maximum rate paid to legal nonlicensed family child care providers must be 90 percent of the county maximum hourly rate for licensed family child care providers. In counties where the maximum hourly rate for licensed family child care providers is higher than the maximum weekly rate for those providers divided by 50, the maximum hourly rate that may be paid to legal nonlicensed family child care providers is the rate equal to the maximum weekly rate for licensed family child care providers divided by 50 and then multiplied by 0.90. A rate which includes a provider bonus or a special needs rate may be in excess of the maximum rate allowed. Legal nonlicensed family child care providers receiving reimbursement may not be paid registration fees for families receiving assistance.
- 3 **Provider rate bonus for accreditation.** Adds a cross reference to section 2.
- 4 **Child care assistance parent fee schedule, rulemaking.** Requires the commissioner of education to adopt rules to amend the parent fee schedule in Minnesota Rules, chapter 3400, as follows:
  - (1) parent fees for families with incomes between 101.01 percent of the federal poverty guidelines and 35 percent of the state median income must equal 2.42 percent of adjusted gross income for families at 35 percent of the state median income;
  - (2) parent fees for families with incomes between 35.01 percent state median income and 42 percent of the state median income must equal 2.97 percent of adjusted gross income for families at 42 percent of the state median income;
  - (3) parent fees for families with incomes between 42.01 percent state median income and 75 percent of the state median income must begin at 4.13 percent of adjusted gross income and provide for graduated movement of fee increases; and
  - (4) parent fees for families at 75 percent of state median income must equal 22.0 percent of gross annual income.
- 5 **Appropriations.** See health and human services fiscal worksheet.

## Article 14: Early Childhood Programs

- 1 **1 Revenue.** Reduces early childhood family education (ECFE) revenue from \$120 times the greater of 150 or the number of people under age 5 residing in the district on October 1 of the previous school year to the sum of:
  - (a) \$120 times the greater of 150 or the number of people under age 5 residing in the district

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on October 1 of the previous school year times the percent of all first graders enrolled in the district in the second prior year that were eligible for free or reduced price lunches, plus

(b) \$65 times the greater of 150 or the number of people under age 5 residing in the district on October 1 of the previous school year times the percent of all first graders enrolled in the district in the second prior year that were not eligible for free or reduced price lunches.

- 2 **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.
- 3 **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.
- 4 **Appropriations.** See attached fiscal worksheet.
- 5 **Repealer.** Section 124D.17, Way to Grow/School Readiness Program is repealed.

## **Article 15: Prevention**

- 1 1 **General community education revenue.** Reduces the basic community education revenue from \$5.95 times the greater of 1,335 or the population of the district to the sum of:
  - (a) \$5.95 times the greater of 1,335 or the population of the district times the percent of all K-12 students enrolled in the district in the second prior year that were eligible for free or reduced price lunches, plus
  - (b) \$4.95 times the greater of 1,335 or the population of the district times the percent of all K-12 students enrolled in the district in the second prior year that were not eligible for free or reduced price lunches.
- 2 **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.
- 3 **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.
- 4 **Waiver.** Permits districts anticipating an excess community education fund balance because of extenuating circumstances to request a waiver from the commissioner.
- 5 **Appropriations.** See attached fiscal worksheet.
- 6 **Repealer.** Repeals sections
  - ▶ 12B.23, Violence Prevention Education Grants,
  - ▶ 124D.21, Additional Community Education Revenue grandfather levy, and
  - ▶ 124D.221, After School Enrichment Programs.

## Article 16: Self-Sufficiency and Lifelong Learning

- 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 **Accounts; revenue; aid.** Requires districts to maintain a reserve account in the community service fund for receipts and disbursements related to ABE programs.
- 3 **State total adult basic education aid.** Eliminates the current law growth factor and sets the state total ABE aid for FY 2004 and later at \$36,510,000.
- 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 \$3,800 or \$1.70 times the population of the district.
- 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 2004 only, includes the adult graduation aid received by a district or consortium for FY 2003 in calculating the growth limit (this is because the adult graduation aid program is eliminated).
- 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 **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. Requires that 60% of the FY 2003 attendance hours for students participating in a program funded with adult graduation aid must be included in the FY 2003 ABE contact hour count used to determine FY 2004 ABE aid.
- 8 **Appropriations.** See attached fiscal worksheet.
- 9 **Repealer.** Sections
- ▶ 119A.46, Lead Abatement Program,
  - ▶ 124D.09, subd. 15, PSEO, pupils age 21 and over,
  - ▶ 124D.54, Adult High School Graduation Aid, and
  - ▶ 126C.05, subd. 12, ADM, pupils 21 and over, are repealed.

## Article 17: State Agencies

- 1 1 Changes references from "children, families and learning" to "education".
- 2 Changes references from "children, families and learning" to "education".
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- 11 Changes references from "children, families and learning" to "education".
- 12 **Appropriations for department.** See attached fiscal worksheet.
- 13 **Appropriations for Minnesota state academies.** see attached fiscal worksheet.
- 14 **Appropriations for Perpich center for arts education.** See attached fiscal worksheet.
- 15 **Revisor instruction.** Requires the revisor to change all references to "children, families and learning" to "education."
- 16 **Repealer.** Section 119A,01, subd.1, Department of Education abolished, is repealed.