

A bill for an act

relating to education finance; eliminating certain school district reserve fund requirements; eliminating certain reports; making certain primary elections discretionary; amending Minnesota Statutes 2006, sections 123B.10, subdivision 1, by adding a subdivision; 123B.143, subdivision 1; 123B.77, subdivision 4; 123B.79, by adding a subdivision; 205A.03, subdivision 1; 205A.06, subdivision 1a; repealing Minnesota Statutes 2006, sections 123B.749; 124D.081, subdivision 9.

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

Section 1. Minnesota Statutes 2006, section 123B.10, subdivision 1, is amended to read:

Subdivision 1. **Budgets.** Every board must publish revenue and expenditure budgets for the current year and the actual revenues, expenditures, fund balances for the prior year and projected fund balances for the current year in a form prescribed by the commissioner within one week of the acceptance of the final audit by the board, or November 30, whichever is earlier. The forms prescribed must be designed so that year to year comparisons of revenue, expenditures and fund balances can be made. ~~These budgets, reports of revenue, expenditures and fund balances must be published in a qualified newspaper of general circulation in the district or on the district's official Web site. If published on the district's official Web site, the district must also publish an announcement in a qualified newspaper of general circulation in the district that includes the Internet address where the information has been posted.~~

Sec. 2. Minnesota Statutes 2006, section 123B.10, is amended by adding a subdivision to read:

Subd. 1a. **Form of notification.** A school board annually must notify the public of its revenue, expenditures, fund balances, and other relevant budget information. The board

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2.1 must include the budget information required by this section in the materials provided
2.2 as a part of its truth in taxation hearing, post the materials in a conspicuous place on
2.3 the district's official Web site, including a link to the district's school report card on the
2.4 Department of Education's Web site, and publish the information in a qualified newspaper
2.5 of general circulation in the district.

2.6 Sec. 3. Minnesota Statutes 2006, section 123B.143, subdivision 1, is amended to read:

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

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

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

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

(4) make reports required by the commissioner; and

~~(5) by January 10, submit an annual report to the commissioner in a manner prescribed by the commissioner, in consultation with school districts, identifying the expenditures that the district requires to ensure an 80 percent student passage rate on the basic standards test taken in the eighth grade, identifying the highest student passage rate the district expects it will be able to attain on the basic standards test by grade 12, the amount of expenditures that the district requires to attain the targeted student passage rate, and how much the district is cross-subsidizing programs with special education, basic skills, and general education revenue; and~~

~~(6)~~ perform other duties prescribed by the board.

Sec. 4. Minnesota Statutes 2006, section 123B.77, subdivision 4, is amended to read:

Subd. 4. **Budget approval.** Prior to July 1 of each year, the board of each district must approve and adopt its revenue and expenditure budgets for the next school year. The budget document so adopted must be considered an expenditure-authorizing or appropriations document. No funds shall be expended by any board or district for any purpose in any school year prior to the adoption of the budget document which authorizes that expenditure, or prior to an amendment to the budget document by the board to authorize the expenditure. Expenditures of funds in violation of this subdivision shall be considered unlawful expenditures. ~~Prior to the appropriation of revenue for the next school year in the initial budget, the board shall inform the principal or other responsible administrative authority of each site of the amount of general education and referendum revenue that the Department of Education estimates will be generated by the pupils in attendance at each site. For purposes of this subdivision, a district may adjust the department's estimates for school building openings, school building closings, changes in attendance area boundaries, or other changes in programs or student demographics not reflected in the department's calculations. A district must report to the department any adjustments it makes according to this subdivision in the department's estimates of compensatory revenue generated by the pupils in attendance at each site, and the department must use the adjusted compensatory revenue estimates in preparing the report required under section 123B.76, subdivision 3, paragraph (c).~~

EFFECTIVE DATE. This section is effective July 1, 2007.

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Sec. 5. Minnesota Statutes 2006, section 123B.79, is amended by adding a subdivision to read:

Subd. 9. **Elimination of reserve accounts.** A school board shall eliminate all reserve accounts established in the school district's general fund under Minnesota Statutes before July 1, 2006, for which no specific authority remains in statute as of June 30, 2007. Any balance in the district's reserved for bus purchases account as of June 30, 2007, shall be transferred to the reserved account for operating capital in the school district's general fund. Any balance in other reserved accounts established in the school district's general fund under Minnesota Statutes before July 1, 2006, for which no specific authority remains in statute as of June 30, 2007, shall be transferred to the school district's unreserved general fund balance. A school board may, upon adoption of a resolution by the school board, establish a designated account for any program for which a reserved account has been eliminated.

EFFECTIVE DATE. This section is effective June 30, 2007.

Sec. 6. Minnesota Statutes 2006, section 205A.03, subdivision 1, is amended to read:

Subdivision 1. ~~Required~~ **Resolution requiring primary in certain circumstances.**
~~In~~ The school board of a school district election, may, by resolution adopted by June 1 of any year, decide to choose nominees for school board by a primary as provided in this section. The resolution, when adopted, is effective for all ensuing elections of board members in that school district until it is revoked. If the board decides to choose nominees by primary and if there are more than two candidates for a specified school board position or more than twice as many school board candidates as there are at-large school board positions available, a the school district must hold a primary.

Sec. 7. Minnesota Statutes 2006, section 205A.06, subdivision 1a, is amended to read:

Subd. 1a. **Filing period.** In school districts that have adopted a resolution to choose nominees for school board by a primary election, affidavits of candidacy must be filed with the school district clerk no earlier than the 70th day and no later than the 56th day before the first Tuesday after the second Monday in September in the year when the school district general election is held. In all other school districts, affidavits of candidacy must be filed no earlier than the 70th day and no later than the 56th day before the school district general election.

Sec. 8. **DEPARTMENT OF EDUCATION REPORT.**

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5.1 The Department of Education must provide a report to the education committees
5.2 of the legislature by January 15, 2008. The report must analyze the department's data
5.3 collection procedures under each of the department's major data reporting systems and
5.4 recommend a streamlined, Web-based system of reporting school district data. The report
5.5 must also analyze any stand-alone school district reporting requirements and recommend
5.6 elimination of any district reports that are duplicative of other data already collected
5.7 by the department.

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

5.9 Sec. 9. **REVISOR'S INSTRUCTION.**

5.10 In Minnesota Statutes, the revisor of statutes shall renumber Minnesota Statutes,
5.11 section 123B.10, subdivision 1, as 123B.10, subdivision 1b, and make necessary
5.12 cross-reference changes consistent with the renumbering.

5.13 Sec. 10. **REPEALER.**

5.14 Minnesota Statutes 2006, sections 123B.749; and 124D.081, subdivision 9, are
5.15 repealed.

5.16 **EFFECTIVE DATE.** This section is effective July 1, 2007.