

CHAPTER 146—H.F.No. 2245

An act relating to education; providing for policy and funding for early childhood, family, adult, and prekindergarten through grade 12 education including general education, education excellence, special programs, facilities and technology, nutrition and accounting, libraries, state agencies, pupil transportation standards, early childhood and adult programs; education forecast adjustments, and technical and conforming amendments; providing for task force and advisory groups; requiring reports; authorizing rulemaking; funding parenting centers; funding lead hazard reduction; appropriating money; amending Minnesota Statutes 2006, sections 16A.152, subdivision 2; 119A.50, by adding a subdivision; 119A.52; 119A.535; 120A.22, subdivision 7; 120B.021, subdivision 1; 120B.022, subdivision 1; 120B.024; 120B.12, subdivision 2; 120B.132; 120B.15; 120B.30; 120B.31, subdivision 3; 120B.36, subdivision 1; 121A.17, subdivision 5; 122A.20, subdivision 1; 122A.61, by adding a subdivision; 122A.628, subdivision 2; 122A.72, subdivision 5; 123A.44; 123A.441; 123A.442; 123A.443; 123A.73, subdivision 8; 123B.02, by adding a subdivision; 123B.10, subdivision 1; 123B.143, subdivision 1; 123B.53, subdivision 1; 123B.54; 123B.57, subdivision 3; 123B.63, subdivision 3; 123B.77, subdivision 4; 123B.79, subdivisions 6, 8, by adding a subdivision; 123B.81, subdivisions 2, 4, 7; 123B.83, subdivision 2; 123B.88, subdivision 12; 123B.90, subdivision 2; 123B.92, subdivisions 1, 3; 124D.095, subdivisions 2, 3, 4, 7; 124D.10, subdivisions 4, 23a, 24; 124D.111, subdivision 1; 124D.128, subdivisions 1, 2, 3; 124D.13, subdivisions 1, 2, 11, by adding a subdivision; 124D.135, subdivisions 1, 3, 5, 6; 124D.15, subdivision 3; 124D.34, subdivision 7; 124D.454, subdivisions 2, 3; 124D.531, subdivisions 1, 4; 124D.65, subdivision 11; 124D.66, subdivision 3; 124D.84, subdivision 1; 125A.11, subdivision 1; 125A.13; 125A.14; 125A.39; 125A.42; 125A.44; 125A.45; 125A.50; 125A.56; 125A.63, by adding a subdivision; 125A.75, subdivisions 1, 4, by adding a subdivision; 125A.76, subdivisions 1, 2, 4, 5, by adding a subdivision; 125A.78; 125A.79, subdivisions 1, 5, 6, 8; 125B.15; 126C.01, subdivision 9; 126C.05, subdivision 1; 126C.10, subdivisions 2, 2b, 24, 34; 126C.126; 126C.13, subdivision 4; 126C.15, subdivision 2; 126C.21, subdivisions 3, 5; 126C.41, by adding a subdivision; 126C.44; 126C.48, subdivisions 2, 7; 127A.095, subdivision 2; 127A.441; 127A.47, subdivision 7; 127A.49, subdivisions 2, 3; 128D.11, subdivision 3; 134.31, by adding a subdivision; 134.34, subdivision 4; 134.355, subdivision 9; 169.01, by adding a subdivision; 169.443, by adding a subdivision; 169.447, subdivision 2; 169.4501, subdivisions 1, 2; 169.4502, subdivision 5; 169.4503, subdivisions 13, 20; 171.02, subdivisions 2, 2a; 171.321, subdivision 4; 205A.05, subdivision 1; 272.02, subdivision 64; 272.029, by adding a subdivision; 275.065, subdivisions 1, 1a; 517.08, subdivision 1c; Laws 2005, First Special Session chapter 5, article 1, sections 50, subdivision 2; 54, subdivisions 2, as amended, 4, 5, as amended, 6, as amended, 7, as amended, 8, as amended; article 2, sections 81, as amended;

84, subdivisions 2, as amended, 3, as amended, 4, as amended, 6, as amended, 10, as amended; article 3, section 18, subdivisions 2, as amended, 3, as amended, 4, as amended, 6, as amended; article 4, section 25, subdivisions 2, as amended, 3, as amended; article 5, section 17, subdivision 3, as amended; article 7, section 20, subdivisions 2, as amended, 3, as amended, 4, as amended; article 8, section 8, subdivisions 2, as amended, 5, as amended; article 9, section 4, subdivision 2; Laws 2006, chapter 263, article 3, section 15; Laws 2006, chapter 282, article 2, section 28, subdivision 4; article 3, section 4, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 119A; 124D; 127A; repealing Minnesota Statutes 2006, sections 120B.233; 123A.22, subdivision 11; 123B.749; 123B.81, subdivision 8; 124D.06; 124D.081, subdivisions 1, 2, 3, 4, 5, 6, 9; 124D.175; 124D.454, subdivisions 4, 5, 6, 7; 124D.531, subdivision 5; 124D.62; 125A.10; 125A.75, subdivision 6; 125A.76, subdivision 3; 169.4502, subdivision 15; 169.4503, subdivisions 17, 18, 26.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

ARTICLE 1

GENERAL EDUCATION

Section 1. Minnesota Statutes 2006, section 16A.152, subdivision 2, is amended to read:

Subd. 2. **Additional revenues; priority.** (a) If on the basis of a forecast of general fund revenues and expenditures, the commissioner of finance determines that there will be a positive unrestricted budgetary general fund balance at the close of the biennium, the commissioner of finance must allocate money to the following accounts and purposes in priority order:

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

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

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

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

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

(c) To the extent that a positive unrestricted budgetary general fund balance is projected, appropriations under this section must be made before section 16A.1522 takes effect.

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

Sec. 2. Minnesota Statutes 2006, section 124D.128, subdivision 1, is amended to read:

Subdivision 1. **Program established.** A learning year program provides instruction throughout the year on an extended year calendar, extended school day calendar, or both. A pupil may participate in the program and accelerate attainment of grade level requirements or graduation requirements. A learning year program may begin after the close of the regular school year in June. The program may be for students in one or more grade levels from kindergarten through grade 12.

Sec. 3. Minnesota Statutes 2006, section 124D.128, subdivision 2, is amended to read:

Subd. 2. **Commissioner designation.** (a) An area learning center designated by the state must be a site. An area learning center must provide services to students who meet the criteria in section 124D.68 and who are enrolled in:

(1) a district that is served by the center; or

(2) a charter school located within the geographic boundaries of a district that is served by the center.

(b) A school district or charter school may be approved biennially by the state to provide additional instructional programming that results in grade level acceleration. The program must be designed so that students make grade progress during the school year and graduate prior to the students' peers.

(c) To be designated, a district, charter school, or center must demonstrate to the commissioner that it will:

(1) provide a program of instruction that permits pupils to receive instruction throughout the entire year; and

(2) develop and maintain a separate record system that, for purposes of section 126C.05, permits identification of membership attributable to pupils participating in the program. The record system and identification must ensure that the program will not have the effect of increasing the total number of pupil units average daily membership attributable to an individual pupil as a result of a learning year program. The record system must include the date the pupil originally enrolled in a learning year program, the pupil's grade level, the date of each grade promotion, the average daily membership generated in each grade level, the number of credits or standards earned, and the number needed to graduate.

~~(b)~~ (d) A student who has not completed a school district's graduation requirements may continue to enroll in courses the student must complete in order to graduate until the student satisfies the district's graduation requirements or the student is 21 years old, whichever comes first.

Sec. 4. Minnesota Statutes 2006, section 124D.128, subdivision 3, is amended to read:

Subd. 3. **Student planning.** A district, charter school, or area learning center must inform all pupils and their parents about the learning year program and that participation in the program is optional. A continual learning plan must be developed at least annually for each pupil with the participation of the pupil, parent or guardian, teachers, and other staff; each participant must sign and date the plan. The plan must specify the learning experiences that must occur during the entire fiscal year and; are necessary for grade progression or, for secondary students, for graduation. The plan must include:

(1) the pupil's learning objectives and experiences, including courses or credits the pupil plans to complete each year and, for a secondary pupil, the graduation requirements the student must complete;

(2) the assessment measurements used to evaluate a pupil's objectives;

(3) requirements for grade level or other appropriate progression; and

(4) for pupils generating more than one average daily membership in a given grade, an indication of which objectives were unmet.

The plan may be modified to conform to district schedule changes. The district may not modify the plan if the modification would result in delaying the student's time of graduation.

Sec. 5. Minnesota Statutes 2006, section 126C.05, subdivision 1, is amended to read:

Subdivision 1. **Pupil unit.** Pupil units for each Minnesota resident pupil under the age of 21 or who meets the requirements of section 120A.20, subdivision 1, paragraph (c), in average daily membership enrolled in the district of residence, in another district under sections 123A.05 to 123A.08, 124D.03, 124D.06, 124D.07, 124D.08, or 124D.68; in a charter school under section 124D.10; or for whom the resident district pays tuition under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, shall be counted according to this subdivision.

(a) A prekindergarten pupil with a disability who is enrolled in a program approved by the commissioner and has an individual education plan is counted as the ratio of the number of hours of assessment and education service to 825 times 1.25 with a minimum average daily membership of 0.28, but not more than 1.25 pupil units.

(b) A prekindergarten pupil who is assessed but determined not to be disabled is counted as the ratio of the number of hours of assessment service to 825 times 1.25.

(c) A kindergarten pupil with a disability who is enrolled in a program approved by the commissioner is counted as the ratio of the number of hours of assessment and education services required in the fiscal year by the pupil's individual education program plan to 875, but not more than one.

(d) A kindergarten pupil who is not included in paragraph (c) is counted as ~~.557 of a pupil unit for fiscal year 2000 and thereafter~~ 0.612 pupil units.

(e) A pupil who is in any of grades 1 to 3 is counted as 1.115 pupil units for fiscal year 2000 and thereafter.

(f) A pupil who is any of grades 4 to 6 is counted as 1.06 pupil units for fiscal year 1995 and thereafter.

(g) A pupil who is in any of grades 7 to 12 is counted as 1.3 pupil units.

(h) A pupil who is in the postsecondary enrollment options program is counted as 1.3 pupil units.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 6. Minnesota Statutes 2006, section 126C.10, subdivision 2, is amended to read:

Subd. 2. **Basic revenue.** The basic revenue for each district equals the formula allowance times the adjusted marginal cost pupil units for the school year. ~~The formula allowance for fiscal year 2005 is \$4,601. The formula allowance for fiscal year 2006 is \$4,783.~~ The formula allowance for fiscal year 2007 is \$4,974. The formula allowance for fiscal year 2008 is \$5,074 and the formula allowance for fiscal year 2009 and subsequent years is \$4,974 \$5,124.

Sec. 7. Minnesota Statutes 2006, section 126C.10, subdivision 2b, is amended to read:

Subd. 2b. **Gifted and talented revenue.** Gifted and talented revenue for each district equals ~~\$4 times the district's adjusted marginal cost pupil units for fiscal year 2006 and \$9 for fiscal year 2007 and later~~ that school year times \$12 for fiscal year 2008 and later. A school district must reserve gifted and talented revenue and, consistent with section 120B.15, must spend the revenue only to:

- (1) identify gifted and talented students;
- (2) provide education programs for gifted and talented students; or
- (3) provide staff development to prepare teachers to best meet the unique needs of gifted and talented students.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 8. Minnesota Statutes 2006, section 126C.10, subdivision 24, is amended to read:

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

(1) the school district's adjusted marginal cost pupil unit amount of basic revenue, supplemental revenue, transition revenue, and referendum revenue is less than the value of the school district at or immediately above the 95th percentile of school districts in its equity region for those revenue categories; and

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

(b) Equity revenue for a qualifying district that receives referendum revenue under section 126C.17, subdivision 4, equals the product of (1) the district's adjusted marginal cost pupil units for that year; times (2) the sum of (i) \$13, plus (ii) \$75, times the school district's equity index computed under subdivision 27.

(c) Equity revenue for a qualifying district that does not receive referendum revenue under section 126C.17, subdivision 4, equals the product of the district's adjusted marginal cost pupil units for that year times \$13.

(d) A school district's equity revenue is increased by the greater of zero or an amount equal to the district's resident marginal cost pupil units times the difference between ten

percent of the statewide average amount of referendum revenue per resident marginal cost pupil unit for that year and the district's referendum revenue per resident marginal cost pupil unit. A school district's revenue under this paragraph must not exceed \$100,000 for that year.

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

(f) For fiscal year 2007 and later, notwithstanding paragraph (a), clause (2), a school district that has per pupil referendum revenue below the 95th percentile qualifies for additional equity revenue equal to \$46 times its adjusted marginal cost pupil ~~unit~~ units.

(g) A district that does not qualify for revenue under paragraph (f) qualifies for equity revenue equal to ~~one-half of the per pupil allowance in paragraph (f)~~ \$46 times its adjusted marginal cost pupil units.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 9. Minnesota Statutes 2006, section 126C.10, subdivision 34, is amended to read:

Subd. 34. **Basic alternative teacher compensation aid.** ~~(a) For fiscal year 2006, the basic alternative teacher compensation aid for a school district or an intermediate school district with a plan approved under section 122A.414, subdivision 2b, equals the alternative teacher compensation revenue under section 122A.415, subdivision 1. The basic alternative teacher compensation aid for a charter school with an approved plan under section 122A.414, subdivision 2b, equals \$260 times the number of pupils enrolled in the school on October 1 of the previous school year, or on October 1 of the current fiscal year for a charter school in the first year of operation.~~

~~(b)~~ For fiscal ~~year~~ years 2007 and later, the basic alternative teacher compensation aid for a school district with a plan approved under section 122A.414, subdivision 2b, equals ~~73+~~ 65 percent of the alternative teacher compensation revenue under section 122A.415, subdivision 1. The basic alternative teacher compensation aid for an intermediate school district or charter school with a plan approved under section 122A.414, subdivisions 2a and 2b, if the recipient is a charter school, equals \$260 times the number of pupils enrolled in the school on October 1 of the previous fiscal year, or on October 1 of the current fiscal year for a charter school in the first year of operation, times the ratio of the sum of the alternative teacher compensation aid and alternative teacher compensation levy for all participating school districts to the maximum alternative teacher compensation revenue for those districts under section 122A.415, subdivision 1.

~~(c)~~ (b) Notwithstanding paragraphs (a) and (b) and section 122A.415, subdivision 1, the state total basic alternative teacher compensation aid entitlement must not exceed ~~\$19,329,000 for fiscal year 2006 and~~ \$75,636,000 for fiscal year 2007 and later. The commissioner must limit the amount of alternative teacher compensation aid approved under section 122A.415 so as not to exceed these limits.

Sec. 10. Minnesota Statutes 2006, section 126C.126, is amended to read:

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

(a) In order to provide additional revenue for an optional all-day kindergarten program, a district may reallocate general education revenue attributable to 12th grade students who have graduated early under section 120B.07.

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

Sec. 11. Minnesota Statutes 2006, section 126C.13, subdivision 4, is amended to read:

Subd. 4. **General education aid.** ~~(a) For fiscal year 2006, a district's general education aid is the sum of the following amounts:~~

~~(1) general education revenue, excluding equity revenue, total operating capital, and transition revenue;~~

~~(2) operating capital aid according to section 126C.10, subdivision 13b;~~

~~(3) equity aid according to section 126C.10, subdivision 30;~~

~~(4) transition aid according to section 126C.10, subdivision 33;~~

~~(5) shared time aid according to section 126C.01, subdivision 7;~~

~~(6) referendum aid according to section 126C.17; and~~

~~(7) online learning aid according to section 124D.096.~~

~~(b)~~ For fiscal year years 2007 and later, a district's general education aid is the sum of the following amounts:

(1) general education revenue, excluding equity revenue, total operating capital revenue, alternative teacher compensation revenue, and transition revenue;

(2) operating capital aid under section 126C.10, subdivision 13b;

(3) equity aid under section 126C.10, subdivision 30;

(4) alternative teacher compensation aid under section 126C.10, subdivision 36;

(5) transition aid under section 126C.10, subdivision 33;

(6) shared time aid under section 126C.01, subdivision 7;

(7) referendum aid under section 126C.17, subdivisions 7 and 7a; and

(8) online learning aid according to section 124D.096.

Sec. 12. Minnesota Statutes 2006, section 126C.21, subdivision 3, is amended to read:

Subd. 3. **County apportionment deduction.** Each year the amount of money apportioned to a district for that year pursuant to ~~section~~ sections 127A.34, subdivision 2, and 272.029, subdivision 6, must be deducted from the general education aid earned by that district for the same year or from aid earned from other state sources.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2009.

Sec. 13. Minnesota Statutes 2006, section 126C.21, subdivision 5, is amended to read:

Subd. 5. **Adjustment for failure to meet federal maintenance of effort.** (a) The general education aid paid to a school district or charter school that failed to meet federal

special education maintenance of effort for the previous fiscal year must be reduced by the amount that must be paid to the federal government due to the shortfall.

(b) The general education aid paid to school districts that were members of a cooperative that failed to meet federal special education maintenance of effort must be reduced by the amount that must be paid to the federal government due to the shortfall. The commissioner must apportion the aid reduction amount to the member school districts based on each district's individual shortfall in maintaining effort, and on each member district's proportionate share of any shortfall in expenditures made by the cooperative. Each district's proportionate share of shortfall in expenditures made by the cooperative must be calculated using the adjusted marginal pupil units of each member school district.

(c) The amounts recovered under this subdivision shall be paid to the federal government to meet the state's obligations resulting from the district's or charter school's, or cooperative's failure to meet federal special education maintenance of effort.

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

Sec. 14. Minnesota Statutes 2006, section 126C.44, is amended to read:

126C.44 SAFE SCHOOLS LEVY.

(a) Each district may make a levy on all taxable property located within the district for the purposes specified in this section. The maximum amount which may be levied for all costs under this section shall be equal to ~~\$27~~ \$30 multiplied by the district's adjusted marginal cost pupil units for the school year. The proceeds of the levy must be reserved and used for directly funding the following purposes or for reimbursing the cities and counties who contract with the district for the following purposes: (1) to pay the costs incurred for the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison in services in the district's schools; (2) to pay the costs for a drug abuse prevention program as defined in section 609.101, subdivision 3, paragraph (e), in the elementary schools; (3) to pay the costs for a gang resistance education training curriculum in the district's schools; (4) to pay the costs for security in the district's schools and on school property; or (5) to pay the costs for other crime prevention, drug abuse, student and staff safety, voluntary opt-in suicide prevention tools, and violence prevention measures taken by the school district; or (6) to pay costs for licensed school counselors, licensed school nurses, licensed school social workers, licensed school psychologists, and licensed alcohol and chemical dependency counselors to help provide early responses to problems. For expenditures under clause (1), the district must initially attempt to contract for services to be provided by peace officers or sheriffs with the police department of each city or the sheriff's department of the county within the district containing the school receiving the services. If a local police department or a county sheriff's department does not wish to provide the necessary services, the district may contract for these services with any other police or sheriff's department located entirely or partially within the school district's boundaries.

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

(c) If a school district spends safe schools levy proceeds under paragraph (a), clause (6), the district must annually certify that its total spending on services provided by the employees listed in paragraph (a), clause (6), is not less than the sum of its expenditures for these purposes, excluding amounts spent under this section, in the previous year plus the amount spent under this section.

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 15. Minnesota Statutes 2006, section 127A.441, is amended to read:

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

Each year, the state aids payable to any school district for that fiscal year that are recognized as revenue in the school district's general and community service funds shall be adjusted by an amount equal to (1) the amount the district recognized as revenue for the prior fiscal year pursuant to section 123B.75, subdivision 5, paragraph (b) ~~or (c)~~, minus (2) the amount the district recognized as revenue for the current fiscal year pursuant to section 123B.75, subdivision 5, paragraph ~~(c)~~ (b). For purposes of making the aid adjustments under this section, the amount the district recognizes as revenue for either the prior fiscal year or the current fiscal year pursuant to section 123B.75, subdivision 5, paragraph (b) ~~or (c)~~, shall not include any amount levied pursuant to section 124D.86, subdivision 4, for school districts receiving revenue under sections 124D.86, subdivision 3, clauses (1), (2), and (3); 126C.41, subdivisions 1, 2, and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2; 126C.457; and 126C.48, subdivision 6. Payment from the permanent school fund shall not be adjusted pursuant to this section. The school district shall be notified of the amount of the adjustment made to each payment pursuant to this section.

Sec. 16. Minnesota Statutes 2006, section 127A.47, subdivision 7, is amended to read:

Subd. 7. **Alternative attendance programs.** The general education aid and special education aid for districts must be adjusted for each pupil attending a nonresident district under sections 123A.05 to 123A.08, 124D.03, 124D.06, 124D.08, and 124D.68. The adjustments must be made according to this subdivision.

(a) General education aid paid to a resident district must be reduced by an amount equal to the referendum equalization aid attributable to the pupil in the resident district.

(b) General education aid paid to a district serving a pupil in programs listed in this subdivision must be increased by an amount equal to the greater of (1) the referendum equalization aid attributable to the pupil in the nonresident district; or (2) the product of the district's open enrollment concentration index, the maximum amount of referendum revenue in the first tier, and the district's net open enrollment pupil units for that year. A district's open enrollment concentration index equals the greater of: (i) zero, or (ii) the lesser of 1.0, or the difference between the district's ratio of open enrollment pupil units served to its resident pupil units for that year and 0.2. This clause does not apply to a school district where more than 50 percent of the open enrollment students are enrolled solely in online learning courses.

(c) If the amount of the reduction to be made from the general education aid of the resident district is greater than the amount of general education aid otherwise due the district, the excess reduction must be made from other state aids due the district.

(d) For fiscal year 2006, the district of residence must pay tuition to a district or an area learning center, operated according to paragraph (f), providing special instruction and

services to a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is enrolled in a program listed in this subdivision. The tuition must be equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, minus (2) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum aid attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, minus (3) special education aid attributable to that pupil, that is received by the district providing special instruction and services. For purposes of this paragraph, general education revenue and referendum aid attributable to a pupil must be calculated using the serving district's average general education revenue and referendum aid per adjusted pupil unit.

(e) For fiscal year 2007 and later, special education aid paid to a resident district must be reduced by an amount equal to (1) the actual cost of providing special instruction and services, including special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, for a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is enrolled in a program listed in this subdivision, minus (2) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum aid attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, minus (3) special education aid attributable to that pupil, that is received by the district providing special instruction and services. For purposes of this paragraph, general education revenue and referendum aid attributable to a pupil must be calculated using the serving district's average general education revenue and referendum aid per adjusted pupil unit. Special education aid paid to the district or cooperative providing special instruction and services for the pupil, or to the fiscal agent district for a cooperative, must be increased by the amount of the reduction in the aid paid to the resident district. If the resident district's special education aid is insufficient to make the full adjustment, the remaining adjustment shall be made to other state aids due to the district.

(f) An area learning center operated by a service cooperative, intermediate district, education district, or a joint powers cooperative may elect through the action of the constituent boards to charge the resident district tuition for pupils rather than to have the general education revenue paid to a fiscal agent school district. Except as provided in paragraph (d) or (e), the district of residence must pay tuition equal to at least 90 percent of the district average general education revenue per pupil unit minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485, calculated without basic skills revenue and transportation sparsity revenue, times the number of pupil units for pupils attending the area learning center, plus the amount of compensatory revenue generated by pupils attending the area learning center.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 17. Minnesota Statutes 2006, section 127A.49, subdivision 2, is amended to read:

Subd. 2. **Abatements.** Whenever by virtue of chapter 278, sections 270C.86, 375.192, or otherwise, the net tax capacity or referendum market value of any district for any taxable year is changed after the taxes for that year have been spread by the county auditor and the local tax rate as determined by the county auditor based upon the original net tax capacity is applied upon the changed net tax capacities, the county auditor shall, prior to February 1 of each year, certify to the commissioner of education the amount of any resulting net revenue loss that accrued to the district during the preceding year. Each year, the commissioner shall pay an abatement adjustment to the district in an amount calculated according to the provisions of this subdivision. This amount shall be deducted from the amount of the levy authorized by section 126C.46. The amount of the abatement adjustment must be the product of:

(1) the net revenue loss as certified by the county auditor, times

(2) the ratio of:

(i) the sum of the amounts of the district's certified levy in the third preceding year according to the following:

(A) section 123B.57, if the district received health and safety aid according to that section for the second preceding year;

(B) section 124D.20, if the district received aid for community education programs according to that section for the second preceding year;

(C) section 124D.135, subdivision 3, if the district received early childhood family education aid according to section 124D.135 for the second preceding year; ~~and~~

(D) section 126C.17, subdivision 6, if the district received referendum equalization aid according to that section for the second preceding year;

(E) section 126C.13, if the district received general education aid according to section 126C.13, subdivision 4, paragraph (b), clause (1), of that section in the second preceding year;

(F) section 126C.10, subdivision 13a, if the district received operating capital aid according to section 126C.10, subdivision 13b, in the second preceding year;

(G) section 126C.10, subdivision 29, if the district received equity aid according to section 126C.10, subdivision 30, in the second preceding year;

(H) section 126C.10, subdivision 32, if the district received transition aid according to section 126C.10, subdivision 33, in the second preceding year;

(I) section 123B.53, subdivision 5, if the district received debt service equalization aid according to section 123B.53, subdivision 6, in the second preceding year;

(J) section 124D.22, subdivision 3, if the district received school-age care aid according to section 124D.22, subdivision 4, in the second preceding year;

(K) section 123B.591, subdivision 3, if the district received deferred maintenance aid according to section 123B.591, subdivision 4, in the second preceding year; and

(L) section 126C.10, subdivision 35, if the district received alternative teacher compensation equalization aid according to section 126C.10, subdivision 36, paragraph (a), in the second preceding year; to

(ii) the total amount of the district's certified levy in the third preceding December, plus or minus auditor's adjustments.

Sec. 18. Minnesota Statutes 2006, section 127A.49, subdivision 3, is amended to read:

Subd. 3. **Excess tax increment.** (a) If a return of excess tax increment is made to a district pursuant to sections 469.176, subdivision 2, and 469.177, subdivision 9, or upon decertification of a tax increment district, the school district's aid and levy limitations must be adjusted for the fiscal year in which the excess tax increment is paid under the provisions of this subdivision.

(b) An amount must be subtracted from the district's aid for the current fiscal year equal to the product of:

(1) the amount of the payment of excess tax increment to the district, times

(2) the ratio of:

(i) the sum of the amounts of the district's certified levy for the fiscal year in which the excess tax increment is paid according to the following:

(A) section 123B.57, if the district received health and safety aid according to that section for the second preceding year;

(B) section 124D.20, if the district received aid for community education programs according to that section for the second preceding year;

(C) section 124D.135, subdivision 3, if the district received early childhood family education aid according to section 124D.135 for the second preceding year; ~~and~~

(D) section 126C.17, subdivision 6, if the district received referendum equalization aid according to that section for the second preceding year;

(E) section 126C.13, if the district received general education aid according to section 126C.13, subdivision 4, paragraph (b), clause (1), of that section in the second preceding year;

(F) section 126C.10, subdivision 13a, if the district received operating capital aid according to section 126C.10, subdivision 13b, in the second preceding year;

(G) section 126C.10, subdivision 29, if the district received equity aid according to section 126C.10, subdivision 30, in the second preceding year;

(H) section 126C.10, subdivision 32, if the district received transition aid according to section 126C.10, subdivision 33, in the second preceding year;

(I) section 123B.53, subdivision 5, if the district received debt service equalization aid according to section 123B.53, subdivision 6, in the second preceding year;

(J) section 124D.22, subdivision 3, if the district received school-age care aid according to section 124D.22, subdivision 4, in the second preceding year;

(K) section 123B.591, subdivision 3, if the district received deferred maintenance aid according to section 123B.591, subdivision 4, in the second preceding year; and

(L) section 126C.10, subdivision 35, if the district received alternative teacher compensation equalization aid according to section 126C.10, subdivision 36, paragraph (a), in the second preceding year; to

(ii) the total amount of the district's certified levy for the fiscal year, plus or minus auditor's adjustments.

(c) An amount must be subtracted from the school district's levy limitation for the next levy certified equal to the difference between:

- (1) the amount of the distribution of excess increment; and
- (2) the amount subtracted from aid pursuant to clause (a).

If the aid and levy reductions required by this subdivision cannot be made to the aid for the fiscal year specified or to the levy specified, the reductions must be made from aid for subsequent fiscal years, and from subsequent levies. The school district must use the payment of excess tax increment to replace the aid and levy revenue reduced under this subdivision.

(d) This subdivision applies only to the total amount of excess increments received by a district for a calendar year that exceeds \$25,000.

Sec. 19. Minnesota Statutes 2006, section 205A.05, subdivision 1, is amended to read:

Subdivision 1. **Questions.** Special elections must be held for a school district on a question on which the voters are authorized by law to pass judgment. The school board may on its own motion call a special election to vote on any matter requiring approval of the voters of a district. Upon petition of 50 or more voters of the school district or five percent of the number of voters voting at the preceding ~~regular~~ school district general election, whichever is greater, the school board shall by resolution call a special election to vote on any matter requiring approval of the voters of a district. A question is carried only with the majority in its favor required by law. The election officials for a special election are the same as for the most recent school district general election unless changed according to law. Otherwise, special elections must be conducted and the returns made in the manner provided for the school district general election. A special election may not be held during the 30 days before and the 30 days after the state primary, during the 30 days before and the 40 days after the state general election. In addition, a special election may not be held during the 20 days before and the 20 days after any regularly scheduled election of a municipality wholly or partially within the school district. Notwithstanding any other law to the contrary, the time period in which a special election must be conducted under any other law may be extended by the school board to conform with the requirements of this subdivision.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to petitions for special election submitted 30 days after that date and later.

Sec. 20. Minnesota Statutes 2006, section 272.029, is amended by adding a subdivision to read:

Subd. 6a. **Report to commissioner of education.** The county auditor, on the first Wednesday after such settlement, shall report to the commissioner the amount distributed to each school district under subdivision 6.

EFFECTIVE DATE. This section is effective July 1, 2008, for settlements made during fiscal year 2009.

Sec. 21. Laws 2005, First Special Session chapter 5, article 1, section 50, subdivision 2, is amended to read:

Subd. 2. **Application process.** Independent School Districts Nos. 11, Anoka-Hennepin; 279, Osseo; 281, Robbinsdale; 286, Brooklyn Center; 535, Rochester; and 833, South Washington may submit an application to the commissioner of education by August 15, 2005; for a plan to allocate compensatory revenue to school sites based on student performance. The application must include a written resolution approved by the school board that: (1) identifies the test results that will be used to assess student performance; (2) describes the method for distribution of compensatory revenue to the school sites; and (3) summarizes the evaluation procedure the district will use to determine if the redistribution of compensatory revenue improves overall student performance. The application must be submitted in the form and manner specified by the commissioner. The commissioner must notify the selected school districts by September 1, 2005 within 90 days of receipt of their application.

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

Sec. 22. Laws 2006, chapter 282, article 3, section 4, subdivision 2, is amended to read:

Subd. 2. **Onetime energy assistance aid.** For onetime energy assistance aid under section 3:

		2007
\$ 3,495,000	.....	<u>2006</u>

EFFECTIVE DATE. This section is effective the day following final enactment and applies retroactively to fiscal year 2006.

Sec. 23. **SCHOOL FINANCE REFORM; TASK FORCE ESTABLISHED.**

Subdivision 1. **Task force established.** A School Finance Reform Task Force is established.

Subd. 2. **Task force goals.** The goals of the School Finance Reform Task Force include:

(1) creating a standard and index to ensure that the formula remains adequate over time;

(2) simplifying the remaining school formulas;

(3) analyzing categorical funding formulas, including but not limited to pupil transportation, compensatory revenue, and limited English proficiency revenue;

(4) establishing a schedule for implementation of the other new formulas; and

(5) examining the role of the regional delivery structure including the functions performed by intermediate school districts, service cooperatives, education districts, and other cooperative organizations.

Subd. 3. **Task force members.** The task force consists of nine members. Membership includes the commissioner of education, four members appointed according to the rules of the senate by the senate Committee on Rules and Administration Subcommittee on Committees, and four members appointed by the speaker of the house.

Subd. 4. **Task force recommendations.** The task force must submit a report to the education committees of the legislature by January 15, 2008, describing the formula recommendations according to the goals it has established.

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

Sec. 24. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

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

\$ 5,618,342,000 2008

\$ 5,618,342,000 2009

The 2008 appropriation includes \$531,733,000 for 2007 and \$5,073,250,000 for 2008.

The 2009 appropriation includes \$546,314,000 for 2008 and \$5,072,028,000 for 2009.

Subd. 3. **Referendum tax base replacement aid.** For referendum tax base replacement aid under Minnesota Statutes, section 126C.17, subdivision 7a:

\$ 870,000 2008

The 2008 appropriation includes \$870,000 for 2007 and \$0 for 2008.

Subd. 4. **Enrollment options transportation.** For transportation of pupils attending postsecondary institutions under Minnesota Statutes, section 124D.09, or for transportation of pupils attending nonresident districts under Minnesota Statutes, section 124D.03:

\$ 95,000 2008

\$ 97,000 2009

Subd. 5. **Abatement revenue.** For abatement aid under Minnesota Statutes, section 127A.49:

\$ 1,343,000 2008

\$ 1,347,000 2009

The 2008 appropriation includes \$76,000 for 2007 and \$1,267,000 for 2008.

The 2009 appropriation includes \$140,000 for 2008 and \$1,207,000 for 2009.

Subd. 6. **Consolidation transition.** For districts consolidating under Minnesota Statutes, section 123A.485:

\$ 565,000 2008

\$ 212,000 2009

The 2008 appropriation includes \$43,000 for 2007 and \$522,000 for 2008.

The 2009 appropriation includes \$57,000 for 2008 and \$155,000 for 2009.

Subd. 7. **Nonpublic pupil education aid.** For nonpublic pupil education aid under Minnesota Statutes, sections 123B.40 to 123B.43, and 123B.87:

\$ 16,290,000 2008

\$ 16,620,000 2009

The 2008 appropriation includes \$1,606,000 for 2007 and \$14,684,000 for 2008.

The 2009 appropriation includes \$1,631,000 for 2008 and \$14,989,000 for 2009.

Subd. 8. **Nonpublic pupil transportation.** For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

\$ 21,551,000 2008

\$ 21,392,000 2009

The 2008 appropriation includes \$2,124,000 for 2007 and \$19,427,000 for 2008.

The 2009 appropriation includes \$2,158,000 for 2008 and \$19,234,000 for 2009.

Subd. 9. **One-room schoolhouse.** For a grant to Independent School District No. 690, Warroad, to operate the Angle Inlet School:

\$ 65,000 2008

\$ 65,000 2009

Subd. 10. **Compensatory revenue pilot project.** For grants for participation in the compensatory revenue pilot program under Laws 2005, First Special Session chapter 5, article 1, section 50:

\$ 2,175,000 2008

\$ 2,175,000 2009

Of this amount, \$1,500,000 in each year is for a grant to Independent School District No. 11, Anoka-Hennepin; \$210,000 in each year is for a grant to Independent School District No. 279, Osseo; \$160,000 in each year is for a grant to Independent School District No. 281, Robbinsdale; \$75,000 in each year is for a grant to Independent School District No. 286, Brooklyn Center; \$165,000 in each year is for a grant to Independent School District No. 535, Rochester; and \$65,000 in each year is for a grant to Independent School District No. 833, South Washington.

If a grant to a specific school district is not awarded, the commissioner may increase the aid amounts to any of the remaining participating school districts.

This appropriation is part of the base budget for subsequent fiscal years.

Subd. 11. Declining pupil unit aid; Browns Valley. For declining pupil unit aid to Independent School District No. 801, Browns Valley:

\$ 100,000 2008

\$ 100,000 2009

This is a onetime appropriation.

Subd. 12. Education finance study. For a contract to hire an independent contractor to assist the education finance task force:

\$ 75,000 2008

This is a onetime appropriation. * (The preceding subdivision was indicated as vetoed by the governor.)

Subd. 13. Declining pupil aid, Red Lake. For a grant to Independent School District No. 38, Red Lake, for declining pupil aid:

\$ 455,000 2008

\$ 50,000 2009

Subd. 14. Declining pupil aid McGregor. For declining pupil aid for Independent School District No. 4, McGregor:

\$ 100,000 2008

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

Sec. 25. **REVISOR'S INSTRUCTION.**

In Minnesota Statutes, the revisor of statutes shall correct any incorrect cross-references resulting from the repeal of Minnesota Statutes, section 124D.06.

Sec. 26. **REPEALER.**

(a) Minnesota Statutes 2006, section 124D.06, is repealed.

(b) Minnesota Statutes 2006, section 124D.081, subdivisions 1, 2, 3, 4, 5, 6, and 9, are repealed effective for revenue for fiscal year 2010.

ARTICLE 2

EDUCATION EXCELLENCE

Section 1. Minnesota Statutes 2006, section 119A.50, is amended by adding a subdivision to read:

Subd. 3. Early childhood literacy programs. (a) A research-based early childhood literacy program premised on actively involved parents, ongoing professional staff development, and high quality early literacy program standards is established to increase the literacy skills of children participating in Head Start to prepare them to be successful

readers and to increase families' participation in providing early literacy experiences to their children. Program providers must:

- (1) work to prepare children to be successful learners;
- (2) work to close the achievement gap for at-risk children;
- (3) use an integrated approach to early literacy that daily offers a literacy-rich classroom learning environment composed of books, writing materials, writing centers, labels, rhyming, and other related literacy materials and opportunities;
- (4) support children's home language while helping the children master English and use multiple literacy strategies to provide a cultural bridge between home and school;
- (5) use literacy mentors, ongoing literacy groups, and other teachers and staff to provide appropriate, extensive professional development opportunities in early literacy and classroom strategies for preschool teachers and other preschool staff;
- (6) use ongoing data-based assessments that enable preschool teachers to understand, plan, and implement literacy strategies, activities, and curriculum that meet children's literacy needs and continuously improve children's literacy; and
- (7) foster participation by parents, community stakeholders, literacy advisors, and evaluation specialists.

Program providers are encouraged to collaborate with qualified, community-based early childhood providers in implementing this program and to seek nonstate funds to supplement the program.

(b) Program providers under paragraph (a) interested in extending literacy programs to children in kindergarten through grade 3 may elect to form a partnership with an eligible organization under section 124D.38, subdivision 2, or 124D.42, subdivision 6, clause (3), schools enrolling children in kindergarten through grade 3, and other interested and qualified community-based entities to provide ongoing literacy programs that offer seamless literacy instruction focused on closing the literacy achievement gap. To close the literacy achievement gap by the end of third grade, partnership members must agree to use best efforts and practices and to work collaboratively to implement a seamless literacy model from age three to grade 3, consistent with paragraph (a). Literacy programs under this paragraph must collect and use literacy data to:

- (1) evaluate children's literacy skills; and
- (2) formulate specific intervention strategies to provide reading instruction to children premised on the outcomes of formative and summative assessments and research-based indicators of literacy development.

The literacy programs under this paragraph also must train teachers and other providers working with children to use the assessment outcomes under clause (2) to develop and use effective, long-term literacy coaching models that are specific to the program providers.

(c) The commissioner must collect and evaluate literacy data on children from age three to grade 3 who participate in literacy programs under this section to determine the efficacy of early literacy programs on children's success in developing the literacy skills that they need for long-term academic success and the programs' success in closing the literacy achievement gap. Annually by February 1, the commissioner must report to

the education policy and finance committees of the legislature on the ongoing impact of these programs.

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

Sec. 2. Minnesota Statutes 2006, section 120A.22, subdivision 7, is amended to read:

Subd. 7. **Education records.** (a) A district, a charter school, or a nonpublic school that receives services or aid under sections 123B.40 to 123B.48 from which a student is transferring must transmit the student's educational records, within ten business days of a request, to the district, the charter school, or the nonpublic school in which the student is enrolling. Districts, charter schools, and nonpublic schools that receive services or aid under sections 123B.40 to 123B.48 must make reasonable efforts to determine the district, the charter school, or the nonpublic school in which a transferring student is next enrolling in order to comply with this subdivision.

(b) A closed charter school must transfer the student's educational records, within ten business days of the school's closure, to the student's school district of residence where the records must be retained unless the records are otherwise transferred under this subdivision.

(c) A school district, a charter school, or a nonpublic school that receives services or aid under sections 123B.40 to 123B.48 that transmits a student's educational records to another school district or other educational entity, charter school, or nonpublic school to which the student is transferring must include in the transmitted records information about any formal suspension, expulsion, and exclusion disciplinary action ~~taken as a result of any incident in which the student possessed or used a dangerous weapon under sections 121A.40 to 121A.56.~~ The district, the charter school, or the nonpublic school that receives services or aid under sections 123B.40 to 123B.48 must provide notice to a student and the student's parent or guardian that formal disciplinary records will be transferred as part of the student's educational record, in accordance with data practices under chapter 13 and the Family Educational Rights and Privacy Act of 1974, United States Code, title 20, section 1232(g).

~~(c)~~ (d) Notwithstanding section 138.17, a principal or chief administrative officer must remove from a student's educational record and destroy a probable cause notice received under section 260B.171, subdivision 5, or paragraph (d), if one year has elapsed since the date of the notice and the principal or chief administrative officer has not received a disposition or court order related to the offense described in the notice. This paragraph does not apply if the student no longer attends the school when this one-year period expires.

~~(d)~~ (e) A principal or chief administrative officer who receives a probable cause notice under section 260B.171, subdivision 5, or a disposition or court order, must include a copy of that data in the student's educational records if they are transmitted to another school, unless the data are required to be destroyed under paragraph (c) or section 121A.75.

Sec. 3. Minnesota Statutes 2006, section 120B.021, subdivision 1, is amended to read:

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

(1) language arts;

- (2) mathematics;
- (3) science;
- (4) social studies, including history, geography, economics, and government and citizenship;
- (5) health and physical education, for which locally developed academic standards apply; and
- (6) the arts, for which statewide or locally developed academic standards apply, as determined by the school district. Public elementary and middle schools must offer at least three and require at least two of the following four arts areas: dance; music; theater; and visual arts. Public high schools must offer at least three and require at least one of the following five arts areas: media arts; dance; music; theater; and visual arts.

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

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

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

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

EFFECTIVE DATE. This section is effective for the 2008-2009 school year and later.

Sec. 4. Minnesota Statutes 2006, section 120B.022, subdivision 1, is amended to read:

Subdivision 1. **Elective standards.** (a) A district must establish its own standards in the following subject areas:

- (1) vocational and technical education; and
- (2) world languages.

A school district must offer courses in all elective subject areas.

(b) World languages teachers and other school staff should develop and implement world languages programs that acknowledge and reinforce the language proficiency and cultural awareness that non-English language speakers already possess, and encourage

students' proficiency in multiple world languages. Programs under this paragraph must encompass indigenous American Indian languages and cultures, among other world languages and cultures. The department shall consult with postsecondary institutions in developing related professional development opportunities.

Sec. 5. Minnesota Statutes 2006, section 120B.024, is amended to read:

120B.024 GRADUATION REQUIREMENTS; COURSE CREDITS.

(a) Students beginning 9th grade in the 2004-2005 school year and later must successfully complete the following high school level course credits for graduation:

- (1) four credits of language arts;
- (2) three credits of mathematics, encompassing at least algebra, geometry, statistics, and probability sufficient to satisfy the academic standard;
- (3) three credits of science, including at least one credit in biology;
- (4) three and one-half credits of social studies, encompassing at least United States history, geography, government and citizenship, world history, and economics or three credits of social studies encompassing at least United States history, geography, government and citizenship, and world history, and one-half credit of economics taught in a school's social studies, agriculture education, or business department;
- (5) one credit in the arts; and
- (6) a minimum of seven elective course credits.

A course credit is equivalent to a student successfully completing an academic year of study or a student mastering the applicable subject matter, as determined by the local school district.

(b) An agriculture science course may fulfill a science credit requirement in addition to the specified science credits in biology and chemistry or physics under paragraph (a), clause (3).

(c) A career and technical education course may fulfill a science, mathematics, or arts credit requirement in addition to the specified science, mathematics, or arts credits under paragraph (a), clause (2), (3), or (5).

Sec. 6. Minnesota Statutes 2006, section 120B.12, subdivision 2, is amended to read:

Subd. 2. **Identification.** For the 2002-2003 school year and later, each school district shall identify before the end of first grade students who are at risk of not learning to read before the end of second grade. The district must use a locally adopted assessment method. The district must annually report the results of the assessment to the commissioner by June 1.

Sec. 7. Minnesota Statutes 2006, section 120B.132, is amended to read:

120B.132 RAISED ACADEMIC ACHIEVEMENT; ADVANCED PLACEMENT AND INTERNATIONAL BACCALAUREATE PROGRAMS.

Subdivision 1. **Establishment; eligibility.** A program is established to raise kindergarten through grade 12 academic achievement through increased student participation in preadvanced placement ~~and~~, advanced placement, and international

baccalaureate programs, consistent with section 120B.13. Schools and charter schools eligible to participate under this section:

(1) must have a three-year plan approved by the local school board to establish a new international baccalaureate program leading to international baccalaureate authorization, expand an existing program that leads to international baccalaureate authorization, or expand an existing authorized international baccalaureate program; or

(2) must have a three-year plan approved by the local school board to create a new or expand an existing program to implement the college board advanced placement courses and exams or preadvanced placement ~~courses~~ initiative; and

~~(2)~~ (3) must propose to further raise students' academic achievement by:

(i) increasing the availability of and all students' access to advanced placement or international baccalaureate courses or programs;

(ii) expanding the breadth of advanced placement or international baccalaureate courses or programs that are available to students;

(iii) increasing the number and the diversity of the students who participate in advanced placement or international baccalaureate courses or programs and succeed;

(iv) providing low-income and other disadvantaged students with increased access to advanced placement or international baccalaureate courses and programs; or

(v) increasing the number of high school students, including low-income and other disadvantaged students, who receive college credit by successfully completing advanced placement or international baccalaureate courses or programs and achieving satisfactory scores on related exams.

Subd. 2. **Application and review process; funding priority.** (a) Charter schools and school districts in which eligible schools under subdivision 1 are located may apply to the commissioner, in the form and manner the commissioner determines, for competitive funding to further raise students' academic achievement. The application must detail the specific efforts the applicant intends to undertake in further raising students' academic achievement, consistent with subdivision 1, and a proposed budget detailing the district or charter school's current and proposed expenditures for advanced placement ~~or~~ preadvanced placement, and international baccalaureate courses and programs. The proposed budget must demonstrate that the applicant's efforts will ~~supplement but not supplant any expenditures for advanced placement and preadvanced placement courses and programs the applicant currently makes available to students~~ support implementation of advanced placement, preadvanced placement, and international baccalaureate courses and programs. Expenditures for administration must not exceed five percent of the proposed budget. The commissioner may require an applicant to provide additional information.

(b) When reviewing applications, the commissioner must determine whether the applicant satisfied all the requirements in this subdivision and subdivision 1. The commissioner may give funding priority to an otherwise qualified applicant that demonstrates:

(1) a focus on developing or expanding preadvanced placement, advanced placement, or international baccalaureate courses ~~and~~ or programs or increasing students' participation in, access to, or success with the courses or programs, including the participation, access, or success of low-income and other disadvantaged students;

(2) a compelling need for access to preadvanced placement, advanced placement, or international baccalaureate courses or programs;

(3) an effective ability to actively involve local business and community organizations in student activities that are integral to preadvanced placement, advanced placement, or international baccalaureate courses and or programs;

(4) access to additional public or nonpublic funds or in-kind contributions that are available for preadvanced placement, advanced placement, or international baccalaureate courses or programs; or

(5) an intent to implement activities that target low-income and other disadvantaged students.

Subd. 3. **Funding; permissible funding uses.** (a) The commissioner shall award grants to applicant school districts and charter schools that meet the requirements of subdivisions 1 and 2. The commissioner must award grants on an equitable geographical basis to the extent feasible and consistent with this section. Grant awards must not exceed the lesser of:

(1) \$85 times the number of pupils enrolled at the participating sites on October 1 of the previous fiscal year; or

(2) the approved supplemental expenditures based on the budget submitted under subdivision 2. For charter schools in their first year of operation, the maximum grant funding award must be calculated using the number of pupils enrolled on October 1 of the current fiscal year. The commissioner may adjust the maximum grant funding award computed using prior year data for changes in enrollment attributable to school closings, school openings, grade level reconfigurations, or school district reorganizations between the prior fiscal year and the current fiscal year.

(b) School districts and charter schools that submit an application and receive funding under this section must use the funding, consistent with the application, to:

(1) provide teacher training and instruction to more effectively serve students, including low-income and other disadvantaged students, who participate in preadvanced placement, advanced placement, or international baccalaureate courses or programs;

(2) further develop preadvanced placement, advanced placement, or international baccalaureate courses or programs;

(3) improve the transition between grade levels to better prepare students, including low-income and other disadvantaged students, for succeeding in preadvanced placement, advanced placement, or international baccalaureate courses or programs;

(4) purchase books and supplies;

(5) pay course or program fees;

(6) increase students' participation in and success with preadvanced placement, advanced placement, or international baccalaureate courses or programs;

(7) expand students' access to preadvanced placement, advanced placement, or international baccalaureate courses or programs through online learning;

(8) hire appropriately licensed personnel to teach additional advanced placement or international baccalaureate courses or programs; or

(9) engage in other activity directly related to expanding students' access to, participation in, and success with preadvanced placement ~~or~~, advanced placement, or international baccalaureate courses ~~and~~ or programs, including low-income and other disadvantaged students.

Subd. 4. **Annual reports.** (a) Each school district and charter school that receives a grant under this section annually must collect demographic and other student data to demonstrate and measure the extent to which the district or charter school raised students' academic achievement under this program and must report the data to the commissioner in the form and manner the commissioner determines. The commissioner annually by February 15 must make summary data about this program available to the education policy and finance committees of the legislature.

(b) Each school district and charter school that receives a grant under this section annually must report to the commissioner, consistent with the Uniform Financial Accounting and Reporting Standards, its actual expenditures for advanced placement ~~and~~, preadvanced placement, and international baccalaureate courses and programs. The report must demonstrate that the school district or charter school has maintained its effort from other sources for advanced placement ~~and~~, preadvanced placement, and international baccalaureate courses and programs compared with the previous fiscal year, and the district or charter school has expended all grant funds, consistent with its approved budget.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to the 2007-2008 school year and later.

Sec. 8. Minnesota Statutes 2006, section 120B.15, is amended to read:

120B.15 GIFTED AND TALENTED STUDENTS PROGRAMS.

(a) School districts may identify students, locally develop programs, provide staff development, and evaluate programs to provide gifted and talented students with challenging educational programs.

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

(1) multiple and objective criteria; and

(2) assessments and procedures that are valid and reliable, fair, and based on current theory and research.

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

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

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

Sec. 9. Minnesota Statutes 2006, section 120B.30, is amended to read:

120B.30 STATEWIDE TESTING AND REPORTING SYSTEM.

Subdivision 1. **Statewide testing.** (a) The commissioner, with advice from experts with appropriate technical qualifications and experience and stakeholders, consistent with subdivision 1a, shall include in the comprehensive assessment system, for each grade

level to be tested, state-constructed tests developed from and aligned with the state's required academic standards under section 120B.021 and administered annually to all students in grades 3 through 8 and at the high school level. A state-developed test in a subject other than writing, developed after the 2002-2003 school year, must include both machine-scoreable and constructed response questions. The commissioner shall establish one or more months during which schools shall administer the tests to students each school year. For students enrolled in grade 8 before the 2005-2006 school year, only Minnesota basic skills tests in reading, mathematics, and writing shall fulfill students' basic skills testing requirements for a passing state notation. The passing scores of ~~the~~ state basic skills tests in reading and mathematics are the equivalent of:

~~(1) 70 percent correct for students entering grade 9 in 1996, and~~

~~(2) 75 percent correct for students entering grade 9 in 1997 and thereafter, as based on the first uniform test administration of February 1998.~~

~~(b) For students enrolled in grade 8 in the 2005-2006 school year and later, only the Minnesota Comprehensive Assessments Second Edition (MCA-II's) in reading, mathematics, and writing following options shall fulfill students' academic standard state graduation test requirements:~~

~~(1) for reading and mathematics:~~

~~(i) obtaining an achievement level equivalent to or greater than proficient as determined through a standard setting process on the Minnesota comprehensive assessments in grade 10 for reading and grade 11 for mathematics or achieving a passing score as determined through a standard setting process on the graduation-required assessment for diploma in grade 10 for reading and grade 11 for mathematics or subsequent retests;~~

~~(ii) achieving a passing score as determined through a standard setting process on the state-identified language proficiency test in reading and the mathematics test for English language learners or the graduation-required assessment for diploma equivalent of those assessments for students designated as English language learners;~~

~~(iii) achieving an individual passing score on the graduation-required assessment for diploma as determined by appropriate state guidelines for students with an individual education plan or 504 plan;~~

~~(iv) obtaining achievement level equivalent to or greater than proficient as determined through a standard setting process on the state-identified alternate assessment or assessments in grade 10 for reading and grade 11 for mathematics for students with an individual education plan; or~~

~~(v) achieving an individual passing score on the state-identified alternate assessment or assessments as determined by appropriate state guidelines for students with an individual education plan; and~~

~~(2) for writing:~~

~~(i) achieving a passing score on the graduation-required assessment for diploma;~~

~~(ii) achieving a passing score as determined through a standard setting process on the state-identified language proficiency test in writing for students designated as English language learners;~~

(iii) achieving an individual passing score on the graduation-required assessment for diploma as determined by appropriate state guidelines for students with an individual education plan or 504 plan; or

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

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

~~(c)~~ (d) State tests must be constructed and aligned with state academic standards. The testing process and the order of administration shall be determined by the commissioner. The statewide results shall be aggregated at the site and district level, consistent with subdivision 1a.

~~(d)~~ (e) In addition to the testing and reporting requirements under this section, the commissioner shall include the following components in the statewide public reporting system:

(1) uniform statewide testing of all students in grades 3 through 8 and at the high school level that provides appropriate, technically sound accommodations, alternate assessments, or exemptions consistent with applicable federal law, only with parent or guardian approval, for those very few students for whom the student's individual education plan team under sections 125A.05 and 125A.06; determines that the general statewide test is inappropriate for a student is incapable of taking a statewide test, or for a limited English proficiency student under section 124D.59, subdivision 2; if the student has been in the United States for fewer than three years;

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

(3) ~~students' scores~~ state results on the American College Test; and

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

~~(e) Districts must report exemptions under paragraph (d), clause (1), to the commissioner consistent with a format provided by the commissioner.~~

Subd. 1a. **Statewide and local assessments; results.** (a) The commissioner must develop reading, mathematics, and science assessments aligned with state academic standards that districts and sites must use to monitor student growth toward achieving those standards. The commissioner must not develop statewide assessments for academic standards in social studies, health and physical education, and the arts. The commissioner must require:

(1) annual reading and mathematics assessments in grades 3 through 8 and at the high school level for the 2005-2006 school year and later; and

(2) annual science assessments in one grade in the grades 3 through 5 span, the grades 6 through 9 span, and a life sciences assessment in the grades 10 through 12 span for the 2007-2008 school year and later.

(b) The commissioner must ensure that all statewide tests administered to elementary and secondary students measure students' academic knowledge and skills and not students' values, attitudes, and beliefs.

(c) Reporting of assessment results must:

(1) provide timely, useful, and understandable information on the performance of individual students, schools, school districts, and the state;

(2) include, by ~~the 2006-2007~~ no later than the 2008-2009 school year, a value-added component ~~to~~ that is in addition to a measure for student achievement growth over time; and

(3)(i) for students enrolled in grade 8 before the 2005-2006 school year, determine whether students have met the state's basic skills requirements; and

(ii) for students enrolled in grade 8 in the 2005-2006 school year and later, determine whether students have met the state's academic standards.

(d) Consistent with applicable federal law and subdivision 1, paragraph (d), clause (1), the commissioner must include appropriate, technically sound accommodations or alternative assessments for the very few students with disabilities for whom statewide assessments are inappropriate and for students with limited English proficiency.

(e) A school, school district, and charter school must administer statewide assessments under this section, as the assessments become available, to evaluate student progress in achieving the academic standards. If a state assessment is not available, a school, school district, and charter school must determine locally if a student has met the required academic standards. A school, school district, or charter school may use a student's performance on a statewide assessment as one of multiple criteria to determine grade promotion or retention. A school, school district, or charter school may use a high school student's performance on a statewide assessment as a percentage of the student's final grade in a course, or place a student's assessment score on the student's transcript.

Subd. 2. **Department of Education assistance.** The Department of Education shall contract for professional and technical services according to competitive bidding procedures under chapter 16C for purposes of this section.

Subd. 3. **Reporting.** The commissioner shall report test data publicly and to stakeholders, including the ~~three performance baselines~~ performance achievement levels developed from students' unweighted ~~mean~~ test scores in each tested subject and a listing of demographic factors that strongly correlate with student performance. The commissioner shall also report data that compares performance results among school sites, school districts, Minnesota and other states, and Minnesota and other nations. The commissioner shall disseminate to schools and school districts a more comprehensive report containing testing information that meets local needs for evaluating instruction and curriculum.

Subd. 4. **Access to tests.** The commissioner must adopt and publish a policy to provide public and parental access for review of basic skills tests, Minnesota Comprehensive Assessments, or any other such statewide test and assessment. Upon receiving a written request, the commissioner must make available to parents or guardians

a copy of their student's actual ~~answer sheet~~ responses to the test questions to be reviewed by the parent.

Sec. 10. Minnesota Statutes 2006, section 120B.31, subdivision 3, is amended to read:

Subd. 3. **Educational accountability.** (a) The Independent Office of Educational Accountability, as authorized by Laws 1997, First Special Session chapter 4, article 5, section 28, subdivision 2, is established, and shall be funded through the Board of Regents of the University of Minnesota. The office shall advise the education committees of the legislature and the commissioner of education, at least on a biennial basis, on the degree to which the statewide educational accountability and reporting system includes a comprehensive assessment framework that measures school accountability for students achieving the goals described in the state's results-oriented graduation rule. The office shall ~~consider~~ determine and annually report to the legislature whether and how effectively:

(1) the statewide system of educational accountability utilizes multiple indicators to provide valid and reliable comparative and contextual data on students, schools, districts, and the state, and if not, recommend ways to improve the accountability reporting system;

(2) the commissioner makes statistical adjustments when reporting student data over time, consistent with clause (4);

(3) the commissioner uses indicators of student achievement growth over time and a value-added assessment model that estimates the effects of the school and school district on student achievement to measure school performance, consistent with section 120B.36, subdivision 1;

(4) the commissioner makes data available on students who do not pass one or more of the state's required GRAD tests and do not receive a diploma as a consequence, and categorizes these data according to gender, race, eligibility for free or reduced lunch, and English language proficiency; and

(5) the commissioner fulfills the requirements under section 127A.095, subdivision 2.

(b) When the office reviews the statewide educational accountability and reporting system, it shall also consider:

(1) the objectivity and neutrality of the state's educational accountability system; and

(2) the impact of a testing program on school curriculum and student learning.

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

Sec. 11. Minnesota Statutes 2006, section 120B.36, subdivision 1, is amended to read:

Subdivision 1. **School performance report cards.** (a) The commissioner shall use objective criteria based on levels of student performance to ~~identify four to six designations applicable to high and low performing public schools.~~ The objective criteria shall include report at least student academic performance, school safety, two separate student-to-teacher ratios that clearly indicate the definition of teacher consistent with sections 122A.06 and 122A.15 for purposes of determining these ratios, and staff characteristics, with a value-added growth component added by the 2006-2007 no later than the 2008-2009 school year. The report must indicate a school's adequate yearly progress status, and must not set any designations applicable to high- and low-performing schools due solely to adequate yearly progress status.

(b) The commissioner shall develop, annually update, and post on the department Web site school performance report cards. ~~A school's designation must be clearly stated on each school performance report card.~~

(c) The commissioner must make available the first ~~school designations and school~~ performance report cards by November 2003, and during the beginning of each school year thereafter.

(d) A school or district may appeal its adequate yearly progress status in writing ~~a designation under this section~~ to the commissioner within 30 days of receiving the ~~designation~~ notice of its status. The commissioner's decision to uphold or deny an appeal is final.

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

EFFECTIVE DATE. This section is effective the day following final enactment and applies to the school performance report cards for the 2006-2007 school year and later.

Sec. 12. Minnesota Statutes 2006, section 122A.20, subdivision 1, is amended to read:

Subdivision 1. **Grounds for revocation, suspension, or denial.** (a) The Board of Teaching or Board of School Administrators, whichever has jurisdiction over a teacher's licensure, may, on the written complaint of the school board employing a teacher, a teacher organization, or any other interested person, refuse to issue, refuse to renew, suspend, or revoke a teacher's license to teach for any of the following causes:

- (1) immoral character or conduct;
- (2) failure, without justifiable cause, to teach for the term of the teacher's contract;
- (3) gross inefficiency or willful neglect of duty;
- (4) failure to meet licensure requirements; or
- (5) fraud or misrepresentation in obtaining a license.

The written complaint must specify the nature and character of the charges.

(b) The Board of Teaching or Board of School Administrators, whichever has jurisdiction over a teacher's licensure, shall refuse to issue, refuse to renew, or automatically revoke a teacher's license to teach without the right to a hearing upon receiving a certified copy of a conviction showing that the teacher has been convicted of child abuse, as defined in section 609.185, ~~or~~ sexual abuse under section 609.342, 609.343, 609.344, 609.345, 609.3451, subdivision 3, or 617.23, subdivision 3, ~~or~~ using minors in a sexual performance under section 617.246, or possessing pornographic works involving a minor under section 617.247, or under a similar law of another state or the United States. The board shall send notice of this licensing action to the district in which the teacher is currently employed.

(c) A person whose license to teach has been revoked, not issued, or not renewed under paragraph (b), may petition the board to reconsider the licensing action if the person's conviction for child abuse or sexual abuse is reversed by a final decision of the Court of Appeals or the Supreme Court or if the person has received a pardon for the

offense. The petitioner shall attach a certified copy of the appellate court's final decision or the pardon to the petition. Upon receiving the petition and its attachment, the board shall schedule and hold a disciplinary hearing on the matter under section 214.10, subdivision 2, unless the petitioner waives the right to a hearing. If the board finds that, notwithstanding the reversal of the petitioner's criminal conviction or the issuance of a pardon, the petitioner is disqualified from teaching under paragraph (a), clause (1), the board shall affirm its previous licensing action. If the board finds that the petitioner is not disqualified from teaching under paragraph (a), clause (1), it shall reverse its previous licensing action.

(d) For purposes of this subdivision, the Board of Teaching is delegated the authority to suspend or revoke coaching licenses.

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

Sec. 13. Minnesota Statutes 2006, section 122A.61, is amended by adding a subdivision to read:

Subd. 3. Coursework and training. A school district may use the revenue reserved under subdivision 1 for grants to the district's teachers to pay for coursework and training leading to certification as a college in the schools or concurrent enrollment teacher. In order to receive a grant, the teacher must be enrolled in a program that includes coursework and training focused on teaching a core subject.

Sec. 14. Minnesota Statutes 2006, section 122A.72, subdivision 5, is amended to read:

Subd. 5. Center functions. (a) A teacher center shall perform functions according to this subdivision. The center shall assist teachers, diagnose learning needs, experiment with the use of multiple instructional approaches, assess pupil outcomes, assess staff development needs and plans, and teach school personnel about effective pedagogical approaches. The center shall develop and produce curricula and curricular materials designed to meet the educational needs of pupils being served, by applying educational research and new and improved methods, practices, and techniques. The center shall provide programs to improve the skills of teachers to meet the special educational needs of pupils. The center shall provide programs to familiarize teachers with developments in curriculum formulation and educational research, including how research can be used to improve teaching skills. The center shall facilitate sharing of resources, ideas, methods, and approaches directly related to classroom instruction and improve teachers' familiarity with current teaching materials and products for use in their classrooms. The center shall provide in-service programs.

(b) Each teacher center must provide a professional development program to train interested and highly qualified elementary, middle, and secondary teachers, selected by the employing school district, to assist other teachers in that district with mathematics and science curriculum, standards, and instruction so that all teachers have access to:

(1) high quality professional development programs in mathematics and science that address curriculum, instructional methods, alignment of standards, and performance measurements, enhance teacher and student learning, and support state mathematics and science standards; and

(2) research-based mathematics and science programs and instructional models premised on best practices that inspire teachers and students and have practical classroom application.

EFFECTIVE DATE. This section is effective for the 2007-2008 school year and later.

Sec. 15. Minnesota Statutes 2006, section 123B.02, is amended by adding a subdivision to read:

Subd. 24. **Membership in economic development, community, and civic organizations.** The board may authorize and pay for the membership of the school district or of any district representative designated by the board in those local economic development associations or other community or civic organizations that the board deems appropriate.

Sec. 16. Minnesota Statutes 2006, section 123B.143, subdivision 1, is amended to read:

Subdivision 1. **Contract; duties.** All districts maintaining a classified secondary school must employ a superintendent who shall be an ex officio nonvoting member of the school board. The authority for selection and employment of a superintendent must be vested in the board in all cases. An individual employed by a board as a superintendent shall have an initial employment contract for a period of time no longer than three years from the date of employment. Any subsequent employment contract must not exceed a period of three years. A board, at its discretion, may or may not renew an employment contract. A board must not, by action or inaction, extend the duration of an existing employment contract. Beginning 365 days prior to the expiration date of an existing employment contract, a board may negotiate and enter into a subsequent employment contract to take effect upon the expiration of the existing contract. A subsequent contract must be contingent upon the employee completing the terms of an existing contract. If a contract between a board and a superintendent is terminated prior to the date specified in the contract, the board may not enter into another superintendent contract with that same individual that has a term that extends beyond the date specified in the terminated contract. A board may terminate a superintendent during the term of an employment contract for any of the grounds specified in section 122A.40, subdivision 9 or 13. A superintendent shall not rely upon an employment contract with a board to assert any other continuing contract rights in the position of superintendent under section 122A.40. Notwithstanding the provisions of sections 122A.40, subdivision 10 or 11, 123A.32, 123A.75, or any other law to the contrary, no individual shall have a right to employment as a superintendent based on order of employment in any district. If two or more districts enter into an agreement for the purchase or sharing of the services of a superintendent, the contracting districts have the absolute right to select one of the individuals employed to serve as superintendent in one of the contracting districts and no individual has a right to employment as the superintendent to provide all or part of the services based on order of employment in a contracting district. The superintendent of a district shall perform the following:

(1) visit and supervise the schools in the district, report and make recommendations about their condition when advisable or on request by the board;

(2) recommend to the board employment and dismissal of teachers;

(3) superintend school grading practices and examinations for promotions;

(4) make reports required by the commissioner;

(5) by January 10, submit an annual report to the commissioner in a manner prescribed by the commissioner, in consultation with school districts, identifying the

expenditures that the district requires to ensure an 80 percent student passage rate on the ~~basic standards test~~ MCA-IIs taken in the eighth grade, identifying the highest student passage rate the district expects it will be able to attain on the ~~basic standards test~~ MCA-IIs by grade 12, and the amount of expenditures that the district requires to attain the targeted student passage rate, and how much the district is cross-subsidizing programs with special education, basic skills, and general education revenue; and

(6) perform other duties prescribed by the board.

Sec. 17. Minnesota Statutes 2006, section 123B.92, subdivision 3, is amended to read:

Subd. 3. **Alternative attendance programs.** (a) A district that enrolls nonresident pupils in programs under sections 124D.03, 124D.06, 124D.08, 123A.05 to 123A.08, and 124D.68, must provide authorized transportation to the pupil within the attendance area for the school that the pupil attends at the same level of service that is provided to resident pupils within the attendance area. The resident district need not provide or pay for transportation between the pupil's residence and the district's border.

(b) A district may provide transportation to allow a student who attends a high-need English language learner program and who resides within the transportation attendance area of the program to continue in the program until the student completes the highest grade level offered by the program.

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

Sec. 18. **[124D.091] CONCURRENT ENROLLMENT PROGRAM AID.**

Subdivision 1. **Accreditation.** To establish a uniform standard by which concurrent enrollment courses and professional development activities may be measured, postsecondary institutions are encouraged to apply for accreditation by the National Alliance of Concurrent Enrollment Partnership.

Subd. 2. **Eligibility.** A district that offers a concurrent enrollment course according to an agreement under section 124D.09, subdivision 10, is eligible to receive aid for the costs of providing postsecondary courses at the high school. Beginning in fiscal year 2011, districts only are eligible for aid if the college or university concurrent enrollment courses offered by the district are accredited by the National Alliance of Concurrent Enrollment Partnership, in the process of being accredited, or are shown by clear evidence to be of comparable standard to accredited courses.

Subd. 3. **Aid.** An eligible district shall receive \$150 per pupil enrolled in a concurrent enrollment course. The money must be used to defray the cost of delivering the course at the high school. The commissioner shall establish application procedures and deadlines for receipt of aid payments.

Sec. 19. Minnesota Statutes 2006, section 124D.095, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For purposes of this section, the following terms have the meanings given them.

(a) "Online learning" is an interactive course or program that delivers instruction from a teacher to a student by computer; is combined with other traditional delivery methods that include frequent student assessment and may include actual teacher contact time; and meets or exceeds state academic standards.

(b) "Online learning provider" is a school district, an intermediate school district, an organization of two or more school districts operating under a joint powers agreement, or a charter school located in Minnesota that provides online learning to students.

(c) "Student" is a Minnesota resident enrolled in a school under section 120A.22, subdivision 4, in kindergarten through grade 12.

(d) "Online learning student" is a student enrolled in an online learning course or program delivered by an online provider under paragraph (b).

(e) "Enrolling district" means the school district or charter school in which a student is enrolled under section 120A.22, subdivision 4, for purposes of compulsory attendance.

(f) "Supplemental online learning" means an online course taken in place of a course period during the regular school day at a local district school.

(g) "Full-time online provider" means an enrolling school authorized by the department to deliver comprehensive public education at any or all of the elementary, middle, or high school levels.

Sec. 20. Minnesota Statutes 2006, section 124D.095, subdivision 3, is amended to read:

Subd. 3. **Authorization; notice; limitations on enrollment.** (a) A student may apply ~~to an online learning provider to enroll in online learning for full-time enrollment in an approved online learning program under section 124D.03, 124D.08 or 124D.10, or for supplemental online learning.~~ Notwithstanding sections 124D.03, 124D.08, and 124D.10, procedures for enrolling in online learning shall be as provided in this subdivision. A student age 17 or younger must have the written consent of a parent or guardian to apply. No school district or charter school may prohibit a student from applying to enroll in online learning. ~~An online learning provider that accepts a student under this section must, within ten days, notify the student and the enrolling district if the enrolling district is not the online learning provider. The notice must report the student's course or program and hours of instruction.~~ In order that a student may enroll in online learning, the student and the student's parents must submit an application to the online learning provider and identify the reason for enrolling in online learning. The online learning provider that accepts a student under this section must within ten days notify the student and the enrolling district in writing if the enrolling district is not the online learning provider. The student and family must notify the online learning provider of their intent to enroll in online learning within ten days of acceptance, at which time the student and parent must sign a statement of assurance that they have reviewed the online course or program and understand the expectations of online learning enrollment. The online learning provider must notify the enrolling district of the student's enrollment in online learning in writing on a form provided by the department.

(b) Supplemental online learning notification to the enrolling district upon student enrollment in the online learning program will include the courses or program, credits to be awarded, the start date of online enrollment, and confirmation that the courses will meet the student's graduation plan. A student may enroll in supplemental online learning courses up to the midpoint of the enrolling district's term. The enrolling district may waive this requirement for special circumstances and upon acceptance by the online provider.

~~(b) An online learning student must notify the enrolling district at least 30 days before taking an online learning course or program if the enrolling district is not providing the online learning.~~ (c) An online learning provider must notify the commissioner that it is

delivering online learning and report the number of online learning students it is accepting and the online learning courses and programs it is delivering.

~~(c)~~ (d) An online learning provider may limit enrollment if the provider's school board or board of directors adopts by resolution specific standards for accepting and rejecting students' applications.

~~(d)~~ (e) An enrolling district may reduce an online learning student's regular classroom instructional membership in proportion to the student's membership in online learning courses.

Sec. 21. Minnesota Statutes 2006, section 124D.095, subdivision 4, is amended to read:

Subd. 4. **Online learning parameters.** (a) An online learning student must receive academic credit for completing the requirements of an online learning course or program. Secondary credits granted to an online learning student must be counted toward the graduation and credit requirements of the enrolling district. An online learning provider must make available to the enrolling district the course syllabus, standard alignment, content outline, assessment requirements, and contact information for supplemental online courses taken by students in the enrolling district. The enrolling district must apply the same graduation requirements to all students, including online learning students, and must continue to provide nonacademic services to online learning students. If a student completes an online learning course or program that meets or exceeds a graduation standard or grade progression requirement at the enrolling district, that standard or requirement is met. The enrolling district must use the same criteria for accepting online learning credits or courses as it does for accepting credits or courses for transfer students under section 124D.03, subdivision 9. The enrolling district may reduce the ~~teacher contact time~~ course schedule of an online learning student in proportion to the number of online learning courses the student takes from an online learning provider that is not the enrolling district.

(b) An online learning student may:

(1) enroll in supplemental online learning courses during a single school year in a maximum of 12 semester-long courses or their equivalent delivered by an online learning provider or the enrolling district to a maximum of 50 percent of the student's full schedule of courses per term. A student may exceed the supplemental online learning registration limit if the enrolling district grants permission for supplemental online learning enrollment above the limit, or if an agreement is made between the enrolling district and the online learning provider for instructional services;

(2) complete course work at a grade level that is different from the student's current grade level; and

(3) enroll in additional courses with the online learning provider under a separate agreement that includes terms for payment of any tuition or course fees.

(c) An online learning student has the same access to the computer hardware and education software available in a school as all other students in the enrolling district. An online learning provider must assist an online learning student whose family qualifies for the education tax credit under section 290.0674 to acquire computer hardware and educational software for online learning purposes.

(d) An enrolling district may offer online learning to its enrolled students. Such online learning does not generate online learning funds under this section. An enrolling district that offers online learning only to its enrolled students is not subject to the reporting requirements or review criteria under subdivision 7. A teacher with a Minnesota license must assemble and deliver instruction to enrolled students receiving online learning from an enrolling district. The delivery of instruction occurs when the student interacts with the computer or the teacher and receives ongoing assistance and assessment of learning. The instruction may include curriculum developed by persons other than a teacher with a Minnesota license.

(e) An online learning provider that is not the enrolling district is subject to the reporting requirements and review criteria under subdivision 7. A teacher with a Minnesota license must assemble and deliver instruction to online learning students. The delivery of instruction occurs when the student interacts with the computer or the teacher and receives ongoing assistance and assessment of learning. The instruction may include curriculum developed by persons other than a teacher with a Minnesota license. Unless the commissioner grants a waiver, a teacher providing online learning instruction must not instruct more than 40 students in any one online learning course or program.

(f) To enroll in more than 50 percent of the student's full schedule of courses per term in online learning, the student must qualify to exceed the supplemental online learning registration limit under paragraph (b) or apply for enrollment to an approved full-time online learning program following appropriate procedures in subdivision 3, paragraph (a). Full-time online learning students may enroll in classes at a local school per contract for instructional services between the online learning provider and the school district.

Sec. 22. Minnesota Statutes 2006, section 124D.095, subdivision 7, is amended to read:

Subd. 7. **Department of Education.** (a) The department must review and certify online learning providers. The online learning courses and programs must be rigorous, aligned with state academic standards, and contribute to grade progression in a single subject. Online learning providers must ~~affirm~~ demonstrate to the commissioner that online learning courses have equivalent standards or instruction, curriculum, and assessment requirements as other courses offered to enrolled students. The online learning provider must also demonstrate expectations for actual teacher contact time or other student-to-teacher communication. Once an online learning provider is approved under this paragraph, all of its online learning course offerings are eligible for payment under this section unless a course is successfully challenged by an enrolling district or the department under paragraph (b).

(b) An enrolling district may challenge the validity of a course offered by an online learning provider. The department must review such challenges based on the certification procedures under paragraph (a). The department may initiate its own review of the validity of an online learning course offered by an online learning provider.

(c) The department may collect a fee not to exceed \$250 for certifying online learning providers or \$50 per course for reviewing a challenge by an enrolling district.

(d) The department must develop, publish, and maintain a list of approved online learning providers and online learning courses and programs that it has reviewed and certified.

Sec. 23. Minnesota Statutes 2006, section 124D.10, subdivision 4, is amended to read:

Subd. 4. **Formation of school.** (a) A sponsor may authorize one or more licensed teachers under section 122A.18, subdivision 1, to operate a charter school subject to approval by the commissioner. A board must vote on charter school application for sponsorship no later than 90 days after receiving the application. ~~After 90 days, the applicant may apply to the commissioner. If a board elects not to sponsor a charter school, the applicant may appeal the board's decision to the commissioner who may elect to assist the applicant in finding an eligible sponsor.~~ The school must be organized and operated as a cooperative under chapter 308A or nonprofit corporation under chapter 317A and the provisions under the applicable chapter shall apply to the school except as provided in this section. Notwithstanding sections 465.717 and 465.719, a school district may create a corporation for the purpose of creating a charter school.

(b) Before the operators may form and operate a school, the sponsor must file an affidavit with the commissioner stating its intent to authorize a charter school. The affidavit must state the terms and conditions under which the sponsor would authorize a charter school and how the sponsor intends to oversee the fiscal and student performance of the charter school and to comply with the terms of the written contract between the sponsor and the charter school board of directors under subdivision 6. The commissioner must approve or disapprove the sponsor's proposed authorization within 90 days of receipt of the affidavit. Failure to obtain commissioner approval precludes a sponsor from authorizing the charter school that was the subject of the affidavit.

(c) The operators authorized to organize and operate a school, before entering into a contract or other agreement for professional or other services, goods, or facilities, must incorporate as a cooperative under chapter 308A or as a nonprofit corporation under chapter 317A and must establish a board of directors composed of at least five members until a timely election for members of the charter school board of directors is held according to the school's articles and bylaws. A charter school board of directors must be composed of at least five members. Any staff members who are employed at the school, including teachers providing instruction under a contract with a cooperative, and all parents of children enrolled in the school may participate in the election for members of the school's board of directors. Licensed teachers employed at the school, including teachers providing instruction under a contract with a cooperative, must be a majority of the members of the board of directors before the school completes its third year of operation, unless the commissioner waives the requirement for a majority of licensed teachers on the board. Board of director meetings must comply with chapter 13D.

(d) The granting or renewal of a charter by a sponsoring entity must not be conditioned upon the bargaining unit status of the employees of the school.

(e) A sponsor may authorize the operators of a charter school to expand the operation of the charter school to additional sites or to add additional grades at the school beyond those described in the sponsor's application as approved by the commissioner only after submitting a supplemental application to the commissioner in a form and manner prescribed by the commissioner. The supplemental application must provide evidence that:

- (1) the expansion of the charter school is supported by need and projected enrollment;
- (2) the charter school is fiscally sound;
- (3) the sponsor supports the expansion; and

(4) the building of the additional site meets all health and safety requirements to be eligible for lease aid.

(f) The commissioner annually must provide timely financial management training to newly elected members of a charter school board of directors and ongoing training to other members of a charter school board of directors. Training must address ways to:

- (1) proactively assess opportunities for a charter school to maximize all available revenue sources;
- (2) establish and maintain complete, auditable records for the charter school;
- (3) establish proper filing techniques;
- (4) document formal actions of the charter school, including meetings of the charter school board of directors;
- (5) properly manage and retain charter school and student records;
- (6) comply with state and federal payroll record-keeping requirements; and
- (7) address other similar factors that facilitate establishing and maintaining complete records on the charter school's operations.

Sec. 24. Minnesota Statutes 2006, section 124D.10, subdivision 23a, is amended to read:

Subd. 23a. **Related party lease costs.** (a) A charter school is prohibited from entering a lease of real property with a related party as defined in ~~this~~ subdivision 26, unless the lessor is a nonprofit corporation under chapter 317A or a cooperative under chapter 308A, and the lease cost is reasonable under section 124D.11, subdivision 4, clause (1).

(b) For purposes of this ~~subdivision~~ section and section 124D.11:

(1) A "related party" is an affiliate or close relative of the other party in question, an affiliate of a close relative, or a close relative of an affiliate.

(2) "Affiliate" means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, another person.

(3) "Close relative" means an individual whose relationship by blood, marriage, or adoption to another individual is no more remote than first cousin.

(4) "Person" means an individual or entity of any kind.

(5) "Control" includes the terms "controlling," "controlled by," and "under common control with" and means the possession, direct or indirect, of the power to direct or cause the direction of the management, operations, or policies of a person, whether through the ownership of voting securities, by contract, or otherwise.

(c) A lease of real property to be used for a charter school, not excluded in paragraph ~~(b)~~ (a), must contain the following statement: "This lease is subject to Minnesota Statutes, section 124D.10, subdivision 23a."

(d) If a charter school enters into as lessee a lease with a related party and the charter school subsequently closes, the commissioner has the right to recover from the lessor any lease payments in excess of those that are reasonable under section 124D.11, subdivision 4, clause (1).

Sec. 25. Minnesota Statutes 2006, section 124D.10, subdivision 24, is amended to read:

Subd. 24. **Pupil enrollment upon nonrenewal or termination of charter school contract.** If a contract is not renewed or is terminated according to subdivision 23, a pupil who attended the school, siblings of the pupil, or another pupil who resides in the same place as the pupil may enroll in the resident district or may submit an application to a nonresident district according to section 124D.03 at any time. Applications and notices required by section 124D.03 must be processed and provided in a prompt manner. The application and notice deadlines in section 124D.03 do not apply under these circumstances. The closed charter school must transfer the student's educational records within ten business days of closure to the student's school district of residence where the records must be retained or transferred under section 120A.22, subdivision 7.

Sec. 26. [124D.645] MULTIRACIAL DIVERSITY.

(a) Notwithstanding other law or rule to the contrary and in order to effectively meet students' educational needs and foster parents' meaningful participation in their children's education, a school district may apply to the commissioner for a waiver from the requirement to maintain racial balance within a district school if the racial imbalance in that school results from:

(1) the enrollment of protected multiracial students and the proportion of enrolled multiracial students reflects the proportion of multiracial students who reside in the school attendance area or who are enrolled in the grade levels served by the district; or

(2) the enrollment of limited English proficiency students in a transition program that includes an intensive English component.

The commissioner must grant the waiver if the district in which the school is located offers the multiracial students or the limited English proficiency students, as appropriate, the option of enrolling in another school with the requisite racial balance, and the students' parents choose not to pursue that option.

(b) This section is effective for the 2006-2007 through 2010-2011 school years or until amended rules are adopted under Minnesota Rules, chapter 3535, pertaining to racial diversity, whichever comes first.

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

Sec. 27. Minnesota Statutes 2006, section 124D.66, subdivision 3, is amended to read:

Subd. 3. **Eligible services.** (a) Assurance of mastery programs may provide direct scientific, research-based instructional services and intervention to an eligible pupil, or a group of eligible pupils, under the following conditions in paragraphs (b) to (d).

(b) Instruction may be provided at one or more grade levels from kindergarten to grade 8 and for students in grades 9 through 12 who were enrolled in grade 8 before the 2005-2006 school year and have failed the basic skills tests, or were enrolled in grade 8 in the 2005-2006 school year and later and who have failed the Minnesota Comprehensive Assessments (MCA-IIs) in reading, mathematics, or writing as required for high school graduation under section 120B.02. If an assessment of pupils' needs within a district demonstrates that the eligible pupils in grades kindergarten to grade 8 are being appropriately served, a district may serve eligible pupils in grades 9 to 12.

(c) Instruction must be provided under the supervision of the eligible pupil's regular classroom teacher. Instruction may be provided by the eligible pupil's classroom teacher,

by another teacher, by a team of teachers, or by an education assistant or aide. A special education teacher may provide instruction, but instruction that is provided under this section is not eligible for aid under section 125A.76.

(d) The instruction that is provided must differ from the initial instruction the pupil received in the regular classroom setting. The instruction may differ by presenting different curriculum than was initially presented in the regular classroom or by presenting the same curriculum:

- (1) at a different rate or in a different sequence than it was initially presented;
- (2) using different teaching methods or techniques than were used initially; or
- (3) using different instructional materials than were used initially.

Sec. 28. Minnesota Statutes 2006, section 124D.84, subdivision 1, is amended to read:

Subdivision 1. **Awards.** The ~~commissioner~~ may award director of the Office of Higher Education shall establish procedures for the distribution of scholarships to any Minnesota resident student who is of one-fourth or more Indian ancestry, who has applied for other existing state and federal scholarship and grant programs, and who, in the opinion of the ~~commissioner~~ director of the Office of Higher Education, based upon postsecondary institution recommendations, has the capabilities to benefit from further education. Scholarships must be for accredited degree programs in accredited Minnesota colleges or universities or for courses in accredited Minnesota business, technical, or vocational schools. Scholarships may also be given to students attending Minnesota colleges that are in candidacy status for obtaining full accreditation, and are eligible for and receiving federal financial aid programs. Students are also eligible for scholarships when enrolled as students in Minnesota higher education institutions that have joint programs with other accredited higher education institutions. Scholarships shall be used to defray the total cost of education including tuition, incidental fees, books, supplies, transportation, other related school costs and the cost of board and room and shall be paid directly to the college or school concerned where the student receives federal financial aid. The total cost of education includes all tuition and fees for each student enrolling in a public institution and the portion of tuition and fees for each student enrolling in a private institution that does not exceed the tuition and fees at a comparable public institution. Each student shall be awarded a scholarship based on ~~the total cost of the student's education~~ and a federal standardized need analysis. Applicants are encouraged to apply for all other sources of financial aid.

When an Indian student satisfactorily completes the work required by a certain college or school in a school year the student is eligible for additional scholarships, if additional training is necessary to reach the student's educational and vocational objective. Scholarships may not be given to any Indian student for more than five years of study at the undergraduate level and five years at the graduate level. Students may acquire only one degree per level and one terminal degree.

Sec. 29. **[124D.8955] PARENT AND FAMILY INVOLVEMENT POLICY.**

(a) In order to promote and support student achievement, a local school board is encouraged to formally adopt and implement a parent and family involvement policy that promotes and supports:

(1) communication between home and school that is regular, two-way, and meaningful;

(2) parenting skills;

(3) parents and caregivers who play an integral role in assisting student learning and learn about fostering students' academic success and learning at home and school;

(4) welcoming parents in the school and seeking their support and assistance;

(5) partnerships with parents in the decisions that affect children and families in the schools; and

(6) providing community resources to strengthen schools, families, and student learning.

(b) A school board that implements a parent and family involvement policy under paragraph (a) must convene an advisory committee composed of an equal number of resident parents who are not district employees and school staff to make recommendations to the board on developing and evaluating the board's parent and family involvement policy. If possible, the advisory committee must represent the diversity of the district. The advisory committee must consider the district's demographic diversity and barriers to parent involvement when developing its recommendations. The advisory committee must present its recommendations to the board for board consideration.

(c) The board must consider best practices when implementing this policy.

(d) The board periodically must review this policy to determine whether it is aligned with the most current research findings on parent involvement policies and practices and how effective the policy is in supporting increased student achievement.

(e) Nothing in this section obligates a school district to exceed any parent or family involvement requirement under federal law.

EFFECTIVE DATE. This section is effective for the 2008-2009 school year and later.

Sec. 30. Minnesota Statutes 2006, section 125A.50, is amended to read:

125A.50 ALTERNATIVE DELIVERY OF SPECIALIZED INSTRUCTIONAL SERVICES.

Subdivision 1. **Commissioner approval.** The commissioner may approve applications from districts initiating or significantly changing a program to provide prevention services as an alternative to special education and other compensatory programs. A district with an approved program may provide instruction and services in a regular education classroom, or an area learning center, to eligible pupils. Pupils eligible to participate in the program are ~~low-performing pupils who, based on documented experience, the professional judgment of a classroom teacher, or a team of licensed professionals, would need additional academic or behavioral support to succeed in the general education environment and who may~~ eventually qualify for special education instruction or related services under sections 125A.03 to 125A.24 and 125A.65 if the intervention services authorized by this section were unavailable. Pupils may be provided services during extended school days and throughout the entire year and through the assurance of mastery program under sections 125A.03 to 125A.24 and 125A.65.

Subd. 2. **Application contents.** The application must set forth:

- (1) instructional services available to eligible pupils under section 124D.66, subdivision 2, and pupils with a disability under section 125A.02;
- (2) criteria to select pupils for the program and the assessment procedures to determine eligibility;
- (3) involvement in the program of parents of pupils in the program, parent advocates, and community special education advocates;
- (4) accounting procedures to document that federal special education money is used to supplement or increase the level of special education instruction and related services provided with state and local revenue, but in no case to supplant the state and local revenue, and that districts are expending at least the amount for special education instruction and related services required by federal law;
- (5) the role of ~~regular~~ general and special education teachers in planning ~~and~~ implementing, and evaluating the program; ~~and~~
- (6) an annual budget detailing program expenditures; and
- (7) other information requested by the commissioner.

Subd. 3. **Evaluation.** The application must also set forth the review and evaluation procedures to be used by the district addressing at least the following:

- (1) the number of pupils with and without a disability served;
- (2) the impact of the program on the academic and behavioral progress ~~and social adjustment~~ of the pupils;
- (3) the level of satisfaction teachers, parents, and pupils have with the program;
- (4) the effect of the program on the number of referrals for special education, federal ~~chapter~~ Title 1, and other programs; and
- (5) ~~the amount of time spent by teachers on procedural activities;~~
- (6) ~~the increased amount of time the pupil is in a regular education classroom; and~~
- (7) ~~cost implications.~~

Subd. 4. **Budget review for excess expenditures and approval.** (a) Each year before a district receives aid under section 125A.78, the district must submit to the commissioner for review and approval a budget detailing program expenditures for the fiscal year. The commissioner must ~~review each application to~~ determine whether the personnel, equipment, supplies, ~~residential aid,~~ and summer extended school year are necessary to meet the district's obligation to provide special instruction and services to children with a disability according to sections 125A.03 to 125A.24 and 125A.65. The commissioner may not approve revenue for any expenditures determined to be unnecessary.

(b) The commissioner must not approve budget increases under this section that would cause the state to fail to meet maintenance of effort requirements under federal special education law. The commissioner must establish criteria for prioritizing and approving budget increases, which may include criteria such as maintaining current programs, locating programs throughout the state, and developing innovative programs.

Subd. 5. **Annual report.** Each year the district must submit to the commissioner a report containing the information described in subdivision 3.

Subd. 6. **Pupil rights.** A pupil participating in the program must be individually evaluated according to the pupil's actual abilities and needs. A pupil who is eligible for services under sections 125A.03 to 125A.24 and 125A.65 is entitled to procedural protections provided under United States Code, title 20, section 33, in any matter that affects the identification, evaluation, placement, or change in placement of a pupil. The district must ensure the protection of a pupil's civil rights, provide equal educational opportunities, and prohibit discrimination. Failure to comply with this subdivision will at least cause a district to become ineligible to participate in the program. Notwithstanding rules of the Department of Education, the commissioner cannot waive a pupil's rights under this section cannot be waived by the commissioner.

Sec. 31. Minnesota Statutes 2006, section 125A.56, is amended to read:

125A.56 ALTERNATE INSTRUCTION REQUIRED BEFORE ASSESSMENT REFERRAL; ~~WAIVER.~~

Subdivision 1. Requirement. (a) Before a pupil is referred for a special education ~~assessment~~ evaluation, the district must conduct and document at least two instructional strategies, alternatives, or interventions using a system of scientific, research-based instruction and intervention in academics or behavior, based on the pupil's needs, while the pupil is in the regular classroom. The pupil's teacher must ~~provide the documentation~~ document the results. A special education ~~assessment~~ evaluation team may waive this requirement when ~~they determine~~ it determines the pupil's need for the ~~assessment~~ evaluation is urgent. This section may not be used to deny a pupil's right to a special education ~~assessment~~ evaluation.

(b) A school district shall use alternative intervention services, including the assurance of mastery program under section 124D.66 ~~and~~, the supplemental early education program under section 124D.081, or an early intervening services program under subdivision 2 to serve at-risk ~~students~~ pupils who demonstrate a need for alternative instructional strategies or interventions.

Subd. 2. Early intervening services program. (a) A district may meet the requirement under subdivision 1 by establishing an early intervening services program that includes:

(1) a system of valid and reliable general outcome measures aligned to state academic standards that is administered at least three times per year to pupils in kindergarten through grade 8 who need additional academic or behavioral support to succeed in the general education environment. The school must provide interim assessments that measure pupils' performance three times per year and implement progress monitoring appropriate to the pupil. For purposes of this section, "progress monitoring" means the frequent and continuous measurement of a pupil's performance that includes these three interim assessments and other pupil assessments during the school year. A school, at its discretion, may allow pupils in grades 9 through 12 to participate in interim assessments;

(2) a system of scientific, research-based instruction and intervention; and

(3) an organizational plan that allows teachers, paraprofessionals, and volunteers funded through various sources to work as a grade-level team or use another configuration across grades and settings to deliver instruction. The team must be trained in scientific,

research-based instruction and intervention. Teachers and paraprofessionals at a site operating under this paragraph must work collaboratively with those pupils who need additional academic or behavioral support to succeed in a general education environment.

(b) As an intervention under paragraph (a), clause (2), staff generating special education aid under section 125A.76 may provide small group instruction to pupils who need additional academic or behavioral support to succeed in the general education environment. Small group instruction that includes pupils with a disability may be provided in the general education environment if the needs of the pupils with a disability are met, consistent with their individual education plans, and all pupils in the group receive the same level of instruction and make the same progress in the instruction or intervention. Teachers and paraprofessionals must ensure that the needs of pupils with a disability participating in small group instruction under this paragraph remain the focus of the instruction. Expenditures attributable to the time special education staff spends providing instruction to nondisabled pupils in this circumstance is eligible for special education aid under section 125A.76 as an incidental benefit if:

(1) the group consists primarily of disabled pupils;

(2) no special education staff are added to meet nondisabled pupils' needs; and

(3) the primary purpose of the instruction is to implement the individual education plans of pupils with a disability in this group.

Expenditures attributable to the time special education staff spends providing small group instruction to nondisabled pupils that affords more than an incidental benefit to such pupils is not eligible for special education aid under section 125A.76, except that such expenditures may be included in the alternative delivery initial aid adjustment under section 125A.78 if the district has an approved program under section 125A.50. During each 60-day period that a nondisabled pupil participates in small group instruction under this paragraph, the pupil's progress monitoring data must be examined to determine whether the pupil is making progress and, if the pupil is not making progress, the pupil's intervention strategies must be changed or the pupil must be referred for a special education evaluation.

Sec. 32. Minnesota Statutes 2006, section 127A.095, subdivision 2, is amended to read:

Subd. 2. **No Child Left Behind review.** (a) The legislature intends to require the Department of Education to conduct a comprehensive review of the consolidated state plan the state submitted to the federal Department of Education to implement the No Child Left Behind Act. The Minnesota Department of Education shall seek waivers under paragraph (b). If the Department of Education is unable to obtain waivers under paragraph (b), it should recommend in its report under paragraph (b) whether the state should opt out of the No Child Left Behind Act.

(b) The commissioner, by January 15, ~~2007~~ 2008, shall report to the house of representatives and senate committees having jurisdiction over kindergarten through grade 12 education policy and finance whether the department has received approval from the federal Department of Education to:

~~(1) allow the state to develop a plan for determining adequate yearly progress that uses multiple measures of student achievement that include value-added measurement of student achievement in addition to standardized test results to evaluate school and student performance participate in the growth model pilot program;~~

~~(2) exclude from sanctions a school that is classified as not having made adequate yearly progress due solely to different subgroups testing below proficient levels for at least two consecutive years;~~

~~(3) allow the state to average three years of data for the purposes of identifying a school for improvement;~~

~~(4) allow the state to use No Child Left Behind Act money to provide supplemental education services only in the academic subject area that causes a school to miss adequate yearly progress;~~

~~(5) exclude from sanctions schools that have not made adequate yearly progress due solely to a subgroup of students with disabilities not testing at a proficient level;~~

~~(6) (3) identify a school as not making adequate yearly progress only after the school has missed the adequate yearly progress targets in the same subject and subgroup for two consecutive years;~~

~~(7) limit the score of a student within multiple subgroups to the smallest subgroup in which that student is included when calculating adequate yearly progress;~~

~~(8) (4) determine when to hold schools accountable for including a student with limited English proficiency in adequate yearly progress calculations; and~~

~~(9) use a fully computer-adaptive test for purposes of compliance with the No Child Left Behind Act~~

(5) allow a district not making adequate yearly progress to offer supplemental educational services as an option before offering school choice;

(6) allow a district not making adequate yearly progress to also be the supplemental educational services provider;

(7) allow the state to maintain a subgroup size to 40 for the purposes of calculating adequate yearly progress for subgroups of students with limited English proficiency and subgroups of students with disabilities; and

(8) create flexibility to enable the state to define and identify highly qualified teachers.

Sec. 33. Laws 2005, First Special Session chapter 5, article 2, section 81, as amended by Laws 2006, chapter 263, article 2, section 20, is amended to read:

Sec. 81. **BOARD OF SCHOOL ADMINISTRATORS; RULEMAKING AUTHORITY.**

(a) On or before June 30, ~~2007~~ 2008, the Board of School Administrators may adopt rules to reflect the changes in duties, responsibilities, and roles of school administrators under sections 121A.035, 121A.037 and 299F.30, and to make technical revisions and clarifications to Minnesota Rules, chapter 3512.

(b) Any rules the board adopts under the authority in paragraph (a) must retain the requirement in effect in calendar year 2006 governing classroom teaching experience for licensure as a principal.

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

Sec. 34. RULEMAKING REQUIRED.

(a) Notwithstanding the time limit in Minnesota Statutes, section 14.125, the Board of Teaching must adopt the rules it was mandated to adopt under Laws 2003, chapter 129, article 1, section 10. The board must publish a notice of intent to adopt rules or a notice of hearing for rules subject to this section before January 1, 2008.

(b) The Board of Teaching may charge fees to issue new credentials and to renew credentials for paraprofessionals issued credentials under the rules adopted under this section.

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

Sec. 35. RULEMAKING AUTHORIZED; SUPPLEMENTAL EDUCATION SERVICE PROVIDERS.

Notwithstanding the two-year limit under Minnesota Statutes, section 14.388, subdivision 1, clause (2), the expired Minnesota Rules 2005, part 3512.5400, governing supplemental education service providers is revived and readopted without further administrative action. The commissioner of education, as soon as possible, must amend this rule under Minnesota Statutes 2006, section 14.389, to include specifications that provide the basis for withdrawing Department of Education approval from supplemental education service providers that fail to increase students' academic proficiency for two consecutive school years. The amended rule must clearly indicate:

(1) how the Department of Education will distinguish the effect of supplemental education from the effect of regular school instruction on students' academic performance; and

(2) whether the Department of Education will assess effectiveness of the supplemental education service providers using an absolute measure, such as percent of "proficient" students or measure individual students' growth toward proficiency over time.

EFFECTIVE DATE. This section is effective retroactive to September 15, 2005.

Sec. 36. RULEMAKING AUTHORITY.

The commissioner of education shall adopt rules for implementing and administering the graduation-required assessment for diploma (GRAD) in reading and mathematics and in writing, consistent with Minnesota Statutes, section 120B.30, subdivision 1, and for public review of the GRAD test. The rules must specify the GRAD requirements that apply to students in unique circumstances including dual enrolled students, English language learners, foreign exchange students, home school students, open enrollment students, Minnesota postsecondary enrollment options students, shared-time students, transfer students from other states, and district-placed students and students attending school under a tuition agreement. The rules must establish the criteria for determining individualized GRAD passing scores for students with an individual education plan or a Section 504 plan and for using an alternative assessment when a student's individual education plan team decides to replace the GRAD test.

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

Sec. 37. **GRANT PROGRAM TO PROMOTE PROFESSIONAL TEACHING STANDARDS.**

Subdivision 1. **Establishment.** A grant program to promote professional teaching standards through the National Board for Professional Teaching Standards is established to provide teachers with the opportunity to receive National Board for Professional Teaching Standards certification and to reward teachers who have already received this certification.

Subd. 2. **Eligibility.** An applicant for a grant must:

(1) be a licensed teacher employed in a Minnesota public school;

(2) have a minimum of five school years' classroom teaching experience; and

(3) demonstrate acceptance by the National Board for Professional Teaching Standards as a candidate for board certification or as a recipient of board certification.

Subd. 3. **Application process.** To obtain a grant to participate in the National Board for Professional Teaching Standards certification process or to receive a reward for already completing the board certification process, a teacher must submit an application to the commissioner of education in the form and manner established by the commissioner. The commissioner shall consult with the Board of Teaching when reviewing the applications. The commissioner shall also provide program support to assist applicants during the national board certification process.

Subd. 4. **Grant awards; proceeds.** (a) The commissioner may award grants of \$1,000 to eligible teachers accepted as candidates for the National Board for Professional Teaching Standards certification or for national board certification renewal for partial payment of the teacher's candidate application fee.

(b) The commissioner shall award grants of \$3,000 to all eligible teacher applicants who hold certification from the National Board for Professional Teaching Standards and \$2,000 for renewal of their national board certification. * Paragraph (b) was indicated as vetoed by the governor.

(c) The commissioner shall also award grants to eligible teachers who have received National Board for Professional Teaching Standards certification within one year prior to the date of the teacher's application for a grant to use for educational purposes, including purchasing instructional materials, equipment, or supplies, and pursuing professional development opportunities. The commissioner, under this paragraph, may award grants not to exceed \$1,000 after consulting with interested stakeholders regarding the grant amount.

Sec. 38. **WORLD LANGUAGES PILOT PROGRAM GRANTS.**

(a) A pilot program awarding five world languages grants to interested and qualified school sites and school districts is established for fiscal years 2008 and 2009 to develop and implement sustainable, high-quality model world languages programs and to enhance existing world languages programs at various grade levels for students in kindergarten through grade 12. Program participants must simultaneously support both non-English language learners in maintaining their native language while mastering English and native English speakers in learning other languages.

(b) Interested school sites and school districts must apply to the commissioner of education in the form and manner the commissioner determines. The application must indicate whether the applicant intends to develop a new world languages program or expand an existing world languages program and whether the applicant intends to offer

more intensive programs or programs that are readily accessible to larger numbers of students. Applicants must agree to disseminate information about their programs to interested school sites and school districts.

(c) The commissioner must award grants to qualified applicants that satisfy the requirements in paragraphs (a) and (b). To the extent there are qualified applicants, the commissioner must award grants to qualified applicants on an equitable geographic basis to the extent feasible. The commissioner must award three grants to kindergarten through grade 8 sites, one grant to a qualified site interested in developing or enhancing a sustainable Mandarin Chinese program, and one grant to an indigenous American Indian world languages program. Grantees must expend the grant consistent with the content of their application and this section.

(d) The commissioner shall provide for an evaluation of the grantees to identify exemplary model world languages programs and the staff development needs of world languages teachers and report the findings of the evaluation to the education policy and finance committees of the legislature by February 15, 2010.

EFFECTIVE DATE. This section is effective for the 2007-2008 school year.

Sec. 39. **BILINGUAL AND MULTILINGUAL CERTIFICATES; DEPARTMENT OF EDUCATION.**

The Department of Education, in consultation with interested stakeholders, must develop and recommend to the legislature by February 15, 2008, the standards and process for awarding bilingual and multilingual certificates to those kindergarten through grade 12 students who demonstrate and maintain a requisite level of proficiency in multiple languages.

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

Sec. 40. **SCHOOL PERFORMANCE REPORT CARDS; ADVISORY GROUP RECOMMENDATIONS.**

(a) To sustain equity and excellence in education, the Independent Office of Educational Accountability under Minnesota Statutes, section 120B.31, subdivision 3, must convene and facilitate an advisory group of curriculum and measurement experts to consider and recommend how to structure school performance data and school performance report cards under Minnesota Statutes, section 120B.36, subdivision 1, to fully, fairly, and accurately report student achievement and emphasize school excellence under Minnesota's system of educational accountability and public reporting. The advisory group at least must consider and recommend how to: evaluate student achievement using multiple measures of growth that take into account student demographic characteristics, consistent with Minnesota Statutes, section 120B.31, subdivision 4; and identify outstanding schools based on student achievement and achievement growth and using multiple performance measures that are objective and consistent with the highest standards in the field of educational measurements and accountability.

(b) Advisory group members under paragraph (a) include: two qualified experts in measurement in education selected by the State Council on Measurement in Education; one qualified expert in elementary curriculum and one qualified expert in secondary curriculum selected by the Minnesota Association for Supervision and Curriculum Development; three regionally diverse school district research and evaluation directors

selected by the Minnesota Assessment Group; one school superintendent selected by the Minnesota Association of School Administrators; one University of Minnesota faculty selected by the dean of the College of Education and Human Development; one licensed teacher selected by Education Minnesota; two parents selected by the Minnesota Parent Teachers Association with expertise in measurement in education; and two employees from the Minnesota Department of Education selected by the commissioner. Advisory group members' terms and other advisory group matters are subject to Minnesota Statutes, section 15.059, subdivision 6. The Independent Office of Educational Accountability must present the advisory group's recommendations under paragraph (a) to the education policy and finance committees of the legislature by February 15, 2008. The advisory group expires February 16, 2008.

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

Sec. 41. **ADVISORY TASK FORCE ON MINNESOTA AMERICAN INDIAN TRIBES AND COMMUNITIES AND K-12 STANDARDS-BASED REFORM.**

Subdivision 1. **Duties.** An advisory task force on Minnesota American Indian tribes and communities and K-12 standards-based reform is established to examine the impact of state and federal standards-based reform on Minnesota's K-12 students, with particular attention to the impacts on American Indian students enrolled in Minnesota schools. The task force, in consultation with American Indian educators, parents, and others who advocate for American Indian children, must determine if:

(1) state education standards and assessments are appropriate for American Indian students;

(2) American Indian students are fairly compared;

(3) American Indian students receive the assistance they need to achieve the state standards; and

(4) schools receive financial and technical assistance sufficient to meet the educational needs of American Indian students.

Subd. 2. **Membership.** (a) The commissioner of education shall appoint representatives from the following organizations and agencies to the task force:

(1) Department of Education staff experienced in working with American Indian students and programs;

(2) Minnesota American Indian tribes and communities;

(3) the Minnesota School Board Association;

(4) school administrators;

(5) Education Minnesota;

(6) the state Board of Teaching;

(7) the Minnesota Council on Indian Affairs;

(8) postsecondary faculty who serve as instructors in teacher preparation programs;
and

(9) local community service providers who work with Minnesota American Indian tribes and communities.

(b) After the task force has been convened, the commissioner of education may appoint additional public members recommended by members of the task force.

Subd. 3. **Organization; compensation.** (a) The commissioner shall complete appointments to the task force, under subdivision 2, paragraph (a), by September 1, 2007. The commissioner of education or the commissioner's designee shall convene the first meeting of the task force within 30 days after the appointments are completed. The task force shall select a chair from its membership at the first meeting.

(b) Vacancies, renewal, and compensation of members are as provided in Minnesota Statutes, section 15.059, subject to the availability of appropriations.

(c) The commissioner of education must provide the task force with administrative and clerical support.

Subd. 4. **Recommendations.** By February 15, 2008, the task force must report recommendations and suggest implementing legislation to the legislative committees and divisions with jurisdiction over education policy and finance regarding the changes, if any, to the state's educational performance standards, content requirements, assessments measures, and teacher preparation programs that will enable Minnesota schools to most effectively meet the educational needs of American Indian students consistent with Minnesota Statutes, sections 124D.71 to 124D.82.

Subd. 5. **Expiration.** This section expires the day following the submission of the report required by subdivision 4.

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

Sec. 42. AMERICAN INDIAN SCHOLARSHIP.

Administration of the American Indian scholarship program under Minnesota Statutes, section 124D.84, is transferred from the Department of Education to the Minnesota Office of Higher Education. The director of the Minnesota Office of Higher Education must contract with at least one knowledgeable person residing in or near the city of Bemidji to assist students with the scholarships under Minnesota Statutes, section 124D.84, subdivision 1, and with other information about financial aid for which the students may be eligible. Bemidji State University must provide office space at no cost to the Minnesota Office of Higher Education for purposes of administering the American Indian scholarship program under Minnesota Statutes, section 124D.84.

Sec. 43. WORLD LANGUAGES RESOURCES.

(a) The commissioner of education shall employ a full-time state coordinator for world languages education within the department by July 1, 2007. The commissioner shall seek advice from the quality teaching network before assigning or hiring the coordinator. The coordinator, at a minimum, shall:

(1) assist charter schools and school districts in planning to develop or enhance their capacity to offer world languages courses and programs;

(2) collaborate with Minnesota world languages professionals and charter schools and school districts and continuously seek their advice in developing all aspects of world languages programs;

(3) survey Minnesota charter schools and school districts to (i) determine the types of existing world languages programs including, among others, those that use information technology to provide high-quality world languages instruction, (ii) identify exemplary model world languages programs, and (iii) identify and address staff development needs of current world languages teachers, preservice teachers, and teacher preparation programs;

(4) identify successful world languages programs in other states;

(5) consult with interested stakeholders to prepare a report for the commissioner of education to submit by February 15, 2008, to the education policy and finance committees of the legislature assessing the feasibility and structure of a statewide world languages graduation requirement under Minnesota Statutes, section 120B.021, subdivision 1; and

(6) beginning February 1, 2008, and until February 1, 2012, report annually to the education policy and finance committees of the legislature on the status of world languages in Minnesota and the programmatic needs identified by charter school and school district surveys, and make recommendations on how to address the identified needs.

(b) After carefully examining existing world languages assessments, including among other considerations the ease or difficulty with which the assessments may be adapted to world languages not currently assessed, the commissioner, by July 1, 2009, shall recommend an assessment tool for charter schools and school districts to use in measuring student progress in acquiring proficiency in world languages.

(c) The commissioner, upon request, must evaluate the plans of charter schools and school districts to develop or enhance their capacity to offer world languages courses and programs and continue to offer technical assistance to districts in developing or enhancing world languages programs. The department shall assist districts in monitoring local assessment results.

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

Sec. 44. **APPROPRIATIONS.**

Subdivision 1. **Minnesota Office of Higher Education.** The sums indicated in this section are appropriated from the general fund to the Minnesota Office of Higher Education for the fiscal years designated.

Subd. 2. **American Indian scholarships.** For American Indian scholarships under Minnesota Statutes, section 124D.84:

<u>\$</u>	<u>1,950,000</u>	<u>.....</u>	<u>2008</u>
<u>\$</u>	<u>1,950,000</u>	<u>.....</u>	<u>2009</u>

Of this appropriation, \$75,000 each year is for administration under section 42.

Sec. 45. **APPROPRIATIONS.**

Subdivision 1. **Board of Regents of the University of Minnesota.** The sums indicated in this section are appropriated from the general fund to the Board of Regents of the University of Minnesota for the fiscal years designated.

Subd. 2. **Independent Office of Educational Accountability.** For the Independent Office of Educational Accountability under Minnesota Statutes, section 120B.31, subdivision 3:

\$ 200,000 2008

\$ 200,000 2009

This is a onetime appropriation. * (The preceding subdivision was indicated as vetoed by the governor.)

Sec. 46. **APPROPRIATIONS.**

Subdivision 1. **Department.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Charter school building lease aid.** For building lease aid under Minnesota Statutes, section 124D.11, subdivision 4:

\$ 31,875,000 2008

\$ 36,193,000 2009

The 2008 appropriation includes \$2,814,000 for 2007 and \$29,061,000 for 2008.

The 2009 appropriation includes \$3,229,000 for 2008 and \$32,964,000 for 2009.

Subd. 3. **Charter school startup cost aid.** For charter school startup cost aid under Minnesota Statutes, section 124D.11:

\$ 1,896,000 2008

\$ 2,161,000 2009

The 2008 appropriation includes \$241,000 for 2007 and \$1,655,000 for 2008.

The 2009 appropriation includes \$183,000 for 2008 and \$1,978,000 for 2009.

Subd. 4. **Integration aid.** For integration aid under Minnesota Statutes, section 124D.86, subdivision 5:

\$ 61,769,000 2008

\$ 61,000,000 2009

The 2008 appropriation includes \$5,824,000 for 2007 and \$55,945,000 for 2008.

The 2009 appropriation includes \$6,216,000 for 2008 and \$54,784,000 for 2009.

Subd. 5. **Magnet school program grants.** For magnet school program grants:

\$ 750,000 2008

\$ 750,000 2009

These amounts may be used for magnet school programs under Minnesota Statutes, section 124D.871.

Up to \$100,000 each year is available for site-based decision-making grant proposals that meet the goals outlined in section 124D.871 under Minnesota Statutes, section 123B.04, subdivision 2, paragraph (g).

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

Subd. 6. **Interdistrict desegregation or integration transportation grants.** For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

\$ 9,639,000 2008

\$ 11,567,000 2009

Subd. 7. **Success for the future.** For American Indian success for the future grants under Minnesota Statutes, section 124D.81:

\$ 2,137,000 2008

\$ 2,137,000 2009

The 2008 appropriation includes \$213,000 for 2007 and \$1,924,000 for 2008.

The 2009 appropriation includes \$213,000 for 2008 and \$1,924,000 for 2009.

Subd. 8. **American Indian teacher preparation grants.** For joint grants to assist American Indians to become teachers under Minnesota Statutes, section 122A.63:

\$ 190,000 2008

\$ 190,000 2009

Subd. 9. **Tribal contract schools.** For tribal contract school aid under Minnesota Statutes, section 124D.83:

\$ 2,238,000 2008

\$ 2,422,000 2009

The 2008 appropriation includes \$204,000 for 2007 and \$2,034,000 for 2008.

The 2009 appropriation includes \$226,000 for 2008 and \$2,196,000 for 2009.

Subd. 10. **Early childhood programs at tribal schools.** For early childhood family education programs at tribal contract schools under Minnesota Statutes, section 124D.83, subdivision 4:

\$ 68,000 2008

\$ 68,000 2009

Subd. 11. **Statewide testing and reporting system.** For the statewide testing and reporting system under Minnesota Statutes, section 120B.30:

\$ 15,150,000 2008

\$ 15,150,000 2009

Any testing contracts awarded by the commissioner using appropriations in this subdivision must include as part of that testing contract a method to vertically link testing questions across grade levels for the purposes of working towards a statewide growth model.

\$1,150,000 each year is for the value-added index assessment model.

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

Subd. 12. **Examination fees; teacher training and support programs.** (a) For students' advanced placement and international baccalaureate examination fees under Minnesota Statutes, section 120B.13, subdivision 3, and the training and related costs for teachers and other interested educators under Minnesota Statutes, section 120B.13, subdivision 1:

<u>\$</u>	<u>4,500,000</u>	<u>.....</u>	<u>2008</u>
<u>\$</u>	<u>4,500,000</u>	<u>.....</u>	<u>2009</u>

(b) The advanced placement program shall receive 75 percent of the appropriation each year and the international baccalaureate program shall receive 25 percent of the appropriation each year. The department, in consultation with representatives of the advanced placement and international baccalaureate programs selected by the Advanced Placement Advisory Council and IBMN, respectively, shall determine the amounts of the expenditures each year for examination fees and training and support programs for each program.

(c) Notwithstanding Minnesota Statutes, section 120B.13, subdivision 1, at least \$500,000 each year is for teachers to attend subject matter summer training programs and follow-up support workshops approved by the advanced placement or international baccalaureate programs. The amount of the subsidy for each teacher attending an advanced placement or international baccalaureate summer training program or workshop shall be the same. The commissioner shall determine the payment process and the amount of the subsidy.

(d) The commissioner shall pay all examination fees for all students of low-income families under Minnesota Statutes, section 120B.13, subdivision 3, and to the extent of available appropriations shall also pay examination fees for other students sitting for an advanced placement examination, international baccalaureate examination, or both.

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

Subd. 13. **Preadvanced placement, advanced placement, international baccalaureate, and concurrent enrollment programs.** For preadvanced placement, advanced placement, international baccalaureate, and concurrent enrollment programs under Minnesota Statutes, sections 120B.132 and 124D.091:

<u>\$</u>	<u>6,500,000</u>	<u>.....</u>	<u>2008</u>
<u>\$</u>	<u>6,500,000</u>	<u>.....</u>	<u>2009</u>

Of this amount, \$2,500,000 each year is for concurrent enrollment program aid under Minnesota Statutes, section 124D.091. If the appropriation is insufficient, the commissioner must proportionately reduce the aid payment to each district.

The base appropriation for fiscal year 2010 and later is \$2,000,000.

Subd. 14. Collaborative urban educator. For collaborative urban educator grants under Minnesota Statutes, section 122A.641:

\$	<u>528,000</u>	<u>.....</u>	<u>2008</u>
\$	<u>528,000</u>	<u>.....</u>	<u>2009</u>

\$210,000 each year is for the Southeast Asian teacher program at Concordia University, St. Paul; \$159,000 each year is for the collaborative urban educator program at the University of St. Thomas; and \$159,000 each year is for the Center for Excellence in Urban Teaching at Hamline University. Grant recipients must collaborate with urban and nonurban school districts.

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

Subd. 15. Youth works program. For funding youth works programs under Minnesota Statutes, sections 124D.37 to 124D.45:

\$	<u>900,000</u>	<u>.....</u>	<u>2008</u>
\$	<u>900,000</u>	<u>.....</u>	<u>2009</u>

A grantee organization may provide health and child care coverage to the dependents of each participant enrolled in a full-time youth works program to the extent the coverage is not otherwise available.

Subd. 16. Early childhood literacy programs. For early childhood literacy programs under Minnesota Statutes, section 119A.50, subdivision 3:

\$	<u>1,500,000</u>	<u>.....</u>	<u>2008</u>
\$	<u>1,500,000</u>	<u>.....</u>	<u>2009</u>

\$1,000,000 each year is for leveraging federal and private funding to support AmeriCorps members serving in the Minnesota Reading Corps program established by Serve Minnesota, including costs associated with the training and teaching of early literacy skills to children age three to grade 3 and the evaluation of the impact of the program under Minnesota Statutes, sections 124D.38, subdivision 2, and 124D.42, subdivision 6.

\$500,000 each year is for words work grants for early childhood literacy allocated by the commissioner under Minnesota Statutes, section 119A.50, subdivision 3, paragraph (a).

Any balance in the first year does not cancel but is available in the second year. The base appropriation for fiscal year 2010 and later is \$1,000,000.

Subd. 17. St. Croix River Education District. For a grant to the St. Croix River Education District:

\$	<u>500,000</u>	<u>.....</u>	<u>2008</u>
\$	<u>500,000</u>	<u>.....</u>	<u>2009</u>

These funds must be used to:

(1) deliver standardized research-based professional development in problem-solving, including response to intervention, scientifically based reading instruction, and standards-aligned instruction and assessment;

(2) provide coaching to targeted districts throughout the state;

(3) deliver large scale training throughout the state;

(4) provide ongoing technical assistance to schools;

(5) assist with implementing professional development content into higher education instructional curricula; and

(6) evaluate the effectiveness of project activities.

This is a onetime appropriation.

Subd. 18. **Student organizations.** For student organizations:

\$ 725,000 2008

\$ 725,000 2009

\$40,000 each year is for student organizations serving health occupations.

\$38,000 each year is for student organizations serving service occupations.

\$88,000 each year is for student organizations serving trade and industry occupations.

\$84,000 each year is for student organizations serving business occupations.

\$131,000 each year is for student organizations serving agriculture occupations.

\$125,000 each year is for student organizations serving family and consumer science occupations.

\$95,000 each year is for student organizations serving marketing occupations.

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

Subd. 19. **Educational Planning and Assessment System (EPAS) program.** For the Educational Planning and Assessment System (EPAS) program under Minnesota Statutes, section 120B.128:

\$ 829,000 2008

\$ 829,000 2009

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

Subd. 20. **College-level examination program (CLEP).** For the college-level examination program (CLEP) under Minnesota Statutes, section 120B.131:

\$ 1,650,000 2008

\$ 1,650,000 2009

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

Subd. 21. **World Languages grants.** For World Languages grants:

\$ 250,000 2008
\$ 250,000 2009

Any balance in the first year does not cancel but is available in the second year. This is a onetime appropriation.

Subd. 22. **National Board for Professional Teaching Standards.** (a) For professional teacher licensure:

\$ 250,000 2008
\$ 250,000 2009

(b) \$63,000 of this amount is for grants of \$1,000 each to eligible teachers accepted as candidates for National Board for Professional Teaching Standards certification according to Minnesota Statutes, section 122A.73, subdivision 4, paragraph (a). The grant award shall be made to the national board.

(c) \$125,000 of this amount is for grants of \$2,000 each to eligible teachers according to Minnesota Statutes, section 122A.73, subdivision 4, paragraph (b).

(d) \$62,000 of this amount is for grants of up to \$1,000 each to eligible teachers who have received National Board for Professional Teaching Standards certification according to Minnesota Statutes, section 122A.73, subdivision 4, paragraph (c).

(e) Any balance in the first year does not cancel but is available in the second year.

(f) This is a onetime appropriation. * (The preceding subdivision was indicated as vetoed by the governor.)

Subd. 23. **Mathematics and science; teacher centers.** For teacher centers for mathematics and science teacher development:

\$ 1,500,000 2008
\$ 1,500,000 2009

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

This is a onetime appropriation.

Subd. 24. **First Grade Preparedness.** For first grade preparedness grants under Minnesota Statutes, section 124D.081:

\$ 7,250,000 2008
\$ 7,250,000 2009

This is a onetime appropriation.

Subd. 25. **Statewide science, technology, engineering, and math initiative.** For a grant to the Science Museum of Minnesota for the statewide science, technology, engineering, and math initiative:

\$	<u>1,500,000</u>	.....	<u>2008</u>
\$	<u>1,500,000</u>	.....	<u>2009</u>

Of this amount, \$750,000 each year is available for the teacher resource center and other related programs and \$750,000 each year is available for the expansion and support of the middle school math and science initiative, including teacher workshops and expanded outreach programs in classrooms. This grant includes funding for an evaluation of the programs by an entity approved by the Department of Education.

This is a onetime appropriation.

Sec. 47. **REVISOR'S INSTRUCTION.**

(a) The revisor of statutes shall renumber Minnesota Statutes, section 124D.84 to section 136A.126, correct cross-references, and make other necessary corrections to implement section 41.

(b) In Minnesota Statutes, the revisor of statutes shall codify Minnesota Statutes, section 124D.10, subdivision 23a, paragraph (b), as Minnesota Statutes, section 124D.10, subdivision 26.

Sec. 48. **REPEALER.**

Minnesota Statutes 2006, sections 120B.233; and 124D.62, are repealed.

ARTICLE 3 SPECIAL PROGRAMS

Section 1. Minnesota Statutes 2006, section 123B.92, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For purposes of this section and section 125A.76, the terms defined in this subdivision have the meanings given to them.

(a) "Actual expenditure per pupil transported in the regular and excess transportation categories" means the quotient obtained by dividing:

(1) the sum of:

(i) all expenditures for transportation in the regular category, as defined in paragraph (b), clause (1), and the excess category, as defined in paragraph (b), clause (2), plus

(ii) an amount equal to one year's depreciation on the district's school bus fleet and mobile units computed on a straight line basis at the rate of 15 percent per year for districts operating a program under section 124D.128 for grades 1 to 12 for all students in the district and 12-1/2 percent per year for other districts of the cost of the fleet, plus

(iii) an amount equal to one year's depreciation on the district's type three school buses, as defined in section 169.01, subdivision 6, clause (5), which must be used a majority of the time for pupil transportation purposes, computed on a straight line basis at the rate of 20 percent per year of the cost of the type three school buses by:

(2) the number of pupils eligible for transportation in the regular category, as defined in paragraph (b), clause (1), and the excess category, as defined in paragraph (b), clause (2).

(b) "Transportation category" means a category of transportation service provided to pupils as follows:

(1) Regular transportation is:

(i) transportation to and from school during the regular school year for resident elementary pupils residing one mile or more from the public or nonpublic school they attend, and resident secondary pupils residing two miles or more from the public or nonpublic school they attend, excluding desegregation transportation and noon kindergarten transportation; but with respect to transportation of pupils to and from nonpublic schools, only to the extent permitted by sections 123B.84 to 123B.87;

(ii) transportation of resident pupils to and from language immersion programs;

(iii) transportation of a pupil who is a custodial parent and that pupil's child between the pupil's home and the child care provider and between the provider and the school, if the home and provider are within the attendance area of the school;

(iv) transportation to and from or board and lodging in another district, of resident pupils of a district without a secondary school; and

(v) transportation to and from school during the regular school year required under subdivision 3 for nonresident elementary pupils when the distance from the attendance area border to the public school is one mile or more, and for nonresident secondary pupils when the distance from the attendance area border to the public school is two miles or more, excluding desegregation transportation and noon kindergarten transportation.

For the purposes of this paragraph, a district may designate a licensed day care facility, school day care facility, respite care facility, the residence of a relative, or the residence of a person chosen by the pupil's parent or guardian as the home of a pupil for part or all of the day, if requested by the pupil's parent or guardian, and if that facility or residence is within the attendance area of the school the pupil attends.

(2) Excess transportation is:

(i) transportation to and from school during the regular school year for resident secondary pupils residing at least one mile but less than two miles from the public or nonpublic school they attend, and transportation to and from school for resident pupils residing less than one mile from school who are transported because of extraordinary traffic, drug, or crime hazards; and

(ii) transportation to and from school during the regular school year required under subdivision 3 for nonresident secondary pupils when the distance from the attendance area border to the school is at least one mile but less than two miles from the public school they attend, and for nonresident pupils when the distance from the attendance area border to the school is less than one mile from the school and who are transported because of extraordinary traffic, drug, or crime hazards.

(3) Desegregation transportation is transportation within and outside of the district during the regular school year of pupils to and from schools located outside their normal attendance areas under a plan for desegregation mandated by the commissioner or under court order.

(4) "Transportation services for pupils with disabilities" is:

(i) transportation of pupils with disabilities who cannot be transported on a regular school bus between home or a respite care facility and school;

(ii) necessary transportation of pupils with disabilities from home or from school to other buildings, including centers such as developmental achievement centers, hospitals, and treatment centers where special instruction or services required by sections 125A.03 to 125A.24, 125A.26 to 125A.48, and 125A.65 are provided, within or outside the district where services are provided;

(iii) necessary transportation for resident pupils with disabilities required by sections 125A.12, and 125A.26 to 125A.48;

(iv) board and lodging for pupils with disabilities in a district maintaining special classes;

(v) transportation from one educational facility to another within the district for resident pupils enrolled on a shared-time basis in educational programs, and necessary transportation required by sections 125A.18, and 125A.26 to 125A.48, for resident pupils with disabilities who are provided special instruction and services on a shared-time basis or if resident pupils are not transported, the costs of necessary travel between public and private schools or neutral instructional sites by essential personnel employed by the district's program for children with a disability;

(vi) transportation for resident pupils with disabilities to and from board and lodging facilities when the pupil is boarded and lodged for educational purposes; and

(vii) services described in clauses (i) to (vi), when provided for pupils with disabilities in conjunction with a summer instructional program that relates to the pupil's individual education plan or in conjunction with a learning year program established under section 124D.128.

For purposes of computing special education ~~base revenue~~ initial aid under section 125A.76, subdivision 2, the cost of providing transportation for children with disabilities includes (A) the additional cost of transporting a homeless student from a temporary nonshelter home in another district to the school of origin, or a formerly homeless student from a permanent home in another district to the school of origin but only through the end of the academic year; and (B) depreciation on district-owned school buses purchased after July 1, 2005, and used primarily for transportation of pupils with disabilities, calculated according to paragraph (a), clauses (ii) and (iii). Depreciation costs included in the disabled transportation category must be excluded in calculating the actual expenditure per pupil transported in the regular and excess transportation categories according to paragraph (a).

(5) "Nonpublic nonregular transportation" is:

(i) transportation from one educational facility to another within the district for resident pupils enrolled on a shared-time basis in educational programs, excluding transportation for nonpublic pupils with disabilities under clause (4);

(ii) transportation within district boundaries between a nonpublic school and a public school or a neutral site for nonpublic school pupils who are provided pupil support services pursuant to section 123B.44; and

(iii) late transportation home from school or between schools within a district for nonpublic school pupils involved in after-school activities.

(c) "Mobile unit" means a vehicle or trailer designed to provide facilities for educational programs and services, including diagnostic testing, guidance and counseling

services, and health services. A mobile unit located off nonpublic school premises is a neutral site as defined in section 123B.41, subdivision 13.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 2. Minnesota Statutes 2006, section 124D.454, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For the purposes of this section, the definitions in this subdivision apply.

~~(a) "Base year" means the second fiscal year preceding the fiscal year for which aid will be paid.~~

~~(b)~~ (b) "Basic revenue" has the meaning given it in section 126C.10, subdivision 2. For the purposes of computing basic revenue pursuant to this section, each child with a disability shall be counted as prescribed in section 126C.05, subdivision 1.

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

~~(d) "Program growth factor" means 1.00 for fiscal year 1998 and later.~~

~~(e) "Aid percentage factor" means 100 percent for fiscal year 2000 and later.~~

~~(f)~~ (b) "Essential personnel" means a licensed teacher, licensed support services staff person, paraprofessional providing direct services to students, or licensed personnel under subdivision 12. This definition is not intended to change or modify the definition of essential employee in chapter 179A.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 3. Minnesota Statutes 2006, section 124D.454, subdivision 3, is amended to read:

Subd. 3. **~~Base revenue~~ Initial aid.** ~~(a)~~ The transition-disabled program ~~base revenue initial aid~~ equals the sum of the following amounts computed using ~~base~~ current year data:

(1) 68 percent of the salary of each essential licensed person or approved paraprofessional who provides direct instructional services to students employed during that fiscal year for services rendered in that district's transition program for children with a disability;

(2) 47 percent of the costs of necessary equipment for transition programs for children with a disability;

(3) 47 percent of the costs of necessary travel between instructional sites by transition program teachers of children with a disability but not including travel to and from local, regional, district, state, or national career and technical student organization meetings;

(4) 47 percent of the costs of necessary supplies for transition programs for children with a disability but not to exceed an average of \$47 in any one school year for each child with a disability receiving these services;

(5) for transition programs for children with disabilities provided by a contract approved by the commissioner with public, private, or voluntary agencies other than a Minnesota school district or cooperative center, in place of programs provided by the district, 52 percent of the difference between the amount of the contract and the basic revenue of the district for that pupil for the fraction of the school day the pupil receives services under the contract;

(6) for transition programs for children with disabilities provided by a contract approved by the commissioner with public, private, or voluntary agencies other than a Minnesota school district or cooperative center, that are supplementary to a full educational program provided by the school district, 52 percent of the amount of the contract; and

(7) for a contract approved by the commissioner with another Minnesota school district or cooperative center for vocational evaluation services for children with a disability for children that are not yet enrolled in grade 12, 52 percent of the amount of the contract.

~~(b) If requested by a school district for transition programs during the base year for less than the full school year, the commissioner may adjust the base revenue to reflect the expenditures that would have occurred during the base year had the program been operated for the full year.~~

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 4. Minnesota Statutes 2006, section 125A.11, subdivision 1, is amended to read:

Subdivision 1. **Nonresident tuition rate; other costs.** (a) For fiscal year 2006, when a school district provides instruction and services outside the district of residence, board and lodging, and any tuition to be paid, shall be paid by the district of residence. The tuition rate to be charged for any child with a disability, excluding a pupil for whom tuition is calculated according to section 127A.47, subdivision 7, paragraph (d), must be the sum of (1) the actual cost of providing special instruction and services to the child including a proportionate amount for special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, plus (2) the amount of general education revenue and referendum aid attributable to the pupil, minus (3) the amount of special education aid for children with a disability received on behalf of that child, minus (4) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum aid, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom. If the boards involved do not agree upon the tuition rate, either board may apply to the commissioner to fix the rate. Notwithstanding chapter 14, the commissioner must then set a date for a hearing or request a written statement from each board, giving each board at least ten days' notice, and after the hearing or review of the written statements the commissioner must make an order fixing the tuition rate, which is binding on both school districts. General education revenue and referendum equalization aid attributable to a pupil must be calculated using the resident district's average general education revenue and referendum revenue equalization aid per adjusted pupil unit.

(b) For fiscal year 2007 and later, when a school district provides special instruction and services for a pupil with a disability as defined in section 125A.02 outside the district of residence, excluding a pupil for whom an adjustment to special education aid is calculated according to section 127A.47, subdivision 7, paragraph (e), special education aid paid to the resident district must be reduced by an amount equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, plus (2) the amount of general education

revenue and referendum equalization aid attributable to that pupil, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit excluding basic skills revenue, elementary sparsity revenue and secondary sparsity revenue, minus (3) the amount of special education aid for children with a disability received on behalf of that child, minus (4) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum equalization aid, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom. ~~general education revenue and referendum aid attributable to a pupil must be~~ calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit excluding basic skills revenue, elementary sparsity revenue and secondary sparsity revenue and the serving district's basic skills revenue, elementary sparsity revenue and secondary sparsity revenue per adjusted pupil unit. Notwithstanding clauses (1) and (4), for pupils served by a cooperative unit without a fiscal agent school district, the general education revenue and referendum equalization aid attributable to a pupil must be calculated using the resident district's average general education revenue and referendum equalization aid excluding elementary sparsity revenue and secondary sparsity revenue. Special education aid paid to the district or cooperative providing special instruction and services for the pupil must be increased by the amount of the reduction in the aid paid to the resident district. Amounts paid to cooperatives under this subdivision and section 127A.47, subdivision 7, shall be recognized and reported as revenues and expenditures on the resident school district's books of account under sections 123B.75 and 123B.76. If the resident district's special education aid is insufficient to make the full adjustment, the remaining adjustment shall be made to other state aid due to the district.

(c) Notwithstanding paragraphs (a) and (b) and section 127A.47, subdivision 7, paragraphs (d) and (e), a charter school where more than 30 percent of enrolled students receive special education and related services, a site approved under section 125A.515, an intermediate district, a special education cooperative, or a school district that served as the applicant agency for a group of school districts for federal special education aids for fiscal year 2006 may apply to the commissioner for authority to charge the resident district an additional amount to recover any remaining unreimbursed costs of serving pupils with a disability. The application must include a description of the costs and the calculations used to determine the unreimbursed portion to be charged to the resident district. Amounts approved by the commissioner under this paragraph must be included in the tuition billings or aid adjustments under paragraph (a) or (b), or section 127A.47, subdivision 7, paragraph (d) or (e), as applicable.

(d) For purposes of this subdivision and section 127A.47, subdivision 7, paragraphs (d) and (e), "general education revenue and referendum equalization aid" means the sum of the general education revenue according to section 126C.10, subdivision 1, excluding alternative teacher compensation revenue, plus the referendum equalization aid according to section 126C.17, subdivision 7, as adjusted according to section 127A.47, subdivision 7, paragraphs (a) to (c).

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

Sec. 5. Minnesota Statutes 2006, section 125A.13, is amended to read:

125A.13 SCHOOL OF PARENTS' CHOICE.

(a) Nothing in this chapter must be construed as preventing parents of a child with a disability from sending the child to a school of their choice, if they so elect, subject to admission standards and policies adopted according to sections 125A.62 to 125A.64 and 125A.66 to 125A.73, and all other provisions of chapters 120A to 129C.

(b) The parent of a student with a disability not yet enrolled in kindergarten and not open enrolled in a nonresident district may request that the resident district enter into a tuition agreement with the nonresident district if:

(1) the child is enrolled in a Head Start program or a licensed child care setting in the nonresident district; and

(2) the child can be served in the same setting as other children in the nonresident district with the same level of disability.

Sec. 6. Minnesota Statutes 2006, section 125A.14, is amended to read:

125A.14 ~~SUMMER PROGRAMS~~ EXTENDED SCHOOL YEAR.

A district may provide ~~summer programs~~ extended school year services for children with a disability living within the district and nonresident children temporarily placed in the district pursuant to section 125A.15 or 125A.16. Prior to March 31 or 30 days after the child with a disability is placed in the district, whichever is later, the providing district shall give notice to the district of residence of any nonresident children temporarily placed in the district pursuant to section 125A.15 or 125A.16, of its intention to provide these programs. Notwithstanding any contrary provisions in sections 125A.15 and 125A.16, the district providing the special instruction and services must apply for special education aid for the ~~summer program~~ extended school year services. The unreimbursed actual cost of providing the program for nonresident children with a disability, including the cost of board and lodging, may be billed to the district of the child's residence and must be paid by the resident district. Transportation costs must be paid by the district responsible for providing transportation pursuant to section 125A.15 or 125A.16 and transportation aid must be paid to that district.

Sec. 7. Minnesota Statutes 2006, section 125A.63, is amended by adding a subdivision to read:

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

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

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

(3) leverage resources by serving as a liaison between interagency early intervention committees; part C coordinators from the Departments of Education, Health, and Human Services; Department of Education regional low-incidence facilitators; service coordinators from school districts; Minnesota children with special health needs in the

Department of Health; public health nurses; child find; Department of Human Services Deaf and Hard-of-Hearing Services Division; and others as appropriate;

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

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

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

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

(8) make recommendations that would improve educational outcomes to the early hearing detection and intervention committee, the commissioners of education and health, the Minnesota Commission Serving Deaf and Hard-of-Hearing People, and the advisory council of the Minnesota Department of Education Resource Center for the Deaf and Hard-of-Hearing.

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

Sec. 8. Minnesota Statutes 2006, section 125A.75, subdivision 1, is amended to read:

Subdivision 1. **Travel aid.** The state must pay each district one-half of the sum actually expended by a district, based on mileage, for necessary travel of essential personnel providing home-based or community-based services to children with a disability under age five and their families.

Sec. 9. Minnesota Statutes 2006, section 125A.75, subdivision 4, is amended to read:

Subd. 4. **Program and aid approval.** Before June 1 of each year, each district providing special instruction and services to children with a disability, including children eligible for Part C, as defined in section 125A.02, subdivision 1, and section 125A.27, subdivision 8, must submit to the commissioner an application for approval of these programs and their budgets for the next fiscal year. The application must include an enumeration of the costs proposed as eligible for state aid pursuant to this section and of the estimated number and grade level of children with a disability in the district who will receive special instruction and services ~~during the regular school year and in summer school programs~~ during the next fiscal year. The application must also include any other information deemed necessary by the commissioner for the calculation of state aid and for the evaluation of the necessity of the program, the necessity of the personnel to be employed in the program, for determining the amount which the program will receive from grants from federal funds, or special grants from other state sources, and the program's compliance with the rules and standards of the Department of Education. The commissioner shall review each application to determine whether the program and the personnel to be employed in the program are actually necessary and essential to meet the district's obligation to provide special instruction and services to children with a

disability pursuant to sections 125A.03 to 125A.24, 125A.259 to 125A.48, and 125A.65. The commissioner shall not approve aid pursuant to this section for any program or for the salary of any personnel determined to be unnecessary or unessential on the basis of this review. The commissioner may withhold all or any portion of the aid for programs which receive grants from federal funds, or special grants from other state sources. By August 31 the commissioner shall approve, disapprove, or modify each application, and notify each applying district of the action and of the estimated amount of aid for the programs. The commissioner shall provide procedures for districts to submit additional applications for program and budget approval during the fiscal year, for programs needed to meet any substantial changes in the needs of children with a disability in the district. Notwithstanding the provisions of section 127A.42, the commissioner may modify or withdraw the program or aid approval and withhold aid pursuant to this section without proceeding according to section 127A.42 at any time the commissioner determines that the program does not comply with rules of the Department of Education or that any facts concerning the program or its budget differ from the facts in the district's approved application.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 10. Minnesota Statutes 2006, section 125A.75, is amended by adding a subdivision to read:

Subd. 9. **Litigation costs; annual report.** (a) By November 30 of each year, a school district must annually report the district's special education litigation costs, including attorney fees and costs of due process hearings, to the commissioner of education, consistent with the Uniform Financial Accounting and Reporting Standards.

(b) By January 15 of each year, the commissioner shall report school district special education litigation costs to the house of representatives and the senate committees having jurisdiction over kindergarten through grade 12 education finance.

Sec. 11. Minnesota Statutes 2006, section 125A.76, subdivision 1, is amended to read:

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

~~(a) "Base year" for fiscal year 1998 and later fiscal years means the second fiscal year preceding the fiscal year for which aid will be paid.~~

~~(b)~~ "Basic revenue" has the meaning given it in section 126C.10, subdivision 2. For the purposes of computing basic revenue pursuant to this section, each child with a disability shall be counted as prescribed in section 126C.05, subdivision 1.

~~(c)~~ (b) "Essential personnel" means teachers, cultural liaisons, related services, and support services staff providing direct services to students. Essential personnel may also include special education paraprofessionals or clericals providing support to teachers and students by preparing paperwork and making arrangements related to special education compliance requirements, including parent meetings and individual education plans.

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

~~(e)~~ (d) "Program growth factor" means 1.046 for fiscal year 2003, and 1.0 for fiscal year ~~2004~~ 2012 and later.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 12. Minnesota Statutes 2006, section 125A.76, subdivision 2, is amended to read:

Subd. 2. **Special education ~~base revenue~~ initial aid.** ~~(a)~~ The special education ~~base revenue~~ initial aid equals the sum of the following amounts computed using ~~base~~ current year data:

(1) 68 percent of the salary of each essential person employed in the district's program for children with a disability during the fiscal year, whether the person is employed by one or more districts or a Minnesota correctional facility operating on a fee-for-service basis;

(2) for the Minnesota State Academy for the Deaf or the Minnesota State Academy for the Blind, 68 percent of the salary of each instructional aide assigned to a child attending the academy, if that aide is required by the child's individual education plan;

(3) for special instruction and services provided to any pupil by contracting with public, private, or voluntary agencies other than school districts, in place of special instruction and services provided by the district, 52 percent of the difference between the amount of the contract and ~~the amount of the basic revenue, as defined in section 126C.10, subdivision 2, special education aid, and any other aid earned on behalf of the child~~ the general education revenue, excluding basic skills revenue and alternative teacher compensation revenue, and referendum equalization aid attributable to a pupil, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit for the fraction of the school day the pupil receives services under the contract. This includes children who are residents of the state, receive services under this subdivision and subdivision 1, and are placed in a care and treatment facility by court action in a state that does not have a reciprocity agreement with the commissioner under section 125A.155 as provided for in section 125A.79, subdivision 8;

(4) for special instruction and services provided to any pupil by contracting for services with public, private, or voluntary agencies other than school districts, that are supplementary to a full educational program provided by the school district, 52 percent of the amount of the contract for that pupil;

(5) for supplies and equipment purchased or rented for use in the instruction of children with a disability, an amount equal to 47 percent of the sum actually expended by the district, or a Minnesota correctional facility operating on a fee-for-service basis, but not to exceed an average of \$47 in any one school year for each child with a disability receiving instruction;

(6) for fiscal years 1997 and later, special education base revenue shall include amounts under clauses (1) to (5) for special education summer programs provided during the base year for that fiscal year; ~~and~~

~~(7) for fiscal years 1999 and later, the cost of providing transportation services for children with disabilities under section 123B.92, subdivision 1, paragraph (b), clause (4); and~~

(8) the district's transition-disabled program initial aid according to section 124D.454, subdivision 3.

The department shall establish procedures through the uniform financial accounting and reporting system to identify and track all revenues generated from third-party billings

as special education revenue at the school district level; include revenue generated from third-party billings as special education revenue in the annual cross-subsidy report; and exclude third-party revenue from calculation of excess cost aid to the districts.

~~(b) If requested by a school district operating a special education program during the base year for less than the full fiscal year, or a school district in which is located a Minnesota correctional facility operating on a fee-for-service basis for less than the full fiscal year, the commissioner may adjust the base revenue to reflect the expenditures that would have occurred during the base year had the program been operated for the full fiscal year.~~

~~(c) Notwithstanding paragraphs (a) and (b), the portion of a school district's base revenue attributable to a Minnesota correctional facility operating on a fee-for-service basis during the facility's first year of operating on a fee-for-service basis shall be computed using current year data.~~

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 13. Minnesota Statutes 2006, section 125A.76, subdivision 4, is amended to read:

Subd. 4. **State total special education aid.** ~~The state total special education aid for fiscal year 2004 equals \$530,642,000. The state total special education aid for fiscal year 2005 equals \$529,164,000.~~ \$529,247,000 for fiscal year 2007, \$694,063,000 for fiscal year 2008, \$719,470,000 for fiscal year 2009, \$735,693,000 for fiscal year 2010, and \$786,586,000 for fiscal year 2011. The state total special education aid for later fiscal years equals:

- (1) the state total special education aid for the preceding fiscal year; times
- (2) the program growth factor; times
- (3) the greater of one, or the ratio of the state total average daily membership for the current fiscal year to the state total average daily membership for the preceding fiscal year.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 14. Minnesota Statutes 2006, section 125A.76, subdivision 5, is amended to read:

Subd. 5. **School district special education aid.** ~~(a) A school district's special education aid for fiscal year 2000 2008 and later equals the state total special education aid, minus the amount determined under paragraphs (b) and (c), times the ratio of the district's adjusted initial special education base revenue aid to the state total adjusted initial special education base revenue aid. If the commissioner of education modifies its rules for special education in a manner that increases a district's special education obligations or service requirements, the commissioner shall annually increase each district's special education aid by the amount necessary to compensate for the increased service requirements. The additional aid equals the cost in the current year attributable to rule changes not reflected in the computation of special education base revenue, multiplied by the appropriate percentages from subdivision 2.~~

~~(b) Notwithstanding paragraph (a), if the special education base revenue for a district equals zero, the special education aid equals the amount computed according to subdivision 2 using current year data.~~

~~(c) Notwithstanding paragraphs (a) and (b), if the special education base revenue for a district is greater than zero, and the base year amount for the district under subdivision 2, paragraph (a), clause (7), equals zero, the special education aid equals the sum of the amount computed according to paragraph (a), plus the amount computed according to subdivision 2, paragraph (a), clause (7), using current year data.~~

~~(d) A charter school under section 124D.10 shall generate state special education aid based on current year expenditures for its first four years of operation and only in its fifth and later years shall paragraphs (a), (b), and (c) apply.~~

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 15. Minnesota Statutes 2006, section 125A.76, is amended by adding a subdivision to read:

Subd. 8. **Special education forecast maintenance of effort.** (a) If, on the basis of a forecast of general fund revenues and expenditures under section 16A.103, the state's expenditures for special education and related services for children with disabilities from nonfederal sources for a fiscal year, including special education aid under section 125A.76; special education excess cost aid under section 125A.76, subdivision 7; travel for home-based services under section 125A.75, subdivision 1; aid for students with disabilities under section 125A.75, subdivision 3; court-placed special education under section 125A.79, subdivision 4; out-of-state tuition under section 125A.79, subdivision 8; and direct expenditures by state agencies are projected to be less than the amount required to meet federal special education maintenance of effort, the additional amount required to meet federal special education maintenance of effort is added to the state total special education aid in section 125A.76, subdivision 4.

(b) If, on the basis of a forecast of general fund revenues and expenditures under section 16A.103, expenditures in the programs in paragraph (a) are projected to be greater than previously forecast for an enacted budget, and an addition to state total special education aid has been made under paragraph (a), the state total special education aid must be reduced by the lesser of the amount of the expenditure increase or the amount previously added to state total special education aid in section 125A.76, subdivision 4.

(c) For the purpose of this section, "previously forecast for an enacted budget" means the allocation of funding for these programs in the most recent forecast of general fund revenues and expenditures or the act appropriating money for these programs, whichever occurred most recently. It does not include planning estimates for a future biennium.

(d) If the amount of special education aid is adjusted in accordance with this subdivision, the commissioner of education shall notify the chairs of the legislative committees having jurisdiction over kindergarten through grade 12 education regarding the amount of the adjustment and provide an explanation of the federal maintenance of effort requirements.

EFFECTIVE DATE. This section is effective for fiscal year 2008.

Sec. 16. Minnesota Statutes 2006, section 125A.78, is amended to read:

125A.78 ALTERNATIVE DELIVERY ~~BASE—REVENUE~~ INITIAL AID ADJUSTMENT.

Subdivision 1. **Eligibility.** A district is eligible for an alternative delivery ~~base revenue~~ initial aid adjustment if the commissioner has approved the application of the district according to section 125A.50.

Subd. 2. ~~Base revenue~~ **Initial aid adjustment.** For the ~~third~~ fiscal year after approval of a district's application, and thereafter, the special education ~~base revenue~~ initial aid under section 125A.76, subdivision 1, must be computed based on activities defined as reimbursable under Department of Education rules for special education and nonspecial education students, and additional activities as detailed and approved by the commissioner.

Subd. 3. **Use of revenue.** Revenue under section 125A.76 shall be used to implement the approved program.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 17. Minnesota Statutes 2006, section 125A.79, subdivision 1, is amended to read:

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

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

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

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

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

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

(b) "General revenue" means the sum of the general education revenue according to section 126C.10, subdivision 1, excluding alternative teacher compensation revenue, plus the total qualifying referendum revenue specified in paragraph (e) minus transportation sparsity revenue minus total operating capital revenue.

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

(d) "Program growth factor" means 1.02 for fiscal year ~~2003, and 1.0 for fiscal year 2004~~ 2012 and later.

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

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

Sec. 18. Minnesota Statutes 2006, section 125A.79, subdivision 5, is amended to read:

Subd. 5. **Initial excess cost aid.** For fiscal years ~~2002~~ 2008 and later, a district's initial excess cost aid equals the ~~greatest~~ greater of:

(1) 75 percent of the difference between (i) the district's unreimbursed special education cost and (ii) 4.36 percent of the district's general revenue; or

~~(2) 70 percent of the difference between (i) the increase in the district's unreimbursed special education cost between the base year as defined in section 125A.76, subdivision 1, and the current year and (ii) 1.6 percent of the district's general revenue, or~~

~~(3) zero.~~

Sec. 19. Minnesota Statutes 2006, section 125A.79, subdivision 6, is amended to read:

Subd. 6. **State total special education excess cost aid.** The state total special education excess cost aid for ~~fiscal year 2005~~ equals ~~\$91,811,000~~ \$104,700,000 for fiscal year 2007, \$110,641,000 for fiscal year 2008, \$110,918,000 for fiscal year 2009, \$110,847,000 for fiscal year 2010, and \$110,892,000 for fiscal year 2011. ~~The state total special education excess cost aid equals \$103,600,000 for fiscal year 2006 and \$104,700,000 for fiscal year 2007.~~ The state total special education excess cost aid for ~~fiscal year 2008~~ and later fiscal years equals:

(1) the state total special education excess cost aid for the preceding fiscal year; times

(2) the program growth factor; times

(3) the greater of one, or the ratio of the state total average daily membership for the current fiscal year to the state total average daily membership for the preceding fiscal year.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 20. Minnesota Statutes 2006, section 125A.79, subdivision 8, is amended to read:

Subd. 8. **Out-of-state tuition.** For children who are residents of the state, receive services under section 125A.76, subdivisions 1 and 2, and are placed in a care and treatment facility by court action in a state that does not have a reciprocity agreement with the commissioner under section 125A.155, the resident school district shall submit the balance of the tuition bills, minus ~~the amount of the basic revenue, as defined by section 126C.10, subdivision 2, of the district for the child and the general education revenue, excluding basic skills revenue and alternative teacher compensation revenue, and referendum equalization aid attributable to the pupil, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit minus the special education aid, and any other aid earned on behalf of the child contracted services initial revenue attributable to the pupil.~~

Sec. 21. Minnesota Statutes 2006, section 127A.47, subdivision 7, is amended to read:

Subd. 7. **Alternative attendance programs.** The general education aid and special education aid for districts must be adjusted for each pupil attending a nonresident district under sections 123A.05 to 123A.08, 124D.03, 124D.06, 124D.08, and 124D.68. The adjustments must be made according to this subdivision.

(a) General education aid paid to a resident district must be reduced by an amount equal to the referendum equalization aid attributable to the pupil in the resident district.

(b) General education aid paid to a district serving a pupil in programs listed in this subdivision must be increased by an amount equal to the referendum equalization aid attributable to the pupil in the nonresident district.

(c) If the amount of the reduction to be made from the general education aid of the resident district is greater than the amount of general education aid otherwise due the district, the excess reduction must be made from other state aids due the district.

(d) For fiscal year 2006, the district of residence must pay tuition to a district or an area learning center, operated according to paragraph (f), providing special instruction and services to a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is enrolled in a program listed in this subdivision. The tuition must be equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, minus (2) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum equalization aid attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, minus (3) special education aid attributable to that pupil, that is received by the district providing special instruction and services. For purposes of this paragraph, general education revenue and referendum equalization aid attributable to a pupil must be calculated using the serving district's average general education revenue and referendum equalization aid per adjusted pupil unit.

(e) For fiscal year 2007 and later, special education aid paid to a resident district must be reduced by an amount equal to (1) the actual cost of providing special instruction and services, including special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, for a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is enrolled in a program listed in this subdivision, minus (2) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum equalization aid attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, minus (3) special education aid attributable to that pupil, that is received by the district providing special instruction and services. For purposes of this paragraph, general education revenue and referendum equalization aid attributable to a pupil must be calculated using the serving district's average general education revenue and referendum equalization aid per adjusted pupil unit. Special education aid paid to the district or cooperative providing special instruction and services for the pupil, or to the fiscal agent district for a cooperative, must be increased by the amount of the reduction in the aid paid to the resident district. If the resident district's special education aid is insufficient to make the full adjustment, the remaining adjustment shall be made to other state aids due to the district.

(f) An area learning center operated by a service cooperative, intermediate district, education district, or a joint powers cooperative may elect through the action of the constituent boards to charge the resident district tuition for pupils rather than to have the general education revenue paid to a fiscal agent school district. Except as provided in paragraph (d) or (e), the district of residence must pay tuition equal to at least 90 percent of the district average general education revenue per pupil unit minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times

.0485, calculated without basic skills revenue and transportation sparsity revenue, times the number of pupil units for pupils attending the area learning center, plus the amount of compensatory revenue generated by pupils attending the area learning center.

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

Sec. 22. Laws 2006, chapter 263, article 3, section 15, is amended to read:

Sec. 15. **SPECIAL EDUCATION TUITION BILLING FOR FISCAL YEARS 2006 ~~AND~~, 2007, AND 2008.**

(a) Notwithstanding Minnesota Statutes, sections 125A.11, subdivision 1, paragraph (a), and 127A.47, subdivision 7, paragraph (d), for fiscal year 2006 an intermediate district, special education cooperative, or school district that served as an applicant agency for a group of school districts for federal special education aids for fiscal year 2006 is not subject to the uniform special education tuition billing calculations, but may instead continue to bill the resident school districts for the actual unreimbursed costs of serving pupils with a disability as determined by the intermediate district, special education cooperative, or school district.

(b) Notwithstanding Minnesota Statutes, section 125A.11, subdivision 1, paragraph (c), for fiscal year 2007 only, an applicant district agency exempted from the uniform special education tuition billing calculations for fiscal year 2006 under paragraph (a) may apply to the commissioner for a waiver an exemption from the uniform special education tuition calculations and aid adjustments under Minnesota Statutes, sections 125A.11, subdivision 1, paragraph (b), and 127A.47, subdivision 7, paragraph (e). The commissioner must grant the waiver exemption within 30 days of receiving the following information from the intermediate district, special education cooperative, or school district:

(1) a detailed description of the applicant district's methodology for calculating special education tuition for fiscal years 2006 and 2007, as required by the applicant district to recover the full cost of serving pupils with a disability;

(2) sufficient data to determine the total amount of special education tuition actually charged for each student with a disability, as required by the applicant district to recover the full cost of serving pupils with a disability in fiscal year 2006; and

(3) sufficient data to determine the amount that would have been charged for each student for fiscal year 2006 using the uniform tuition billing methodology according to Minnesota Statutes, sections 125A.11, subdivision 1, or 127A.47, subdivision 7, as applicable.

(c) Notwithstanding Minnesota Statutes, section 125A.11, subdivision 1, paragraph (c), for fiscal year 2008 only, an agency granted an exemption from the uniform special education tuition billing calculations and aid adjustments for fiscal year 2007 under paragraph (b) may apply to the commissioner for a one-year extension of the exemption granted under paragraph (b). The commissioner must grant the extension within 30 days of receiving the request.

(d) Notwithstanding Minnesota Statutes, section 125A.11, subdivision 1, paragraphs (a) and (b), and section 127A.47, subdivision 7, paragraphs (d) and (e), for fiscal year 2007 only, a school district or charter school not eligible for a waiver under Minnesota Statutes, section 125A.11, subdivision 1, paragraph (d), may apply to the commissioner for authority to charge the resident district an additional amount to recover any remaining unreimbursed

costs of serving pupils with a disability. The application must include a description of the costs and the calculations used to determine the unreimbursed portion to be charged to the resident district. Amounts approved by the commissioner under this paragraph must be included in the tuition billings or aid adjustments under paragraph (a) or (b), or Minnesota Statutes, section 127A.47, subdivision 7, paragraph (d) or (e), as applicable.

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

Sec. 23. **TASK FORCE TO COMPARE FEDERAL AND STATE SPECIAL EDUCATION REQUIREMENTS.**

Subdivision 1. **Establishment; duties.** A task force is established to recommend which state laws and rules that exceed or expand upon minimum federal special education requirements for providing special education programs and services to eligible students should be amended to conform with minimum federal requirements. The commissioner of the Bureau of Mediation Services under Minnesota Statutes, section 179.02, after consulting with interested stakeholders, shall appoint a ten-member task force composed of equal numbers of providers, advocates, regulators, consumers of special education services, lawyers who practice in the field of special education and represent either parents or school districts, special education teachers, and school officials. The commissioner must convene the task force by August 1, 2007, which shall meet regularly and shall review the January 25, 2006, report prepared by the Minnesota Department of Education Office of Compliance and Assistance and other relevant studies and resources analyzing differences between federal and state special education requirements. The terms and compensation of task force members are governed by Minnesota Statutes, section 15.059, subdivision 6.

Subd. 2. **Report.** The task force must submit to the education policy and finance committees of the legislature by February 15, 2008, a report that identifies and clearly and concisely explains each provision in state law or rule that exceeds or expands upon a minimum federal requirement contained in law or regulation for providing special education programs and services to eligible students. The report also must recommend which state provisions that exceed or expand upon a minimum federal requirement may be amended to conform with minimum federal requirements. The task force expires when it submits its report to the legislature.

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

Sec. 24. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Special education; regular.** For special education aid under Minnesota Statutes, section 125A.75:

\$	<u>677,622,000</u>	<u>.....</u>	<u>2008</u>
\$	<u>716,929,000</u>	<u>.....</u>	<u>2009</u>

The 2008 appropriation includes \$52,965,000 for 2007 and \$624,657,000 for 2008.

The 2009 appropriation includes \$69,406,000 for 2008 and \$647,523,000 for 2009.

Subd. 3. **Aid for children with disabilities.** For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

\$ 1,538,000 2008

\$ 1,729,000 2009

If the appropriation for either year is insufficient, the appropriation for the other year is available.

Subd. 4. **Travel for home-based services.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

\$ 254,000 2008

\$ 284,000 2009

The 2008 appropriation includes \$22,000 for 2007 and \$232,000 for 2008.

The 2009 appropriation includes \$25,000 for 2008 and \$259,000 for 2009.

Subd. 5. **Special education; excess costs.** For excess cost aid under Minnesota Statutes, section 125A.79, subdivision 7:

\$ 108,656,000 2008

\$ 110,826,000 2009

The 2008 appropriation includes \$34,969,000 for 2007 and \$73,687,000 for 2008.

The 2009 appropriation includes \$36,954,000 for 2008 and \$73,872,000 for 2009.

Subd. 6. **Transition for disabled students.** For aid for transition programs for children with disabilities under Minnesota Statutes, section 124D.454:

\$ 879,000 2008

The 2008 appropriation includes \$879,000 for 2007 and \$0 for 2008.

Subd. 7. **Court-placed special education revenue.** For reimbursing serving school districts for unreimbursed eligible expenditures attributable to children placed in the serving school district by court action under Minnesota Statutes, section 125A.79, subdivision 4:

\$ 72,000 2008

\$ 74,000 2009

Subd. 8. **Special education out-of-state tuition.** For special education out-of-state tuition according to Minnesota Statutes, section 125A.79, subdivision 8:

\$ 250,000 2008

\$ 250,000 2009

Subd. 9. **Special Education Task Force.** For the task force to compare federal and state special education requirements:

§ 20,000 2008

This is a onetime appropriation.

Sec. 25. **REPEALER.**

(a) Minnesota Statutes 2006, sections 125A.10; and 125A.75, subdivision 6, are repealed.

(b) Minnesota Statutes 2006, sections 124D.454, subdivisions 4, 5, 6, and 7; and 125A.76, subdivision 3, are repealed effective for revenue for fiscal year 2008.

ARTICLE 4

FACILITIES AND TECHNOLOGY

Section 1. Minnesota Statutes 2006, section 123A.44, is amended to read:

123A.44 CITATION.

Sections 123A.441 to 123A.446 may be cited as the "Cooperative ~~Secondary~~ Facilities Grant Act."

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

Sec. 2. Minnesota Statutes 2006, section 123A.441, is amended to read:

123A.441 POLICY AND PURPOSE.

Because of the rates of decline in school-aged population, population shifts and economic changes that the state has experienced in recent years and anticipates in future years, and because in some instances local districts have not, and will not be able to provide the required construction funds through local property taxes, the purpose of the cooperative ~~secondary~~ facilities grant program is to provide an incentive to encourage cooperation in making available to all ~~secondary~~ students those educational programs, services and facilities that are most efficiently and effectively provided by a cooperative effort of ~~several~~ school districts. The policy and purpose of sections 123A.442 to 123A.446 is to use the credit of the state, to a limited degree, to provide grants to cooperating groups of districts to improve and expand the educational opportunities and facilities available to their ~~secondary~~ students.

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

Sec. 3. Minnesota Statutes 2006, section 123A.442, is amended to read:

123A.442 APPROVAL AUTHORITY; APPLICATION FORMS.

Subdivision 1. **Approval by commissioner.** To the extent money is available, the commissioner may approve projects from applications submitted under section 123A.443. The grant money must be used only to acquire, construct, remodel or improve the building

or site of a cooperative ~~secondary~~ facility under contracts to be entered into within 15 months after the date on which each grant is awarded.

Subd. 2. **Cooperation and combination.** Districts that have not already consolidated and receive a cooperative ~~secondary~~ facilities grant ~~after May 1, 1991~~, shall:

(1) submit a consolidation plan as set forth in under section ~~123A.36~~ 123A.48 for approval by the ~~State Board of Education before December 31, 1999~~, or Department of Education ~~after December 30, 1999~~; and

(2) hold a referendum on the question of combination consolidation no later than four years after a grant is awarded under subdivision 1.

The districts are eligible for ~~cooperation and combination consolidation~~ revenue under section ~~123A.39, subdivision 3~~ 123A.485.

Subd. 3. **Consolidated districts.** A school district that has consolidated with another school district since July 1, 1980, is eligible for a cooperative facilities grant.

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

Sec. 4. Minnesota Statutes 2006, section 123A.443, is amended to read:

123A.443 GRANT APPLICATION PROCESS.

Subdivision 1. **Qualification.** Any group of districts or a consolidated district that meets the criteria required under subdivision 2 may apply for an incentive grant for construction of a new ~~secondary~~ facility or for remodeling and improving an existing ~~secondary~~ facility. A grant for new construction must not exceed the lesser of ~~\$5,000,000~~ \$20,000,000 or 75 percent of the approved construction costs of a cooperative ~~secondary~~ education facility. A grant for remodeling and improving an existing facility must not exceed ~~\$200,000~~ the lesser of \$10,000,000, or 75 percent of the approved remodeling costs.

Subd. 2. **Review by commissioner.** (a) A group of districts or a consolidated district that submits an application for a grant must submit a proposal to the commissioner for review and comment under section 123B.71. The commissioner shall prepare a review and comment on the proposed facility by July 1 of an odd-numbered year, regardless of the amount of the capital expenditure required to acquire, construct, remodel or improve the ~~secondary~~ facility. The commissioner shall not approve an application for an incentive grant for any ~~secondary~~ facility unless the facility receives a favorable review and comment under section 123B.71 and the following criteria are met:

(1) ~~the applicant is a consolidated district or a minimum of two or more districts; with kindergarten to grade 12 enrollments in each district of no more than 1,200 pupils; enter that have entered~~ into a joint powers agreement;

(2) for a group of districts, a joint powers board representing all participating districts is established under section 471.59 to govern the cooperative secondary facility;

(3) ~~the planned secondary facility will result in the joint powers district meeting the requirements of Minnesota Rules, parts 3500.2010 and 3500.2110;~~

(4) ~~at least 198 pupils would be served in grades 10 to 12, 264 pupils would be served in grades 9 to 12, or 396 pupils would be served in grades 7 to 12;~~

~~(5)~~ (3) for a group of districts, no more than one superintendent is employed by the joint powers board as a result of the cooperative ~~secondary~~ facility agreement;

~~(6)~~ (4) a statement of need is submitted, that may include reasons why the current ~~secondary~~ facilities are inadequate, unsafe or inaccessible to persons with disabilities;

~~(7)~~ (5) an educational plan is prepared, that includes input from both community and professional staff;

~~(8)~~ (6) for a group of districts, a combined seniority list for all participating districts is developed by the joint powers board;

~~(9)~~ (7) for a group of districts, an education program is developed that provides for more learning opportunities and course offerings, including the offering of advanced placement courses, for students than is currently available in any single member district;

~~(10)~~ (8) a plan is developed for providing instruction of any resident students in other districts when distance to the ~~secondary~~ education facility makes attendance at the facility unreasonably difficult or impractical; and

~~(11)~~ (9) for a secondary facility, the joint powers board established under clause (2) discusses with technical colleges located in the area how vocational education space in the cooperative ~~secondary~~ facility could be jointly used for secondary and postsecondary purposes.

(b) To the extent possible, the joint powers board is encouraged to provide for severance pay or for early retirement incentives under section 122A.48, for any teacher or administrator, as defined under section 122A.40, subdivision 1, who is placed on unrequested leave as a result of the cooperative ~~secondary~~ facility agreement.

(c) For the purpose of paragraph (a), clause ~~(8)~~ (6), each district must be considered to have started school each year on the same date.

(d) The districts may develop a plan that provides for the location of social service, health, and other programs serving pupils and community residents within the cooperative ~~secondary~~ facility. The commissioner shall consider this plan when preparing a review and comment on the proposed facility.

(e) The districts must schedule and conduct a meeting on library services. The school districts, in cooperation with the regional public library system and its appropriate member libraries, must discuss the possibility of including jointly operated library services at the cooperative ~~secondary~~ facility.

(f) The board of a district that has reorganized under section 123A.37 or 123A.48 and that is applying for a grant for remodeling or improving an existing facility may act in the place of a joint powers board to meet the criteria of this subdivision.

Subd. 3. **Reorganizing districts.** A district that is a member of a joint powers board established under subdivision 2 and that is planning to reorganize under section 123A.45, 123A.46, or 123A.48 must notify the joint powers board one year in advance of the effective date of the reorganization. Notwithstanding section 471.59 or any other law to the contrary, the board of a district that reorganizes under section 123A.45, 123A.46, or 123A.48 may appoint representatives to the joint powers board who will serve on the joint powers board for two years after the effective date of the reorganization if authorized in the agreement establishing the joint powers board to govern the cooperative ~~secondary~~

facility. These representatives shall have the same powers as representatives of any other school district under the joint powers agreement.

Subd. 4. **District procedures.** A joint powers board of a ~~secondary~~ district established under subdivision 2 or a school board of a reorganized district that intends to apply for a grant must adopt a resolution stating the proposed costs of the project, the purpose for which the costs are to be incurred, and an estimate of the dates when the facilities for which the grant is requested will be contracted for and completed. Applications for the state grants must be accompanied by (a) a copy of the resolution, (b) a certificate by the clerk and treasurer of the joint powers board showing the current outstanding indebtedness of each member district, and (c) a certificate by the county auditor of each county in which a portion of the joint powers district lies showing the information in the auditor's official records that is required to be used in computing the debt limit of the district under section 475.53, subdivision 4. The clerk's and treasurer's certificate must show, as to each outstanding bond issue of each member district, the amount originally issued, the purpose for which issued, the date of issue, the amount remaining unpaid as of the date of the resolution, and the interest rates and due dates and amounts of principal thereon. Applications and necessary data must be in the form prescribed by the commissioner ~~and the rules of the State Board of Education before December 31, 1999, and after December 30, 1999, in the form prescribed by the commissioner.~~ Applications must be received by the commissioner by September 1 of an odd-numbered year. When an application is received, the commissioner shall obtain from the commissioner of revenue, and from the Public Utilities Commission when required, the information in their official records that is required to be used in computing the debt limit of the joint powers district under section 475.53, subdivision 4.

Subd. 5. **Award of grants.** By November 1 of the odd-numbered year, the commissioner shall examine and consider all applications for grants, and if any district is found not qualified, the commissioner shall promptly notify that board.

A grant award is subject to verification by the district as specified in subdivision 8. A grant award for a new facility must not be made until the site of the ~~secondary~~ facility has been determined. A grant award to remodel or improve an existing facility must not be made until the districts have reorganized. If the total amount of the approved applications exceeds the amount that is or can be made available, the commissioner shall first award grants to districts that will close at least one existing school building, and then, to the extent funds remain, allot the available amount equally between ~~the~~ any other approved applicant districts. The commissioner shall promptly certify to each qualified district the amount, if any, of the grant awarded to it.

Subd. 6. **Collocation grant.** A group of districts that receives a grant for a new facility under subdivision 4 is also eligible to receive an additional grant in the amount of \$1,000,000. To receive the additional grant, the group of districts must develop a plan under subdivision 2, paragraph (d), that provides for the location of a significant number of noneducational student and community service programs within the cooperative ~~secondary~~ facility.

Subd. 7. **Referendum; bond issue.** Within 180 days after being awarded a grant for a new facility under subdivision 5, the joint powers board must submit the question of authorizing the borrowing of funds for the ~~secondary~~ facility to the voters of the joint powers district at a special election, which may be held in conjunction with the ~~annual~~ general election of the school board members of the member districts. The question

submitted must state the total amount of funding needed from all sources. A majority of those voting in the affirmative on the question is sufficient to authorize the joint powers board to accept the grant and to issue the bonds on public sale ~~in accordance with~~ according to chapter 475. The clerk of the joint powers board must certify the vote of the bond election to the commissioner. If the question is approved by the voters, the commissioner shall notify the approved applicant districts that the grant amount certified under subdivision 5 is available and appropriated for payment under this subdivision. If a majority of those voting on the question do not vote in the affirmative, the grant must be canceled.

Subd. 8. **Contract.** Each grant must be evidenced by a contract between the board and the state acting through the commissioner. The contract obligates the state to pay to the board an amount computed according to subdivision 5, and according to a schedule, and terms and conditions acceptable to the commissioner of finance.

Subd. 9. **Consolidation.** A group of districts that operates a cooperative ~~secondary~~ facility that was acquired, constructed, remodeled, or improved under this section and implements consolidation proceedings according to section 123A.48, may propose a temporary school board structure in the petition or resolution required under section 123A.48, subdivision 2. The districts may propose the number of existing school board members of each district to become members of the board of the consolidated district and a method to gradually reduce the membership to six or seven. The proposal must be approved, disapproved, or modified by the ~~state board of education commissioner~~. The election requirements of section 123A.48, subdivision 20, do not apply to a proposal approved by the state board. Elections conducted after the effective date of the consolidation are subject to the Minnesota Election Law.

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

Sec. 5. Minnesota Statutes 2006, section 123B.53, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For purposes of this section, the eligible debt service revenue of a district is defined as follows:

(1) the amount needed to produce between five and six percent in excess of the amount needed to meet when due the principal and interest payments on the obligations of the district for eligible projects according to subdivision 2, including the amounts necessary for repayment of energy loans according to section 216C.37 or sections 298.292 to 298.298, debt service loans and capital loans, lease purchase payments under section 126C.40, subdivision 2, alternative facilities levies under section 123B.59, subdivision 5, paragraph (a), minus

(2) the amount of debt service excess levy reduction for that school year calculated according to the procedure established by the commissioner.

(b) The obligations in this paragraph are excluded from eligible debt service revenue:

(1) obligations under section 123B.61;

(2) the part of debt service principal and interest paid from the taconite environmental protection fund or Douglas J. Johnson economic protection trust;

(3) obligations issued under Laws 1991, chapter 265, article 5, section 18, as amended by Laws 1992, chapter 499, article 5, section 24; and

(4) obligations under section 123B.62.

(c) For purposes of this section, if a preexisting school district reorganized under sections 123A.35 to 123A.43, 123A.46, and 123A.48 is solely responsible for retirement of the preexisting district's bonded indebtedness, capital loans or debt service loans, debt service equalization aid must be computed separately for each of the preexisting districts.

(d) For purposes of this section, the adjusted net tax capacity determined according to section 127A.48 shall be adjusted to include ~~a portion of~~ the tax capacity of property generally exempted from ad valorem taxes under section 272.02, ~~subdivisions~~ subdivision 64 and 65, equal to the product of that tax capacity times the ratio of the eligible debt service revenue attributed to general obligation bonds to the total eligible debt service revenue of the district.

Sec. 6. Minnesota Statutes 2006, section 123B.54, is amended to read:

123B.54 DEBT SERVICE APPROPRIATION.

(a) ~~\$21,624,000~~ \$14,813,000 in fiscal year 2008 ~~and \$20,403,000,~~ \$11,124,000 in fiscal year 2009, \$8,866,000 in fiscal year 2010, and \$6,631,000 in fiscal year 2011 and later are appropriated from the general fund to the commissioner of education for payment of debt service equalization aid under section 123B.53.

(b) The appropriations in paragraph (a) must be reduced by the amount of any money specifically appropriated for the same purpose in any year from any state fund.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2009.

Sec. 7. Minnesota Statutes 2006, section 123B.57, subdivision 3, is amended to read:

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

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

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

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2009.

Sec. 8. Minnesota Statutes 2006, section 123B.63, subdivision 3, is amended to read:

Subd. 3. **Capital project levy referendum.** A district may levy the local tax rate approved by a majority of the electors voting on the question to provide funds for an approved project. The election must take place no more than five years before the estimated date of commencement of the project. The referendum must be held on a date

set by the board. A referendum for a project not receiving a positive review and comment by the commissioner under section 123B.71 must be approved by at least 60 percent of the voters at the election. The referendum may be called by the school board and may be held:

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

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

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

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

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

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

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

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

The district must notify the commissioner of the results of the referendum.

EFFECTIVE DATE. This section is effective July 1, 2007, for elections conducted on or after that day.

Sec. 9. Minnesota Statutes 2006, section 128D.11, subdivision 3, is amended to read:

Subd. 3. **No election.** Subject to the provisions of subdivisions 7 to 10, the school district may also by a two-thirds majority vote of all the members of its board of education and without any election by the voters of the district, issue and sell in each calendar year general obligation bonds of the district in an amount not to exceed 5-1/10 per cent of the net tax capacity of the taxable property in the district (plus, for calendar years 1990 to 2003, an amount not to exceed \$7,500,000, and for calendar years 2004 to ~~2008~~ 2016 an amount not to exceed \$15,000,000; with an additional provision that any amount of bonds so authorized for sale in a specific year and not sold can be carried forward and sold in the year immediately following).

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

Sec. 10. Minnesota Statutes 2006, section 272.02, subdivision 64, is amended to read:

Subd. 64. **Job opportunity building zone property.** (a) Improvements to real property, and personal property, classified under section 273.13, subdivision 24, and located within a job opportunity building zone, designated under section 469.314, are exempt from ad valorem taxes levied under chapter 275.

(b) Improvements to real property, and tangible personal property, of an agricultural production facility located within an agricultural processing facility zone, designated under section 469.314, is exempt from ad valorem taxes levied under chapter 275.

(c) For property to qualify for exemption under paragraph (a), the occupant must be a qualified business, as defined in section 469.310.

(d) The exemption applies beginning for the first assessment year after designation of the job opportunity building zone by the commissioner of employment and economic development. The exemption applies to each assessment year that begins during the duration of the job opportunity building zone. To be exempt, the property must be occupied by July 1 of the assessment year by a qualified business that has signed the business subsidy agreement and relocation agreement, if required, by July 1 of the assessment year. This exemption does not apply to:

(1) the levy under section 475.61 or similar levy provisions under any other law to pay general obligation bonds; or

(2) ~~a levy under section 126C.17, if the levy was approved by the voters before the designation of the job opportunity building zone, other school district levies included in the debt service levy of the district under section 123B.55.~~

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 11. **SCHOOL TECHNOLOGY AND OPERATING CAPITAL AID.**

For fiscal years 2008, and 2009 only, school technology and operating capital aid equals \$40 for fiscal year 2008 and \$55 for fiscal year 2009 times the district's adjusted marginal cost pupil units for that fiscal year. This aid must only be used for the purposes of Minnesota Statutes, section 126C.10, subdivision 14.

EFFECTIVE DATE. This section is effective for revenue for fiscal years 2008 and 2009.

Sec. 12. **BONDING AUTHORIZATION.**

To provide funds for the acquisition or betterment of school facilities, Independent School District No. 625, St. Paul, may by two-thirds majority vote of all the members of the board of directors issue general obligation bonds in one or more series for calendar years 2008 through 2016, as provided in this section. The aggregate principal amount of any bonds issued under this section for each calendar year must not exceed \$15,000,000. Issuance of the bonds is not subject to Minnesota Statutes, section 475.58 or 475.59. The bonds must otherwise be issued as provided in Minnesota Statutes, chapter 475. The authority to issue bonds under this section is in addition to any bonding authority authorized by Minnesota Statutes, chapter 123B, or other law. The amount of bonding authority authorized under this section must be disregarded in calculating the bonding

limit of Minnesota Statutes, chapter 123B, or any other law other than Minnesota Statutes, section 475.53, subdivision 4.

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

Sec. 13. **TAX LEVY FOR DEBT SERVICE.**

To pay the principal of and interest on bonds issued under section 12, Independent School District No. 625, St. Paul, must levy a tax annually in an amount sufficient under Minnesota Statutes, section 475.61, subdivisions 1 and 3, to pay the principal of and interest on the bonds. The tax authorized under this section is in addition to the taxes authorized to be levied under Minnesota Statutes, chapter 123B, 124D, or 126C, or other law.

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

Sec. 14. **ADMINISTRATIVE LEASE LEVY; SPRING LAKE PARK.**

Notwithstanding the instructional purposes limitation of Minnesota Statutes, section 126C.40, subdivision 1, Independent School District No. 16, Spring Lake Park, may lease administrative space under Minnesota Statutes, section 126C.40, subdivision 1, if the district can demonstrate to the satisfaction of the commissioner of education that the administrative space is less expensive than instruction space that the district would otherwise lease. A school district may not levy under this section for more than five years. The commissioner must deny this levy authority unless the district passes a resolution stating its intent to lease instructional space under Minnesota Statutes, section 126C.40, subdivision 1, if the commissioner does not grant authority under this section. The resolution must also certify that a lease of administrative space under this section is less expensive than the district's proposed instructional lease. Levy authority under this section shall not exceed the total levy authority under Minnesota Statutes, section 126C.40, subdivision 1, paragraph (e).

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 15. **HEALTH AND SAFETY REVENUE; CLEARBROOK-GONVICK.**

Notwithstanding Minnesota Statutes, section 123B.57, Independent School District No. 2311, Clearbrook-Gonvick, may use health and safety revenue for the demolition of the Gonvick school building. The district must recognize the revenue under this section in fiscal year 2008.

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 16. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Health and safety revenue.** For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

\$ 190,000 2008

\$ 179,000 2009

The 2008 appropriation includes \$20,000 for 2007 and \$170,000 for 2008.

The 2009 appropriation includes \$18,000 for 2008 and \$161,000 for 2009.

Subd. 3. **Debt service equalization.** For debt service aid according to Minnesota Statutes, section 123B.53, subdivision 6:

\$ 14,813,000 2008

\$ 11,124,000 2009

The 2008 appropriation includes \$1,767,000 for 2007 and \$13,046,000 for 2008.

The 2009 appropriation includes \$1,450,000 for 2008 and \$9,674,000 for 2009.

Subd. 4. **Alternative facilities bonding aid.** For alternative facilities bonding aid, according to Minnesota Statutes, section 123B.59, subdivision 1:

\$ 19,287,000 2008

\$ 19,287,000 2009

The 2008 appropriation includes \$1,928,000 for 2007 and \$17,359,000 for 2008.

The 2009 appropriation includes \$1,928,000 for 2008 and \$17,359,000 for 2009.

Subd. 5. **Equity in telecommunications access.** For equity in telecommunications access:

\$ 7,622,000 2008

\$ 8,743,000 2009

If the appropriation amount is insufficient, the commissioner shall reduce the reimbursement rate in Minnesota Statutes, section 125B.26, subdivisions 4 and 5, and the revenue for fiscal years 2008 and 2009 shall be prorated.

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

The base appropriation for fiscal year 2010 and later is \$3,750,000.

Subd. 6. **Deferred maintenance aid.** For deferred maintenance aid, according to Minnesota Statutes, section 123B.591, subdivision 4:

\$ 3,290,000 2008

\$ 2,667,000 2009

The 2008 appropriation includes \$0 for 2007 and \$3,290,000 for 2008.

The 2009 appropriation includes \$365,000 for 2008 and \$2,302,000 for 2009.

Subd. 7. **Rocori school district.** For Rocori, Independent School District No. 750, for Project Serv:

\$ 53,000 2008

Subd. 8. School technology and operating capital aid grants. For school technology and operating capital grants under section 11:

\$ 38,145,000 2008

\$ 52,676,000 2009

This is a onetime appropriation.

Subd. 9. Eden Valley-Watkins; environmental remediation. For a grant to Independent School District No. 463, Eden Valley-Watkins, to recover the amount actually spent on environmental remediation efforts related to the cleanup of a mercury spill.

\$ 126,000 2008

ARTICLE 5

NUTRITION AND ACCOUNTING

Section 1. Minnesota Statutes 2006, section 123B.10, subdivision 1, is amended to read:

Subdivision 1. **Budgets; form of notification.** (a) Every board must publish revenue and expenditure budgets for the current year and the actual revenues, expenditures, fund balances for the prior year and projected fund balances for the current year in a form prescribed by the commissioner within one week of the acceptance of the final audit by the board, or November 30, whichever is earlier. The forms prescribed must be designed so that year to year comparisons of revenue, expenditures and fund balances can be made. ~~These budgets, reports of revenue, expenditures and fund balances must be published in a qualified newspaper of general circulation in the district or on the district's official Web site. If published on the district's official Web site, the district must also publish an announcement in a qualified newspaper of general circulation in the district that includes the Internet address where the information has been posted.~~

(b) A school board annually must notify the public of its revenue, expenditures, fund balances, and other relevant budget information. The board must include the budget information required by this section in the materials provided as a part of its truth in taxation hearing, post the materials in a conspicuous place on the district's official Web site, including a link to the district's school report card on the Department of Education's Web site, and publish the information in a qualified newspaper of general circulation in the district.

Sec. 2. Minnesota Statutes 2006, section 123B.77, subdivision 4, is amended to read:

Subd. 4. **Budget approval.** Prior to July 1 of each year, the board of each district must approve and adopt its revenue and expenditure budgets for the next school year. The budget document so adopted must be considered an expenditure-authorizing or appropriations document. No funds shall be expended by any board or district for any purpose in any school year prior to the adoption of the budget document which authorizes that expenditure, or prior to an amendment to the budget document by the board to authorize the expenditure. Expenditures of funds in violation of this subdivision shall be considered unlawful expenditures. ~~Prior to the appropriation of revenue for the next~~

~~school year in the initial budget, the board shall inform the principal or other responsible administrative authority of each site of the amount of general education and referendum revenue that the Department of Education estimates will be generated by the pupils in attendance at each site. For purposes of this subdivision, a district may adjust the department's estimates for school building openings, school building closings, changes in attendance area boundaries, or other changes in programs or student demographics not reflected in the department's calculations. A district must report to the department any adjustments it makes according to this subdivision in the department's estimates of compensatory revenue generated by the pupils in attendance at each site, and the department must use the adjusted compensatory revenue estimates in preparing the report required under section 123B.76, subdivision 3, paragraph (c).~~

Sec. 3. Minnesota Statutes 2006, section 123B.79, subdivision 8, is amended to read:

Subd. 8. **Account transfer for reorganizing districts.** A district that has reorganized according to sections 123A.35 to 123A.43, 123A.46, or 123A.48, or has conducted a successful referendum on the question of combination under section 123A.37, subdivision 2, or consolidation under section 123A.48, subdivision 15, or has been assigned an identification number by the commissioner under section 123A.48, subdivision 16, may make permanent transfers between any of the funds or accounts in the newly created or enlarged district with the exception of the debt redemption fund, food service fund, and health and safety account of the capital expenditure fund. Fund transfers under this section may be made for up to one year prior to the effective date of combination or consolidation by the consolidating boards and during the year following the effective date of reorganization by the consolidated board. The newly formed board of the combined district may adopt a resolution on or before August 30 of the year of the reorganization authorizing a transfer among accounts or funds of the previous independent school districts which transfer or transfers shall be reported in the affected districts' audited financial statements for the year immediately preceding the consolidation.

Sec. 4. Minnesota Statutes 2006, section 123B.79, is amended by adding a subdivision to read:

Subd. 9. **Elimination of reserve accounts.** A school board shall eliminate all reserve accounts established in the school district's general fund under Minnesota Statutes before July 1, 2006, for which no specific authority remains in statute as of June 30, 2007. Any balance in the district's reserved for bus purchases account as of June 30, 2007, shall be transferred to the reserved account for operating capital in the school district's general fund. Any balance in other reserved accounts established in the school district's general fund under Minnesota Statutes before July 1, 2006, for which no specific authority remains in statute as of June 30, 2007, shall be transferred to the school district's unreserved general fund balance. A school board may, upon adoption of a resolution by the school board, establish a designated account for any program for which a reserved account has been eliminated.

EFFECTIVE DATE. This section is effective June 30, 2007.

Sec. 5. Minnesota Statutes 2006, section 124D.111, subdivision 1, is amended to read:

Subdivision 1. **School lunch aid computation.** Each school year, the state must pay participants in the national school lunch program the amount of ~~10.5~~ 12 cents for each full paid, reduced, and free student lunch served to students.

Sec. 6. Minnesota Statutes 2006, section 126C.15, subdivision 2, is amended to read:

Subd. 2. **Building allocation.** (a) A district must allocate its compensatory revenue to each school building in the district where the children who have generated the revenue are served unless the school district has received permission under Laws 2005, First Special Session chapter 5, article 1, section 50, to allocate compensatory revenue according to student performance measures developed by the school board.

(b) Notwithstanding paragraph (a), a district may allocate up to five percent of the amount of compensatory revenue that the district receives to school sites according to a plan adopted by the school board. The money reallocated under this paragraph must be spent for the purposes listed in subdivision 1, but may be spent on students in any grade, including students attending school readiness or other prekindergarten programs.

(c) For the purposes of this section and section 126C.05, subdivision 3, "building" means education site as defined in section 123B.04, subdivision 1.

(d) If the pupil is served at a site other than one owned and operated by the district, the revenue shall be paid to the district and used for services for pupils who generate the revenue.

(e) A district with school building openings, school building closings, changes in attendance area boundaries, or other changes in programs or student demographics between the prior year and the current year may reallocate compensatory revenue among sites to reflect these changes. A district must report to the department any adjustments it makes according to this paragraph and the department must use the adjusted compensatory revenue allocations in preparing the report required under section 123B.76, subdivision 3, paragraph (c).

Sec. 7. Minnesota Statutes 2006, section 126C.41, is amended by adding a subdivision to read:

Subd. 6. **Levy authority for unfunded severance and retirement costs.** (a) A school district qualifies for eligibility under this section if the district:

- (1) participated in the cooperative secondary facilities program;
- (2) consolidated with at least two other school districts; and
- (3) has unfunded severance or retirement costs.

(b) An eligible school district may annually levy up to \$150,000 for unfunded severance or retirement costs. This levy authority expires after taxes payable in 2017.

(c) A school district that levies under this section must reserve the proceeds of the levy and spend those amounts only for unfunded severance or retirement costs.

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 8. Minnesota Statutes 2006, section 126C.48, subdivision 2, is amended to read:

Subd. 2. **Notice to commissioner; forms.** By October 7 of each year each district must notify the commissioner of the proposed levies in compliance with the levy limitations of this chapter and chapters 120B, 122A, 123A, 123B, 124D, 125A, 127A, and 136D. A school district that has reached an agreement with its home county auditor to extend the date of certification of its proposed levy under section 275.065, subdivision 1, must submit its notice of proposed levies to the commissioner no later than October 10 of each year. By January 7 of each year each district must notify the commissioner of the final levies certified. The commissioner shall prescribe the form of these notifications and may request any additional information necessary to compute certified levy amounts.

Sec. 9. Minnesota Statutes 2006, section 275.065, subdivision 1, is amended to read:

Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the contrary, on or before September 15, each taxing authority, other than a school district, shall adopt a proposed budget and shall certify to the county auditor the proposed or, in the case of a town, the final property tax levy for taxes payable in the following year.

(b) On or before September 30, each school district that has not mutually agreed with its home county to extend this date shall certify to the county auditor the proposed property tax levy for taxes payable in the following year. Each school district that has agreed with its home county to delay the certification of its proposed property tax levy must certify its proposed property tax levy for the following year no later than October 7. The school district shall certify the proposed levy as:

(1) a specific dollar amount by school district fund, broken down between voter-approved and non-voter-approved levies and between referendum market value and tax capacity levies; or

(2) the maximum levy limitation certified by the commissioner of education according to section 126C.48, subdivision 1.

(c) If the board of estimate and taxation or any similar board that establishes maximum tax levies for taxing jurisdictions within a first class city certifies the maximum property tax levies for funds under its jurisdiction by charter to the county auditor by September 15, the city shall be deemed to have certified its levies for those taxing jurisdictions.

(d) For purposes of this section, "taxing authority" includes all home rule and statutory cities, towns, counties, school districts, and special taxing districts as defined in section 275.066. Intermediate school districts that levy a tax under chapter 124 or 136D, joint powers boards established under sections 123A.44 to 123A.446, and Common School Districts No. 323, Franconia, and No. 815, Prinsburg, are also special taxing districts for purposes of this section.

Sec. 10. Minnesota Statutes 2006, section 275.065, subdivision 1a, is amended to read:

Subd. 1a. **Overlapping jurisdictions.** In the case of a taxing authority lying in two or more counties, the home county auditor shall certify the proposed levy and the proposed local tax rate to the other county auditor by October 5, unless the home county has agreed to delay the certification of its proposed property tax levy, in which case the home county auditor shall certify the proposed levy and the proposed local tax rate to the other county auditor by October 10. The home county auditor must estimate the levy or rate in preparing the notices required in subdivision 3, if the other county has not certified

the appropriate information. If requested by the home county auditor, the other county auditor must furnish an estimate to the home county auditor.

Sec. 11. **PLAINVIEW-ELGIN-MILLVILLE; CONSOLIDATED DISTRICT FUND BALANCE CALCULATIONS.**

Subdivision 1. **Fiscal year 2007 replacement aid.** Independent School District No. 2899, Plainview-Elgin-Millville, is eligible for replacement aid to offset its excess fund balance penalty for fiscal year 2007.

Subd. 2. **Fiscal years 2008 and 2009.** Upon receipt of appropriate documentation from Independent School District No. 2899, Plainview-Elgin-Millville, the Department of Education must adjust the district's three-year adjusted average fund balances required under Minnesota Statutes, sections 124D.135, 124D.16 and 124D.20. The department shall adjust the fiscal year 2006 account balances reported by former Independent School Districts Nos. 806, Elgin-Millville, and 810, Plainview, to reflect any permanent account of fund transfers made under Minnesota Statutes, section 123B.79.

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

Sec. 12. **FUND TRANSFER.**

Subdivision 1. **Brainerd.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2007, Independent School District No. 181, Brainerd, may permanently transfer up to \$750,000 from its reserved for operating capital account to its undesignated general fund balance without making a levy reduction.

Subd. 2. **Campbell-Tintah.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2007, Independent School District No. 852, Campbell-Tintah, may permanently transfer up to \$100,000 from its reserved for operating capital account to its undesignated general fund without making a levy reduction.

Subd. 3. **Comfrey.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2007, Independent School District No. 81, Comfrey, may permanently transfer up to \$250,000 from its reserved for operating capital account to its undesignated general fund balance without making a levy reduction.

Subd. 4. **Floodwood.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2007, Independent School District No. 698, Floodwood, may transfer up to \$227,000 from its reserved for disabled accessibility account to its undesignated general fund balance without making a levy reduction.

Subd. 5. **International Falls.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2007, Independent School District No. 361, International Falls, may permanently transfer up to \$100,000 from its reserved for operating capital account to its undesignated general fund balance without making a levy reduction.

Subd. 6. **Jackson County Central.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2007, Independent School District No. 2895, Jackson County Central, may permanently transfer up to \$300,000 from its reserved for operating capital account to its undesignated general fund balance without making a levy reduction.

Subd. 7. **Red Rock Central.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2007, Independent School District No. 2884, Red Rock Central,

may permanently transfer up to \$81,000 from its reserved for disabled accessibility account to its undesignated general fund balance without making a levy reduction.

Subd. 8. **Windom.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2007, Independent School District No. 177, Windom, may transfer up to \$50,000 from its reserved for operating capital account to its undesignated general fund balance without making a levy reduction.

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

Sec. 13. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **School lunch.** For school lunch aid according to Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

\$ 12,022,000 2008

\$ 12,166,000 2009

Subd. 3. **Traditional school breakfast; kindergarten milk.** For traditional school breakfast aid and kindergarten milk under Minnesota Statutes, sections 124D.1158 and 124D.118:

\$ 5,460,000 2008

\$ 5,695,000 2009

Subd. 4. **Summer food service replacement aid.** For summer food service replacement aid under Minnesota Statutes, section 124D.119:

\$ 150,000 2008

\$ 150,000 2009

Subd. 5. **Plainview-Elgin-Millville fund balance replacement aid.** For fund balance replacement aid for Independent School District No. 2899, Plainview-Elgin-Millville:

\$ 17,000 2008

This is a onetime appropriation.

Sec. 14. **REPEALER.**

Minnesota Statutes 2006, section 123B.749, is repealed.

ARTICLE 6
LIBRARIES

Section 1. Minnesota Statutes 2006, section 134.31, is amended by adding a subdivision to read:

Subd. 4a. **Services to the blind and physically handicapped.** The Minnesota Department of Education shall provide specialized services to the blind and physically handicapped through the Minnesota Library for the Blind and Physically Handicapped under a cooperative plan with the National Library Services for the Blind and Physically Handicapped of the Library of Congress.

Sec. 2. Minnesota Statutes 2006, section 134.34, subdivision 4, is amended to read:

Subd. 4. **Limitation.** A regional library basic system support grant shall not be made to a regional public library system for a participating city or county which decreases the dollar amount provided for support for operating purposes of public library service below the amount provided by it for the second preceding year. For purposes of this subdivision and subdivision 1, any funds provided under section 473.757, subdivision 2, for extending library hours of operation shall not be considered amounts provided by a city or county for support for operating purposes of public library service. This subdivision shall not apply to participating cities or counties where the adjusted net tax capacity of that city or county has decreased, if the dollar amount of the reduction in support is not greater than the dollar amount by which support would be decreased if the reduction in support were made in direct proportion to the decrease in adjusted net tax capacity.

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

Sec. 3. **DEPARTMENT OF EDUCATION; LIBRARY APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Basic system support.** For basic system support grants under Minnesota Statutes, section 134.355:

\$	<u>9,182,000</u>	<u>.....</u>	<u>2008</u>
\$	<u>13,138,000</u>	<u>.....</u>	<u>2009</u>

The 2008 appropriation includes \$857,000 for 2007 and \$8,325,000 for 2008.

The 2009 appropriation includes \$925,000 for 2008 and \$12,213,000 for 2009.

Subd. 3. **Multicounty, multitype library systems.** For grants under Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

\$	<u>1,260,000</u>	<u>.....</u>	<u>2008</u>
\$	<u>1,300,000</u>	<u>.....</u>	<u>2009</u>

The 2008 appropriation includes \$90,000 for 2007 and \$1,170,000 for 2008.

The 2009 appropriation includes \$130,000 for 2008 and \$1,170,000 for 2009.

Subd. 4. **Electronic library for Minnesota.** For statewide licenses to online databases selected in cooperation with the Minnesota Office of Higher Education for school media centers, public libraries, state government agency libraries, and public or private college or university libraries:

\$ 900,000 2008

\$ 900,000 2009

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

Subd. 5. **Regional library telecommunications aid.** For regional library telecommunications aid under Minnesota Statutes, section 134.355:

\$ 2,190,000 2008

\$ 2,300,000 2009

The 2008 appropriation includes \$120,000 for 2007 and \$2,070,000 for 2008.

The 2009 appropriation includes \$230,000 for 2008 and \$2,070,000 for 2009.

Subd. 6. **Hennepin County and Minneapolis library systems merger.** For costs attributable to the library system merger:

\$ 4,500,000 2008

If the Hennepin County and Minneapolis city library systems do not merge, any unexpended balance remaining in this appropriation must be allocated to increase the fiscal year 2008 entitlement for Basic System Support Grants under Minnesota Statutes, section 134.355.

This appropriation is available through June 30, 2009.

This is a onetime appropriation. * (The preceding subdivision was indicated as vetoed by the governor.)

ARTICLE 7

STATE AGENCIES

Section 1. [127A.065] CROSS-SUBSIDY REPORT.

By January 10, the commissioner of education shall submit an annual report to the legislative committees having jurisdiction over kindergarten through grade 12 education on the amount each district is cross-subsidizing special education costs with general education revenue.

Sec. 2. Minnesota Statutes 2006, section 517.08, subdivision 1c, is amended to read:

Subd. 1c. **Disposition of license fee.** (a) Of the marriage license fee collected pursuant to subdivision 1b, paragraph (a), \$15 must be retained by the county. The local registrar must pay \$85 to the commissioner of finance to be deposited as follows:

(1) \$50 in the general fund;

(2) \$3 in the state government special revenue fund to be appropriated to the commissioner of ~~education~~ public safety for parenting time centers under section 119A.37;

(3) \$2 in the special revenue fund to be appropriated to the commissioner of health for developing and implementing the MN ENABL program under section 145.9255;

(4) \$25 in the special revenue fund is appropriated to the commissioner of employment and economic development for the displaced homemaker program under section 116L.96; and

(5) \$5 in the special revenue fund is appropriated to the commissioner of human services for the Minnesota Healthy Marriage and Responsible Fatherhood Initiative under section 256.742.

(b) Of the \$30 fee under subdivision 1b, paragraph (b), \$15 must be retained by the county. The local registrar must pay \$15 to the commissioner of finance to be deposited as follows:

(1) \$5 as provided in paragraph (a), clauses (2) and (3); and

(2) \$10 in the special revenue fund is appropriated to the commissioner of employment and economic development for the displaced homemaker program under section 116L.96.

(c) The increase in the marriage license fee under paragraph (a) provided for in Laws 2004, chapter 273, and disbursement of the increase in that fee to the special fund for the Minnesota Healthy Marriage and Responsible Fatherhood Initiative under paragraph (a), clause (5), is contingent upon the receipt of federal funding under United States Code, title 42, section 1315, for purposes of the initiative.

Sec. 3. **RULEMAKING AUTHORITY; CAREER AND TECHNICAL EDUCATION.**

The commissioner of education shall adopt rules under Minnesota Statutes, chapter 14, for the administration of career and technical education programs for grades 7 through 12 under Minnesota Statutes, sections 124D.452, 124D.4531, and 124D.454, to ensure that the career and technical levy and programs can be administered to serve students under the current state and local organizational structures.

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

Sec. 4. **APPROPRIATIONS; DEPARTMENT OF EDUCATION.**

Subdivision 1. Department of Education. Unless otherwise indicated, the sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. Department. (a) For the Department of Education:

\$	<u>22,169,000</u>	<u>.....</u>	<u>2008</u>
\$	<u>22,653,000</u>	<u>.....</u>	<u>2009</u>

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

(b) \$7,000 in fiscal year 2008 is for GRAD test rulemaking.

(c) \$7,000 in fiscal year 2008 is for rulemaking under section 3.

(d) \$40,000 each year is for an early hearing loss intervention coordinator under Minnesota Statutes, section 125A.63, subdivision 5. If the department expends federal funds to employ a hearing loss coordinator under Minnesota Statutes, section 125.63, subdivision 5, then the appropriation under this paragraph is reallocated for purposes of employing a world languages coordinator.

(e) \$260,000 each year is for the Minnesota Children's Museum.

(f) \$41,000 each year is for the Minnesota Academy of Science.

(g) \$619,000 in fiscal year 2008 and \$632,000 in fiscal year 2009 are for the Board of Teaching.

(h) \$163,000 in fiscal year 2008 and \$171,000 in fiscal year 2009 are for the Board of School Administrators.

(i) \$50,000 each year is for the Duluth Children's Museum.

(j) The expenditures of federal grants and aids as shown in the biennial budget document and its supplements are approved and appropriated and shall be spent as indicated.

(k) None of the amounts appropriated under this subdivision may be used for Minnesota's Washington, D.C., office.

Sec. 5. APPROPRIATIONS; MINNESOTA STATE ACADEMIES.

The sums indicated in this section are appropriated from the general fund to the Minnesota State Academies for the Deaf and the Blind for the fiscal years designated:

\$	<u>11,788,000</u>	<u>.....</u>	<u>2008</u>
\$	<u>11,915,000</u>	<u>.....</u>	<u>2009</u>

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

Sec. 6. APPROPRIATIONS; PERPICH CENTER FOR ARTS EDUCATION.

The sums indicated in this section are appropriated from the general fund to the Perpich Center for Arts Education for the fiscal years designated:

\$	<u>6,929,000</u>	<u>.....</u>	<u>2008</u>
\$	<u>7,090,000</u>	<u>.....</u>	<u>2009</u>

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

Sec. 7. APPROPRIATIONS; DEPARTMENT OF PUBLIC SAFETY.

The sums indicated in this section are appropriated from the state government special revenue fund to the Department of Public Safety for the fiscal years designated to fund parenting time centers as described in Minnesota Statutes, section 119A.37:

\$	<u>96,000</u>	.....	<u>2008</u>
\$	<u>96,000</u>	.....	<u>2009</u>

ARTICLE 8

PUPIL TRANSPORTATION STANDARDS

Section 1. Minnesota Statutes 2006, section 123B.88, subdivision 12, is amended to read:

Subd. 12. **Early childhood family education participants.** Districts may provide bus transportation along ~~regular~~ school bus routes when space is available for participants in early childhood family education programs and school readiness programs if these services do not result in an increase in the district's expenditures for transportation. The costs allocated to these services, as determined by generally accepted accounting principles, shall be considered part of the authorized cost for ~~regular~~ transportation for the purposes of section 123B.92.

EFFECTIVE DATE. This section is effective the day following final enactment and applies for fiscal year 2007 and later.

Sec. 2. Minnesota Statutes 2006, section 123B.90, subdivision 2, is amended to read:

Subd. 2. **Student training.** (a) Each district must provide public school pupils enrolled in kindergarten through grade 10 with age-appropriate school bus safety training, as described in this section, of the following concepts:

- (1) transportation by school bus is a privilege and not a right;
- (2) district policies for student conduct and school bus safety;
- (3) appropriate conduct while on the school bus;
- (4) the danger zones surrounding a school bus;
- (5) procedures for safely boarding and leaving a school bus;
- (6) procedures for safe street or road crossing; and
- (7) school bus evacuation.

(b) Each nonpublic school located within the district must provide all nonpublic school pupils enrolled in kindergarten through grade 10 who are transported by school bus at public expense and attend school within the district's boundaries with training as required in paragraph (a).

(c) Students enrolled in kindergarten through grade 6 who are transported by school bus and are enrolled during the first or second week of school must receive the school bus safety training competencies by the end of the third week of school. Students enrolled in grades 7 through 10 who are transported by school bus and are enrolled during the first or second week of school and have not previously received school bus safety training must receive the training or receive bus safety instructional materials by the end of the sixth week of school. Students taking driver's training instructional classes ~~and other students in grades 9 and 10~~ must receive training in the laws and proper procedures when operating a motor vehicle in the vicinity of a school bus as required by section 169.446, subdivisions 2

and 3. Students enrolled in kindergarten through grade 10 who enroll in a school after the second week of school and are transported by school bus and have not received training in their previous school district shall undergo school bus safety training or receive bus safety instructional materials within four weeks of the first day of attendance. Upon request of the superintendent of schools, the school transportation safety director in each district must certify to the superintendent ~~of schools annually~~ that all students transported by school bus within the district have received the school bus safety training according to this section. Upon request of the superintendent of the school district where the nonpublic school is located, the principal or other chief administrator of each nonpublic school must certify ~~annually~~ to the school transportation safety director of the district in which the school is located that the school's students transported by school bus at public expense have received training according to this section.

(d) A district and a nonpublic school with students transported by school bus at public expense may provide kindergarten pupils with bus safety training before the first day of school.

(e) A district and a nonpublic school with students transported by school bus at public expense may also provide student safety education for bicycling and pedestrian safety, for students enrolled in kindergarten through grade 5.

(f) A district and a nonpublic school with students transported by school bus at public expense must make reasonable accommodations for the school bus safety training of pupils known to speak English as a second language and pupils with disabilities.

(g) The district and a nonpublic school with students transported by school bus at public expense must provide students enrolled in kindergarten through grade 3 school bus safety training twice during the school year.

(h) A district and a nonpublic school with students transported by school bus at public expense must conduct a school bus evacuation drill at least once during the school year.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 3. Minnesota Statutes 2006, section 169.01, is amended by adding a subdivision to read:

Subd. 92. **Cellular phone.** "Cellular phone" means a cellular, analog, wireless, or digital telephone capable of sending or receiving telephone or text messages without an access line for service.

Sec. 4. Minnesota Statutes 2006, section 169.443, is amended by adding a subdivision to read:

Subd. 9. **Personal cellular phone call prohibition.** A school bus driver may not operate a school bus while communicating over, or otherwise operating, a cellular phone for personal reasons, whether hand-held or hands free, when the vehicle is in motion.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 5. Minnesota Statutes 2006, section 169.447, subdivision 2, is amended to read:

Subd. 2. **Driver seat belt.** ~~New~~ School buses and Head Start buses ~~manufactured after December 31, 1994,~~ must be equipped with driver seat belts and seat belt assemblies

of the type described in section 169.685, subdivision 3. School bus drivers and Head Start bus drivers must use these seat belts.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 6. Minnesota Statutes 2006, section 169.4501, subdivision 1, is amended to read:

Subdivision 1. **National standards adopted.** Except as provided in sections 169.4502 and 169.4503, the construction, design, equipment, and color of types A, B, C, ~~and~~ D and multifunctional school activity bus school buses used for the transportation of school children shall meet the requirements of the "bus chassis standards" and "bus body standards" in the ~~2000~~ 2005 edition of the "National School Transportation Specifications and Procedures" adopted by the National ~~Conference~~ Congress on School Transportation. Except as provided in section 169.4504, the construction, design, and equipment of types A, B, C, ~~and~~ D and multifunctional school activity bus school buses used for the transportation of students with disabilities also shall meet the requirements of the "specially equipped school bus standards" in the ~~2000~~ 2005 National School Transportation Specifications and Procedures. The "bus chassis standards," "bus body standards," and "specially equipped school bus standards" sections of the ~~2000~~ 2005 edition of the "National School Transportation Specifications and Procedures" are incorporated by reference in this chapter.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 7. Minnesota Statutes 2006, section 169.4501, subdivision 2, is amended to read:

Subd. 2. **Applicability.** (a) The standards adopted in this section and sections 169.4502 and 169.4503, govern the construction, design, equipment, and color of school buses used for the transportation of school children, when owned or leased and operated by a school or privately owned or leased and operated under a contract with a school. Each school, its officers and employees, and each person employed under the contract is subject to these standards.

(b) The standards apply to school buses manufactured after ~~October 31, 2004~~ December 31, 2007. Buses complying with the standards when manufactured need not comply with standards established later except as specifically provided for by law.

(c) A school bus manufactured on or before ~~October 31, 2004~~ December 31, 2007, must conform to the Minnesota standards in effect on the date the vehicle was manufactured except as specifically provided for in law.

(d) A new bus body may be remounted on a used chassis provided that the remounted vehicle meets state and federal standards for new buses which are current at the time of the remounting. Permission must be obtained from the commissioner of public safety before the remounting is done. A used bus body may not be remounted on a new or used chassis.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 8. Minnesota Statutes 2006, section 169.4502, subdivision 5, is amended to read:

Subd. 5. **Electrical system; battery.** (a) The storage battery, as established by the manufacturer's rating, must be of sufficient capacity to care for starting, lighting, signal devices, heating, and other electrical equipment. In a bus with a gas-powered chassis, the

battery or batteries must provide a minimum of 800 cold cranking amperes. In a bus with a diesel-powered chassis, the battery or batteries must provide a minimum of 1050 cold cranking amperes.

(b) In a type B bus with a gross vehicle weight rating of 15,000 pounds or more, and type C and D buses, the battery shall be temporarily mounted on the chassis frame. The final location of the battery and the appropriate cable lengths in these buses must comply with the SBMI design objectives booklet.

(c) All batteries shall be mounted according to chassis manufacturers' recommendations.

(d) In a type C bus, other than are powered by diesel fuel, a battery providing at least 550 cold cranking amperes may be installed in the engine compartment only if used in combination with a generator or alternator of at least ~~120~~ 130 amperes.

(e) A bus with a gross vehicle weight rating of 15,000 pounds or less may be equipped with a battery to provide a minimum of 550 cold cranking amperes only if used in combination with an alternator of at least ~~80~~ 130 amperes. This paragraph does not apply to those buses with wheelchair lifts or diesel engines.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 9. Minnesota Statutes 2006, section 169.4503, subdivision 13, is amended to read:

Subd. 13. **Identification.** (a) Each bus shall, in the beltline, identify the school district serviced, or company name, or owner of the bus. Numbers necessary for identification must appear on the sides and rear of the bus. Symbols or letters may be used on the outside of the bus near the entrance door for student identification. A manufacturer's nameplate or logo may be placed on the bus.

(b) Effective December 31, 1994, all type A, B, C, and D buses sold must display lettering "Unlawful to pass when red lights are flashing" on the rear of the bus. The lettering shall be in two-inch black letters on school bus yellow background. This message shall be displayed directly below the upper window of the rear door. On rear engine buses, it shall be centered at approximately the same location. Only signs and lettering approved or required by state law may be displayed.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 10. Minnesota Statutes 2006, section 169.4503, subdivision 20, is amended to read:

Subd. 20. **Seat and crash barriers.** (a) All restraining barriers and passenger seats shall be covered with a material that has fire retardant or fire block characteristics.

(b) All seats must have a minimum cushion depth of 15 inches and a seat back height of at least 20 inches above the seating reference point.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 11. Minnesota Statutes 2006, section 171.02, subdivision 2, is amended to read:

Subd. 2. **Driver's license classifications, endorsements, exemptions.** (a) Drivers' licenses are classified according to the types of vehicles that may be driven by the holder

of each type or class of license. The commissioner may, as appropriate, subdivide the classes listed in this subdivision and issue licenses classified accordingly.

(b) Except as provided in paragraph (c), clauses (1) and (2), and subdivision 2a, no class of license is valid to operate a motorcycle, school bus, tank vehicle, double-trailer or triple-trailer combination, vehicle transporting hazardous materials, or bus, unless so endorsed. There are four general classes of licenses as described in paragraphs (c) through (f).

(c) Class D drivers' licenses are valid for:

(1) operating all farm trucks if the farm truck is:

(i) controlled and operated by a farmer, including operation by an immediate family member or an employee of the farmer;

(ii) used to transport agricultural products, farm machinery, or farm supplies, including hazardous materials, to or from a farm;

(iii) not used in the operations of a common or contract motor carrier as governed by Code of Federal Regulations, title 49, part 365; and

(iv) used within 150 miles of the farm;

(2) notwithstanding paragraph (b), operating an authorized emergency vehicle, as defined in section 169.01, subdivision 5, whether or not in excess of 26,000 pounds gross vehicle weight;

(3) operating a recreational vehicle as defined in section 168.011, subdivision 25, that is operated for personal use;

(4) operating all single-unit vehicles except vehicles with a gross vehicle weight of more than 26,000 pounds, vehicles designed to carry more than 15 passengers including the driver, and vehicles that carry hazardous materials;

(5) notwithstanding paragraph (d), operating a type A school bus or a multifunctional school activity bus without a school bus endorsement if:

(i) the bus has a gross vehicle weight of 10,000 pounds or less;

(ii) the bus is designed to transport 15 or fewer passengers, including the driver; and

(iii) the requirements of subdivision 2a are satisfied, as determined by the commissioner;

(6) operating any vehicle or combination of vehicles when operated by a licensed peace officer while on duty; and

(7) towing vehicles if:

(i) the towed vehicles have a gross vehicle weight of 10,000 pounds or less; or

(ii) the towed vehicles have a gross vehicle weight of more than 10,000 pounds and the combination of vehicles has a gross vehicle weight of 26,000 pounds or less.

(d) Class C drivers' licenses are valid for:

(1) operating class D motor vehicles;

(2) with a hazardous materials endorsement, transporting hazardous materials in class D vehicles; and

(3) with a school bus endorsement, operating school buses designed to transport 15 or fewer passengers, including the driver.

(e) Class B drivers' licenses are valid for:

(1) operating all class C motor vehicles, class D motor vehicles, and all other single-unit motor vehicles including, with a passenger endorsement, buses; and

(2) towing only vehicles with a gross vehicle weight of 10,000 pounds or less.

(f) Class A drivers' licenses are valid for operating any vehicle or combination of vehicles.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 12. Minnesota Statutes 2006, section 171.02, subdivision 2a, is amended to read:

Subd. 2a. **Exception for certain school bus drivers.** Notwithstanding subdivision 2, paragraph (c), the holder of a class D driver's license, without a school bus endorsement, may operate a type A school bus described in subdivision 2, paragraph (b), under the following conditions:

(a) The operator is an employee of the entity that owns, leases, or contracts for the school bus and is not solely hired to provide transportation services under this subdivision.

(b) The operator drives the school bus only from points of origin to points of destination, not including home-to-school trips to pick up or drop off students.

(c) The operator is prohibited from using the eight-light system. Violation of this paragraph is a misdemeanor.

(d) The operator's employer has adopted and implemented a policy that provides for annual training and certification of the operator in:

(1) safe operation of the type of school bus the operator will be driving;

(2) understanding student behavior, including issues relating to students with disabilities;

(3) encouraging orderly conduct of students on the bus and handling incidents of misconduct appropriately;

(4) knowing and understanding relevant laws, rules of the road, and local school bus safety policies;

(5) handling emergency situations; and

(6) safe loading and unloading of students.

(e) A background check or background investigation of the operator has been conducted that meets the requirements under section 122A.18, subdivision 8, or 123B.03 for teachers; section 144.057 or chapter 245C for day care employees; or section 171.321, subdivision 3, for all other persons operating a type A school bus under this subdivision.

(f) Operators shall submit to a physical examination as required by section 171.321, subdivision 2.

(g) The operator's driver's license is verified annually by the entity that owns, leases, or contracts for the school bus.

(h) A person who sustains a conviction, as defined under section 609.02, of violating section 169A.25, 169A.26, 169A.27, 169A.31, 169A.51, or 169A.52, or a similar statute or ordinance of another state is precluded from operating a school bus for five years from the date of conviction.

(i) A person who has ever been convicted of a disqualifying offense as defined in section 171.3215, subdivision 1, paragraph (c), may not operate a school bus under this subdivision.

(j) A person who sustains a conviction, as defined under section 609.02, of a fourth moving offense in violation of chapter 169 is precluded from operating a school bus for one year from the date of the last conviction.

(k) Students riding the school bus must have training required under section 123B.90, subdivision 2.

(l) An operator must be trained in the proper use of child safety restraints as set forth in the National Highway Traffic Safety Administration's "Guideline for the Safe Transportation of Pre-school Age Children in School Buses;" if child safety restraints are used by the passengers.

(m) Annual certification of the requirements listed in this subdivision must be maintained under separate file at the business location for each operator licensed under this subdivision and subdivision 2, paragraph (b), clause (5). The business manager, school board, governing body of a nonpublic school, or any other entity that owns, leases, or contracts for the school bus operating under this subdivision is responsible for maintaining these files for inspection.

(n) The school bus must bear a current certificate of inspection issued under section 169.451.

(o) The word "School" on the front and rear of the bus must be covered by a sign that reads "Activities" when the bus is being operated under authority of this subdivision.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 13. Minnesota Statutes 2006, section 171.321, subdivision 4, is amended to read:

Subd. 4. **Training.** (a) No person shall drive a class A, B, C, or D school bus when transporting school children to or from school or upon a school-related trip or activity without having demonstrated sufficient skills and knowledge to transport students in a safe and legal manner.

(b) A bus driver must have training or experience that allows the driver to meet at least the following competencies:

- (1) safely operate the type of school bus the driver will be driving;
- (2) understand student behavior, including issues relating to students with disabilities;
- (3) encourage orderly conduct of students on the bus and handle incidents of misconduct appropriately;
- (4) know and understand relevant laws, rules of the road, and local school bus safety policies;

- (5) handle emergency situations; and
- (6) safely load and unload students.

(c) The commissioner of public safety shall develop a comprehensive model school bus driver training program and model assessments for school bus driver training competencies, which are not subject to chapter 14. A school district, nonpublic school, or private contractor may use alternative assessments for bus driver training competencies with the approval of the commissioner of public safety. A driver may receive at least eight hours of school bus in-service training any year, as an alternative to being assessed for bus driver competencies after the initial year of being assessed for bus driver competencies. The employer shall keep the assessment or a record of the in-service training for the current period available for inspection by representatives of the commissioner.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 14. **RULES REVISED: COMMISSIONER OF PUBLIC SAFETY.**

Subdivision 1. Rules revised under the good cause exemption. The commissioner of public safety must amend and adopt the revisions to the rules listed in subdivisions 2 to 8 under the good cause exemption to the rulemaking process under Minnesota Statutes, section 14.388, subdivision 1, clause (3).

Subd. 2. Minnesota Rules, part 7470.0500. The commissioner of public safety must amend Minnesota Rules, part 7470.0500, by replacing two obsolete references to the Department of Children, Families, and Learning, with a reference to the Department of Public Safety and removing references to specifically repealed rules.

Subd. 3. Minnesota Rules, part 7470.0700. The commissioner of public safety must amend Minnesota Rules, part 7470.0700, as follows:

(1) for the points assigned to school bus equipment defects, strike the reference to "orange" school buses and include a new school bus color exemption for multifunctional school activity buses; and

(2) replace the references to type I and type II school buses with type A, B, C, or D school buses.

Subd. 4. Minnesota Rules, part 7470.1000. The commissioner of public safety must amend Minnesota Rules, part 7470.1000, to:

(1) include multifunctional school activity buses in the headnote;

(2) update subpart 1 to include multifunctional school activity buses as a type of school bus listed after bus types A, B, C, and D;

(3) modify subpart 2 to clarify that the prohibition against loading or unloading while adjacent to a turn lane applies only when it is a right-hand turn lane and does not prohibit a bus from loading or unloading at the side of the road when there is a center turn lane; and

(4) expand the exception that allows service dogs on school buses to include all companion animals.

Subd. 5. Minnesota Rules, part 7470.1100. The commissioner of public safety must amend Minnesota Rules, part 7470.1100, to include multifunctional school activity buses in the headnote and amend subpart 1 to include multifunctional school activity buses as a type of school bus listed after bus types A, B, C, and D. The commissioner must also

amend item B of this part to require drivers to use prewarning flashing signals, flashing red signals, and stop signals arms on buses that are equipped with those signals.

Subd. 6. **Minnesota Rules, part 7470.1400.** The commissioner of public safety must amend Minnesota Rules, part 7470.1400, to clarify that the operating rules in parts 7470.1000 to 7470.1500 apply to buses that are leased and rented as well as to school buses that are owned by a school district, a nonpublic school, or a private operator under contract to a school district or nonpublic school.

Subd. 7. **Minnesota Rules, part 7470.1500.** The commissioner of public safety must amend Minnesota Rules, part 7470.1500, to:

(1) clarify that the prohibition against loading or unloading while adjacent to a turn lane applies only when it is a right-hand turn lane and does not prohibit a bus from loading or unloading at the side of the road when there is a center turn lane; and

(2) delete item H because it is obsolete.

Subd. 8. **Minnesota Rules, part 7470.1700.** The commissioner of public safety must amend Minnesota Rules, part 7470.1700, subpart 2, to:

(1) clarify that the bus driver and the bus aide must have access to emergency health care information for the students with disabilities transported on the bus; and

(2) add an item E that allows the health information to be maintained either in a hard copy on the vehicle or immediately accessible through a two-way communications system.

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

Sec. 15. **REPEALER.**

Minnesota Statutes 2006, sections 169.4502, subdivision 15; and 169.4503, subdivisions 17, 18, and 26, are repealed.

EFFECTIVE DATE. This section is effective January 1, 2008.

**ARTICLE 9
EARLY CHILDHOOD AND
ADULT PROGRAMS**

Section 1. Minnesota Statutes 2006, section 119A.52, is amended to read:

119A.52 DISTRIBUTION OF APPROPRIATION.

(a) The commissioner of education must distribute money appropriated for that purpose to federally designated Head Start programs to expand services and to serve additional low-income children. Migrant and Indian reservation programs must be initially allocated money based on the programs' share of federal funds. The remaining money must be initially allocated to the remaining local agencies based equally on the agencies' share of federal funds and on the proportion of eligible children in the agencies' service area who are not currently being served. A Head Start grantee program must be funded at a per child rate equal to its contracted, federally funded base level at the start of the fiscal year. In allocating funds under this paragraph, the commissioner of education must assure that each Head Start program in existence in 1993 is allocated no less

funding in any fiscal year than was allocated to that program in fiscal year 1993. Before paying money to the programs, the commissioner must notify each program of its initial allocation, how the money must be used, and the number of low-income children to be served with the allocation based upon the federally funded per child rate. Each program must present a plan under section 119A.535. For any grantee program that cannot utilize its full allocation at the beginning of the fiscal year, the commissioner must reduce the allocation proportionately. Money available after the initial allocations are reduced must be redistributed to eligible grantees programs.

(b) The commissioner must develop procedures to make payments to programs based upon the number of children reported to be enrolled during the required time period of program operations. Enrollment is defined by federal Head Start regulations. The procedures must include a reporting schedule, corrective action plan requirements, and financial consequences to be imposed on programs that do not meet full enrollment after the period of corrective action. Programs reporting chronic underenrollment, as defined by the commissioner, will have their subsequent program year allocation reduced proportionately. Funds made available by prorating payments and allocations to programs with reported underenrollment will be made available to the extent funds exist to fully enrolled Head Start programs through a form and manner prescribed by the department.

Sec. 2. Minnesota Statutes 2006, section 119A.535, is amended to read:

119A.535 APPLICATION REQUIREMENTS.

Eligible Head Start organizations must submit a plan to the department for approval on a form and in the manner prescribed by the commissioner. The plan must include:

(1) the ~~estimated~~ number of low-income children and families the program will be able to serve;

(2) a description of the program design and service delivery area which meets the needs of and encourages access by low-income working families;

(3) a program design that ensures fair and equitable access to Head Start services for all populations and parts of the service area;

(4) a plan for ~~coordinating services to maximize assistance for child care costs available to families under chapter 119B~~ providing Head Start services in conjunction with full-day child care programs to minimize child transitions, increase program intensity and duration, and improve child and family outcomes as required in section 119A.5411; and

(5) identification of regular Head Start, early Head Start, full-day services identified in section 119A.5411, and innovative services based upon demonstrated needs to be provided.

Sec. 3. **[119A.5411] FULL-DAY REQUIREMENTS.**

The following phase-in of full-day services in Head Start programs or licensed child care as defined in chapter 245A is required:

(1) by fiscal year 2009, a minimum of 25 percent of the total state-funded enrollment throughout the state must be provided in full-day services;

(2) by fiscal year 2011, a minimum of 40 percent of the total state-funded enrollment throughout the state must be provided in full-day services; and

(3) by fiscal year 2013, a minimum of 50 percent of the total state-funded enrollment throughout the state must be provided in full-day services.

Head Start programs may provide full-day services as part of their own program model or through agreements with licensed full-day child care programs. If licensed child care providers do not exist in a geographic area, choose not to participate, cannot meet the federal Head Start performance standards after sufficient opportunity, or a Head Start program is unable to establish the full-day services as a part of their own program model, the Head Start program may request exemption from the commissioner.

Sec. 4. Minnesota Statutes 2006, section 121A.17, subdivision 5, is amended to read:

Subd. 5. **Developmental screening program information.** The board must inform each resident family with a child eligible to participate in the developmental screening program about the availability of the program and the state's requirement that a child receive a developmental screening or provide health records indicating that the child received a comparable developmental screening from a public or private health care organization or individual health care provider not later than 30 days after the first day of attending kindergarten in a public school. A school district must inform all resident families with eligible children under age seven that their children may receive a developmental screening conducted either by the school district or by a public or private health care organization or individual health care provider and that the screening is not required if a statement signed by the child's parent or guardian is submitted to the administrator or other person having general control and supervision of the school that the child has not been screened.

Sec. 5. Minnesota Statutes 2006, section 124D.13, subdivision 1, is amended to read:

Subdivision 1. **Establishment; purpose.** A district that provides a community education program under sections 124D.18 and 124D.19 may establish an early childhood family education program. Two or more districts, each of which provides a community education program, may cooperate to jointly provide an early childhood family education program. The purpose of the early childhood family education program is to provide parenting education to support children's learning and development.

Sec. 6. Minnesota Statutes 2006, section 124D.13, subdivision 2, is amended to read:

Subd. 2. **Program characteristics requirements.** (a) Early childhood family education programs are programs for children in the period of life from birth to kindergarten, for the parents and other relatives of these children, and for expectant parents. To the extent that funds are insufficient to provide programs for all children, early childhood family education programs should emphasize programming for a child from birth to age three and encourage parents and other relatives to involve four- and five-year-old children in school readiness programs, and other public and nonpublic early learning programs. A district may not limit participation to school district residents. Early childhood family education programs ~~may include the following~~ must provide:

(1) programs to educate parents and other relatives about the physical, mental, and emotional development of children and to enhance the skills of parents and other relatives in providing for their children's learning and development;

~~(2) programs to enhance the skills of parents and other relatives in providing for their children's learning and development structured learning activities requiring interaction between children and their parents or relatives;~~

~~(3) structured learning experiences activities for children and parents and other relatives that promote children's development and positive interaction with peers, which are held while parents or relatives attend parent education classes;~~

~~(4) activities designed to detect children's physical, mental, emotional, or behavioral problems that may cause learning problems;~~

~~(5) activities and materials designed to encourage self-esteem, skills, and behavior that prevent sexual and other interpersonal violence;~~

~~(6) educational materials which may be borrowed for home use;~~

~~(7) (4) information on related community resources;~~

~~(8) programs to prevent (5) information, materials, and activities that support the safety of children, including prevention of child abuse and neglect; and~~

~~(9) other programs or activities to improve the health, development, and school readiness of children, or~~

~~(10) activities designed to maximize development during infancy.~~

(6) a community outreach plan to ensure participation by families who reflect the racial, cultural, and economic diversity of the school district.

The programs must include learning experiences for children, parents, and other relatives that promote children's early literacy skills. The ~~programs~~ program must not include activities for children that do not require substantial involvement of the children's parents or other relatives. The ~~programs~~ program must be reviewed periodically to assure the instruction and materials are not racially, culturally, or sexually biased. The programs must encourage parents to be aware of practices that may affect equitable development of children.

(b) For the purposes of this section, "relative" or "relatives" means noncustodial grandparents or other persons related to a child by blood, marriage, adoption, or foster placement, excluding parents.

Sec. 7. Minnesota Statutes 2006, section 124D.13, subdivision 11, is amended to read:

Subd. 11. **Teachers.** A school board must employ necessary qualified teachers licensed in early childhood or parent education for its early childhood family education programs.

Sec. 8. Minnesota Statutes 2006, section 124D.13, is amended by adding a subdivision to read:

Subd. 13. **Plan and program data submission requirements.** (a) An early childhood family education program must submit a biennial plan addressing the requirements of subdivision 2 for approval by the commissioner. The plan must also describe how the program provides parenting education and ensures participation of families representative of the school district. A school district must submit the plan for approval by the commissioner in the form and manner prescribed by the commissioner.

One-half of districts, as determined by the commissioner, must first submit a biennial plan by April 1, 2009, and the remaining districts must first submit a plan by April 1, 2010.

(b) Districts receiving early childhood family education revenue under section 124D.135 must submit annual program data to the department by July 15 in the form and manner prescribed by the commissioner.

(c) Beginning with levies for fiscal year 2011, a school district must submit its annual program data to the department before it may certify a levy under section 124D.135. Districts selected by the commissioner to submit a biennial plan by April 1, 2009, must also have an approved plan on file with the commissioner before certifying a levy under section 124D.135 for fiscal year 2011. Beginning with levies for fiscal year 2012, all districts must submit annual program data and have an approved biennial plan on file with the commissioner before certifying a levy under section 124D.135.

Sec. 9. Minnesota Statutes 2006, section 124D.135, subdivision 1, is amended to read:

Subdivision 1. **Revenue.** The revenue for early childhood family education programs for a school district equals \$112 for fiscal year 2007 and \$120 for fiscal year 2008 and later, times the greater of:

(1) 150; or

(2) the number of people under five years of age residing in the district on October 1 of the previous school year.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 10. Minnesota Statutes 2006, section 124D.135, subdivision 3, is amended to read:

Subd. 3. **Early childhood family education levy.** ~~For fiscal year 2001 to obtain early childhood family education revenue, a district may levy an amount equal to the tax rate of .5282 percent times the adjusted tax capacity of the district for the year preceding the year the levy is certified. Beginning with levies for fiscal year 2002, (a) By September 30 of each year, the commissioner shall establish a tax rate for early childhood family education revenue that raises \$21,027,000 for fiscal year 2002 and \$22,135,000 in each fiscal year 2003 and each subsequent year. If the amount of the early childhood family education levy would exceed the early childhood family education revenue, the early childhood family education levy must equal the early childhood family education revenue. Beginning with levies for fiscal year 2011, a district may not certify an early childhood family education levy unless it has met the annual program data reporting and biennial plan requirements under section 124D.13, subdivision 13.~~

(b) Notwithstanding paragraph (a), for fiscal year 2009 only, the commissioner shall establish a tax rate for early education revenue that raises \$13,565,000.

Sec. 11. Minnesota Statutes 2006, section 124D.135, subdivision 5, is amended to read:

Subd. 5. **Use of revenue restricted.** (a) Early childhood family education revenue may be used only for early childhood family education programs.

(b) Not more than five percent of early childhood family education revenue, as defined in subdivision 7, may be used to administer early childhood family education programs.

(c) An early childhood family education program may use up to ten percent of its early childhood family education revenue as defined in subdivision 1, including revenue from participant fees, for equipment that is used in the early childhood family education program. This revenue may only be used for the following purposes:

- (1) to purchase or lease computers and related materials; and
- (2) to purchase or lease equipment for instruction for participating children and their families.

If a district anticipates an unusual circumstance requiring its early childhood family education program capital expenditures to exceed the ten percent limitation, prior approval to exceed the limit must be obtained in writing from the commissioner.

Sec. 12. Minnesota Statutes 2006, section 124D.135, subdivision 6, is amended to read:

Subd. 6. **Home visiting levy.** A district that is eligible to levy for early childhood family education under subdivision 3 and that enters into a collaborative agreement to provide education services and social services to families with young children may levy an amount equal to \$1.60 times the number of people under five years of age residing in the district on September 1 of the last school year. Levy revenue under this subdivision must not be included as revenue under subdivision 1. The revenue must be used for home visiting programs under section 124D.13, subdivision 4.

Sec. 13. Minnesota Statutes 2006, section 124D.15, subdivision 3, is amended to read:

Subd. 3. **Program requirements.** A school readiness program provider must:

- (1) assess each child's cognitive skills when the child enters and again before the child leaves the program to inform program planning and promote kindergarten readiness;
- (2) provide comprehensive program content based on early childhood research and professional practice that is focused on children's cognitive skills and development and prepares children for the transition to kindergarten, including early literacy skills;
- (3) arrange for early childhood screening and appropriate referral;
- (4) involve parents in program planning and decision making;
- (5) coordinate with relevant community-based services; and
- (6) cooperate with adult basic education programs and other adult literacy programs.

Sec. 14. **[124D.2211] AFTER-SCHOOL COMMUNITY LEARNING PROGRAMS.**

Subdivision 1. **Establishment.** A competitive statewide after-school community learning grant program is established to provide grants to community or nonprofit organizations, political subdivisions, for-profit or nonprofit child care centers, or school-based programs that serve youth after school or during nonschool hours. The commissioner shall develop criteria for after-school community learning programs.

Subd. 2. **Program outcomes.** The expected outcomes of the after-school community learning programs are to increase:

- (1) school connectedness of participants;

(2) academic achievement of participating students in one or more core academic areas;

(3) the capacity of participants to become productive adults; and

(4) prevent truancy from school and prevent juvenile crime.

Subd. 3. **Grants.** An applicant shall submit an after-school community learning program proposal to the commissioner. The submitted plan must include:

(1) collaboration with and leverage of existing community resources that have demonstrated effectiveness;

(2) outreach to children and youth; and

(3) involvement of local governments, including park and recreation boards or schools, unless no government agency is appropriate.

Proposals will be reviewed and approved by the commissioner.

Sec. 15. Minnesota Statutes 2006, section 124D.531, subdivision 1, is amended to read:

Subdivision 1. **State total adult basic education aid.** (a) The state total adult basic education aid for fiscal year 2005 is \$36,509,000. The state total adult basic education aid for fiscal year 2006 equals \$36,587,000 plus any amount that is not paid for during the previous fiscal year, as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3. The state total adult basic education aid for fiscal year 2007 equals \$37,673,000 plus any amount that is not paid for during the previous fiscal year, as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3. The state total adult basic education aid for fiscal year 2008 equals \$40,650,000, plus any amount that is not paid during the previous fiscal year as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3. The state total adult basic education aid for later fiscal years equals:

(1) the state total adult basic education aid for the preceding fiscal year plus any amount that is not paid for during the previous fiscal year, as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3; times

(2) the lesser of:

(i) 1.03; or

(ii) the greater of 1.00 or the ratio of the state total contact hours in the first prior program year to the state total contact hours in the second prior program year.

Beginning in fiscal year 2002, two percent of the state total adult basic education aid must be set aside for adult basic education supplemental service grants under section 124D.522.

(b) The state total adult basic education aid, excluding basic population aid, equals the difference between the amount computed in paragraph (a), and the state total basic population aid under subdivision 2.

Sec. 16. Minnesota Statutes 2006, section 124D.531, subdivision 4, is amended to read:

Subd. 4. **Adult basic education program aid limit.** (a) Notwithstanding subdivisions 2 and 3, the total adult basic education aid for a program per prior year

contact hour must not exceed ~~\$21~~ \$22 per prior year contact hour computed under subdivision 3, clause (2).

~~(b) For fiscal year 2004, the aid for a program under subdivision 3, clause (2), adjusted for changes in program membership, must not exceed the aid for that program under subdivision 3, clause (2), for fiscal year 2003 by more than the greater of eight percent or \$10,000.~~

~~(c) For fiscal year 2005, the aid for a program under subdivision 3, clause (2), adjusted for changes in program membership, must not exceed the sum of the aid for that program under subdivision 3, clause (2), and Laws 2003, First Special Session chapter 9, article 9, section 8, paragraph (a), for the preceding fiscal year by more than the greater of eight percent or \$10,000.~~

~~(d)~~ (b) For fiscal year 2006 and ~~later~~ fiscal year 2007, the aid for a program under subdivision 3, clause (2), adjusted for changes in program membership, must not exceed the aid for that program under subdivision 3, clause (2), for the first preceding fiscal year by more than the greater of eight percent or \$10,000.

(c) For fiscal year 2008, the aid for a program under subdivision 3, clause (2), adjusted for changes in program membership, shall not be limited.

(d) For fiscal year 2009 and later, the aid for a program under subdivision 3, clause (2), adjusted for changes in program membership, must not exceed the aid for that program under subdivision 3, clause (2), for the first preceding fiscal year by more than the greater of 11 percent or \$10,000.

(e) Adult basic education aid is payable to a program for unreimbursed costs occurring in the program year as defined in section 124D.52, subdivision 3.

(f) Any adult basic education aid that is not paid to a program because of the program aid limitation under paragraph (a) must be added to the state total adult basic education aid for the next fiscal year under subdivision 1. Any adult basic education aid that is not paid to a program because of the program aid limitations under paragraph (b), (c), or (d), must be reallocated among programs by adjusting the rate per contact hour under subdivision 3, clause (2).

Sec. 17. APPROPRIATION.

Subdivision 1. Department of Education. The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. Early childhood family education aid. For early childhood family education aid under Minnesota Statutes, section 124D.135:

\$ 21,106,000 2008

\$ 29,601,000 2009

The 2008 appropriation includes \$1,796,000 for 2007 and \$19,310,000 for 2008.

The 2009 appropriation includes \$2,145,000 for 2008 and \$27,456,000 for 2009.

Subd. 3. School readiness. For revenue for school readiness programs under Minnesota Statutes, sections 124D.15 and 124D.16:

\$ 9,995,000 2008

\$ 10,095,000 2009

The 2008 appropriation includes \$909,000 for 2007 and \$9,086,000 for 2008.

The 2009 appropriation includes \$1,009,000 for 2008 and \$9,086,000 for 2009.

Subd. 4. **Health and developmental screening aid.** For health and developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

\$ 3,159,000 2008

\$ 3,330,000 2009

The 2008 appropriation includes \$288,000 for 2007 and \$2,871,000 for 2008.

The 2009 appropriation includes \$319,000 for 2008 and \$3,011,000 for 2009.

Subd. 5. **Educate parents partnership.** For the educate parents partnership under Minnesota Statutes, section 124D.129:

\$ 50,000 2008

\$ 50,000 2009

Any funds unexpended in fiscal year 2008 do not cancel and are available in fiscal year 2009.

Subd. 6. **Kindergarten entrance assessment initiative and intervention program.** For the kindergarten entrance assessment initiative and intervention program under Minnesota Statutes, section 124D.162:

\$ 287,000 2008

\$ 287,000 2009

Any funds unexpended in fiscal year 2008 do not cancel and are available in fiscal year 2009.

Subd. 7. **Head Start programs.** For Head Start programs under Minnesota Statutes, section 119A.52:

\$ 20,100,000 2008

\$ 20,100,000 2009

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

Subd. 8. **Community education aid.** For community education aid under Minnesota Statutes, section 124D.20:

\$ 1,307,000 2008

\$ 816,000 2009

The 2008 appropriation includes \$195,000 for 2007 and \$1,112,000 for 2008.

The 2009 appropriation includes \$123,000 for 2008 and \$693,000 for 2009.

Subd. 9. **Adults with disabilities program aid.** For adults with disabilities programs under Minnesota Statutes, section 124D.56:

\$	<u>710,000</u>	.....	<u>2008</u>
\$	<u>710,000</u>	.....	<u>2009</u>

The 2008 appropriation includes \$71,000 for 2007 and \$639,000 for 2008.

The 2009 appropriation includes \$71,000 for 2008 and \$639,000 for 2009.

School districts operating existing adults with disabilities programs that are not fully funded shall receive full funding for the program beginning in fiscal year 2008 before the commissioner awards grants to other districts.

Subd. 10. **Hearing-impaired adults.** For programs for hearing-impaired adults under Minnesota Statutes, section 124D.57:

\$	<u>70,000</u>	.....	<u>2008</u>
\$	<u>70,000</u>	.....	<u>2009</u>

Subd. 11. **School-age care revenue.** For extended day aid under Minnesota Statutes, section 124D.22:

\$	<u>1,000</u>	.....	<u>2008</u>
\$	<u>1,000</u>	.....	<u>2009</u>

The 2008 appropriation includes \$0 for 2007 and \$1,000 for 2008.

The 2009 appropriation includes \$0 for 2008 and \$1,000 for 2009.

Subd. 12. **After-school community learning grants.** For after-school community learning grants:

\$	<u>2,775,000</u>	.....	<u>2008</u>
\$	<u>2,600,000</u>	.....	<u>2009</u>

The commissioner may hire one full-time equivalent staff person to administer the statewide after-school community learning grant program.

This is a onetime appropriation.

Subd. 13. **Adult basic education aid.** For adult basic education aid under Minnesota Statutes, section 124D.531:

\$	<u>40,347,000</u>	.....	<u>2008</u>
\$	<u>41,745,000</u>	.....	<u>2009</u>

The 2008 appropriation includes \$3,759,000 for 2007 and \$36,588,000 for 2008.

The 2009 appropriation includes \$4,065,000 for 2008 and \$37,680,000 for 2009.

Subd. 14. **GED test fees.** For GED test fees under Minnesota Statutes, section 124D.55:

\$ 125,000 2008

\$ 125,000 2009

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

Subd. 15. **Adult literacy grants for recent immigrants.** For adult literacy grants for recent immigrants to Minnesota under Laws 2006, chapter 282, article 2, section 26:

\$ 1,250,000 2008

Sec. 18. **APPROPRIATIONS; DEPARTMENT OF HEALTH.**

Subdivision 1. **Department of Health.** The sums indicated in this section are appropriated from the general fund to the Department of Health for the fiscal years designated.

Subd. 2. **Lead hazard reduction.** For lead hazard reduction under Minnesota Statutes, section 144.9512:

\$ 100,000 2008

\$ 100,000 2009

Sec. 19. **REPEALER.**

Minnesota Statutes 2006, sections 124D.175; and 124D.531, subdivision 5, are repealed.

ARTICLE 10

EDUCATION FORECAST ADJUSTMENTS

A. GENERAL EDUCATION

Section 1. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 2, as amended by Laws 2006, chapter 282, article 3, section 2, is amended to read:

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

\$ 5,819,153,000 2006

~~5,472,238,000~~

\$ 5,453,693,000 2007

The 2006 appropriation includes \$787,978,000 for 2005 and \$5,031,175,000 for 2006.

The 2007 appropriation includes ~~\$513,848,000~~ \$518,218,000 for 2006 and ~~\$4,958,390,000~~ \$4,935,475,000 for 2007.

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

Sec. 2. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 4, is amended to read:

Subd. 4. **Enrollment options transportation.** For transportation of pupils attending postsecondary institutions under Minnesota Statutes, section 124D.09, or for transportation of pupils attending nonresident districts under Minnesota Statutes, section 124D.03:

\$ 55,000	.....	2006
55,000		
\$ <u>93,000</u>	.....	2007

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

Sec. 3. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 5, as amended by Laws 2006, chapter 282, article 7, section 2, is amended to read:

Subd. 5. **Abatement revenue.** For abatement aid under Minnesota Statutes, section 127A.49:

\$ 909,000	.....	2006
1,026,000		
\$ <u>765,000</u>	.....	2007

The 2006 appropriation includes \$187,000 for 2005 and \$722,000 for 2006.

The 2007 appropriation includes \$80,000 for 2006 and ~~\$946,000~~ \$685,000 for 2007.

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

Sec. 4. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 6, as amended by Laws 2006, chapter 282, article 7, section 3, is amended to read:

Subd. 6. **Consolidation transition.** For districts consolidating under Minnesota Statutes, section 123A.485:

527,000		
\$ <u>388,000</u>	.....	2007

The 2007 appropriation includes \$0 for 2006 and ~~\$527,000~~ \$388,000 for 2007.

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

Sec. 5. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 7, as amended by Laws 2006, chapter 282, article 7, section 4, is amended to read:

Subd. 7. **Nonpublic pupil education aid.** For nonpublic pupil education aid under Minnesota Statutes, sections 123B.87 and 123B.40 to 123B.43:

\$ 15,458,000	.....	2006
15,991,000		
\$ <u>15,972,000</u>	.....	2007

The 2006 appropriation includes \$1,864,000 for 2005 and \$13,594,000 for 2006.

The 2007 appropriation includes \$1,510,000 for 2006 and ~~\$14,481,000~~ \$14,462,000 for 2007.

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

Sec. 6. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 8, as amended by Laws 2006, chapter 282, article 7, section 5, is amended to read:

Subd. 8. **Nonpublic pupil transportation.** For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

\$ 21,371,000	.....	2006
20,843,000		
\$ <u>21,133,000</u>	.....	2007

The 2006 appropriation includes \$3,274,000 for 2005 and \$18,097,000 for 2006.

The 2007 appropriation includes \$2,010,000 for 2006 and ~~\$18,833,000~~ \$19,123,000 for 2007.

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

B. EDUCATION EXCELLENCE

Sec. 7. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision 2, as amended by Laws 2006, chapter 282, article 7, section 6, is amended to read:

Subd. 2. **Charter school building lease aid.** For building lease aid under Minnesota Statutes, section 124D.11, subdivision 4

\$ 25,331,000	.....	2006
27,806,000		
\$ <u>27,795,000</u>	.....	2007

The 2006 appropriation includes \$3,173,000 for 2005 and \$22,158,000 for 2006.

The 2007 appropriation includes \$2,462,000 for 2006 and ~~\$25,344,000~~ \$25,333,000 for 2007.

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

Sec. 8. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision 3, as amended by Laws 2006, chapter 282, article 7, section 7, is amended to read:

Subd. 3. **Charter school startup aid.** For charter school startup cost aid under Minnesota Statutes, section 124D.11:

\$ 1,291,000	.....	2006
2,347,000		
\$ <u>2,316,000</u>	.....	2007

The 2006 appropriation includes \$0 for 2005 and \$1,291,000 for 2006.

The 2007 appropriation includes \$143,000 for 2006 and ~~\$2,204,000~~ \$2,173,000 for 2007.

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

Sec. 9. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision 4, as amended by Laws 2006, chapter 282, article 7, section 8, is amended to read:

Subd. 4. **Integration aid.** For integration aid under Minnesota Statutes, section 124D.86, subdivision 5:

\$ 59,404,000	.....	2006
58,405,000		
\$ <u>58,075,000</u>	.....	2007

The 2006 appropriation includes \$8,545,000 for 2005 and \$50,859,000 for 2006.

The 2007 appropriation includes \$5,650,000 for 2006 and ~~\$52,755,000~~ \$52,425,000 for 2007.

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

Sec. 10. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision 6, as amended by Laws 2006, chapter 282, article 7, section 9, is amended to read:

Subd. 6. **Interdistrict desegregation or integration transportation grants.** For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

\$ 6,032,000	.....	2006
10,134,000		
\$ <u>8,169,000</u>	.....	2007

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

Sec. 11. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision 10, as amended by Laws 2006, chapter 282, article 7, section 11, is amended to read:

Subd. 10. **Tribal contract schools.** For tribal contract school aid under Minnesota Statutes, section 124D.83:

\$ 2,338,000	.....	2006
2,357,000		
\$ <u>2,060,000</u>	.....	2007

The 2006 appropriation includes \$348,000 for 2005 and \$1,990,000 for 2006.

The 2007 appropriation includes \$221,000 for 2006 and ~~\$2,136,000~~ \$1,839,000 for 2007.

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

C. SPECIAL EDUCATION

Sec. 12. Laws 2005, First Special Session chapter 5, article 3, section 18, subdivision 2, as amended by Laws 2006, chapter 282, article 7, section 12, is amended to read:

Subd. 2. **Special education; regular.** For special education aid under Minnesota Statutes, section 125A.75:

\$ 559,485,000	.....	2006
528,106,000		
\$ <u>529,257,000</u>	.....	2007

The 2006 appropriation includes \$83,078,000 for 2005 and \$476,407,000 for 2006.

The 2007 appropriation includes \$52,934,000 for 2006 and ~~\$475,172,000~~ \$476,323,000 for 2007.

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

Sec. 13. Laws 2005, First Special Session chapter 5, article 3, section 18, subdivision 3, as amended by Laws 2006, chapter 282, article 7, section 13, is amended to read:

Subd. 3. **Aid for children with disabilities.** For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

\$ 1,527,000	.....	2006
1,624,000		
\$ <u>1,410,000</u>	.....	2007

If the appropriation for either year is insufficient, the appropriation for the other year is available.

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

Sec. 14. Laws 2005, First Special Session chapter 5, article 3, section 18, subdivision 4, as amended by Laws 2006, chapter 282, article 7, section 14, is amended to read:

Subd. 4. **Travel for home-based services.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

\$ 198,000	.....	2006
195,000		
\$ <u>224,000</u>	.....	2007

The 2006 appropriation includes \$28,000 for 2005 and \$170,000 for 2006.

The 2007 appropriation includes \$18,000 for 2006 and ~~\$177,000~~ \$206,000 for 2007.

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

Sec. 15. Laws 2005, First Special Session chapter 5, article 3, section 18, subdivision 6, as amended by Laws 2006, chapter 282, article 7, section 16, is amended to read:

Subd. 6. **Transition for disabled students.** For aid for transition programs for children with disabilities under Minnesota Statutes, section 124D.454:

\$ 9,300,000	.....	2006
8,781,000		
\$ <u>8,800,000</u>	.....	2007

The 2006 appropriation includes \$1,380,000 for 2005 and \$7,920,000 for 2006.

The 2007 appropriation includes \$880,000 for 2006 and ~~\$7,901,000~~ \$7,920,000 for 2007.

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

D. FACILITIES

Sec. 16. Laws 2005, First Special Session chapter 5, article 4, section 25, subdivision 2, as amended by Laws 2006, chapter 282, article 7, section 18, is amended to read:

Subd. 2. **Health and safety revenue.** For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

\$ 823,000	.....	2006
352,000		
\$ <u>249,000</u>	.....	2007

The 2006 appropriation includes \$211,000 for 2005 and \$612,000 for 2006.

The 2007 appropriation includes \$68,000 for 2006 and ~~\$284,000~~ \$181,000 for 2007.

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

Sec. 17. Laws 2005, First Special Session chapter 5, article 4, section 25, subdivision 3, as amended by Laws 2006, chapter 282, article 5, section 2, is amended to read:

Subd. 3. **Debt service equalization.** For debt service aid according to Minnesota Statutes, section 123B.53, subdivision 6:

\$ 27,206,000	.....	2006
18,410,000		
\$ <u>18,395,000</u>	.....	2007

The 2006 appropriation includes \$4,654,000 for 2005 and \$22,552,000 for 2006.

The 2007 appropriation includes \$2,504,000 for 2006 and ~~\$15,906,000~~ \$15,891,000 for 2007.

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

E. NUTRITION

Sec. 18. Laws 2005, First Special Session chapter 5, article 5, section 17, subdivision 3, as amended by Laws 2006, chapter 282, article 7, section 20, is amended to read:

Subd. 3. **Traditional school breakfast; kindergarten milk.** For traditional school breakfast aid and kindergarten milk under Minnesota Statutes, sections 124D.1158 and 124D.118:

\$ 4,856,000	.....	2006
5,044,000		
\$ <u>5,175,000</u>	.....	2007

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

F. EARLY CHILDHOOD EDUCATION

Sec. 19. Laws 2005, First Special Session chapter 5, article 7, section 20, subdivision 2, as amended by Laws 2006, chapter 282, article 7, section 24, is amended to read:

Subd. 2. **School readiness.** For revenue for school readiness programs under Minnesota Statutes, sections 124D.15 and 124D.16:

\$ 9,528,000	.....	2006
9,020,000		
\$ <u>9,087,000</u>	.....	2007

The 2006 appropriation includes \$1,415,000 for 2005 and \$8,113,000 for 2006.

The 2007 appropriation includes \$901,000 for 2006 and ~~\$8,119,000~~ \$8,186,000 for 2007.

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

Sec. 20. Laws 2005, First Special Session chapter 5, article 7, section 20, subdivision 3, as amended by Laws 2006, chapter 282, article 2, section 24, is amended to read:

Subd. 3. **Early childhood family education aid.** For early childhood family education aid under Minnesota Statutes, section 124D.135:

\$ 15,105,000	.....	2006
17,792,000		
\$ <u>17,639,000</u>	.....	2007

The 2006 appropriation includes \$1,859,000 for 2005 and \$13,246,000 for 2006.

The 2007 appropriation includes \$1,471,000 for 2006 and ~~\$16,321,000~~ \$16,168,000 for 2007.

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

Sec. 21. Laws 2005, First Special Session chapter 5, article 7, section 20, subdivision 4, as amended by Laws 2006, chapter 282, article 2, section 25, is amended to read:

Subd. 4. **Health and developmental screening aid.** For health and developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

\$ 3,000,000	.....	2006
2,997,000		
\$ <u>2,880,000</u>	.....	2007

The 2006 appropriation includes \$417,000 for 2005 and \$2,583,000 for 2006.

The 2007 appropriation includes \$287,000 for 2006 and ~~\$2,710,000~~ \$2,593,000 for 2007.

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

Sec. 22. Laws 2006, chapter 282, article 2, section 28, subdivision 4, is amended to read:

Subd. 4. **Early childhood Part C.** For the expansion of early childhood Part C services:

\$ ~~400,000~~ -0- 2007

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

G. PREVENTION

Sec. 23. Laws 2005, First Special Session chapter 5, article 8, section 8, subdivision 2, as amended by Laws 2006, chapter 282, article 7, section 25, is amended to read:

Subd. 2. **Community education aid.** For community education aid under Minnesota Statutes, section 124D.20:

\$ 2,043,000 2006

~~1,949,000~~
\$ 1,942,000 2007

The 2006 appropriation includes \$385,000 for 2005 and \$1,658,000 for 2006.

The 2007 appropriation includes \$184,000 for 2006 and ~~\$1,765,000~~ \$1,758,000 for 2007.

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

Sec. 24. Laws 2005, First Special Session chapter 5, article 8, section 8, subdivision 5, as amended by Laws 2006, chapter 282, article 7, section 27, is amended to read:

Subd. 5. **School-age care revenue.** For extended day aid under Minnesota Statutes, section 124D.22:

\$ 17,000 2006

\$ ~~4,000~~ 6,000 2007

The 2006 appropriation includes \$4,000 for 2005 and \$13,000 for 2006.

The 2007 appropriation includes \$1,000 for 2006 and ~~\$3,000~~ \$5,000 for 2007.

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

H. SELF-SUFFICIENCY AND LIFELONG LEARNING

Sec. 25. Laws 2005, First Special Session chapter 5, article 9, section 4, subdivision 2, is amended to read:

Subd. 2. **Adult basic education aid.** For adult basic education aid under Minnesota Statutes:

\$ 36,518,000	.....	2006
36,540,000		
\$ <u>37,486,000</u>	.....	2007

The 2006 appropriation includes \$5,707,000 for 2005 and \$30,811,000 for 2006.

The 2007 appropriation includes ~~\$5,737,000~~ \$3,654,000 for 2006 and ~~\$30,803,000~~ \$33,832,000 for 2007.

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

ARTICLE 11

TECHNICAL AND CONFORMING AMENDMENTS

Section 1. Minnesota Statutes 2006, section 122A.628, subdivision 2, is amended to read:

Subd. 2. **Revenue.** A school district that is selected to participate in the schools mentoring schools program under this section may utilize its professional compensation revenue under section ~~122A.4142~~ 122A.414, subdivision 4, to pay regional training sites for staff development and training services.

Sec. 2. Minnesota Statutes 2006, section 123A.73, subdivision 8, is amended to read:

Subd. 8. **Taxable property.** As of the effective date of a consolidation of districts or the dissolution of a district and its attachment to one or more existing districts pursuant to chapter 123A, ~~and subject to the conditions of section 126C.42, subdivision 1,~~ all the taxable property which is in the newly created or enlarged district and which was previously taxable for the payment of any statutory operating debt theretofore incurred by any preexisting district of which the taxable property was a part prior to the consolidation or dissolution and attachment shall remain taxable for the payment of that debt and shall not become taxable for the payment of any statutory operating debt theretofore incurred by any preexisting district of which the taxable property was not a part prior to the consolidation or dissolution and attachment. The amount of statutory operating debt attributable to that taxable property and to the newly created or enlarged district in which it is located, and the amount of a preexisting district's reserved fund balance reserve account for purposes of statutory operating debt reduction attributable to the newly created or enlarged district, shall be apportioned according to the proportion which the adjusted net tax capacity of that part of the preexisting district bears to the total adjusted net tax capacity of the entire preexisting district at the time of the consolidation or dissolution and attachment. This apportionment shall be made by the county auditor and shall be incorporated as an annex to the order of the commissioner dividing the assets and liabilities of the component districts. As used in this section, "statutory operating debt" shall have the meaning given it in section 123B.81.

Sec. 3. Minnesota Statutes 2006, section 123B.79, subdivision 6, is amended to read:

Subd. 6. **Account transfer for statutory operating debt.** On June 30 of each year, a district may make a permanent transfer from the general fund account entitled "net unreserved general fund balance since statutory operating debt" to the account entitled "reserved fund balance reserve account for purposes of statutory operating debt reduction." The amount of the transfer is limited to ~~the lesser of (a) the net unreserved general fund balance, or (b) the sum of the remaining statutory operating debt levies authorized for all future years according to section 126C.42, subdivision 1.~~ If the net unreserved general fund balance is less than zero, the district may not make a transfer.

Sec. 4. Minnesota Statutes 2006, section 123B.81, subdivision 2, is amended to read:

Subd. 2. **Statutory operating debt.** If the amount of the operating debt is more than 2-1/2 percent of the most recent fiscal year's expenditure amount for the funds considered under subdivision 1, the net negative undesignated fund balance is defined as "statutory operating debt" for the purposes of this section and ~~sections~~ section 123B.83 and 126C.42, subdivision 1.

Sec. 5. Minnesota Statutes 2006, section 123B.81, subdivision 4, is amended to read:

Subd. 4. **Debt elimination.** If an audit or other verification procedure conducted pursuant to subdivision 3 determines that a statutory operating debt exists, a district must follow the procedures set forth in this section ~~126C.42, subdivision 1,~~ to eliminate this statutory operating debt.

Sec. 6. Minnesota Statutes 2006, section 123B.81, subdivision 7, is amended to read:

Subd. 7. **Applicability.** This section ~~and the provisions of section 126C.42, subdivision 1, are~~ is applicable only to common, independent, and special school districts and districts formed pursuant to Laws 1967, chapter 822, as amended, and Laws 1969, chapters 775 and 1060, as amended. This section ~~and the provisions of section 126C.42, subdivision 1, do~~ does not apply to Independent School District No. 625.

Sec. 7. Minnesota Statutes 2006, section 123B.83, subdivision 2, is amended to read:

Subd. 2. **Net unreserved general fund balances.** A school district must limit its expenditures so that its net unreserved general fund balance does not constitute statutory operating debt ~~as defined in section 126C.42 under section 123B.81.~~

Sec. 8. Minnesota Statutes 2006, section 124D.34, subdivision 7, is amended to read:

Subd. 7. **Foundation staff.** The commissioner of education shall appoint the executive director of the foundation from three candidates nominated and submitted by the foundation board of directors and, as necessary, other staff who shall perform duties and have responsibilities solely related to the foundation. The employees appointed are not state employees under chapter 43A, but are covered under section 3.736. The employees may participate in the state health and state insurance plans for employees in unclassified service. The employees shall be supervised by the executive director.

The commissioner shall appoint ~~from the Office of Lifework Development~~ a liaison to the foundation board from the division in the department responsible for career and technical education.

Sec. 9. Minnesota Statutes 2006, section 124D.65, subdivision 11, is amended to read:

Subd. 11. **Allocations from cooperative units.** For the purposes of this section ~~and section 125A.77~~, pupils of limited English proficiency enrolled in a cooperative or intermediate school district unit shall be counted by the school district of residence, and the cooperative unit shall allocate its approved expenditures for limited English proficiency programs among participating school districts. Limited English proficiency aid for services provided by a cooperative or intermediate school district shall be paid to the participating school districts.

Sec. 10. Minnesota Statutes 2006, section 125A.39, is amended to read:

125A.39 LOCAL INTERAGENCY AGREEMENTS.

School boards and the county board may enter into agreements to cooperatively serve and provide funding for children with disabilities, under age five, and their families within a specified geographic area.

The local interagency agreement must address, at a minimum, the following issues:

- (1) responsibilities of local agencies on local interagency early intervention committees (IEIC's), consistent with section 125A.38;
- (2) assignment of financial responsibility for early intervention services;
- (3) methods to resolve intraagency and interagency disputes;
- (4) identification of current resources and recommendations about the allocation of additional state and federal early intervention funds under the auspices of United States Code, title 20, section 1471 et seq. (Part C, Public Law ~~102-119~~ 108-446) and United States Code, title 20, section 631, et seq. (Chapter I, Public Law 89-313);
- (5) data collection; and
- (6) other components of the local early intervention system consistent with Public Law 102-119.

Sec. 11. Minnesota Statutes 2006, section 125A.42, is amended to read:

125A.42 PROCEDURAL SAFEGUARDS; PARENT AND CHILD RIGHTS.

(a) This section applies to local school and county boards for children from birth through age two who are eligible for Part ~~H~~ C, Public Law ~~102-119~~ 108-446, and their families. This section must be consistent with the Individuals with Disabilities Education Act, United States Code, title 20, sections 1471 to 1485 (Part ~~H~~ C, Public Law ~~102-119~~ 108-446), regulations adopted under United States Code, title 20, sections 1471 to 1485, and sections 125A.259 to 125A.48.

- (b) A parent has the right to:
- (1) inspect and review early intervention records;
 - (2) prior written notice of a proposed action in the parents' native language unless it is clearly not feasible to do so;
 - (3) give consent to any proposed action;
 - (4) selectively accept or decline any early intervention service; and

(5) resolve issues regarding the identification, evaluation, or placement of the child, or the provision of appropriate early intervention services to the child and the child's family through an impartial due process hearing pursuant to section 125A.46.

(c) The eligible child has the right to have a surrogate parent appointed by a school district as required by section 125A.07.

Sec. 12. Minnesota Statutes 2006, section 125A.44, is amended to read:

125A.44 COMPLAINT PROCEDURE.

(a) An individual or organization may file a written signed complaint with the commissioner of the state lead agency alleging that one or more requirements of the Code of Federal Regulations, title 34, part 303, is not being met. The complaint must include:

(1) a statement that the state has violated the Individuals with Disabilities Education Act, United States Code, title 20, section 1471 et seq. (Part C, Public Law ~~102-119~~ 108-446) or Code of Federal Regulations, title 34, section 303; and

(2) the facts on which the complaint is based.

(b) The commissioner of the state lead agency shall receive and coordinate with other state agencies the review and resolution of a complaint within 60 calendar days according to the state interagency agreement required under section 125A.48. The development and disposition of corrective action orders for nonschool agencies shall be determined by the State Agency Committee (SAC). Failure to comply with corrective orders may result in fiscal actions or other measures.

Sec. 13. Minnesota Statutes 2006, section 125A.45, is amended to read:

125A.45 INTERAGENCY DISPUTE PROCEDURE.

(a) A dispute between a school board and a county board that is responsible for implementing the provisions of section 125A.29 regarding early identification, child and family assessment, service coordination, and IFSP development and implementation must be resolved according to this subdivision when the dispute involves services provided to children and families eligible under the Individuals with Disabilities Education Act, United States Code, title 20, section 1471 et seq. (Part C, Public Law ~~102-119~~ 108-446).

(b) A dispute occurs when the school board and county board are unable to agree as to who is responsible to coordinate, provide, pay for, or facilitate payment for services from public and private sources.

(c) Written and signed disputes must be filed with the local primary agency.

(d) The local primary agency must attempt to resolve the matter with the involved school board and county board and may request mediation from the commissioner of the state lead agency for this purpose.

(e) When interagency disputes have not been resolved within 30 calendar days, the local primary agency must request the commissioner of the state lead agency to review the matter with the commissioners of health and human services and make a decision. The commissioner must provide a consistent process for reviewing those procedures. The commissioners' decision is binding subject to the right of an aggrieved party to appeal to the state Court of Appeals.

(f) The local primary agency must ensure that eligible children and their families receive early intervention services during resolution of a dispute. While a local dispute is pending, the local primary agency must either assign financial responsibility to an agency or pay for the service from the early intervention account under section 125A.35. If in resolving the dispute, it is determined that the assignment of financial responsibility was inappropriate, the responsibility for payment must be reassigned to the appropriate agency and the responsible agency must make arrangements for reimbursing any expenditures incurred by the agency originally assigned financial responsibility.

Sec. 14. Minnesota Statutes 2006, section 125B.15, is amended to read:

125B.15 INTERNET ACCESS FOR STUDENTS.

(a) Recognizing the difference between school libraries, school computer labs, and school media centers, which serve unique educational purposes, and public libraries, which are designed for public inquiry, all computers at a school site with access to the Internet available for student use must be equipped to restrict, including by use of available software filtering technology or other effective methods, all student access to material that is reasonably believed to be obscene or child pornography or material harmful to minors under federal or state law.

(b) A school site is not required to purchase filtering technology if the school site would incur more than incidental expense in making the purchase.

(c) A school district receiving technology revenue under section ~~125B.25~~ 125B.26 must prohibit, including through use of available software filtering technology or other effective methods, adult access to material that under federal or state law is reasonably believed to be obscene or child pornography.

(d) A school district, its agents or employees, are immune from liability for failure to comply with this section if they have made a good faith effort to comply with the requirements of this section.

(e) "School site" means an education site as defined in section 123B.04, subdivision 1, or charter school under section 124D.10.

Sec. 15. Minnesota Statutes 2006, section 126C.01, subdivision 9, is amended to read:

Subd. 9. **Training and experience index.** "Training and experience index" means a measure of a district's teacher training and experience relative to the education and experience of teachers in the state. The measure must be determined pursuant to Minnesota Statutes 1996, section 126C.11.

Sec. 16. Minnesota Statutes 2006, section 126C.05, subdivision 1, is amended to read:

Subdivision 1. **Pupil unit.** Pupil units for each Minnesota resident pupil under the age of 21 or who meets the requirements of section 120A.20, subdivision 1, paragraph (c), in average daily membership enrolled in the district of residence, in another district under sections 123A.05 to 123A.08, 124D.03, 124D.06, ~~124D.07~~, 124D.08, or 124D.68; in a charter school under section 124D.10; or for whom the resident district pays tuition under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, shall be counted according to this subdivision.

(a) A prekindergarten pupil with a disability who is enrolled in a program approved by the commissioner and has an individual education plan is counted as the ratio of the number of hours of assessment and education service to 825 times 1.25 with a minimum average daily membership of 0.28, but not more than 1.25 pupil units.

(b) A prekindergarten pupil who is assessed but determined not to be disabled is counted as the ratio of the number of hours of assessment service to 825 times 1.25.

(c) A kindergarten pupil with a disability who is enrolled in a program approved by the commissioner is counted as the ratio of the number of hours of assessment and education services required in the fiscal year by the pupil's individual education program plan to 875, but not more than one.

(d) A kindergarten pupil who is not included in paragraph (c) is counted as .557 of a pupil unit for fiscal year 2000 and thereafter.

(e) A pupil who is in any of grades 1 to 3 is counted as 1.115 pupil units for fiscal year 2000 and thereafter.

(f) A pupil who is any of grades 4 to 6 is counted as 1.06 pupil units for fiscal year 1995 and thereafter.

(g) A pupil who is in any of grades 7 to 12 is counted as 1.3 pupil units.

(h) A pupil who is in the postsecondary enrollment options program is counted as 1.3 pupil units.

Sec. 17. Minnesota Statutes 2006, section 126C.48, subdivision 7, is amended to read:

Subd. 7. **Reporting.** For each tax settlement, the county auditor shall report to each school district by fund, the district tax settlement revenue defined in section 123B.75, subdivision 5, paragraph (a), ~~and the amount levied pursuant to section 126C.42, subdivision 1,~~ on the form specified in section 276.10. The county auditor shall send to the district a copy of the spread levy report specified in section 275.124.

Sec. 18. Minnesota Statutes 2006, section 134.355, subdivision 9, is amended to read:

Subd. 9. **Telecommunications aid.** An application for regional library telecommunications aid must, at a minimum, contain information to document the following:

(1) the connections are adequate and employ an open network architecture that will ensure interconnectivity and interoperability with school districts, postsecondary education, or other governmental agencies;

(2) that the connection is established through the most cost-effective means and that the regional library has explored and coordinated connections through school districts, postsecondary education, or other governmental agencies;

(3) that the regional library system has filed an e-rate application; and

(4) other information, as determined by the commissioner of ~~children, families, and learning~~ education, to ensure that connections are coordinated, efficient, and cost-effective, take advantage of discounts, and meet applicable state standards.

The library system may include costs associated with cooperative arrangements with postsecondary institutions, school districts, and other governmental agencies.

Sec. 19. **REPEALER.**

Minnesota Statutes 2006, sections 123A.22, subdivision 11; and 123B.81, subdivision 8, are repealed.

Presented to the governor May 29, 2007

Signed by the governor May 30, 2007, 11:51 a.m.