A bill for an act

relating to education finance; providing funding for prekindergarten through grade 12 education; appropriating money; amending Minnesota Statutes 2006, sections 121A.19; 122A.21; 122A.415, by adding subdivisions; 123B.59, subdivision 1; 123B.62; 124D.04, subdivisions 3, 6, 8, 9; 124D.05, by adding a subdivision; 124D.118, subdivision 4; 124D.55; 125A.65, by adding a subdivision; 125A.76, by adding a subdivision; 126C.10, subdivisions 1, 31, 35, 36, by adding a subdivision; 126C.17, subdivision 9; 126C.40, subdivision 1; 126C.45; 126C.51; 126C.52, subdivision 2, by adding a subdivision; 126C.53; 126C.55; 127A.45, subdivision 16; Minnesota Statutes 2007 Supplement, sections 123B.54; 124D.531, subdivision 1; 126C.10, subdivision 34; 126C.44; 127A.49, subdivisions 2, 3; Laws 2007, chapter 146, article 1, section 24, subdivisions 2, 3, 4, 5, 6, 7, 8; article 2, section 46, subdivisions 2, 3, 4, 6, 9, 11, 13, 14, 19, 20; article 3, sections 23, subdivision 2; 24, subdivisions 3, 4, 9; article 4, section 16, subdivisions 2, 3, 6, 8; article 5, sections 11, subdivision 1; 13, subdivisions 2, 3, 4; article 7, section 4; article 9, section 17, subdivisions 2, 3, 4, 8, 9, 13; Laws 2007, First Special Session chapter 2, article 1, section 11, subdivisions 1, 2, 6; proposing coding for new law in Minnesota Statutes, chapter 124D; repealing Minnesota Statutes 2006, sections 126C.10, subdivisions 35, 36; 126C.21, subdivision 1; 127A.45, subdivision 7a; Minnesota Statutes 2007 Supplement, section 126C.10, subdivision 34; Laws 2007, First Special Session chapter 2, article 1, section 11, subdivisions 3, 4.

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

## ARTICLE 1

## E-12 EDUCATION

Section 1. Minnesota Statutes 2006, section 121A.19, is amended to read:

**121A.19 DEVELOPMENTAL SCREENING AID.**

Each school year, the state must pay a district for each child or student screened by the district according to the requirements of section 121A.17. The amount of state aid for each child or student screened shall be: (1) ~~$50~~ $75 for a child screened at age three; (2) ~~$40~~ $50 for a child screened at age four; (3) ~~$30~~ $40 for a child screened at age five or six prior to kindergarten; and (4) $30 for a student screened within 30 days after first enrolling in a public school kindergarten if the student has not previously been screened according to the requirements of section 121A.17. If this amount of aid is insufficient, the district may permanently transfer from the general fund an amount that, when added to the aid, is sufficient. Developmental screening aid shall not be paid for any student who is screened more than 30 days after the first day of attendance at a public school kindergarten, except if a student transfers to another public school kindergarten within 30 days after first enrolling in a Minnesota public school kindergarten program. In this case, if the student has not been screened, the district to which the student transfers may receive developmental screening aid for screening that student when the screening is performed within 30 days of the transfer date.

Sec. 2. Minnesota Statutes 2006, section 122A.21, is amended to read:

**122A.21 TEACHERS' AND ADMINISTRATORS' LICENSES; FEES.**

Subdivision 1. **Licensure applications.** Each application for the issuance, renewal, or extension of a license to teach, including applications for licensure via portfolio under subdivision 2, must be accompanied by a processing fee of $57. Each application for issuing, renewing, or extending the license of a school administrator or supervisor must be accompanied by a processing fee in the amount set by the Board of Teaching. The processing fee for a teacher's license and for the licenses of supervisory personnel must be paid to the executive secretary of the appropriate board. The executive secretary of the board shall deposit the fees with the commissioner of finance. The fees as set by the board are nonrefundable for applicants not qualifying for a license. However, a fee must be refunded by the commissioner of finance in any case in which the applicant already holds a valid unexpired license. The board may waive or reduce fees for applicants who apply at the same time for more than one license.

Subd. 2. **Licensure via portfolio.** (a) An eligible candidate may use licensure via portfolio to obtain an initial licensure or to add a licensure field, consistent with the applicable Board of Teaching licensure rules.

(b) A candidate for initial licensure must submit to the Educator Licensing Division at the department one portfolio demonstrating pedagogical competence and one portfolio demonstrating content competence.

(c) A candidate seeking to add a licensure field must submit to the Educator Licensing Division at the department one portfolio demonstrating content competence.

(d) A candidate must pay to the executive secretary of the Board of Teaching a $300 fee for the first portfolio submitted for review and a $200 fee for any portfolio submitted subsequently. The fees must be paid to the executive secretary of the Board of Teaching. The revenue generated from the fee must be deposited in an education licensure portfolio account in the special revenue fund. The fees set by the Board of Teaching are nonrefundable for applicants not qualifying for a license. The Board of Teaching may waive or reduce fees for candidates based on financial need.

Sec. 3. Minnesota Statutes 2006, section 122A.415, is amended by adding a subdivision to read:

Subd. 4. **Basic alternative teacher compensation aid.** (a) For fiscal year 2010 and later, the basic alternative teacher compensation aid for a school district with a plan approved under section 122A.414, subdivision 2b, equals 65 percent of the alternative teacher compensation revenue under subdivision 1. The basic alternative teacher compensation aid for an intermediate school district or charter school with a plan approved under section 122A.414, subdivisions 2a and 2b, if the recipient is a charter school, equals $260 times the number of pupils enrolled in the school on October 1 of the previous fiscal year, or on October 1 of the current fiscal year for a charter school in the first year of operation, times the ratio of the sum of the alternative teacher compensation aid and alternative teacher compensation levy for all participating school districts to the maximum alternative teacher compensation revenue for those districts under subdivision 1.

(b) Notwithstanding paragraph (a) and subdivision 1, the state total basic alternative teacher compensation aid entitlement must not exceed $47,485,000 for fiscal year 2010 and $76,067,000 for fiscal year 2011 and later. The commissioner must limit the amount of alternative teacher compensation aid approved under this section so as not to exceed these limits.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2010 and later.

Sec. 4. Minnesota Statutes 2006, section 122A.415, is amended by adding a subdivision to read:

Subd. 5. **Alternative teacher compensation levy.** For fiscal year 2010 and later, the alternative teacher compensation levy for a district receiving basic alternative teacher compensation aid equals the product of: (1) the difference between the district's alternative teacher compensation revenue, under subdivision 1, and the district's basic alternative teacher compensation aid, under subdivision 4; times (2) the lesser of one or the ratio of the district's adjusted net tax capacity per adjusted pupil unit to $5,913.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2010 and later.

Sec. 5. Minnesota Statutes 2006, section 122A.415, is amended by adding a subdivision to read:

Subd. 6. **Alternative teacher compensation aid.** (a) For fiscal year 2010 and later, a district's alternative teacher compensation equalization aid equals the district's alternative teacher compensation revenue, minus the district's basic alternative teacher compensation aid, minus the district's alternative teacher compensation levy. If a district does not levy the entire amount permitted under subdivision 5, the alternative teacher compensation equalization aid must be reduced in proportion to the actual amount levied.

(b) A district's alternative teacher compensation aid equals the sum of the district's basic alternative teacher compensation aid and the district's alternative teacher compensation equalization aid.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2010 and later.

Sec. 6. Minnesota Statutes 2007 Supplement, section 123B.54, is amended to read:

**123B.54 DEBT SERVICE APPROPRIATION.**

(a) ~~$14,813,000~~ $14,814,000 in fiscal year 2008, ~~$11,124,000~~ $9,109,000 in fiscal year 2009, ~~$8,866,000~~ $7,286,000 in fiscal year 2010, and ~~$6,631,000~~ $6,878,000 in fiscal year 2011 and later are appropriated from the general fund to the commissioner of education for payment of debt service equalization aid under section 123B.53.

(b) The appropriations in paragraph (a) must be reduced by the amount of any money specifically appropriated for the same purpose in any year from any state fund.

Sec. 7. Minnesota Statutes 2006, section 123B.59, subdivision 1, is amended to read:

Subdivision 1. **To qualify.** (a) An independent or special school district qualifies to participate in the alternative facilities bonding and levy program if the district has:

(1) more than 66 students per grade;

(2) over 1,850,000 square feet of space and the average age of building space is 15 years or older or over 1,500,000 square feet and the average age of building space is 35 years or older;

(3) insufficient funds from projected health and safety revenue and capital facilities revenue to meet the requirements for deferred maintenance, to make accessibility improvements, or to make fire, safety, or health repairs; and

(4) a ten-year facility plan approved by the commissioner according to subdivision 2.

(b) An independent or special school district not eligible to participate in the alternative facilities bonding and levy program under paragraph (a) qualifies for limited participation in the program if the district has:

(1) one or more health and safety projects with an estimated cost of $500,000 or more per site that would qualify for health and safety revenue except for the project size limitation in section 123B.57, subdivision 1, paragraph (b); and

(2) insufficient funds from capital facilities revenue to fund those projects.

(c) Notwithstanding the square footage limitation in paragraph (a), clause (2), a school district that qualified for eligibility under paragraph (a) as of July 1, 2007, remains eligible for funding under this section as long as the district continues to meet the requirements of paragraph (a), clauses (1), (3), and (4).

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

Sec. 8. Minnesota Statutes 2006, section 123B.62, is amended to read:

**123B.62 BONDS FOR CERTAIN CAPITAL FACILITIES.**

(a) In addition to other bonding authority, with approval of the commissioner, a district may issue general obligation bonds for certain capital projects under this section. The bonds must be used only to make capital improvements including:

(1) under section 126C.10, subdivision 14, total operating capital revenue uses specified in clauses (4), (6), (7), (8), (9), and (10);

(2) the cost of energy modifications;

(3) improving disability accessibility to school buildings; ~~and~~

(4) bringing school buildings into compliance with life and safety codes and fire codes; and

(5) modifying buildings and equipment for security.

(b) Before a district issues bonds under this subdivision, it must publish notice of the intended projects, the amount of the bond issue, and the total amount of district indebtedness.

(c) A bond issue tentatively authorized by the board under this subdivision becomes finally authorized unless a petition signed by more than 15 percent of the registered voters of the district is filed with the school board within 30 days of the board's adoption of a resolution stating the board's intention to issue bonds. The percentage is to be determined with reference to the number of registered voters in the district on the last day before the petition is filed with the board. The petition must call for a referendum on the question of whether to issue the bonds for the projects under this section. The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this section.

(d) The bonds must be paid off within ~~ten~~ 15 years of issuance. The bonds must be issued in compliance with chapter 475, except as otherwise provided in this section. A tax levy must be made for the payment of principal and interest on the bonds in accordance with section 475.61. The sum of the tax levies under this section and section 123B.61 for each year must not exceed the limit specified in section 123B.61. The levy for each year must be reduced as provided in section 123B.61. A district using an excess amount in the debt redemption fund to retire the bonds shall report the amount used for this purpose to the commissioner by July 15 of the following fiscal year. A district having an outstanding capital loan under section 126C.69 or an outstanding debt service loan under section 126C.68 must not use an excess amount in the debt redemption fund to retire the bonds.

(e) Notwithstanding paragraph (d), bonds issued by a district within the first five years following voter approval of a combination according to section 123A.37, subdivision 2, must be paid off within 20 years of issuance. All the other provisions and limitation of paragraph (d) apply.

Sec. 9. Minnesota Statutes 2006, section 124D.04, subdivision 3, is amended to read:

Subd. 3. **Pupils in adjoining states.** Except as provided under an agreement with an adjoining state under section 124D.041, a non-Minnesota pupil who resides in an adjoining state in a district that borders Minnesota may enroll in a Minnesota district if either the board of the district in which the pupil resides or state in which the pupil resides pays tuition to the district in which the pupil is enrolled.

Sec. 10. Minnesota Statutes 2006, section 124D.04, subdivision 6, is amended to read:

Subd. 6. **Tuition payments.** (a) In each odd-numbered year, before March 1, the commissioner must agree to rates of tuition for Minnesota elementary and secondary pupils attending in other states for the next two fiscal years when the other state agrees to negotiate tuition rates. The commissioner must negotiate equal, reciprocal rates with the designated authority in each state for pupils who reside in an adjoining state and enroll in a Minnesota district. The rates must be at least equal to the tuition specified in section 124D.05, subdivision 1. If the other state does not agree to negotiate a general tuition rate, a Minnesota school district may negotiate a tuition rate with the school district in the other state that sends a pupil to or receives a pupil from the Minnesota school district. The tuition rate for a pupil with a disability must be equal to the actual cost of instruction and services provided. The resident district of a Minnesota pupil attending in another state under this section must pay the amount of tuition agreed upon in this section to the district of attendance, prorated on the basis of the proportion of the school year attended.

(b) Notwithstanding paragraph (a) and subdivision 9, if an agreement is reached between the state of Minnesota and an adjoining state pursuant to section 124D.041, the provisions of section 124D.041 and the agreement shall apply to all enrollment transfers between Minnesota and the adjoining state, and provisions of paragraph (a) and subdivision 9 shall not apply.

Sec. 11. Minnesota Statutes 2006, section 124D.04, subdivision 8, is amended to read:

Subd. 8. **Effective if reciprocal.** This section is effective with respect to ~~South Dakota upon enactment of provisions by South Dakota that the commissioner determines are essentially similar to the provisions for Minnesota pupils in this section. This section is effective with respect to~~ any ~~other~~ bordering state upon enactment of provisions by the bordering state that the commissioner determines are essentially similar to the provisions for Minnesota pupils in this section.

Sec. 12. Minnesota Statutes 2006, section 124D.04, subdivision 9, is amended to read:

Subd. 9. **Appeal to the commissioner.** If a Minnesota school district cannot agree with an adjoining state on a tuition rate for a Minnesota student attending school in that state and that state has met the requirements in subdivision 8, then the student's parent or guardian may request that the commissioner ~~agree on~~ set a tuition rate for the student. The Minnesota district must pay the amount of tuition the commissioner ~~agrees upon~~ sets.

Sec. 13. **[124D.041] RECIPROCITY WITH ADJOINING STATES.**

Subdivision 1. **Agreements.** (a) The commissioner may enter into an agreement with the designated authority from an adjoining state to establish an enrollment options program between Minnesota and the adjoining state. Any agreement entered into pursuant to this section must specify the following:

(1) for students who are not residents of Minnesota, the enrollment options program applies only to a student whose resident school district borders Minnesota;

(2) the commissioner must negotiate equal, reciprocal rates with the designated authority from the adjoining state;

(3) if the adjoining state sends more students to Minnesota than Minnesota sends to the adjoining state, the adjoining state must pay the state of Minnesota the rate agreed upon under clause (2) for the excess number of students sent to Minnesota;

(4) if Minnesota sends more students to the adjoining state than the adjoining state sends to Minnesota, the state of Minnesota will pay the adjoining state the rate agreed upon under clause (2) for the excess number of students sent to the adjoining state;

(5) the application procedures for the enrollment options program between Minnesota and the adjoining state;

(6) the reasons for which an application for the enrollment options program between Minnesota and the adjoining may be denied; and

(7) that a Minnesota school district is not responsible for transportation for any resident student attending school in an adjoining state under the provisions of this section. A Minnesota school district may, at its discretion, provide transportation services for such a student.

(b) Any agreement entered into pursuant to this section may specify additional terms relating to any student in need of special education and related services pursuant to chapter 125A. Any additional terms must apply equally to both states.

Subd. 2. **Pupil accounting.** (a) Any student from an adjoining state enrolled in Minnesota pursuant to this section is included in the receiving school district's average daily membership and pupil units according to section 126C.05 as if the student were a resident of another Minnesota school district attending the receiving school district under section 124D.03.

(b) Any Minnesota resident student enrolled in an adjoining state pursuant to this section is included in the resident school district's average daily membership and pupil units according to section 126C.05 as if the student were a resident of the district attending another Minnesota school district under section 124D.03.

Subd. 3. **Procedures.** (a) The Department of Education must establish procedures relating to the application process, the collection or payment of funds under the provisions of any agreement established pursuant to this section, and the collection of data necessary to implement any agreement established pursuant to this section.

(b) Notwithstanding sections 124A.04 and 124A.05, if an agreement is established between Minnesota and an adjoining state pursuant to this section, the provisions of this section and the agreement shall apply to all enrollment transfers between Minnesota and the adjoining state, and provisions of sections 124D.04 and 124D.05 to the contrary, including provisions relating to tuition payments, shall not apply.

(c) Notwithstanding paragraph (a), any payments to adjoining states under this section shall be made according to section 127A.45, subdivision 16.

(d) Notwithstanding paragraph (b), sections 124D.04, subdivision 6, paragraph (b), and 124D.05, subdivision 2a, the provisions of this section and the agreement shall not apply to: (i) enrollment transfers between Minnesota and a school district in an adjoining state enrolling fewer than 150 pupils that is exempted from participation in the program under the laws of the adjoining state; or (ii) enrollment transfers between Minnesota and a school district in an adjoining state under a board agreement initiated in fiscal year 2009 to serve students in grade levels discontinued by the resident district.

Sec. 14. Minnesota Statutes 2006, section 124D.05, is amended by adding a subdivision to read:

Subd. 2a. **Exception.** Notwithstanding subdivisions 1 and 2, if an agreement is reached between the state of Minnesota and an adjoining state pursuant to section 124D.041, the provisions of section 124D.041 and the agreement shall apply to all enrollment transfers between Minnesota and the adjoining state, and provisions of subdivisions 1 and 2 to the contrary, including provisions relating to tuition payments, shall not apply.

Sec. 15. Minnesota Statutes 2006, section 124D.118, subdivision 4, is amended to read:

Subd. 4. **Reimbursement.** In accordance with program guidelines, the commissioner shall reimburse each participating public or nonpublic school ~~14~~ 20 cents for each half-pint of milk that is served to kindergarten students and is not part of a school lunch or breakfast reimbursed under section 124D.111 or 124D.1158.

Sec. 16. **[124D.141] STATE ADVISORY COUNCIL ON EARLY CHILDHOOD EDUCATION AND CARE.**

Subdivision 1. **Membership; Duties.** Two members of the house of representatives, one appointed by the speaker and one appointed by the minority leader; and two members of the senate appointed by the Subcommittee on Committees of the Committee on Rules and Administration, including one member of the minority; and two parents with a child under age six, shall be added to the membership of the State Advisory Council on Early Education and Care. The council must fulfill the duties required under the federal Improving Head Start for School Readiness Act of 2007 as provided in Public Law 110-134.

Subd. 2. **Additional duties.** The following duties are added to those assigned to the council under federal law:

(1) make recommendations on the most efficient and effective way to leverage state and federal funding streams for early childhood and child care programs;

(2) make recommendations on how to coordinate or colocate early childhood and child care programs in one state Office of Early Learning;

(3) review program evaluations regarding high-quality early childhood programs; and

(4) make recommendations to the governor and legislature, including proposed legislation on how to most effectively create a high quality early childhood system in Minnesota in order to improve the educational outcomes of children so that all children are school-ready by 2020.

Subd. 3. **Administration.** An amount up to $12,500 from federal child care and development fund administrative funds and up to $12,500 from prekindergarten exploratory project funds appropriated under Laws 2007, chapter 147, article 19, section 3, may be used to reimburse the parents on the council and for technical assistance and administrative support of the State Advisory Council on Early Childhood Education and Care. This funding stream is for fiscal year 2009. The council may pursue additional funds from state, federal, and private sources. If additional operational funds are received, the council must reduce the amount of prekindergarten exploratory project funds used in an equal amount.

Sec. 17. Minnesota Statutes 2007 Supplement, section 124D.531, subdivision 1, is amended to read:

Subdivision 1. **State total adult basic education aid.** (a) The state total adult basic education aid for fiscal year 2005 is $36,509,000. The state total adult basic education aid for fiscal year 2006 equals $36,587,000 plus any amount that is not paid for during the previous fiscal year, as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3. The state total adult basic education aid for fiscal year 2007 equals $37,673,000 plus any amount that is not paid for during the previous fiscal year, as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3. The state total adult basic education aid for fiscal year 2008 equals $40,650,000, plus any amount that is not paid during the previous fiscal year as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3. The state total adult basic education aid for later fiscal years equals:

(1) the state total adult basic education aid for the preceding fiscal year plus any amount that is not paid for during the previous fiscal year, as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3; times

(2) the lesser of:

(i) 1.03; or

(ii) ~~the greater of 1.00 or the ratio of the state total contact hours in the first prior program year to the state total contact hours in the second prior program year~~ the average growth in state total contact hours over the prior 10 program years.

Beginning in fiscal year 2002, two percent of the state total adult basic education aid must be set aside for adult basic education supplemental service grants under section 124D.522.

(b) The state total adult basic education aid, excluding basic population aid, equals the difference between the amount computed in paragraph (a), and the state total basic population aid under subdivision 2.

Sec. 18. Minnesota Statutes 2006, section 124D.55, is amended to read:

**124D.55 GENERAL EDUCATION DEVELOPMENT (GED) TEST FEES.**

The commissioner shall pay 60 percent of the fee that is charged to an eligible individual for the full battery of a general education development (GED) test, but not more than ~~$20~~ $40 for an eligible individual.

Sec. 19. Minnesota Statutes 2006, section 125A.65, is amended by adding a subdivision to read:

Subd. 11. **Third-party reimbursement.** The Minnesota State Academies must seek reimbursement under section 125A.21 from third parties for the cost of services provided by the Minnesota State Academies whenever the services provided are otherwise covered by a child's public or private health plan.

**EFFECTIVE DATE.** This section is effective the day following final enactment for revenue in fiscal years 2008 and later.

Sec. 20. Minnesota Statutes 2006, section 125A.76, is amended by adding a subdivision to read:

Subd. 4a. **Adjustments for tuition reciprocity with adjoining states.** (a) If an agreement is reached between the state of Minnesota and an adjoining state pursuant to section 124D.041 that requires a special education tuition payment from the state of

Minnesota to the adjoining state, the tuition payment shall be made from the special education aid appropriation for that year, and the state total special education aid under subdivision 4 shall be reduced by the amount of the payment.

(b) If an agreement is reached between the state of Minnesota and an adjoining state pursuant to section 124D.041 that requires a special education tuition payment from an adjoining state to the state of Minnesota, the special education aid appropriation for that year and the state total special education aid under subdivision 4 shall be increased by the amount of the payment.

(c) If an agreement is reached between the state of Minnesota and an adjoining state pursuant to section 124D.041 that requires special education tuition payments to be made between the two states and not between districts in the two states, the special education aid for a Minnesota school district serving a student with a disability from the adjoining state shall be calculated according to section 127A.47, subdivision 7, except that no reduction shall be made in the special education aid paid to the resident district.

Sec. 21. Minnesota Statutes 2006, section 126C.10, subdivision 1, is amended to read:

Subdivision 1. **General education revenue.** (a) For fiscal ~~year 2006 and later~~ years 2008 and 2009, the general education revenue for each district equals the sum of the district's basic revenue, extended time revenue, gifted and talented revenue, basic skills revenue, training and experience revenue, secondary sparsity revenue, elementary sparsity revenue, transportation sparsity revenue, total operating capital revenue, equity revenue, alternative teacher compensation revenue under section 122A.415, and transition revenue.

(b) For fiscal year 2010 and later, the general education revenue for each district equals the sum of the district's basic revenue, extended time revenue, gifted and talented revenue, basic skills revenue, training and experience revenue, secondary sparsity revenue, elementary sparsity revenue, transportation sparsity revenue, total operating capital revenue, equity revenue, and transition revenue.

Sec. 22. Minnesota Statutes 2006, section 126C.10, subdivision 31, is amended to read:

Subd. 31. **Transition revenue.** (a) A district's transition allowance equals the greater of zero or the product of the ratio of the number of adjusted marginal cost pupil units the district would have counted for fiscal year 2004 under Minnesota Statutes 2002 to the district's adjusted marginal cost pupil units for fiscal year 2004, times the difference between: (1) the lesser of the district's general education revenue per adjusted marginal cost pupil unit for fiscal year 2003 or the amount of general education revenue the district would have received per adjusted marginal cost pupil unit for fiscal year 2004 according to Minnesota Statutes 2002, and (2) the district's general education revenue for fiscal year 2004 excluding transition revenue divided by the number of adjusted marginal cost pupil units the district would have counted for fiscal year 2004 under Minnesota Statutes 2002.

(b) A district's transition revenue for fiscal ~~year~~ years 2006 ~~and later~~ through 2009 equals the sum of the product of the district's transition allowance times the district's adjusted marginal cost pupil units plus the district's transition for prekindergarten revenue under subdivision 31a.

(c) A district's transition revenue for fiscal year 2010 and later equals the sum of the product of the district's transition allowance times the district's adjusted marginal cost pupil units plus the district's transition for prekindergarten revenue under subdivision 31a plus the district's transition for tuition reciprocity revenue under subdivision 31c.

Sec. 23. Minnesota Statutes 2006, section 126C.10, is amended by adding a subdivision to read:

Subd. 31c. **Transition for tuition reciprocity revenue.** For the first year that a tuition reciprocity agreement with an adjoining state is in effect under section 124D.041 and later, a school district's transition for tuition reciprocity revenue equals the greater of zero or the difference between the sum of the general education revenue and net tuition revenue the district would have received for pupils enrolled under section 124D.041 for the first year the agreement is in effect if the agreement had not been in effect, and the sum of the district's general education revenue and net tuition revenue for the first year the agreement is in effect.

Sec. 24. Minnesota Statutes 2007 Supplement, section 126C.10, subdivision 34, is amended to read:

Subd. 34. **Basic alternative teacher compensation aid.** (a) For fiscal years ~~2007 and later~~ 2008 and 2009, the basic alternative teacher compensation aid for a school district with a plan approved under section 122A.414, subdivision 2b, equals ~~65~~ 73.1 percent of the alternative teacher compensation revenue under section 122A.415, subdivision 1. The basic alternative teacher compensation aid for an intermediate school district or charter school with a plan approved under section 122A.414, subdivisions 2a and 2b, if the recipient is a charter school, equals $260 times the number of pupils enrolled in the school on October 1 of the previous fiscal year, or on October 1 of the current fiscal year for a charter school in the first year of operation, times the ratio of the sum of the alternative teacher compensation aid and alternative teacher compensation levy for all participating school districts to the maximum alternative teacher compensation revenue for those districts under section 122A.415, subdivision 1.

(b) Notwithstanding paragraphs (a) and (b) and section 122A.415, subdivision 1, the state total basic alternative teacher compensation aid entitlement must not exceed ~~$75,636,000~~ $48,060,000 for fiscal year ~~2007~~ 2008, and ~~later~~ $53,267,000 for fiscal year 2009. The commissioner must limit the amount of alternative teacher compensation aid approved under section 122A.415 so as not to exceed these limits.

Sec. 25. Minnesota Statutes 2006, section 126C.10, subdivision 35, is amended to read:

Subd. 35. **Alternative teacher compensation levy.** For fiscal ~~year 2007 and later~~ years 2008 and 2009, the alternative teacher compensation levy for a district receiving basic alternative teacher compensation aid equals the product of (1) the difference between the district's alternative teacher compensation revenue and the district's basic alternative teacher compensation aid times (2) the lesser of one or the ratio of the district's adjusted net tax capacity per adjusted pupil unit to $5,913.

Sec. 26. Minnesota Statutes 2006, section 126C.10, subdivision 36, is amended to read:

Subd. 36. **Alternative teacher compensation aid.** (a) For fiscal ~~year 2007 and later~~ years 2008 and 2009, a district's alternative teacher compensation equalization aid equals the district's alternative teacher compensation revenue minus the district's basic alternative teacher compensation aid minus the district's alternative teacher compensation levy. If a district does not levy the entire amount permitted, the alternative teacher compensation equalization aid must be reduced in proportion to the actual amount levied.

(b) A district's alternative teacher compensation aid equals the sum of the district's basic alternative teacher compensation aid and the district's alternative teacher compensation equalization aid.

Sec. 27. Minnesota Statutes 2006, section 126C.17, subdivision 9, is amended to read:

Subd. 9. **Referendum revenue.** (a) The revenue authorized by section 126C.10, subdivision 1, may be increased in the amount approved by the voters of the district at a referendum called for the purpose. The referendum may be called by the board or shall be called by the board upon written petition of qualified voters of the district. The referendum must be conducted one or two calendar years before the increased levy authority, if approved, first becomes payable. Only one election to approve an increase may be held in a calendar year. Unless the referendum is conducted by mail under paragraph (g), the referendum must be held on the first Tuesday after the first Monday in November. The ballot must state the maximum amount of the increased revenue per resident marginal cost pupil unit. The ballot may state a schedule, determined by the board, of increased revenue per resident marginal cost pupil unit that differs from year to year over the number of years for which the increased revenue is authorized or may state that the amount shall increase annually by the rate of inflation. For this purpose, the rate of inflation shall be the annual inflationary increase calculated under subdivision 2, paragraph (b). The ballot may state that existing referendum levy authority is expiring. In this case, the ballot may also compare the proposed levy authority to the existing expiring levy authority, and express the proposed increase as the amount, if any, over the expiring referendum levy authority. The ballot must designate the specific number of years, not to exceed ten, for which the referendum authorization applies. The ballot, including a ballot on the question to revoke or reduce the increased revenue amount under paragraph (c), must abbreviate the term "per resident marginal cost pupil unit" as "per pupil." The notice required under section 275.60 may be modified to read, in cases of renewing existing levies at the same amount per pupil as in the previous year:

"BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ~~MAY BE VOTING FOR A PROPERTY TAX INCREASE~~ ARE VOTING TO EXTEND AN EXISTING PROPERTY TAX REFERENDUM THAT IS SCHEDULED TO EXPIRE."

The ballot may contain a textual portion with the information required in this subdivision and a question stating substantially the following:

"Shall the increase in the revenue proposed by (petition to) the board of ........., School District No. .., be approved?"

If approved, an amount equal to the approved revenue per resident marginal cost pupil unit times the resident marginal cost pupil units for the school year beginning in the year after the levy is certified shall be authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the district at a subsequent referendum.

(b) The board must prepare and deliver by first class mail at least 15 days but no more than 30 days before the day of the referendum to each taxpayer a notice of the referendum and the proposed revenue increase. The board need not mail more than one notice to any taxpayer. For the purpose of giving mailed notice under this subdivision, owners must be those shown to be owners on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer. Every property owner whose name does not appear on the records of the county auditor or the county treasurer is deemed to have waived this mailed notice unless the owner has requested in writing that the county auditor or county treasurer, as the case may be, include the name on the records for this purpose. The notice must project the anticipated amount of tax increase in annual dollars for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the school district.

The notice for a referendum may state that an existing referendum levy is expiring and project the anticipated amount of increase over the existing referendum levy in the first year, if any, in annual dollars for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the district.

The notice must include the following statement: "Passage of this referendum will result in an increase in your property taxes." However, in cases of renewing existing levies, the notice may include the following statement: "Passage of this referendum ~~may result in an increase in your property taxes~~ extends an existing operating referendum at the same amount per pupil as in the previous year."

(c) A referendum on the question of revoking or reducing the increased revenue amount authorized pursuant to paragraph (a) may be called by the board and shall be called by the board upon the written petition of qualified voters of the district. A referendum to revoke or reduce the revenue amount must state the amount per resident marginal cost pupil unit by which the authority is to be reduced. Revenue authority approved by the voters of the district pursuant to paragraph (a) must be available to the school district at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one revocation or reduction referendum may be held to revoke or reduce referendum revenue for any specific year and for years thereafter.

(d) A petition authorized by paragraph (a) or (c) is effective if signed by a number of qualified voters in excess of 15 percent of the registered voters of the district on the day the petition is filed with the board. A referendum invoked by petition must be held on the date specified in paragraph (a).

(e) The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this subdivision.

(f) At least 15 days before the day of the referendum, the district must submit a copy of the notice required under paragraph (b) to the commissioner and to the county auditor of each county in which the district is located. Within 15 days after the results of the referendum have been certified by the board, or in the case of a recount, the certification of the results of the recount by the canvassing board, the district must notify the commissioner of the results of the referendum.

**EFFECTIVE DATE.** This section is effective for elections conducted on or after July 1, 2008.

Sec. 28. Minnesota Statutes 2006, section 126C.40, subdivision 1, is amended to read:

Subdivision 1. **To lease building or land.** (a) When an independent or a special school district or a group of independent or special school districts finds it economically advantageous to rent or lease a building or land for any instructional purposes or for school storage or furniture repair, and it determines that the operating capital revenue authorized under section 126C.10, subdivision 13, is insufficient for this purpose, it may apply to the commissioner for permission to make an additional capital expenditure levy for this purpose. An application for permission to levy under this subdivision must contain financial justification for the proposed levy, the terms and conditions of the proposed lease, and a description of the space to be leased and its proposed use.

(b) The criteria for approval of applications to levy under this subdivision must include: the reasonableness of the price, the appropriateness of the space to the proposed activity, the feasibility of transporting pupils to the leased building or land, conformity of the lease to the laws and rules of the state of Minnesota, and the appropriateness of the proposed lease to the space needs and the financial condition of the district. The commissioner must not authorize a levy under this subdivision in an amount greater than the cost to the district of renting or leasing a building or land for approved purposes. The proceeds of this levy must not be used for custodial or other maintenance services. A district may not levy under this subdivision for the purpose of leasing or renting a district-owned building or site to itself.

(c) For agreements finalized after July 1, 1997, a district may not levy under this subdivision for the purpose of leasing: (1) a newly constructed building used primarily for regular kindergarten, elementary, or secondary instruction; or (2) a newly constructed building addition or additions used primarily for regular kindergarten, elementary, or secondary instruction that contains more than 20 percent of the square footage of the previously existing building.

(d) Notwithstanding paragraph (b), a district may levy under this subdivision for the purpose of leasing or renting a district-owned building or site to itself only if the amount is needed by the district to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payments agreement authorized by law, and the levy meets the requirements of paragraph (c). A levy authorized for a district by the commissioner under this paragraph may be in the amount needed by the district to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payments agreement authorized by law, provided that any agreement include a provision giving the school districts the right to terminate the agreement annually without penalty.

(e) The total levy under this subdivision for a district for any year must not exceed ~~$100~~ $150 times the resident pupil units for the fiscal year to which the levy is attributable.

(f) For agreements for which a review and comment have been submitted to the Department of Education after April 1, 1998, the term "instructional purpose" as used in this subdivision excludes expenditures on stadiums.

(g) The commissioner of education may authorize a school district to exceed the limit in paragraph (e) if the school district petitions the commissioner for approval. The commissioner shall grant approval to a school district to exceed the limit in paragraph (e) for not more than five years if the district meets the following criteria:

(1) the school district has been experiencing pupil enrollment growth in the preceding five years;

(2) the purpose of the increased levy is in the long-term public interest;

(3) the purpose of the increased levy promotes colocation of government services; and

(4) the purpose of the increased levy is in the long-term interest of the district by avoiding over construction of school facilities.

(h) A school district that is a member of an intermediate school district may include in its authority under this section the costs associated with leases of administrative and classroom space for intermediate school district programs. This authority must not exceed ~~$25~~ $43 times the adjusted marginal cost pupil units of the member districts. This authority is in addition to any other authority authorized under this section.

(i) In addition to the allowable capital levies in paragraph (a), a district that is a member of the "Technology and Information Education Systems" data processing joint board, that finds it economically advantageous to enter into a lease purchase agreement for a building for a group of school districts or special school districts for staff development purposes, may levy for its portion of lease costs attributed to the district within the total levy limit in paragraph (e).

Sec. 29. Minnesota Statutes 2007 Supplement, section 126C.44, is amended to read:

**126C.44 SAFE SCHOOLS LEVY.**

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

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

(c) ~~If~~ A school district ~~spends~~ must set aside at least $3 per adjusted marginal cost pupil unit of the safe schools levy proceeds for the purposes authorized under paragraph (a), clause (6)~~,~~. The district must annually certify that its total spending on services provided by the employees listed in paragraph (a), clause (6), is not less than the sum of its expenditures for these purposes, excluding amounts spent under this section, in the previous year plus the amount spent under this section.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2010.

Sec. 30. Minnesota Statutes 2006, section 126C.45, is amended to read:

**126C.45 ICE ARENA LEVY.**

(a) Each year, an independent school district operating and maintaining an ice arena, may levy for the net operational costs of the ice arena. The levy may not exceed ~~90~~

~~percent of~~ the net actual costs of operation of the arena for the previous year. Net actual costs are defined as operating costs less any operating revenues.

(b) Any district operating and maintaining an ice arena must demonstrate to the satisfaction of the Office of Monitoring in the department that the district will offer equal sports opportunities for male and female students to use its ice arena, particularly in areas of access to prime practice time, team support, and providing junior varsity and younger level teams for girls' ice sports and ice sports offerings.

Sec. 31. Minnesota Statutes 2006, section 126C.51, is amended to read:

**126C.51 APPLICATION OF LIMITING TAX LEGISLATION.**

Notwithstanding the provisions of section 471.69 or 471.75, or of any other provision of law which by per capita limitation, local tax rate limitation, or otherwise, limits the power of a district to incur any debt or to issue any warrant or order, a school district or intermediate school district has the powers in sections 126C.50 to 126C.56 specifically conferred upon it and all powers incident and necessary to carrying out the purposes of sections 126C.50 to 126C.56.

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

Sec. 32. Minnesota Statutes 2006, section 126C.52, subdivision 2, is amended to read:

Subd. 2. **Limitations.** The board of any school district may also borrow money in the manner and subject to the limitations set forth in sections 126C.50 to 126C.56 in anticipation of receipt of state aids for schools as defined in Minnesota Statutes and of federal school aids to be distributed by or through the department. The aggregate of such borrowings under this subdivision shall never exceed 75 percent of such aids which are receivable by said school district in the ~~school~~ fiscal year ~~(from July 1 to June 30)~~ in which the money is borrowed, as estimated and certified by the commissioner.

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

Sec. 33. Minnesota Statutes 2006, section 126C.52, is amended by adding a subdivision to read:

Subd. 3. **Intermediate school districts.** (a) The board of an intermediate school district may borrow money in the manner and subject to the limitations set forth in sections 126C.50 to 126C.56 in anticipation of the receipt of:

(1) state aids for schools as defined in Minnesota Statutes;

(2) federal school aids to be distributed by or through the department; and

(3) membership fees and tuition payments from its member school districts.

The aggregate of such borrowings under this subdivision shall never exceed 75 percent of such aids, fees, and tuition payments which are receivable by the intermediate school district in the fiscal year in which the money is borrowed, as estimated and certified by the commissioner.

(b) The board of an intermediate school district may, upon receipt of a written resolution by each of its member school districts, pledge the member district's full faith and credit and unlimited taxing powers to repay each member district's pro rata share of any certificates issued or the amount paid by the state under section 126C.55, subdivision 2, plus interest, if the revenues specified in paragraph (a) and any other revenues of the intermediate school district are insufficient to do so.

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

Sec. 34. Minnesota Statutes 2006, section 126C.53, is amended to read:

**126C.53 ENABLING RESOLUTION; FORM OF CERTIFICATES OF INDEBTEDNESS.**

The board of a school district or intermediate school district may authorize and effect such borrowing, and may issue such certificates of indebtedness upon passage of a resolution specifying the amount and purposes for which it deems such borrowing is necessary. The resolution must be adopted by a vote of at least two-thirds of its members. The board must fix the amount, date, maturity, form, denomination, and other details of the certificates of indebtedness, not inconsistent with this chapter. The board must fix the date and place for receipt of bids for the purchase of the certificates when bids are required and direct the clerk to give notice of the date and place for bidding.

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

Sec. 35. Minnesota Statutes 2006, section 126C.55, is amended to read:

**126C.55 STATE PAYMENT OF DEBT OBLIGATION UPON POTENTIAL DEFAULT; REPAYMENT; STATE OBLIGATION NOT DEBT.**

Subdivision 1. **Definitions.** For the purposes of this section, the term "debt obligation" means:

(1) a ~~tax or aid anticipation~~ certificate of indebtedness issued under section 126C.52;

(2) a certificate of participation issued under section 126C.40, subdivision 6; or

(3) a general obligation bond.

Subd. 2. **Notifications; payment; appropriation.** (a) If a school district or intermediate school district believes that it may be unable to make a principal or interest payment on any outstanding debt obligation on the date that payment is due, it must notify the commissioner as soon as possible, but not less than 15 working days before the date that principal or interest payment is due. The notice must include the name of the school district or intermediate school district, an identification of the debt obligation issue in question, the date the payment is due, the amount of principal and interest due on the payment date, the amount of principal or interest that the school district or intermediate school district will be unable to repay on that date, the paying agent for the debt obligation, the wire transfer instructions to transfer funds to that paying agent, and an indication as to whether a payment is being requested by the school district or intermediate school district under this section. If a paying agent becomes aware of a potential default, it shall inform the commissioner of that fact. After receipt of a notice which requests a payment under this section, after consultation with the school district or intermediate school district and the paying agent, and after verification of the accuracy of the information provided, the commissioner shall notify the commissioner of finance of the potential default. The notice must include a final figure as to the amount due that the school district or intermediate school district will be unable to repay on the date due.

(b) Except as provided in subdivision 9, upon receipt of this notice from the commissioner, the commissioner of finance shall issue a warrant and authorize the commissioner of education to pay to the paying agent for the debt obligation the specified amount on or before the date due. The amounts needed for the purposes of this subdivision are annually appropriated to the department from the state general fund.

(c) The Departments of Education and Finance must jointly develop detailed procedures for school districts and intermediate school districts to notify the state that they have obligated themselves to be bound by the provisions of this section, procedures for school districts or intermediate school districts and paying agents to notify the state of potential defaults and to request state payment under this section, and procedures for the state to expedite payments to prevent defaults. The procedures are not subject to chapter 14.

Subd. 3. **School district bound; interest rate on state paid amount.** If, at the request of a school district or intermediate school district, the state has paid part or all of the principal or interest due on a district's debt obligation on a specific date, the school district or intermediate school district is bound by all provisions of this section and the amount paid shall bear taxable interest from the date paid until the date of repayment at the invested cash rate as it is certified by the commissioner of finance. Interest shall only accrue on the amounts paid and outstanding less the reduction in aid under subdivision 4 and other payments received from the district.

Subd. 4. **Pledge of district's full faith and credit.** If, at the request of a school district or intermediate school district, the state has paid part or all of the principal or interest due on a district's debt obligation on a specific date, the pledge of the full faith and credit and unlimited taxing powers of the school district or the member districts of the intermediate district to repay the principal and interest due on those debt obligations shall also, without an election or the requirement of a further authorization, become a pledge of the full faith and credit and unlimited taxing powers of the school district or the member districts of the intermediate district to repay to the state the amount paid, with interest. Amounts paid by the state must be repaid in the order in which the state payments were made.

Subd. 4a. **Aid reduction for repayment.** (a) Except as provided in this subdivision, the state must reduce the state aid payable to the school district or intermediate school district under this chapter and chapters 122A, 123A, 123B, 124D, 125A, 126C, and 273 by the amount paid by the state under this section on behalf of the district, plus the interest due on it, and the amount reduced must revert from the appropriate account to the state general fund. Payments from the school district endowment fund or any federal aid payments shall not be reduced.

(b) For an intermediate school district, the state aid payable to the intermediate school district must first be reduced, before any reduction is made to the state aids payable to the member districts. If the state aid payable to the intermediate school district is not sufficient to repay the state, state aid payable to member districts may be reduced proportionately based on the ratio of each member district's adjusted net tax capacity to the total adjusted net tax capacity of all member districts.

(c) If, after review of the financial situation of the school district or intermediate school district, the commissioner advises the commissioner of finance that a total reduction of aids would cause an undue hardship on or an undue disruption of the educational program of the district, the commissioner, with the approval of the commissioner of finance, may establish a different schedule for reduction of aids to repay the state. The amount of aids to be reduced is decreased by any amounts repaid to the state by the district from other revenue sources.

Subd. 6. **Tax levy for repayment.** (a) With the approval of the commissioner, a district may levy in the year the state makes a payment under this section an amount up to the amount necessary to provide funds for the repayment of the amount paid by the state plus interest through the date of estimated repayment by the district. The proceeds of this levy may be used only for this purpose unless they are in excess of the amount actually due, in which case the excess shall be used to repay other state payments made under this section or shall be deposited in the debt redemption fund of the school district. This levy shall be an increase in the levy limits of the district for purposes of section 275.065, subdivision 6. The amount of aids to be reduced to repay the state shall be decreased by the amount levied. This levy by the district is not eligible for debt service equalization under section 123B.53.

(b) If the state is not repaid in full for a payment made under this section by November 30 of the calendar year following the year in which the state makes the payment, the commissioner shall require the district to certify a property tax levy in an amount up to the amount necessary to provide funds for repayment of the amount paid by the state plus interest through the date of estimated repayment by the school district. To prevent undue hardship, the commissioner may allow the district to certify the levy over a five-year period. The proceeds of the levy may be used only for this purpose unless they are in excess of the amount actually due, in which case the excess shall be used to repay other state payments made under this section or shall be deposited in the debt redemption fund of the district. This levy shall be an increase in the levy limits of the school district for purposes of section 275.065, subdivision 6. If the commissioner orders the district to levy, the amount of aids reduced to repay the state shall be decreased by the amount levied. This levy by the district is not eligible for debt service equalization under section 123B.53 or any successor provision. A levy under this subdivision must be explained as a specific increase at the meeting required under section 275.065, subdivision 6.

(c) For an intermediate district, a levy made by a member district under paragraph (a) or (b) to pay its pro rata share must be spread by the commissioner as a tax rate based on the total adjusted net tax capacity of the member school districts. The proceeds of the levy must be remitted by the member school district to the intermediate school district and must be used by the intermediate district only to repay the state amounts owed. Any amount in excess of the amount owed to the state must be repaid to the member school districts and the commissioner shall adjust each member district's property tax levy in the next year.

Subd. 7. **Election as to mandatory application.** A school district or intermediate school district may covenant and obligate itself, prior to the issuance of an issue of debt obligations, to notify the commissioner of a potential default and to use the provisions of this section to guarantee payment of the principal and interest on those debt obligations when due. If the district obligates itself to be bound by this section, it must covenant in the resolution that authorizes the issuance of the debt obligations to deposit with the paying agent three business days prior to the date on which a payment is due an amount sufficient to make that payment or to notify the commissioner under subdivision 1 that it will be unable to make all or a portion of that payment. A district that has obligated itself must include a provision in its agreement with the paying agent for that issue that requires the paying agent to inform the commissioner if it becomes aware of a potential default in the payment of principal or interest on that issue or if, on the day two business days prior to the date a payment is due on that issue, there are insufficient funds to make the payment on deposit with the paying agent. Funds invested in a refunding escrow account established under section 475.67 that are to become available to the paying agent on a principal or interest payment date are deemed to be on deposit with the paying agent three business days before the payment date. If a district either covenants to be bound by this section or accepts state payments under this section to prevent a default of a particular issue of debt obligations, the provisions of this section shall be binding as to that issue as long as any debt obligation of that issue remain outstanding. If the provisions of this section are or become binding for more than one issue of debt obligations and a district is unable to make payments on one or more of those issues, the district must continue to make payments on the remaining issues.

Subd. 8. **Mandatory plan; technical assistance.** If the state makes payments on behalf of a school district or intermediate school district under this section or the district defaults in the payment of principal or interest on an outstanding debt obligation, it must submit a plan to the commissioner for approval specifying the measures it intends to implement to resolve the issues which led to its inability to make the payment and to prevent further defaults. The department must provide technical assistance to the district in preparing its plan. If the commissioner determines that a district's plan is not adequate, the commissioner shall notify the district that the plan has been disapproved, the reasons for the disapproval, and that the state shall not make future payments under this section for debt obligations issued after the date specified in that notice until its plan is approved. The commissioner may also notify the district that until its plan is approved, other aids due the district will be withheld after a date specified in the notice.

Subd. 9. **State bond rating.** If the commissioner of finance determines that the credit rating of the state would be adversely affected thereby, the commissioner of finance shall not issue warrants under subdivision 2 for the payment of principal or interest on any debt obligations for which a district did not, prior to their issuance, obligate itself to be bound by the provisions of this section.

Subd. 10. **Continuing disclosure agreements.** The commissioner of finance may enter into written agreements or contracts relating to the continuing disclosure of information needed to facilitate the ability of school districts or intermediate school districts to issue debt obligations according to federal securities laws, rules, and regulations, including securities and exchange commission rules and regulations, section 240.15c2-12. Such agreements or contracts may be in any form the commissioner of finance deems reasonable and in the state's best interests.

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

Sec. 36. Minnesota Statutes 2006, section 127A.45, subdivision 16, is amended to read:

Subd. 16. **Payments to third parties.** Notwithstanding subdivision 3, the current year aid payment percentage of the amounts under section 123A.26, subdivision 3 and section 124D.041, shall be paid in equal installments on August 30, December 30, and March 30, with a final adjustment payment on October 30 of the next fiscal year of the remaining amount.

Sec. 37. Minnesota Statutes 2007 Supplement, section 127A.49, subdivision 2, is amended to read:

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

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

(2) the ratio of:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 38. Minnesota Statutes 2007 Supplement, section 127A.49, subdivision 3, is amended to read:

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

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

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

(2) the ratio of:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) the amount of the distribution of excess increment; and

(2) the amount subtracted from aid pursuant to clause (a).

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

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

Sec. 39. Laws 2007, chapter 146, article 2, section 46, subdivision 11, is amended to read:

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

| | | | |
|---|---|---|---|
| $ | 15,150,000 | ..... | 2008 |
| $ | ~~15,150,000~~ 12,900,000 | ..... | 2009 |

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

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

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

The base for fiscal year 2010 and later is $13,000,000.

Sec. 40. Laws 2007, chapter 146, article 2, section 46, subdivision 13, is amended to read:

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

| | | | |
|---|---|---|---|
| $ | 6,500,000 | ..... | 2008 |
| $ | 6,500,000 | ..... | 2009 |

Of this amount, $2,500,000 each year is for concurrent enrollment program aid under Minnesota Statutes, section 124D.091. If the appropriation is insufficient, the commissioner must proportionately reduce the aid payment to each district. Any balance in the first year does not cancel but is available in the second year.

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

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

Sec. 41. Laws 2007, chapter 146, article 2, section 46, subdivision 14, is amended to read:

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

| | | | |
|---|---|---|---|
| $ | 528,000 | ..... | 2008 |
| $ | 528,000 | ..... | 2009 |

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

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

Sec. 42. Laws 2007, chapter 146, article 2, section 46, subdivision 19, is amended to read:

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

| | | | |
|---|---|---|---|
| $ | ~~829,000~~ 600,000 | ..... | 2008 |
| $ | ~~829,000~~ 400,000 | ..... | 2009 |

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

Sec. 43. Laws 2007, chapter 146, article 2, section 46, subdivision 20, is amended to read:

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

| | | | |
|---|---|---|---|
| $ | ~~1,650,000~~ 850,000 | ..... | 2008 |
| $ | ~~1,650,000~~ 500,000 | ..... | 2009 |

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

Sec. 44. Laws 2007, chapter 146, article 3, section 23, subdivision 2, is amended to read:

Subd. 2. **Report.** (a) The task force must submit to the education policy and finance committees of the legislature by February 15, ~~2008~~ 2009, a report that identifies and clearly and concisely explains each provision in state law or rule that exceeds ~~or expands upon~~ a minimum federal requirement contained in law or regulation for providing special education programs and services to eligible students. The report also must recommend which state ~~provisions~~ statutes and rules that exceed ~~or expand upon~~ a minimum federal requirement may be amended to conform with minimum federal requirements or made more effective as determined by a majority of the task force members. The task force must recommend rules governing the use of aversive and deprivation procedures by school district employees or persons under contract with a school district. The task force expires when it submits its report to the legislature.

(b) Consistent with subdivision 1, the Department of Education member of the task force representing regulators shall be replaced with a parent advocate selected by a statewide organization that advocates on behalf of families with children with disabilities.

(c) The Department of Education must provide technical assistance at the request of the task force.

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

Sec. 45. Laws 2007, chapter 146, article 3, section 24, subdivision 9, is amended to read:

Subd. 9. **Special Education Task Force.** For the task force to compare federal and state special education requirements:

$ ~~20,000~~ 40,000 ..... 2008

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

This is a onetime appropriation.

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

Sec. 46. Laws 2007, chapter 146, article 5, section 11, subdivision 1, is amended to read:

Subdivision 1. **Fiscal year 2007 replacement aid.** Independent School District No. 2899, Plainview-Elgin-Millville, is eligible for replacement ~~aid~~ revenue to offset its excess fund balance penalty for fiscal year 2007. The aid adjustment must be made under Laws 2007, chapter 146, article 5, section 13, subdivision 5. The levy adjustment of $6,600 must be included as part of the district's property taxes for taxes payable in 2009.

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

Sec. 47. Laws 2007, chapter 146, article 5, section 13, subdivision 3, is amended to read:

Subd. 3. **Traditional school breakfast; kindergarten milk.** For traditional school breakfast aid and kindergarten milk under Minnesota Statutes, sections 124D.1158 and 124D.118:

| | | | |
|---|---|---|---|
| $ | ~~5,460,000~~ 5,583,000 | ..... | 2008 |
| $ | ~~5,695,000~~ 6,396,000 | ..... | 2009 |

Sec. 48. Laws 2007, chapter 146, article 7, section 4, is amended to read:

Sec. 4. **APPROPRIATIONS; DEPARTMENT OF EDUCATION.**

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

Subd. 2. **Department.** (a) For the Department of Education:

| | | | |
|---|---|---|---|
| $ | 22,169,000 | ..... | 2008 |
| $ | ~~22,653,000~~ 21,999,000 | ..... | 2009 |

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

(b) $7,000 in fiscal year 2008 is for GRAD test rulemaking.

(c) $7,000 in fiscal year 2008 is for rulemaking under section 3.

(d) $40,000 each year is for an early hearing loss intervention coordinator under Minnesota Statutes, section 125A.63, subdivision 5. If the department expends federal funds to employ a hearing loss coordinator under Minnesota Statutes, section 125.63, subdivision 5, then the appropriation under this paragraph is reallocated for purposes of employing a world languages coordinator.

(e) $260,000 each year is for the Minnesota Children's Museum.

(f) $41,000 each year is for the Minnesota Academy of Science.

(g) $619,000 in fiscal year 2008 and $632,000 in fiscal year 2009 are for the Board of Teaching.

(h) $163,000 in fiscal year 2008 and $171,000 in fiscal year 2009 are for the Board of School Administrators.

(i) $50,000 each year is for the Duluth Children's Museum.

(j) The expenditures of federal grants and aids as shown in the biennial budget document and its supplements are approved and appropriated and shall be spent as indicated.

(k) None of the amounts appropriated under this subdivision may be used for Minnesota's Washington, D.C., office.

(l) $50,000 in fiscal year 2009 is for an advisory task force for determining how the educational achievement of low-income students and students of color is impacted by education issues related to rigorous preparation and coursework, educators' professional development, English language learners, special education, GRAD tests, and the use of valid and reliable data on student preparation for postsecondary academic and career opportunities. This amount is not added to the base appropriation for fiscal year 2010 and later. The department shall not expend any funds unless a match of an equal amount of nonstate funds has been received for this purpose.

(m) $188,000 in fiscal year 2009 is for the administration of the school performance report card.

(n) The base for fiscal year 2010 and later is $21,761,000.

Sec. 49. Laws 2007, chapter 146, article 9, section 17, subdivision 4, is amended to read:

Subd. 4. **Health and developmental screening aid.** For health and developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

| | | | |
|---|---|---|---|
| $ | ~~3,159,000~~ 2,624,000 | ..... | 2008 |
| $ | ~~3,330,000~~ 3,592,000 | ..... | 2009 |

The 2008 appropriation includes $288,000 for 2007 and ~~$2,871,000~~ $2,336,000 for 2008.

The 2009 appropriation includes ~~$319,000~~ $259,000 for 2008 and ~~$3,011,000~~ $3,333,000 for 2009.

Sec. 50. Laws 2007, First Special Session chapter 2, article 1, section 11, subdivision 1, is amended to read:

Subdivision 1. **Total Appropriation** **$ ~~584,000~~ 148,000**

The appropriations in this section are from the general fund. The amounts that may be spent for each purpose are specified in the following subdivisions.

Sec. 51. Laws 2007, First Special Session chapter 2, article 1, section 11, subdivision 2, is amended to read:

Subd. 2. **Independent School District No. 239, Rushford-Peterson**

| | |
|---|---|
| (a) **Flood Enrollment Impact Aid** | 89,000 |
| The commissioner of education shall pay to the school district flood enrollment impact aid equal to $5,394 times the number of pupils lost as a result of the floods of August 2007. The district must provide to the commissioner of education documentation of the number of pupils in average daily membership lost as a result of the flood. | |
| (b) ~~**Disaster Relief Facilities Grant**~~ | ~~250,000~~ |
| ~~For facilities cleanup, repair, and replacement costs related to the floods of August 2007 not covered by the district's insurance settlement or through Federal Emergency Management Agency payments. The commissioner of education may request the school district to provide necessary information before awarding a grant.~~ | |
| ~~(c)~~ **Pupil Transportation Aid** | 40,000 |
| For increased costs associated with transporting students as a result of the floods of August 2007. | |

Sec. 52. Laws 2007, First Special Session chapter 2, article 1, section 11, subdivision 6, is amended to read:

| | |
|---|---|
| Subd. 6. **Disaster Relief Facilities Grants to Other Districts** | ~~90,000~~ 14,000 |

For facilities cleanup, repair, and replacement costs related to the floods of August 2007 not covered by the district's insurance settlement or through Federal Emergency Management Agency payments. The commissioner of education may request the school district to provide necessary information before awarding a grant. School districts not included in subdivisions 2 to 5 must be given priority in the allocation of this appropriation.

Sec. 53. **FUND TRANSFERS.**

Subdivision 1. **Capital account transfers.** Notwithstanding any law to the contrary, on June 30, 2008, a school district may transfer money from its reserved for operating capital account to its undesignated balance in the general fund. The amount transferred by any school district must not exceed $51 times the district's adjusted marginal cost pupil units for fiscal year 2007. This transfer may occur only after the school board has adopted a written resolution stating the amount of the transfer and declaring that the school district's operating capital needs are being met.

Subd. 2. **Balaton school district.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, or subdivision 1, on June 30, 2008, Independent School District No. 411, Balaton, may transfer up to $70,000 from its reserved for operating capital account to its undesignated general fund balance.

Subd. 3. **East Central school district.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, or subdivision 1, on June 30, 2008, Independent School District No. 2580, East Central, may transfer up to $300,000 from its reserved for operating capital account to its undesignated general fund balance.

Subd. 4. **Hills-Beaver Creek school district.** (a) Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2008, Independent School District No. 671, Hills-Beaver Creek, may transfer up to $260,000 from its reserved for disabled accessibility account to its undesignated general fund balance without making a levy reduction.

(b) Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2008, Independent School District No. 671, Hills-Beaver Creek, may transfer up to $100,000 from its reserved for operating capital account to its undesignated general fund balance without making a levy reduction.

Subd. 5. **Rocori school district.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2008, Independent School District No. 750, Rocori, may transfer up to $82,000 from its reserved for disabled accessibility account to its undesignated general fund balance without making a levy reduction.

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

Sec. 54. **ONETIME GENERAL EDUCATION REVENUE INCREASE; FISCAL YEAR 2009 ONLY.**

A school district's general education revenue under Minnesota Statutes, section 126C.10, is increased for fiscal year 2009 only by an amount equal to $51 times the district's adjusted marginal cost pupil units for that year.

Sec. 55. **LIMITATION ON NEW ALTERNATIVE COMPENSATION SCHOOL DISTRICTS AND CHARTER SCHOOLS, FISCAL YEARS 2009 TO 2010.**

Notwithstanding Minnesota Statutes, sections 122A.413; 122A.414; 122A.415; 122A.416; and 126C.10, subdivisions 34, 35, and 36, the Department of Education must limit the participation in the alternative teacher pay program to those district sites and charter schools that received alternative compensation revenue in fiscal year 2008 or those district sites and charter schools that have submitted an application, under Minnesota Statutes, section 122A.414, by March 20, 2008, for fiscal year 2009 alternative compensation participation. This limitation applies for fiscal years 2009 and 2010.

Sec. 56. **VIRGINIA SCHOOL DISTRICT; EMERGENCY REPAIRS.**

Independent School District No 701, Virginia may levy up to $100,000 for emergency facilities repairs. This authority is in addition to any other levy authority granted to the district. The levy proceeds received under this section must be recognized in fiscal year 2009.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2009 only.

Sec. 57. **EQUALIZING FACTORS.**

The commissioner shall adjust each referendum market value equalizing factor established under Minnesota Statutes, chapter 126C, by dividing the equalizing factor by the ratio of the statewide referendum market value as calculated using the class rates in effect for assessment year 2007 to the statewide referendum market value using the class rates for that assessment year.

Sec. 58. **APPROPRIATIONS.**

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

Subd. 2. **Additional general education revenue.** For additional general education aid:

$ 16,547,000 ..... 2009

This appropriation is in addition to any other appropriation for this purpose.

This 2009 appropriation includes $0 for 2008 and $16,547,000 for 2009.

Subd. 3. **Independent School District No. 239, Rushford-Peterson.** For school district flood enrollment impact aid as a result of the floods of August 2007.

$ 158,000 ..... 2009

The base appropriation for fiscal year 2010 is $158,000. The base appropriation for later years is zero.

The district must provide to the commissioner of education documentation of the additional pupil transportation costs and the number of pupils in average daily membership lost as a result of the flood.

Up to $40,000 is for increased costs associated with transporting students as a result of the floods of August 2007.

Subd. 4. **Lancaster.** For a grant to Independent School District No. 356, Lancaster, to replace the loss of sparsity revenue:

$ 100,000 ..... 2009

The base appropriation for fiscal years 2010 and 2011 is $100,000 per year. The base appropriation for later fiscal years is zero.

Subd. 5. **Principal's Leadership Institute.** For a grant to the Principal's Leadership Institute under Minnesota Statutes, section 122A.74:

$ 275,000 ..... 2009

This is a onetime appropriation.

Subd. 6. **Board of Teaching; licensure by portfolio.** For the Board of Teaching for licensure by portfolio:

$ 17,000 ..... 2009

This appropriation is from the educator licensure portfolio account of the special revenue fund.

Subd. 7. **Minnesota Humanities Commission.** For a grant to the Minnesota Humanities Commission.

| | | | |
|---|---|---|---|
| $ | 275,000 | ..... | 2009 |

This is a onetime appropriation.

Sec. 59. **REPEALER.**

(a) Minnesota Statutes 2006, section 126C.10, subdivisions 35 and 36, are repealed for revenue for fiscal year 2010 and later.

(b) Minnesota Statutes 2006, section 126C.21, subdivision 1, is repealed for revenue for fiscal year 2010 and later.

(c) Minnesota Statutes 2006, section 127A.45, subdivision 7a, is repealed.

(d) Minnesota Statutes 2007 Supplement, section 126C.10, subdivision 34, is repealed for revenue for fiscal year 2010 and later.

(e) Laws 2007, First Special Session chapter 2, article 1, section 11, subdivisions 3, and 4, are repealed.

## ARTICLE 2

## EDUCATION FORECAST ADJUSTMENTS

Section 1. Laws 2007, chapter 146, article 1, section 24, subdivision 2, is amended to read:

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

| | | | |
|---|---|---|---|
| $ | ~~5,618,342,000~~<br>5,600,647,000 | ..... | 2008 |
| $ | ~~5,618,342,000~~<br>5,649,098,000 | ..... | 2009 |

The 2008 appropriation includes ~~$531,733,000~~ $536,251,000 for 2007 and ~~$5,073,250,000~~ $5,064,396,000 for 2008.

The 2009 appropriation includes ~~$546,314,000~~ $543,752,000 for 2008 and ~~$5,072,028,000~~ $5,105,346,000 for 2009.

Sec. 2. Laws 2007, chapter 146, article 1, section 24, subdivision 3, is amended to read:

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

$ ~~870,000~~ 861,000 ..... 2008

The 2008 appropriation includes ~~$870,000~~ $861,000 for 2007 and $0 for 2008.

Sec. 3. Laws 2007, chapter 146, article 1, section 24, subdivision 4, is amended to read:

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

$ ~~95,000~~ 48,000 ..... 2008
$ ~~97,000~~ 50,000 ..... 2009

Sec. 4. Laws 2007, chapter 146, article 1, section 24, subdivision 5, is amended to read:

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

$ ~~1,343,000~~ 1,333,000 ..... 2008
$ ~~1,347,000~~ 1,629,000 ..... 2009

The 2008 appropriation includes $76,000 for 2007 and ~~$1,267,000~~ $1,257,000 for 2008.

The 2009 appropriation includes ~~$140,000~~ $139,000 for 2008 and ~~$1,207,000~~ $1,490,000 for 2009.

Sec. 5. Laws 2007, chapter 146, article 1, section 24, subdivision 6, is amended to read:

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

$ ~~565,000~~ 240,000 ..... 2008
$ ~~212,000~~ 339,000 ..... 2009

The 2008 appropriation includes $43,000 for 2007 and ~~$522,000~~ $197,000 for 2008.

The 2009 appropriation includes ~~$57,000~~ $21,000 for 2008 and ~~$155,000~~ $318,000 for 2009.

Sec. 6. Laws 2007, chapter 146, article 1, section 24, subdivision 7, is amended to read:

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

$ ~~16,290,000~~ 15,601,000 ..... 2008

$ ~~16,620,000~~ 16,608,000 ..... 2009

The 2008 appropriation includes ~~$1,606,000~~ $1,214,000 for 2007 and ~~$14,684,000~~ $14,387,000 for 2008.

The 2009 appropriation includes ~~$1,631,000~~ $1,598,000 for 2008 and ~~$14,989,000~~ $15,010,000 for 2009.

Sec. 7. Laws 2007, chapter 146, article 1, section 24, subdivision 8, is amended to read:

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

$ ~~21,551,000~~ 20,755,000 ..... 2008

$ ~~21,392,000~~ 21,007,000 ..... 2009

The 2008 appropriation includes $2,124,000 for 2007 and ~~$19,427,000~~ $18,631,000 for 2008.

The 2009 appropriation includes ~~$2,158,000~~ $2,070,000 for 2008 and ~~$19,234,000~~ $18,937,000 for 2009.

## B. EDUCATION EXCELLENCE

Sec. 8. Laws 2007, chapter 146, article 2, section 46, subdivision 2, is amended to read:

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

$ ~~31,875,000~~ 32,817,000 ..... 2008

$ ~~36,193,000~~ 37,527,000 ..... 2009

The 2008 appropriation includes $2,814,000 for 2007 and ~~$29,061,000~~ $30,003,000 for 2008.

The 2009 appropriation includes ~~$3,229,000~~ $3,333,000 for 2008 and ~~$32,964,000~~ $34,194,000 for 2009.

Sec. 9. Laws 2007, chapter 146, article 2, section 46, subdivision 3, is amended to read:

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

~~1,896,000~~
$ 1,801,000 ..... 2008
~~2,161,000~~
$ 1,987,000 ..... 2009

The 2008 appropriation includes ~~$241,000~~ $239,000 for 2007 and ~~$1,655,000~~ $1,562,000 for 2008.

The 2009 appropriation includes ~~$183,000~~ $173,000 for 2008 and ~~$1,978,000~~ $1,814,000 for 2009.

Sec. 10. Laws 2007, chapter 146, article 2, section 46, subdivision 4, is amended to read:

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

~~61,769,000~~
$ 59,036,000 ..... 2008
~~61,000,000~~
$ 62,448,000 ..... 2009

The 2008 appropriation includes $5,824,000 for 2007 and ~~$55,945,000~~ $53,212,000 for 2008.

The 2009 appropriation includes ~~$6,216,000~~ $5,912,000 for 2008 and ~~$54,784,000~~ $56,536,000 for 2009.

Sec. 11. Laws 2007, chapter 146, article 2, section 46, subdivision 6, is amended to read:

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

~~9,639,000~~
$ 9,901,000 ..... 2008
~~11,567,000~~
$ 11,881,000 ..... 2009

Sec. 12. Laws 2007, chapter 146, article 2, section 46, subdivision 9, is amended to read:

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

| | | | |
|---|---|---|---|
| | ~~2,238,000~~ | | |
| $ | 2,207,000 | ..... | 2008 |
| | ~~2,422,000~~ | | |
| $ | 2,392,000 | ..... | 2009 |

The 2008 appropriation includes $204,000 for 2007 and ~~$2,034,000~~ $2,003,000 for 2008.

The 2009 appropriation includes ~~$226,000~~ $222,000 for 2008 and ~~$2,196,000~~ $2,170,000 for 2009.

## C. SPECIAL PROGRAMS

Sec. 13. Laws 2007, chapter 146, article 3, section 24, subdivision 3, is amended to read:

Subd. 3. **Aid for children with disabilities.** For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

| | | | |
|---|---|---|---|
| | ~~1,538,000~~ | | |
| $ | 2,086,000 | ..... | 2008 |
| | ~~1,729,000~~ | | |
| $ | 2,282,000 | ..... | 2009 |

If the appropriation for either year is insufficient, the appropriation for the other year is available.

Sec. 14. Laws 2007, chapter 146, article 3, section 24, subdivision 4, is amended to read:

Subd. 4. **Travel for home-based services.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

| | | | |
|---|---|---|---|
| $ | ~~254,000~~ 207,000 | ..... | 2008 |
| $ | ~~284,000~~ 227,000 | ..... | 2009 |

The 2008 appropriation includes $22,000 for 2007 and ~~$232,000~~ $185,000 for 2008.

The 2009 appropriation includes ~~$25,000~~ $20,000 for 2008 and ~~$259,000~~ $207,000 for 2009.

## D. FACILITIES AND TECHNOLOGY

Sec. 15. Laws 2007, chapter 146, article 4, section 16, subdivision 2, is amended to read:

Subd. 2. **Health and safety revenue.** For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

| | | |
|---|---|---|
| $ ~~190,000~~ 254,000 | ..... | 2008 |
| $ ~~179,000~~ 103,000 | ..... | 2009 |

The 2008 appropriation includes $20,000 for 2007 and ~~$170,000~~ $234,000 for 2008.

The 2009 appropriation includes ~~$18,000~~ $26,000 for 2008 and ~~$161,000~~ $77,000 for 2009.

Sec. 16. Laws 2007, chapter 146, article 4, section 16, subdivision 3, is amended to read:

Subd. 3. **Debt service equalization.** For debt service aid according to Minnesota Statutes, section 123B.53, subdivision 6:

| | | |
|---|---|---|
| $ ~~14,813,000~~ 14,814,000 | ..... | 2008 |
| $ ~~11,124,000~~ 9,109,000 | ..... | 2009 |

The 2008 appropriation includes ~~$1,767,000~~ $1,766,000 for 2007 and ~~$13,046,000~~ $13,048,000 for 2008.

The 2009 appropriation includes ~~$1,450,000~~ $1,449,000 for 2008 and ~~$9,674,000~~ $7,660,000 for 2009.

Sec. 17. Laws 2007, chapter 146, article 4, section 16, subdivision 6, is amended to read:

Subd. 6. **Deferred maintenance aid.** For deferred maintenance aid, according to Minnesota Statutes, section 123B.591, subdivision 4:

| | | |
|---|---|---|
| $ ~~3,290,000~~ 3,232,000 | ..... | 2008 |
| $ ~~2,667,000~~ 2,627,000 | ..... | 2009 |

The 2008 appropriation includes $0 for 2007 and ~~$3,290,000~~ $3,232,000 for 2008.

The 2009 appropriation includes ~~$365,000~~ $359,000 for 2008 and ~~$2,302,000~~ $2,268,000 for 2009.

Sec. 18. Laws 2007, chapter 146, article 4, section 16, subdivision 8, is amended to read:

Subd. 8. **School technology and operating capital aid grants.** For school technology and operating capital grants under section 11:

| | | | |
|---|---|---|---|
| | ~~38,145,000~~ | | |
| $ | 38,236,000 | ..... | 2008 |
| | ~~52,676,000~~ | | |
| $ | 52,454,000 | ..... | 2009 |

This is a onetime appropriation.

## E. NUTRITION AND ACCOUNTING

Sec. 19. Laws 2007, chapter 146, article 5, section 13, subdivision 2, is amended to read:

Subd. 2. **School lunch.** For school lunch aid according to Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

| | | | |
|---|---|---|---|
| | ~~12,022,000~~ | | |
| $ | 12,094,000 | ..... | 2008 |
| | ~~12,166,000~~ | | |
| $ | 12,394,000 | ..... | 2009 |

Sec. 20. Laws 2007, chapter 146, article 5, section 13, subdivision 4, is amended to read:

Subd. 4. **Summer food service replacement aid.** For summer food service replacement aid under Minnesota Statutes, section 124D.119:

| | | | |
|---|---|---|---|
| $ | ~~150,000~~ 127,000 | ..... | 2008 |
| $ | 150,000 | ..... | 2009 |

## F. EARLY CHILDHOOD AND ADULT PROGRAMS

Sec. 21. Laws 2007, chapter 146, article 9, section 17, subdivision 2, is amended to read:

Subd. 2. **Early childhood family education aid.** For early childhood family education aid under Minnesota Statutes, section 124D.135:

| | | | |
|---|---|---|---|
| | ~~21,106,000~~ | | |
| $ | 21,092,000 | ..... | 2008 |
| | ~~29,601,000~~ | | |
| $ | 29,324,000 | ..... | 2009 |

The 2008 appropriation includes $1,796,000 for 2007 and ~~$19,310,000~~ $19,296,000 for 2008.

The 2009 appropriation includes ~~$2,145,000~~ $2,144,000 for 2008 and ~~$27,456,000~~ $27,180,000 for 2009.

Sec. 22. Laws 2007, chapter 146, article 9, section 17, subdivision 3, is amended to read:

Subd. 3. **School readiness.** For revenue for school readiness programs under Minnesota Statutes, sections 124D.15 and 124D.16:

| | | | |
|---|---|---|---|
| $ | ~~9,995,000~~ 9,987,000 | ..... | 2008 |
| $ | 10,095,000 | ..... | 2009 |

The 2008 appropriation includes ~~$909,000~~ $901,000 for 2007 and $9,086,000 for 2008.

The 2009 appropriation includes $1,009,000 for 2008 and $9,086,000 for 2009.

Sec. 23. Laws 2007, chapter 146, article 9, section 17, subdivision 8, is amended to read:

Subd. 8. **Community education aid.** For community education aid under Minnesota Statutes, section 124D.20:

| | | | |
|---|---|---|---|
| $ | ~~1,307,000~~ 1,299,000 | ..... | 2008 |
| $ | ~~816,000~~ 796,000 | ..... | 2009 |

The 2008 appropriation includes $195,000 for 2007 and ~~$1,112,000~~ $1,104,000 for 2008.

The 2009 appropriation includes ~~$123,000~~ $122,000 for 2008 and ~~$693,000~~ $674,000 for 2009.

Sec. 24. Laws 2007, chapter 146, article 9, section 17, subdivision 9, is amended to read:

Subd. 9. **Adults with disabilities program aid.** For adults with disabilities programs under Minnesota Statutes, section 124D.56:

| | | | |
|---|---|---|---|
| $ | ~~710,000~~ 709,000 | ..... | 2008 |
| $ | 710,000 | ..... | 2009 |

The 2008 appropriation includes ~~$71,000~~ $70,000 for 2007 and $639,000 for 2008.

The 2009 appropriation includes $71,000 for 2008 and $639,000 for 2009.

School districts operating existing adults with disabilities programs that are not fully funded shall receive full funding for the program beginning in fiscal year 2008 before the commissioner awards grants to other districts.

Sec. 25. Laws 2007, chapter 146, article 9, section 17, subdivision 13, is amended to read:

Subd. 13. **Adult basic education aid.** For adult basic education aid under Minnesota Statutes, section 124D.531:

| | | | |
|---|---|---|---|
| | ~~40,347,000~~ | | |
| $ | 40,344,000 | ..... | 2008 |
| | ~~41,745,000~~ | | |
| $ | 41,712,000 | ..... | 2009 |

The 2008 appropriation includes $3,759,000 for 2007 and ~~$36,588,000~~ $36,585,000 for 2008.

The 2009 appropriation includes $4,065,000 for 2008 and ~~$37,680,000~~ $37,647,000 for 2009.

APPENDIX
Article locations in H0006-5

**126C.10 GENERAL EDUCATION REVENUE.**

Subd. 34. **Basic alternative teacher compensation aid.** (a) For fiscal years 2007 and later, the basic alternative teacher compensation aid for a school district with a plan approved under section 122A.414, subdivision 2b, equals 65 percent of the alternative teacher compensation revenue under section 122A.415, subdivision 1. The basic alternative teacher compensation aid for an intermediate school district or charter school with a plan approved under section 122A.414, subdivisions 2a and 2b, if the recipient is a charter school, equals $260 times the number of pupils enrolled in the school on October 1 of the previous fiscal year, or on October 1 of the current fiscal year for a charter school in the first year of operation, times the ratio of the sum of the alternative teacher compensation aid and alternative teacher compensation levy for all participating school districts to the maximum alternative teacher compensation revenue for those districts under section 122A.415, subdivision 1.

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

Subd. 35. **Alternative teacher compensation levy.** For fiscal year 2007 and later, the alternative teacher compensation levy for a district receiving basic alternative teacher compensation aid equals the product of (1) the difference between the district's alternative teacher compensation revenue and the district's basic alternative teacher compensation aid times (2) the lesser of one or the ratio of the district's adjusted net tax capacity per adjusted pupil unit to $5,913.

Subd. 36. **Alternative teacher compensation aid.** (a) For fiscal year 2007 and later, a district's alternative teacher compensation equalization aid equals the district's alternative teacher compensation revenue minus the district's basic alternative teacher compensation aid minus the district's alternative teacher compensation levy. If a district does not levy the entire amount permitted, the alternative teacher compensation equalization aid must be reduced in proportion to the actual amount levied.

(b) A district's alternative teacher compensation aid equals the sum of the district's basic alternative teacher compensation aid and the district's alternative teacher compensation equalization aid.

**126C.21 DEDUCTIONS FROM GENERAL EDUCATION AID.**

Subdivision 1. **Permanent school fund.** The amount of money received by a district as income from the permanent school fund for any year must be deducted from the general education aid earned by the district for the same year or from aid earned from other state sources.

**127A.45 PAYMENT OF AIDS AND CREDITS TO SCHOOL DISTRICTS.**

Subd. 7a. **Advance final payment.** (a) Notwithstanding subdivisions 3 and 7, a school district or a charter school exceeding its expenditure limitations under section 123B.83 as of June 30 of the prior fiscal year may receive a portion of its final payment for the current fiscal year on June 20, if requested by the district. The amount paid under this subdivision must not exceed the lesser of:

(1) seven percent of the district or charter school's general education aid for the current fiscal year; or

(2) the amount by which the district or charter school's net negative unreserved general fund balance as of June 30 of the prior fiscal year exceeds 2.5 percent of the district or charter school's expenditures for that fiscal year.

(b) The state total advance final payment under this subdivision for any year must not exceed $12,000,000. If the amount requested exceeds $12,000,000, the advance final payment for each eligible district must be reduced proportionately.

***Laws 2007, First Special Session chapter 2, article 1, section 11 Subdivisions 3, 4,***

Sec. 11. EDUCATION

| | |
|---|---|
| Subd. 3. **Independent School District No. 238, Mabel-Canton** | 50,000 |

For facilities cleanup, repair, and replacement costs related to the floods of August 2007 not covered by the district's insurance settlement or through Federal Emergency Management Agency payments. The commissioner of education may request the school district to provide necessary information before awarding a grant.

| | |
|---|---|
| Subd. 4. **Independent School District No. 294, Houston** | 60,000 |

For facilities cleanup, repair, and replacement costs related to the floods of August 2007 not covered by the district's insurance settlement or through Federal Emergency Management Agency payments. The commissioner of education may request the school district to provide necessary information before awarding a grant.