

HOUSE RESEARCH

Bill Summary

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Overview

Proposes to make financial, policy, and technical changes in K-12 education in areas related to general education finance, education excellence, special programs, school facilities, school nutrition, school accounting, libraries, self-sufficiency and lifelong learning, and Minnesota Department of Education administration.

Article 1: General Education

Section

- 1 Permanent school fund reporting.** Directs the commissioner to report to the Permanent School Fund Advisory Committee and the legislature on the amount of the permanent school fund transfer and information about fund investments. Clarifies that the State Board of Investment must report to the advisory committee on how it maximized fund investments.
- 2 School calendar.** Allows a school district that is cooperating with a district that has a \$400,000 construction or remodeling project to also begin the school year before Labor Day.
- 3 Effective staff development activities.** Expands the definition of staff development activities to include basic first aid training, focusing on CPR and the use of automatic external defibrillators (AEDs).
- 4 Staff development revenue.** Authorizes a school district to use a portion of its staff development revenue for basic first aid training, focusing on CPR and the use of AEDs before making the staff development allocations to school sites.

- 5 **Statement for comparison and correction.** Changes from January 15 to February 15 the date by which the commissioner must convert audited financial data into a consolidated financial statement format that is published on the Minnesota Department of Education Web site.
- 6 **Failure to limit expenditures.** Changes from January 15 to February 15 the deadline for reporting school districts in statutory operating debt to the legislature.
- 7 **Nonresident tuition rate; other costs.** To avoid billing confusion, excludes compensatory revenue from tuition billing calculations for cooperatives.
- 8 **Foreign exchange pupils.** Allows school districts to count as resident pupils those foreign exchange students enrolled in a district under a cultural exchange program registered with the Secretary of State's office.
- 9 **Building allocation.** Allows the Minnesota Department of Education to pay compensatory revenue directly to cooperatives.
- 10 **Separate accounts.** Directs cooperative units to maintain separate accounts for basic skills revenue.
- 11 **Referendum revenue.** Increases the required number of signatures on a petition to place a question before the voters to revoke or reduce an operating referendum from 15 to 30 percent of registered voters in the district.
- 12 **Lease purchase; installment buys.** Makes changes that allow certain school districts to use levy proceeds to acquire property.
- 13 **Retired employee health benefits.** Creates a new levy for school districts to fund the annual costs associated with OPEB expenses. Requires a school district to: create an actuarial liability to pay for the benefits; eliminate the postemployment benefits from the current collective bargaining agreement; and apply for the levy authority in the form and manner established by the commissioner of education. Limits the total amount of the annual levy to not more than \$24 million for taxes payable in 2010, \$50 million for taxes payable in 2011 and an amount equal to the previous year's levy plus \$19 million for taxes payable in 2012 and later.
- 14 **Safe schools levy.** Modifies the maintenance of effort requirement for school districts that make a safe schools levy. Current law requires districts to maintain at least the same level of spending for licensed school counselors, licensed school nurses, licensed school social workers, licensed school psychologists, and licensed alcohol and chemical dependency counselors. This section allows the maintenance of effort to be calculated on either a full-time employee basis or a total dollar basis.
- 15 **Alternative attendance programs.** To avoid billing confusion, excludes compensatory revenue from tuition billing calculations for cooperatives.
- 16 **Approval by electors; exception.** Limits the exception from voter approval for OPEB bonds to municipalities other than school districts (this means that a school district may still create an OPEB trust and fund it with bond proceeds, but only after an election to approve the sale of the bonds).
Makes the section effective for bonds sold after August 1, 2009.
- 17 **Early graduation incentive program working group.** Creates a working group to study the effects of an early graduation incentive program. Sets the group's membership. Defines the duties of the working group to include an analysis of the

potential cost savings of an early graduation incentive program. Requires a report to the education committees of the legislature by January 15, 2010.

- 18 **General education revenue; federal funds replacement.** Allocates \$275.6 million of federal funds from the fiscal stabilization account to school districts to replace the same amount of state aid.
- 19 **Appropriations; general fund.** Appropriates state general fund money for general education aid, enrollment options transportation, abatements, consolidation programs, nonpublic pupil aids, nonpublic pupil transportation aids; compensatory revenue pilot projects, and for the Angle Inlet, Rushford-Peterson, and Lancaster schools.
- 20 **Appropriations; federal funds.** Appropriates the K-12 share of the federal stimulus funds from the federal fund account to the commissioner of education.

Article 2: Education Excellence

1 **Information collected from local governments.**

Subd. 2. Examples of good government in procurement and shared services. Allows the state auditor to seek funds from local governments and nongovernmental sources to establish an online clearinghouse of good examples of procurement practices and shared services among political subdivisions. If established, requires the clearinghouse to allow political subdivisions to submit examples of good procurement practices and shared services in a form the state auditor prescribes.

2 **Educational expectations for Minnesota's students.** Ties course credits to state and local academic standards.

Makes this section effective August 1, 2012, and applicable to 9th grade students beginning in the 2012-2013 school year and later.

3 **Required academic standards.** Obligates elementary schools, middle schools, and high schools to offer only the required number of arts areas.

Provides for appropriate alternative achievement standards based on Minnesota's academic standards for students with individualized education plans. Makes this section effective for the 2009-2010 school year and later.

4 **Elective standards.** Establishes world language proficiency certificates.

5 **Revisions and reviews required.** Delays by one year the next revision of state academic standards in the arts, science, language arts, and social studies. Does not delay the revision of the math standards.

Makes this section effective immediately.

6 **Report.** Requires school boards to adopt an annual report that is consistent with the state's school performance report card. Strikes obsolete language about the title of the report and making the report publicly available.

Makes this section effective for the 2009-2010 school year and later.

7 **Advanced placement, international baccalaureate and concurrent enrollment programs.** Qualifies concurrent enrollment program teachers for the same types of training

that are currently available to AP/IB teachers. Expands the statutory AP/IB program to include concurrent enrollment programs.

- 8 Raised academic achievement; advanced placement, international baccalaureate and concurrent enrollment programs.** Expands the eligibility for AP/IB funds to include concurrent enrollment programs if the school board has adopted a three-year plan to create or expand an existing concurrent enrollment program. Beginning July 1, 2010, qualifies a concurrent enrollment program for state aid under this section only if the district's concurrent enrollment courses meet the standards established by the National Alliance for Concurrent Enrollment Partnership.

9 Definitions.

Subd. 1. Definitions. Makes the definitions in this section applicable to the statutory chapter on educational accountability.

Subd. 2. Growth. Defines growth as the difference in a student's achievement score at two or more points in time.

Subd. 3. Value-added. Defines value-added as the amount of achievement a student demonstrates above an established baseline.

Subd. 4. Value-added growth. Defines value-added growth in the context of a student's growth score. Declares that value-added growth models use student-level data to measure what portion of a student's growth can be attributed to the education environment.

Subd. 5. Adequate yearly progress. Defines adequate yearly progress based on the number of student subgroups under the federal No Child Left Behind Act in a public school or district that, based on state assessments and performance adjustments, meet or exceed federal expectations. Lists student attendance, graduation, and test participation rates as additional federal requirements.

Subd. 6. State growth target. (a) Defines state growth target as the average two-year assessment scores for students with similar one-year assessment scores.

(b) Lists which school years serve as benchmarks for particular grades in establishing state growth targets, which remain in effect until the assessment scale changes.

(c) Directs a stakeholders' group that includes assessments experts to recommend a new state growth target for the commissioner to consider when revising the state's academic standards.

Subd. 7. Low growth. Defines low growth as an assessment score that is one-half standard deviation below the state growth target.

Subd. 8. Medium growth. Defines medium growth as an assessment score that is within one-half standard deviation above or below the state growth target.

Subd. 9. High growth. Defines high growth as an assessment score that is one-half standard deviation above the state growth target.

Subd. 10. Proficiency. Defines proficiency for purposes of reporting student growth on the school performance report cards as those students who in the preceding

school year scored at or above “meets standards” on the statewide assessments. Describes how student growth and proficiency information is displayed on the school report card.

Subd. 11. Growth and progress toward proficiency. Uses the categories of low, medium, and high growth to indicate both student growth and progress toward proficiency.

Makes this section effective immediately.

10 Statewide testing and reporting system.

Subd. 1. Statewide testing. (a) Provides for computer-adaptive reading and math tests for general education students in grades 3 through 8 that are aligned with the state’s academic standards and include both multiple choice and constructed response questions. Directs school districts identified by the commissioner to participate in field testing. Allows school administrators to appeal to the commissioner for an exemption from this requirement and makes the commissioner’s decision regarding the appeal final. Makes GRAD tests applicable in 2012-2013 to those few students who have not passed the Minnesota basic skills tests.

(c) Allows students enrolled in grade 8 in any school year between the 2005-2006 and 2009-2010 school year who do not pass the reading or math graduation-required assessment for diploma (GRAD) to receive a diploma with a passing state notation if they satisfactorily complete all coursework and credits required for graduation and participate in academic remediation and up to two re-test attempts. Directs districts issuing high school diplomas in the 2009-2010 through the 2013-2014 school years to record the total number of GRAD test items and the student’s reading and math GRAD scores on the student’s high school transcript. Also allows a school board to include a notation of high achievement on students’ high school diplomas indicating exemplary academic achievement during high school based on board-established criteria.

(d) and (e) Anticipate 3rd through 8th grade computer-adaptive assessments and high school tests aligned with state academic standards.

(f) Strikes language no longer applicable in the context of testing students with disabilities or limited English proficiency.

Subd. 1a. Statewide and local assessments; results. (a) For purposes of administering computer-adaptive assessments in reading and math to students in grades 3 through 8 beginning in the 2010-2011 school year, defines computer-adaptive assessments, fully-adaptive assessments, partially-adaptive assessments, on-grade level, above-grade level, and below-grade level.

(b) Directs the commissioner to use fully-adaptive tests to the extent no net loss of federal and state funds occurs and to otherwise use partially-adaptive assessments to meet federal accountability requirements.

(c) For purposes of federal accountability requirements, directs the commissioner to implement computer-adaptive reading and math assessments for grades 3 through 8, state-developed high school reading and math tests aligned with state standards, and

science assessments. Prohibits the commissioner from requiring students to achieve a passing score on high school science assessments in order to graduate. Lists requirements for annual computer-adaptive assessments: (i) make individual student performance data and achievement and summary reports available within three school days; (ii) make individual student data available from the first assessment to each proximate assessment using a constant measurement scale; (iii) allow parents, teachers, and school administrators to use elementary and middle school student performance data to project student achievement in high school; and (iv) use diagnostic information about areas of students' academic strengths and weaknesses to improve student instruction. When contracting for computer-adaptive assessments, requires that the weighting criteria the commissioner uses to evaluate contract proposals must give preference to vendors prepared to provide statewide computer-adaptive assessments and options for locally-selected, locally-financed, and locally implemented assessments that are independently aligned to state standards and used to inform curriculum and instruction.

(e) Requires assessment results to include a value-added growth indicator of student achievement.

(g) Requires schools, school districts, and charter schools to administer statewide assessments to evaluate student proficiency in the context of the state's grade-level academic standards.

(h) Requires that for each procurement cycle for computer-adaptive assessments, the commissioner must report to the legislature on the costs of implementing computer-adaptive assessments and demonstrate that these assessments represent the greatest value to the state and school districts and minimize the need for redundant assessments.

Makes the temporary alternative to the state's reading and math GRAD tests applicable in the 2009-2010 through 2013-2014 school years. Prohibits the commissioner from implementing any alternative to the state's reading and math GRAD tests without specific legislative authority. Makes computer-adaptive math tests for grades 3 through 8 apply in the 2010-2011 school year and later and computer-adaptive reading tests for grades 3 through 8 apply in the 2012-2013 school year and later.

11 System accountability and statistical adjustments.

Subd. 1. Educational accountability and public reporting. Requires Minnesota's educational accountability and reporting system to promote greater academic achievement and preparation for higher academic education, the world of work, citizenship, and the arts.

Subd. 3. Educational accountability. Directs the Independent Office of Educational Accountability (OEA) to report to the legislature on, among other things: the completeness, integrity, and use of statewide educational accountability information; the impact of statewide educational accountability information on K-12 education policy, effectiveness, resource distribution, and structure; and whether and how a value-added growth indicator of student achievement estimates the effects of the school and the school district on student achievement and measures school

performance. Strikes oversight language regarding the commissioner making statistical adjustments when reporting data and other related actions.

Subd. 4. Statistical adjustments; student performance data. Distinguishes student performance and growth data.

Makes this section immediately effective.

12 **Student academic achievement and growth.**

Subd. 1. School and student indicators of growth and achievement. Requires the statewide educational accountability and reporting system to measure and separately report the adequate yearly progress of schools and the academic growth of individual students. Requires the system to include statewide measures of high and low student academic growth. Strikes obsolete language.

Subd. 2. Federal expectations for student academic achievement. (a) Requires school districts to annually determine whether schools meet federal expectations for student achievement.

Subd. 3. State growth target; other state measures. (a) Requires the state's educational assessment system to measure individual students' educational growth.

(b) Directs the commissioner, in consultation with assessment and evaluation experts and other stakeholders, to implement an assessment model that uses a value-added growth indicator and includes criteria for identifying schools with medium and high growth, and to recommend other value-added measures. Allows this model to be used to advance educators' professional development and replicate programs that meet students' diverse learning needs. Declares that data on individual teachers generated under this model are protected personnel data. Requires the model to allow users to report student growth and report and compare aggregated and disaggregated state growth data using the nine student categories under the federal No Child Left Behind Act and gender, consistent with nonpublic data laws.

Directs the commissioner to report separate measures of student growth and proficiency.

(c) Directs the commissioner to annually report, beginning July 1, 2011, two core measures indicating the extent to which students are completing (1) course work important to preparing them for postsecondary academic and career opportunities and (2) rigorous courses of study such as advanced placement, international baccalaureate or post secondary enrollment options or industry certification courses or programs. Requires the commissioner to report these measures also in the context of the nine student categories under the federal No Child Left Behind Act and gender, consistent with nonpublic data laws.

(d) Directs the commissioner to annually report, beginning July 1, 2013, summary data on school safety and students' engagement and connection at school. Declares that the summary data under this paragraph are separate from and must not be used to measure or evaluate the performance of classroom teachers. Directs the commissioner, in consultation with qualified experts and classroom teachers, to identify highly reliable variables that generate the summary data, which may be used

at the school, school district, and state levels only. Declares that data on individuals used to generate the summary data are nonpublic data.

Subd. 4. Improving schools. Directs the commissioner to annually report to the public and the legislature, beginning June 30, 2012, the organizational and curricular practices implemented by schools that demonstrate medium and high student growth.

For effective dates, directs the commissioner to implement an assessment model that uses a value-added growth indicator beginning in the 2008-2009 school year. Directs the commissioner to report on two separate student course-taking measures beginning in the 2010-2011 school year. Directs the commissioner to collect summary data on school safety and students' engagement and connection at school beginning in the 2010-2011 school year and to annually report the data beginning July 1, 2013, consistent with advice from qualified experts and classroom teachers. Directs the commissioner to annually report the organizational and curricular practices implemented by schools that demonstrate medium and high student growth beginning in the 2011-2012 school year.

13 School accountability; appeals process.

Subd. 1. School performance report cards. (a) Directs the commissioner to report student academic achievement in the context of federal expectations, the percentages of students showing low, medium, and high growth, school safety and student engagement and connection, rigorous coursework, student-to-teacher ratios, staff characteristics excluding salaries, student enrollment demographics, district mobility, and extracurricular activities.

Subd. 2. Adequate yearly progress and other data. Declares that all data the department uses to determine adequate yearly progress status, set state growth targets, and determine student growth are nonpublic data until after appeals conclude. Directs the department to annually post federal adequate yearly progress data and state student growth data to its public Web site.

Makes this section effective immediately.

14 Report. Allows home-school families to report children's immunizations records to the school superintendent upon enrollment and in seventh grade.

15 Eligibility; board composition. Permits recently retired teachers to serve out their term on the board of teaching.

16 Vacant position. Permits recently retired teachers to serve out their term on the board of teaching.

17 Expiration and renewal. (b) Allows educators applying to renew their licenses to present to their local licensing committees evidence of work that demonstrates professional reflection and growth in best teaching practices. Requires applicants to include a reflective statement of professional accomplishment and the applicants' own assessment of professional growth that shows evidence of (1) support for student learning, (2) use of best practices, (3) collaborative work with colleagues, and (4) continual professional development. Directs the board of teaching to ensure that its teacher relicensing requirements include the substance of this paragraph.

Makes this section applicable to licensees seeking relicensure beginning July 1, 2012.

- 18 Mentoring for probationary teachers.** Allows school districts to have trained observers serve as mentors or coaches and to have probationary teachers participate in professional learning communities as part of the district’s peer review process for probationary teachers. Makes this section effective for the 2009-2010 school year and later.
- 19 Peer coaching for continuing contract teachers.** Allows school districts to have trained observers serve as mentors or coaches and to have continuing contract teachers participate in professional learning communities as part of the district’s peer review process for continuing contract teachers. Makes this section effective for the 2009-2010 school year and later.
- 20 Mentoring for probationary teachers.** Allows first class city school districts to have trained observers serve as mentors or coaches and to have probationary teachers participate in professional learning communities as part of the district’s peer review process for probationary teachers. Makes this section effective for the 2009-2010 school year and later.
- 21 Peer coaching for continuing contract teachers.** Allows first class city school districts to have trained observers serve as mentors or coaches and to have continuing contract teachers participate in professional learning communities as part of the district’s peer review process for continuing contract teachers. Makes this section effective for the 2009-2010 school year and later.
- 22 Plan components.** Includes as an element of the educational improvement plan under Q-Comp, a rigorous and research-based professional development system based on national and state standards of effective teaching practice that is consistent with staff development programs and aligned with educational improvement, and designed to achieve ongoing and school-wide progress and growth in teaching practice. Makes this section applicable to plans developed in the 2009-2010 school year and later.
- 23 Alternative teacher professional pay system.** Requires a Q-Comp agreement to include, as part of the reform of “steps and lanes,” evidence of effective practice that encompasses: a professional framework outlined in teacher evaluation best practices, supported by multiple criteria, and conducted in a professional and supportive environment; and reflection and growth in best teaching practices shown through support for student learning, collaborative work with colleagues, or continual professional learning, consistent with teacher relicensure requirements. Makes this section applicable to all Q-Comp agreements entered into or modified after the effective date of this section.
- 24 Approval process.** Per a recommendation of the Legislative Auditor, directs the commissioner to annually establish three dates as deadlines by which interested Q-Comp applicants must submit an application and requires the department to review a completed application within 30 days of the most recent application deadline. Makes this section applicable to all applications submitted after the effective date of this section.
- 25 Contents of plan.** Requires staff development plans to be consistent with teacher relicensure requirements and to: support stable and productive professional communities; emphasize ongoing job-embedded professional development opportunities; maintain a strong subject matter focus premised on students’ learning goals; ensure specialized preparation and learning about teaching students with special needs and limited English proficiency; and reinforce national and state standards of effective practice.

Makes this section applicable to the 2009-2010 school year and later.

- 26 **State-approved alternative learning organization.** Per the recommendations of the Minnesota Department of Education work group, establishes parameters for alternative learning centers, alternative learning programs, and contract alternative programs.
- 27 **State-approved alternative programs and services.** Changes terminology to refer to “state-approved alternative programs” instead of centers in order distinguish particular types of programs.
- 28 **State-approved alternative program funding.** Changes terminology related to “state-approved alternative programs” in order distinguish particular types of programs.
- 29 **Background check required.** (c) Allows a school hiring authority to pay the costs of conducting a discretionary criminal history background check on school volunteers, independent contractors, and student employees.
Makes this section effective immediately.
- 30 **Investigation of disciplinary actions taken against prospective teachers.** (a) Directs a school board or other school hiring authority when offering employment to a teacher to contact the Board of Teaching to determine whether the board has taken disciplinary action against the teacher based on sexual misconduct or attempted sexual misconduct between the teacher and a student or other misconduct.
(b) Clarifies that “disciplinary action” does not include board actions based on court-ordered child support or maintenance payment arrearages or delinquent state taxes.
Makes this section effective beginning May 1, 2009.
- 31 **District-created site-governed schools.**
- Subd. 1. Authority.** (a) Allows a school board to approve site-governed schools by requesting site-governing school proposals from groups of licensed professionals and parents from one or more school districts.
- (b) Requires the school board and the collective bargaining unit to agree to a memorandum of understanding for determining the length of the school day and school year, determining work rules, and selecting teachers and other staff for the site.
- (c) Requires a school board to approve or disapprove a proposal within 60 days.
- (d) For an approved proposal, requires that a district and the site council to enter into an agreement identifying the powers and duties, roles and responsibilities, revenue, and education performance standards to be delegated to the site.
- Subd. 2. Roles and responsibilities of site-governed schools.** (a) Subject to school board approval, lists the roles and responsibilities of site-governed schools: (1) create site-governing councils; (2) determine the site leadership model; (3) determine the site budget; (4) determine the learning model and school organization; (5) select and develop curriculum and assessments; (6) set various policies related to student promotion, attendance, and discipline, local graduation requirements, and other school board-approved rules related to the school site program; (7) determine the school calendar and employee work rules; (8) select teachers and other staff, consistent with collective bargaining agreements, memoranda of understanding, statutory leave provisions, among other considerations; and (9) comply with other provisions agreed to by the school district and the site-governing council.

(b) To the extent a self-governed school is supervised by a principal, required the principal to be licensed.

Subd. 3. Revenue to self-governed schools. (a) Itemizes revenue allocated to the site.

(b) Allows the school district to retain an agreed-upon administrative fee for management services.

(c) Allows the school district to provide and charge for agreed-upon services to the school site.

(d) Allows the site to carry forward unspent revenue.

Subd. 4. Exemption from statutes and rules. Exempts site-governed schools from the same laws and rules as charter schools, except that site-governed schools are subject to government data practices laws, the open meeting law, PELRA, teacher continuing contract and tenure laws, and teacher prep time and lunch requirements.

Subd. 5. Performance standards. (a) Directs the school board and the site council to agree to performance standards and expectations that include student achievement targets premised on multiple indicators, criteria and process addressing school sites that fail to meet accountability requirements, and other agreed-upon performance terms.

(b) Requires agreements to be filed with the commissioner. Establishes initial three-year agreements and annual reviews and allows subsequent agreements of up to five years based on school performance.

Subd. 6. Board termination of self-governed school authority. (a) Allows a school board to terminate an agreement for cause.

(b) Allows site-governed schools terminated or not renewed for reasons other than for cause to seek charter school status and to become owners of all resources the school purchased as a site-governed school.

32 Contract; duties. Strikes language requiring the school district superintendent to submit an annual report to the commissioner identifying expenditures needed to ensure that a specified percent of students pass the MCA-IIs.

Makes this section immediately effective and applicable to the 2009-2010 school year and later.

33 Temporary closing. Exempts school district from having to hold a formal public hearing when proposing to temporarily close or lease a school building for up to three years.

34 Definitions. Defines “online course syllabus” for purposes of the online learning law.

35 Authorization; notice; limitations on enrollment. (b) Clarifies procedures for students to enroll in and receive course credit and to meet district graduation requirements for supplemental online learning courses and programs.

(f) Requires the online learning provider to provide or make accessible information about students’ academic progress. Requires the enrolling school district to designate a contact person to facilitate and monitor students’ academic progress.

- 36 Online learning parameters.** (a) Strikes language addressed elsewhere in the online learning law.
- (d) and (e) Make enrolling districts that are full-time online learning providers, and also full-time and supplemental online learning providers subject to reporting requirements and review criteria.
- 37 Department of Education.** Strikes language addressed elsewhere in the online learning law. Requires the online learning provider to provide the department with a written statement about its courses and also demonstrate that the substance of the online course syllabus meets nationally recognized professional standards, consistent with the commissioner's requirements.
- 38 Online learning advisory council.** Causes the council to expire in 2013 instead of 2008. Makes this section effective immediately.
- 39 Charter schools.**
- Subd. 1. Purposes.** Adds pupil achievement to the list of purposes for chartering a school.
- Subd. 2a. Charter school advisory council.** Strikes language establishing the charter school advisory council.
- Subd. 3. Authorizer.** (a) Defines "application" both in the context of an eligible authorizer receiving approval to charter a school and the business plan that a school developer submits to an authorizer for approval to form a charter school. Defines "affidavit" to mean the written statement that an authorizer submits to the commissioner for approval before chartering a school.
- (b) Lists the organizations that are eligible to authorize charter schools. Makes ineligible those charitable organizations under the federal tax code that are nonpublic sectarian or religious institutions or their affiliates, and any charitable organizations that for federal tax purposes describe activities indicating a religious purpose. Requires eligible charitable organizations to be incorporated in Minnesota, among other requirements.
- (c) Establishes the process by which an eligible authorizer must apply to the commissioner for approval as an authorizer. Lists the criteria for approval that the commissioner must consider. Allows a disapproved applicant to resubmit an application during a future application period
- (d) Requires an authorizer to participate in ongoing department-approved training.
- (e) Establishes a June 30, 2012, deadline by which current authorizers must apply to the commissioner for approval to continue as an authorizer.
- (f), (g) Direct the commissioner to review an authorizer's performance at least once every five years, permit more frequent reviews at the commissioner's discretion, and subject an authorizer that has not performed satisfactorily to corrective action that may include terminating an authorizer's eligibility to charter a school. Give an authorizer subject to corrective action 15 business days to request an informal hearing before the commissioner acts.
- Subd. 4. Formation of school.** (a) Allows an authorizer to charter a licensed teacher or a group of individuals that includes at least one licensed teacher to operate

a charter school subject to approval by the commissioner.

(b) Requires an authorizer to file a separate affidavit with the commissioner for each school it intends to charter. Establishes a process for approving the affidavit and for addressing deficiencies in the affidavit. Makes the commissioner's disapproval of an affidavit final.

(c) Allows an authorizer to prevent an approved charter school from opening under certain circumstances.

(d) Requires at least five unrelated parties to serve as members of the initial and the ongoing boards of directors. Clarifies that charter school staff and parents and guardians are the voters eligible to elect the board of directors. Requires the charter school to notify eligible voters of an election.

(e) Makes meeting records and financial information publicly available. Requires a charter school to post information on its official Web site information identifying and providing contact information on its authorizer.

(f) Requires board members to attend department-approved training on specified topics and prevents untrained board members from continuing to serve on the board.

(g) Requires an ongoing board to be elected by the end of the third year. Allows the board of directors to (1) be a teacher majority board or (2) have at least 20 percent licensed teachers. Makes the CFO and chief administrator nonvoting board members. Requires school bylaws to establish a process for changing the board's governance model between the two board models, subject to approval from the authorizer and licensed teachers working at the school.

(i) Prohibits an authorizer from acquiring unfair financial gain in its relationship with a charter school.

(j) Prohibits a charter school from offering students or parents something of value to induce a student to enroll.

(k) Clarifies the process by which an authorizer, after submitting a supplemental affidavit to the commissioner for approval, may permit a charter school to expand to additional sites or add grades. Requires the supplemental affidavit to show that the proposed expansion is needed based on projected enrollment and warranted by longitudinal data demonstrating improved student performance and growth on statewide assessments, and that the charter school has the financial and management capacity to implement the expansion.

(l) Establishes the process and time line by which the commissioner must approve or disapprove a supplemental application under paragraph (k). Makes the commissioner's approval or disapproval of an affidavit final.

Subd. 4a. Conflict of interest. (a) Prohibits an individual with a conflict of interest from serving as a member of a charter school board of directors. Makes a charter school contract voidable at the option of the commissioner or the charter school board of directors if a conflict of interest exists.

(b) Describes the circumstances where a conflict of interest exists.

(c) Makes an individual related to an authorizer who participates in an aspect of the charter school process ineligible to serve as a board member of a school chartered by the authorizer.

Strikes conflict of interest language addressed elsewhere.

Subd. 6. Charter contract. Establishes a contracting time line. Lists the substance of 12 terms related to establishing and administering a charter school that

must be included in a charter school contract.

Subd. 6a. Audit report. (a) Allows the commissioner to withhold the state aid of a charter school that fails to submit a timely audit.

(c) Strikes language on public access to board information addressed elsewhere in this section.

Subd. 7. Public status; exemption from statutes and rules. Exempts charter schools from all statutes and rules governing school districts unless made specifically applicable or contained in this section.

Subd. 8. State and local requirements. (b) Requires charter schools to comply with statewide education accountability requirements governing state standards and assessments and to work with the department to make available to the public valid and highly reliable comparisons of student academic growth and achievement across schools consistent with school performance report card information.

(d) Allows a charter school student to be released from school for religious instruction.

(j) Strikes conflict of interest sections addressed elsewhere in this section.

(l) Makes charter schools subject to state data practices laws and the open meeting law.

(n) Makes charter schools subject to state employment laws.

(o) Clarifies that charter schools are subject to requirements governing the transfer of education records and the management of local records.

Subd. 8a. Aid reduction. Allows the commissioner to reduce a charter school's state aid for certain violations of law.

Subd. 8b. Aid reductions for violations. Allows the commissioner to reduce a charter school's state aid by an amount not to exceed 60 percent of the charter school's basic revenue for the period of time that the violation occurs.

Subd. 9. Admissions requirements. Strikes language allowing a charter school to limit admission to residents of a specific geographic area identified by the relative percentage of the non-Caucasian population or to give preference to town residents in sparsely populated areas. Directs a charter school to develop and publish a lottery policy and process and to use the process when accepting pupils by lot. Allows a charter school to give preference to enrolling the children of school employees. Prohibits a charter school from establishing admission criteria that are inconsistent with this subdivision.

Subd. 11. Employment and other operating matters. Makes a charter school subject to Minnesota's whistle-blowing statute. Requires a charter school to provide a prospective school employee with a written description of the terms and conditions of employment and the school's personnel policies.

Subd. 14. Annual public reports. Requires a charter school to prepare and distribute an annual report approved by the charter school board of directors and to post the report on its official Web site.

Subd. 15. Review and comment. (a) Requires an authorizer to submit a formal

charter school evaluation to the commissioner for review and comment before the authorizer charters a school or renews a charter school contract. Directs the department to review and comment upon an authorizer's evaluation process.

(b), (c), (d), (e) Establish a formula for calculating fees that an authorizer may charge a charter school for evaluating the fiscal and student performance of the charter school, including for the pre-operational planning period.

(f) Requires an authorizer annually to submit to the commissioner and its chartered schools a statement of expenditures related to activities as an authorizer.

Subd. 17. Leased space. (a) Allows a charter school to lease space from an independent school board eligible to be an authorizer, other public organization, private nonprofit nonsectarian organization, private property owner, or sectarian organization if the leased space is constructed as a school facility. Directs the department to review and approve or disapprove leases in a timely manner.

(b) With an authorizer's approval, allows a charter school that has operated for at least five consecutive years to form a separate affiliated nonprofit building corporation to provide a school facility. Requires an authorizer to submit a supplemental affidavit to the commissioner stating that the authorizer has reviewed information on leasing the facility. Prohibits a charter school from organizing the nonprofit building company before the supplemental affidavit is filed and approved.

Subd. 18. Authority to raise initial working capital. Strikes language allowing a sponsor to authorize a charter school before it secures resources if the authority is needed to raise working capital.

Subd. 19. Disseminate information. (b) Allows authorizers, operators, and the department to disseminate information about successful best practices in teaching and learning demonstrated by charter schools.

Subd. 20. Leave to teach in a charter school. Allows a school district to require that a request for a leave of absence to teach in a charter school be made before February 1 in the school year before the school year in which the teacher intends to leave, or February 1 of the calendar year in which the teacher's leave is scheduled to end. Strikes language directing a teacher on leave to pay both the employer and employee retirement contributions.

Subd. 23. Causes for nonrenewal or termination of charter school contract. (a) Restates the timelines for not renewing or terminating a charter school contract in terms of business days.

(b) Strikes language allowing the commissioner to approve a different sponsor for a charter school where an existing sponsor elects to terminate or not renew the charter school contract.

(c) Allows a change in authorizers if an existing authorizer and a charter school board of directors mutually agree to voluntarily terminate or not renew a charter school contract, subject to approval by the commissioner.

(d) Allows the commissioner to terminate a charter school contract if the charter school fails to meet performance requirements, engages in financial mismanagement, or violates laws.

(e) Directs the commissioner to provide information to assist a charter school in finding a new authorizer if the commissioner terminates the authorizer's eligibility to

charter a school.

Subd. 23a. Related party lease costs. (b) Defines terms related to establishing whether a conflict of interest exists.

Subd. 25. Extent of specific legal authority. Requires a charter school board of directors to submit to its authorizer in a timely manner a copy of its insurance policy and any changes to that policy.

Subd. 26. Definitions. Strikes conflict of interest definitions addressed elsewhere in the section.

For effective dates, makes this section effective immediately and applicable beginning August 1, 2009, unless otherwise specified. Makes the “religious purpose” changes governing charitable organizations applicable to charitable organizations seeking approval as authorizers after August 1, 2009, but excepts sponsor/authorizers that have charter schools on that date. Subjects the existing sponsor/authorizers to the new requirement to incorporate in Minnesota beginning July 1, 2012.

- 40 Building lease aid.** (b) Allows charter schools to use lease aid for retiring debt on a charter school building until the bonds or mortgage for covering the original purchase and renovation or construction are retired. Reduces the amount of lease aid in subsequent years unless the commissioner approves an expansion of the charter school facility.

Makes this section effective immediately and applicable beginning August 1, 2009.

- 41 Payment of aids to charter schools.** (a) Strikes language establishing payment periods in the first year of a charter school’s operation.
- (b) Establishes requirements for paying and withholding state aid after a charter school ceases to operate.
- (c) Allows the commissioner to withhold aid to satisfy a directive to return federal or state funds.
- (d) Allows the commissioner to withhold aid if a charter school, after receiving an undisputed invoice for goods or services, fails to pay within 75 business days the state of Minnesota, a school district, an intermediate school district, or a service cooperative.

- 42 Commissioner designation.** Makes changes in terminology related to state-approved alternative programs.

- 43 Student planning.** Makes a change in terminology related to state-approved alternative programs.

- 44 Program training.** Removes a requirement that the commissioner provide additional training for evaluating early literacy skills and teaching reading to preschool children.

Makes this section effective the day following final enactment.

- 45 Minnesota reading corps program.** Establishes a Minnesota Reading Corps program to provide AmeriCorps members with a data-based problem-solving model of literacy instruction to help train local Head Start program providers, other prekindergarten program providers, and staff in schools with students in kindergarten through grade 3 to evaluate and teach early literacy skills to children age 3 to grade 3. Requires literacy programs under this

subdivision to comply with the provisions governing literacy program goals and data use under the Head Start program.

- 46 Eligible pupils.** Clarifies pupil eligibility for purposes of the graduation incentives program.
- 47 Eligible programs.** Consistent with changes elsewhere in this bill, refers to a state-approved alternative program instead of alternative learning centers. Under the graduation incentives program, makes a high school junior or senior instead of a pupil between the ages of 16 and 21 eligible to enroll in a post secondary enrollment options course or program.
- 48 Additional eligible program.** Makes a technical change.
- 49 Pupil enrollment.** Consistent with changes elsewhere in this bill, refers to a state-approved alternative program instead of an alternative learning center.
- 50 Early childhood family education revenue.** Allows eligible schools to apply to the commissioner for grants to provide early childhood family education programs for American Indian families.
- 51 Use of revenue.** (a) States that a district that develops a plan to integrate a racially isolated district need not implement the plan.
- (b) Requires districts to use integration revenue to increase and sustain students' interracial contacts and improve students' educational opportunities and outcomes sufficient to close the academic achievement gap between white and protected students.
- Makes this section effective for the 2010-2011 school year and later.
- 52 Budget approval process.** Requires districts annually by April 1 to submit an integration revenue budget to the commissioner for review and approval by April 30. Requires districts' integration revenue budgets to reflect the statutory uses for the integration revenue.
- Makes this section effective for the 2010-2011 school year and later.
- 53 Plan components.** Requires districts' integration revenue plans to, among other requirements, provide for implementing strategies and programs that enable districts to realize their integration goals and establish valid and reliable longitudinal measures to demonstrate progress in realizing those goals.
- Makes this section effective the 2010-2011 school year and later.
- 54 Learning year pupil units.** Makes a technical change.
- 55 Project-based average daily membership.** Defines a project-based instructional program as primarily student-led course work for credit that may be completed onsite, in the community or online and is available to all or only some students and grades in a school. Establishes requirements that schools must meet to receive revenue for students enrolled in a public school in a project-based program.
- 56 Basic alternative teacher compensation aid.** (a) Amends the basic alternative teacher compensation aid calculation for fiscal years 2008 and 2009 to reflect 73.1 percent of basic

alternative teacher compensation revenue instead of 65 percent of basic alternative teacher compensation revenue.

(b) Establishes a formula for calculating basic alternative teacher compensation aid for fiscal years 2010 and later for Q-Comp schools, intermediate school districts, and charter schools.

Makes this section immediately effective.

57 Minnesota P-20 education partnership.

Subd. 1. Establishment; membership. Establishes a P-20 partnership to create a seamless education system that maximizes the achievement of all students from early childhood through postsecondary education and promotes the efficient use of resources. Lists partnership members, which include members of the P-16 Education Partnership and four legislators. Establishes meeting procedures. Requires partnership members to be the leader or designee of their respective organizations and requires partnership members to meet at least three times during each calendar year. Directs the partnership to seek outside expertise.

Subd. 2. Powers and duties. Directs the partnership to recommend to the governor and the legislature how to maximize the achievement of all P-20 students and promote efficient use of resources. Lists examples of recommendations for strategies, policies, and other actions. Directs the partnership to submit an annual report to the legislature and the governor by January 15 that summarizes the partnership's progress and includes any recommendations the partnership has for maximizing student achievement and promoting efficient resource use.

Subd. 3. Expiration. Causes the partnership to be permanent and not expire.

58 Persons less than 18 years of age. Allows the public safety commissioner to issue a driver's instruction permit to a home school student whose parent certifies that the parent has satisfied the applicable home school reporting requirements.

59 Offenses. Allows the public safety department to revoke the instruction permit of a home school student who submits a false application.

60 Violations. Allows the public safety department to revoke the instruction permit of a home school student who submits a false application.

61 When issued. Allows a home school parent to issue an employment certificate for a 14 or 15 year old home school student who wishes to work on school days.

62 May pay differential of reserve on active duty. Clarifies payment of a pay differential for school district employees who are ordered into active military service.

63 Implementing rigorous course work measures related to student performance. Establishes a process for the commissioner and qualified experts and other stakeholders including parents and teachers to develop a model that projects anticipated high school performance on preparation and rigorous coursework measures and compares schools with similar schools. Causes the group to expire June 30, 2011.

Makes this section effective immediately and applicable to school report cards beginning July 1, 2011.

- 64** **Implementing measures for assessing school safety and students' engagement and connection at school.** (a) Establishes a process for the commissioner and qualified experts and other stakeholders including parents and teachers to (1) identify highly reliable variables of student engagement and connection and (2) determine how to report student safety to comply with federal law.

(b) Directs the commissioner to submit one report to the legislature in 2010 on the two topics in paragraph (a) and a second, related report in 2013 on the content and analysis of and format for reporting collected data. Causes the group to expire December 31, 2013.

Makes this section effective immediately and applicable to school report cards beginning July 1, 2013.

- 65** **Examining the characteristics and impact of "high stakes" math and science tests in the context of awarding high school diplomas.** (a) To determine state policy for administering "high stakes" math and science tests in the context of awarding high school diplomas, directs the Office of Educational Accountability (OEA) to convene and facilitate an advisory group that includes measurement experts, regionally diverse school district research and evaluation directors, school administrators, higher education faculty at two-year and four-year institutions, licensed math and science teachers, the Minnesota Department of Education director of evaluation and testing, parents, representatives of the business community, the public, mathematicians, scientists, and workforce development experts to consider and recommend how best to motivate students and improve students' academic achievement in the context of "high stakes" math and science exams required for high school graduation. Directs the advisory group to at least evaluate and make recommendations on: (1) particular kinds of math and science exams that Minnesota might use as "high stakes" exams to award or deny students a high school diploma; (2) appropriate levels of high school math and science proficiency and the educational support to help students achieve those proficiency levels; (3) the relationship between math and science proficiency levels and state definitions of college and career readiness; (4) the interrelationship between requiring students to demonstrate math and science proficiency and college or career readiness, and awarding or denying students a high school diploma; (5) the interrelationship between "high stakes" testing and other coursework and credits required for graduation or college and career readiness; and (6) appropriate accommodations for students with individualized education plans and students with limited English proficiency in some circumstances.

(b) Exempts the advisory group from the effect of the statutory provision (M.S., section 15.059) governing the terms, compensation, and removal of members of advisory councils and committees. Directs the OEA to present the advisory group's evaluation and recommendations to the legislature by February 15, 2010. Causes the group to expire on June 1, 2010.

Makes this section immediately effective.

- 66** **Legislative report on districts' use of and need for integration revenue.** Directs the education commissioner to analyze the substance of districts' integration plans and the

impact of demographic changes, immigration and housing patterns, and interdistrict integration activities and report to the legislature by February 1, 2011.

67 Appropriations. See attached fiscal sheet.

68 Repealer. Repeals sections that direct the commissioner to implement a value-added assessment program (120B.362), provide for uniform forms for state exams (120B.39), establish schools-mentoring-schools regional sites (122A.628), establish an administrators' academy (122A.75), and establish concurrent enrollment program aid (124D.0910).

Article 3: Special Programs

1 Pupil. Amends the definition of pupil with a disability under the Pupil Fair Dismissal Act to conform with changes in Minnesota's special education chapter.

2 Suspension. Strikes language pertaining to students with disabilities that is contained in the definition of suspension under the Pupil Fair Dismissal Act.

3 Exclusion and expulsion of pupils with a disability. (a) Consistent with federal law and state suspension procedures, allows school personnel to suspend children with disabilities. Establishes parameters and procedures for suspensions of children with disabilities who have been suspended for more than five consecutive school days or ten cumulative schools days.

(b) Counts a dismissal of up to one school day as a day of suspension of children with disabilities do not receive regular or special education instruction during that time. Does not require notice for a one-day dismissal.

(c) Requires children with disabilities to be provided alternative education services when a suspension exceeds five consecutive school days.

(d) Establishes procedures a school district must follow before initiating an expulsion or exclusion of children with disabilities. Requires school districts to continue to provide special education and related services to children with disabilities who are excluded or expelled for misbehavior that is not a manifestation of their disability.

4 Reimbursement. Corrects an incorrect cross reference.

5 Child with a disability defined.

Subd. 1. Child with a disability. Defines a child with a disability to mean a child identified under federal and state special education law as having a specified disability or impairment who needs special education and related services according to rules of the education commissioner.

Subds. 2 and 3. Requires decisions affecting children's services to be determined based on rules instead of standards.

6 General school district obligations to children with disabilities. (a) Establishes requirements for school districts providing special education and related services to children with disabilities.

(b) Requires resident school districts to identify, locate, and evaluate children with disabilities, beginning at birth, who need special education and related services.

(c) Requires resident school districts to make a free appropriate public education (FAPE) available to eligible children with disabilities under 21 without a diploma and to eligible children with disabilities without a diploma who become 22 during the school year.

(d) Requires resident school districts to ensure that eligible children with disabilities who are enrolled by the school district in a nonpublic education facility receive special education and related services at no cost to the parent.

(e) Requires school districts to provide eligible children with disabilities who are enrolled by their parents in a nonpublic education facility located in the district with an opportunity to participate in special education and related services. Requires the districts to spend an amount at least equal to the proportionate amount of available special education federal funds.

Makes this section immediately effective.

7 Rulemaking. Directs the commissioner to adopt new rules and amend existing rules related to children with disabilities only under specific authority and consistent with statutory requirements for rule-making. Allows the commissioner to make rules required by federal law.

8 Individualized education programs. (a) Requires school districts to have an individualized education plan for children with disabilities at the start of each school year.

9 Alternative dispute resolution and due process hearings.

Subds. 1, 2, 3. Strike language on school district obligations, prior written notice, and content of the prior written notice that appears elsewhere in this section.

Subd. 3a. Additional requirements for prior written notice. In addition to federal law requirements, also requires that a prior written notice inform parents that (i) unless the parent notifies the district of an objection to a district proposal or refusal for the child's placement or services, the district will pursue its proposal or refusal, and (ii) the parent who objects may request a conciliation conference or other alternative dispute resolution procedure.

Subd. 4. Strikes language an understandable notice that appears elsewhere in this section.

Subd. 7. Conciliation conference. Strikes language stating that the requirement to hold a conciliation conference is satisfied if a parent refuses a school district's effort to conciliate the dispute. Requires a school district to hold a conciliation conference within ten calendar days after a school district receives a parent's objection to a district proposal or refusal for a child's placement or services. Makes all conciliation conference discussions confidential, unless an exception applies, and inadmissible in a due process hearing. Requires the school district to provide a parent with a conciliation conference memo within five school days after the final conciliation conference.

Subd. 10. Mediated agreements. Strikes existing language on mediated agreements and inserts a requirement that the mediator ensure that any resolution of a dispute or an agreement to use another dispute resolution procedure is in writing and signed by the parties, and each party receives a copy of the document that states that mediation discussions are confidential and may not be used as evidence in a subsequent hearing or proceeding. Makes the resolution or agreement legally binding and enforceable in state and federal court. Allows parties to request another mediation to resolve a dispute over implementing the agreement.

Subd. 12. Impartial due process hearing. Allows the parent and the school district to receive, at state expense, a copy of the hearing transcript or recording and the hearing officer's findings of fact, conclusion of law, and decisions.

Subd. 13. Hearing officer qualifications. Directs the education commissioner to maintain a list of hearing officers with their qualifications. Requires hearing officers to know about special education laws, rules, and decisions and how to conduct hearings and render and write decisions. Directs the commissioner to appoint a hearing officer upon written request.

Subd. 14. Request for a hearing. Strikes existing language.

(a) Allows a parent or school district to file a written request for a due process hearing.

(b) Prescribes the content of the hearing request.

(c) Allows a parent or school district to file a written request for a hearing under federal law.

(d) Requires the parent or school district that files a hearing request to provide a copy of the request to the other party and the department. Requires the department to give the parent a copy of federal procedural safeguards.

(e)(1) Requires a school district, that has not sent a parent a written explanation, to notify the parent within ten days about its decision concerning the action that is the subject of the hearing request. Allows the school district to also assert that the parent's hearing request is insufficient under clause (2).

(2) Precludes holding a hearing until the requesting party meets the requirements of paragraph (b) governing the content of the hearing request. Establishes a process and time line for challenging the sufficiency of the hearing request.

(f) Unless paragraph (e), clause (1), applies, requires the party receiving the hearing request to provide a written response within ten days to the party requesting the hearing.

Subd. 16. Burden of proof. Declares that the burden of proof at a due process hearing is on the party seeking relief.

Subd. 18. Hearing officer authority. (b) Allows a hearing officer to extend the hearing decision time line for good cause.

(c) Defines as examples of good cause the time required for a settlement discussion or an independent education evaluation, the complexity and volume of issues, and finding or changing counsel.

Subd. 19. Expedited due process hearings. Consistent with federal law, allows a parent or school district to file a written request for a due process hearing, which must be held within 20 school days after the request and for which a decision must be issued within ten school days after the hearing. Requires a resolution meeting to occur within seven days of receiving an expedited due process hearing request unless the parent and school district agree otherwise. Allows the expedited due process hearing to proceed within 15 days of the request unless the matter is resolved.

Subd. 20. Hearing officer's decision; time period. (a) Requires the hearing officer to reach and transmit a final decision in the due process hearing not later than 45 days after the 30-day period or the adjusted time periods under federal law expire. Allows the hearing officer to grant time extensions upon request. Requires the hearing officer to conduct oral arguments at a reasonable time and place. Strikes existing language that is addressed in the new language.

(b) Prohibits the hearing officer from amending a final decision except to make technical corrections.

(c) Clarifies that a hearing officer may order a school district to comply with federal procedural safeguards under IDEA.

Subds. 22, 23. Strike language addressed elsewhere.

Subd. 24. Review of hearing officer decisions. Requires a party appealing a hearing officer's decision to federal court to appeal within 90 days of the decision.

Subd. 25. Enforcement of orders. Requires the commissioner to ensure the enforcement of hearing officer decisions.

Subd. 27. Hearing officer training. Requires a hearing officer to participate in training offered by the commissioner.

Subd. 28. District liability. Declares that a school district is not liable for technical violations under federal or state special education laws or rules. Makes this subdivision applicable to due process hearings and special education complaints filed with the department.

10 Restrictive procedures for children with disabilities. Causes the use of restrictive procedures for children with disabilities to be governed by the statutory definitions in the following two sections.
Makes this section effective July 1, 2011.

11 Definitions. Defines the following terms in the context of using restrictive procedures for children with disabilities: emergency, physical holding, positive behavioral interventions and supports, restrictive procedures, and seclusion.
Makes this section effective July 1, 2011.

12 Standards for restrictive procedures.

Subd. 1. Restrictive procedures plan. (a) Requires schools to have a publicly accessible plan for using restrictive procedures with children with disabilities.

Subd. 2. Restrictive procedures. (a) Allows only qualified and trained professionals to use restrictive procedures.

(b) Requires school districts to make reasonable efforts to notify parents on the day restrictive procedures are used or, if the district is unable to provide same-day notice, to send an electronic or written notice within two days or as otherwise indicated by the child's parent.

(c) Requires school districts to hold an individualized education plan team meeting when restrictive procedures are used twice in a 30-day period or a pattern or use emerges and restrictive procedures are not part of the child's individualized education program. Requires the team to review and document limitations and prohibitions on using restrictive procedures.

(d) Allows an individualized education plan team to plan for using restrictive procedures in response to behavior that constitutes an emergency.

Subd. 3. Physical holding or seclusion. Allows physical holding or seclusion to be used only in an emergency and if certain requirements are met: it is the least intrusive effective intervention; it ends when the threat of harm ends and staff determines that the child can return safely to the classroom or activity; staff directly observes the child during the holding or seclusion; the participating staff person documents the procedure; room specifications are met and the room meets applicable local building, fire, and safety codes and is registered with and available to be viewed by the commissioner.

Subd. 4. Prohibitions. Lists prohibited actions and procedures, including: corporal punishment; requiring a painful physical position, activity or posture; restricting a child's senses; presenting intense stimuli; denying or restricting access to equipment or devices except in cases of injury or serious damage; sexual abuse, neglect and physical abuse; withholding meals or water; denying bathroom access; and restricting or impairing a child's breathing.

Subd. 5. Staff training. (a) Requires staff using restrictive procedures to complete specified training in the use of those procedures.

(b) Directs the education commissioner, after consulting with the human services commissioner, to develop and maintain a list of recommended training programs. Requires school districts to maintain records on staff training. Allows school districts to coordinate training opportunities with children's community mental health providers.

Subd. 6. Behavior supports. Encourages school districts to establish effective school-wide systems of positive behavior interventions and supports. Declares that nothing in this section precludes the use of reasonable force.

Makes this section effective July 1, 2011.

13

Placement in another district; responsibility. (b) Requires a nonresident district that places a pupil in a care and treatment facility to notify the resident district of the placement and to give the resident district an opportunity to participate in the placement decision. Requires the nonresident district to notify the resident district within 15 days of an

emergency placement. Gives the resident district five business days to request an opportunity to participate in the emergency placement decision.

(c) Allows a resident district to establish reasonable restrictions for transporting a child placed at a day care and treatment facility, subject to a court or agency order.

Makes this section effective immediately.

- 14 State interagency coordinating council.** Causes the council to expire on June 30, 2014.
- 15 Placement of a child without disabilities; education and transportation.** (c) Requires a nonresident district to notify the resident district within 15 days of an emergency placement. Gives the resident district five business days to request an opportunity to participate in the emergency placement decision.
(d) Allows a resident district to establish reasonable restrictions for transporting a child placed at a day care and treatment facility, subject to a court or agency order.
Makes this section effective immediately.
- 16 Alternative instruction required before assessment referral.** Makes technical changes to the response to intervention requirements.
- 17 Assistive technology device.** Amends the definition of “assistive technology device” to exclude a surgically implanted medical device or a replacement of that device.
Makes this section effective immediately.
- 18 Programs.** Requires the resource centers for the deaf and hard of hearing to offer training programs.
- 19 Advisory committees.** Directs the advisory committee for the Resource Center for the Deaf and Hard of Hearing to meet at least quarterly and submit an annual report to the commissioner, the legislature, and the Commission on Deaf, DeafBlind and Hard of Hearing Minnesotans that includes recommendations on aggregate data-based outcomes over time for deaf and hard-of-hearing children, consistent with state academic standards and assessments and a data-based plan that includes evidence-based best practices known to improve the educational outcomes of deaf and hard-of-hearing children.
- 20 Definitions.** Excludes administrators and supervisors from the definition of “essential personnel” for computing basic revenue for children with disabilities.
- 21 Appropriations.** See attached fiscal sheet.
- 22 Repealer.** Repeals 125A.03 (special instruction for children with disabilities), 125A.05 (method of special instruction), and 125A.18 (special instruction in nonpublic schools).
(b) Repeals sections 121A.66 and 121A.67, subdivision 1 (aversive and deprivation definitions and procedures), effective July 1, 2011.
(c) Repeals rules governing aversive and deprivation definitions and procedures (Minnesota Rules, parts 3525.0210, subparts 5, 6, 9, 13, 17, 29, 30, 46, and 47; 3525.1100, subpart 2, item F; and 3525.2900, subpart 5), effective July 1, 2011.
(d) Repeals rules governing aversive and deprivation procedures (Minnesota Rules, parts 3525.0210, subparts 34 and 43; 3525.0400; 3525.2445; and 3525.4420), effective immediately.

Article 4: Facilities and Technology

- 1 **Wind energy conversion system.** Authorizes a school board, individually or as a member of a joint powers board, to become a partner, member, or shareholder in a company that is formed for the sole purpose of constructing, acquiring, owning, or financing a wind energy conversion system. Prohibits a school board from selling, transmitting or distributing electrical energy at retail.
- 2 **Health and safety program.** Removes some obsolete references.
- 3 **Facility plan.** Eliminates the requirement for a district to submit a separate five year facility plan to the commissioner of education prior to receiving alternative facilities revenue.
- 4 **Bond authorization.** Eliminates the requirement that a district publish the commissioner's review and comment as a part of the notice preceding the sale of alternative facilities bonds.
- 5 **Levy authorization.** Eliminates the requirement that a district publish the commissioner's review and comment as a part of the notice prior to the district levying for alternative facilities projects.
- 6 **Commissioner approval.** Clarifies that the commissioner may not impose a minimum acreage requirement on a new school facility's site, or the site of a remodeled school facility. Clarifies that the commissioner may not impose a maximum cap on the total renovation costs of a remodeled facility as compared to the cost of new construction.
- 7 **Review and comment.** Raises the cap on school construction projects that are subject to review and comment by the commissioner of education from \$500,000 to \$1.4 million for all school districts except those with outstanding capital loans. Eliminates the requirement that facility maintenance projects are subject to review and comment by the commissioner.
- 8 **Information required.** Expands the list of information that must be submitted to the commissioner of education as a part of the review and comment process to include a description of pedestrian, bicycle and transit connections between the school and nearby residential areas. Requires the review and comment to include a description of how the facility will maximize the opportunity for cooperative uses of existing parks, recreation and other public facilities. Requires the review and comment to provide information about the cumulative infrastructure costs (e.g. utilities, water and sewer, roads and sidewalks) associated with a proposed facility.
- 9 **Publication.** Eliminates the requirement for the information from the commissioner's review and comment to be included in the alternative facilities project notices that must be published.
- 10 **Telecommunications/Internet Access equity aid.** Authorizes intermediate school districts to receive telecommunications/Internet access equity aid.
- 11 **Appropriations.** Appropriates money for facilities and technology programs.

Article 5: Libraries, Nutrition and Accounting

- 1 **Budgets; form of notification.** Directs a school board to publish a summary of its truth in taxation information and the address of the school district's official Web site in a qualified newspaper of general circulation in the district.
- 2 **Clerk records.** Changes from August 15 to September 15 the date by which the clerk files school district financial reports with the school board and transmits a certified financial report to the commissioner. Requires the clerk to provide the county auditor by September 30 instead of October 10 an attested copy of the clerk's record showing the amount of proposed property tax for school purposes.
- 3 **Levy recognition.** Reestablishes the levy recognition shift. Sets the shift percentage at 49.1 percent for fiscal years 2010 and later.
- 4 **Expenditures by building.** Requires that a school district directly account for expenditures at a building level only to the extent that the Uniform Financial and Reporting Standards (UFARS) accounting system already accommodates building level data.
- 5 **Account transfer for designated separation and retirement benefits.** Combines two reserve accounts into a single account that is designated for separation and retirement benefits. Removes the limit that the account balance may not exceed 50 percent of the total obligations.
- 6 **Debt verification.** Strikes obsolete language.
- 7 **Debt elimination.** Clarifies a cross-reference.
- 8 **Certification of debt.** Strikes obsolete language.
- 9 **School food service fund.** Defines the manner in which a deficit in the food service account is calculated if a school district contracts with a food service management company. In cases where a contracted food service management company has run a deficit, extends the repayment time for the deficit for another year. Eliminates the ability for the food service management company to bid on any other contracts until the deficit is repaid.
- 10 **Aid reduction; levy recognition change.** Corrects a missing cross-reference.
- 11 **Definitions.** Lowers the aid payment shift percentage from 90 percent of the aid entitlement being paid in the current fiscal year to 73 percent beginning in fiscal year 2010.
- 12 **Payment dates and percentages.** Removes obsolete language.
- 13 **Advance final payment.** Authorizes an advance final payment for school districts and charter schools in statutory operating debt. Sets the aid payment schedule at 90 percent of the aid entitlement for fiscal years 2010 and later. Caps the total amount of the advance final payment that can be paid in any year at not more than \$7.5 million.
- 14 **Aid payment percentage.** Removes an obsolete reference.
- 15 **Notification of resident district.** Strikes language removing the resident district's liability for any tuition billing received after August 1 if the resident district did not receive timely

notice from the providing district.

- 16 Service to people with visual and physical disabilities.** Directs the department to provide services to people with visual and physical disabilities through the Minnesota Braille and Talking Book Library.
- 17 Telephone or electronic meetings.** Allows the advisory committee for Minnesota Braille and Talking Book Library to conduct committee meetings by telephone or other electronic means if certain conditions are met.
- 18 Notice of proposed property taxes.** Modifies the notice of proposed property taxes to reflect the elimination of the mandatory truth in taxation meetings.
- Makes this section effective for fiscal year 2010 and later.
- 19 Adoption of budget and levy.** Eliminates the truth in taxation public hearing requirements.
- Makes this section effective for taxes payable in 2010 and later.
- 20 Capital account transfers.** Extends the one-year authority for school districts to transfer up to \$51 per pupil unit per year from the reserved for operating capital account to the unreserved general fund balance for another two years.
- Makes this section effective immediately.
- 21 Fund transfer; St. Anthony-New Brighton.** Authorizes Independent School District No. 282, St. Anthony-New Brighton, to permanently transfer up to \$400,000 from its reserved for operating capital account to its undesignated general fund balance.
- 22 Appropriations.** This section appropriates money for school nutrition programs including school lunch, school breakfast, kindergarten milk, and summer school food service replacement aid.
- 23 Appropriations.** This section appropriates money for public libraries, including funds for regional library basic support grants, multicounty multitype library systems, the electronic library licenses, and regional library telecommunications aids.
- 24 Repealer.** Repeals for taxes payable in 2010 and later truth in taxation provisions on local property taxes related to public advertising, joint public hearings in metro and non-metro areas and in various counties (Minn. Stat. § 275.065, subs. 5a, 6b, 6c, 8, 9, and 10).

Article 6: Self-Sufficiency and Lifelong Learning

- 1 Other duties.** Strikes language requiring the public safety commissioner to provide information upon request to school and community advisory teams.
- 2 Repealer.** Repeals section 121A.27 (school and community advisory team).

Article 7: State Agencies

- 1 Grants and gifts.** Allows the Board of the State Academies to apply for and receive grants and gifts from public and nonpublic sources. Appropriates and dedicates the money the Board of the State Academies receives, consistent with the purpose of the grant or gift. Directs the Board of the State Academies to report annually to the legislature on the amount of money received under this subdivision and the purpose for which it was used.
- 2 Grants and gifts.** Allows the commissioner to apply for and receive grants and gifts from public and nonpublic sources. Appropriates and dedicates the money the commissioner receives, consistent with the purpose of the grant or gift. Directs the commissioner to report annually to the legislature on the amount of money received under this subdivision and the purpose for which it was used.
- 3 Appropriations; Department of Education.** Appropriates \$21.383 million each year to the Department of Education for agency operations. Includes the following riders:
- \$41,000 per year for the Minnesota Academy of Science;
 - \$632,000 per year for the Board of Teaching plus an additional \$30,000 per year for the board's licensure by portfolio activities;
 - \$171,000 per year for the Board of Administrators;
 - \$200,000 for the Minnesota Children's Museum;
 - \$50,000 for the Duluth Children's Museum; and
 - acceptance of federal funds, with the exception of certain funds from the 2009 federal stimulus accounts.
- 4 Appropriations; Minnesota State Academies.** Appropriates \$11.912 million per year for the operation of the Minnesota State Academies for the Deaf and the Blind.
- 5 Appropriations; Perpich Center for Arts Education.** Appropriates \$7.087 million per year for the operation of the Perpich Center for Arts Education.

Article 8: Pupil Transportation

- 1 Definitions.** Allows a school district to include in its special education costs the costs of using a school bus with a power lift for a curricular field trip if the lift is required by a student's disability.
- 2 District reports.** Authorizes a school district to record the expense of a contracted pupil transportation service as the actual cost of the contract under certain circumstances (under current law, pupil transportation expenses must be allocated on a cost-per-mile, cost-per-student, cost-per-hour, or cost-per route basis).
- 3 School bus.** Increases the maximum vehicle weight of a type A-1 school bus (these are the short, stubby school buses) from 10,000 to 14,500 pounds. Defines multifunction school

activity bus.

- 4 **Personal cellular phone call prohibition.** Clarifies a cross-reference.
- 5 **National standards adopted.** Clarifies the terminology involved when referring to multifunction school activity buses.
- 6 **Seat and crash barriers.** Requires new school buses purchased after October 21, 2009, to conform to the higher seat back requirements specified in federal law (raising the seatback height to 24 inches).
- 7 **Tailpipe.** Allows the tailpipe to exit a school bus on either the passenger or driver side of the vehicle.
- 8 **Exemption.** Clarifies a cross-reference.
- 9 **School bus.** Clarifies a cross-reference.
- 10 **Commercial motor vehicle.** Clarifies a cross-reference.
- 11 **Driver's license classifications; endorsements; exemptions.** Clarifies the terminology involved when referring to multifunction school activity buses and conforms the type A-1 weight limits to the amounts specified in section 3. Makes technical changes to centralize requirements for operating type A-1 and multifunction school activity buses without a school bus endorsement.
- 12 **Exception for certain school bus drivers.** Regulates multifunction school activity buses when operated without a school bus endorsement, establishing the same requirements that apply to type A-1 school buses operated without the school bus endorsement. Clarifies a cross-reference, and recodes the type A-1 and multifunction school activity bus weight limit and limit of 15 passengers or less.
- 13 Exception for type III vehicle drivers. Modifies a law enacted in 2008 that established regulations for drivers of type III vehicles, which are certain passenger autos, vans, and buses with a capacity of ten or fewer people (including the driver), a maximum gross vehicle weight of 10,000 pounds, and used for school purposes. The changes:
 - modify the exemption from some of the type III driver requirements, so that all type III drivers must (1) undergo a background check, (2) have their license annually verified by the employer, and (3) notify the employer if convicted for certain DWI and traffic regulation offenses;
 - clarify the exemptions from the physical exam and drug and alcohol testing provisions, to replace the "normal duties" test with an exemption that applies to all school and school district employees who are "not employed for the sole purpose of operating a type III vehicle;"
 - clarify that holders of any class of commercial driver's license may operate a type III vehicle without a school bus endorsement (if the other requirements are met);
 - specify that the school district or employer's driver training and certification has to include information on the requirement that the driver report convictions for certain DWI and traffic regulation offenses; and
 - clarify that the driver's employer must require pre-employment drug and alcohol

testing (unless the driver is exempted), and that drivers must comply with any employer's program for random or reasonable suspicion testing.

- 14 **Endorsement.** Clarifies the circumstances under which a person can drive a school bus without a school bus endorsement.
- 15 **Training.** Moves a requirement (to a subdivision on training) that a school district, nonpublic school, or a private bus contractor provide annual in-service training to each school bus driver.
- 16 **Annual evaluation and license verification.** Extends the time for the annual evaluation and license verification by 15 days to accommodate the shifting start days in Minnesota's school year. Makes technical changes.

Article 9: School Finance System Changes

Overview

Replaces significant parts of Minnesota's school finance system beginning in fiscal year 2014.

- 1 **Equalized debt service levy.** Increases the first tier debt service equalization factor from \$3,200 to 100 percent of the state average adjusted net tax capacity per pupil (approximately \$8,250). Increases the second tier equalizing factor from \$8,000 to 200 percent of the state average adjusted net tax capacity per pupil (roughly \$16,500).
- 2 **School bond agricultural credit.**
 - Subd. 1. Eligibility.** Makes all property classified as agricultural or timberland (but excluding the house, garage and one acre of an agricultural homestead) eligible for the credit established in this section.
 - Subd. 2. Credit amount.** Provides for a credit of 66 percent of the portion of the property tax attributable to school debt levies, for all eligible property.
 - Subd. 3. Credit reimbursements.** Requires the county auditor to report to the commissioner of revenue the credit amount for each school district, and requires the commissioner to certify the accuracy of the submitted amounts.
 - Subd. 4. Payment.** Requires the commissioner of revenue to certify the reimbursement amounts to the commissioner of education, and the commissioner of education to pay the reimbursement amounts to the school districts.
- 3 **Career and technical aid.** Triples funding for career and technical programming by raising the allowance from \$80 to \$240 times the number of students served in grades 10 to 12 and changes the funding from a local levy to state aid.
- 4 **Pupil of limited English proficiency.** Removes the five-year limit on the number of years that a non-English speaking student qualifies for limited English proficiency revenue.
- 5 **School district LEP revenue.** Increases the basic LEP revenue from \$700 per pupil to 20 percent of the formula allowance (\$1,500) per pupil. Note, the LEP concentration revenue

of up to \$250 per pupil is repealed in section 43.

- 6 **School district special education aid.** Removes the statewide cap on special education revenue so that each school district's initial formula amount of special education revenue is fully funded.
- 7 **District special education excess cost aid.** Removes the statewide cap on special education excess cost revenue so that each school district's initial formula amount of special education excess cost revenue is fully funded.
- 8 **Adjusted net tax capacity equalizing factor.** Defines the ANTC equalizing factor as the statewide average ANTC per pupil unit.
- 9 **Referendum market value equalizing factor.** Defines the referendum market value equalizing factor as the statewide average referendum market value per pupil unit.
- 10 **Location equity index.** Defines the location equity index as the lesser of 0.9 or the ratio of each district's composite wage index to the statewide average weekly wages and not more than 1.05. Sets the wage index by using three years of weighted age data. Requires the commissioner of education to annually calculate the location equity index for each school district.
- 11 **Pupil unit.** Simplifies the count of pupils by giving each pupil unit a weight of 1.0, regardless of the pupil's grade. Includes funding for full-day kindergarten by weighting kindergarten pupils at 1.0.
- 12 **Compensation revenue pupil units.** Modifies the calculation of compensatory revenue. Changes the measure from a site-based count to a district-based count of pupils (but continues to require the revenue to be distributed to the sites on a proportionate basis). Sets the compensatory funding equal to 40 percent of the formula allowance times the count of free and reduced pupils times the concentration factor. Sets a minimum amount of compensatory revenue for each eligible pupil at 33 percent of the formula allowance (\$2,500).
- 13 **Adjusted pupil units.** Replaces the current additional pupil weighting for declining enrollment with a three year average measure of declining enrollment under section 22.
- 14 **Resident pupil units.** Eliminates the declining enrollment adjustment to the count of resident pupil units.
- 15 **Average daily membership.** Requires students to attend school for the statewide average hours of instruction before qualifying for eligibility under the extended time revenue program (960 hours per year for elementary pupils and 1,050 hours for secondary students).
- 16 **Free and reduced price lunches.** Bases the count of students eligible for free or reduced meals from a site level to a school district level.
- 17 **LEP pupil units.** Removes the concentration factor from the count of LEP pupils.
- 18 **Education funding framework.** Establishes an education funding framework by grouping revenue amounts into the categories of general classroom funding, district instructional services, and district support services.

- 19 General education revenue.** Redefines the components of general education revenue for fiscal year 2010 and later.
- 20 Basic revenue.** Increases the basic formula allowance from \$5,124 to \$7,500 per pupil unit beginning in fiscal year 2010. Increases the formula allowance for each subsequent year by the same rate of growth as the growth in the implicit price deflator.
- 21 Extended time revenue.** Links extended time revenue to the formula allowance (currently extended time revenue is calculated using the formula allowance amount for FY 2005 which was \$4,601).
- 22 Declining enrollment revenue.** Creates a new component of general education revenue for districts with declining enrollment. Sets the revenue amount equal to the formula allowance times the average loss of pupils for the three preceding years.
- 23 Location equity revenue.** Creates a new component of general education revenue called location equity revenue. Sets the revenue equal to the product of 50 percent of the basic formula allowance, the district's pupil units for that year, and its location equity index minus 0.9.
- 24 Referendum replacement revenue.** Grants each district an additional \$500 per pupil unit (Note: section 35 offsets the first \$500 of referendum revenue per pupil unit).
- 25 Compensatory education revenue.** Establishes a minimum amount of compensatory revenue for each pupil eligible for free or reduced price meals equal to \$2,500 per pupil. Sets the compensatory formula equal to 40 percent of the basic formula allowance times the district's compensation revenue pupil units.
- 26 Basic skills revenue.** Eliminates the concentration portion of LEP revenue.
- 27 Definitions.** Increases the number of districts eligible for sparsity revenue by lowering the minimum distance to the next nearest school building from 19 to 15 miles.
- 28 Total operating capital revenue.** Adds \$600 of aid per pupil unit to operating capital revenue for health and safety and deferred maintenance purposes for those districts who are not participating in the alternative facilities program. Adds \$50 per pupil unit to operating capital revenue for technology purposes. Raises the basic operating capital allowance from \$70 to \$100 per pupil to adjust for the loss of pupil weighting by grade under section 13.
- 29 Uses of total operating capital.** Defines the uses of technology revenue.
- 30 Transportation sparsity revenue allowance.** Makes a technical change to include transportation sparsity revenue in the revenue under section 31.
- 31 Transportation revenue.** Adds two new transportation components to the transportation sparsity revenue amount. Adds an amount for hazardous transportation services equal to the district's actual costs, not to exceed 20 percent of the district's total to and from transportation costs and adds an amount equal to 5 percent of a district's total transportation spending for bus purchase or other transportation needs.
- 32 Innovation revenue.** Requires a school district to use at least 5 percent of its basic revenue for innovative revenue programs including peer-reviewed, research-based measures to

improve academic performance. Requires a district that is not meeting acceptable student achievement measures to submit a plan to the commissioner of education describing how it intends to use its innovation revenue.

- 33 General education aid.** Eliminates the property tax levies of general education revenue so that general education revenue is provided entirely through state aid.
- 34 Uses of revenue.** Specifies that a certain portion of general education revenue must be set aside for the following:
- one percent of basic revenue (\$75 per pupil) for gifted and talented services;
 - five percent of basic revenue to implement a district’s innovative revenue program;
 - basic skills revenue (compensatory and LEP revenue) must be set aside as is required by current law; and
 - operating capital must be set aside as required by current law.
- 35 Referendum allowance.** Reduces each school district’s approved referendum allowance by \$500 per pupil unit (this amount is replaced with revenue under section 24).
- 36 Referendum equalization revenue.** Removes obsolete language.
- 37 Referendum equalization levy.** Converts the operating referendum equalization factors from fixed amounts to a percent of the statewide average referendum market value tax base. Changes the first tier equalizing factor from \$476,000 per pupil to 100 percent of statewide equalizing factor (about \$582,000 per pupil). Changes the second tier equalizing factor from \$276,000 per pupil to 60 percent of the statewide referendum market value equalizing factor (about \$350,000).
- 38 Annual general education aid appropriation.** Expands the open and standing appropriation for general education revenue to include the amounts necessary to fund the special education formulas, debt service equalization aid, and the school bond agricultural credit.
- 39 To lease building or land.** Increases the building lease levy from a maximum of \$100 per pupil to \$150 per pupil and authorizes school districts to lease administrative space as well as classroom space. Increases the lease levy for districts that are members of an intermediate school district from \$25 to \$50 per pupil unit.
- 40 Statewide average revenue.** Makes a technical correction to reflect the elimination of equity revenue and transition revenue.
- 41 Phase-in.** Defines a district’s baseline education revenue as the amounts calculated under the formulas in the 2008 Minnesota Statutes.
- Phases in the new aid, levy and revenue over an unspecified number of years by adding the percentage to be phased in for that year to the baseline education revenue amount for each district.
- 42 Revisor’s instruction.** Instructs the revisor to remove the phrase “marginal cost” from all

of the definitions of pupil units that appear in statute.

- 43** **Repealer.** Repeals the fixed standing appropriation for debt service equalization aid, special education revenue caps, gifted and talented revenue, the operating capital levy, equity revenue, transition revenue, alternative teacher compensation revenue, the learning and development revenue set-aside and the teacher retirement and PERA pension adjustments to general education revenue.

Article 10: Forecast Adjustments

Makes changes to conform fiscal year 2009 appropriations to match the February 2009 forecast levels for these programs.

Article 11: Technical and Conforming Corrections

This article contains technical corrections to the statutes.

- 1** **Equity revenue.** Removes an obsolete cross-reference to a revenue source that is no longer in existence.