

treasurer, and attorney general shall each develop a programmatic budget structure based on the various functions and services of their office and submit it to the chairman of the house appropriations committee and the chairman of the senate finance committee. The budget submitted to the 1981 legislature shall follow this structure.

Sec. 108. **REPEALER.** Minnesota Statutes 1978, Sections 85A.04, Subdivisions 1a and 1b, 168.54, Subdivisions 2 and 3, and 345.48, Subdivision 2, are repealed.

Approved June 5, 1979.

CHAPTER 334—H.F.No.223

An act relating to education; providing for aids to education, aids to libraries, tax levies and the distribution of tax revenues; granting certain powers and duties to school districts, the commissioner of education, the department of education, the state board of education and others; changing the method of computing foundation aid, levy limitations, transportation aid and post-secondary vocational aid; changing procedures for decisions concerning the education of handicapped children; increasing tuition at area vocational-technical institutes; appropriating money; amending Minnesota Statutes 1978, Sections 3.924, Subdivision 1; 3.925; 16.93; 120.075; 120.17, Subdivisions 3b, 4, 6 and 7a; 120.80, Subdivision 1; 121.21, Subdivision 6; 121.49; 121.912, Subdivision 1; 121.917, by adding a subdivision; 121.92, Subdivision 2; 122.85, Subdivisions 1, as amended, and 6; 123.34, Subdivision 8; 123.35, by adding a subdivision; 123.58, Subdivision 6, and by adding a subdivision; 123.702, Subdivision 1, and by adding a subdivision; 123.703, Subdivisions 1 and 3; 123.705; 123.741, Subdivision 1; 123.79, Subdivision 1; 123.80, Subdivision 1; 123.937; 124.01; 124.11, Subdivisions 2, 4, 5, and by adding subdivisions; 124.14; 124.17, Subdivision 1; 124.19, by adding a subdivision; 124.212, Subdivisions 1, 6c, 7c, 11, 20, and by adding subdivisions; 124.222, Subdivision 3; 124.223; 124.245, Subdivisions 1 and 2; 124.271, Subdivisions 2, 5, and by adding a subdivision; 124.32, Subdivisions 1, 1a, 5, 7 and 10; 124.561, Subdivisions 2, 3a, and by adding a subdivision; 124.562, Subdivisions 1, 2, 3 and 4; 124.563, Subdivision 1; 124.565, Subdivisions 1, 3, 4, and by adding a subdivision; 124.566; 124.572, Subdivisions 1, 2 and 3; 124.573, Subdivision 1; 124.574, Subdivision 2; 124.646, Subdivision 1; 125.60, Subdivisions 1, 2, 3, 4, and by adding subdivisions; 125.61, Subdivisions 1, 2, 3, 4, and by adding subdivisions; 126.39, Subdivision 10; 126.40, Subdivision 3; 126.41, Subdivision 1; 126.52, Subdivision 10; 126.53, Subdivision 3; 126.54, Subdivision 1; 128A.02, Subdivision 6; 134.30, Subdivision 1, and by adding a subdivision; 134.32, Subdivision 5; 134.33, Subdivision 1; 134.34, Subdivisions 1 and 2; 134.35, Subdivisions 1 and 2; 169.44, Subdivisions 1, 2, and by adding subdivisions; 275.125, Subdivisions 1, 2a, 2b, 8, 9, 11a, 15, and by adding subdivisions; 354.094, Subdivisions 3 and 6; 354.66, Subdivisions 2, 3, 8, and by adding a subdivision; 354A.091, Subdivisions 1, 3 and 6; 354A.22, Subdivisions 2, 3, 8, and by adding a subdivision; 465.72; 471.38, by adding a subdivision; 471.61, Subdivision 1b; and Chapters 3, by adding sections; 121, by adding a section; 124, by adding sections; and 134, by adding sections; repealing Minnesota Statutes 1978, Sections 3.9271; 3.9272; 3.9273; 3.9274; 3.9275; 120.171; 124.11, Subdivision 2; 124.212, Subdivisions 6b and 7b; 124.213; 124.222, Subdivisions 1a, 1b, 2a, 2b and 6; 124.241; 124.561, Subdivision 3; 124.562, Subdivisions 1 and 2; 124.563; 126.16; 126.18; 134.33, Subdivision 2; 169.44, Subdivisions 5 and 7; and 275.125,

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Subdivisions 6, 7 and 13.

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

ARTICLE I

FOUNDATION AID

Section 1. Minnesota Statutes 1978, Section 120.80, Subdivision 1, is amended to read:

120.80 **EARLY GRADUATION.** Subdivision 1. Notwithstanding any law to the contrary, any secondary school student who has completed all required courses may, with the approval of the student, his parent or guardian, and local school officials, graduate prior to the completion of the school year. All aid which such student, had he not graduated, would have earned for the district pursuant to section 124.212, plus that portion of the amount raised by the local tax levy which results from such transitional year students ~~plus that portion of any excess levy allowable under section 275.125, subdivision 6;~~ shall continue to be earned by the district.

Sec. 2. Minnesota Statutes 1978, Section 124.01, is amended to read:

124.01 **DEFINITIONS.** Subdivision 1. For purposes of this chapter, the words defined in section 120.02 have the same meaning and the terms defined in this section have the meanings attributed to them in this section.

Subd. 2. "Foundation aid formula allowance" or "formula allowance" means the amount of revenue per pupil unit specified for use in the computation of foundation aid for a particular school year pursuant to section 124.212 and in the computation of permissible levies for use in that school year. For foundation aid for the 1979-1980 school year, the formula allowance shall be \$1,182. For 1979 payable 1980 levies and for foundation aid for the 1980-1981 school year, the formula allowance shall be \$1,265. For 1980 payable 1981 levies and for foundation aid for the 1981-1982 school year, the formula allowance shall be \$1,354.

Subd. 3. "Basic maintenance mill rate" means the maximum permissible mill rate applicable to the adjusted assessed valuation of a district, specified for use in the computation of foundation aid for a particular school year pursuant to section 124.212 and of permissible levies for use in that school year pursuant to section 275.125, subdivision 2a, clause (1) or (2). For 1979 payable 1980 levies and for foundation aid for the 1980-1981 school year, the basic maintenance mill rate shall be .023. For 1980 payable 1981 levies and for foundation aid for the 1981-1982 school year, the basic maintenance mill rate shall be .021.

Subd. 4. "Equalizing factor" means the ratio of the formula allowance for a particular school year to the basic maintenance mill rate for that school year. For 1979 payable 1980 levies and for foundation aid for the 1980-1981 school year, the equalizing factor shall be \$55,000. For 1980 payable 1981 levies and for foundation aid for the

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1981-1982 school year, the equalizing factor shall be \$64,476.

Sec. 3. Minnesota Statutes 1978, Section 124.11, Subdivision 4, is amended to read:

Subd. 4. Estimated elementary and secondary foundation aids shall be paid out on the basis of the latest available information. Except as provided in section 124.212, estimated elementary and secondary foundation aids shall be computed on the basis of all pupil units identified in section 124.17, subdivision 1. An October enrollment count shall be obtained from all school districts. Adjustment for final elementary and secondary pupil unit figures shall be made in the final foundation aid distribution in October of the following school year.

Sec. 4. Minnesota Statutes 1978, Section 124.11, Subdivision 5, is amended to read:

Subd. 5. Each year, ~~beginning in 1978,~~ based on current year tax data reported in the abstracts of tax lists, the commissioner of revenue shall determine the distribution to each school district of the amount of revenue lost as a result of the reduction in property taxes provided in section 273.132. ~~On or before July 15, 1978, and~~ On or before July 15 of each year thereafter, the commissioner of revenue shall certify the amounts so determined to the department of education. ~~Beginning in 1978,~~ The department of education shall pay each school district ~~one-half of its distribution in August and the remaining one-half in the following November,~~ as part of the foundation aid payment to each district in ~~these months~~ accordance with the payment dates in subdivision 1.

Sec. 5. Minnesota Statutes 1978, Section 124.17, Subdivision 1, is amended to read:

124.17 **DEFINITION OF PUPIL UNITS.** Subdivision 1. Pupil units for each resident pupil in average daily membership shall be counted as follows:

(1) In an elementary school:

(a) For each handicapped pre-kindergarten ~~pupils~~ pupil and each handicapped kindergarten pupil, as defined in section 120.03, enrolled in ~~programs a program~~ approved by the commissioner, one-half pupil unit a number of pupil units equal to the ratio of the number of hours of education services required in the school year by the pupil's individual education program plan, developed pursuant to the rules of the state board, to 875, but not more than one pupil unit;

(b) For kindergarten pupils, other than those in clause (a), enrolled in one-half day sessions throughout the school year or the equivalent thereof, one-half pupil unit; and

(c) For other elementary pupils, one pupil unit.

(2) In secondary schools, one and four-tenths pupil units. Pupils enrolled in the seventh and eighth grades of any school shall be counted as secondary pupils.

(4) To meet the problems of educational overburden caused by broken homes, poverty and low income, each pupil in clauses (1) and (2) from families receiving aid to

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families with dependent children or its successor program who is enrolled in the school district on October 1 shall be counted as an additional five-tenths pupil unit. By March 1 of each year the department of public welfare shall certify to the department of education, and to each school district to the extent the information pertains to it, that information concerning children from families with dependent children who were enrolled in the school district on the preceding October 1 which is necessary to calculate pupil units. Additional aids to a district for such pupils may be distributed on a delayed basis until the department of education publicly certifies that the information needed for paying such aids is available on such a timely basis that such aids may be paid concurrently with other foundation aids.

(5) In every district where the number of pupils from families receiving aid to families with dependent children or its successor program exceeds five percent of the total actual pupil units in the district for the same year, as computed in clauses (1) and (2), each such pupil shall be counted as an additional one-tenth of a pupil unit for each percent of concentration over five percent of such pupils in the district. The percent of concentration shall be rounded down to the nearest whole percent for purposes of this clause, provided that in districts where the percent of concentration is less than six, no additional pupil units shall be counted under this clause for pupils from families receiving aid to dependent children or its successor program and provided further that no such pupil shall be counted as more than one and one-tenth additional pupil units pursuant to clauses (4) and (5). Such weighting shall be in addition to the weighting provided in clauses (1), (2), ~~(3)~~, and (4). School districts are encouraged to allocate a major portion of the aids that they receive on account of clauses (4) and (5) to primary grade programs and services, particularly to programs and services that involve participation of parents. ~~Each district receiving aids on account of both clauses (4) and (5) shall establish and maintain accounts separate from all other district accounts for the receipt and disbursement of all such aids received.~~

(6) Where the total pupil units of a district are used as a multiplier in determining foundation aids and spending and levy limitations and where the actual number of pupil units has decreased from the prior year, the number of pupil units shall equal the greater of (a) the quotient obtained when the sum of the numbers of actual pupil units in the district for the two ~~three~~ prior years and the current year ~~and one quarter of the number of actual pupil units in the district for the third prior year~~, is divided by ~~3.25~~ four or (b) the number of actual pupil units for the current year increased by .6 times the difference between the actual pupil units for the prior year and the current year. Only pupil units as computed in clauses (1) and (2) shall be included for purposes of computations made pursuant to this clause. This clause shall expire June 30, 1980.

(7) In districts maintaining classified secondary schools where the actual number of pupil units has increased from the prior year ~~by two percent or more~~, the additional pupil units over the prior year, as computed in clauses (1) and (2), shall be multiplied times one-tenth for each percent of increase over the prior year and a number of pupil units equal to the product shall be added to the other units for the district. The percent of increase shall be rounded up to the next whole percent for purposes of this clause, ~~provided that in districts where the percent of increase is less than two, no additional pupil units shall be added to the other units for the district and~~ provided further that the

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number of pupil units of increase over the prior year shall under no circumstances be multiplied by more than five-tenths. This clause shall expire June 30, 1980.

(8) Only pupil units in clauses (1) and (2) shall be used in computing adjusted maintenance cost per pupil unit.

Sec. 6. Minnesota Statutes 1978, Section 124.19, is amended by adding a subdivision to read:

Subd. 4. In an elementary school where the number of instructional hours in the school day is greater than the number of instructional hours prescribed in the rules of the state board for the school day, the excess number of instructional hours for those days may be included in calculating the required number of days school is in session for purposes of fulfilling the requirements of subdivision 1, provided that the school is in session for not less than 160 days during the school year, and provided that no instructional hours are included from half-day sessions or any school day which has less instructional hours than the number of instructional hours prescribed in the rules of the state board.

Sec. 7. Minnesota Statutes 1978, Section 124.212, Subdivision 1, is amended to read:

124.212 **FOUNDATION AID.** Subdivision 1. The foundation aid program for school districts for school years ~~1977-1978~~ 1979-1980 and ~~1978-1979~~ 1980-1981 shall be governed by the terms and provisions of this section.

Sec. 8. Minnesota Statutes 1978, Section 124.212, Subdivision 6c, is amended to read:

Subd. 6c. For the 1979-1980 school year a district shall receive in foundation aid ~~\$1,155~~ \$1,182 per pupil unit less 27 mills times the 1977 adjusted assessed valuation of the district, plus the amount of the agricultural tax credit by which 1978 payable 1979 property taxes in the district are reduced pursuant to section 273.132.

Sec. 9. Minnesota Statutes 1978, Section 124.212, Subdivision 7c, is amended to read:

Subd. 7c. For the 1980-1981 school year a district shall receive in foundation aid: \$1,220

(1) \$1,265 per pupil unit identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), less ~~27~~ 23 mills times the 1978 adjusted assessed valuation of the district; ; plus

(2) the amount of the agricultural tax credit by which 1979 payable 1980 property taxes in the district are reduced pursuant to section 273.132; ; plus

(3) an amount equal to the product obtained by multiplying the ratio of the
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district's actual levy to its permitted levy in 1979 payable 1980 pursuant to section 18 of this article, times the difference between

(a) the product obtained by multiplying the amount per pupil unit which the district was permitted to levy in 1978 pursuant to Minnesota Statutes 1978, Section 275.125, Subdivisions 6 and 7, times the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (6) and (7), in the district in 1979-1980, and

(b) the product obtained by multiplying the amount derived in (a) times the lesser of

(i) one or

(ii) the ratio of the district's 1978 adjusted assessed valuation per pupil unit identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the district in 1979-1980, to the state average 1978 adjusted assessed valuation per pupil unit identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the state in 1979-1980; plus

(4) an amount equal to the product obtained by multiplying the ratio of the district's actual levy to its permitted levy in 1979 payable 1980 pursuant to section 19 of this article, times the difference between

(a) the sum of the additional amounts the district would receive if pupil units identified in section 124.17, subdivision 1, clauses (6) and (7) were used in addition to the pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the computation in clause (1) of this subdivision and if section 12 of this article were effective in the 1980-1981 school year, and

(b) the product obtained by multiplying

(i) the ratio of the quotient obtained by dividing the amount derived in part (a) of this clause by the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the district in 1980-1981, to \$55,000, times

(ii) the district's 1978 adjusted assessed valuation; plus

(5) an amount equal to the difference between

(a) the product obtained by multiplying the mill rate levied by the district on its adjusted assessed valuation in 1979 payable 1980 pursuant to section 20 of this article, times \$55,000, times the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the district in 1979-1980, and

(b) the product obtained by multiplying the mill rate levied by the district on its adjusted assessed valuation in 1979 payable 1980 pursuant to section 20 of this article, times the district's 1978 adjusted assessed valuation.

(6) No district where the assessed valuation of agricultural land identified in section

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273.13, subdivisions 4, 6 and 6a, comprises 60 percent or more of the assessed valuation of the district shall receive an amount of foundation aid pursuant to clause (1) which is less than the following difference:

(a) \$600 times the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), less

(b) the sum of

(i) the amount of the agricultural tax credit by which 1979 payable 1980 property taxes in the district are reduced pursuant to section 273.132, plus

(ii) the amount by which 1979 payable 1980 property taxes in the district are reduced pursuant to section 273.13, subdivisions 6, 7 and 14a, plus

(iii) the amount by which 1979 payable 1980 property taxes in the district are reduced pursuant to section 273.135, plus

(iv) the amount by which 1979 payable 1980 taxes in the district are reduced pursuant to section 273.138, subdivision 6.

Sec. 10. Minnesota Statutes 1978, Section 124.212, is amended by adding a subdivision to read:

Subd. 7d. For the 1981-1982 school year a district shall receive in foundation aid:

(1) \$1,354 per pupil unit identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), less 21 mills times the 1979 adjusted assessed valuation of the district; plus

(2) the amount of the agricultural tax credit by which 1980 payable 1981 property taxes in the district are reduced pursuant to section 273.132; plus

(3) an amount equal to the product obtained by multiplying the ratio of the district's actual levy to its permitted levy in 1980 payable 1981 pursuant to section 18 of this article, times the difference between

(a) the greater of

(i) the amount derived in subdivision 7c, clause (3), part (a), or

(ii) the product obtained by multiplying the number of pupil units identified in section 124.17, subdivision 1, clauses (1) and (2), in the district in 1980-1981, times the quotient obtained by dividing the amount derived in subdivision 7c, clause (3), part (a), by the number of pupil units identified in section 124.17, subdivision 1, clauses (1) and (2) in the district in 1979-1980, and

(b) the product obtained by multiplying the amount derived in part (a) of this clause times the lesser of

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(i) one or

(ii) the ratio of the district's 1979 adjusted assessed valuation per pupil unit identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5) in the district in 1980-1981, to the state average 1979 adjusted assessed valuation per pupil unit identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the state in 1980-1981; plus

(4) an amount equal to the ratio of the district's actual levy to its permitted levy in 1980 payable 1981 pursuant to section 19 of this article, times the difference between

(a) the product obtained by multiplying

(i) the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5) in the district in 1981-1982 times

(ii) 107 percent of the quotient obtained by dividing the amount derived in subdivision 7c, clause (4), part (a), by the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5) in the district in 1980-1981, and

(b) the product obtained by multiplying the ratio of the amount derived in part (a) (ii) of this clause to \$64,476, times the district's 1979 adjusted assessed valuation; plus

(5) an amount equal to the difference between

(a) the product obtained by multiplying the mill rate levied by the district on its adjusted assessed valuation in 1980 payable 1981 pursuant to section 20 of this article, times \$64,476, times the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the district in 1980-1981; and

(b) the product obtained by multiplying the mill rate levied by the district on its adjusted assessed valuation in 1980 payable 1981 pursuant to section 20 of this article, times the district's 1979 adjusted assessed valuation.

(6) No district where the assessed valuation of agricultural land identified in section 273.13, subdivisions 4, 6 and 6a, comprises 60 percent or more of the assessed valuation of the district shall receive an amount of foundation aid pursuant to clause (1) which is less than the following difference:

(a) \$600 times the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), less

(b) the sum of

(i) the amount of the agricultural tax credit by which 1980 payable 1981 property taxes in the district are reduced pursuant to section 273.132, plus

(ii) the amount by which 1980 payable 1981 property taxes in the district are reduced pursuant to section 273.13, subdivisions 6, 7 and 14a, plus

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(iii) the amount by which 1980 payable 1981 property taxes in the district are reduced pursuant to section 273.135, plus

(iv) the amount by which 1980 payable 1981 taxes in the district are reduced pursuant to section 273.138, subdivision 6.

Sec. 11. Minnesota Statutes 1978, Section 124.212, Subdivision 11, is amended to read:

Subd. 11. (a) In the calculation of adjusted assessed valuations for 1979 and each year thereafter, the committee shall not increase the adjusted assessed valuation, exclusive of property valuation added, improved, reclassified, or reassessed since the prior assessment, of taxable property for any subsequent year in any school district over the adjusted assessed valuation established and filed with the commissioner of education for the immediately preceding year by more than eight percent over the greater of (1) 19 percent of the certified adjusted assessed valuation established and filed with the commissioner of education for the year immediately preceding, or (2) 40 percent of the difference between the district's total adjusted assessed valuation for the current year calculated without the application of this subdivision and the district's certified adjusted assessed valuation established and filed with the commissioner of education for the immediately preceding year.

(b) The sales ratio studies published by the department of revenue, or any part thereof, or any copy of the same, or records accumulated in preparation thereof, which are prepared by the commissioner of revenue for the equalization aid review committee for use in determining school aids pursuant to this section shall not be admissible in evidence in any proceeding, except that the sales ratio studies shall be admissible as a public record without the laying of a foundation in (1) actions under chapter 278 in the case of property described in section 273.13, subdivisions 6, 6a, 7, 7b, 10 or 12; (2) actions brought in the small claims division of the tax court; or (3) in actions for review of the determination of the school aids payable under this section.

Sec. 12. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to read:

[124.224] SPARSITY AID. Subdivision 1. The sparsity aid program for the 1979-1980 school year shall be governed by the provisions of this section.

Subd. 2. DEFINITIONS. As used in this section, the terms defined in this subdivision have the meanings given them.

(a) "High school" means a secondary school, as defined in Minnesota Statutes, Section 120.05, Subdivision 2, Clause (3), which enrolls pupils in each of grades ten, eleven and twelve. If a district is paired with another district according to the provisions of Minnesota Statutes, Section 122.85, and if there is no secondary school in the district which enrolls pupils in each of grades ten, eleven and twelve, then the commissioner of education shall designate one school in the district as a high school for the purposes of this section.

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(b)(i) In a school district with only one high school, "secondary average daily membership" means the average daily membership of resident pupils in grades seven through twelve, as defined in section 124.17, subdivision 2;

(ii) In a school district with more than one high school, "secondary average daily membership" for a particular high school means the product of the number of resident pupils enrolled in grades seven through twelve in average daily membership in that high school, as defined in section 124.17, subdivision 2, times the ratio of six to the number of grades in that high school.

(c) "Attendance area" means the quotient of the total surface area of a district divided by the number of high schools in the district.

(d) "Isolation index" means the sum of

(i) the distance measured by the usual traveled routes between a particular high school in a district and the nearest other high school, plus

(ii) the square root of one-half the attendance area.

(e) "Qualifying high school" means a high school with an isolation index of greater than 18 and with secondary average daily membership of less than 500 in the year for which the aid is to be paid.

Subd. 3. QUALIFICATION. To qualify for aid under subdivision 4, a district must have at least one qualifying high school in the year for which the aid is to be paid.

Subd. 4. COMPUTATION. A district which qualifies for aid under subdivision 3 shall receive an amount of aid equal to the sum of the amounts determined by computing the following product for each qualifying high school in the district:

(a) the foundation aid formula allowance for the school year, multiplied by

(b) the secondary average daily membership, multiplied by

(c) the quotient obtained by dividing (1) the remainder of 500 minus the secondary average daily membership by (2) the sum of 500 plus the secondary average daily membership, multiplied by

(d) the quotient obtained by dividing (1) the remainder of the isolation index minus 18 by (2) the isolation index.

Subd. 5. ISOLATED ELEMENTARY SCHOOLS. Any school district operating an elementary school, as defined in Minnesota Statutes, Section 120.05, Subdivision 2, which enrolls fewer than 20 pupils, and which is at least 50 miles by the usual traveled routes from the nearest other Minnesota elementary school, shall receive an amount equal to the foundation aid formula allowance times the number of pupils enrolled in that school in addition to all other aids the district is entitled to pursuant to chapter 124.

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Subd. 6. PAYMENT SCHEDULE. Except as may otherwise be authorized by the commissioner of education to accommodate a flexible school year program, the state shall pay to a school district 45 percent of its estimated aid for the fiscal year under this section on or before each of the following dates: August 31 and January 31. The final aid distribution shall be made on or before October 31 of the following fiscal year.

Subd. 7. DEPARTMENT OF EDUCATION. All sparsity aid shall be computed and distributed by the state aids section of the department of education.

Subd. 8. This section shall expire June 30, 1980.

Sec. 13. Minnesota Statutes 1978, Section 124.245, Subdivision 2, is amended to read:

Subd. 2. As used in this section, pupil units shall include only those units identified in section 124.17, subdivision 1, clauses (1), (2), (4), (5), (6) and (7). Beginning in the 1980-1981 school year, pupil units shall include only those units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5).

Sec. 14. Minnesota Statutes 1978, Section 275.125, Subdivision 1, is amended to read:

275.125 **TAX LEVY, SCHOOL DISTRICTS.** Subdivision 1. Except as may otherwise be provided in this section, the words and phrases defined in ~~section sections~~ 124.212 and 124.01 when used in this section shall have the meanings ascribed to them in ~~section 124.212~~ those sections.

Sec. 15. Minnesota Statutes 1978, Section 275.125, Subdivision 2a, is amended to read:

Subd. 2a. (1) In ~~1977~~ 1979, a school district may levy for all general and special school purposes, an amount equal to the amount raised by ~~28~~ 23 mills times the ~~1976~~ 1978 adjusted assessed valuation of the district.

(2) In ~~1978~~ 1980, a school district may levy for all general and special school purposes, an amount equal to the amount raised by ~~27~~ 21 mills times the ~~1977~~ 1979 adjusted assessed valuation of the district.

(3) For any district levying less than 95 percent of the maximum levy allowable in clauses (1) and (2), beginning with the levy certified in 1978, payable in 1979, the foundation aid to the district for the 1979-1980 school year, and for subsequent levies, foundation aid for subsequent school years, calculated pursuant to section 124.212, shall be reduced to an amount equal to the ratio between the actual levy and the maximum levy allowable under clauses (1) and (2) times the foundation aid to which the district is otherwise entitled for that year. For purposes of computations pursuant to this clause, the maximum levy allowable and the actual levy under clauses (1) and (2) shall be increased by any reduction of this levy which is required by section 275.125, subdivision 9 or any other law.

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(4) (a) The levy authorized by clauses (1) or (2) may be increased in any amount which is approved by the voters of the district at a referendum called for the purpose. Such a referendum may be called by the school board or shall be called by the school board upon written petition of qualified voters of the district. The referendum shall be held on a date set by the school board. Only one such election may be held to approve a levy increase which will commence in a specific school year. The question on the ballot shall state the maximum amount of the increased levy in mills, the amount that will be raised by that millage in the first year it is to be levied, and that the millage shall be used to finance school operations. The question may designate a specific number of years for which the referendum authorization shall apply. If approved, the amount provided by the approved millage applied to each year's taxable valuation shall be authorized for certification for the number of years approved, if applicable, or until revoked by the voters of the district at a subsequent referendum.

(b) A referendum on the question of revoking the increased levy amount authorized pursuant to clause (a) of this clause may be called by the school board and shall be called by the school board upon the written petition of qualified voters of the district. The amount approved by the voters of the district pursuant to clause (a) of this clause must be levied at least once before it is subject to a referendum on its revocation for subsequent years. Only one such revocation election may be held to revoke a levy for any specific year and for years thereafter.

(c) A petition authorized by clauses (a) or (b) of this clause shall be effective if signed by a number of qualified voters in excess of 15 percent, or 10 percent if the school board election is held in conjunction with a general election, of the average number of voters at the two most recent district wide school elections. A referendum invoked by petition shall be held within three months of submission of the petition to the school board.

(d) Notwithstanding any law to the contrary, the approval of 50 percent plus one of those voting on the question is required to pass a referendum.

(e) Within 30 days after the district holds a referendum pursuant to this clause, the district shall notify the commissioner of education of the results of the referendum.

Sec. 16. Minnesota Statutes 1978, Section 275.125, Subdivision 2b, is amended to read:

Subd. 2b. (1) Beginning in ~~1978~~ 1979, in any year when the amount of the maximum levy allowed ~~for any district~~ by subdivision 2a, clause (1) or (2), for any district with 950 or more pupil units under section 124.17, subdivision 1, clauses (1) and (2), exceeds the product of the district's foundation aid formula allowance under section 124.212 for the corresponding school year times the number of pupil units computed for that district under section 124.17, subdivision 1, clauses (1), (2), (4) and (5), for that school year, the levy permitted that district by subdivision 2a, clause (1) or (2) shall be limited to the greater of the dollar amount of the levy the district certified in 1977 under subdivision 2a, clause (1) or 107 percent of the sum of the following, but not to exceed the amount raised by the number of mills permitted under subdivision 2a, clause (1) or (2):

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(a) the product of the district's foundation aid formula allowance under section 124.212 for the school year in which the levy is certified times the number of pupil units computed for that district under ~~sections~~ section 124.17, subdivision 1, clauses (1), (2), (4) and (5), for the school year in which the levy is certified; plus

(b) the district's estimated aid entitlement pursuant to section 124.20 for the summer school which begins in the school year in which the levy is certified; plus

(c) that district's entitlement, for the year in which the levy is certified, for transportation aid pursuant to article II, section 8 of this act, special education aid pursuant to section 124.32, secondary vocational aid pursuant to section 124.573 and secondary vocational aid for handicapped children pursuant to section 124.574.

(2) If a district levies the full 107 percent of its entitlement under clause (1) for a school year and that amount is less than the amount to which the district would actually have been entitled under sections 124.20, 124.212, ~~124.222~~, 124.32, 124.573 ~~and~~, 124.574 and article II, section 8 of this act, for the year to which the levy is attributable, the district may adjust its levies in the succeeding years to make up this difference. The amount by which the district is ~~allowed to adjust its levies~~ adjusts any levy in the succeeding years pursuant to this ~~clause~~ section shall be ~~recorded as a receivable in the school year to which the aids are attributable~~ recognized as revenue in the school year when the levy which is so adjusted is recognized as revenue.

(3) If a district levies pursuant to clause (1) for a school year and the amount levied is greater than the amount to which the district would actually have been entitled under sections 124.20, 124.212, ~~124.222~~, 124.32, 124.573 ~~and~~, 124.574 and article II, section 8 of this act, for the year to which the levy is attributable, the district shall reduce its levies in the succeeding years by the amount of this difference.

(4) However, if the amount of the difference in clause (2), when calculated as an addition to the original levy for that year, would have exceeded the amount raised by the millage limitation in subdivision 2a, clause (1) or (2) for that year, the state shall pay the amount to which the district is entitled under sections 124.20, 124.212, ~~124.222~~, 124.32, 124.573 ~~and~~, 124.574 and article II, section 8 of this act, for that school year, which exceeds the amount raised by that millage limitation.

(5) If the district is unable to levy the full 107 percent of its entitlement for a school year because of the millage limitation in subdivision 2a, clause (1) or (2), the state shall pay the amount under sections 124.20, 124.212, ~~124.222~~, 124.32, 124.573 ~~or~~, 124.574 or article II, section 8 of this act to which the district is entitled for that school year which exceeds the amount raised by that millage limitation.

(6) Prior to the certification of levies, the commissioner of education shall notify an applicable district that it is subject to the levy limitation of this subdivision and of its estimated entitlements pursuant to sections 124.20, 124.212, ~~124.222~~, 124.32, 124.573 ~~and~~, 124.574 and article II, section 8 of this act. The commissioner shall decide that a district is subject to this levy limitation if it appears reasonably certain that the maximum levy allowed that district pursuant to subdivision 2a, clause (1) or (2) will exceed the district's

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foundation aid formula allowance times the number of pupil units computed for that district under section 124.17, subdivision 1, clauses (1), (2), (4) and (5), for that corresponding year. If, upon the order of the commissioner, the district levies pursuant to this subdivision but the maximum levy allowed that district pursuant to subdivision 2a, clause (1) or (2) would not actually have exceeded the district's foundation aid formula allowance times the number of pupil units computed for that district under section 124.17, subdivision 1, clauses (1), (2), (4) and (5), for that corresponding year, the district shall reduce its levy for the next year by the amount by which the levy certified pursuant to this subdivision exceeded the amount the district could have levied under subdivision 2a, clause (1) or (2). Also in that case, the district shall receive all aids from the state pursuant to sections 124.20, 124.212, ~~124.222~~, 124.32, 124.573 ~~and~~ , 124.574 ~~and~~ article II, section 8 of this act to which it would otherwise have been entitled if its permitted levy had not been computed pursuant to this subdivision.

(7) Any district which is required to compute its permitted levy under this subdivision shall not be eligible to receive aid under sections 124.20, 124.212, ~~124.222~~, 124.32, 124.573 ~~and~~ , 124.574 ~~and~~ article II, section 8 of this act for the corresponding year except as authorized by this subdivision.

(8) Nothing within the provisions of this subdivision shall be construed to affect any other levy under this section, including levies made pursuant to subdivision 2a, clause (4), to which a district is otherwise entitled.

(9) A levy made by a district pursuant to the provisions of this subdivision shall be construed to be the levy made by that district pursuant to subdivision 2a, clause (1) and (2), for purposes of statutory cross-reference.

(10) The provisions of clauses (2) to (9) shall govern 1979-1980 aids, the adjustment of levies, and statutory cross-references to the 1978 levy, for any district which levied pursuant to clause (1) in 1978 and which is not required to levy pursuant to clause (1) in 1979 or subsequent years.

Sec. 17. Minnesota Statutes 1978, Section 275.125, is amended by adding a subdivision to read:

Subd. 2c. (1) Beginning in 1979, in any year when the amount of the maximum levy limitation under subdivision 2a, clause (1) or (2), for any district with fewer than 950 pupil units under section 124.17, subdivision 1, clauses (1) and (2), exceeds the product of the district's foundation aid formula allowance for the year in which the levy is recognized as revenue times the estimated number of pupil units for that district identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), for that school year, the levy limitation for that district under subdivision 2a, clause (1) or (2), shall be limited to the greater of the dollar amount of the levy the district certified in 1977 under Minnesota Statutes 1978, Section 275.125, subdivision 2a, clause (1), or the following difference but not to exceed the levy limitation under subdivision 2a, clause (1) or (2):

(a) the product of the district's foundation aid formula allowance under section 124.212 for the school year in which the levy is recognized as revenue, times the estimated

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number of pupil units for that district identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), for that school year, less

(b) the estimated amount of any payments which would reduce the district's foundation aid entitlement as provided in section 124.212, subdivision 5a in the school year in which the levy is recognized as revenue.

(2) A levy made by a district pursuant to this subdivision shall be construed to be the levy made by that district pursuant to subdivision 2a, clause (1) or (2), for purposes of statutory cross-reference.

Sec. 18. Minnesota Statutes 1978, Section 275.125, is amended by adding a subdivision to read:

Subd. 6b. (1) In 1979 any district which qualified in 1978 for an excess levy under Minnesota Statutes 1978, Section 275.125, Subdivision 6 or 7, may levy an amount equal to the product obtained by multiplying

(a) the lesser of

(i) one or

(ii) the ratio of the district's 1978 adjusted assessed valuation per pupil unit identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the district in 1979-1980, to the state average 1978 adjusted assessed valuation per pupil unit identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the state in 1979-1980, times

(b) the product obtained by multiplying

(i) the amount per pupil unit which the district was permitted to levy in 1978 under Minnesota Statutes 1978, Section 275.125, Subdivisions 6 and 7, times

(ii) the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (6), and (7), in the district in 1979-1980.

(2) In 1980 and each year thereafter, any district which qualified in 1979 for an excess levy under clause (1), shall be allowed to levy an amount equal to the product obtained by multiplying

(a) the lesser of

(i) one or

(ii) the ratio of the district's adjusted assessed valuation in the preceding year per pupil unit identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the school year when the levy is certified, to the state average adjusted assessed valuation in the preceding year per pupil unit identified in section 124.17, subdivision 1, clauses (1),

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(2), (4), and (5), in the school year when the levy is certified, times

(b) the greater of

(i) the amount derived in clause (1), part (b), or

(ii) the product obtained by multiplying the number of pupil units identified in section 124.17, subdivision 1, clauses (1) and (2) in the district in the school year when the levy is certified, times the quotient obtained by dividing the amount derived in clause (1), part (b), by the number of pupil units identified in section 124.17, subdivision 1, clauses (1) and (2), in the district in 1979-1980.

Sec. 19. Minnesota Statutes 1978, Section 275.125, is amended by adding a subdivision to read:

Subd. 6c. (1) In 1979 any district may levy an amount equal to the lesser of

(a) the product obtained by multiplying

(i) the ratio of

(A) the quotient obtained by dividing the sum of the additional amounts of aid the district would receive if pupil units identified in section 124.17, subdivision 1, clauses (6) and (7) were used in addition to the pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the computation pursuant to section 124.212, subdivision 7c, clause (1), and if section 12 of this article were effective in the 1980-1981 school year, by the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the district in 1980-1981, to

(B) \$55,000, times

(ii) the district's 1978 adjusted assessed valuation, or

(b) the additional amounts of aid the district would receive if pupil units identified in section 124.17, subdivision 1, clauses (6) and (7) were used in addition to the pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the computation pursuant to section 124.212, subdivision 7c, clause (1), and if section 12 of this article were effective in the 1980-1981 school year.

(2) In 1980 and each year thereafter, any district which qualified for a levy under clause (1) may levy an amount equal to the lesser of

(a) the product obtained by multiplying

(i) the ratio of the foundation aid formula allowance for the school year to which the levy is attributable pursuant to section 121.904, subdivision 4, to \$1,265, times

(ii) the ratio of the amount derived in clause (1), part (a) (i) (A), to the equalizing

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factor for the school year to which the levy is attributable, times

(iii) the district's adjusted assessed valuation for the preceding year, or

(b) the product obtained by multiplying

(i) the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5) in the district in the school year to which the levy is attributable pursuant to section 121.904, subdivision 4, times

(ii) the ratio of the foundation aid formula allowance for the year to which the levy is attributable pursuant to section 121.904, subdivision 4, to \$1,265, times

(iii) the amount derived in clause (1), part (a) (i) (A).

Sec. 20. Minnesota Statutes 1978, Section 275.125, is amended by adding a subdivision to read:

Subd. 7a. (1) In 1979 each district which levies the maximum permissible amount pursuant to subdivision 2a, clauses (1), (2) and (4), section 18 of this article, and section 19 of this article, may levy an additional amount which shall not exceed the lesser of (a) an amount equal to one-half mill times the district's 1978 adjusted assessed valuation or (b) the product obtained by multiplying \$27.50 times the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the district in 1979-1980.

(2) In 1980 and each year thereafter, each district which levies the maximum permissible amount pursuant to subdivision 2a, clauses (1), (2) and (4), section 18 of this article, and section 19 of this article, may levy an additional amount which shall not exceed the lesser of (a) an amount equal to one mill times the district's adjusted assessed valuation for the preceding year or (b) the product obtained by multiplying (i) the ratio of the equalizing factor to 1,000, times (ii) the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the district in the school year when the levy is certified.

(3) By August 1 before a district certifies any levy pursuant to this subdivision in 1979, or by the July 1 before a district certifies any levy pursuant to this subdivision in 1980, in any even-numbered year thereafter, or in any odd-numbered year thereafter when the district has not certified a levy pursuant to this subdivision in the preceding year, the board of the district shall hold a public hearing on the need for the proposed levy pursuant to this subdivision. At least three weeks published notice of the hearing in 10 point type, on 12 point body, with a larger headline, shall be given in the legal newspaper with the largest circulation in the district. The notice shall state the amount of the proposed levy in dollars and mills, the net unappropriated fund balance in the district's operating funds as of the June 30 before the levy is certified, and the tax impact of the proposed levy on homesteads with market values of \$30,000 and \$50,000. At the hearing, the district shall present its proposed revenue and expenditure budgets for the next two school years and the net unappropriated fund balances in all district funds as of the June 30 before the levy is certified, and the board shall hear all parties requesting to

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give testimony for and against the proposed levy. Upon petition within 20 days after the hearing of five percent of the number of voters who voted in the district at the preceding statewide general election, the board shall call a referendum on a reduction of the proposed levy. The petition shall state the number of mills on the district's adjusted assessed valuation by which it proposes to reduce the proposed levy. No petition or referendum shall provide for a reduction of a proposed levy pursuant to this subdivision to a rate less than one-half mill on the district's adjusted assessed valuation below the rate levied by the district pursuant to this subdivision in the preceding year. The referendum shall be held on a date set by the school board, but no later than September 20 in 1979 or the August 20 before the levy is certified in subsequent years. The question on the ballot shall state the maximum amount of the proposed levy, the amount of the proposed reduction of the levy and the amount of the levy if the reduction is approved, in mills on the district's adjusted assessed valuation and in dollars in the first year of the proposed levy. The district may levy the amount provided by the millage proposed by the school board, reduced by any reduction in millage approved at a referendum pursuant to this clause, applied to the preceding year's adjusted assessed valuation until the next even-numbered year. The district is not required to hold a public hearing or call a referendum on a levy pursuant to this subdivision in any odd-numbered year after 1979 which succeeds a year in which a levy is certified pursuant to this subdivision.

Sec. 21. Minnesota Statutes 1978, Section 275.125, is amended by adding a subdivision to read:

Subd. 7b. (1) It is the intention of the legislature that the revenue provided by the discretionary levy authorized in section 20 of this article and by the corresponding portion of foundation aid provided in section 9, clause (5), of this article and section 10, clause (5), of this article be used to improve instructional programs in grades kindergarten through 12. If the board of any district with a reasonable general fund balance determines that all or part of this revenue is not needed for this purpose and if this determination is demonstrated by an increase in the district's general fund balance in any fiscal year starting in fiscal year 1981, the mill rate used to calculate the authorized discretionary levy and the corresponding portion of foundation aid shall be reduced as provided in this subdivision. For purposes of this subdivision, a "reasonable general fund balance" shall mean \$150 per pupil unit identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5).

(2) In any district where the maximum permissible levy pursuant to section 20 of this article in 1981 or in any year thereafter is determined according to clause (2), part (a), of that section, and where the net unappropriated general fund balance has increased between the second June 30 before the levy is certified and the June 30 before the levy is certified, the maximum permissible levy pursuant to section 20 of this article in that year shall be reduced by an amount equal to the product obtained by multiplying

(a) the ratio of

(i) the quotient obtained by dividing the amount of that increase in the general fund balance by the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the district in the year when the levy is certified, to

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(ii) the equalizing factor, times

(b) the district's adjusted assessed valuation for the preceding year.

No levy reduction pursuant to this clause, however, shall exceed an amount equal to the product obtained by multiplying

(a) the ratio of

(i) the difference obtained by subtracting \$150 from the quotient obtained by dividing the amount of the net unappropriated general fund balance in the district as of the June 30 before the levy is certified, by the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the district in the year when the levy is certified, to

(ii) the equalizing factor, times

(b) the district's adjusted assessed valuation for the preceding year.

(3) In any district where the maximum permissible levy pursuant to section 20 of this article in 1981 or in any year thereafter is determined according to clause (2), part (b), of that section, and where the net unappropriated general fund balance has increased between the second June 30 before the levy is certified and the June 30 before the levy is certified, the maximum permissible levy pursuant to section 20 of this article in that year shall be reduced by the amount of that increase in the general fund. No levy reduction pursuant to this clause, however, shall exceed an amount equal to the difference obtained by subtracting

(a) the product obtained by multiplying \$150 times the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the district in the year when the levy is certified, from

(b) the amount of the net unappropriated general fund balance in the district as of the June 30 before the levy is certified.

Sec. 22. Minnesota Statutes 1978, Section 275.125, Subdivision 9, is amended to read:

Subd. 9. (1) Districts which receive payments which result in deductions from foundation aid pursuant to section 124.212, subdivision 8a, clause (1), shall reduce the foundation levies authorized by subdivisions 3 to 14 by that portion of the previous year's payment not deducted from foundation aid on account of the payment. The levy reductions shall be made in the proportions that each permissible levy bears to the sum of the permissible levies. Reductions in levies pursuant to this clause, subdivision 10 of this section, and section 273.138, shall be made prior to the reductions in clause (2).

(2) Notwithstanding any other law to the contrary, districts which received payments pursuant to sections 294.21 to 294.28; 298.23 to 298.28; 298.32; 298.34 to

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298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; and any law imposing a tax upon severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties; shall not include a portion of these aids in their permissible levies pursuant to those sections, but instead shall reduce the permissible levies authorized by this section by the greater of the following:

(a) an amount equal to 50 percent of the total dollar amount of the payments received pursuant to those sections in the previous fiscal year; or

(b) an amount equal to the total dollar amount of the payments received pursuant to those sections in the previous fiscal year less the product of the same dollar amount of payments times the ratio of the maximum levy allowed the district under subdivision 2a, to the total levy allowed the district under this section in the year in which the levy is certified.

(3) No reduction pursuant to this subdivision shall reduce the levy made by the district pursuant to subdivision 2a, clause 1 or 2, to an amount less than the amount raised by a levy of 10 mills times the adjusted assessed valuation of that district for the preceding year as determined by the equalization aid review committee. The amount of any increased levy authorized by referendum pursuant to subdivision 2a, clause (4) shall not be reduced pursuant to this subdivision. The amount of any levy authorized by subdivision 4, to make payments for bonds issued and for interest thereon, shall not be reduced pursuant to this subdivision. The amount of any levy authorized by section 20 of this article shall not be reduced pursuant to this subdivision.

(4) Before computing the reduction pursuant to this subdivision of the capital expenditure levy authorized by subdivision 11a, the commissioner shall ascertain from each affected school district the amount it proposes to levy for capital expenditures pursuant to that subdivision. The reduction of the capital expenditure levy shall be computed on the basis of the amount so ascertained.

(5) Notwithstanding any law to the contrary, any amounts received by districts in any fiscal year ~~after fiscal year 1975~~ pursuant to sections 294.21 to 294.28; 298.23 to 298.28; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; or any law imposing a tax on severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties; and not deducted from foundation aid pursuant to section 124.212, subdivision 8a, clause (2), and not applied to reduce levies pursuant to this subdivision shall be paid by the district to the commissioner of finance in the following amounts pursuant to this clause on the designated dates: ~~on or before March 15, 1977, 20 percent of the amounts received in fiscal 1976 and not deducted from foundation aid in August 1976 and not applied to reduce 1976 payable 1977 levies; on or before March 15, 1978, 60 percent of the amounts received in fiscal 1977 and not deducted from foundation aid and not applied to reduce 1977 payable 1978 levies. Any amounts received by districts in any fiscal year after fiscal year 1977 pursuant to the sections specified in this clause shall be paid by the district to the commissioner of finance in the following amounts~~ amount on the designated dates date: on or before ~~March 15, 1979~~ and March 15 of each year thereafter, 100 percent of the amount required to be subtracted from the previous fiscal year's foundation aid pursuant to section

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124.212, subdivision 8a, which is in excess of the foundation aid earned for that fiscal year. The commissioner of finance shall deposit any amounts received pursuant to this clause in the taconite property tax relief fund in the state treasury, established pursuant to section 16A.70 for purposes of paying the taconite homestead credit as provided in section 273.135.

Sec. 23. Minnesota Statutes 1978, Section 275.125, is amended by adding a subdivision to read:

Subd. 19. Beginning with the 1979 payable 1980 levy, any district which it is estimated will receive an amount of minimum foundation aid pursuant to section 9, clause (6) of this article or its successor provision in the year to which the levy is attributable, shall reduce its levy limitation pursuant to subdivision 2a, clause (1) or (2), by the amount of minimum foundation aid which it is estimated that the district will receive in the year to which the levy is attributable.

Sec. 24. Minnesota Statutes 1978, Section 275.125, is amended by adding a subdivision to read:

Subd. 20. The computation of levy limitations pursuant to sections 17, 19 and 23 of this article shall be based on estimates where necessary. If as a result of using estimates for these computations the amount of any levy is different from the amount which could actually have been levied if actual data had been available, levy limitations in the first year when the actual data is known shall be adjusted to reflect for this difference. The amount of any adjustment to levy limitations pursuant to this subdivision shall be recognized as revenue in the school year when the levy for which the levy limitation is so adjusted is recognized as revenue.

Sec. 25. In accordance with Minnesota Statutes, Section 648.34, in the next edition of Minnesota Statutes, the revisor of statutes shall renumber Minnesota Statutes, Section 273.132 as a section of Minnesota Statutes, Chapter 124 and alter references to it in the statutes to conform to the change. The headnote of the renumbered section shall read: "STATE SCHOOL AGRICULTURAL CREDIT."

Sec. 26. **DEFICIENCY APPROPRIATION.** The sum of \$1,180,000 is appropriated from the general fund to the department of education for the year ending June 30, 1979 for the payment of a deficiency in funds available for the payment of foundation aid for 1978 summer school programs. This appropriation shall be added to the amount appropriated and allocated for foundation aid for 1978 summer school programs in Laws 1977, Chapter 447, Article 1, Section 23, Subdivision 2.

Sec. 27. **REPEALER.** Minnesota Statutes 1978, Sections 124.212, Subdivisions 6b and 7b; 124.213; and 275.125, Subdivisions 6 and 7, are repealed.

Sec. 28. **APPROPRIATION.** Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

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Subd. 2. FOUNDATION AID. For foundation aid there is appropriated:
\$637,540,900.....1980.

This amount includes \$58,544,500 for aid for fiscal year 1979 payable in fiscal year 1980,
and \$578,996,400 for aid for fiscal year 1980 payable in fiscal year 1980.
\$653,680,100.....1981.

This amount includes \$60,537,100 for aid for fiscal year 1980 payable in fiscal year 1981,
and \$593,143,000 for aid for fiscal year 1981 payable in fiscal year 1981.

Subd. 3. SUMMER SCHOOL. For state aid for summer school there is appropriated:
\$10,759,100.....1980.

This amount is for 1979 summer school programs.
\$11,619,900.....1981.

This amount is for 1980 summer school programs.

Subd. 4. SPARSITY AID. For sparsity aid pursuant to section 12 of this article there is appropriated:

\$1,662,000 1980.

\$182,000..... 1981.

If the appropriation amounts for this purpose are insufficient, the aid shall be prorated among all qualifying districts and the state shall not be obligated for any amount in excess of the appropriations in this subdivision for this purpose. The appropriation in this subdivision for 1981 is for the final payment of sparsity aid for 1980.

Subd. 5. Any unexpended balance remaining from the appropriations in this section for 1980 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated.

Sec. 29. EFFECTIVE DATE. Section 26 of this article shall be effective the day following final enactment.

ARTICLE II

TRANSPORTATION AID PROGRAM

Section 1. Minnesota Statutes 1978, Section 120.17, Subdivision 4, is amended to read:

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Subd. 4. **SPECIAL INSTRUCTIONS FOR NON-RESIDENT CHILDREN.** When a school district provides instruction and services outside the district of residence, ~~transportation or~~ board and lodging, and any tuition to be paid, shall be paid by the district of residence. Transportation costs shall be paid by the district providing the transportation, and the state shall reimburse the district within the limits provided by law. The tuition rate to be charged for any handicapped child shall be the actual cost of providing special instruction and services to the child including a proportionate amount for capital outlay and debt service but not including any amount for transportation, minus the amount of special aid for handicapped children received on behalf of that child. If the boards involved do not agree upon the tuition rate, either board may apply to the commissioner to fix the rate. The commissioner shall then set a date for a hearing, giving each board at least ten days' notice, and after the hearing the commissioner shall make his order fixing the tuition rate, which shall be binding on both school districts.

For the purposes herein, any school district may enter into an agreement, upon such terms and conditions as may be mutually agreed upon, to provide special instruction and services for handicapped children. In that event, one of the participating units may employ and contract with necessary qualified personnel to offer services in the several districts, and each participating unit shall reimburse the employing unit a proportionate amount of the actual cost of providing the special instruction and services, less the amount of state special education aid, which shall be claimed in full by the employing district.

Sec. 2. Minnesota Statutes 1978, Section 120.17, Subdivision 6, is amended to read:

Subd. 6. **PLACEMENT IN ANOTHER DISTRICT; RESPONSIBILITY.** The responsibility for special instruction and services for a handicapped child temporarily placed in another district for care and treatment shall be determined in the following manner:

(a) The school district of residence of such a child shall be the district in which his parent resides, if living, or his guardian, or the district designated by the commissioner of education if neither parent nor guardian is living within the state.

(b) The district providing the instruction shall maintain an appropriate educational program for such a child and shall bill the district of the child's residence for the actual cost of providing the program, as outlined in subdivision 4, except that the board, lodging, and treatment costs incurred in behalf of a handicapped child placed outside of the school district of his residence by the commissioner of public welfare or the commissioner of corrections or their agents, for reasons other than for making provision for his special educational needs shall not become the responsibility of either the district providing the instruction or the district of the child's residence.

(c) The district of residence shall pay tuition and other program costs, not including transportation costs, to the district providing the instruction and the district of residence may claim foundation aid for the child as provided by law. Special transportation costs shall be paid by the district ~~of the child's residence~~ providing the transportation and the state shall reimburse the district for such costs within the limits ~~set~~

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forth in section ~~124.22~~, subdivision 3 provided by law.

Sec. 3. Minnesota Statutes 1978, Section 122.85, Subdivision 6, is amended to read:

Subd. 6. Each district entering into an agreement pursuant to subdivision 1 shall continue to provide transportation and collect transportation aid for its resident pupils pursuant to sections 123.39, ~~124.222~~ 8 of this article and 124.223. This subdivision shall not be construed to prohibit a district from providing some or all transportation to its resident pupils by contracting with the other district which has entered the agreement. ~~For purposes of aid calculations pursuant to section 124.222, the commissioner may adjust the base cost per eligible pupil transported to reflect changes in costs resulting from any agreement which provides for each district to discontinue at least one grade.~~

Sec. 4. Minnesota Statutes 1978, Section 123.79, Subdivision 1, is amended to read:

123.79 **FUNDS AND AIDS.** Subdivision 1. Such state aids as may become available or appropriated shall be governed by section ~~124.222~~ 8 of this article, be paid to the school district entitled thereto for the equal benefit of all school children, and be disbursed in such manner as determined by the board.

Sec. 5. Minnesota Statutes 1978, Section 123.80, Subdivision 1, is amended to read:

123.80 **SAFETY EDUCATION FOR TRANSPORTED STUDENTS.** Subdivision 1. ~~Not later than January 1, 1975~~ The state board of education shall provide by rule or regulation a program of safety education for students who are transported to school. Each district receiving aid under the provisions of section ~~124.222~~ 8 of this article shall implement the program for the school year beginning in ~~September 1975~~. In drafting said regulations, the board shall give particular attention to procedures for loading, unloading, vehicle lane crossing and emergency evacuation procedures as they affect school buses.

Sec. 6. Minnesota Statutes 1978, Section 124.222, Subdivision 3, is amended to read:

Subd. 3. **PAYMENT SCHEDULE.** Except as may be otherwise authorized by the commissioner to accommodate a flexible school year program, the state shall pay to each school district 30 percent of its estimated school transportation aid entitlement for the fiscal year on or before each of the following dates: August 31, December 31, and March 31. ~~The amount of transportation aid for school bus depreciation shall be paid on or before September 30.~~ The final aid distribution to each district shall be made on or before October 31 of the following fiscal year.

Sec. 7. Minnesota Statutes 1978, Section 124.223, is amended to read:

124.223 **TRANSPORTATION AID AUTHORIZATION.** ~~For the 1978-1979 school year and thereafter,~~ School transportation and related services for which state transportation aid is authorized are:

(1) Transportation of board of resident pupils who reside one mile or more from

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the public schools which they could attend, or transportation to, from, or between the schools they attend pursuant to a program approved by the commissioner of education, or who reside one mile or more from a private school actually attended, but only to the extent permitted by sections 123.76 to 123.79 with respect to private school pupils;

(2) Transportation to and from or board and lodging in another district, of resident pupils of a district without a secondary school; the pupils may attend a classified secondary school in another district and shall receive board and lodging in or transportation to and from a district having a classified secondary school at the expense of the district of the pupil's residence;

(3) Transportation to and from a state board approved secondary vocational center for secondary vocational classes for resident pupils of any of the districts who are members of or participating in programs at that center;

(4) Transportation or board and lodging of a handicapped pupil when that pupil cannot be transported on a regular school bus, the conveying of handicapped pupils between home and school and within the school plant, and necessary transportation for resident handicapped pupils required by section 120.17, subdivision 4a;

(5) When necessary, board and lodging for nonresident handicapped pupils in a district maintaining special classes;

(6) Transportation from one educational facility to another within the district for resident pupils enrolled on a shared time basis in educational programs approved by the commissioner of education, and necessary transportation required by section 120.17, subdivision 9 for resident handicapped pupils who are provided special instruction and services on a shared time basis;

(7) Transportation for residents to and from the Minnesota school for the deaf or the Minnesota braille and sight-saving school;

(8) Services described in clauses (1) to (7) and clause (10) when provided in conjunction with a state board approved summer school program;

(9) Transportation to, from or between educational facilities located in any of two or more school districts jointly offering academic classes approved by the commissioner or secondary vocational classes not provided at a secondary vocational center which are approved by the commissioner for resident pupils of any of these districts; and

(10) Necessary 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 123.935.

Sec. 8. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to read:

[124.225] **TRANSPORTATION AID ENTITLEMENT.** Subdivision 1.

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DEFINITIONS. For purposes of this section, the terms defined in this subdivision have the meanings given to them.

(a) "FTE" means a transported full time equivalent pupil whose transportation is authorized for aid purposes by section 124.223.

(b) "Total authorized cost" or "total authorized expenditure" means the sum of:

(i) all expenditures for transportation for which aid is authorized in section 124.223, plus

(ii) an amount equal to one year's depreciation on the district's school bus fleet computed on a straight line basis at the rate of 12-1/2 percent per year of the cost of the fleet, plus

(iii) an amount equal to one year's depreciation on district school buses reconditioned by the department of corrections computed on a straight line basis at the rate of 33-1/3 percent per year of the cost to the district of the reconditioning.

(c) "Total authorized predicted cost" means the total authorized cost predicted by a linear regression formula determined by the department of education.

(d) "Regular and summer school authorized FTE's transported" means full time equivalent pupils transported under section 124.223, clause (1), during the regular school year and in conjunction with a state board approved summer school program.

Subd. 2. For the 1979-1980 school year, the state shall pay to each school district for all pupil transportation and related services for which the district is authorized by law to receive state aid an amount determined according to this section. A linear regression formula shall be determined for each planning region by the department of education, using the terms specified in subdivision 4, to maximize the amount of variance accounted for between the total actual authorized cost per FTE for the 1977-1978 school year and the total authorized predicted cost per FTE for the 1977-1978 school year. The formula determined for each region shall be used to determine a total authorized predicted cost per FTE for the 1977-1978 school year for each district in the region. The amount determined for each district shall be adjusted according to the provisions of subdivisions 5 and 7. The linear regression formulas shall be determined so that the total transportation aid for the 1979-1980 school year does not exceed the amount appropriated for transportation aid for the 1979-1980 school year.

Subd. 3. For the 1980-1981 school year, the state shall pay to each school district for all pupil transportation and related services for which the district is authorized by law to receive state aid an amount determined according to this section. A linear regression formula shall be determined for each planning region by the department of education, using the terms specified in subdivision 4, to maximize the amount of variance accounted for between the total actual authorized cost per FTE for the 1978-1979 school year and the total authorized predicted cost per FTE for the 1978-1979 school year. The formula determined for each region shall be used to determine a total authorized predicted cost

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per FTE for the 1978-1979 school year for each district in the region. The amount determined for each district shall be adjusted according to the provisions of subdivisions 6 and 7. The linear regression formulas shall be determined so that the total transportation aid for all districts for the 1980-1981 school year does not exceed the amount appropriated for transportation aid for the 1980-1981 school year.

Subd. 4. To predict the natural logarithm of the total authorized cost per FTE transported authorized by law, the linear regression formula shall use the following terms and all their cross products:

(1) The natural logarithm of the quotient of 1.00 divided by the total number of authorized FTE's transported;

(2) The natural logarithm of the sum of 100 plus the difference between the average of the square roots computed for all districts in the state of the number of regular and summer school authorized FTE's transported per square mile minus the square root of the number of regular and summer school authorized FTE's transported per square mile in the district;

(3) The natural logarithm of the ratio of the number of regular and summer school authorized FTE's transported to the district's total average daily membership;

(4) The natural logarithm of the number of regular and summer school authorized FTE's transported per square mile;

(5) The natural logarithm of the district's average daily membership;

(6) The natural logarithm of the size of the district measured in square miles; and

(7) The natural logarithm of the total number of FTE's transported by the district authorized for aid pursuant to section 124.223 minus the number of regular and summer school authorized FTE's transported.

Subd. 5. The total authorized predicted cost per FTE determined for a district under subdivision 2 for 1977-1978 shall be increased by 17 percent.

Subd. 6. The total authorized predicted cost per FTE determined for a district under subdivision 3 for 1978-1979 shall be increased by 17 percent.

Subd. 7. (1) Each district's adjusted total authorized predicted cost per FTE determined for each school year according to subdivision 5 or 6 shall be compared to the total actual expenditure per FTE for authorized transportation for that district for that year to determine the district's aid entitlement per FTE for that year.

(2) If the adjusted total authorized predicted cost per FTE is greater than the district's actual authorized expenditure per FTE, its aid entitlement per FTE shall equal the adjusted predicted cost per FTE minus 10 percent of the first \$10 of difference between the adjusted total authorized predicted cost per FTE and the actual expenditure

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per FTE; minus 20 percent of the next \$20; minus 40 percent of the next \$20; minus 60 percent of the next \$50; and minus 75 percent of the difference which exceeds \$100.

(3) If the adjusted total authorized predicted cost per FTE is less than the district's actual authorized expenditure per FTE, its aid entitlement per FTE shall equal the adjusted total authorized predicted cost per FTE plus 10 percent of the first \$10 of difference between the adjusted predicted cost per FTE and the actual expenditure per FTE; plus 20 percent of the next \$20; plus 40 percent of the next \$20; plus 60 percent of the next \$50; and plus 75 percent of the difference which exceeds \$100.

(4) Notwithstanding clauses (2) and (3), for the 1979-1980 school year, no district's aid entitlement per FTE shall be less than its actual authorized expenditure per FTE minus \$20 or more than its actual authorized expenditure per FTE plus \$20.

Subd. 8. A district's aid pursuant to this section for each school year shall equal the district's aid entitlement per FTE determined according to subdivision 7 times the total number of authorized FTE's transported in the district in that school year, minus the amount raised by one mill times the adjusted assessed valuation which is used to compute the transportation levy limitation for the levy attributable to that school year.

Subd. 9. Each district shall report to the department before July 1 of each year an estimate for the next school year of the total number of FTE's transported by category and an estimate of the district's total actual authorized transportation expenditure by category. The district's aid shall be determined for purposes of the first three transportation aid payments for the school year using these estimates. Before August 15 of each year, each district shall provide the department with the information for the preceding school year which the department determines is necessary to compute the district's actual authorized expenditure per FTE for purposes of the computation in subdivision 7 and the district's actual total number of FTE's transported for purposes of the aid computation in subdivision 8. The district's final transportation aid payment for that school year shall be based on these computations.

Subd. 10. Any school district which owns school buses shall transfer annually from its transportation fund to its bus purchase fund at least an amount equal to 12-1/2 percent of the original cost of each bus until the original cost of each bus is fully amortized, plus 33-1/3 percent of the cost to the district as of July 1 of each year for school bus reconditioning done by the department of corrections until the cost of the reconditioning is fully amortized. Any school district may transfer any amount from its transportation fund to any other operating fund or to its bus purchase fund.

Sec. 9. Minnesota Statutes 1978, Section 169.44, Subdivision 1, is amended to read:

169.44 SCHOOL BUSES; STOP SIGNALS; CONDUCT OF OTHER VEHICLES. Subdivision 1. **MEETING OR OVERTAKING BUSES; STOP SIGNALS; STOPPING.** The driver of a vehicle upon a street or highway, upon meeting or overtaking from front or rear any school bus which has stopped on the street or highway for the purpose of receiving or discharging any school child or children, shall stop the vehicle not less than 20 feet from the bus when the bus is stopped and is displaying an

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extended stop signal arm and flashing red signals and shall remain stopped until the school bus driver retracts the stop signal arm and extinguishes the flashing red signals. A failure to stop as required by this subdivision is a misdemeanor. Every school bus with a seating capacity in excess of 16 persons shall be equipped with a stop signal arm, pre-warning flashing amber signals and flashing red signals. The stop signal arm of a vehicle outwardly equipped and identified as a school bus shall be used in conjunction with the flashing red signals only when the school bus is stopped on a street or highway for the purpose of receiving or discharging any school child or children.

Subd. 1a. Every school bus with a seating capacity in excess of 16 persons and every vehicle purchased for delivery after April 1, 1977 for use in the state of Minnesota as a school bus, with a seating capacity in excess of ten persons including the driver, shall be equipped with a stop signal arm, pre-warning flashing amber signals and flashing red signals. Every new school bus purchased for delivery after June 1, 1973, for use in the state of Minnesota as a school bus with a seating capacity in excess of 16 persons and every new vehicle purchased for delivery after April 1, 1977 for use in the state of Minnesota as a school bus, with a seating capacity in excess of ten persons including the driver, shall be of a uniform color, national school bus glossy yellow. Any school bus substantially repainted after June 1, 1973 shall be painted national school bus glossy yellow. Any school bus or vehicle which satisfies these equipment and color requirements and which bears signs containing the words "school bus" as provided in subdivision 3 shall be deemed to be outwardly equipped and identified as a school bus for purposes of this section.

Subd. 1b. Vehicles district owned or under contract having a seating capacity of 16 or fewer persons transporting school children to or from school which are not required to be outwardly equipped and identified as school buses pursuant to subdivision 1a shall comply with state board of education rules and regulations relating to, but not limited to, construction, design, equipment, color, identification, and operation.

Sec. 10. Minnesota Statutes 1978, Section 169.44, Subdivision 2, is amended to read:

Subd. 2. LOADING AND UNLOADING PASSENGERS; USE OF SIGNALS. (a) Drivers of a school bus with a capacity of more than 16 persons vehicle outwardly equipped and identified as a school bus shall actuate the pre-warning flashing amber signals of the bus before stopping to load or unload a school child or children at least 300 feet when operating outside an incorporated municipality and at least 100 feet when operating within an incorporated municipality and, upon stopping for such purpose, such drivers shall extend the stop signal arm and actuate the flashing red signals and shall not retract the stop signal arm and extinguish the flashing red signals until loading or unloading is completed and persons who must cross the street or highway are safely across.

(b) School bus drivers shall not actuate the pre-warning flashing amber signals or flashing red signals:

(1) in special school bus loading areas where the bus is entirely off the traveled

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portion of the road;

(2) in residence or business districts of cities except when directed by the local school administrator;

(3) when a school bus is being used on a highway for purposes other than the actual transportation of school children to or from school or a school approved activity, in which event the words "school bus" on the front and rear of the bus shall be removed or completely concealed; and

(4) at railroad grade crossings.

(c) Where school children must cross the road before boarding or after being discharged from the bus, the driver of a school bus or a school bus patrol may supervise such crossings making use of the standard school patrol flag or signal as approved and prescribed by the commissioner of public safety. When children are alighting from a school bus, and not crossing the road, the driver shall visually ascertain that alighting children shall be a safe distance from the bus before moving the bus.

(d) Vehicles having a seating capacity of 16 or fewer persons not outwardly equipped and identified as school buses shall load or unload school children only from the right hand side of the vehicle, except on a one way street such vehicle shall load or unload school children only from the curb side of the vehicle.

Sec. 11. Minnesota Statutes 1978, Section 169.44, is amended by adding a subdivision to read:

Subd. 12. AISLE AND EXIT. The driver of a school bus shall keep the aisle and emergency exit of a school bus unobstructed at all times when children are being transported.

Sec. 12. Minnesota Statutes 1978, Section 169.44, is amended by adding a subdivision to read:

Subd. 13. TRAILER BEHIND A SCHOOL BUS. A school bus may pull a trailer, as defined by section 169.01, subdivision 10, only when traveling to or from co-curricular or extra curricular activities, as defined in section 123.38.

Sec. 13. Minnesota Statutes 1978, Section 275.125, Subdivision 15, is amended to read:

Subd. 15. If any school district levy is found to be excessive as a result of a decision of the tax court or a redetermination by the equalization aid review committee under section 124.212, subdivisions 11 to 18 or for any other reason, the amount of the excess shall be deducted from the levy certified in the next year for the same purpose; provided that if no levy is certified in the next year for the same purpose or if the amount certified is less than the amount of the excess, the excess shall be deducted from that levy and the levy certified pursuant to subdivision 2a. If any aid entitlement pursuant to sections

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124.212, ~~124.222~~ 8 of this article and 124.245 would have been increased in a prior year as a result of a decision of the tax court or a redetermination by the equalization aid review committee, the amount of the increase shall be added to the current aid entitlement for the same purposes.

Sec. 14. **REPEALER.** Minnesota Statutes 1978, Sections 124.222, Subdivisions 1a, 1b, 2a, 2b and 6; and 169.44, subdivisions 5 and 7, are repealed.

Sec. 15. **APPROPRIATIONS.** Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

Subd. 2. TRANSPORTATION AID. For transportation aid there is appropriated:

\$89,228,000 1980,

\$92,512,000 1981.

The appropriation for 1980 includes \$7,600,700 for aid for fiscal year 1979 payable in fiscal year 1980, and \$81,627,300 for aid for fiscal year 1980 payable in fiscal year 1980.

The appropriation for 1981 includes \$9,000,000 for aid for fiscal year 1980 payable in fiscal year 1981 and \$83,512,000 for aid for fiscal year 1981 payable in fiscal year 1981.

Subd. 3. Any unexpended balance remaining from the appropriation in this section for 1980 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated.

ARTICLE III

SPECIAL AND COMPENSATORY EDUCATION AID

Section 1. Notwithstanding the provisions of Minnesota Statutes, Section 120.17, Subdivision 7a, for the 1978-1979 school year, the tuition charged a child's district of residence by the state board of education for providing a program for the child at the Minnesota school for the deaf or the Minnesota braille and sight-saving school shall not exceed \$2,000 for an entire school year or a prorated amount based on the portion of the school year for which the child is a resident of the district or is actually in membership in the program.

Sec. 2. Minnesota Statutes 1978, Section 120.17, Subdivision 3b, is amended to read:

Subd. 3b. **PROCEDURES FOR DECISIONS.** Every district shall utilize at least the following procedures for decisions involving identification, assessment and **Changes or additions indicated by underline deletions by ~~strikeout~~**

educational placement of handicapped children:

(a) Parents and guardians shall receive prior written notice of: (1) any proposed formal educational assessment or proposed denial of a formal educational assessment of their child; (2) a proposed placement of their child in, transfer from or to or denial of placement in a special education program; or (3) the proposed provision, addition, denial or removal of special education services for their child;

(b) The district shall not proceed with the initial formal assessment of a child, the initial placement of a child in a special education program or the initial provision of special education services for a child without the prior written consent of the child's parent or guardian; provided the refusal of a parent or guardian to provide this consent may be overridden by the decision in a hearing held pursuant to clause (d) at the district's initiative after at least one attempt to obtain this consent through a conciliation conference held pursuant to clause (c);

(b) (c) Parents and guardians shall have an opportunity to meet with appropriate district staff in at least one conciliation conference if they object to any proposal of which they are notified pursuant to clause (a);

(e) (d) Parents and , guardians and the district shall have an opportunity to obtain an informal impartial due process hearing initiated and conducted in the school district where the child resides, if after at least one conciliation conference the parent or guardian continues to object to: (1) a proposed formal educational assessment or proposed denial of a formal educational assessment of their child; (2) the proposed placement of their child in, or transfer of their child to a special education program; (3) the proposed denial of placement of their child in a special education program or the transfer of their child from a special education program; (4) the proposed provision or addition of special education services for their child; or (5) the proposed denial or removal of special education services for their child.

At the option of the school board, The hearing shall take place either before the school board; or (1) its designee; (2) a person an impartial hearing officer mutually agreed to by the school board and the parent or guardian ; or (3) a person appointed by the commissioner. A decision pursuant to (1); (2); or (3) shall be subject to review by the school board within ten days at its option. If the school board and the parent or guardian are unable to agree on a hearing officer, the school board shall request the commissioner to appoint a hearing officer. The hearing officer shall not be a school board member or employee of the school district where the child resides or of the child's school district of residence, an employee of any other public agency involved in the education or care of the child, or any person with a personal or professional interest which would conflict with his objectivity at the hearing. A person who otherwise qualifies as a hearing officer is not an employee of the district solely because the person is paid by the district to serve as a hearing officer. If the hearing officer requests an independent educational assessment of a child, the cost of the assessment shall be at district expense. The proceedings shall be recorded and preserved, at the expense of the school district, pending ultimate disposition of the action.

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~~(d)~~ (e) ~~Within five days of a hearing or review~~ The decision of the hearing officer pursuant to clause (e), the person or persons conducting the hearing or review (d) shall issue a be rendered not more than 45 calendar days from the date of the receipt of the request for the hearing. A hearing officer may grant specific extensions of time beyond the 45 day period at the request of either party. The local decision which of the hearing officer shall be binding on all parties unless appealed to the commissioner by the parent or guardian, or the school board of the district where the child resides pursuant to clause (e) (f).

The local decision shall:

(1) be in writing;

(2) state the controlling facts upon which the decision is made in sufficient detail to apprise the parties and the commissioner of the basis and reason for the decision;

(3) state whether the special education program or special education services appropriate to the child's needs can be reasonably provided within the resources available to the responsible district or districts;

(4) state the amount and source of any additional district expenditure necessary to implement the decision; and

(5) be based on the standards set forth in subdivision 3a and the rules of the state board.

~~(e)~~ (f) Any local decision issued pursuant to clauses ~~(e)~~ and ~~(d)~~ and (e) may be appealed to the commissioner within 15 calendar days of receipt of that written decision, by the parent or guardian, or the school board of the district where the child resides. ~~The school board shall be a party to any appeal.~~

If the decision is appealed, a written transcript of the hearing shall be made by the school district and shall be accessible to the parties involved within five calendar days of the filing of the appeal. ~~However, for appeals of local decisions issued by school boards or their designees concerning proposals set forth in clause (e) (1), (2), and (4), no written transcript shall be made if the parent or guardian requests a chapter 15 due process hearing pursuant to this clause at the time the appeal is filed. The commissioner shall issue a final decision based on a an impartial review of the local decision and the entire record within 30 calendar days after receipt of the local decision and the transcript the filing of the appeal. However, in appeals of local decisions issued by school boards or their designees concerning proposals set forth in clause (e) (1), (2) and (4); a parent or guardian may, at the time the appeal is filed, request a due process hearing conducted pursuant to the provisions of chapter 15. In that case the commissioner shall issue a final decision within 30 days after that hearing and the final decision shall be based on the report of the hearing examiner. The commissioner shall seek additional evidence if necessary and may afford the parties an opportunity for written or oral argument; provided any hearing held to seek additional evidence shall be an impartial due process hearing but shall be deemed not to be a contested case hearing for purposes of chapter 15.~~

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The commissioner may grant specific extensions of time beyond the 30 day period at the request of any party.

The final decision shall:

(1) be in writing;

(2) include findings and conclusions; and

(3) be based upon the standards set forth in subdivision 3a and in the rules of the state board.

(f) (g) The decision of the commissioner shall be final unless appealed by the parent or guardian or school board to the district court of the county in which the school district in whole or in part is located. The scope of judicial review shall be as provided in chapter 15.

(h) Pending the completion of proceedings pursuant to this subdivision, unless the district and the parent or guardian of the child agree otherwise, the child shall remain in his current educational placement and shall not be denied initial admission to school.

(g) (i) The child's school district of residence, if different from the district where the child actually resides, shall receive notice of and may be a party to any hearings or appeals pursuant to this subdivision.

(j) This subdivision shall expire on June 30, 1981. The department of education shall report to the education committees of the legislature on or before January 1, 1981, on the impact of the amendments made in this subdivision by this act and on the advisability of amending this subdivision to read as it reads in Minnesota Statutes 1978.

Sec. 3. Minnesota Statutes 1978, Section 120.17, Subdivision 7a, is amended to read:

Subd. 7a. **ATTENDANCE AT SCHOOL FOR THE HANDICAPPED.** Responsibility for special instruction and services for a visually disabled or hearing impaired child attending the Minnesota school for the deaf or the Minnesota braille and sight-saving school shall be determined in the following manner:

(a) The legal residence of the child shall be the school district in which his parent or guardian resides.

(b) When it is determined pursuant to section 128A.05, subdivisions 1 or 2 that the child is entitled to attend either school, the state board shall provide the appropriate educational program for the child. The state board shall make a tuition charge to the child's district of residence for the actual cost of providing the program; provided, however, that effective for the 1979-1980 school year and thereafter, the amount of tuition charged shall not exceed \$2,000 the sum of \$500 plus the foundation aid formula allowance of the district for that child, for any an entire school year, or a prorated

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amount based on the portion of the school year for which the child is a resident of the district or is actually in membership in the program. For purposes of this subdivision, "foundation aid formula allowance" shall have the meaning attributed to it in section 124.32, subdivision 1a. The district of the child's residence shall pay the tuition and may claim foundation aid for the child. The district of the child's residence shall not receive aid pursuant to section 124.32, subdivision 5, for tuition paid pursuant to this subdivision. All tuition so received by the state board shall be deposited in the state treasury.

(c) When it is determined that the child can benefit from public school enrollment but that the child should also remain in attendance at the applicable school, the school district where the institution is located shall provide an appropriate educational program for the child and shall make a tuition charge to the state board for the actual cost of providing the program, less any amount of aid received pursuant to section 124.32. The state board shall pay the tuition and other program costs including the unreimbursed transportation costs. Aids for handicapped children shall be paid to the district providing the special instruction and services. Special transportation shall be provided by the district providing the educational program and the state shall reimburse such district within the limits provided by law.

(d) Notwithstanding the provisions of clauses (b) and (c), the state board may agree to make a tuition charge for less than the amount specified in clause (b) for pupils attending the applicable school who are residents of the district where the institution is located and who do not board at the institution, if that district agrees to make a tuition charge to the state board for less than the amount specified in clause (c) for providing appropriate educational programs to pupils attending the applicable school.

(e) Notwithstanding the provisions of clauses (b) and (c), the state board may agree to supply staff from the Minnesota School for the Deaf and the Minnesota Braille and Sight-Saving School to participate in the programs provided by the district where the institutions are located when the programs are provided to students in attendance at the state schools.

Sec. 4. Minnesota Statutes 1978, Section 124.212, Subdivision 20, is amended to read:

Subd. 20. No adjustments to foundation aid payments resulting from omissions in school district reports, except those adjustments determined by the legislative auditor, shall be made for any school year after December 15 of the next school year. Any school district educating children who are residents of another school district shall notify the district of residence within 60 days of the date the child is determined by the district to be a nonresident, but not later than October 1 following the end of the school year in which the child is educated. If the district of residence does not receive a notification from the providing district pursuant to this subdivision, it shall not be liable to that district for any tuition billing received after October 1 of the next school year. ~~If a commissioner of a state agency, or his representative or agent, or a court of the state of Minnesota desires to place a child in a school district which is not his district of residence, that commissioner or court shall, prior to placement if possible, notify the district of attendance, the district of residence, and the commissioner of education of its intention.~~

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Sec. 5. Minnesota Statutes 1978, Section 124.212, is amended by adding a subdivision to read:

Subd. 20a. If a state agency or a court of the state desires to place a child in a school district which is not the child's district of residence, that agency or court shall, prior to placement, allow the district of residence an opportunity to participate in the placement decision and notify the district of residence, the district of attendance and the commissioner of education of the placement decision. When a state agency or court determines that an immediate emergency placement is necessary and that time does not permit district participation in the placement decision or notice to the districts and the commissioner of education of the placement decision prior to the placement, the agency or court may make the decision and placement without that participation or prior notice. The agency or court shall notify the district of residence, the district of attendance and the commissioner of education of an emergency placement within 15 days of the placement.

Sec. 6. Minnesota Statutes 1978, Section 124.32, Subdivision 1, is amended to read:

124.32 **HANDICAPPED CHILDREN.** Subdivision 1. The state shall pay to any district:

~~(a) for the employment in its educational program for handicapped children; 60 percent of the salary of essential personnel in 1977-1978 and the greater of:~~

(1) (a) 69 percent of the salary of essential personnel in 1978-1979, but this amount shall not exceed \$11,500 in 1977-1978 or \$12,000 in 1978-1979 for the normal school year for each full time person employed, or a pro rata amount for a part time person or a person employed for a limited time, whether the essential personnel are employed by a district alone or jointly with another district; plus

(b) Plus five percent of the salaries of essential personnel employed in its educational program for handicapped children, for the purpose of recognizing additional support costs of educational programs for handicapped children; or

(2) 70 percent of the salary of essential personnel for the normal school year for each full time person employed, or a pro rata amount for a part time person or a person employed for a limited time, whether the essential personnel are employed by a district alone or jointly with another district.

(3) A district shall receive aid pursuant to only one clause of clauses (1) and (2) of this subdivision for a school year.

Sec. 7. Minnesota Statutes 1978, Section 124.32, Subdivision 1a, is amended to read:

Subd. 1a. For purposes of this section, ~~for the 1977-1978 school year, the foundation aid formula allowance per pupil unit shall be the lesser of \$1,030 or the greater sum computed pursuant to section 124.212, subdivision 6b, clause (2). The~~ the foundation

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aid formula allowance per pupil unit shall be ~~\$1,095 for the 1978-1979 school year, \$1,155~~ \$1,182 for the 1979-1980 school year, and ~~\$1,220~~ \$1,265 for the 1980-1981 school year. ~~Computations of foundation aid formula allowances pursuant to this section shall be based on the foundation aid formula allowance per pupil unit in the child's district of residence.~~ For the purposes of computing foundation aid formula allowances pursuant to this section, each handicapped child shall be counted as prescribed in section 124.17, subdivision 1, clause (1) or (2).

Sec. 8. Minnesota Statutes 1978, Section 124.32, Subdivision 5, is amended to read:

Subd. 5. When a handicapped child is placed in a residential facility approved by the commissioner and established primarily to serve handicapped children and when the child's educational program is approved by the commissioner, the state shall pay to the resident district not to exceed 60 percent of the difference between the instructional costs charged to the resident district and the foundation aid formula allowance in the resident district, for each handicapped child placed in a residential facility. No aid shall be paid pursuant to this subdivision for tuition charged a resident district pursuant to section 120.17, subdivision 7a, for a child placed at the Minnesota school for the deaf or the Minnesota braille and sight-saving school. Not more than \$550,000 for 1977-1978 and \$600,000 for 1978-1979 shall be paid for the purposes of this subdivision. If that amount does not suffice, the aid shall be prorated among all qualifying districts.

The following types of facilities may be approved by the commissioner:

(a) A residential facility operated by the state or a public school district and designed to serve the low incidence handicapped, the multiple handicapped, or the most severely handicapped children within the state.

(b) A private, nonsectarian residential facility designed to provide educational services for handicapped children within the state.

(c) A state hospital or private nonsectarian residential center designed to provide care and treatment for handicapped children.

Sec. 9. Minnesota Statutes 1978, Section 124.32, Subdivision 7, is amended to read:

Subd. 7. Before May 1 of each year, each district providing special instruction and services to handicapped children shall submit to the commissioner an application for approval of these programs and their budgets for the next school year. The application shall 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 handicapped children in the district who will receive special instruction and services during the next school year. The application shall 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, 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 state board. The commissioner shall review each application in order to determine whether the

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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 handicapped children pursuant to section 120.17. The commissioner shall not approve aid pursuant to this section for any program or for the salary of any personnel he determines to be unnecessary or unessential on the basis of this review. The commissioner may also withhold all or any portion of the aid for programs which receive grants from federal funds, or special grants from other state sources. On or before July 1 of each year, the commissioner shall approve, disapprove or modify each application, and notify each applying district of his 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 school year, for programs needed to meet any substantial changes in the needs of handicapped children in the district. Notwithstanding the provisions of section 124.15, the commissioner may modify or withdraw his program or aid approval and withhold aid pursuant to this section without proceeding according to section 124.15 at any time when he determines that the program does not comply with the rules and standards of the state board or that any facts concerning the program or its budget differ from the facts presented in the district's approved application.

Sec. 10. Minnesota Statutes 1978, Section 124.32, Subdivision 10, is amended to read:

Subd. 10. ~~The state shall pay aid for 1977 summer school programs for handicapped children on the basis of the formula applicable to the 1977-1978 school year. Beginning with the summer of 1978, the~~ The state shall pay aid for summer school programs for handicapped children on the basis of the sections of Minnesota Statutes providing aid for handicapped children for the preceding school year. On or before March 15 of each year, districts shall submit separate applications for program and budget approval for summer school programs. The review of these applications shall be as provided in subdivision 7. By May 1 of each year, the commissioner shall approve, disapprove or modify the applications and notify the districts of his action and of the estimated amount of aid for the summer school programs. Aid for these programs shall be paid on or before the October 1 after the summer when the programs are conducted.

Sec. 11. Minnesota Statutes 1978, Section 126.39, Subdivision 10, is amended to read:

Subd. 10. **REPORT.** ~~The state board shall make a report to the legislature, the governor and the public on or before September 4, 1979~~ February 1, 1980. This report shall include the results of the needs assessment, including an evaluation of the pilot programs, the number of children served in programs for each language group; the cost of the program per pupil for each pilot program language group, and program type; the number of children in each school district, language group and program type who, as a result of the bilingual education program, improved their English language ability to such an extent that the program is no longer necessary for those children; and recommendations for legislation including any need for expansion and accompanying plans and cost estimates in the areas of bilingual education.

Sec. 12. Minnesota Statutes 1978, Section 126.40, Subdivision 3, is amended to

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read:

Subd. 3. **TERMS.** ~~The advisory task force shall expire and~~ The terms, compensation, and removal of members of the advisory task force shall be as provided for in section 15.059, subdivision 6. Notwithstanding the provisions of section 15.059, subdivision 6, the advisory task force shall expire June 30, 1980.

Sec. 13. Minnesota Statutes 1978, Section 126.41, Subdivision 1, is amended to read:

126.41 **PILOT PROGRAMS.** Subdivision 1. **GRANTS, PROCEDURES.** For fiscal years 1978, ~~and 1979,~~ and 1980, as part of the needs assessment effort, the state board of education shall make grants to no fewer than three transitional bilingual education programs. At least one pilot bilingual program shall be in a rural area. The board of a local district or a group of boards may submit a proposal for a grant for a transitional bilingual education program. The state board shall prescribe the form and manner of application for grants, and no grant shall be made for proposals not complying with the requirements of sections 126.31 to 126.42. ~~Every program proposal shall be submitted to the state board not less than six months before the planned commencement of the program; provided, however that this six month requirement shall not apply to school districts with an existing bilingual education program established and approved pursuant to section 701 et seq., of Title VII of the Elementary and Secondary Education Act of 1965.~~ The state board shall submit all proposals to the state advisory task force on bilingual education programs for its recommendations concerning approval, modification, or disapproval and the amounts of grants to approved programs.

Sec. 14. Minnesota Statutes 1978, Section 126.52, Subdivision 10, is amended to read:

Subd. 10. **REPORT.** The state board shall make a report to the legislature, the governor and the public on or before ~~September 1, 1979~~ February 1, 1980. This report shall include the results of the needs assessment, including an evaluation of the pilot programs, and recommendations for legislation in the area of American Indian language and culture education.

Sec. 15. Minnesota Statutes 1978, Section 126.53, Subdivision 3, is amended to read:

Subd. 3. ~~The advisory task force shall expire and~~ The terms, compensation, and removal of members of the advisory task force shall be as provided for in section 15.059, subdivision 6. Notwithstanding the provisions of section 15.059, subdivision 6, the advisory task force shall expire June 30, 1980.

Sec. 16. Minnesota Statutes 1978, Section 126.54, Subdivision 1, is amended to read:

126.54 **PILOT PROGRAMS.** Subdivision 1. **GRANTS; PROCEDURES.** For fiscal years 1978, ~~and 1979,~~ and 1980, as part of the needs assessment effort, the state board of

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education shall make grants to no fewer than six school year pilot American Indian language and culture education programs. At least three pilot programs shall be in urban areas and at least three shall be on or near reservations. The board of a local district, a participating school or a group of boards may develop a proposal for grants in support of pilot American Indian language and culture education programs. Proposals may provide for contracts for the provision of program components by nonsectarian nonpublic, community, tribal or alternative schools. The state board shall prescribe the form and manner of application for grants, and no grant shall be made for a proposal not complying with the requirements of sections 126.45 to 126.55. ~~Every program proposal shall be submitted to the state board not less than six months before the planned commencement of the program.~~ The state board shall submit all proposals to the state advisory task force on American Indian language and culture education programs for its recommendations concerning approval, modification, or disapproval and the amounts of grants to approved programs.

Sec. 17. Minnesota Statutes 1978, Section 128A.02, Subdivision 6, is amended to read:

Subd. 6. The rules of the state board pursuant to this section shall establish procedures for admission to and discharge from the schools, for decisions on a child's program at the schools and for evaluation of the progress of children enrolled in the schools. These procedures shall guarantee children and their parents appropriate procedural safeguards, including a review of the placement determination made pursuant to sections 120.17 and 128A.05, and the right to participate in educational program decisions. Notwithstanding the provisions of section 15.0411, proceedings concerning admission to and discharge from the schools, a child's program at the schools and a child's progress at the schools shall not be deemed to be contested cases subject to sections 15.041 to 15.052 but shall be governed instead by the rules of the state board pursuant to this section.

Sec. 18. The state board of education may adopt temporary rules effective until June 30, 1980, pursuant to section 2 of this article.

Sec. 19. **REPEALER.** Minnesota Statutes 1978, Section 120.171, is repealed.

Sec. 20. **DEFICIENCY APPROPRIATION; RESIDENTIAL PROGRAMS AID.** The sum of \$230,000 is appropriated from the general fund to the department of education for the fiscal year ending June 30, 1979, for the payment of a deficiency in funds available for aid pursuant to section 124.32, subdivision 5. The appropriation shall be added to the amount included for this purpose in the sum appropriated for fiscal year 1979 in Laws 1977, Chapter 447, Article III, Section 16, Subdivision 2.

Sec. 21. **SPECIAL AND COMPENSATORY EDUCATION AIDS; APPROPRIATION.** Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

Subd. 2. For special education aid in 1980 there is appropriated:

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- (a) \$75,044,350 for aid for fiscal year 1980 payable in fiscal year 1980;
- (b) \$ 7,278,000 for the payment of the final special education aid distribution to each district for fiscal year 1979, payable in fiscal year 1980;
- (c) \$ 4,206,000 for special education aid for 1979 summer school programs payable in fiscal year 1980; and
- (d) \$ 824,300 for aid pursuant to section 124.32, subdivision 5, payable in fiscal year 1980.

Any unexpended balance remaining from the appropriations in clauses (a), (b), (c) or (d) of this subdivision shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in clauses (a), (b), (c) or (d) of this subdivision shall be expended for a purpose other than the purpose indicated by that clause.

Subd. 3. For special education aid in 1981 there is appropriated:

- (a) \$77,145,000 for aid for fiscal year 1981 payable in fiscal year 1981;
- (b) \$ 8,338,450 for the payment of the final special education aid distribution to each district for fiscal year 1980, payable in fiscal year 1981;
- (c) \$ 4,722,250 for special education aid for 1980 summer school programs payable in fiscal year 1981; and
- (d) \$ 934,300 for aid pursuant to section 124.32, subdivision 5, payable in fiscal year 1981.

Any unexpended balance remaining from the appropriations in clauses (a), (b), (c) or (d) of this subdivision shall cancel. None of the amounts appropriated in clauses (a), (b), (c) or (d) shall be expended for a purpose other than the purpose indicated by that clause.

Subd. 4. If the appropriation amount in subdivision 2 or 3 attributable to either year for the purpose indicated is insufficient, the aid for that year shall be prorated among all qualifying districts and the state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.

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Subd. 5. For grants to pilot bilingual education programs pursuant to section 126.41, subdivision 1, there is appropriated:

\$400,0001980.

Subd. 6. For grants to pilot American Indian language and culture education programs pursuant to section 126.54, subdivision 1, there is appropriated:

\$600,0001980.

Sec. 22. EFFECTIVE DATE. Sections 1, 9, 12, 15, and 20 of this article are effective the day following final enactment.

ARTICLE IV

COMMUNITY AND ADULT EDUCATION

Section 1. Minnesota Statutes 1978, Section 124.271, is amended by adding a subdivision to read:

Subd. 1a. In fiscal year 1980, the state shall pay the greater of 75 cents per capita or \$5,000 to each school district which is operating a community school program in compliance with the rules promulgated by the state board and which has levied at least the lesser of \$1 per capita or the maximum permissible certified levy for community services pursuant to section 275.125, subdivision 8, clause (1), for use in that year.

Sec. 2. Minnesota Statutes 1978, Section 124.271, Subdivision 2, is amended to read:

Subd. 2. In fiscal year ~~1978~~ 1981 and each year thereafter, the state shall pay ~~the greater of 75 cents per capita or \$7,000~~ to each school district which is operating a community school program in compliance with the rules promulgated by the state board and which has levied at least the lesser of \$1 per capita or the maximum permissible certified levy for community services pursuant to section 275.125, subdivision 8, clause (1), for use in that year.

Sec. 3. Minnesota Statutes 1978, Section 124.271, Subdivision 5, is amended to read:

Subd. 5. All community school programs aid shall be distributed by the state aids, statistics and research section of the state department of education. Aid shall be distributed prior to November 1, ~~1976~~ and each year thereafter.

Sec. 4. Minnesota Statutes 1978, Section 275.125, Subdivision 8, is amended to read:

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Subd. 8. (1) In ~~1977~~ 1979, and each year thereafter, a district which has established a community school advisory council pursuant to section 121.88, may levy an amount of money raised by the greater of (A) ~~\$2~~ \$2.50 per capita, or (B) the amount certified pursuant to this subdivision in 1976. These levies shall be used for community services including nonvocational adult programs, recreation and leisure time activity programs, and programs contemplated by sections 121.85 to 121.88. For purposes of computing the levy limitation pursuant to this subdivision, the amount certified pursuant to this subdivision in 1976 shall not reflect reductions pursuant to subdivision 9.

(2) A school district shall be authorized to make a levy pursuant to this subdivision *only after it has filed a certificate of compliance with the commissioner of education.* The certificate of compliance shall certify that the governing boards of the county, municipality and township in which the school district or any part thereof is located have been sent 15 working days written notice of a meeting and that a meeting has been held to discuss methods of increasing mutual cooperation between such bodies and the school board. The failure of a governing board of a county, municipality or township to attend the meeting shall not affect the authority of the school district to make a levy pursuant to this subdivision.

(3) The population of the district for purposes of this subdivision is the population determined as provided in section 275.14 or as certified by the department of education from the most recent federal census.

Sec. 5. **DEFICIENCY APPROPRIATION.** The sum of \$186,000 is appropriated from the general fund to the department of education for the fiscal year ending June 30, 1979, for the payment of a deficiency in funds available for aid for adult education pursuant to section 124.26 in that year. This appropriation shall be added to the sum appropriated for fiscal year 1979 for adult education aid in Laws 1977, Chapter 447, Article IV, Section 7, Subdivision 2.

Sec. 6. **APPROPRIATIONS.** Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

Subd. 2. ADULT EDUCATION AID. For adult education aid pursuant to section 124.26, there is appropriated:

\$890,000.....1980.

\$970,000.....1981.

The amount appropriated for fiscal year 1980 includes \$80,630 for aid for fiscal year 1979 payable in fiscal year 1980, and \$809,370 for aid for fiscal year 1980 payable in fiscal year 1980.

The amount appropriated for fiscal year 1981 includes \$89,930 for aid for fiscal year 1980 payable in fiscal year 1981 and \$880,070 for aid for fiscal year 1981 payable in fiscal year 1981.

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Subd. 3. G.E.D. REIMBURSEMENT AID. For G.E.D. reimbursement aid, there is appropriated:

\$75,000.....1980.

\$81,000.....1981.

Subd. 4. COMMUNITY EDUCATION AID. For community education aid, there is appropriated:

\$3,150,000.....1980.

\$3,600,000.....1981.

Subd. 5. Any unexpended balance remaining from the appropriation in this section for 1980 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amount attributable to either year for the purpose indicated is insufficient, the aid for that year shall be prorated among all qualifying districts, and the state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.

ARTICLE V

VOCATIONAL AID PROGRAM

Section 1. Minnesota Statutes 1978, Section 121.21, Subdivision 6, is amended to read:

Subd. 6. The state board for vocational education shall promulgate, pursuant to chapter 15, such rules governing the operation and maintenance of schools so classified as will afford the people of the state an equal opportunity to acquire public vocational and technical education. Rules relating to post-secondary vocational-technical education shall not incorporate the provisions of the state plan for vocational education by reference.

The rules shall provide for, but are not limited to, the following:

- (a) The area to be served by each school, which may include one or more districts or parts thereof;
- (b) Curriculum and standards of instruction and scholarship;
- (c) Attendance requirements; ~~age limits of trainees; and Minnesota non-resident attendance; and the determination of the actual costs of providing individual programs; all to be determined in accordance with the provisions of sections 124.561 to 124.565;~~
- (d) The distribution and apportionment to the local districts of all funds, whether

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state or federal or other funds, which may be made available to the state board for vocational education for carrying out the purposes of post-secondary vocational-technical education in accordance with law;

(e) ~~Transportation requirements and payment of aid therefor;~~ and

(f) ~~(e)~~ General administrative matters.

Sec. 2. Minnesota Statutes 1978, Section 121.912, Subdivision 1, is amended to read:

121.912 **PERMANENT FUND TRANSFERS.** Subdivision 1. After July 1, 1977, no school district shall permanently transfer money from an operating fund to a nonoperating fund except as provided in this subdivision. Permanent transfers may be made from an operating fund to any other fund to correct for prior fiscal years' errors discovered after the books have been closed for that year. Permanent transfers may be made from the general fund to eliminate deficits in another fund when that other fund is being discontinued. Permanent transfers may be made from the general fund to the capital expenditure fund of a post-secondary vocational-technical school in the amount and for the purposes authorized by the state board for vocational education in approving the school's budget pursuant to section 124.561; provided, the state board shall not approve any permanent transfer for the purpose of ~~the an~~ acquisition or betterment of lands or buildings or ~~a capital improvements improvement~~ needed for a post-secondary vocational-technical school; ~~for which the district is required to obtain the approval of the state board or authorization by specific legislative act pursuant to section 121.21, subdivision 4 which requires the expenditure of an amount equal to or greater than \$50,000, which changes the perimeter walls of an existing facility, which adds more than 1,000 square feet to a post-secondary vocational facility, or which requires the issuance of school district bonds; provided further, the state board shall not approve the permanent transfer for any other purpose of any amount which exceeds \$150,000.~~

Sec. 3. Minnesota Statutes 1978, Section 124.11, Subdivision 2, is amended to read:

Subd. 2. Estimated post-secondary vocational foundation aid shall be paid to districts in 12 equal monthly payments ~~beginning July 15, 1976.~~ The estimated post-secondary vocational foundation aid shall be paid on the basis of the prior year's average daily membership except that the average daily membership and the payments based thereon ~~may shall~~ be adjusted in September, December, March and June to reflect any increases or decreases in enrollment. The September payment in each fiscal year shall be increased or decreased to reflect any deficit or excess in post-secondary vocational foundation aid received in the prior fiscal year.

Sec. 4. Minnesota Statutes 1978, Section 124.11, is amended by adding a subdivision to read:

Subd. 2a. Ninety percent of the estimated post-secondary vocational instructional aid shall be paid to each district in 12 equal monthly payments on the 15th of each month beginning in July 1980. A final payment of the remainder of the post-secondary

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vocational instructional aid for each fiscal year shall be made to each district in September of the following fiscal year. The September 1980 payment shall be adjusted to reflect any deficit or excess in post-secondary vocational foundation aid received by a district in fiscal year 1980. The September 1981 final payment shall be adjusted to reflect the actual average daily membership for the previous fiscal year. The final payment in September 1982 and each year thereafter shall be adjusted to reflect the actual annual student count for the previous fiscal year. For the 1980-1981 school year, 90 percent of the estimated post-secondary vocational instructional aid shall be paid on the basis of the department of education's estimates of the current year's average daily membership adjusted in September, December, March and June to reflect any increases or decreases in enrollment. Beginning with the 1981-1982 school year, the estimated post-secondary vocational instructional aid shall be paid on the basis of the department of education's estimates of the current year's annual student count, adjusted in September, December, March and June to reflect any increases or decreases in enrollment, pursuant to section 13, subdivision 11 of this article.

Sec. 5. Minnesota Statutes 1978, Section 124.11, is amended by adding a subdivision to read:

Subd. 2b. Post-secondary vocational supply aid, support services aid and equipment aid shall be paid to districts in equal installments on or before August 1, December 1, March 1, and June 1 of each year. Additional post-secondary vocational supply aid, support services aid, and equipment aid may be distributed on or before March 1 and June 1 of each year if it is apportioned at a consolidated public hearing held before February 15 of that year in the manner specified in section 124.561, subdivision 3a.

Sec. 6. Minnesota Statutes 1978, Section 124.561, Subdivision 2, is amended to read:

Subd. 2. CURRENT AID. Beginning July 1, 1975, the state board for vocational education shall not enter into agreements to pay reimbursements but shall be obligated for reimbursement payments incurred in fiscal year 1975. Beginning July 1, 1976, All post-secondary vocational foundation aid and post-secondary vocational categorical, capital expenditure and debt service aid aids shall be paid for the current fiscal year in accordance with sections 124.561 to 124.565.

Sec. 7. Minnesota Statutes 1978, Section 124.561, is amended by adding a subdivision to read:

Subd. 2a. Before January 1, 1980 and January 1 of each year thereafter, each post-secondary vocational technical school shall submit to the state board for vocational education budgets for supplies, support services, and capital expenditures for the following fiscal year as prescribed in sections 14, 15 and 16 of this article. The state board for vocational education shall authorize the allocations of post-secondary vocational supply aid, support services aid, and capital expenditure aid for each district prior to June 1 of each year after a consolidated public hearing held pursuant to subdivision 3a. No district shall increase its operating deficit for post-secondary vocational education during any fiscal year. The state board for vocational education shall promulgate rules which

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establish the criteria for allocations of post-secondary vocational supply aid, support services aid, and capital expenditure aid. By October 15, 1979, the commissioner, in cooperation with the department of finance, shall establish standards by which post-secondary vocational-technical schools shall submit separate financial requests for post-secondary vocational supply aid, support services aid, and capital expenditure aid.

Sec. 8. Minnesota Statutes 1978, Section 124.561, Subdivision 3a, is amended to read:

Subd. 3a. **HEARING.** The consolidated public hearing held by the state board pursuant to ~~subdivision~~ subdivisions 2a and 3 shall take place with at least six board members present and shall continue until all interested persons, representatives, and organizations have had an opportunity to be heard. In 1980 and each year thereafter the state board shall authorize the allocations of post-secondary vocational supply aid, support services aid and capital expenditure aid for the following fiscal year at this hearing. Notice of intention to hold the hearing shall be given at least 20 days prior to the date set for the hearing by United States mail to each district submitting a post-secondary vocational school budget, to other interested persons, representatives, and organizations who register their names with the commissioner of education for that purpose, and in the state register. The department of education shall make available at least one free copy of the proposed disposition of budgets or allocations of aids to the education committees of the legislature and to any person requesting it. Unless the commissioner determines that the use of an audio magnetic recording device is more appropriate, a court reporter shall keep a record at every hearing. A transcript of the hearing record shall be made available upon the request of any person, provided that the request is in writing and the cost of preparing the transcript is borne by the requesting person. After allowing written material to be submitted and added to the hearing record for five days after the public hearing ends, the commissioner of education shall proceed as promptly as possible to write a report containing the final proposed final disposition of budgets or allocations of aids. This report shall contain findings and conclusions based on substantial evidence from the hearing record to support the final proposed final disposition or allocations. The report shall be available to all affected school districts upon request for at least 15 days before the state board takes final action ~~on disposing of~~ the budgets or allocating aids. Any district which is adversely affected by the final proposed ~~final~~ disposition of budgets or allocations of aids may demand and shall be given an opportunity to be heard in support of modification of the proposed disposition or allocations of aids at the meeting at which the state board takes final action ~~on disposing of~~ the budgets or allocating aids; provided, the state board may place reasonable restrictions on the length of time allowed for testimony.

Sec. 9. Minnesota Statutes 1978, Section 124.562, Subdivision 1, is amended to read:

124.562 POST-SECONDARY VOCATIONAL FOUNDATION AID. Subdivision 1. A district shall receive post-secondary vocational foundation aid in the amount of ~~\$2,120~~ \$2,400 for fiscal year ~~1978~~ 1980 and ~~\$2,240~~ for fiscal year 1979, times the number of post-secondary vocational-technical pupils in average daily membership, as defined in subdivision 2, less the sum of (1) any amounts received as tuition and fees for

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post-secondary vocational-technical pupils, including application fees but not including student activity fees allowed pursuant to section 121.216, and (2) the amount raised by the discretionary levy allowed by section 275.125, subdivision 13, as compiled in Minnesota Statutes 1978, for collection in the calendar year ending in that fiscal year.

Sec. 10. Minnesota Statutes 1978, Section 124.562, Subdivision 2, is amended to read:

Subd. 2. Membership for pupils in post-secondary vocational-technical schools shall mean the number of pupils on the current roll of the school, counted from the date of entry until withdrawal. The date of withdrawal shall mean the day ~~the~~ a pupil completes his program and permanently leaves the school, or the date it is officially known that he has left or has been legally excused for a pupil who permanently leaves the school after the fifteenth school day of a quarter without completing his program, the day he is scheduled to complete his program, the day when the school fills the vacancy created by his leaving, or the last day of the quarter during which he permanently leaves the school, whichever occurs first; provided that any pupil, ~~regardless of age,~~ who has been absent from school ~~without a legally justifiable excuse~~ for 15 consecutive school days shall be ~~dropped from the roll and classified as withdrawn~~ deemed to have permanently left the school; provided further that a pupil who permanently leaves the school on or before the fifteenth school day of a quarter shall be deemed not to have entered the school during that quarter. No pupil who is counted in average daily membership pursuant to this section shall be counted in average daily membership in any district pursuant to section 124.17, subdivision 2, unless he is eligible to earn foundation aid pursuant to section 120.80 or is attending a post-secondary vocational-technical school course on a part time basis in addition to spending six hours per day in a secondary program. Average daily membership for pupils who are enrolled in post-secondary vocational-technical schools, but not including adult vocational pupils, shall equal (a) the sum for all pupils of the number of days of the school year each pupil is enrolled in a post-secondary vocational-technical school in the district, counted from the date of entry until the date of withdrawal as defined in this subdivision, times the number of hours per day each student is enrolled divided by six (b) divided by 175; ~~provided~~ . The number of hours which are counted for average daily membership for any pupil in any one program shall ~~in no event~~ not exceed the number of hours approved by the state board for completion of the program, except that the commissioner may grant a district permission to count additional hours for membership, not to exceed ten percent of the approved number of hours for the program, if additional hours are necessary for a pupil who is identified by the district as disadvantaged or handicapped to complete the program. For a post-secondary vocational-technical school, the normal school year shall be at least the number of session days required by section 124.19, subdivision 1. In all post-secondary vocational-technical schools, the minimum length of the school day for each pupil, exclusive of the noon intermission, shall be six hours. Exceptions may be made by the local school administration for approved post-secondary vocational-technical programs provided on a part time or extended day basis to meet individual student the needs of individual students or classes; provided, these exceptions are authorized only for programs originally provided on a full time basis.

Sec. 11. Minnesota Statutes 1978, Section 124.562, Subdivision 3, is amended to

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read:

Subd. 3. All funds, whether state, federal, or from other sources, which may be made available to the department of education for carrying out the purposes of post-secondary vocational-technical education shall be apportioned by the state board for vocational education to the various school districts in accordance with law and shall be distributed by the state aids, statistics and research section of the state department of education. ~~All post-secondary vocational foundation and categorical aids shall be paid to the school district where the pupil is in attendance. State board approval shall not be required for the adjustment of average daily membership or for the adjustment of the annual student count, pursuant to section 124.11, subdivision 2 and to section 4 of this article.~~

Sec. 12. Minnesota Statutes 1978, Section 124.562, Subdivision 4, is amended to read:

Subd. 4. Each district providing post-secondary vocational-technical education programs shall establish and maintain accounts separate from all other district accounts for the receipt and disbursement of all funds related to these post-secondary vocational-technical education programs. ~~All post-secondary vocational foundation and categorical aids and~~ all funds received pursuant to the levy authorized by section 275.125, subdivision 13; ~~and all tuition authorized by section 124.565~~ shall be utilized solely for the purposes of post-secondary vocational-technical education programs.

Sec. 13. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to read:

[124.5621] POST-SECONDARY VOCATIONAL INSTRUCTIONAL AID.
Subdivision 1. DEFINITIONS. For the purposes of this section the words, terms and phrases defined in subdivisions 2 to 11 have the meanings ascribed to them.

Subd. 2. "Post-secondary vocational instructional aid" means state funds exclusive of post-secondary vocational capital expenditure aid, supply aid, support services aid and debt service aid paid by the state board for vocational education to local school districts for instructional programs. Post-secondary vocational instructional aid shall be utilized solely for the purposes of post-secondary vocational education and shall not be utilized for equipment or other capital expenditures.

Subd. 3. "AVTI" means a post-secondary area vocational-technical institute.

Subd. 4. "Base year" means the second school year prior to the school year for which aid is paid.

Subd. 5. "Instructional program" means a post-secondary vocational-technical occupational program as classified with a six-digit number by the federal office of education, excluding special needs programs and related instruction.

Subd. 6. "Instructional program cost" means the actual expenditures in the base
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year for an instructional program at an AVTI. These actual expenditures shall be computed as follows:

- (1) instructional salaries; plus
- (2) instructional employee fringe benefits, excluding teachers' retirement and teachers' social security; plus
- (3) expenditures for instructional staff travel for instructional and professional development purposes; plus
- (4) expenditures for purchased services for instructional purposes; plus
- (5) expenditures for student activities; plus
- (6) other instructional expenditures detailed according to the uniform financial accounting and reporting system, not including any expenditures for supplies and equipment; minus
- (7) other instructional revenues detailed according to the uniform financial accounting and reporting system, including student activity fees but not including any revenues from the sale of supplies and equipment.

These actual expenditures shall not include any expenditures or revenues which are included in the AVTI's budgets for post-secondary vocational supply aid, support services aid or capital expenditure aid.

Subd. 7. "AVTI average instructional program cost" means the instructional program cost of each instructional program at an AVTI divided by the number of full time equivalent licensed instructors teaching that program during the base year at that AVTI.

Subd. 8. "Statewide average instructional program cost" means the total statewide of the AVTI average instructional program costs for an instructional program divided by the number of AVTI's offering that instructional program in the base year.

Subd. 9. "Instructional program allowance" means the total for an AVTI of: (1) the statewide average instructional program cost for each instructional program which is offered at that AVTI, multiplied by (2) the number of full time equivalent instructors teaching that program in the base year at that AVTI.

Subd. 10. "AVTI staff compensation weighting" means the ratio of:

(1) The sum of salaries and fringe benefits, excluding teachers' retirement and teachers' social security, for all full time equivalent licensed instructional staff at a particular AVTI for the three school years prior to the school year for which aid is paid, divided by the sum of the number of full time equivalent licensed instructional staff at that AVTI for those three years, divided by

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(2) The sum of salaries and fringe benefits, excluding teachers' retirement and teachers' social security, for all full time equivalent licensed instructional staff for all AVTI's statewide for the three prior years divided by the sum of the number of full time equivalent licensed instructional staff for all AVTI's statewide for those three years.

Subd. 11. (1) "Student growth or decline factor" for the 1980-1981 school year means the following ratio, adjusted according to clause (4):

(a) The current year's average daily membership as defined in section 124.562, subdivision 2, for a particular AVTI, divided by:

(b) The second prior year's average daily membership for that AVTI.

(2) Beginning in the 1979-1980 school year, each AVTI shall take a count of all full time equivalent students in attendance on the fifteenth day of each quarter that full time post-secondary vocational programs are offered by that AVTI. These quarterly counts shall be totaled to produce an annual student count.

(3) Beginning in the 1981-1982 school year, "student growth or decline factor" means the following ratio, adjusted according to clause (4).

(a) The current year's annual student count for a particular AVTI, divided by

(b) The annual student count for the second prior year for that AVTI.

(4) If the ratio in (1) or (3) is greater than .95 but less than 1.05, the ratio shall equal 1.0. If the ratio is .95 or less, the ratio shall be adjusted by adding .05. If the ratio is 1.05 or greater, the ratio shall be adjusted by subtracting .05.

Subd. 12. INSTRUCTIONAL AID FORMULA. In the 1981 fiscal year and each fiscal year thereafter, each district which operates an AVTI shall receive post-secondary vocational instructional aid computed according to the following formula:

(a) The instructional program allowance for that AVTI in the base year, multiplied by

(b) The AVTI staff compensation weighting for that AVTI, multiplied by

(c) 117 percent, multiplied by

(d) The student growth or decline factor for that AVTI.

Sec. 14. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to read:

[124.5622] POST-SECONDARY VOCATIONAL SUPPLY AID. Subdivision 1. DEFINITIONS. For the purposes of this section the words, terms and phrases defined in subdivisions 2 and 3 have the meanings ascribed to them.

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Subd. 2. "AVTI" means a post-secondary area vocational-technical institute.

Subd. 3. "Post-secondary vocational supply aid" means state funds, exclusive of post-secondary vocational capital expenditure aid, instructional aid, support services aid and debt service aid, apportioned by the state board for vocational education to local districts for the costs of rents and leases, supplies and materials, and supplies for resale, for all instructional programs and support services including related instruction and special needs programs. Post-secondary vocational supply aid shall be utilized solely for the purposes of post-secondary vocational education and shall not be utilized for equipment or other capital expenditures.

Subd. 4. BUDGETS; SUPPLY AID ALLOCATION. Each AVTI shall submit a budget before January 1, 1980 and before January 1 of each year thereafter detailing estimated costs for the following fiscal year for each of the following expenditure categories: rents and leases, supplies and materials, and supplies for resale, for all instructional programs and support services including related instruction and special needs programs. Each budget shall also include anticipated revenues from the sales of supplies and services. A budget submitted pursuant to this section shall not include any expenditures or revenues which are included in the computation of the AVTI's budgets for post-secondary vocational support services aid or capital expenditure aid. The department of education shall recommend an allocation of supply aid for each of the expenditure categories and a total allocation of supply aid for each AVTI, after a review of each AVTI budget. The state board shall review the recommendations of the department for the distribution of supply aid, authorize an allocation of supply aid for each AVTI, and detail recommended levels of spending for each expenditure category through the consolidated public hearing process prescribed in section 124.561, subdivision 3a.

Subd. 5. REPORT. Before August 1, 1980, and before August 1 of each subsequent year, the commissioner shall issue a report on the supply aid allocation to each AVTI. This report shall include recommended aid allocations for each expenditure category and an explanation comparing the amount of the authorized aid allocation to the budget submitted for each AVTI. This report shall be transmitted to the education committees of the legislature and to the directors of the AVTI's.

Sec. 15. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to read:

[124.5623] POST-SECONDARY VOCATIONAL SUPPORT SERVICES AID.
Subdivision 1. DEFINITIONS. For the purposes of this section the words, terms and phrases defined in subdivisions 2 and 3 have the meanings ascribed to them.

Subd. 2. "AVTI" means a post-secondary area vocational-technical institute.

Subd. 3. "Post-secondary vocational support service aid" means state and federal funds, exclusive of post-secondary vocational capital expenditure aid, supply aid, instructional aid and debt service aid, apportioned by the state board for vocational education to local school districts for the costs of support services, including related

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instruction and special needs programs, enumerated in subdivision 4. Post-secondary vocational support services aid shall be utilized solely for the purposes of post-secondary vocational education and shall not be utilized for equipment or other capital expenditures.

Subd. 4. BUDGETS; SUPPORT SERVICES AID ALLOCATION. Each AVTI shall submit a budget before January 1, 1980, and before January 1 of each year thereafter detailing the estimated costs for the following fiscal year for all support services, including related instruction and special needs programs. These costs shall include: expenditures for support services personnel salaries, travel and fringe benefits, excluding teachers' retirement and teachers' social security; expenditures for other purchased services; and other support service expenditures. Each budget shall also include all other anticipated support service revenues. A budget submitted pursuant to this section shall not include any expenditures for or revenue from the sale of supplies and equipment. A budget submitted pursuant to this section shall not include any expenditures or revenues which are included in the computation of an AVTI's instructional program cost or in the AVTI's budgets for post-secondary vocational supply aid or capital expenditure aid. The department of education shall recommend an allocation of support services aid for each of the expenditure categories and a total allocation of support services aid for each AVTI, after a review of each AVTI budget. The state board shall review the recommendations of the department, authorize an allocation of support services aid for each AVTI, and detail recommended levels of spending for each expenditure category, through the consolidated public hearing process prescribed in section 124.561, subdivision 3a. No aid shall be allocated for any special vocational systemwide support service project or program, excluding regional special needs programs. The estimated amount of each AVTI's net positive unappropriated general fund balance, as of June 30 of the fiscal year during which allocations are made, which exceeds 15 percent of the AVTI's operating expenditures, as defined by the uniform financial accounting and reporting system, for the fiscal year during which allocations are made, shall be taken into account by the state board in making these allocations.

Subd. 5. REPORT. Before August 1, 1980 and before August 1 of each subsequent year, the commissioner shall issue a report on the support services aid allocation to each AVTI. This report shall include the recommended aid allocation for each support services expenditure category and an explanation comparing the amount of the authorized aid allocation to the budget submitted for each AVTI. The fund balances used by the state board in determining the support services aid allocations shall be included. This report shall be transmitted to the education committees of the legislature and to the directors of the AVTI's.

Sec. 16. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to read:

[124.5624] POST-SECONDARY VOCATIONAL CAPITAL EXPENDITURE AID. Subdivision 1. DEFINITIONS. For the purposes of this section, the words, terms and phrases defined in subdivisions 2 and 3 have the meanings ascribed to them.

Subd. 2. "AVTI" means a post-secondary area vocational-technical institute.

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Subd. 3. "Post-secondary vocational capital expenditure aid" means state funds, exclusive of post-secondary vocational instructional aid, supply aid, support services aid and debt service aid, apportioned by the state board for vocational education to local school districts for the purpose of improving or repairing school sites or equipping, re-equipping, repairing or improving buildings and permanent attached fixtures, as necessary for the conduct of post-secondary vocational-technical training. Post-secondary vocational capital expenditure aid shall be utilized solely for the purposes enumerated in this section.

Subd. 4. BUDGETS; CAPITAL EXPENDITURE AID ALLOCATION. Each AVTI shall submit a budget before January 1, 1980, and before January 1 of each year thereafter detailing estimated costs for the following fiscal year for equipment and other capital expenditures for all instructional programs and support services, including special needs programs and related instruction. Each budget shall also include anticipated revenues from the sale of equipment and other capital goods. A budget submitted pursuant to this section shall not include any revenues or expenditures which are included in the computation of an AVTI's instructional program cost or in the AVTI's budgets for post-secondary vocational support services aid or supply aid. The department of education shall recommend an allocation of capital expenditure aid for each of the expenditure categories and a total allocation of capital expenditure aid for each AVTI, after a review of each AVTI budget. The state board shall review the recommendations of the department, authorize an allocation of capital expenditure aid for each AVTI, and detail recommended levels of spending for each expenditure category, through the consolidated public hearing process prescribed in section 124.561, subdivision 3a. The amount of each AVTI's estimated net positive unappropriated capital expenditure fund balance, as of June 30 of the fiscal year during which allocations are made, shall be taken into account by the state board in making these allocations.

Subd. 5. All capital expenditures for AVTI's in excess of \$4,000 shall receive prior approval by the commissioner. This approval shall be sought and given separately from the budget hearing and aid allocation process.

Subd. 6. REPORT. Before August 1, 1980 and before August 1 of each subsequent year, the commissioner shall issue a report on the capital expenditure aid allocation to each AVTI. This report shall include recommended aid allocations for each capital expenditure category and an explanation comparing the amount of the authorized capital expenditure aid allocation to the budget submitted for each AVTI. The fund balances used by the state board in determining the capital expenditure aid allocation shall be included.

Before August 1, 1980 and before August 1 of each subsequent year the commissioner shall also report on the equipment inventory of each AVTI, including original cost, amortization schedule and current value.

These reports shall be transmitted to the education committees of the legislature and to the directors of the AVTI's.

Sec. 17. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to

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read:

[124.5625] POST-SECONDARY AND ADULT VOCATIONAL CONTINGENCY FUND. There is established a post-secondary and adult vocational contingency fund. This fund shall be used for the start-up costs of post-secondary vocational programs, including job training programs provided at the request of industry. This fund shall also be used for short term training of employees at the request of business and industry, when that training is specialized and not available from any other source. The commissioner shall establish rules for the administration of this fund. The rules shall conform, where applicable, to the rules and procedures for the approval of new post-secondary and adult vocational programs.

Sec. 18. Minnesota Statutes 1978, Section 124.563, Subdivision 1, is amended to read:

124.563 POST-SECONDARY VOCATIONAL CATEGORICAL AND CAPITAL EXPENDITURE AID. Subdivision 1. "Post-secondary vocational categorical aid" means all state and federal funds, exclusive of post-secondary vocational foundation, capital expenditure and debt service aid, apportioned by the state board for vocational education to local school districts for the purpose of assisting in the conduct of post-secondary vocational-technical training. This aid shall be given to districts conducting high cost programs which require funds in addition to the post-secondary vocational foundation aid provided, including vocational education programs for handicapped or disadvantaged persons and support services necessary to provide vocational education in the least restrictive setting possible. Post-secondary vocational categorical aid shall not be allocated by the state board or expended by a district for any of the purposes for which post-secondary vocational capital expenditure aid is allocated or expended. In allocating post-secondary vocational categorical aid for fiscal year 1980, the state board shall take into account the amount of each district's estimated net positive unappropriated balance as of June 30, 1979, in its post-secondary vocational-technical general fund which exceeds 15 percent of the district's post-secondary vocational-technical operational budget for fiscal year 1979.

Sec. 19. Minnesota Statutes 1978, Section 124.565, Subdivision 1, is amended to read:

124.565 POST-SECONDARY VOCATIONAL EDUCATION TUITION. Subdivision 1. Any Minnesota resident ~~who is under 24 years of age~~ may attend a post-secondary vocational-technical school, provided that the individual meets the entrance requirements for the training course in which enrollment is sought and the school has the room and the facility to receive him:

Sec. 20. Minnesota Statutes 1978, Section 124.565, Subdivision 3, is amended to read:

Subd. 3. Tuition at a post-secondary vocational-technical school for a Minnesota resident pupil shall be ~~two dollars~~ \$128 per ~~day~~ quarter for each ~~school day~~ quarter the pupil is enrolled; except that there shall be no charge for tuition for a person who, prior

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to July 1, 1978, entered active military service in a branch of the armed forces of the United States and who, under the laws in effect at the time of his induction into the armed forces, would be eligible to attend a post-secondary vocational-technical school without payment of tuition. A full refund shall be provided to a student who withdraws on or before the 15th day of the quarter. No refund shall be provided for withdrawal after the 15th day of the quarter.

Sec. 21. Minnesota Statutes 1978, Section 124.565, Subdivision 4, is amended to read:

Subd. 4. Unless covered by a higher education reciprocity agreement relating to nonresident tuition, entered into by the Minnesota higher education coordinating board and approved by the state board for vocational education, tuition at a post-secondary vocational-technical school for a pupil who is not a resident of Minnesota shall be ~~five dollars~~ \$320 per ~~day~~ quarter for each ~~school day~~ quarter the pupil is enrolled. A full refund shall be provided to a student who withdraws on or before the 15th day of the quarter. No refund shall be provided for withdrawal after the 15th day of the quarter.

Sec. 22. Minnesota Statutes 1978, Section 124.565, is amended by adding a subdivision to read:

Subd. 6. For purposes of the tuition charges established in this section, a quarter shall consist of 60 school days. The state board for vocational education shall adopt rules providing for proportionate tuition charges for quarters which are shorter or longer than 60 days and for pupils who enroll on a part time or extended day basis. The state board shall adopt rules providing for tuition charges based on approved program lengths for programs offered on an individualized basis.

Sec. 23. Minnesota Statutes 1978, Section 124.566, is amended to read:

124.566 USE OF POST-SECONDARY VOCATIONAL AID APPROPRIATIONS. Notwithstanding the provisions of section ~~16.16~~ or 16A.57 or any other law to the contrary, the state board for vocational education may expend amounts appropriated by the legislature for post-secondary vocational categorical aid to pay post-secondary vocational foundation aid ~~in any year when for the 1979-1980 school year~~ if the appropriation for post-secondary vocational foundation aid is insufficient because of an increase in average daily membership. The state board may expend amounts appropriated by the legislature for post-secondary vocational support services aid to pay post-secondary vocational instructional aid in the 1980-1981 school year if the appropriation for post-secondary vocational instructional aid is insufficient because of an increase in average daily membership, or in the 1981-1982 school year, and each year thereafter, when the appropriation for post-secondary vocational instructional aid is insufficient because of an increase in the annual student count. Beginning in the 1980-1981 school year, the state board may expend amounts appropriated by the legislature for post-secondary vocational instructional aid to pay post-secondary vocational support services aid in any year when the state board determines that the appropriation for instructional aid is excessive. On the date of any expenditure pursuant to this section, the state board shall report the expenditure to the appropriate committees

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of the legislature.

Sec. 24. Minnesota Statutes 1978, Section 124.572, Subdivision 1, is amended to read:

124.572 CURRENT FUNDING FOR ADULT VOCATIONAL EDUCATION. Subdivision 1. ~~The purpose of this section is to change the method of funding adult vocational programs from reimbursement based on past expenditures to a current funding basis. Beginning July 1, 1977, The state shall not reimburse expenditures from the 1976-1977 school year programs; but shall pay adult vocational aids for the 1977-1978 school year programs and for each year thereafter on a current funding basis.~~

Sec. 25. Minnesota Statutes 1978, Section 124.572, Subdivision 2, is amended to read:

Subd. 2. ~~In the 1977-1978 school year and thereafter,~~ The state shall pay to any district or cooperative vocational center 75 percent of the salaries paid to essential, licensed personnel in that school year for services rendered in that district's or center's adult vocational education programs. In addition, the state shall pay 50 percent of the costs of necessary travel between instructional sites by adult vocational education teachers. The commissioner may withhold all or any portion of this aid for an adult vocational education program which receives funds from any other source, and in no event shall a district or center receive a total amount of state aid for salaries and travel pursuant to this section which, when added to funds from other sources, will provide the program an amount for salaries and travel which exceeds 100 percent of the amount of its expenditures for salaries and travel in the program.

Sec. 26. Minnesota Statutes 1978, Section 124.572, Subdivision 3, is amended to read:

Subd. 3. This aid shall be paid only for services rendered or for travel costs incurred in adult vocational education programs approved by the state department of education and operated in accordance with rules promulgated by the state board; ~~provided, in 1977-1978 the department may pay this aid for programs operated in accordance with the state plan for vocational education and current state board rules. By 1978-1979, These rules shall provide minimum student-staff ratios required for an adult vocational education program to qualify for this aid. By 1978-1979, Rules relating to adult vocational education programs shall not incorporate the provisions of the state plan for vocational education by reference.~~

Sec. 27. Minnesota Statutes 1978, Section 124.573, Subdivision 1, is amended to read:

124.573 CURRENT FUNDING FOR SECONDARY VOCATIONAL EDUCATION. Subdivision 1. ~~The purpose of this section is to change the method of funding secondary vocational programs from reimbursement based on past expenditures to a current funding basis. Beginning July 1, 1978, The state shall not reimburse expenditures from the 1977-1978 school year programs; but shall pay aids for the~~
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1978-1979 school year programs and for each year thereafter secondary vocational programs on a current funding basis.

Sec. 28. Minnesota Statutes 1978, Section 124.574, Subdivision 2, is amended to read:

Subd. 2. In the ~~1978-1979~~ 1979-1980 school year and thereafter, the state shall pay to any district or cooperative center ~~the greater of:~~

(a) ~~50~~ 70 percent of the salaries paid to essential licensed personnel in that school year for services rendered in that district or center's secondary vocational education programs for handicapped children ~~;~~ or

(b) 69 percent of the salaries paid to essential licensed personnel in that school year for services rendered in that district or center's secondary vocational education programs for handicapped children; but not to exceed \$12,000 for the normal school year for each such full time person employed; or a pro rata amount for a part time person or a person employed for a limited time; plus an additional five percent of the salaries paid such essential licensed personnel.

Sec. 29. **REPEALER.** Subdivision 1. Minnesota Statutes 1978, Section 275.125, Subdivision 13 is repealed.

Subd. 2. Minnesota Statutes 1978, Sections 124.11, Subdivision 2; 124.561, Subdivision 3; and 124.563, are repealed effective July 1, 1980.

Subd. 3. Minnesota Statutes 1978, Section 124.562, Subdivision 1, is repealed effective January 1, 1981.

Subd. 4. Minnesota Statutes 1978, Section 124.562, Subdivision 2 is repealed effective January 1, 1982.

Sec. 30. **DEFICIENCY APPROPRIATION.** The sum of \$1,700,000 is appropriated from the general fund to the department of education for the fiscal year ending June 30, 1979 for the payment of a deficiency in funds available for aid for secondary vocational education pursuant to section 124.573.

Sec. 31. **APPROPRIATION FOR CONTINGENCY FUND.** There is appropriated from the general fund in the state treasury to the department of education the sum of \$500,000, or so much of that amount as is necessary, for the purpose of the contingency fund established in section 17 of this article, for the biennium ending June 30, 1981. Of that amount, \$100,000 is immediately available for expenditure; when that amount is spent, and each time an additional amount is spent, the commissioner of education shall report on those expenditures to the legislative advisory commission and the governor. The governor, after consultation with the legislative advisory commission in the manner provided in section 3.30, may make additional amounts, up to \$100,000 at a time, available for expenditure as needed until the total appropriation has been spent.

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Sec. 32. **APPROPRIATIONS.** Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

Subd. 2. POST-SECONDARY VOCATIONAL FOUNDATION AID. For post-secondary vocational foundation aid pursuant to section 124.562, there is appropriated:

\$61,735,300 1980.

Subd. 3. POST-SECONDARY VOCATIONAL CATEGORICAL AID. For post-secondary vocational categorical aid pursuant to section 124.563, subdivision 1, there is appropriated:

\$4,500,000 1980.

This appropriation is based on the assumption that the state will spend for post-secondary vocational categorical aid an amount equal to \$6,254,900 in fiscal year 1980 of federal money received for vocational education programs pursuant to the Vocational Education Act of 1963, as amended.

The amount appropriated in this subdivision shall not be used for any special vocational systemwide support service program or project.

Subd. 4. POST-SECONDARY VOCATIONAL INSTRUCTIONAL AID. For post-secondary vocational instructional aid, there is appropriated:

\$45,000,000 1981.

The amount appropriated in this subdivision shall not be used for any special vocational systemwide support service program or project.

Subd. 5. POST-SECONDARY VOCATIONAL SUPPLY AID. For post-secondary vocational supply aid there is appropriated:

\$10,600,400 1981.

Subd. 6. POST-SECONDARY VOCATIONAL SUPPORT SERVICES AID. For post-secondary vocational support service aid there is appropriated:

\$18,706,800 1981.

This appropriation is based on the assumption that the state will spend for post-secondary vocational support services aid an amount equal to \$6,886,400 in fiscal year 1981 of federal money received for vocational education programs pursuant to the Vocational Education Act of 1963, as amended.

Subd. 7. POST-SECONDARY VOCATIONAL CAPITAL EXPENDITURE AID.

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For post-secondary vocational capital expenditure aid there is appropriated:

\$9,000,000 1980.

\$9,000,000 1981.

Subd. 8. POST-SECONDARY VOCATIONAL DEBT SERVICE AID. For post-secondary vocational debt service aid there is appropriated:

\$7,733,800 1980.

\$7,737,600 1981.

Subd. 9. ADULT VOCATIONAL EDUCATION AID. For adult vocational education aid, there is appropriated:

\$6,441,740 1980.

\$6,837,360 1981.

The appropriation for 1980 includes \$600,630 for fiscal year 1979 payable in fiscal year 1980 of which not to exceed \$17,050 is for necessary travel. This amount also includes \$5,841,110 for fiscal year 1980 payable in fiscal year 1980 of which not to exceed \$198,900 is for necessary travel.

The appropriation for 1981 includes \$649,010 for aid for fiscal year 1980 payable in fiscal year 1981 of which not to exceed \$22,100 is for necessary travel. This amount also includes \$6,188,350 for aid for fiscal year 1981 payable in fiscal year 1981 of which not to exceed \$218,700 is for necessary travel.

None of the amounts appropriated in this subdivision shall be used for any special vocational systemwide support service program or project.

Subd. 10. ADULT SMALL BUSINESS MANAGEMENT PROGRAMS; ADDITIONAL LOCATIONS. For adult vocational education programs in small business management in locations where these programs are not currently being offered or planned there is appropriated:

\$100,000 1980.

\$180,000 1981.

This aid shall be paid in accordance with section 124.572.

Subd. 11. VETERAN FARMER COOPERATIVE TRAINING PROGRAMS. For veteran farmer cooperative training programs, there is appropriated:

\$1,050,000 1980.

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\$ 975,000 1981.

Subd. 12. SECONDARY VOCATIONAL EDUCATION AID. For secondary vocational education aid pursuant to section 124.573 there is appropriated:

\$21,134,700 1980.

\$22,738,100 1981.

The appropriation for 1980 includes \$1,800,000 for fiscal year 1979 payable in fiscal year 1980 of which not to exceed \$126,000 is for equipment. This amount also includes \$19,334,700 for fiscal year 1980 payable in fiscal year 1980 of which not to exceed \$1,527,690 is for equipment.

The appropriation for 1981 includes \$2,148,300 for fiscal year 1980 payable in fiscal year 1981 of which not to exceed \$169,740 is for equipment. This amount also includes \$20,589,800 for fiscal year 1981 payable in fiscal year 1981 of which not to exceed \$1,634,630 is for equipment.

None of the amounts appropriated in this subdivision shall be used for any special vocational systemwide support service program or project.

Subd. 13. AID FOR SECONDARY VOCATIONAL EDUCATION PROGRAMS FOR HANDICAPPED CHILDREN. For secondary vocational programs for handicapped children pursuant to section 124.574, subdivision 2 there is appropriated:

\$2,009,300 1980.

\$2,248,200 1981.

The appropriation for 1980 includes \$160,000 for fiscal year 1979 payable in fiscal year 1980. This amount also includes \$1,849,300 for fiscal year 1980 payable in fiscal year 1980. This appropriation is based on the assumption that the state will spend for this purpose an amount at least equal to \$280,000 in fiscal year 1980 of federal money received for vocational education programs pursuant to the Vocational Education Act of 1963, as amended.

The appropriation for 1981 includes \$205,480 for fiscal year 1980 payable in fiscal year 1981. This amount also includes \$2,042,720 for fiscal year 1981 payable in fiscal year 1981. This appropriation is based on the assumption that the state will spend for this purpose an amount at least equal to \$300,000 in fiscal year 1981 of federal money received for vocational education programs pursuant to the Vocational Education Act of 1963, as amended.

Subd. 14. Any unexpended balance remaining from the appropriations in this section for 1980 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amounts attributable to

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either year for any purpose indicated is insufficient, the aid for that year shall be prorated among all qualifying districts, and the state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.

Sec. 33. **EFFECTIVE DATES.** Sections 2, 18, 22 and 30 of this article shall be effective the day following final enactment. Sections 4, 5 and 12 of this article shall be effective July 1, 1980.

ARTICLE VI

OTHER AIDS AND LEVIES;

MISCELLANEOUS PROVISIONS

Section 1. Minnesota Statutes 1978, Section 16.93, is amended to read:

16.93 COMPUTERIZATION BY SCHOOL DISTRICTS. Subdivision 1. DELEGATION OF POWERS AND DUTIES TO THE MINNESOTA EDUCATIONAL COMPUTING CONSORTIUM. The state board of education and the department of education may delegate any of their powers and duties pursuant to subdivision 3 of this section to the Minnesota educational computing consortium.

Subd. 2. SCHOOL DISTRICTS' PLANS AND BUDGETS. A school district may expend funds for computerization of administrative, instructional, or other activities only after filing annually with the state department of education a plan and budget covering such activities and only upon approval thereof by the state department. Criteria to be used by the department in making its determinations must include, but are not limited to, the state plan as prepared by the commissioner of administration; policies and programs of the intergovernmental information systems advisory council; and cost effectiveness considerations of the department. All resulting decisions of the department are to be reported promptly to the commissioner of administration and the intergovernmental council a regional management information center of which the district is a member submits and obtains approval of an annual plan and budget on behalf of its member districts as provided in subdivision 3. Every school district shall become a member of a regional management information center. Every district shall in a timely manner supply to the regional management information center of which it is a member the information required by the annual data acquisition calendar and the rules of the state board of education and the information specified in the data element dictionary.

Subd. 3. REGIONAL PLANS AND BUDGETS. Any group of two or more school districts may with the approval of the state board of education create a regional management information center pursuant to section 471.59 to provide computer services to the member districts. No regional management information center may expend funds for computer activities unless it files an annual plan and budget for its activities with the department of education and receives approval of the plan and budget from the department of education. Criteria for approving the creation of a regional management

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information center and the plan and budget of a regional management information center shall include: the provisions of the state computing plan adopted by the state board of education; the cost effectiveness of the center and its plan and budget; the effect on existing regional management information centers; the ability of the center in a timely manner to provide information required by the annual data acquisition calendar or by the rules of the state board of education on computer tape which is machine readable using the software designed by the department of education; the ability of the center within 15 calendar days to respond to requests for information based on the data elements in the data element dictionary on computer tape which is machine readable using the software designed by the department of education; and the ability of the center to operate the uniform financial management accounting system using multi-dimensional accounts and records, as required by the uniform financial accounting and reporting standards for Minnesota school districts adopted by the state board pursuant to sections 121.90 to 121.92. Every regional center shall make available to its member districts the opportunity to participate fully in the comprehensive financial reporting, personnel payroll reporting and student reporting information system developed by the Minnesota educational computing consortium. A regional management information center which is not in existence on the effective date of this section shall not come into existence until the first July 1 of an odd-numbered year after its creation is approved pursuant to this subdivision or until it can be accommodated by state appropriations, whichever occurs first.

Subd. 4. REGIONAL SUBSIDIES. In any year when a regional management information center's plan and budget are approved pursuant to subdivision 3, the center shall receive a regional reporting subsidy grant from the department of education. The grant shall be in an amount determined in accordance with the formula filed by the department of education with the committees on education and finance of the senate and the committees on education and appropriations of the house of representatives.

Subd. 5. STATE BOARD OF EDUCATION DUTIES. The state board of education shall adopt rules prescribing the criteria for approval of regional plans and budgets and of the creation of regions, and specifying the criteria and the process for determining which data and data elements are included in the data element dictionary and the data acquisition calendar developed pursuant to subdivisions 6 and 7. To the extent permitted by available resources, the commissioner of administration may furnish staff and other assistance to the department of education and the Minnesota educational computing consortium in conjunction with its their performance of the duties imposed by this section.

Subd. 6. DATA ELEMENT DICTIONARY. By January 1, 1980, the department of education shall develop a data element dictionary defining all data elements included in the financial reporting, personnel payroll and student reporting information system of the department of education. Except as provided in subdivision 5, the development and modification of the data element dictionary shall be exempt from the rule-making procedures specified in chapter 15.

Subd. 7. DATA ACQUISITION CALENDAR. By January 1, 1980, the department of education shall develop an annual data acquisition calendar specifying the reports which school districts are required to submit to the department of education and the dates

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when these reports are due. Except as provided in subdivision 5, the development and modification of the annual data acquisition calendar shall be exempt from the rule-making procedures specified in chapter 15.

Sec. 2. Minnesota Statutes 1978, Section 120.075, is amended to read:

120.075 ATTENDANCE; PREVIOUS ENROLLMENT; FAMILIES. Subdivision 1. Any pupil who, pursuant to the provisions of Minnesota Statutes 1976, Section 120.065, or Minnesota Statutes, 1977 Supplement, Section 123.39, Subdivision 5a, was enrolled on January 1, 1978, in a school district of which he was not a resident may continue in enrollment in that district.

Subd. 2. Any child who was under school age on January 1, 1978, but who otherwise would have qualified pursuant to the provisions of Minnesota Statutes 1976, Section 120.065, or Minnesota Statutes, 1977 Supplement, Section 123.39, Subdivision 5a, for enrollment in a school district of which he was not a resident may enroll in that district.

Subd. 3. Any pupil enrolled on January 1, 1978, in a non-public school, as defined in section 123.932, subdivision 3, located in a district of which he was not a resident who would otherwise have qualified for enrollment in that district as a resident pursuant to subdivision 1 may attend the public schools of that district as a resident.

Subd. 4. Subdivisions 1, 2 and 3 shall also apply to any brother or sister of that enrolled a qualified pupil who is related to that pupil by blood, adoption or marriage and to any foster child of that pupil's parents. The enrollment of that any pupil or of the other qualified members of his family pursuant to this section shall remain subject to the provisions of those sections Minnesota Statutes 1976, Section 120.065 and Minnesota Statutes, 1977 Supplement, Section 123.39, Subdivision 5a, as they read on January 1, 1978. Any district which had a pupil enrolled on January 1, 1978, pursuant to the provisions of Minnesota Statutes 1976, Section 120.065, or Minnesota Statutes, 1977 Supplement, Section 123.39, Subdivision 5a, shall report this fact to the commissioner prior to August 15, 1978.

Sec. 3. Minnesota Statutes 1978, Section 121.49, is amended to read:

121.49 ITEMIZATION OF AMOUNT OF AID TO DISTRICTS. Subdivision 1. The department of education shall itemize for each school district in the state the total amount of money and the amount of money per pupil unit which accrues to the district for each fiscal year from each type of state and federal aid, refund, payment, credit, disbursement or monetary obligation of any kind, including but not limited to each special state aid, emergency aid, payments in lieu of taxes, and pension and retirement obligations for the benefit of personnel of the district. State agencies which have information necessary for the itemization required by this section shall provide the information to the department of education. The completed itemizations shall be ~~made available~~ reported to the appropriate standing committees of the legislature in convenient reference form not later than December 1 following the year for which they are made.

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Subd. 2. If the report required for the 1979-1980 school year and each year thereafter is not received by the appropriate standing committees of the legislature by June 30 in the fiscal year following the fiscal year for which the report is made, the commissioner of education and the department of education shall not be authorized to expend any funds for any purpose, other than the distribution of aids to school districts, until the report is received.

Sec. 4. Minnesota Statutes 1978, Chapter 121, is amended by adding a section to read:

[121.495.] BASIC SKILLS PROGRAM. Subdivision 1. PURPOSE. The legislature finds that (1) all children have the right to achieve their full educational potential, and (2) children from all socio-economic backgrounds deserve the opportunity to receive instruction in the basic skills of listening, speaking, reading, writing and computation in order to be able to function politically, economically and socially in a democratic society. Therefore, the purpose of this section is to establish a program providing leadership, technical assistance, and training in basic skills instruction on a regional basis to school districts and nonpublic schools.

Subd. 2. DEFINITION. For purposes of this section, "basic skills" means the abilities to listen, speak, read, write and compute.

Subd. 3. PARTICIPATION. Any district or nonpublic school may participate in the state basic skills program if its governing board adopts a resolution affirming basic skills as a priority, designating a local basic skills director, allowing the designated local basic skills director to attend a program of training in the development and maintenance of a high quality basic skills program, and agreeing to develop a comprehensive basic skills program in accordance with this training. If more districts or nonpublic schools apply than can be served in a particular year, the commissioner shall select participating districts and nonpublic schools. A school district or nonpublic school which participates in the state basic skills program may establish a basic skills advisory committee to assist it in establishing and maintaining a basic skills program. A school district may designate the curriculum advisory committee established pursuant to section 123.741, subdivision 3, as the basic skills advisory committee.

Subd. 4. REGIONAL DIRECTORS. The commissioner shall establish a basic skills section in the department which shall employ a state basic skills director and regional basic skills directors assigned to serve the various educational cooperative service units or portions of those units. The basic skills section shall provide technical assistance to those school districts and nonpublic schools which choose to participate in the state basic skills program. The regional directors, in cooperation with the educational cooperative service units, shall provide training to each local basic skills director in the development and maintenance of high quality basic skills programs according to predetermined criteria of excellence. This technical assistance and training shall cover at least the following: assessment of local basic skills programs, planning a comprehensive basic skills program, alternative methods of implementing a local basic skills program, in-service training of staff in basic skills instruction, assessment of the basic skills needs of pupils, selection of instructional materials, and evaluation of pupils' progress in acquiring basic skills. The

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department shall reimburse local basic skills directors for any expenses incurred for travel, lodging and meals in order to participate in basic skills training and shall reimburse school districts for 50 percent of any wages paid to substitute teachers employed to replace local basic skills directors while they attend basic skills training.

Subd. 5. IN-SERVICE TRAINING. Each participating district or nonpublic school shall provide a minimum of 20 hours of in-service training in the instructional process for the basic skills to all teachers who volunteer to participate in the training.

Subd. 6. REPORT. Before January 15, 1981 the commissioner of education shall make a report to the education committees of the legislature describing and evaluating the state basic skills program.

Sec. 5. Minnesota Statutes 1978, Section 121.917, is amended by adding a subdivision to read:

Subd. 4. (1) If the net negative unappropriated fund balance in all the funds of a school district, other than statutory operating debt pursuant to section 121.914, capital expenditure, building construction, debt service, trust and agency, and post-secondary vocational-technical education funds, calculated in accordance with the uniform financial accounting and reporting system for Minnesota school districts, as of June 30, 1980, and each year thereafter, is more than two and one-half percent of the year's expenditure amount, the district shall, prior to September 15, submit a special operating plan to reduce the district's deficit expenditures to the commissioner of education for his approval.

Notwithstanding any other law to the contrary, a district submitting a special operating plan to the commissioner under this clause which is disapproved by the commissioner shall not receive any aid pursuant to chapter 124 until a special operating plan of the district is so approved.

(2) A district shall receive aids pending the approval of its special operating plan under clause (1). A district which complies with its approved operating plan shall receive aids as long as the district continues to comply with the approved operating plan.

Sec. 6. Minnesota Statutes 1978, Section 121.92, Subdivision 2, is amended to read:

Subd. 2. After July 1, 1980, participation in a computer based financial management accounting and reporting system shall be mandatory. The form of this participation shall be appealable to the commissioner determined as provided in section 16.93.

Sec. 7. Minnesota Statutes 1978, Section 122.85, Subdivision 1, as amended by Laws 1979, Chapter 10, Section 1, is amended to read:

122.85 EXPERIMENTAL PAIRING. Subdivision 1. Notwithstanding the provisions of sections 122.41 and 122.43, the board of any school district paired with another in this section upon approval by the school boards of both of the paired districts may enter into an agreement providing for the discontinuance by one district of any of

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grades kindergarten through 12 or portions of those grades and the instruction in the other district of the pupils in the discontinued grades or portions of grades. This provision shall apply on an experimental basis to the following pairs of school districts: Independent School Districts No. 209 and No. 265, No. 217 and No. 220, No. 243 and No. 245, No. 328 and No. 516, No. 413 and No. 415, No. 421 and No. 426, No. 440 and No. 444, No. 649 and No. 650, No. 654 and No. 655, No. 782 and No. 783, and No. 893 and No. 896. These experimental pairing agreements shall not extend beyond June 30, 1984. Notwithstanding subdivision 4, Independent School Districts No. 413 and No. 415 may negotiate plans pursuant to subdivision 3 until August 31, 1979. This section shall be effective with respect to Independent School Districts No. 413 and No. 415 upon its approval by the school boards of both of the paired districts.

Sec. 8. Minnesota Statutes 1978, Section 123.34, Subdivision 8, is amended to read:

Subd. 8. The clerk shall keep a record of all meetings of the district and the board in books provided by the district for that purpose. He shall, within three days after an election notify all persons elected of their election. On or before August 15 of each year he shall file with the board a report of the revenues, expenditures and balances in each fund for the preceding fiscal year. The report together with vouchers and supporting documents shall subsequently be examined by a public accountant or the state auditor, either of whom shall be paid by the school district, as provided in section 121.908, subdivision 3. The board shall by resolution approve the report or require a further or amended report. On or before August 15 of each year, he shall make and transmit to the commissioner certified reports, showing:

- (1) The condition and value of school property;
- (2) The revenues and expenditures in detail, and such other financial information required by law, rule, or as may be called for by the commissioner;
- (3) The length of school term and the enrollment and attendance by grades; and
- (4) Such other items of information as may be called for by the commissioner.

He shall enter in his record book copies of all his reports and of the teachers' term reports, as they appear in the registers, and of the proceedings of any meeting as furnished him by the clerk pro tem, and keep an itemized account of all the expenses of the district. He shall furnish to the auditor of the proper county, on or before October 10 of each year, an attested copy of his record, showing the amount of money voted by the district or the board for school purposes; draw and sign all orders upon the treasurer for the payment of money for bills allowed by the board for salaries of officers and for teachers' wages and all claims, to be countersigned by the chairman. Such orders shall state the consideration, payee, and the fund and the clerk shall take a receipt therefor. Teachers' wages shall have preference in the order in which they become due, and no money applicable for teachers' wages shall be used for any other purpose, nor shall teachers' wages be paid from any fund except that raised or apportioned for that purpose.

Sec. 9. Minnesota Statutes 1978, Section 123.35, is amended by adding a
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subdivision to read:

Subd. 15. When payment of a claim cannot be deferred until the next board meeting without loss to the district of a discount privilege, the claim may be paid prior to board approval, providing that the board:

(a) Has delegated authority to the clerk or a designated business administrator to make a payment prior to board approval and

(b) Requires that payment made prior to board approval be acted upon at the next board meeting.

Payment prior to board approval shall not affect the right of the district or a taxpayer to challenge the validity of a claim.

Sec. 10, Minnesota Statutes 1978, Section 123.58, Subdivision 6, is amended to read:

Subd. 6. **DUTIES AND POWERS OF ECSU BOARD OF DIRECTORS.** The board of directors shall have authority to maintain and operate an ECSU. Subject to the availability of necessary resources, the powers and duties of this board shall include the following:

(a) The board of directors shall submit within 90 days after the filing of the initial petition with the state board of education and by June 1 of each year thereafter to the state board of education and to each participating school district an annual plan which describes the objectives and procedures to be implemented in assisting in resolution of the educational needs of the ECSU. In formulating the plan the board is encouraged to consider: (1) the number of dropouts of school age in the ECSU area and the reasons for the dropouts; (2) existing programs within participating districts for dropouts and potential dropouts; (3) existing programs of the ECSU for dropouts and potential dropouts and (4) program needs of dropouts and potential dropouts in the area served by the ECSU.

(b) The ECSU board of directors may provide adequate office, service center, and administrative facilities by lease, purchase, gift, or otherwise, subject to the review of the state board of education as to the adequacy of the facilities proposed.

(c) The ECSU board of directors may employ a central administrative staff and other personnel as necessary to provide and support the agreed upon programs and services. The board may discharge staff and personnel pursuant to provisions of law applicable to independent school districts. ECSU staff and personnel may participate in retirement programs and any other programs available to public school staff and personnel.

(d) The ECSU board of directors may appoint special advisory committees composed of superintendents, central office personnel, building principals, teachers, parents and lay persons.

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(e) The ECSU board of directors may employ service area personnel pursuant to licensure standards developed by the state board of education and the board of teaching.

(f) The ECSU board of directors may enter into contracts with school boards of local districts including school districts outside the ECSU area.

(g) The ECSU board of directors may enter into contracts with other public and private agencies and institutions which may include, but are not limited to, contracts with Minnesota institutions of higher education to provide administrative staff and other personnel as necessary to furnish and support the agreed upon programs and services.

(h) The ECSU board of directors shall exercise all powers and carry out all duties delegated to it by participating local school districts under provisions of the ECSU bylaws. The ECSU board of directors shall be governed, when not otherwise provided, by the provisions of law applicable to independent school districts of the state.

(i) The ECSU board of directors shall submit an annual evaluation report of the effectiveness of programs and services to the school districts within the ECSU and the state board of education by September 1 of each year following the school year in which the program and services were provided.

(j) The ECSU board is encouraged to establish cooperative, working relationships with post-secondary educational institutions in the state.

Sec. 11. Minnesota Statutes 1978, Section 123.58, is amended by adding a subdivision to read:

Subd. 8a. Insofar as possible, educational cooperative service units shall make technical assistance for long-range planning available to school districts upon request and shall establish a common data base for local and regional decision making.

Sec. 12. Minnesota Statutes 1978, Section 123.702, Subdivision 1, is amended to read:

123.702 SCHOOL BOARD RESPONSIBILITIES. Subdivision 1. Every school board shall provide for a voluntary health and developmental screening program for children once before entering kindergarten; ~~provided, this section shall not be construed to require school boards to screen children who enter kindergarten during fiscal year 1978~~. This screening program shall be established either by one board, by two or more boards acting in cooperation, by educational cooperative service units, by early childhood and family education programs, or by other existing programs. No school board may make this screening examination a mandatory prerequisite to enroll a student. ~~In fiscal years 1978 and 1979, The screening programs shall include at least the following components to the extent the school board determines they are financially feasible: developmental assessments, hearing and vision screening, dental assessments, and the review of health history and immunization status. In fiscal year 1979, the screening programs shall include at least the following additional components to the extent the school board determines they are financially feasible: laboratory tests and nutritional and physical assessments.~~

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All screening components shall be consistent with the standards of the state commissioner of health for early and periodic screening programs. No child shall be required to submit to any component of this screening program to be eligible for any other component. No screening program shall provide laboratory tests, a health history or a physical examination to any child who has been provided with those laboratory tests or a health history or physical examination within the previous 12 months. The school district shall request the results of any laboratory test, health history or physical examination within the 12 months preceding a scheduled screening clinic.

Sec. 13. Minnesota Statutes 1978, Section 123.702, is amended by adding a subdivision to read:

Subd. 7. In selecting personnel to implement the screening program, the school district shall give priority first to qualified volunteers and second to other persons possessing the minimum qualifications required by the rules adopted by the state board of education and the commissioner of health.

Sec. 14. Minnesota Statutes 1978, Section 123.703, Subdivision 1, is amended to read:

123.703 STATE BOARD OF EDUCATION AND STATE COMMISSIONER OF HEALTH; RESPONSIBILITIES. Subdivision 1. School boards shall administer the screening programs pursuant to rules adopted by the state board of education. ~~In order to implement the programs for the 1977-1978 school year, the state board shall, no later than August 15, 1977, adopt emergency rules in accordance with section 15.0412, subdivision 5.~~ Prior to the adoption of the rules and emergency rules, the state board shall solicit information or opinions pursuant to section 15.0412, subdivision 6. ~~The notice of proposed rule-making shall be published in the state register no later than August 1, 1977, and~~ Copies of the proposed rules and emergency rules shall be sent to the state commissioner of health and each school board in the state on or before the date of publication. The state board of education shall consider the standards employed by the state commissioner of health for early and periodic screening programs in drafting the proposed rules. The rules adopted by the state board of education and the commissioner of health to govern the screening program shall unconditionally permit registered nurses to perform those components of the screening program that can be performed by a nurse.

Sec. 15. Minnesota Statutes 1978, Section 123.703, Subdivision 3, is amended to read:

Subd. 3. The state board of education, in cooperation with the state commissioner of health, shall report to the legislature by February 1, ~~1979~~ 1980, on the results of the screening programs in accomplishing the purposes specified in section 123.701. The report shall include information on the rates of children's participation in screening programs, on districts' costs for implementing the various components of the screening program, and on any exemptions granted from screening requirements because of financial infeasibility.

Sec. 16. Minnesota Statutes 1978, Section 123.705, is amended to read:

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123.705 **STATE AID.** The department of education shall pay each school district for the cost of screening services provided pursuant to sections 123.701 to 123.705. The payment shall not exceed ~~\$13 \$25~~ per child screened in fiscal year ~~1978 1980~~ and ~~\$23 \$27~~ per child screened in fiscal year ~~1979 1981~~. Any district may request and receive an advance payment equal to 50 percent of its estimated payment for screening eligible children.

Sec. 17. Minnesota Statutes 1978, Section 123.741, Subdivision 1, is amended to read:

123.741 EDUCATIONAL POLICY; CURRICULUM ADVISORY COMMITTEES. Subdivision 1. The school board of each school district in the state shall develop and adopt a written educational policy which establishes educational goals for the district, a process for achieving these goals, and procedures for evaluating and reporting progress toward the goals. The school board shall review this policy each year and adopt revisions which it deems desirable. School boards are encouraged to develop this school district policy and any revisions after consultation with the staff of each school building. In formulating the policy, the school board of a district is encouraged to consider: (a) the number of dropouts of school age in the district and the reasons for the dropouts; (b) existing programs within the district for dropouts and potential dropouts and (c) program needs of dropouts and potential dropouts.

Sec. 18. Minnesota Statutes 1978, Section 123.937, is amended to read:

123.937 **APPROPRIATION.** There is appropriated annually to the department of education from the general fund of the state treasury the sum of ~~\$2,479,200~~ \$3,250,000 for the purposes of sections 123.931 to 123.937. If this amount is not sufficient to make the payments required pursuant to sections 123.931 to 123.937, the amount necessary to make these payments is appropriated from the general fund to the department of education.

Sec. 19. Minnesota Statutes 1978, Section 124.14, is amended to read:

124.14 DISTRIBUTION OF SCHOOL AIDS; APPROPRIATION. Subdivision 1. The state board shall supervise distribution of the school aids in accordance with law. It may make rules and regulations consistent with law for such distribution which will enable districts to perform efficiently the services required by law and further education in the state, including reasonable requirements for such reports and accounts to it as will assure accurate and lawful apportionment of aids.

Subd. 2. If the commissioner determines that the amount of state aid distributed to a school district is in error, he is authorized to adjust the amount of aid consistent with this subdivision. If the commissioner determines that the amount of aid is in excess of the school district's entitlement, he is authorized to recover the amount of the excess by any appropriate means, including the reduction of future aid payments to the school district. Notwithstanding any law to the contrary, if the aid reduced is not of the same type as that overpaid, the school district shall adjust all necessary financial accounts to properly reflect all revenues earned in accordance with the uniform financial accounting and reporting standards pursuant to sections 121.90 to 121.92. If the commissioner determines

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that the amount of an aid paid is less than the school district's entitlement, he is authorized to increase such aid from the current appropriation.

Subd. 3. † The commissioner shall require that the membership and pupil unit count of a minimum of 25 school districts be audited each fiscal year. The audits shall be conducted at random throughout the state with no prior notice to any district. At the time of each audit, the auditors shall also examine the appropriate factors that related to the determination of the authorized transportation costs and aids for that district. In districts where a post-secondary vocational-technical school is located, the audit shall include an audit of the membership of that school. Disparities between membership and pupil unit counts or transportation data reported by the school districts and those found by the auditors shall be reported to the commissioner who shall order an increase or reduction of foundation or transportation aids accordingly.

Subd. 4. A reduction of ~~foundation or transportation~~ aid under this section may be appealed to the state board of education and its decision shall be final. Public schools shall at all times be open to the inspection of the state board, and the accounts and records of any district are open to inspection by the state auditor, or the state board.

Subd. 2 5. There is annually appropriated from the general fund to the department of education the amounts amount necessary for foundation aid ~~and transportation aid~~. ~~These amounts~~ This amount shall be reduced by the amount of any funds specifically appropriated for the same purpose in any year from any state fund.

Sec. 20. Minnesota Statutes 1978, Section 124.245, Subdivision 1, is amended to read:

124.245 CAPITAL EXPENDITURE EQUALIZATION AID. Subdivision 1. The state shall pay a school district the difference by which an amount equal to ~~\$75~~ \$80 per pupil unit in that school year or, in districts where the pupil unit count is increased pursuant to actual number of pupil units identified in section 124.17, subdivision 1, ~~clause (7) clauses (1) and (2), \$80 has increased from the prior year, \$85~~ per pupil unit in that school year, exceeds the amount raised by 10 mills times the adjusted assessed valuation of the taxable property in the district for the preceding year. In order to qualify for aid pursuant to this section in any year, a district must have levied the full 10 EARC mills for use for capital expenditures in that year pursuant to ~~sections 124.04 or section~~ section 275.125, subdivision 11a.

Sec. 21. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to read:

[124.247] PROGRAM FOR THE GIFTED AND TALENTED. Subdivision 1. CITATION. This section may be cited as the "Education for the Gifted and Talented Act."

Subd. 2. AUTHORIZATION. There is hereby established a program of state aid for gifted and talented students.

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Subd. 3. AID. A district which establishes a program for gifted and talented students shall receive for the purpose of this program an amount equal to \$30 times the number of gifted and talented students in the district. No more than two and one-half percent of the students enrolled in the district shall be counted as gifted and talented for the purpose of aid computations pursuant to this subdivision. No more than five percent of the funds received by a district pursuant to this subdivision may be expended for the purpose of administration of the program for gifted and talented students.

Subd. 4. ACCOUNTS. A district which receives funds under this section shall maintain a separate account for the receipt and disbursement of funds allocated to the district for the purpose of this section, and the funds shall be spent only for the purpose of the program for gifted and talented students.

Subd. 5. REPORT. The department of education shall submit a report to the 1981 legislature evaluating the effectiveness of the education for the gifted and talented act.

Sec. 22. Minnesota Statutes 1978, Section 124.646, Subdivision 1, is amended to read:

124.646 **SCHOOL LUNCH AID.** Subdivision 1. (a) For the 1979-1980 school year, school districts shall be paid by the state in the amount of four and nine-tenths cents for each full paid student type "A" lunch served to students in the district. (b) For the 1980-1981 school year, school districts shall be paid by the state in the amount of five and three-tenths cents for each full paid student type "A" lunch served to students in the district.

Sec. 23. Minnesota Statutes 1978, Section 275.125, Subdivision 11a, is amended to read:

Subd. 11a. (a) A school district may levy an amount not to exceed the amount equal to ~~\$75~~ \$80 per pupil unit or, in districts where the ~~pupil unit count is increased pursuant to actual number of pupil units identified in~~ section 124.17, subdivision 1, ~~clause~~ (7) clauses (1) and (2), \$80 has increased from the prior year, \$85 per pupil unit. For purposes of computing allowable levies under section 275.125, pupil units shall include only those units identified in section 124.17, subdivision 1, clauses (1), (2), (4), and (5); ~~(6) and (7).~~ No levy under this subdivision shall exceed 10 mills times the adjusted assessed valuation of the taxable property in the district for the preceding year, notwithstanding the provisions of sections 272.64 and 275.49.

(b) The proceeds of the tax may be used only to acquire land, to equip and reequip buildings and permanent attached fixtures, ~~and~~ to pay leasing fees for computer systems hardware ; ~~computer terminals~~ and related proprietary software, and to pay leasing fees for photocopy machines and telecommunications equipment ; ~~and related proprietary software.~~ The proceeds of the tax may also be used for capital improvement and repair of school sites, buildings and permanent attached fixtures, energy assessments as required pursuant to section 116H.126, and for the payment of any special assessments levied against the property of the district authorized pursuant to section 435.19 or any other law or charter provision authorizing assessments against publicly owned property; provided

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that a district may not levy amounts to pay assessments for service charges, including but not limited to those described in section 429.101, whether levied pursuant to that section or pursuant to any other law or home rule provision. The proceeds of the tax may also be used for capital expenditures for the purpose of reducing or eliminating barriers to or increasing access to school facilities by handicapped individuals.

(c) Subject to the commissioner's approval, the tax proceeds may also be used to rent or lease buildings for school purposes and to acquire or construct buildings. The state board shall promulgate rules establishing the criteria to be used by the commissioner in approving and disapproving district applications requesting the use of capital expenditure tax proceeds for the renting or leasing of buildings for school purposes and the acquisition or construction of buildings. The approval criteria for purposes of building acquisition and construction shall include: the appropriateness of the proposal with respect to the district's long term needs; the availability of adequate existing facilities; and the economic feasibility of bonding because of the proposed building's size or cost.

(d) The board shall establish a fund in which the proceeds of this tax shall be accumulated until expended.

(e) The proceeds of the tax shall not be used for custodial or other maintenance services.

Sec. 24. Minnesota Statutes 1978, Section 465.72, is amended to read:

465.72 SEVERANCE PAY. Except as may otherwise be provided in Laws 1959, Chapter 690, as amended, all counties, cities, townships and school districts are hereby authorized and empowered to pay severance pay to all of its employees and to establish, prescribe and promulgate provisions, rules and regulations for the payment of such severance pay upon leaving employment prior to the normal retirement date. Such severance pay shall be excluded from retirement deductions and from any calculations in retirement benefits, and shall be paid in a manner mutually agreeable to the employee and employer over a period not to exceed five years from termination of employment. In the event that a terminated employee dies before all or a portion of the severance pay has been disbursed, that balance due shall be paid to a named beneficiary or, lacking same, to the deceased's estate. In no event shall severance pay provided for an employee except a teacher as defined in section 179.63, subdivision 13, leaving employment exceed an amount equivalent to 100 days pay. Severance pay for a teacher as defined in section 179.63, subdivision 13, shall not exceed an amount equivalent to one year of pay.

Sec. 25. Minnesota Statutes 1978, Section 471.38, is amended by adding a subdivision to read:

Subd. 3. ELECTRONIC FUNDS TRANSFER. Electronic funds transfer is the process of value exchange via mechanical means without the use of checks, drafts or similar negotiable instruments. A school district may make an electronic funds transfer for a claim for a payment from an imprest payroll bank account or investment of excess money and for payment of bond principal, bond interest and a fiscal agent service charge from the debt redemption fund. This authorization extends only to a school district which

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has enacted all of the following policy controls:

(a) The school board shall annually delegate the authority to make electronic funds transfers to a designated business administrator;

(b) The dispersing bank shall keep on file a certified copy of the delegation of authority;

(c) The initiator of the electronic transfer shall be identified;

(d) The initiator shall document the request and obtain an approval from the designated business administrator before initiating the transfer;

(e) A written confirmation of the transaction shall be made no later than one business day after the transaction and shall be used in lieu of a check, order check or warrant required to support the transaction;

(f) A list of all transactions made by electronic funds transfer shall be submitted to the school board at its next regular meeting after the transaction.

Sec. 26. Minnesota Statutes 1978, Section 471.61, Subdivision 1b, is amended to read:

Subd. 1b. **SELF INSURANCE; SCHOOL DISTRICTS.** Any school district which has entered into a self insurance plan or program prior to March 31, 1978 may elect to continue to provide the benefits authorized by subdivision 1, excluding life and long term disability insurance benefits, through a self insurance plan or program. Any plan or program of self insurance, adopted by a school district, shall provide for the purchase of excess of loss coverage from an insurance company, as defined in section 60A.02, subdivision 4, or a service plan corporation, as defined in section 62C.02, subdivision 6, covering any claims or losses incurred during the period covered by the self insurance plan aggregating in excess of \$500,000, or a lesser amount at the district's option.

This subdivision shall not operate to invalidate any contract providing self insured employee life and long term disability insurance benefits, if the school district entered into the contract prior to March 31, 1978.

This subdivision shall not authorize any school district to provide the benefits authorized by subdivision 1 through a self insurance plan or program after July 1, ~~1980~~ 1981.

Sec. 27. Subdivision 1. Notwithstanding Minnesota Statutes, Section 475.61, Subdivision 4, the board of Independent School District No. 706, Virginia, may transfer the surplus amount remaining in the district's debt service fund after all outstanding obligations and interest thereon are paid, but not to exceed \$290,000, from the debt service fund to the district's capital expenditure fund, for the purpose of paying for improvements to the district's sites and buildings for fuel and energy conservation.

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Subd. 2. Notwithstanding Minnesota Statutes, Section 475.61, Subdivision 4, the amount of the surplus remaining in the district's debt service fund after all outstanding obligations and interest thereon are paid which is transferred to the district's capital expenditure fund pursuant to subdivision 1 shall not be used to reduce the maintenance levy authorized pursuant to Minnesota Statutes, Section 275.125, Subdivision 2a.

Subd. 3. The authority to transfer funds which is given by subdivision 1 shall expire when Independent School District No. 706 has transferred \$290,000 from its debt service fund to its capital expenditure fund for the purpose provided in subdivision 1.

Subd. 4. This section shall be effective upon its approval by the board of Independent School District No. 706 and upon compliance with Minnesota Statutes, Section 645.021.

Sec. 28. GRANTS FOR COOPERATIVE AGREEMENTS BETWEEN SECONDARY SCHOOLS. For the 1979-1980 and 1980-1981 school year, the department of education may make grants to school districts for the study, evaluation and start-up costs involved in developing an agreement pursuant to any law which permits the discontinuance in a district of grades or a portion of grades and which affects any of grades 7 through 12.

Sec. 29. INDEPENDENT SCHOOL DISTRICTS NOS. 836 AND 840; TRANSFER OF PROPERTY. Subdivision 1. All the land located within the Southwest one-quarter (SW-1/4) of Section nineteen (19), Township one hundred-five (105), Range thirty-two (32), is detached from Independent School District No. 836 (Butterfield-Odin) and is annexed to Independent School District No. 840 (St. James). The property transferred by this subdivision shall not be taxable on or after the effective date of the transfer for the payment of any bonded indebtedness, debt service, or capital loan incurred prior to the transfer by Independent School District No. 836, but shall be taxable for the payment of all bonded indebtedness, debt service, and capital loans incurred by Independent School District No. 840 prior to or after the transfer.

Subd. 2. All the land located within the Southwest one-quarter (SW-1/4) of Section eighteen (18), Township one hundred-five (105), Range thirty-two (32), is detached from Independent School District No. 840 (St. James) and annexed to Independent School District No. 836 (Butterfield-Odin). The property transferred by this subdivision shall not be taxable on or after the effective date of the transfer for the payment of any bonded indebtedness, debt service or capital loan incurred prior to the transfer by Independent School District No. 840, but shall be taxable for payment of all bonded indebtedness, debt service, and capital loans incurred by Independent School District No. 836 prior to or after the transfer.

Subd. 3. EFFECTIVE DATE. This section shall be effective upon its approval by resolutions adopted by a majority of all members of the school board of Independent School District No. 836 and by a majority of all members of the school board of Independent School District No. 840, and upon compliance with Minnesota Statutes, Section 645.021.

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Sec. 30. INDEPENDENT SCHOOL DISTRICT NO. 279; BOND. ISSUE. Subdivision 1. Independent School District No. 279, Hennepin County, Minnesota, whose principal office is in the city of Osseo, in issuing the bonds authorized by the voters of the district on April 3, 1979, may establish a serial maturity schedule for the bonds which, individually or in combination with the maturities of any other designated issue or issues, will conform to the provisions of Minnesota Statutes, Section 475.54, Subdivision 1, without retiring outstanding state loans to the district, and without conforming to the provisions of subdivision 2 of said section relating to school districts having outstanding state loans.

Subd. 2. EFFECTIVE DATE. This section shall be effective upon its approval by the school board of Independent School District No. 279 and upon compliance with Minnesota Statutes, Section 645.021.

Sec. 31. The amount of any advance made to a school district pursuant to Minnesota Statutes 1978, Section 124.241, before the effective date of this section and still outstanding on June 30, 1979, shall be subtracted from the district's October final adjustment payment of foundation aid for the 1978-1979 school year to the extent that it is less than or equal to that payment. Any remaining amount of any advance made under section 124.241 shall be remitted by the district to the department of education on or before December 31, 1979 and shall be deposited in the state treasury.

Sec. 32. The state board of education may adopt temporary rules as provided in section 15.0412, subdivision 5, pursuant to section 1 of this article.

Sec. 33. The governor shall, using the procedures of Minnesota Statutes, Section 3.30, retain a consultant to evaluate the development of the regional management information system by the Minnesota educational computing consortium for the regional management information centers. The evaluation shall consider the efficiency and the cost effectiveness to the state, school districts and any other governmental computer consortia of: the use of centralized systems in comparison to less centralized systems; the assignment of districts to regional management information centers; and the hardware procurement decisions of regional management information centers. The consultant shall report on the evaluation by January 15, 1980, to the education and appropriations committees of the house of representatives and the education and finance committees of the senate. The sum of \$100,000 is appropriated from the general fund to the general contingent account for purposes of this section. This amount shall be available until April 1, 1980.

Sec. 34. REPEALER. Minnesota Statutes 1978, Sections 124.241; 126.16; and 126.18, are repealed.

Sec. 35. APPROPRIATION. Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30, in the years designated.

Subd. 2. BASIC SKILLS PROGRAM. For the basic skills program pursuant to section 4 of this article, there is appropriated:

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\$650,000 1980.

\$700,000 1981.

The department of education may add 12 professional employees and four clerical employees to its approved complement for the purpose of the basic skills program.

Subd. 3. HEALTH AND DEVELOPMENTAL SCREENING PROGRAMS. For health and developmental screening programs pursuant to sections 123.701 to 123.705 there is appropriated:

\$1,375,000 1980.

\$1,485,000 1981.

Subd. 4. ABATEMENT AID. For abatement aid pursuant to section 124.214, subdivision 2, there is appropriated:

\$3,562,500 1980.

\$3,750,000 1981.

Subd. 5. EMERGENCY AID. For emergency aid pursuant to section 124.24, there is appropriated:

\$300,000 1980.

Any unexpended balance remaining from the appropriation in this subdivision shall not cancel but shall be available for the second year of the biennium.

Subd. 6. CAPITAL EXPENDITURE EQUALIZATION AID. For capital expenditure equalization aid pursuant to section 124.245, there is appropriated:

\$194,900 1980.

\$167,000 1981.

Subd. 7. EDUCATIONAL COOPERATIVE SERVICE UNITS. For educational cooperative service units, there is appropriated:

\$ 975,000 1980.

\$1,012,450 1981.

(a) Funds from this appropriation shall be transmitted to ECSU boards of directors for general operations in the amount of \$48,636 per ECSU as defined in section 123.58 in fiscal year 1980 and \$52,040 per ECSU in fiscal year 1981; provided however that the ECSU whose boundaries coincide with the boundaries of development region 11 and the ECSU whose boundaries encompass development regions six and eight shall receive

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\$97,272 in fiscal year 1980 and \$104,080 in fiscal year 1981 for general operations.

(b) Each year, funds from this appropriation shall be transmitted to ECSU boards of directors for technical assistance for long-range planning and data base development pursuant to section 11 of this article and technical assistance for program planning and evaluation pursuant to section 123.742, in the amount of \$40,000 per ECSU; provided however that the ECSU whose boundaries coincide with the boundaries of development region 11 and the ECSU whose boundaries encompass development regions six and eight shall receive \$80,000 each year for these purposes.

Subd. 8. SCHOOL LUNCH AID. For school lunch aid pursuant to section 124.646 there is appropriated:

\$3,415,000 1980.

\$3,667,800 1981.

Any unexpended balance from the appropriations in this subdivision may be expended, in addition to the amounts appropriated in subdivision 9, for food storage and transportation costs for U.S.D.A. donated commodities.

Subd. 9. FOOD STORAGE AND TRANSPORTATION. For food storage and transportation costs for U.S.D.A. donated commodities there is appropriated:

\$578,800 1980.

\$665,500 1981.

Subd. 10. GIFTED AND TALENTED STUDENTS. For programs for the gifted and talented pursuant to section 21 of this article there is appropriated:

\$600,000 1980.

\$600,000 1981.

Subd. 11. INDIAN EDUCATION. For certain Indian education programs there is appropriated:

\$398,000 1980.

This appropriation is available for expenditure with the approval of the governor after consultation with the legislative advisory commission in the manner provided in section 3.30. This appropriation is available July 1, 1979, but only if there will not be available for the districts enumerated in this subdivision for the 1979-1980 school year any operational support funds from the federal bureau of Indian affairs pursuant to the Johnson-O'Malley Act, P.L. 73-167 or 25 CFR 273.31, or equivalent money from the same or another source. This appropriation shall be distributed as follows: \$125,000 to Independent School District No. 309 - Pine Point school; \$22,000 to Independent School

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District No. 166; \$34,000 to Independent School District No. 432; \$32,000 to Independent School District No. 435; \$96,000 to Independent School District No. 707; and \$89,000 to Independent School District No. 38. These amounts shall be expended only for the benefit of Indian students and for the purpose of meeting established state educational standards or statewide requirements.

Subd. 12. GRANTS FOR COOPERATIVE AGREEMENTS BETWEEN SECONDARY SCHOOLS. For grants for cooperative agreements between secondary schools pursuant to section 28 of this article there is appropriated:

\$50,000 1980.

\$87,000 1981.

Subd. 13. Except as provided in subdivisions 5 and 8, any unexpended balance remaining from the appropriations in this section for 1980 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amount attributable to either year for the purpose indicated is insufficient, the aid for that year shall be prorated among all qualifying districts and the state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.

Sec. 36. EFFECTIVE DATES. Sections 31, 33 and 34 of this article shall be effective the day following final enactment. Section 20 of this article shall be effective July 1, 1980.

ARTICLE VII

COUNCIL ON QUALITY EDUCATION

EARLY CHILDHOOD AND FAMILY EDUCATION PROGRAMS

Section 1. Minnesota Statutes 1978, Section 3.924, Subdivision 1, is amended to read:

3.924 ESTABLISHMENT. Subdivision 1. **MEMBERSHIP, TERMS.** There is hereby created a council on quality education consisting of 47 19 persons. The members of such council shall be appointed as follows:

- (1) One member shall be appointed by the Minnesota education association;
- (2) One member shall be appointed by the Minnesota federation of teachers;
- (3) One member shall be appointed by the Minnesota school board association;

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(4) One member shall be appointed by the Minnesota state advisory council for vocational education;

~~(5)~~ One member shall be appointed by the Minnesota state advisory council for special education;

~~(5)~~ (6) One member shall be appointed by the state university board;

~~(6)~~ (7) One member shall be appointed by the state board for community colleges;

~~(7)~~ (8) One member shall be appointed by the regents of the University of Minnesota;

~~(8)~~ (9) One member shall be appointed by the private college council;

~~(9)~~ (10) One member from each congressional district and ~~one member~~ two members at large, shall be appointed by the governor with the advice and consent of the senate, none of whom shall be officers, employees or board members of state educational institutions, departments, agencies or boards:

Sec. 2. Minnesota Statutes 1978, Section 3.925, is amended to read:

3.925 **PURPOSE.** The legislature of the state of Minnesota expresses concern over the future of elementary and secondary education in this state, its ability to meet the educational needs of the public school students, the professional growth and satisfaction of school staffs, the effectiveness and efficiency of present schools and their learning processes, continuing pupil unit cost escalation and the resulting financial crisis which this brings about. New approaches to the learning process, better utilization of professional staff and community resources, different requirements as to course offerings, course content, grading, graduation and school attendance must be researched and developed. It is believed that revised programs, innovations, new attitudes about learning and the public schools' responsibilities can be effectively achieved if such research and development are performed by the council on quality education and at the local school level by the school's staff and with involvement by the students and their community. Although funds spent now for such purposes can produce substantial educational and cost benefits in the future, such capital type funds are seldom available within any single school district's budget.

The purpose of the council on quality education is, therefore, to encourage, promote, aid, and perform research and development for quality education in Minnesota elementary and secondary schools, to evaluate the results of significant innovative programs and to disseminate information about these programs throughout the state.

To these ends, the council through the state board of education shall establish a venture fund from which grants or loans may be made in support of research and development programs relating to the problems and objectives heretofore described which shall include but not be limited to:

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- (1) Effective utilization of community personnel and resources.
- (2) Developing model personnel policies and procedures, and new staffing concepts such as differentiated staffing.
- (3) Assessment and evaluation of education programs.
- (4) Developing a management and unit of instructional objectives design which will provide accountability by relating time and dollars to the amount of learning produced.
- (5) Determining responsibilities to be assumed by the schools exclusively or concurrently with other agencies or individuals.
- (6) Effective dissemination of educational information.
- (7) Developing new knowledge about learning and teaching.
- (8) Developing model educational programs as alternatives to existing educational practices and curricula.
- (9) Model programs and innovations to increase equality of educational opportunities.
- (10) Research and testing of new concepts of educational efficiency, effectiveness and cost benefits.

(11) Comprehensive interdisciplinary programs in health education and comprehensive programs designed to coordinate and integrate the delivery of pupil support services.

The council shall not be limited to supporting innovations, programs or procedures supplementary to existing school structures and programs but may assist or research entirely new concepts such as open schools, informal schools and the like. It is the legislature's intent that any supported program shall hold promise of both educational and cost benefits and that the costs and improvements in learning effectiveness introduced thereby shall be measured and related.

The council may also review literature and other information about innovative programs in Minnesota and other states and disseminate the results of this research throughout the state. The council may identify ideas for innovative programs in the course of this research and solicit proposals from school boards for grants for such programs; provided not to exceed ten percent of the funds appropriated to the venture fund in any year may be expended to fund such research and programs.

The council shall make a report by November 15 of each even numbered year to the legislature concerning all research and all proposals received and the dispositions made thereof by the council and the state board of education.

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Sec. 3. Minnesota Statutes 1978, Chapter 3, is amended by adding a section to read:

[3.9276] CITATION. Sections 3 to 6 of this article may be cited as "The Early Childhood and Family Education Act".

Sec. 4. Minnesota Statutes 1978, Chapter 3, is amended by adding a section to read:

[3.9277] PURPOSE. The purposes of sections 3 to 6 of this article are: (a) to strengthen families, (b) to help parents to provide for their children's learning and development, and (c) to help young children to develop their physical, mental and social potentials.

Sec. 5. Minnesota Statutes 1978, Chapter 3, is amended by adding a section to read:

[3.9278] DEFINITIONS. Subdivision 1. As used in this article, the terms defined in this section have the meanings given them.

Subd. 2. "Early childhood" means the period of life before kindergarten and before age six.

Subd. 3. "Early childhood and family education programs" may include, but are not limited to, the following:

(a) Educational programs for parents on the physical, mental and emotional development of children and on the development of parenthood skills;

(b) Programs for the parents or guardians of children which are designed to strengthen the family unit and to assist the parents or guardians in providing sound early childhood learning and development;

(c) Libraries of books, toys and other educational materials which may be borrowed for home use;

(d) Activities designed to detect children's physical, mental, emotional or behavioral problems that are causing or might cause learning problems. Should the need for special help be found, the family shall be referred to an appropriate person or agency, but this program shall not pay treatment costs;

(e) Education for parenthood programs in secondary schools to increase the adolescent's awareness of the social, educational and health needs of children and of the role of parents in fostering a child's development;

(f) In-center activities;

(g) Home activity kits; and

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(h) Community and resource information and referrals.

Sec. 6. Minnesota Statutes 1978, Chapter 3, is amended by adding a section to read:

[3.9279] EARLY CHILDHOOD AND FAMILY EDUCATION PROGRAMS.

Subdivision 1. AUTHORIZATION. The school board of any district, however organized, which receives early childhood and family education moneys from the council on quality education shall provide those services in one elementary school attendance area, or an area within the district, if the council deems the area to be appropriate. The council on quality education shall prescribe the form and manner of application for the programs and shall select the grant recipients. These programs shall be as equally distributed as possible among districts in cities of the first class, in suburbs, and outside the seven county metropolitan area.

Subd. 2. PROGRAM ACCOUNTS. A district providing early childhood and family education programs shall establish and maintain a separate account for the receipt and disbursement of all funds related to the programs.

Subd. 3. PARTICIPANTS' FEES. A district may charge reasonable fees for early childhood and family education services; however a district shall waive the charge or fee if any participant is unable to pay it.

Subd. 4. ADDITIONAL FUNDING. A school district providing early childhood and family education programs may receive funds for the programs from other governmental agencies and from private sources, including any state or federal funds available for community education or parent education.

Subd. 5. FEDERAL GRANTS. Any district which has submitted a proposal to the council on quality education for an early childhood and family education program and has been denied funding for the program is encouraged to apply to the department of education for a grant for the program pursuant to the Elementary and Secondary Education Act of 1965, Title 4C, as amended.

Subd. 6. PROGRAM COORDINATION. A district providing early childhood and family education services is strongly encouraged to coordinate this programming with related services provided in the district by other governmental agencies and may develop cooperative programs with nonprofit agencies. State government agencies shall cooperate with a school district in these coordination efforts. A district which provides early childhood and family education programs but does not coordinate its efforts with those of other governmental agencies shall submit an explanatory report to the commissioner of education within one year after the implementation of its programs and each year thereafter in which such coordination is not established.

Subd. 7. ADVISORY COUNCILS. The school board of a district providing early childhood and family education programs shall appoint an advisory council. Council members shall be selected from the school attendance area in which the programs are provided. A majority of the members shall be parents participating in the local program.

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The local advisory council shall assist the school board in the development, coordination, supervision and review of early childhood and family education services in the area and shall suggest priorities for child learning and development services in the community. The council shall report to the school board and the district community school advisory council, if that council has been established in the district.

Subd. 8. ADVISORY TASK FORCE ON EARLY CHILDHOOD AND FAMILY EDUCATION. The council on quality education shall appoint an advisory task force on early childhood and family education programs. The advisory task force shall be composed of parents of young children and persons knowledgeable in the fields of health, education and welfare. A majority of the task force shall be parents of young children. The advisory task force shall advise the council in the administration of the early childhood and family education programs. The terms, compensation and removal of members shall be governed by the provisions of section 15.059, subdivision 6. The task force shall expire June 30, 1981.

Subd. 9. PERSONNEL. A school board may employ and discharge personnel necessary for its early childhood and family education programs. All professional early childhood and family education personnel shall have the qualifications required by the council on quality education and the employing school district.

Subd. 10. VOLUNTARY PARTICIPATION. Participation by parents and children in early childhood and family education programs shall be voluntary and shall not preclude participation in other state or local programs. No school district shall discriminate in providing early childhood and family education programs on the basis of race, religion, sex or ethnic background, and no programs shall be used in whole or in part for religious worship or instruction.

Subd. 11. STATE BOARD OF EDUCATION. The state board of education shall:

- (a) Annually review district early childhood and family education programs;
- (b) Apply for funds which are, or may become, available under federal programs pertaining to early childhood and family education, including funds for administration, demonstration projects, training, technical assistance, planning, and evaluation;
- (c) Encourage cooperation in the delivery of services by districts operating early childhood and family education programs;
- (d) Inform the public about early childhood development services;
- (e) Provide professional and technical assistance to school districts providing early childhood and family education programs.

Subd. 12. NEGOTIATED GRANTS. For the 1979-1980 and 1980-1981 school years the council on quality education may fund up to 36 early childhood and family education programs according to the negotiated grants procedure in sections 3.924 to 3.927.

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Subd. 13. SPECIAL CATEGORICAL PROGRAM GRANT. For the programs funded pursuant to subdivision 12, there is hereby created a special categorical program grant for those programs serving economically disadvantaged persons. The council on quality education shall apportion the grant money among the eligible programs in proportion to the number of participants in each program from families which receive aid to families with dependent children compared to the number of participants in all the eligible programs from families which receive aid to families with dependent children.

Sec. 7. REPEALER. Minnesota Statutes 1978, Sections 3.9271; 3.9272; 3.9273; 3.9274; and 3.9275 are repealed.

Sec. 8. APPROPRIATIONS. Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

Subd. 2. COUNCIL ON QUALITY EDUCATION; VENTURE FUND GRANTS. For the council on quality education venture fund grants pursuant to sections 3.925 and 3.926, there is appropriated:

<u>\$775,000</u>	<u>1980.</u>
<u>\$775,000</u>	<u>1981.</u>

Subd. 3. EARLY CHILDHOOD AND FAMILY EDUCATION. For early childhood and family education programs pursuant to sections 3 to 6 of this article there is appropriated:

<u>\$1,650,000</u>	<u>1980.</u>
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Of this amount \$196,000 is for the purpose of providing special categorical program grants pursuant to section 6, subdivision 13 of this article.

<u>\$1,767,000</u>	<u>1981.</u>
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Of this amount \$214,000 is for the purpose of providing special categorical program grants pursuant to section 6, subdivision 13 of this article.

Subd. 4. Any unexpended fund balance remaining from the appropriations in this section for 1980 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated.

ARTICLE VIII

TEACHER MOBILITY

Section 1. Minnesota Statutes 1978, Section 125.60, Subdivision 1, is amended to read:

125.60 EXTENDED LEAVES OF ABSENCE. Subdivision 1. As used in this section, the term "teachers" shall have the meaning given it in section 125.03, subdivision

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1; but shall not include superintendents.

Sec. 2. Minnesota Statutes 1978, Section 125.60, Subdivision 2, is amended to read:

Subd. 2. The board of any district may grant an extended leave of absence without salary to any full time elementary ~~or~~, secondary ~~or~~ area vocational-technical school teacher who has been employed by the district for at least five years and has at least ten years of allowable service, as defined in section 354.05, subdivision 13, or the bylaws of the appropriate retirement association or ten years of full time teaching service in Minnesota public elementary, secondary and area vocational-technical schools. The maximum duration of an extended leave of absence pursuant to this section shall be determined by mutual agreement of the board and the teacher at the time the leave is granted and shall be at least three but no more than five years. An extended leave of absence pursuant to this section shall be taken by mutual consent of the board and the teacher and may be granted only once.

Sec. 3. Minnesota Statutes 1978, Section 125.60, Subdivision 3, is amended to read:

Subd. 3. Except as provided in sections 5 and 6 of this article, a teacher on an extended leave of absence pursuant to this section shall have the right to be reinstated to a position for which he is licensed at the beginning of any school year which immediately follows a year of the extended leave of absence, unless he is discharged or placed on unrequested leave of absence or his contract is terminated pursuant to section 125.12 or 125.17 while he is on the extended leave. The board shall not be obligated to reinstate any teacher who is on an extended leave of absence pursuant to this section unless the teacher advises the board of his intention to return before February 1 in the school year preceding the school year in which he wishes to return. The board shall notify the commissioner within 30 days of being notified that a teacher intends to return from an extended leave.

Sec. 4. Minnesota Statutes 1978, Section 125.60, Subdivision 4, is amended to read:

Subd. 4. Any teacher who is reinstated to a teaching position after an extended leave of absence pursuant to this section shall retain seniority and continuing contract rights in the employing district as though he had been teaching in the district during the period when he was on the extended leave; provided, however, this subdivision shall not be construed to require a board to reinstate a teacher to any particular position or to include the years spent on the extended leave of absence in the determination of a teacher's salary upon his return to teaching in this district.

Sec. 5. Minnesota Statutes 1978, Section 125.60, is amended by adding a subdivision to read:

Subd. 6a. No school board shall be obligated to reinstate a teacher who takes a full time or part time position as a teacher in another Minnesota school district while he is on an extended leave of absence pursuant to this section. This subdivision shall not apply to a teacher who is employed as a substitute teacher.

Sec. 6. Minnesota Statutes 1978, Section 125.60, is amended by adding a **Changes or additions indicated by underline deletions by strikeout**

subdivision to read:

Subd. 6b. A school board shall not be obligated to reinstate a superintendent on an extended leave of absence pursuant to this section to a position in the district.

Sec. 7. Minnesota Statutes 1978, Section 125.61, Subdivision 1, is amended to read:

125.61 TEACHER EARLY RETIREMENT INCENTIVE PROGRAM. Subdivision 1. For purposes of this section, "teacher" means a teacher as defined in section 125.03, subdivision 1, who is employed in the public elementary ~~or~~ , secondary ~~or area vocational-technical~~ schools in the state, who has not less than 15 total years of full time teaching service in elementary ~~and~~ , secondary ~~and area vocational-technical~~ schools, and who has or will have attained the age of 55 years but less than 65 years as of the June 30 in the school year during which an application for an early retirement incentive is made.

Sec. 8. Minnesota Statutes 1978, Section 125.61, Subdivision 2, is amended to read:

Subd. 2. A teacher meeting the requirements of subdivision 1 may be offered a contract for termination of services in the employing school district, withdrawal from active teaching service, and payment of an early retirement incentive by the employing school district. An offer may be accepted by the teacher by submitting a written *resignation to the school board of the employing district. Applications shall be submitted prior to March 1, 1978 in the case of a teacher retiring at the end of the 1976-1977 school year; prior to May 1, 1978 in the case of a teacher retiring at the end of the 1977-1978 school year; or, thereafter, prior to May 1 June 30* of the school year at the end of which the teacher wishes to retire.

Sec. 9. Minnesota Statutes 1978, Section 125.61, Subdivision 3, is amended to read:

Subd. 3. An eligible teacher who is or will be 55 years of age as of the end of the school year during which an application for an early retirement incentive is made and accepted shall receive an early retirement incentive in the amount of ~~\$7,500~~ \$10,000. This amount shall be reduced by ~~\$375~~ \$500 for each year that a teacher is over the age of 55 years to a maximum age of 60 years and by an additional ~~\$1,125~~ \$1,500 for each year that a teacher is over the age of 60 years. The age of the teacher shall be determined as of the June 30 in the school year during which the application for the early retirement incentive is made.

Sec. 10. Minnesota Statutes 1978, Section 125.61, is amended by adding a subdivision to read:

Subd. 3a. Notwithstanding the provisions of subdivision 3, an eligible teacher who wishes to retire at the end of the 1978-1979 or 1979-1980 school year, who is employed by a school district which is implementing a desegregation plan ordered by a federal court or approved by the state board, and who is offered and accepts an early retirement incentive contract pursuant to subdivision 2, shall receive an early retirement incentive in the amount of \$15,000. This amount shall be reduced by \$750 for each year that a teacher is over the age of 55 years to a maximum age of 60 years and by an additional \$2,250 for

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each year that a teacher is over the age of 60 years. The age of the teacher shall be determined as of the June 30 in the school year during which the application for the early retirement incentive is made.

Sec. 11. Minnesota Statutes 1978, Section 125.61, Subdivision 4, is amended to read:

Subd. 4. The early retirement incentive shall be paid by the employing school district ~~in four equal successive monthly installments commencing on November 1 of the year of retirement at the time and in the manner mutually agreed upon by a teacher and the board.~~ The state shall reimburse the district for ~~25~~ 50 percent of any amount or amounts paid out as an early retirement incentive pursuant to this section, according to the provisions of subdivision 6. An early retirement incentive shall not be paid to any teacher who is discharged by a school district.

Sec. 12. Minnesota Statutes 1978, Section 125.61, is amended by adding a subdivision to read:

Subd. 4a. Notwithstanding the provisions of subdivisions 1a and 2, a teacher who has entered into an agreement for termination of services and withdrawal from active teaching service with an early retirement incentive may be employed as a substitute teacher after his retirement.

Sec. 13. Minnesota Statutes 1978, Section 125.61, is amended by adding a subdivision to read:

Subd. 4b. Any amount of unemployment insurance which the teacher receives and for which the district is required to pay into the unemployment compensation fund pursuant to section 268.06, subdivision 25, at any time after the teacher has entered into an agreement pursuant to subdivision 2, may be deducted by the district from the amount of the teacher's early retirement incentive or recovered by the district from the teacher up to the amount of the early retirement incentive. The district shall pay 50 percent of any amount so deducted or recovered to the department of education, and any amount so received by the department shall be deposited in the state treasury.

Sec. 14. Minnesota Statutes 1978, Section 354.094, Subdivision 3, is amended to read:

Subd. 3. A member on extended leave of absence pursuant to section 125.60 who does not pay employee contributions into the fund in any year shall be deemed to cease to render teaching services beginning in that year for purposes of this chapter and may not pay employee contributions into the fund in any subsequent year of the leave. Nonpayment of employee contributions into the fund shall not affect the rights or obligations of the teacher or his employing school district under section 125.60.

Sec. 15. Minnesota Statutes 1978, Section 354.094, Subdivision 6, is amended to read:

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Subd. 6. A member who pays employee contributions and receives allowable service credit in the fund pursuant to this section may not pay employee contributions or receive allowable service credit for the same fiscal year in any other Minnesota public employee pension plan, except a volunteer firefighters' relief association governed by sections 69.771 to 69.776. This subdivision shall not be construed to prohibit a member who pays employee contributions and receives allowable service credit in the fund pursuant to this section in any year from being employed as a substitute teacher by any school district during that year. Notwithstanding the provisions of sections 354.091 and 354.42, a teacher may not pay retirement contributions or receive allowable service credit in the fund for teaching service rendered for any part of any year for which he pays retirement contributions or receives allowable service credit pursuant to this section or section 354A.091 while on an extended leave of absence pursuant to section 125.60.

Sec. 16. Minnesota Statutes 1978, Section 354.66, Subdivision 2, is amended to read:

Subd. 2. A teacher in the public elementary or secondary or area vocational-technical schools of the state who has 20 years or more of allowable service or 20 years or more of full time teaching service in Minnesota public elementary, secondary and area vocational-technical schools may, by agreement with the board of the employing district, be assigned to teaching service within the district in a part time teaching position.

Sec. 17. Minnesota Statutes 1978, Section 354.66, Subdivision 3, is amended to read:

Subd. 3. For purposes of this section, a part time teaching position shall mean a teaching position within the district in which the teacher is employed for at least 50 full days or a fractional equivalent thereof as prescribed in section 354.091, and for which the teacher is compensated at a rate in an amount not exceeding 60 percent of the compensation established by the board for a full time teacher of identical education and experience within the district.

Sec. 18. Minnesota Statutes 1978, Section 354.66, Subdivision 8, is amended to read:

Subd. 8. No teacher shall qualify for the continuation of contributions and accrual of service credit pursuant to subdivision 4 of this section or section 354A.22, subdivision 4, in more than one district at one time. No teacher shall qualify for the continuation of contributions and accrual of service credit during part time employment in a district pursuant to this section in any year when he also takes a full time or part time teaching position in another Minnesota school district.

Sec. 19. Minnesota Statutes 1978, Section 354.66, is amended by adding a subdivision to read:

Subd. 11. Neither subdivision 5 nor subdivision 8 shall be construed to prohibit a teacher who qualifies for the continuation of contributions and accrual of service credit pursuant to this section in any year from being employed as a substitute teacher by any

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school district during that year. Notwithstanding the provisions of sections 354.091 and 354.42, a teacher may not pay retirement contributions or receive allowable service credit in the fund for other teaching service rendered for any part of any year for which he qualifies for continuation of contributions and accrual of service credit pursuant to this section or section 354A.22.

Sec. 20. Minnesota Statutes 1978, Section 354A.091, Subdivision 1, is amended to read:

354A.091 TEACHERS ON EXTENDED LEAVE. Subdivision 1. Notwithstanding any provision of this chapter or the bylaws of an association relating to salary for contribution purposes or accrual of service credit to the contrary, an elementary or secondary or ~~area~~ vocational-technical school teacher in the public schools of a city of the first class who is granted an extended leave of absence pursuant to section 125.60 may receive allowable service credit toward annuities and other benefits under this chapter for each year of his leave by paying into the fund employee contributions during the period of the leave which shall not exceed five years. The state shall pay employer contributions into the fund for each year for which a member who is on extended leave pays employee contributions into the fund. The employee and employer contributions shall be based upon the rates of contribution prescribed by section 354A.12, for the salary received during the year immediately preceding the leave. Payments for the years for which a member is receiving service credit while on extended leave shall be made on or before June 30 of each fiscal year for which service credit is received.

Sec. 21. Minnesota Statutes 1978, Section 354A.091, Subdivision 3, is amended to read:

Subd. 3. A member on extended leave of absence pursuant to section 125.60 who does not pay employee contributions into the fund in any year shall be deemed to cease to render teaching services beginning in that year for purposes of this chapter and the bylaws of the retirement association, and may not pay employee contributions into the fund in any subsequent year of the leave. Nonpayment of employee contributions into the fund shall not affect the rights or obligations of the teacher or his employing school district under section 125.60.

Sec. 22. Minnesota Statutes 1978, Section 354A.091, Subdivision 6, is amended to read:

Subd. 6. A member who pays employee contributions and receives allowable service credit in the fund pursuant to this section may not pay employee contributions or receive allowable service credit for the same fiscal year in any other Minnesota public employee pension plan, except a volunteer firefighters' relief association governed by sections 69.771 to 69.776. This subdivision shall not be construed to prohibit a member who pays employee contributions and receives allowable service credit in the fund pursuant to this section in any year from being employed as a substitute teacher by any school district during that year. Notwithstanding the provisions of this chapter or the bylaws of a retirement association, a teacher may not pay retirement contributions or receive allowable service credit in the fund for teaching service rendered for any part of

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any year for which he pays retirement contributions or receives allowable service credit pursuant to sections 354.094 or 354A.091 while on an extended leave of absence pursuant to section 125.60.

Sec. 23. Minnesota Statutes 1978, Section 354A.22, Subdivision 2, is amended to read:

Subd. 2. A teacher in the public schools of a city of the first class who has 20 years or more of allowable service or 20 years or more of full time teaching service in Minnesota public elementary, secondary and area vocational-technical schools may, by agreement with the board of the employing district, be assigned to teaching service within the district in a part time teaching position.

Sec. 24. Minnesota Statutes 1978, Section 354A.22, Subdivision 3, is amended to read:

Subd. 3. For purposes of this section, a part time teaching position shall mean a teaching position within the district in which the teacher is employed for at least 50 full days or a fractional equivalent thereof as prescribed in the appropriate bylaws of the retirement associations covered by chapter 354A, and for which the teacher is compensated at a rate in an amount not exceeding 60 percent of the compensation established by the board for a full time teacher of identical education and experience within the district.

Sec. 25. Minnesota Statutes 1978, Section 354A.22, Subdivision 8, is amended to read:

Subd. 8. No teacher shall qualify for the continuation of contributions and accrual of service credit pursuant to subdivision 4 of this section or section 354.66, subdivision 4, in more than one district at one time. No teacher shall qualify for the continuation of contributions and accrual of service credit during part time employment in a district pursuant to this section in any year when he also takes a full time or part time teaching position in another Minnesota school district.

Sec. 26. Minnesota Statutes 1978, Section 354A.22, is amended by adding a subdivision to read:

Subd. 11. Neither subdivision 5 nor subdivision 8 shall be construed to prohibit a teacher who qualifies for the continuation of contributions and accrual of service credit pursuant to this section in any year from being employed as a substitute teacher by any school district during that year. Notwithstanding the provisions of this chapter or the bylaws of a retirement association, a teacher may not pay retirement contributions or receive allowable service credit in the funds for other teaching service rendered for any part of any year for which he qualifies for continuation of contributions and accrual of service credit pursuant to section 354.66 or this section.

Sec. 27. Notwithstanding Minnesota Statutes, Section 125.60, Subdivision 7, the commissioner of education shall approve applications of districts for extended leaves of

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absence which were to begin between June 30, 1978 and the effective date of this section for teachers employed in area vocational-technical schools.

Sec. 28. Notwithstanding Minnesota Statutes, Section 354.094, Subdivision 1, payments for the first year of extended leaves of absence granted pursuant to section 27 shall be made on or before June 30, 1979 or on or before two months after the effective date of this section, whichever is later.

Sec. 29. **APPROPRIATION.** To meet the state's obligation prescribed in Minnesota Statutes, Sections 125.61, 354.094, 354.66, 354A.091 and 354A.22, there is appropriated from the general fund to the department of education the sum of \$1,247,000 for the fiscal year ending June 30, 1980 and the sum of \$1,532,800 for the fiscal year ending June 30, 1981.

(a) Any unexpended balance remaining from the appropriation in this section for fiscal year 1980 shall not cancel but shall be available for the second year of the biennium. If the appropriation amount attributable to either year for the purposes indicated is insufficient, the state shall not be obligated for any amount in excess of the appropriation in this section for this purpose.

(b) Notwithstanding the provisions of Minnesota Statutes, Sections 354.43 and 354A.12, the state's obligations prescribed in Minnesota Statutes, Sections 354.094, 354.66, 354A.091 and 354A.22 shall not be financed out of standing appropriations for the state's obligations pursuant to Minnesota Statutes, Chapter 354 or 354A.

Sec. 30. **EFFECTIVE DATE.** The provisions of this article shall be effective the day following final enactment; except that sections 18 and 25 shall be effective July 1, 1979, and section 5 shall not apply until June 30, 1980, to any teacher who prior to the day following final enactment has taken a full time or part time position as a teacher in a Minnesota school district while on an extended leave of absence. Any school board which approves an early retirement incentive contract and payment pursuant to Minnesota Statutes 1978, Section 125.61, prior to June 30, 1979, may elect to make this payment and receive state reimbursement either pursuant to Minnesota Statutes 1978, Section 125.61, Subdivisions 3 and 4, or pursuant to sections 9 and 11 of this article.

ARTICLE IX

LIBRARIES

Section 1. Minnesota Statutes 1978, Section 134.30, Subdivision 1, is amended to read:

134.30 **DEFINITIONS.** Subdivision 1. As used in sections 134.30 to 134.35 and sections 9, 10 and 11 of this article, the terms defined in this section shall have the meanings ascribed to them.

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Sec. 2. Minnesota Statutes 1978, Section 134.30, is amended by adding a subdivision to read:

Subd. 6. "Multi-county, multi-type library system" means a cooperative network composed of any combination of public libraries, regional public library systems, public school libraries, public or private college or university libraries and any other libraries which share services and resources within a multi-county area.

Sec. 3. Minnesota Statutes 1978, Section 134.32, Subdivision 5, is amended to read:

Subd. 5. It may provide grants for interlibrary exchange of books, periodicals, resource material, reference information and the expenses incident to the sharing of library resources and materials, including planning, development and operating grants to multi-county, multi-type library systems.

Sec. 4. Minnesota Statutes 1978, Section 134.33, Subdivision 1, is amended to read:

134.33 ESTABLISHMENT GRANTS. Subdivision 1. An establishment grant as described in section 134.32, subdivision 2, shall be made to any regional public library system for the first two state fiscal years after a board of county commissioners has contracted to join that system and has agreed that the county will provide the levels of support for public library service specified in this section. In the first year of participation, the county shall provide an amount of support equivalent to ~~2~~ .3 mill times the adjusted assessed valuation of the taxable property of the county as determined by the equalization aid review committee for the second year preceding that calendar year; ~~in the second year of participation, an amount equivalent to .3 mill times the adjusted assessed valuation of the taxable property of the county as determined by the equalization aid review committee for the second year preceding that calendar year; and, or two-thirds of the per capita amount established under the provisions of section 134.34, subdivision 1, whichever amount is less.~~ In the ~~third~~ second year of participation and in each year thereafter, the county shall provide an amount of support equivalent to .4 mill times the adjusted assessed valuation of the taxable property of the county as determined by the equalization aid review committee for the second year preceding that calendar year or the per capita amount established under the provisions of section 134.34, subdivision 1, whichever is less. The minimum level of support shall be certified annually to the county by the department of education. In no event shall the department of education require any county to provide a higher level of support than the level of support specified in this section in order for a system to qualify for an establishment grant. This section shall not be construed to prohibit any county from providing a higher level of support for public libraries than the level of support specified in this section.

Sec. 5. Minnesota Statutes 1978, Section 134.34, Subdivision 1, is amended to read:

134.34 REGIONAL LIBRARY BASIC SYSTEM SUPPORT GRANTS; REQUIREMENTS. Subdivision 1. A regional library basic system support grant shall be made to any regional public library system where there are at least three participating counties and where each participating city and county, except in the first ~~and second~~ years year of participation as provided in section 134.33, is providing for public library

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service support ~~is~~ the lesser of (a) an amount equivalent to .4 mill times the adjusted assessed valuation of the taxable property of that city or county, as determined by the equalization aid review committee for the second year preceding that calendar year or (b) a per capita amount calculated under the provisions of this subdivision. The per capita amount is established for calendar year 1980 as \$3.00. In succeeding calendar years, the per capita amount shall be increased by a percentage equal to one-half of the percentage by which the total state adjusted assessed valuation of property as determined by the equalization aid review committee for the second year preceding that calendar year increases over that total adjusted assessed valuation for the third year preceding that calendar year. The minimum level of support shall be certified annually to the participating cities and counties by the department of education. A city which is a part of a regional public library system shall not be required to provide this level of support if the property of that city is already taxable by the county for the support of that regional public library system. In no event shall the department of education require any city or county to provide a higher level of support than the level of support specified in this section in order for a system to qualify for a regional library basic system support grant. This section shall not be construed to prohibit a city or county from providing a higher level of support for public libraries than the level of support specified in this section.

Sec. 6. Minnesota Statutes 1978, Section 134.34, Subdivision 2, is amended to read:

Subd. 2. Notwithstanding the provisions of section 134.33 and subdivision 1 of this section, after the ~~third~~ second year of participation by a city or county, the dollar amount of the minimum level of support for that city or county shall not be required to increase by more than ten percent over the dollar amount of the minimum level of support required of it in the previous year. If a participating city or county which has been providing for public library service support in an amount equivalent to .67 mill times the assessed valuation of the taxable property of that city or county for the year preceding that calendar year would be required to increase the dollar amount of such support by more than ten percent to reach the equivalent of .4 mill times the adjusted assessed valuation of the taxable property of that participating city or county as determined by the equalization aid review committee for the second year preceding that calendar year or the per capita amount calculated under the provisions of subdivision 1, it shall only be required to increase the dollar amount of such support by ten percent per year until such time as it reaches an amount equivalent to .4 mill times the adjusted assessed valuation of that taxable property as determined by the equalization aid review committee for the second year preceding that calendar year or the per capita amount calculated under the provisions of subdivision 1.

Sec. 7. Minnesota Statutes 1978, Section 134.35, Subdivision 1, is amended to read:

134.35 REGIONAL LIBRARY BASIC SYSTEM SUPPORT GRANTS; DISTRIBUTION FORMULA. Subdivision 1. Any regional public library system which qualifies according to the provisions of section 134.34 may apply for an annual grant for regional library basic system support. The amount of each grant for fiscal year ~~1979~~ 1980 and each fiscal year thereafter shall be calculated as provided in this section.

Sec. 8. Minnesota Statutes 1978, Section 134.35, Subdivision 2, is amended to read:

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Subd. 2. ~~Sixty~~ Fifty-five percent of the available grant funds shall be distributed to provide all qualifying systems an equal amount per capita. Each system's allocation pursuant to this subdivision shall be based on the population it serves.

Sec. 9. Minnesota Statutes 1978, Chapter 134, is amended by adding a section to read:

[134.351] MULTI-COUNTY, MULTI-TYPE LIBRARY SYSTEMS. Subdivision 1. ESTABLISHMENT. The state board of education, upon the advice of the advisory council to the office of public libraries and interlibrary cooperation, may approve the establishment of multi-county, multi-type library systems and the geographic boundaries of those systems.

Subd. 2. **SERVICES.** Each multi-county, multi-type library system is encouraged to develop services including, but not limited to the following: referral of users, intrasystem reciprocal borrowing, cooperative collection development, cooperative reference services, staff development, research and development, cooperative storage facilities, publicity and community relations.

Subd. 3. **AGREEMENT.** In order for a multi-county, multi-type library system to qualify for a planning, development or operating grant pursuant to sections 10 and 11 of this article, each participating library in the system shall adopt an organizational agreement providing for the following:

- (a) Sharing of resources among all participating libraries;
- (b) Long-range planning for cooperative programs;
- (c) The development of a delivery system for services and programs;
- (d) The development of a bibliographic data base; and
- (e) A communications system among all cooperating libraries.

Subd. 4. **GOVERNANCE.** In any area where the boundaries of a proposed multi-county, multi-type library system coincide with the boundaries of the regional library system, the regional library system board shall be designated as the governing board for the multi-county, multi-type library system. In any area where a proposed multi-county, multi-type library system encompasses more than one regional library system, the governing board of the multi-county, multi-type library system shall consist of nine members appointed by the cooperating regional library system boards from their own membership in proportion to the population served by each cooperating regional library system. In each multi-county, multi-type library system there shall be established an advisory committee consisting of two representatives of public libraries, two representatives of school media services, one representative of special libraries, one representative of public supported academic libraries, and one representative of private academic libraries. The advisory committee shall recommend needed policy to the system governing board.

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Subd. 5. REPORTS. Each multi-county, multi-type system receiving a grant pursuant to section 10 or 11 of this article shall provide an annual progress report to the department of education. The department shall report before November 15 of each year to the legislature on all projects funded under sections 10 and 11 of this article.

Sec. 10. Minnesota Statutes 1978, Chapter 134, is amended by adding a section to read:

[134.352] MULTI-COUNTY, MULTI-TYPE LIBRARY SYSTEM; PLANNING GRANTS. The state board of education may award a one year planning grant to a multi-county, multi-type library system, to be available during the first year of operation of each system. In awarding a planning grant, the state board shall consider the extra costs incurred in systems located in sparsely populated and large geographic areas.

Sec. 11. Minnesota Statutes 1978, Chapter 134, is amended by adding a section to read:

[134.353] MULTI-COUNTY, MULTI-TYPE LIBRARY SYSTEM DEVELOPMENT GRANT. The state board of education may provide development and operating grants to multi-county, multi-type library systems in their second and subsequent years of operation. In awarding a development and operating grant, the state board shall consider the extra costs incurred in systems located in sparsely populated and large geographic regions.

Sec. 12. REPEALER. Minnesota Statutes 1978, Section 134.33, Subdivision 2, is repealed.

Sec. 13. APPROPRIATIONS. Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30, in the years designated.

Subd. 2. For grants pursuant to sections 134.30, 134.31, 134.32, 134.33, 134.34, 134.35 and 134.36 for the provision of library services, there is appropriated:

\$3,591,300 1980,

\$3,614,300 1981.

Subd. 3. For grants pursuant to sections 10 and 11 of this article to multi-county, multi-type library systems, there is appropriated:

\$182,500 1980,

\$182,500 1981.

Subd. 4. Any unexpended balance remaining from the appropriations in this section for 1980 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a

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purpose other than the purpose indicated.

Approved June 5, 1979.

CHAPTER 335—H.F.No.1526

An act relating to the organization and operation of state government; appropriating money for education and related purposes, including the department of education, higher education coordinating board, state universities, community colleges, and the University of Minnesota and its hospitals, with certain conditions; amending Minnesota Statutes 1978, Sections 120.81, Subdivision 2; 123.38, Subdivision 3; and 124.572, by adding a subdivision; repealing Minnesota Statutes 1978, Section 197.78, Subdivision 2.

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

Section 1. **EDUCATION; APPROPRIATIONS.** The sums set forth in the columns designated "APPROPRIATIONS" are appropriated from the general fund, or any other fund designated, to the agencies and for the purposes specified in the following sections of this act, to be available for the fiscal year indicated for each purpose. The figures "1979", "1980", and "1981", wherever used in this act, mean that the appropriation or appropriations listed thereunder or therefor shall be available for the year ending June 30, 1979, June 30, 1980, or June 30, 1981, respectively.

	SUMMARY BY FUND			
	1979	1980	1981	TOTAL
General		\$397,246,964	\$403,036,924	\$800,283,888
Tr. Hwy.		15,700	15,700	31,400
Prm.Univ.		2,500,000	2,500,000	5,000,000
Total		399,762,664	405,552,624	805,315,288

APPROPRIATIONS	
Available for the Year	
Ending June 30	
1980	1981

Sec. 2. DEPARTMENT OF EDUCATION	
Subdivision 1. General Operations	
and Management	\$22,896,400 \$21,647,000

Approved Complement	
State -	551.7 548.7
Federal -	216.7 215.7

The amounts that may be expended from this appropriation for each program and activity are more specifically described in the following subdivisions of this section.

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