A bill for an act

relating to education; providing for early childhood, family, adult, and prekindergarten through grade 12 education including general education, education excellence, special programs, facilities and technology, nutrition and accounting, libraries, state agencies, forecast adjustments, technical and conforming amendments, and pupil transportation standards; providing for task force and advisory group; requiring school districts to give employees who are veterans the option to take personal leave on Veteran's Day and encouraging private employers to give employees who are veterans a day off with pay on Veteran's Day; requiring reports; authorizing rulemaking; appropriating money; amending Minnesota Statutes 2006, sections 13.32, by adding a subdivision; 16A.152, subdivision 2; 119A.50, by adding a subdivision; 120A.22, subdivision 7; 120B.021, subdivision 1; 120B.023, subdivision 2; 120B.024; 120B.11, subdivision 5; 120B.132; 120B.15; 120B.30; 120B.31, subdivision 3; 120B.36, subdivision 1; 121A.22, subdivisions 1, 3, 4; 122A.16; 122A.414, subdivision 1; 122A.415, subdivision 1; 122A.60, subdivision 3; 122A.61, subdivision 1; 122A.628, subdivision 2; 122A.72, subdivision 5; 123A.73, subdivision 8; 123B.10, subdivision 1, by adding a subdivision; 123B.143, subdivision 1; 123B.37, subdivision 1; 123B.53, subdivisions 1, 4, 5; 123B.54; 123B.57, subdivision 3; 123B.63, subdivision 3; 123B.77, subdivision 4; 123B.79, subdivisions 6, 8, by adding a subdivision; 123B.81, subdivisions 2, 4, 7; 123B.83, subdivision 2; 123B.88, subdivision 12; 123B.90, subdivision 2; 123B.92, subdivisions 1, 3, 5; 124D.095, subdivisions 2, 3, 4, 7; 124D.10, subdivisions 4, 23a, 24; 124D.11, subdivision 1; 124D.111, subdivision 1; 124D.128, subdivisions 1, 2, 3; 124D.34, subdivision 7; 124D.4531; 124D.454, subdivisions 2, 3; 124D.59, subdivision 2; 124D.65, subdivisions 5, 11; 124D.84, subdivision 1; 125A.11, subdivision 1; 125A.13; 125A.14; 125A.39; 125A.42; 125A.44; 125A.45; 125A.63, by adding a subdivision; 125A.75, subdivisions 1, 4; 125A.76, subdivisions 1, 2, 4, 5, by adding a subdivision; 125A.79, subdivisions 5, 6, 8; 125B.15; 126C.01, subdivision 9, by adding subdivisions; 126C.05, subdivisions 1, 8, 15; 126C.10, subdivisions 1, 2, 2a, 2b, 4, 13a, 18, 24, 34, by adding a subdivision; 126C.126; 126C.13, subdivision 4; 126C.15, subdivision 2; 126C.17, subdivisions 6, 9; 126C.21, subdivisions 3, 5; 126C.41, by adding a subdivision; 126C.44; 126C.48, subdivisions 2, 7; 127A.441; 127A.47, subdivisions 7, 8; 127A.48, by adding a subdivision; 127A.49, subdivisions 2, 3; 128D.11, subdivision 3; 134.31, by adding a subdivision; 134.34, subdivision 4; 134.355, subdivision 9; 169.01, subdivision 6, by adding a subdivision; 169.443, by adding a subdivision; 169.447, subdivision 2; 169.4501, subdivisions 1, 2; 169.4502, subdivision 5; 169.4503, subdivisions 13, 20;

171.02, subdivisions 2, 2a; 171.321, subdivision 4; 205A.03, subdivision 1; 205A.06, subdivision 1a; 272.029, by adding a subdivision; 273.11, subdivision 1a; 273.1393; 275.065, subdivisions 1, 1a, 3; 275.07, subdivision 2; 275.08, subdivision 1b; 276.04, subdivision 2; 517.08, subdivision 1c; Laws 2005, First Special Session chapter 5, article 1, sections 50, subdivision 2; 54, subdivisions 2, as amended, 4, 5, as amended, 6, as amended, 7, as amended, 8, as amended; article 2, sections 81, as amended; 84, subdivisions 2, as amended, 3, as amended, 4, as amended, 6, as amended, 10, as amended; article 3, section 18, subdivisions 2, as amended, 3, as amended, 4, as amended, 6, as amended; article 4, section 25, subdivisions 2, as amended, 3, as amended; article 5, section 17, subdivision 3, as amended; article 7, section 20, subdivisions 2, as amended, 3, as amended, 4, as amended; article 8, section 8, subdivisions 2, as amended, 5, as amended; article 9, section 4, subdivision 2; Laws 2006, chapter 263, article 3, section 15; Laws 2006, chapter 282, article 2, section 28, subdivision 4; article 3, section 4, subdivision 2;proposing coding for new law in Minnesota Statutes, chapters 121A; 122A; 123B; 124D; 197; repealing Minnesota Statutes 2006, sections 121A.23; 123A.22, subdivision 11; 123B.81, subdivision 8; 124D.06; 124D.081, subdivisions 1, 2, 3, 4, 5, 6, 9; 124D.454, subdivisions 4, 5, 6, 7; 124D.62; 125A.10; 125A.75, subdivision 6; 125A.76, subdivision 3; 169.4502, subdivision 15; 169.4503, subdivisions 17, 18, 26.

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

ARTICLE 1
GENERAL EDUCATION

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

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

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

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

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

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

9, article 5, section 34, as amended by Laws 2003, First Special Session chapter 23, section 20, by the same amount.

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

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

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

Sec. 2. Minnesota Statutes 2006, section 124D.11, subdivision 1, is amended to read:

Subdivision 1. **General education revenue.** (a) General education revenue must be paid to a charter school as though it were a district. The general education revenue for each adjusted marginal cost pupil unit is the state average general education revenue per pupil unit, plus the referendum equalization aid allowance in the pupil's district of residence, minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times ~~.0485~~ .0416, calculated without basic skills revenue, extended time revenue, alternative teacher compensation revenue, transition revenue, and transportation sparsity revenue, plus basic skills revenue, extended time revenue, basic alternative teacher compensation aid according to section 126C.10, subdivision 34, and transition revenue as though the school were a school district. The general education revenue for each extended time marginal cost pupil unit equals $4,378 for fiscal year 2007, $4,542 for fiscal year 2008, and $4,677 for fiscal year 2009 and later.

(b) Notwithstanding paragraph (a), for charter schools in the first year of operation, general education revenue shall be computed using the number of adjusted pupil units in the current fiscal year.

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

Sec. 3. Minnesota Statutes 2006, section 124D.128, subdivision 1, is amended to read:

Subdivision 1. **Program established.** A learning year program provides instruction throughout the year on an extended year calendar, extended school day calendar, or

both. A pupil may participate in the program and accelerate attainment of grade level requirements or graduation requirements. A learning year program may begin after the close of the regular school year in June. The program may be for students in one or more grade levels from kindergarten through grade 12.

Sec. 4. Minnesota Statutes 2006, section 124D.128, subdivision 2, is amended to read:

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

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

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

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

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

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

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

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

Sec. 5. Minnesota Statutes 2006, section 124D.128, subdivision 3, is amended to read:

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

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

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

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

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

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

Sec. 6. Minnesota Statutes 2006, section 124D.4531, is amended to read:

124D.4531 CAREER AND TECHNICAL ~~LEVY~~ REVENUE.

Subdivision 1. **Career and technical levy.** (a) A district with a career and technical program approved under this section for the fiscal year in which the levy is certified may levy an amount equal to the lesser of:

(1) $80 times the district's average daily membership served in grades 10 through 12 for the fiscal year in which the levy is certified; or

(2) 25 percent of approved expenditures in the fiscal year in which the levy is certified for the following:

(i) salaries paid to essential, licensed personnel providing direct instructional services to students in that fiscal year for services rendered in the district's approved career and technical education programs;

(ii) contracted services provided by a public or private agency other than a Minnesota school district or cooperative center under subdivision 7;

(iii) necessary travel between instructional sites by licensed career and technical education personnel;

(iv) necessary travel by licensed career and technical education personnel for vocational student organization activities held within the state for instructional purposes;

(v) curriculum development activities that are part of a five-year plan for improvement based on program assessment;

(vi) necessary travel by licensed career and technical education personnel for noncollegiate credit-bearing professional development; and

(vii) specialized vocational instructional supplies.

(b) The district must recognize the full amount of this levy as revenue for the fiscal year in which it is certified.

Subd. 1a. **Career and technical aid.** A district with a career and technical program approved under this section is eligible for career and technical state aid in an amount equal to 10 percent of approved expenditures under subdivision 1.

Subd. 1b. **Revenue uses.** Up to ten percent of a district's career and technical ~~levy~~ revenue may be spent on equipment purchases. Districts using the career and technical ~~levy~~ revenue for equipment purchases must report to the department on the improved learning opportunities for students that result from the investment in equipment.

~~(c) The district must recognize the full amount of this levy as revenue for the fiscal year in which it is certified.~~

Subd. 2. **Allocation from cooperative centers and intermediate districts.** For purposes of this section, a cooperative center or an intermediate district must allocate its approved expenditures for career and technical education programs among participating districts.

Subd. 3. **Levy guarantee.** Notwithstanding subdivision 1, the career and technical education levy for a district is not less than the lesser of:

(1) the district's career and technical education levy authority for the previous fiscal year; or

(2) 100 percent of the approved expenditures for career and technical programs included in subdivision 1, paragraph ~~(b)~~ (a), for the fiscal year in which the levy is certified.

Subd. 4. **District reports.** Each district or cooperative center must report data to the department for all career and technical education programs as required by the department to implement the career and technical aid and levy ~~formula~~ formulas.

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

Sec. 7. Minnesota Statutes 2006, section 124D.59, subdivision 2, is amended to read:

Subd. 2. **Pupil of limited English proficiency.** (a) "Pupil of limited English proficiency" means a pupil in kindergarten through grade 12 who meets the following requirements:

(1) the pupil, as declared by a parent or guardian first learned a language other than English, comes from a home where the language usually spoken is other than English, or usually speaks a language other than English; and

(2) the pupil is determined by developmentally appropriate measures, which might include observations, teacher judgment, parent recommendations, or developmentally appropriate assessment instruments, to lack the necessary English skills to participate fully in classes taught in English.

(b) Notwithstanding paragraph (a), a pupil in grades 4 through 12 who was enrolled in a Minnesota public school on the dates during the previous school year when a commissioner provided assessment that measures the pupil's emerging academic English was administered, shall not be counted as a pupil of limited English proficiency in calculating limited English proficiency pupil units under section 126C.05, subdivision 17, and shall not generate state limited English proficiency aid under section 124D.65, subdivision 5, unless the pupil scored below the state cutoff score on an assessment measuring emerging academic English provided by the commissioner during the previous school year.

(c) Notwithstanding paragraphs (a) and (b), a pupil in kindergarten through grade 12 shall not be counted as a pupil of limited English proficiency in calculating limited English proficiency pupil units under section 126C.05, subdivision 17, and shall not generate state limited English proficiency aid under section 124D.65, subdivision 5, if~~:~~

~~(1)~~ the pupil is not enrolled during the current fiscal year in an educational program for pupils of limited English proficiency in accordance with sections 124D.58 to 124D.64~~;~~ ~~or~~.

~~(2) the pupil has generated five or more years of average daily membership in Minnesota public schools since July 1, 1996.~~

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

Sec. 8. Minnesota Statutes 2006, section 124D.65, subdivision 5, is amended to read:

Subd. 5. **School district LEP revenue.** (a) The limited English proficiency allowance equals $700 for fiscal year 2007, and $815 for fiscal year 2008 and later.

(b) A district's limited English proficiency programs revenue equals the product of (1) ~~$700 in fiscal year 2004 and later~~ the limited English proficiency allowance times (2) the greater of 20 or the adjusted marginal cost average daily membership of eligible pupils of limited English proficiency enrolled in the district during the current fiscal year.

~~(b)~~ (c) A pupil ceases to generate state limited English proficiency aid in the school year following the school year in which the pupil attains the state cutoff score on a commissioner-provided assessment that measures the pupil's emerging academic English.

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

Sec. 9. Minnesota Statutes 2006, section 126C.01, is amended by adding a subdivision to read:

Subd. 3a. **Referendum market value equalizing factor.** The referendum market value equalizing factor equals the quotient derived by dividing the total referendum market value of all school districts in the state for the year before the year the levy is certified by the total number of resident marginal cost pupil units in the state for the current school year.

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

Sec. 10. Minnesota Statutes 2006, section 126C.01, is amended by adding a subdivision to read:

Subd. 12. **Location equity index.** (a) A school district's wage equity index equals each district's composite wage level divided by the statewide average wage for the same period. The composite wage level for a school district equals the sum of 80 percent of the district's county wage level and 20 percent of the district's economic development region composite wage level. The composite wage level is computed by using the most recent three-year weighted wage data with the coefficient weights set at 0.5 for the most recent year, 0.3 for the prior year, and 0.15 for the second prior year.

(b) A school district's housing equity index equals the ratio of each district's county median home value to the statewide median home value.

(c) A school district's location equity index equals the greater of one, or the sum of (i) 0.65 times the district's wage equity index, and (ii) 0.35 times the district's housing equity index.

(d) The commissioner of education annually must recalculate the indexes in this section. For purposes of this subdivision, the commissioner must locate a school district with boundaries that cross county borders in the county that generates the highest location equity index for that district.

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

Sec. 11. Minnesota Statutes 2006, section 126C.05, subdivision 1, is amended to read:

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

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

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

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

(d) A kindergarten pupil who is not included in paragraph (c) is counted as ~~.557 of a pupil unit for fiscal year 2000 and thereafter~~ 0.86 pupil units.

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

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

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

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

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

Sec. 12. Minnesota Statutes 2006, section 126C.05, subdivision 8, is amended to read:

Subd. 8. **Average daily membership.** (a) Membership for pupils in grades kindergarten through 12 and for prekindergarten pupils with disabilities shall mean the number of pupils on the current roll of the school, counted from the date of entry until withdrawal. The date of withdrawal shall mean the day the pupil permanently leaves the school or the date it is officially known that the pupil has left or has been legally excused. However, a pupil, regardless of age, who has been absent from school for 15

consecutive school days during the regular school year or for five consecutive school days during summer school or intersession classes of flexible school year programs without receiving instruction in the home or hospital shall be dropped from the roll and classified as withdrawn. Nothing in this section shall be construed as waiving the compulsory attendance provisions cited in section 120A.22. Average daily membership equals the sum for all pupils of the number of days of the school year each pupil is enrolled in the district's schools divided by the number of days the schools are in session. Days of summer school or intersession classes of flexible school year programs are only included in the computation of membership for pupils with a disability not appropriately served primarily in the regular classroom. A student must not be counted as more than ~~1.2~~ 1.5 pupils in average daily membership under this section. When the initial total average daily membership exceeds ~~1.2~~ 1.5 for a pupil enrolled in more than one school district during the fiscal year, each district's average daily membership must be reduced proportionately.

(b) A student must not be counted as more than one pupil in average daily membership except for purposes of section 126C.10, subdivision 2a.

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

Sec. 13. Minnesota Statutes 2006, section 126C.05, subdivision 15, is amended to read:

Subd. 15. **Learning year pupil units.** (a) When a pupil is enrolled in a learning year program under section 124D.128, an area learning center under sections 123A.05 and 123A.06, an alternative program approved by the commissioner, or a contract alternative program under section 124D.68, subdivision 3, paragraph (d), or subdivision 3a, for more than 1,020 hours in a school year for a secondary student, more than 935 hours in a school year for an elementary student more than 850 hours in a school year for a kindergarten student without a disability enrolled in a full-day kindergarten program in fiscal year 2009 or later, or more than 425 hours in a school year for a half-day kindergarten student without a disability, that pupil may be counted as more than one pupil in average daily membership for purposes of section 126C.10, subdivision 2a. The amount in excess of one pupil must be determined by the ratio of the number of hours of instruction provided to that pupil in excess of: (i) the greater of 1,020 hours or the number of hours required for a full-time secondary pupil in the district to 1,020 for a secondary pupil; (ii) the greater of 935 hours or the number of hours required for a full-time elementary pupil in the district to 935 for an elementary pupil in grades 1 through 6; ~~and~~ (iii) the greater of ~~425~~ 850 hours or the number of hours required for a full-time kindergarten student without a disability in the district to ~~425~~ 850 for a kindergarten student without a disability for fiscal years 2009 and later; and (iv) the greater of 425 hours or the number of hours required for all

kindergarten pupils for fiscal year 2008 and for a half-day kindergarten student without a disability to 425 for a kindergarten student without a disability. Hours that occur after the close of the instructional year in June shall be attributable to the following fiscal year. A kindergarten student must not be counted as more than 1.2 pupils in average daily membership under this subdivision. A student in grades 1 through 12 must not be counted as more than ~~1.2~~ 1.5 pupils in average daily membership under this subdivision.

(b)(i) To receive general education revenue for a pupil in an alternative program that has an independent study component, a district must meet the requirements in this paragraph. The district must develop, for the pupil, a continual learning plan consistent with section 124D.128, subdivision 3. Each school district that has a state-approved public alternative program must reserve revenue in an amount equal to at least 90 percent of the district average general education revenue per pupil unit less compensatory revenue per pupil unit times the number of pupil units generated by students attending a state-approved public alternative program. The amount of reserved revenue available under this subdivision may only be spent for program costs associated with the state-approved public alternative program. Compensatory revenue must be allocated according to section 126C.15, subdivision 2.

(ii) General education revenue for a pupil in an approved alternative program without an independent study component must be prorated for a pupil participating for less than a full year, or its equivalent. The district must develop a continual learning plan for the pupil, consistent with section 124D.128, subdivision 3. Each school district that has a state-approved public alternative program must reserve revenue in an amount equal to at least 90 percent of the district average general education revenue per pupil unit less compensatory revenue per pupil unit times the number of pupil units generated by students attending a state-approved public alternative program. The amount of reserved revenue available under this subdivision may only be spent for program costs associated with the state-approved public alternative program. Compensatory revenue must be allocated according to section 126C.15, subdivision 2.

(iii) General education revenue for a pupil in an approved alternative program that has an independent study component must be paid for each hour of teacher contact time and each hour of independent study time completed toward a credit or graduation standards necessary for graduation. Average daily membership for a pupil shall equal the number of hours of teacher contact time and independent study time divided by 1,020.

(iv) For an alternative program having an independent study component, the commissioner shall require a description of the courses in the program, the kinds of

independent study involved, the expected learning outcomes of the courses, and the means of measuring student performance against the expected outcomes.

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

Sec. 14. Minnesota Statutes 2006, section 126C.10, subdivision 1, is amended to read:

Subdivision 1. **General education revenue.** ~~For fiscal year 2006 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, location equity 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, and transition revenue.

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

Sec. 15. Minnesota Statutes 2006, section 126C.10, subdivision 2, is amended to read:

Subd. 2. **Basic revenue.** The basic revenue for each district equals the formula allowance times the adjusted marginal cost pupil units for the school year. The formula allowance for fiscal year ~~2005~~ 2007 is ~~$4,601~~ $4,974. The formula allowance for fiscal year ~~2006~~ 2008 is ~~$4,783~~ $5,125. The formula allowance for fiscal year ~~2007~~ 2009 and subsequent years is ~~$4,974~~ $5,280.

Sec. 16. Minnesota Statutes 2006, section 126C.10, subdivision 2a, is amended to read:

Subd. 2a. **Extended time revenue.** (a) A school district's extended time revenue is equal to the product of ~~$4,601~~ the extended time allowance and the sum of the adjusted marginal cost pupil units of the district for each pupil in average daily membership in excess of 1.0 and less than ~~1.2~~ 1.5 according to section 126C.05, subdivision 8. The extended time allowance is $4,601 for fiscal year 2007, $4,740 for fiscal year 2008, and $4,880 for fiscal year 2009 and subsequent years.

(b) A school district's extended time revenue may be used for extended day programs, extended week programs, summer school, ~~and~~ other programming authorized under the learning year program, and for additional pupil transportation costs attributable to these programs. Not more than five percent of the extended time revenue may be used for administrative and oversight services.

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

Sec. 17. Minnesota Statutes 2006, section 126C.10, subdivision 2b, is amended to read:

Subd. 2b. **Gifted and talented revenue.** Gifted and talented revenue for each district equals ~~$4 times~~ the district's adjusted marginal cost pupil units for ~~fiscal year 2006 and $9 for fiscal year 2007 and later~~ that school year times $13 for fiscal year 2008 and later. A school district must reserve gifted and talented revenue and, consistent with section 120B.15, must spend the revenue only to:

(1) identify gifted and talented students;

(2) provide education programs for gifted and talented students; or

(3) provide staff development to prepare teachers to best meet the unique needs of gifted and talented students.

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

Sec. 18. Minnesota Statutes 2006, section 126C.10, is amended by adding a subdivision to read:

Subd. 2c. **Location equity revenue.** (a) A school district's location equity revenue equals the product of:

(1) the basic formula allowance for that year;

(2) the district's adjusted marginal cost pupil units for that year; and

(3) the district's location equity index minus one.

(b) The total annual revenue for this subdivision must not exceed $500,000.

(c) If the revenue required under paragraph (b) is insufficient to fund the formula in paragraph (a), the commissioner of education must proportionately reduce each district's aid payment.

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

Sec. 19. Minnesota Statutes 2006, section 126C.10, subdivision 4, is amended to read:

Subd. 4. **Basic skills revenue.** A school district's basic skills revenue equals the sum of:

(1) compensatory revenue under subdivision 3; plus

(2) limited English proficiency revenue under section 124D.65, subdivision 5~~; plus~~

~~(3) $250 times the limited English proficiency pupil units under section 126C.05, subdivision 17~~.

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

Sec. 20. Minnesota Statutes 2006, section 126C.10, subdivision 13a, is amended to read:

Subd. 13a. **Operating capital levy.** To obtain operating capital revenue for fiscal year 2007 and later, a district may levy an amount not more than the product of its operating capital revenue for the fiscal year times the lesser of one or the ratio of its adjusted net tax capacity per adjusted marginal cost pupil unit to the operating capital equalizing factor. The operating capital equalizing factor equals ~~$22,222 for fiscal year 2006, and~~ $10,700 for fiscal year ~~2007~~ 2008 and $33,000 for fiscal year 2009 and later.

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

Sec. 21. Minnesota Statutes 2006, section 126C.10, subdivision 18, is amended to read:

Subd. 18. **Transportation sparsity revenue allowance.** (a) A district's transportation sparsity allowance equals the greater of zero or the result of the following computation:

(i) Multiply the formula allowance according to subdivision 2, by ~~.1469~~ .1493.

(ii) Multiply the result in clause (i) by the district's sparsity index raised to the ~~26/100~~ 30/100 power.

(iii) Multiply the result in clause (ii) by the district's density index raised to the ~~13/100~~ 15/100 power.

(iv) Multiply the formula allowance according to subdivision 2, by ~~.0485~~ .0416.

(v) Subtract the result in clause (iv) from the result in clause (iii).

(b) Transportation sparsity revenue is equal to the transportation sparsity allowance times the adjusted marginal cost pupil units.

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

Sec. 22. Minnesota Statutes 2006, section 126C.10, subdivision 24, is amended to read:

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

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

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

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

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

(d) A school district's equity revenue is increased by the greater of zero or an amount equal to the district's resident marginal cost pupil units times the difference between ten percent of the statewide average amount of referendum revenue per resident marginal cost pupil unit for that year and the district's referendum revenue per resident marginal cost pupil unit. A school district's revenue under this paragraph must not exceed $100,000 for that year.

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

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

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

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

Sec. 23. Minnesota Statutes 2006, section 126C.126, is amended to read:

126C.126 REALLOCATING GENERAL EDUCATION REVENUE FOR ~~ALL-DAY KINDERGARTEN~~ EARLY EDUCATION PROGRAMS.

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

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

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

Sec. 24. Minnesota Statutes 2006, section 126C.13, subdivision 4, is amended to read:

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

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

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

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

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

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

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

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

~~(b)~~ For fiscal year ~~2007~~ 2008 and later, a district's general education aid is the sum of the following amounts:

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

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

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

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

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

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

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

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

Sec. 25. Minnesota Statutes 2006, section 126C.15, subdivision 2, is amended to read:

Subd. 2. **Building allocation.** (a) A district must allocate its compensatory revenue to each school building in the district where the children who have generated the revenue are served unless the school district has received permission under Laws 2005, First Special Session chapter 5, article 1, section 50 to allocate compensatory revenue according to student performance measures developed by the school board.

(b) Notwithstanding paragraph (a), a district may allocate up to five percent of the amount of compensatory revenue that the district receives to school sites according to a plan adopted by the school board. The money reallocated under this paragraph must be spent for the purposes listed in subdivision 1, but may be spent on students in any grade, including students attending school readiness or other prekindergarten programs.

(c) For the purposes of this section and section 126C.05, subdivision 3, "building" means education site as defined in section 123B.04, subdivision 1.

(d) If the pupil is served at a site other than one owned and operated by the district, the revenue shall be paid to the district and used for services for pupils who generate the revenue.

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

Sec. 26. Minnesota Statutes 2006, section 126C.17, subdivision 6, is amended to read:

Subd. 6. **Referendum equalization levy.** (a) ~~For fiscal year 2003 and later,~~ A district's referendum equalization levy equals the sum of the first tier referendum equalization levy and the second tier referendum equalization levy.

(b) A district's first tier referendum equalization levy equals the district's first tier referendum equalization revenue times the lesser of one or the ratio of the district's referendum market value per resident marginal cost pupil unit to ~~$476,000~~ 120 percent of the referendum market value equalizing factor.

(c) A district's second tier referendum equalization levy equals the district's second tier referendum equalization revenue times the lesser of one or the ratio of the district's referendum market value per resident marginal cost pupil unit to ~~$270,000~~ 60 percent of the referendum market value equalizing factor.

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

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:

"BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ~~MAY BE VOTING FOR A PROPERTY TAX INCREASE~~ ARE RENEWING AN EXISTING REFERENDUM. YOU ARE NOT RAISING YOUR OPERATING REFERENDUM TAX RATE FROM ITS LEVEL IN THE PREVIOUS YEAR."

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."

(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, 2007.

Sec. 28. Minnesota Statutes 2006, section 126C.21, subdivision 3, is amended to read:

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

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

Sec. 29. Minnesota Statutes 2006, section 126C.21, subdivision 5, is amended to read:

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

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

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

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

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

Sec. 30. Minnesota Statutes 2006, section 126C.44, is amended to read:

126C.44 SAFE SCHOOLS LEVY.

(a) Each district may make a levy on all taxable property located within the district for the purposes specified in this section. The maximum amount which may be levied for all costs under this section shall be equal to ~~$27~~ $30 multiplied by the district's adjusted marginal cost pupil units for the school year. The proceeds of the levy must be reserved and used for directly funding the following purposes or for reimbursing the cities and counties who contract with the district for the following purposes: (1) to pay the costs incurred for the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison in services in the district's schools; (2) to pay the costs for a drug abuse prevention program as defined in section 609.101, subdivision 3, paragraph (e), in the elementary schools; (3) to pay the costs for a gang resistance education training curriculum in the district's schools; (4) to pay the costs for security in the district's schools and on school property; ~~or~~ (5) to pay the costs for other crime prevention, drug abuse, student and staff safety, 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 $5 times the adjusted marginal cost pupil units of the member districts. This authority is in addition to any other authority authorized under this section. Revenue raised under this paragraph must be transferred to the intermediate school district.

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

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

Sec. 31. Minnesota Statutes 2006, section 127A.441, is amended to read:

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

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

Sec. 32. Minnesota Statutes 2006, section 127A.47, subdivision 7, is amended to read:

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

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

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

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

(d) For fiscal year 2006, the district of residence must pay tuition to a district or an area learning center, operated according to paragraph (f), providing special instruction and services to a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is enrolled in a program listed in this subdivision. The tuition must be equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, minus (2) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum aid attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, minus (3) special education aid attributable to that pupil, that is received by the district providing special instruction and services. For purposes of this paragraph, general education revenue and referendum aid attributable to a pupil must be calculated using the serving district's average general education revenue and referendum aid per adjusted pupil unit.

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

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

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

Sec. 33. Minnesota Statutes 2006, section 127A.47, subdivision 8, is amended to read:

Subd. 8. **Charter schools.** (a) The general education aid for districts must be adjusted for each pupil attending a charter school under section 124D.10. The adjustments must be made according to this subdivision.

(b) General education aid paid to a district in which a charter school not providing transportation according to section 124D.10, subdivision 16, is located must be increased by an amount equal to the sum of:

(1) the product of: (i) the sum of an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times ~~.0485~~ .0416, plus the transportation sparsity allowance for the district; times (ii) the adjusted marginal cost pupil units attributable to the pupil; plus

(2) the product of $223 ~~and~~ for fiscal year 2007, $198 for fiscal year 2008, and $203 for fiscal year 2009 and later, times the extended time marginal cost pupil units attributable to the pupil.

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

Sec. 34. Minnesota Statutes 2006, section 127A.49, subdivision 2, is amended to read:

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

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

(2) the ratio of:

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

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

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

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

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

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

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

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

(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;

(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;

(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

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

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

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

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

(2) the ratio of:

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

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

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

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

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

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

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

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

(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;

(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;

(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

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

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

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

Sec. 37. Laws 2005, First Special Session chapter 5, article 1, section 50, subdivision 2, is amended to read:

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

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

Sec. 38. Laws 2006, chapter 282, article 3, section 4, subdivision 2, is amended to read:

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

~~2007~~

$ 3,495,000 2006

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

Sec. 39. **SCHOOL FINANCE REFORM; TASK FORCE ESTABLISHED.**

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

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

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

(2) simplifying the remaining school formulas;

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

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

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

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

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

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

Sec. 40. **CHARTER SCHOOL PUPIL TRANSPORTATION.**

The commissioner of education shall undertake a study and make recommendations to the legislature on the organization, delivery, and financing of transportation services for students attending public charter schools. The study must be undertaken with affected stakeholders including school districts, charter schools, parents of charter school students, pupil transportation providers and others with expertise in arranging and financing pupil transportation services. The study must be completed and reported to the house and senate Education Policy and Finance Committees no later than December 31, 2007.

Sec. 41. **APPROPRIATIONS.**

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

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

$ 5,654,187,000 2008

$ 5,977,201,000 2009

The 2008 appropriation includes $531,733,000 for 2007 and $5,122,454,000 for 2008.

The 2009 appropriation includes $550,550,000 for 2008 and $5,426,651,000 for 2009.

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

$ 870,000 2008

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

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

$ 95,000 2008
$ 97,000 2009

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

$ 1,343,000 2008
$ 1,347,000 2009

The 2008 appropriation includes $76,000 for 2007 and $1,267,000 for 2008.
The 2009 appropriation includes $140,000 for 2008 and $1,207,000 for 2009.

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

$ 565,000 2008
$ 212,000 2009

The 2008 appropriation includes $43,000 for 2007 and $522,000 for 2008.
The 2009 appropriation includes $57,000 for 2008 and $155,000 for 2009.

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

$ 16,349,000 2008
$ 16,803,000 2009

The 2008 appropriation includes $1,606,000 for 2007 and $14,743,000 for 2008.
The 2009 appropriation includes $1,638,000 for 2008 and $15,165,000 for 2009.

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

$ 21,747,000 2008
$ 21,993,000 2009

The 2008 appropriation includes $2,124,000 for 2007 and $19,623,000 for 2008.

The 2009 appropriation includes $2,180,000 for 2008 and $19,813,000 for 2009.

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

$ 50,000 2008
$ 50,000 2009

Subd. 10. **Declining pupil aid; Browns Valley.** For declining pupil aid for Independent School District No. 801, Browns Valley, due to the March 2007 flood:

$ 120,000 2008
$ 100,000 2009

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

Subd. 11. **Declining pupil aid McGregor.** For declining pupil aid for Independent School District No. 4, McGregor:

$ 100,000 2008

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

Subd. 12. **Compensatory revenue pilot project.** For grants for participation in the compensatory revenue pilot program under Laws 2005, First Special Session chapter 5, article 1, section 50:

$ 2,175,000 2008
$ 2,175,000 2009

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

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

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

Subd. 13. **School Finance Reform Task Force.** For the school finance reform task force under section 36:

$ 100,000 2008

This is a onetime appropriation.

Sec. 42. **REVISOR'S INSTRUCTION.**

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

Sec. 43. **REPEALER.**

(a) Minnesota Statutes 2006, section 124D.06, is repealed, June 30, 2007.

(b) Minnesota Statutes 2006, section 124D.081, subdivisions 1, 2, 3, 4, 5, 6, and 9, are repealed effective for revenue for fiscal year 2009.

ARTICLE 2
EDUCATION EXCELLENCE

Section 1. Minnesota Statutes 2006, section 13.32, is amended by adding a subdivision to read:

Subd. 8a. **Access to student records; school conferences.** (a) A parent or guardian of a student may designate one "significant individual," defined under paragraph (c), to participate in a school conference involving the child of the parent or guardian. The parent or guardian must provide the school with prior written consent allowing the significant individual to participate in the conference and to receive any data on the child of the consenting parent or guardian that is necessary and relevant to the conference discussions. The consenting parent or guardian may withdraw consent, in writing, at any time.

(b) A school may accept the following form, or another consent to release student data form, as sufficient to meet the requirements of this subdivision:

"CONSENT TO PARTICIPATE IN CONFERENCES AND RECEIVE STUDENT DATA

I, ... (Name of parent or guardian), as parent or guardian of ..... (Name of child), consent to allow ..... (Name of significant individual) to participate in school conferences and receive student data relating to the above-named child, consistent with Minnesota Statutes, section 13.32, subdivision 8a. I understand that I may withdraw my consent, upon written request, at any time.

..... (Signature of parent or guardian)

..... (Date)"

(c) For purposes of this section, "significant individual" means one additional adult designated by a child's parent or guardian to attend school-related activities and conferences. The significant individual must reside with the child and participate actively in the child's care and upbringing.

Sec. 2. Minnesota Statutes 2006, section 119A.50, is amended by adding a subdivision to read:

Subd. 3. **Early childhood literacy programs.** (a) A research-based early childhood literacy program premised on actively involved parents, ongoing professional staff development, and high quality early literacy program standards is established to increase the literacy skills of children participating in Head Start to prepare them to be successful readers and to increase families' participation in providing early literacy experiences to their children. Program providers must:

(1) work to prepare children to be successful learners;

(2) work to close the achievement gap for at-risk children;

(3) use an integrated approach to early literacy that daily offers a literacy-rich classroom learning environment composed of books, writing materials, writing centers, labels, rhyming, and other related literacy materials and opportunities;

(4) support children's home language while helping the children master English and use multiple literacy strategies to provide a cultural bridge between home and school;

(5) use literacy mentors, ongoing literacy groups, and other teachers and staff to provide appropriate, extensive professional development opportunities in early literacy and classroom strategies for preschool teachers and other preschool staff;

(6) use ongoing data-based assessments that enable preschool teachers to understand, plan, and implement literacy strategies, activities, and curriculum that meet children's literacy needs and continuously improve children's literacy; and

(7) foster participation by parents, community stakeholders, literacy advisors, and evaluation specialists.

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

(b) Program providers under paragraph (a) interested in extending literacy programs to children in kindergarten through grade 3 may elect to form a partnership with an eligible organization under section 124D.38, subdivision 2, or 124D.42, subdivision 6,

clause (3), schools enrolling children in kindergarten through grade 3, and other interested and qualified community-based entities to provide ongoing literacy programs that offer seamless literacy instruction focused on closing the literacy achievement gap. To close the literacy achievement gap by the end of third grade, partnership members must agree to use best efforts and practices and to work collaboratively to implement a seamless literacy model from age three to grade 3, consistent with paragraph (a). Literacy programs under this paragraph must collect and use literacy data to:

(1) evaluate children's literacy skills; and

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

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

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

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

Sec. 3. Minnesota Statutes 2006, section 120A.22, subdivision 7, is amended to read:

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

(b) A closed charter school must transfer the student's educational records, within ten business days of the school's closure, to the student's school district of residence

where the records must be retained unless the records are otherwise transferred under this subdivision.

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

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

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

Sec. 4. Minnesota Statutes 2006, section 120B.021, subdivision 1, is amended to read:

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

(1) language arts;

(2) mathematics;

(3) science;

(4) social studies, including history, geography, economics, and government and citizenship;

(5) health and physical education, for which locally developed health academic standards apply; and

(6) the arts, for which statewide or locally developed academic standards apply, as determined by the school district. Public elementary and middle schools must offer at least three and require at least two of the following four arts areas: dance; music; theater; and visual arts. Public high schools must offer at least three and require at least one of the following five arts areas: media arts; dance; music; theater; and visual arts.

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

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

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

EFFECTIVE DATE. This section is effective the day following final enactment, except that clause (5) applies to students entering the ninth grade in the 2008-2009 school year and later.

Sec. 5. Minnesota Statutes 2006, section 120B.023, subdivision 2, is amended to read:

Subd. 2. **Revisions and reviews required.** (a) The commissioner of education must revise and appropriately embed technology and information literacy standards consistent with recommendations from school media specialists into the state's academic standards and graduation requirements and implement a review cycle for state academic standards and related benchmarks, consistent with this subdivision. During each review cycle, the commissioner also must examine the alignment of each required academic standard and related benchmark with the knowledge and skills students need for college readiness and advanced work in the particular subject area.

(b) The commissioner in the 2006-2007 school year must revise and align the state's academic standards and high school graduation requirements in mathematics to require that students satisfactorily complete the revised mathematics standards, beginning in the 2010-2011 school year. Under the revised standards:

(1) students must satisfactorily complete an algebra I credit by the end of eighth grade; and

(2) students scheduled to graduate in the 2014-2015 school year or later must satisfactorily complete an algebra II credit or its equivalent.

The commissioner also must ensure that the statewide mathematics assessments administered to students in grades 3 through 8 and 11 beginning in the 2010-2011 school year are aligned with the state academic standards in mathematics. The statewide 11th grade mathematics test administered to students under clause (2) beginning in the 2013-2014 school year must include algebra II test items that are aligned with corresponding state academic standards in mathematics. The commissioner must implement a review of the academic standards and related benchmarks in mathematics beginning in the 2015-2016 school year.

(c) The commissioner in the 2007-2008 school year must revise and align the state's academic standards and high school graduation requirements in the arts to require that students satisfactorily complete the revised arts standards beginning in the 2010-2011 school year. The commissioner must implement a review of the academic standards and related benchmarks in arts beginning in the 2016-2017 school year.

(d) The commissioner in the 2008-2009 school year must revise and align the state's academic standards and high school graduation requirements in science to require that students satisfactorily complete the revised science standards, beginning in the 2011-2012 school year. Under the revised standards, students scheduled to graduate in the 2014-2015 school year or later must satisfactorily complete a chemistry or physics credit. The commissioner must implement a review of the academic standards and related benchmarks in science beginning in the 2017-2018 school year.

(e) The commissioner in the 2009-2010 school year must revise and align the state's academic standards and high school graduation requirements in language arts to require that students satisfactorily complete the revised language arts standards beginning in the 2012-2013 school year. The commissioner must implement a review of the academic standards and related benchmarks in language arts beginning in the 2018-2019 school year.

(f) The commissioner in the 2010-2011 school year must revise and align the state's academic standards and high school graduation requirements in social studies to require that students satisfactorily complete the revised social studies standards beginning in the

2013-2014 school year. The commissioner must implement a review of the academic standards and related benchmarks in social studies beginning in the 2019-2020 school year.

(g) School districts and charter schools must revise and align local academic standards and high school graduation requirements in health, ~~physical education,~~ world languages, and career and technical education to require students to complete the revised standards beginning in a school year determined by the school district or charter school. School districts and charter schools must formally establish a periodic review cycle for the academic standards and related benchmarks in health, ~~physical education,~~ world languages, and career and technical education.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to students entering the ninth grade in the 2008-2009 school year and later.

Sec. 6. Minnesota Statutes 2006, section 120B.024, is amended to read:

120B.024 GRADUATION REQUIREMENTS; COURSE CREDITS.

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

(1) four credits of language arts;

(2) three credits of mathematics, encompassing at least algebra, geometry, statistics, and probability sufficient to satisfy the academic standard;

(3) three credits of science, including at least one credit in biology;

(4) three and one-half credits of social studies, encompassing at least United States history, geography, government and citizenship, world history, and economics or three credits of social studies encompassing at least United States history, geography, government and citizenship, and world history, and one-half credit of economics taught in a school's social studies, agriculture education, or business department;

(5) one credit in the arts; ~~and~~

(6) one-half credit in physical education; and

(7) a minimum of ~~seven~~ six elective course credits.

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

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

EFFECTIVE DATE. This section is effective the day following final enactment. Paragraph (a) applies to students entering the ninth grade in the 2008-2009 school year and later.

Sec. 7. Minnesota Statutes 2006, section 120B.11, subdivision 5, is amended to read:

Subd. 5. **Report.** (a) By October 1 of each year, the school board shall use standard statewide reporting procedures the commissioner develops and adopt a report that includes the following:

(1) student achievement goals for meeting state academic standards;

(2) results of local assessment data, and any additional test data;

(3) description of student achievement in subject areas under section 120B.021, subdivision 1, for which locally developed academic standards apply and statewide assessments are not developed;

~~(3)~~ (4) the annual school district improvement plans including staff development goals under section 122A.60;

~~(4)~~ (5) information about district and learning site progress in realizing previously adopted improvement plans; and

~~(5)~~ (6) the amount and type of revenue attributed to each education site as defined in section 123B.04.

(b) The school board shall publish the report in the local newspaper with the largest circulation in the district, by mail, or by electronic means such as the district Web site. If electronic means are used, school districts must publish notice of the report in a periodical of general circulation in the district. School districts must make copies of the report available to the public on request. The board shall make a copy of the report available to the public for inspection. The board shall send a copy of the report to the commissioner of education by October 15 of each year.

(c) The title of the report shall contain the name and number of the school district and read "Annual Report on Curriculum, Instruction, and Student Achievement." The report must include at least the following information about advisory committee membership:

(1) the name of each committee member and the date when that member's term expires;

(2) the method and criteria the school board uses to select committee members; and

(3) the date by which a community resident must apply to next serve on the committee.

Sec. 8. Minnesota Statutes 2006, section 120B.132, is amended to read:

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

Subdivision 1. **Establishment; eligibility.** A program is established to raise kindergarten through grade 12 academic achievement through increased student participation in preadvanced placement ~~and~~, advanced placement, and international baccalaureate programs, consistent with section 120B.13. Schools and charter schools eligible to participate under this section:

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

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

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

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

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

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

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

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

Subd. 2. **Application and review process; funding priority.** (a) Charter schools and school districts in which eligible schools under subdivision 1 are located may apply to the commissioner, in the form and manner the commissioner determines, for competitive funding to further raise students' academic achievement. The application must detail the specific efforts the applicant intends to undertake in further raising students' academic achievement, consistent with subdivision 1, and a proposed budget detailing the district or charter school's current and proposed expenditures for advanced placement ~~or~~, preadvanced placement, and international baccalaureate courses and programs. The

proposed budget must demonstrate that the applicant's efforts will ~~supplement but not supplant any expenditures for advanced placement and preadvanced placement courses and programs the applicant currently makes available to students~~ support implementation of advanced placement, preadvanced placement, and international baccalaureate courses and programs. Expenditures for administration must not exceed five percent of the proposed budget. The commissioner may require an applicant to provide additional information.

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

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

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

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

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

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

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

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

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

school openings, grade level reconfigurations, or school district reorganizations between the prior fiscal year and the current fiscal year.

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

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

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

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

(4) purchase books and supplies;

(5) pay course or program fees;

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

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

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

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

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

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

other sources for advanced placement ~~and~~, preadvanced placement, and international baccalaureate courses and programs compared with the previous fiscal year, and the district or charter school has expended all grant funds, consistent with its approved budget.

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

Sec. 9. Minnesota Statutes 2006, section 120B.31, subdivision 3, is amended to read:

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

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

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

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

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

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

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

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

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

Sec. 10. Minnesota Statutes 2006, section 120B.36, subdivision 1, is amended to read:

Subdivision 1. **School performance report cards.** (a) The commissioner shall use objective criteria based on levels of student performance to ~~identify four to six designations applicable to high and low performing public schools. The objective criteria shall include~~ report at least student academic performance, school safety, and staff characteristics, with a value-added ~~growth~~ component added ~~by the 2006-2007~~ no later than the 2008-2009 school year. The report must indicate a school's adequate yearly progress status.

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

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

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

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

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

Sec. 11. Minnesota Statutes 2006, section 120B.15, is amended to read:

120B.15 GIFTED AND TALENTED STUDENTS PROGRAMS.

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

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

(1) multiple and objective criteria; and

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

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

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

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

Sec. 12. Minnesota Statutes 2006, section 120B.30, is amended to read:

120B.30 STATEWIDE TESTING AND REPORTING SYSTEM.

Subdivision 1. **Statewide testing.** (a) The commissioner, with advice from experts with appropriate technical qualifications and experience and stakeholders, consistent with subdivision 1a, shall include in the comprehensive assessment system, for each grade level to be tested, state-constructed tests developed from and aligned with the state's required academic standards under section 120B.021 and administered annually to all students in grades 3 through 8 and at the high school level. A state-developed test in a subject other than writing, developed after the 2002-2003 school year, must include both machine-scoreable and constructed response questions. The commissioner shall establish one or more months during which schools shall administer the tests to students each school year. For students enrolled in grade 8 before the 2005-2006 school year, only Minnesota basic skills tests in reading, mathematics, and writing shall fulfill students' basic skills testing requirements for a passing state notation. The passing scores of ~~the state~~ basic skills tests in reading and mathematics are the equivalent of~~:~~

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

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

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

(1) for reading and mathematics:

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

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

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

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

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

(2) for writing:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) Reporting of assessment results must:

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

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

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

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

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

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

(f) A school district or charter school must place a student's assessment score for 9th grade writing, 10th grade language arts, and 11th grade mathematics on the student's transcript.

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

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

Subd. 4. **Access to tests.** The commissioner must adopt and publish a policy to provide public and parental access for review of basic skills tests, Minnesota Comprehensive Assessments, or any other such statewide test and assessment. Upon receiving a written request, the commissioner must make available to parents or guardians a copy of their student's actual ~~answer sheet~~ responses to the test questions to be reviewed by the parent.

Sec. 13. Minnesota Statutes 2006, section 121A.22, subdivision 1, is amended to read:

Subdivision 1. **Applicability.** (a) This section applies only:

(1) when the parent of a pupil requests school personnel to administer drugs or medicine, including physician-prescribed naturopathic medicine, to the pupil; or

(2) when administration is allowed by the individual education plan of a child with a disability.

The request of a parent may be oral or in writing. An oral request must be reduced to writing within two school days, provided that the district may rely on an oral request until a written request is received.

(b) "Physician-prescribed naturopathic medicine" under this section means naturopathic medicine, as defined by the federal Food, Drug, and Cosmetic Act, that is prescribed by a licensed physician in consultation with a board-certified naturopathic physician.

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

Sec. 14. Minnesota Statutes 2006, section 121A.22, subdivision 3, is amended to read:

Subd. 3. **Labeling.** Drugs or medicine subject to this section, except physician-prescribed and labeled naturopathic medicine, must be in a container with a label prepared by a pharmacist according to section 151.212 and applicable rules.

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

Sec. 15. Minnesota Statutes 2006, section 121A.22, subdivision 4, is amended to read:

Subd. 4. **Administration.** (a) Drugs and medicine subject to this section, except physician-prescribed naturopathic medicine, must be administered in a manner consistent with instructions on the label. Physician-prescribed naturopathic medicine must be administered according to the order of the prescribing physician.

(b) Drugs and medicine subject to this section must be administered, to the extent possible, according to school board procedures that must be developed in consultation:

(1) with a school nurse, in a district that employs a school nurse;

(2) with a licensed school nurse, in a district that employs a licensed school nurse;

(3) with a public or private health or health-related organization, in a district that contracts with a public or private health or health-related organization, according to section 121A.21; or

(4) with the appropriate party, in a district that has an arrangement approved by the commissioner of education, according to section 121A.21.

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

Sec. 16. **[121A.231] RESPONSIBLE FAMILY LIFE AND SEXUALITY EDUCATION PROGRAMS.**

Subdivision 1. **Definitions.** (a) "Responsible family life and sexuality education" means education in grades 7 through 12 that:

(1) respects community values and encourages family communication;

(2) develops skills in communication, decision making, and conflict resolution;

(3) contributes to healthy relationships;

(4) provides human development and sexuality education that is age appropriate and medically accurate;

(5) includes an abstinence-first approach to delaying initiation of sexual activity that emphasizes abstinence while also including education about the use of protection and contraception; and

(6) promotes individual responsibility.

(b) "Age appropriate" refers to topics, messages, and teaching methods suitable to particular ages or age groups of children and adolescents, based on developing cognitive, emotional, and behavioral capacity typical for the age or age group.

(c) "Medically accurate" means verified or supported by research conducted in compliance with scientific methods and published in peer-reviewed journals, where appropriate, and recognized as accurate and objective by professional organizations and agencies in the relevant field, such as the federal Centers for Disease Control and Prevention, the American Public Health Association, the American Academy of Pediatrics, or the American College of Obstetricians and Gynecologists.

Subd. 2. **Curriculum requirements.** (a) A school district must offer and may independently establish policies, procedures, curriculum, and services for providing responsible family life and sexuality education that is age appropriate and medically accurate for grades 7 through 12.

(b) A school district must consult with parents or guardians of enrolled students when establishing policies, procedures, curriculum, and services under this subdivision.

Subd. 3. **Notice and parental options.** (a) It is the legislature's intent to encourage pupils to communicate with their parents or guardians about human sexuality and to respect rights of parents or guardians to supervise their children's education on these subjects.

(b) Parents or guardians may excuse their children from all or part of a responsible family life and sexuality education program.

(c) A school district must establish policies and procedures consistent with paragraph (e) and this section for providing parents or guardians reasonable notice with the following information:

(1) if the district is offering a responsible family life and sexuality education program to the parents' or guardians' child during the course of the year;

(2) how the parents or guardians may inspect the written and audio/visual educational materials used in the program and the process for inspection;

(3) if the program is presented by school district personnel or outside consultants, and if outside consultants are used, who they may be; and

(4) parents' or guardians' right to choose not to have their child participate in the program and the procedure for exercising that right.

(d) A school district must establish policies and procedures for reasonably restricting the availability of written and audio/visual educational materials from public view of students who have been excused from all or part of a responsible family life and sexuality education program at the request of a parent or guardian, consistent with paragraph (e) and this section.

(e) A school district may offer a responsible family life and sexuality education program under this section to a pupil only with the prior written consent of the pupil's parent or guardian. A school district must make reasonable arrangements with school personnel for alternative instruction for those pupils whose parents or guardians refuse to give their consent, and must not impose an academic or other penalty upon a pupil merely for arranging the alternative instruction. School personnel may evaluate and assess the quality of the pupil's work completed as part of the alternative instruction.

Subd. 4. **Assistance to school districts.** (a) The Department of Education may offer services to school districts to help them implement effective responsible family life and sexuality education programs. In making these services available the department may provide:

(1) training for teachers, parents, and community members in the development of responsible family life and sexuality education curriculum or services and in planning for monitoring and evaluation activities;

(2) resource staff persons to provide expert training, curriculum development and implementation, and evaluation services;

(3) technical assistance to promote and coordinate community, parent, and youth forums in communities identified as having high needs for responsible family life and sexuality education;

(4) technical assistance for issue management and policy development training for school boards, superintendents, principals, and administrators across the state; and

(b) Technical assistance in accordance with National Health Education Standards provided by the department to school districts may:

(1) promote instruction and use of materials that are age appropriate;

(2) provide information that is medically accurate and objective;

(3) provide instruction and promote use of materials that are respectful of marriage and commitments in relationships;

(4) provide instruction and promote use of materials that are appropriate for use with pupils and family experiences based on race, gender, sexual orientation, ethnic and cultural background, and appropriately accommodate alternative learning based on language or disability;

(5) provide instruction and promote use of materials that encourage pupils to communicate with their parents or guardians about human sexuality;

(6) provide instruction and promote use of age-appropriate materials that teach abstinence from sexual intercourse as the only certain way to prevent unintended pregnancy or sexually transmitted infections, including HIV and HPV, and provide information about the role and value of abstinence while also providing medically accurate information on other methods of preventing and reducing risk for unintended pregnancy and sexually transmitted infections;

(7) provide instruction and promote use of age-appropriate materials that are medically accurate in explaining transmission modes, risks, symptoms, and treatments for sexually transmitted infections, including HIV and HPV;

(8) provide instruction and promote use of age-appropriate materials that address varied societal views on sexuality, sexual behaviors, pregnancy, and sexually transmitted infections, including HIV and HPV, in an age-appropriate manner;

(9) provide instruction and promote use of age-appropriate materials that provide information about the effectiveness and safety of all FDA-approved methods for

preventing and reducing risk for unintended pregnancy and sexually transmitted infections, including HIV and HPV;

(10) provide instruction and promote use of age-appropriate materials that provide instruction in skills for making and implementing responsible decisions about sexuality;

(11) provide instruction and promote use of age-appropriate materials that provide instruction in skills for making and implementing responsible decisions about finding and using health services; and

(12) provide instruction and promote use of age-appropriate materials that do not teach or promote religious doctrine nor reflect or promote bias against any person on the basis of any category protected under the Minnesota Human Rights Act, chapter 363A.

Sec. 17. Minnesota Statutes 2006, section 122A.16, is amended to read:

122A.16 HIGHLY QUALIFIED TEACHER DEFINED.

(a) A qualified teacher is one holding a valid license, under this chapter, to perform the particular service for which the teacher is employed in a public school.

(b) For the purposes of the federal No Child Left Behind Act, a highly qualified teacher ~~is one who holds a valid license under this chapter to perform the particular service for which the teacher is employed in a public school or who meets the requirements of a highly objective uniform state standard of evaluation (HOUSSE)~~ means a teacher who:

(1) has obtained full state certification or passed the state teacher licensing examination and holds a license to teach in the state;

(2) does not have certification or licensure requirements waived on an emergency, temporary, or provisional basis;

(3) holds a minimum of a bachelor's degree; and

(4) has demonstrated subject matter competency in core academic subjects.

~~All Minnesota teachers teaching in a core academic subject area, as defined by the federal No Child Left Behind Act, in which they are not fully licensed may complete the following HOUSSE process in the core subject area for which the teacher is requesting highly qualified status by completing an application, in the form and manner described by the commissioner, that includes:~~

~~(1) documentation of student achievement as evidenced by norm-referenced test results that are objective and psychometrically valid and reliable;~~

~~(2) evidence of local, state, or national activities, recognition, or awards for professional contribution to achievement;~~

~~(3) description of teaching experience in the teachers' core subject area in a public school under a waiver, variance, limited license or other exception; nonpublic school; and postsecondary institution;~~

~~(4) test results from the Praxis II content test;~~

~~(5) evidence of advanced certification from the National Board for Professional Teaching Standards;~~

~~(6) evidence of the successful completion of course work or pedagogy courses; and~~

~~(7) evidence of the successful completion of high quality professional development activities.~~

~~Districts must assign a school administrator to serve as a HOUSSE reviewer to meet with teachers under this paragraph and, where appropriate, certify the teachers' applications. Teachers satisfy the definition of highly qualified when the teachers receive at least 100 of the total number of points used to measure the teachers' content expertise under clauses (1) to (7). Teachers may acquire up to 50 points only in any one clause (1) to (7). Teachers may use the HOUSSE process to satisfy the definition of highly qualified for more than one subject area.~~

(c) ~~Achievement of the HOUSSE criteria is not equivalent to a license. A teacher must obtain permission from the Board of Teaching in order to teach in a public school~~ Subject matter competency to meet federal highly qualified teacher requirements is determined by the state.

Sec. 18. Minnesota Statutes 2006, section 122A.414, subdivision 1, is amended to read:

Subdivision 1. **Restructured pay system.** A restructured alternative teacher professional pay system that may include experience and educational credits is established under subdivision 2 to provide incentives to encourage teachers to improve their knowledge and instructional skills in order to improve student learning and for school districts, intermediate school districts, and charter schools to recruit and retain highly qualified teachers, encourage highly qualified teachers to undertake challenging assignments, and support teachers' roles in improving students' educational achievement.

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

Sec. 19. Minnesota Statutes 2006, section 122A.415, subdivision 1, is amended to read:

Subdivision 1. **Revenue amount.** (a) A school district, intermediate school district, school site, or charter school that meets the conditions of section 122A.414 and submits an

application approved by the commissioner is eligible for alternative teacher compensation revenue.

(b) For school district and intermediate school district applications, the commissioner must consider only those applications to participate that are submitted jointly by a district and the exclusive representative of the teachers. The application must contain an alternative teacher professional pay system agreement that:

(1) implements an alternative teacher professional pay system consistent with section 122A.414; and

(2) is negotiated and adopted according to the Public Employment Labor Relations Act under chapter 179A, except that notwithstanding section 179A.20, subdivision 3, a district may enter into a contract for a term of two or four years.

Alternative teacher compensation revenue for a qualifying school district or site in which the school board and the exclusive representative of the teachers agree to place teachers in the district or at the site on the alternative teacher professional pay system equals $260 times the number of pupils enrolled at the district or site on October 1 of the previous fiscal year. Alternative teacher compensation revenue for a qualifying intermediate school district must be calculated under section 126C.10, subdivision 34, ~~paragraphs (a) and (b)~~ paragraph (c).

(c) For a newly combined or consolidated district, the revenue shall be computed using the sum of pupils enrolled on October 1 of the previous year in the districts entering into the combination or consolidation. The commissioner may adjust the revenue computed for a site using prior year data to reflect changes attributable to school closings, school openings, or grade level reconfigurations between the prior year and the current year.

(d) The revenue is available only to school districts, intermediate school districts, school sites, and charter schools that fully implement an alternative teacher professional pay system by October 1 of the current school year.

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

Sec. 20. Minnesota Statutes 2006, section 122A.60, subdivision 3, is amended to read:

Subd. 3. **Staff development outcomes.** The advisory staff development committee must adopt a staff development plan for improving student achievement. The plan must be consistent with education outcomes that the school board determines. The plan must include ongoing staff development activities that contribute toward continuous improvement in achievement of the following goals:

(1) improve student achievement of state and local education standards in all areas of the curriculum by using best practices methods;

(2) effectively meet the needs of a diverse student population, including at-risk children, children with disabilities, and gifted children, within the regular classroom and other settings;

(3) provide an inclusive curriculum for a racially, ethnically, and culturally diverse student population that is consistent with the state education diversity rule and the district's education diversity plan;

(4) improve staff collaboration and develop mentoring and peer coaching programs for teachers new to the school or district;

(5) effectively teach and model violence prevention policy and curriculum that address early intervention alternatives, issues of harassment, and teach nonviolent alternatives for conflict resolution; ~~and~~

(6) provide teachers and other members of site-based management teams with appropriate management and financial management skills; and

(7) improve and increase teachers' knowledge of the academic subjects they teach.

Sec. 21. Minnesota Statutes 2006, section 122A.61, subdivision 1, is amended to read:

Subdivision 1. **Staff development revenue.** A district is required to reserve an amount equal to at least two percent of the basic revenue under section 126C.10, subdivision 2, for in-service education for programs under section 120B.22, subdivision 2, for staff development plans, including plans for challenging instructional activities and experiences under section 122A.60, and for curriculum development and programs, other in-service education, teachers' workshops, teacher conferences, the cost of substitute teachers staff development purposes, preservice and in-service education for special education professionals and paraprofessionals, higher education courses and programs in teachers' areas of licensure, and other related costs for staff development efforts. A district may annually waive the requirement to reserve their basic revenue under this section if a majority vote of the licensed teachers in the district and a majority vote of the school board agree to a resolution to waive the requirement. A district in statutory operating debt is exempt from reserving basic revenue according to this section. Districts may expend an additional amount of unreserved revenue for staff development based on their needs. With the exception of amounts reserved for staff development from revenues allocated directly to school sites, the board must initially allocate 50 percent of the reserved revenue to each school site in the district on a per teacher basis, which must be retained by the school site until used. The board may retain 25 percent to be used for district wide staff development

efforts. The remaining 25 percent of the revenue must be used to make grants to school sites for best practices methods. A grant may be used for any purpose authorized under section 120B.22, subdivision 2, 122A.60, or for the costs of curriculum development and programs, other in-service education, teachers' workshops, teacher conferences, substitute teachers for staff development purposes, and other staff development efforts, and determined by the site professional development team. The site professional development team must demonstrate to the school board the extent ~~to which~~ that staff at the site have met the outcomes of the program. The board may withhold a portion of initial allocation of revenue if the staff development outcomes are not being met.

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

Sec. 22. **[122A.633] SCHOLAR LOANS TO PREPARE TEACHERS OF COLOR.**

Subdivision 1. **Establishment; definitions.** (a) A scholar loan program is established to encourage academically talented postsecondary students of color to become teachers of early childhood, elementary, or secondary education.

(b) For the purposes of this section, the following terms have the meanings given them:

(1) "student of color" means a student who is African American, American Indian, Alaskan native, Asian American or Pacific Islander, or Hispanic; and

(2) "director" means the director of the Minnesota Office of Higher Education.

Subd. 2. **Eligibility.** To be eligible for a scholar loan, a student of color must:

(1) be an American citizen residing in Minnesota;

(2) be registered as a junior or senior in a Minnesota public or private postsecondary institution and enrolled in a teacher preparation program approved by the Board of Teaching at that postsecondary institution;

(3) be making satisfactory progress towards a baccalaureate degree with a major in education;

(4) agree to teach in a Minnesota school district with a student of color population of at least 15 percent or a desegregation/integration plan approved by the commissioner of education; and

(5) meet academic criteria specified by the director in consultation with the commissioner.

Subd. 3. **Application process; awarding scholar loans.** (a) The director, in consultation with the commissioner of education, shall award scholar loans to eligible students of color. A student of color must submit an application for a scholar loan to the director in the form and manner determined by the director in consultation with the

commissioner. The application must include the criteria in subdivision 2 and any other information required by the director.

(b) A student of color may receive scholar loans for two consecutive academic years if the student of color remains enrolled full time in a teacher preparation program and continues to make satisfactory progress toward the baccalaureate degree. For each academic year, a loan may not exceed the lesser of the cost of tuition, fees, books, and on-campus housing, if applicable, or a maximum amount of $10,000. The director must award ten percent of the scholar loans to students of color who transfer from a Minnesota public community or technical college to a Minnesota public or private college or university with an approved teacher preparation program.

(c) The director must spend up to five percent of any appropriation for promotion of the scholar loan program, recruitment of students of color to the program, and retention and mentoring of students of color while attending a teacher preparation program and teaching in an eligible Minnesota public school under subdivision 2, clause (4). The director must consult with the commissioner to consider the use of existing state programs, as appropriate, to provide the services under this paragraph.

Subd. 4. **Loan forgiveness; deferral; repayment.** (a) A scholar loan may be forgiven if a recipient is employed as a teacher under section 122A.40 or 122A.41 in an eligible school under subdivision 2, clause (4). The director shall forgive up to $2,500 of the principal of the outstanding loan amount for successful completion of each school year of full-time teaching up to four school years of teaching in an eligible school or a pro rata amount of the principal for eligible employment during part of a school year, part-time employment as a substitute, or other part-time teaching.

(b) If there is no eligible employment available, the director may grant an exemption from the 15 percent district student of color teaching requirement or a deferral from payment of principal and interest on the loan. The director may also grant a deferral of payment of principal and interest on the loan during any time period the recipient is enrolled at least one-half time in an advanced degree program in a field that leads to employment by a school district. The recipient shall apply for a loan deferral by submitting written notification to the director in a form and manner established by the director.

(c) A recipient with an outstanding scholar loan amount who is not having the loan forgiven under paragraph (a) or deferred under paragraph (b) must repay the principal of the loan plus interest at the rate of six percent. The interest rate must begin accruing the first day of the first month following the last month of the period of forgiveness or deferral. Interest does not accrue during the period of forgiveness or deferral.

(d) The director shall establish repayment procedures for scholar loans including, at least, variable repayment schedules consistent with the need and anticipated income streams of loan recipients. The repayment period begins the first day of the first month after:

(1) the recipient terminates full-time enrollment in an approved teacher preparation program;

(2) the recipient completes an approved teacher preparation program and does not teach in an eligible school under subdivision 2, clause (4), or have an exemption under paragraph (b);

(3) the period of forgiveness under paragraph (a) ends; or

(4) the period of deferral under paragraph (b) ends.

Subd. 5. **Revolving fund.** The scholar loan repayment revolving account is established in the state treasury. Any amounts repaid by a loan recipient shall be deposited in the account. All money in the account is annually appropriated to the director for the purposes of the scholar loan program under this section.

Sec. 23. Minnesota Statutes 2006, section 122A.72, subdivision 5, is amended to read:

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

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

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

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

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

Sec. 24. Minnesota Statutes 2006, section 123B.37, subdivision 1, is amended to read:

Subdivision 1. **Boards shall not charge certain fees.** (a) A board is not authorized to charge fees in the following areas:

(1) textbooks, workbooks, art materials, laboratory supplies, towels;

(2) supplies necessary for participation in any instructional course except as authorized in sections 123B.36 and 123B.38;

(3) field trips that are required as a part of a basic education program or course;

(4) graduation caps, gowns, any specific form of dress necessary for any educational program, and diplomas;

(5) instructional costs for necessary school personnel employed in any course or educational program required for graduation;

(6) library books required to be utilized for any educational course or program;

(7) admission fees, dues, or fees for any activity the pupil is required to attend;

(8) any admission or examination cost for any required educational course or program;

(9) locker rentals;

(10) transportation to and from school of pupils living two miles or more from school.

(b) Notwithstanding paragraph (a), clauses (1) and (6), a board may charge fees for textbooks, workbooks, and library books, lost or destroyed by students. The board must annually notify parents or guardians and students about its policy to charge a fee under this paragraph.

(c) A school board must not charge a fee to a person serving in active military service under section 190.05, subdivision 5, who requests that the school district or charter school transmit a copy of the person's transcript to a postsecondary institution or

prospective employer. The school district or charter school may request reasonable proof of the service member's current military duty status.

Sec. 25. **[123B.485] NONPUBLIC TRANSCRIPTS.**

A nonpublic school that receives services or aid under sections 123B.40 to 123B.48 must not charge a fee to a person serving in active military service under section 190.05, subdivision 5, who requests that the nonpublic school transmit a copy of the person's transcript to a postsecondary institution or prospective employer. The nonpublic school may request reasonable proof of the service member's current military status.

Sec. 26. Minnesota Statutes 2006, section 123B.92, subdivision 3, is amended to read:

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

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

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

Sec. 27. **[124D.091] CONCURRENT ENROLLMENT PROGRAM AID.**

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

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

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

Sec. 28. Minnesota Statutes 2006, section 124D.095, subdivision 2, is amended to read:

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

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

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

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

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

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

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

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

Sec. 29. Minnesota Statutes 2006, section 124D.095, subdivision 3, is amended to read:

Subd. 3. **Authorization; notice; limitations on enrollment.** (a) A student may apply ~~to an online learning provider to enroll in online learning~~ for full-time enrollment in an approved online learning program under section 124D.03, 124D.08 or 124D.10, or for supplemental online learning. Notwithstanding sections 124D.03, 124D.08, and 124D.10, procedures for enrolling in online learning shall be as provided in this subdivision. A student age 17 or younger must have the written consent of a parent or guardian to apply. No school district or charter school may prohibit a student from applying to enroll in online learning. ~~An online learning provider that accepts a student under this section must,~~

~~within ten days, notify the student and the enrolling district if the enrolling district is not the online learning provider. The notice must report the student's course or program and hours of instruction.~~ In order that a student may enroll in online learning, the student and the student's parents must submit an application to the online learning provider and identify the reason for enrolling in online learning. The online learning provider that accepts a student under this section must within ten days notify the student and the enrolling district in writing if the enrolling district is not the online learning provider. The student and family must notify the online learning provider of their intent to enroll in online learning within ten days of acceptance, at which time the student and parent must sign a statement of assurance that they have reviewed the online course or program and understand the expectations of online learning enrollment. The online learning provider must notify the enrolling district of the student's enrollment in online learning in writing on a form provided by the department.

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

~~(b) An online learning student must notify the enrolling district at least 30 days before taking an online learning course or program if the enrolling district is not providing the online learning.~~ (c) An online learning provider must notify the commissioner that it is delivering online learning and report the number of online learning students it is accepting and the online learning courses and programs it is delivering.

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

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

Sec. 30. Minnesota Statutes 2006, section 124D.095, subdivision 4, is amended to read:

Subd. 4. **Online learning parameters.** (a) An online learning student must receive academic credit for completing the requirements of an online learning course or program. Secondary credits granted to an online learning student must be counted toward the graduation and credit requirements of the enrolling district. An online learning provider

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

(b) An online learning student may:

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

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

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

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

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

interacts with the computer or the teacher and receives ongoing assistance and assessment of learning. The instruction may include curriculum developed by persons other than a teacher with a Minnesota license.

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

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

Sec. 31. Minnesota Statutes 2006, section 124D.095, subdivision 7, is amended to read:

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

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

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

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

Sec. 32. Minnesota Statutes 2006, section 124D.10, subdivision 4, is amended to read:

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

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

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

of the members of the board of directors before the school completes its third year of operation, unless the commissioner waives the requirement for a majority of licensed teachers on the board. Board of director meetings must comply with chapter 13D.

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

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

(1) the expansion of the charter school is supported by need and projected enrollment;

(2) the charter school is fiscally sound;

(3) the sponsor supports the expansion; and

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

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

(1) proactively assess opportunities for a charter school to maximize all available revenue sources;

(2) establish and maintain complete, auditable records for the charter school;

(3) establish proper filing techniques;

(4) document formal actions of the charter school, including meetings of the charter school board of directors;

(5) properly manage and retain charter school and student records;

(6) comply with state and federal payroll record-keeping requirements; and

(7) address other similar factors that facilitate establishing and maintaining complete records on the charter school's operations.

Sec. 33. Minnesota Statutes 2006, section 124D.10, subdivision 23a, is amended to read:

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

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

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

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

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

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

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

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

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

Sec. 34. Minnesota Statutes 2006, section 124D.10, subdivision 24, is amended to read:

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

Sec. 35. **[124D.645] MULTIRACIAL DIVERSITY.**

(a) Notwithstanding other law or rule to the contrary and in order to effectively meet students' educational needs and foster parents' meaningful participation in their children's education, a school district may apply to the commissioner for a waiver from

the requirement to maintain racial balance within a district school if the racial imbalance in that school results from:

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

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

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

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

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

Sec. 36. Minnesota Statutes 2006, section 124D.84, subdivision 1, is amended to read:

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

shall be awarded a scholarship based on ~~the total cost of the student's education and~~ a federal standardized need analysis after application of federal Pell money, state grant money, and other scholarships. Depending upon students' unmet needs, the Minnesota Indian scholarship program may award up to the current federal Pell grant allowable maximum student award per school year. Applicants are encouraged to apply for all other sources of financial aid.

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

Sec. 37. **[124D.8955] PARENT AND FAMILY INVOLVEMENT POLICY.**

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

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

(2) parenting skills;

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

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

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

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

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

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

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

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

Sec. 38. Minnesota Statutes 2006, section 126C.10, subdivision 34, is amended to read:

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

~~(b)~~ For fiscal year 2007 and later, the basic alternative teacher compensation aid for a school district with a plan approved under section 122A.414, subdivision 2b, equals 73.1 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~~ a 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) The basic alternative teacher compensation aid for an intermediate school district with a plan approved under section 122A.414, subdivision 2b, equals $3,800 times the number of licensed teachers teaching in the school on October 1 of the previous fiscal year.

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

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

Sec. 39. **[197.505] VETERAN'S DAY RECOGNITION.**

Subdivision 1. **Public schools.** Every independent, special, and common school district and every charter school shall honor the federal Veteran's Day holiday by:

(1) granting to each staff member who is a veteran the option of using Veteran's Day as a personal leave day; and

(2) if the school district or school is open and providing instruction on Veteran's Day, instructing the students about Veteran's Day and the significance to our nation of the service provided by veterans. The instruction must be given in each school for at least 30 minutes or one school period, whichever is longer.

Subd. 2. **Private employers.** Private employers in Minnesota are encouraged to honor the federal Veteran's Day holiday by granting to each employee who is a veteran a day off with pay on that holiday.

Sec. 40. Laws 2005, First Special Session chapter 5, article 2, section 81, as amended by Laws 2006, chapter 263, article 2, section 20, is amended to read:

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

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

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

Sec. 41. **GRANT PROGRAM TO PROMOTE PROFESSIONAL TEACHING STANDARDS.**

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

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

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

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

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

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

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

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

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

Sec. 42. **EXPERIENCE REQUIREMENTS.**

Any rules adopted by the Board of School Administrators governing principal licensure must require that a person applying for a principal license have at least three years of successful teaching experience gained while holding a classroom teaching license valid for the positions in which the applicant taught.

Sec. 43. **RULEMAKING AUTHORITY.**

The commissioner of education shall adopt rules for implementing and administering the graduation-required assessment for diploma (GRAD) in reading and mathematics and in writing, consistent with Minnesota Statutes, section 120B.30, subdivision 1, and for public review of the GRAD test. The rules must specify the GRAD requirements that apply to students in unique circumstances including dual enrolled students, English language learners, foreign exchange students, home school students, open enrollment students, Minnesota postsecondary enrollment options students, shared-time students, transfer students from other states, and district-placed students and students attending

school under a tuition agreement. The rules must establish the criteria for determining individualized GRAD passing scores for students with an individual education plan or a Section 504 plan and for using an alternative assessment when a student's individual education plan team decides to replace the GRAD test.

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

Sec. 44. **RULEMAKING REQUIRED.**

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

(b) The failure of a board member to comply with paragraph (a) is a willful failure to perform a specific act that is a required part of the duties of a public official and is cause for removal under Minnesota Statutes, section 15.0575, subdivision 4.

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

Sec. 45. **RULEMAKING AUTHORIZED; SUPPLEMENTAL EDUCATION SERVICE PROVIDERS.**

The commissioner of education must amend Minnesota Rules, part 3512.5400, consistent with the requirements under Minnesota Statutes, chapter 14, to include specifications that provide the basis for withdrawing Department of Education approval from supplemental education service providers that fail to increase students' academic proficiency for two consecutive school years. The amended rule also must clearly indicate:

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

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

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

Sec. 46. **RULEMAKING AUTHORITY.**

The commissioner of education shall adopt rules under Minnesota Statutes, chapter 14, for physical education standards required for high school graduation, consistent with Minnesota Statutes, section 120B.024, after reviewing the six physical education

standards developed by the Department of Education's health and physical education quality teaching network and consulting with interested and qualified stakeholders and members of the public about the proposed substance of the physical education standards.

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

Sec. 47. **WORLD LANGUAGES RESOURCES.**

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

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

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

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

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

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

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

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

(c) Beginning July 1, 2008, the department shall assist world languages teachers and other school staff in developing and implementing world languages programs

that acknowledge and reinforce the language proficiency and cultural awareness that non-English language speakers already possess, and encourage students' proficiency in multiple world languages. Programs under this paragraph must encompass indigenous American Indian languages and cultures, among other world languages and cultures. The department shall consult with postsecondary institutions in developing related professional development opportunities

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

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

Sec. 48. **WORLD LANGUAGES PILOT PROGRAM GRANTS.**

(a) A pilot program awarding five world languages grants of $50,000 per grant to interested and qualified school sites and school districts is established for fiscal year 2009 to develop and implement sustainable, high-quality model world languages programs and to enhance existing world languages programs at various grade levels for students in kindergarten through grade 12. Program participants must simultaneously support both non-English language learners in maintaining their native language while mastering English and native English speakers in learning other languages.

(b) Interested school sites and school districts must apply to the commissioner of education in the form and manner the commissioner determines. The application must indicate whether the applicant intends to develop a new world languages program or expand an existing world languages program and whether the applicant intends to offer more intensive programs or programs that are readily accessible to larger numbers of students. Applicants must agree to disseminate information about their programs to interested school sites and school districts.

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

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

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

Sec. 49. **BILINGUAL AND MULTILINGUAL CERTIFICATES; DEPARTMENT OF EDUCATION.**

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

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

Sec. 50. **MASTER TEACHER TRAINING IN ECONOMICS AND PERSONAL FINANCE.**

The commissioner of education must contract with the Minnesota Council on Economic Education to allow 20 highly qualified economics and personal finance teachers throughout the state to participate in a week-long summer training program that offers content, skills for teaching adults, mentoring, and workshop planning and delivery. The program must enable participants, as master teachers, to provide professional development to other teachers interested in improving their teaching of economics and personal finance. Successful master teachers may co-teach teacher workshops with members of the statewide network of centers for economic education and provide professional development workshops as part of school districts' professional development programs.

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

Sec. 51. **SCHOOL PERFORMANCE REPORT CARDS; ADVISORY GROUP RECOMMENDATIONS.**

(a) To sustain equity and excellence in education, the Independent Office of Educational Accountability under Minnesota Statutes, section 120B.31, subdivision 3, must convene and facilitate an advisory group of measurement experts to consider and recommend how to structure school performance data and school performance report cards under Minnesota Statutes, section 120B.36, subdivision 1, to fully, fairly, and

accurately report student achievement and emphasize school excellence under Minnesota's system of educational accountability and public reporting. The advisory group at least must consider and recommend how to: evaluate student achievement using multiple measures of growth that take into account student demographic characteristics, consistent with Minnesota Statutes, section 120B.31, subdivision 4; and identify outstanding schools based on student achievement and achievement growth and using multiple performance measures that are objective and consistent with the highest standards in the field of educational measurements and accountability. The advisory group, at its discretion, may also consider and make recommendations on other related statewide accountability and reporting matters.

(b) Advisory group members under paragraph (a) include: two qualified experts in measurement in education selected by the State Council on Measurement in Education; three regionally diverse school district research and evaluation directors selected by the Minnesota Assessment Group; one school superintendent selected by the Minnesota Association of School Administrators; one University of Minnesota faculty selected by the dean of the College of Education and Human Development; one licensed teacher selected by Education Minnesota; two parents selected by the Minnesota Parent Teachers Association with expertise in measurement in education; and the director of evaluation and testing at the Minnesota Department of Education. Advisory group members' terms and other advisory group matters are subject to Minnesota Statutes, section 15.059, subdivision 6. The Independent Office of Educational Accountability must present the advisory group's recommendations under paragraph (a) to the education policy and finance committees of the legislature by February 15, 2008. The advisory group expires February 16, 2008.

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

Sec. 52. **ALTERNATIVE SCHOOL CALENDAR PILOT PROGRAM.**

Subdivision 1. **Establishment.** Notwithstanding Minnesota Statutes, section 120A.41 or 120A.415, or other law to the contrary, but consistent with Minnesota Statutes, section 124D.128, an alternative school calendar pilot program is established to examine the impact of school calendar arrangements on student learning by comparing students' academic gains in school districts and charter schools that use traditional and nontraditional school calendars. The commissioner of education must structure the program and select elementary and secondary program participants with the purpose of comparing the impact of traditional and nontraditional school calendars on:

(1) the amount of educational material students retain after school vacations;

(2) the educational enrichment opportunities and remedial help available to students throughout the school year;

(3) the impact of the calendar on student attendance, student disciplinary actions, and student achievement test scores; and

(4) the amount of time available to students and school staff for out-of-school learning, vacations, and recreation.

Subd. 2. **Eligibility; application.** An interested school district, charter school, or groups of school districts or charter schools that participate for a particular purpose may apply to the commissioner of education to participate in the pilot program in the form and manner the commissioner determines. An applicant must identify in its application the internal and external factors that it anticipates may determine its preference for a traditional or nontraditional school calendar, including the impact of the school calendar on: costs related to employee compensation, transportation, food, facility use throughout the calendar year, and facility maintenance; needs of at-risk students; number of instructional and staff development days; and the availability of extracurricular activities, community resources, and before- and after-school care and child care. The commissioner may require an applicant to provide additional information.

Subd. 3. **Application review; grant awards.** When reviewing an application, the commissioner must determine whether the applicant met the requirements in subdivisions 1 and 2, and only an applicant that satisfies all the requirements is eligible to receive a grant under this section. The commissioner must equitably distribute grant awards, to the extent feasible, on the basis of geography and must consider grant applications from existing and proposed flexible learning year programs under Minnesota Statutes, section 124D.12. The commissioner must base the amount of the grant award on the number of students the grantee has enrolled in school and the length and structure of the grantee's school calendar. Grant expenditures must be consistent with budget information the grantee periodically submits to the commissioner.

Subd. 4. **Evaluation.** The commissioner must provide for an ongoing annual evaluation of the impact of school calendar arrangements on student learning under subdivision 1, clauses (1) to (4). Within 180 days of when the pilot program terminates, the commissioner must recommend to the education policy and finance committees of the legislature preferred school calendars based upon demonstrated student achievement and the criteria listed in subdivision 1.

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

Sec. 53. **AMERICAN INDIAN SCHOLARSHIP.**

Administration of the American Indian scholarship program under Minnesota Statutes, section 124D.84, is transferred from the Department of Education to the Minnesota Office of Higher Education. The Minnesota Office of Higher Education must maintain an office at no cost to the scholarship program that employs at least one person in the Bemidji area for distributing scholarships under this section. Office space and support may be provided by Bemidji State University at no cost to the scholarship program.

Sec. 54. **TEACHER TRAINING TO INTEGRATE LEARNING TECHNOLOGIES INTO K-12 CLASSROOMS.**

(a) The commissioner of education must contract with the University of Minnesota for qualified experts to provide teacher training in effectively using computers and related technologies in kindergarten through grade 12 classrooms. The experts must provide professional development opportunities to teachers throughout the state and enable participants to successfully use technology-related instructional resources to help diverse students meet state and local academic standards and graduation requirements and achieve educational excellence, and enhance teachers' learning and curriculum content and instruction. The experts also must enable participants to serve as master teachers to provide professional development to other teachers interested in better integrating the use of learning technologies into kindergarten through grade 12 classrooms. Participants who serve as master teachers may co-teach teacher workshops with other qualified professional development providers and participate in professional development workshops as part of school districts' professional development programs.

(b) The commissioner of education must provide for an evaluation of the effectiveness of the teacher training program under paragraph (a) and recommend to the education policy and finance committees of the legislature by February 15, 2010, whether or not to make the program available statewide.

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

Sec. 55. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall renumber Minnesota Statutes, section 124D.84 to section 136A.126, correct cross-references, and make other necessary corrections to implement section 53.

Sec. 56. **APPROPRIATIONS.**

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

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

$ 1,950,000 2008
$ 1,950,000 2009

Of this appropriation, $75,000 per year is for administration under section 53.

Sec. 57. **APPROPRIATIONS**

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

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

$ 200,000 2008
$ 200,000 2009

This is a onetime appropriation.

Sec. 58. **APPROPRIATIONS.**

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

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

$ 31,875,000 2008
$ 36,193,000 2009

The 2008 appropriation includes $2,814,000 for 2007 and $29,061,000 for 2008.
The 2009 appropriation includes $3,229,000 for 2008 and $32,964,000 for 2009.

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

$ 1,896,000 2008
$ 2,161,000 2009

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

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

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

$ 61,769,000 2008
$ 61,000,000 2009

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

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

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

$ 750,000 2008
$ 750,000 2009

These amounts may be used for magnet school programs under Minnesota Statutes, section 124D.88.

Up to $100,000 each year is available for site-based decision-making grants under Minnesota Statutes, section 123B.04, subdivision 2, clause (g).

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

$ 9,639,000 2008
$ 11,567,000 2009

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

$ 2,137,000 2008
$ 2,137,000 2009

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

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

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

$ 190,000 2008
$ 190,000 2009

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

$ 2,251,000 2008
$ 2,463,000 2009

The 2008 appropriation includes $204,000 for 2007 and $2,047,000 for 2008.

The 2009 appropriation includes $227,000 for 2008 and $2,236,000 for 2009.

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

$ 68,000 2008
$ 68,000 2009

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

$ 12,650,000 2008
$ 12,650,000 2009

$11,500,000 each year is to continue the general administration and reporting of the statewide testing program.

$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 this program in fiscal year 2010 and later is $12,650,000.

Subd. 12. **First grade preparedness.** For first grade preparedness grants under Minnesota Statutes, section 124D.081:

$ 7,250,000 2008

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

$ 4,500,000 2008
$ 4,500,000 2009

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

the expenditures each year for examination fees and training and support programs for each program.

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

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

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

Subd. 14. **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:

$ 7,740,000 2008

$ 8,600,000 2009

The 2008 appropriation includes $0 for fiscal year 2007 and $7,740,000 for fiscal year 2008. The 2009 appropriation includes $860,000 for fiscal year 2008 and $7,740,000 for fiscal year 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.

Subd. 15. **Collaborative urban educator.** For collaborative urban educator grants under Minnesota Statutes, section 122A.641:

$ 1,301,000 2008

$ 1,301,000 2009

$500,000 each year is for the Southeast Asian teacher program at Concordia University, St. Paul; $400,000 each year is for the collaborative urban educator program at the University of St. Thomas; and $400,000 each year is for the Center for Excellence in Urban Teaching at Hamline University. Grant recipients must collaborate with urban and nonurban school districts.

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

Subd. 16. **Youth works program.** For funding youth works programs under Minnesota Statutes, sections 124D.37 to 124D.45:

$ 900,000 2008
$ 900,000 2009

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

Subd. 17. **Early childhood literacy programs.** For early childhood literacy programs under Minnesota Statutes, section 119A.50, subdivision 3:

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

$1,000,000 each year is for leveraging federal and private funding to support AmeriCorps members serving in the Minnesota Reading Corps program established by Serve Minnesota, including costs associated with the training and teaching of early literacy skills to children age three to grade 3 and the evaluation of the impact of the program under Minnesota Statutes, section 124D.42, subdivision 8.

$500,000 each year is for grants for early childhood literacy programs under Minnesota Statutes, section 119A.50, subdivision 3, paragraph (a).

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

Subd. 18. **St. Croix River Education District.** For a grant to the St. Croix River Education District:

$ 500,000 2008
$ 500,000 2009

These funds must be used to:

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

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

(3) deliver large scale training throughout the state;

(4) provide ongoing technical assistance to schools;

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

(6) evaluate the effectiveness of project activities.

This is a one time appropriation.

Subd. 19. **Student organizations.** For student organizations:

$ 725,000 2008
$ 725,000 2009

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

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

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

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

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

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

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

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

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

$ 1,650,000 2008
$ 1,650,000 2009

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

Subd. 21. **Education planning and assessment (EPAS) program.** For the educational planning and assessment (EPAS) program under Minnesota Statutes, section 120B.128:

$ 829,000 2008
$ 829,000 2009

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

The base for this program in fiscal year 2010 and later is $829,000.

Subd. 22. **21st century high schools.** (a) For 21st century high schools:

$ 1,920,000 2008
$ 6,843,000 2009

(b) $1,000,000 in fiscal year 2008 is for grants for alternative school calendar pilot programs under section 52. Grant funds may be used for pupil transportation costs.

(c) $6,443,000 in fiscal year 2009 is for Career and Technical Aid under Minnesota Statutes, section 124D.4531. The 2009 appropriation includes $0 for fiscal year 2008 and $6,443,000 for fiscal year 2009.

(d) $500,000 in fiscal year 2008 is for professional teacher licensure.

(e) $150,000 each year is for the quantum opportunities program.

(f) $250,000 each year is for world languages resources for developing and implementing world languages programs.

(g) $20,000 in fiscal year 2008 is for the committee on American Indian education under Minnesota Statutes, section 124D.805.

The base for this appropriation for fiscal year 2010 is $7,352,000 and $7,572,000 for fiscal year 2011.

Subd. 23. **Minnesota teacher development.** (a) Effective, well prepared, fully engaged, and adequately supported kindergarten through grade 12 classroom teachers, along with parents, are critical partners in helping the many diverse student populations realize meaningful academic achievement. To afford students needed opportunities to learn effectively without remediation; to acknowledge and reinforce the language proficiency and cultural awareness that diverse language speakers possess; to encourage students' proficiency in science, technology, math, engineering, economics, civics, and foreign languages; and to provide new and experienced teachers with sufficient staff development resources and support to effectively work to close the student achievement gap, the following resources are provided:

$	4,950,000	.....	2008
$	4,200,000	.....	2009

(b) $400,000 each year is for a grant to the Minnesota Humanities Commission under Minnesota Statutes, section 138.911.

(c) $150,000 each year is for a grant to the Minnesota Historical Society.

(d) $400,000 each year is for the Principals' Leadership Institute under Minnesota Statutes, section 122A.74. Any balance in the first year does not cancel but is available in the second year.

(e) $1,300,000 each year is for teachers of color scholarships under Minnesota Statutes, section 122A.633.

(f) $2,200,000 in fiscal year 2008 and $1,550,000 in fiscal year 2009 are for professional development programs. Of this amount: $1,667,000 in fiscal year 2008 and $1,125,000 in fiscal year 2009 are for grants for up to 5 teacher centers under Minnesota Statutes, section 122A.72, subdivision 5, for the science, technology, engineering and mathematics initiative including teacher workshops and expanded outreach programs in classrooms; $333,000 in fiscal year 2008 and $225,000 in fiscal year 2009 are for a grant to the Science Museum of Minnesota for the science, technology, engineering, and mathematics initiative; $200,000 in fiscal year 2008 is for a grant to the Minnesota

Council on Economic Education for master teacher training in economics and personal finance; and $400,000 each year is for teacher technology training grants under section 51.

(g) $100,000 in fiscal year 2008 is for a grant to the commissioner of education for a grant to the Learning Law and Democracy Foundation for the development and electronic collection, review, and distribution of educational materials supporting Minnesota's kindergarten through grade 12 education standards for civics and government.

The base for the appropriations contained in this subdivision for fiscal year 2010 and later is $800,000 per year. Any balance in the first year does not cancel but is available in the second year.

Sec. 59. **REPEALER.**

Minnesota Statutes 2006, sections 121A.23; and 124D.62, are repealed.

ARTICLE 3
SPECIAL PROGRAMS

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

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

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

(1) the sum of:

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

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

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

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

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

(1) Regular transportation is:

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

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

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

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

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

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

(2) Excess transportation is:

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

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

(3) Desegregation transportation is transportation within and outside of the district during the regular school year of pupils to and from schools located outside their normal

attendance areas under a plan for desegregation mandated by the commissioner or under court order.

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

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

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

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

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

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

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

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

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

per pupil transported in the regular and excess transportation categories according to paragraph (a).

(5) "Nonpublic nonregular transportation" is:

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

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

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

(c) "Mobile unit" means a vehicle or trailer designed to provide facilities for educational programs and services, including diagnostic testing, guidance and counseling services, and health services. A mobile unit located off nonpublic school premises is a neutral site as defined in section 123B.41, subdivision 13.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) For fiscal year 2007 and later, when a school district provides special instruction and services for a pupil with a disability as defined in section 125A.02 outside the district of residence, excluding a pupil for whom an adjustment to special education aid is calculated according to section 127A.47, subdivision 7, paragraph (e), special education aid paid to the resident district must be reduced by an amount equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, plus (2) the amount of general education revenue and referendum equalization aid attributable to that pupil, minus (3) the amount of special education aid for children with a disability received on behalf of that child, minus (4) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general

education revenue and referendum equalization aid, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom. General education revenue and referendum equalization aid attributable to a pupil must be calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit. Special education aid paid to the district or cooperative providing special instruction and services for the pupil must be increased by the amount of the reduction in the aid paid to the resident district. Amounts paid to cooperatives under this subdivision and section 127A.47, subdivision 7, shall be recognized and reported as revenues and expenditures on the resident school district's books of account under sections 123B.75 and 123B.76. If the resident district's special education aid is insufficient to make the full adjustment, the remaining adjustment shall be made to other state aid due to the district.

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

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

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

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

125A.13 SCHOOL OF PARENTS' CHOICE.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Subdivision 1. **Travel aid.** The state must pay each district one-half of the sum actually expended by a district, based on mileage, for necessary travel of essential

personnel providing home-based or community-based services to children with a disability under age five and their families.

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

Subd. 4. **Program and aid approval.** Before June 1 of each year, each district providing special instruction and services to children with a disability, including children eligible for Part C, as defined in sections 125A.02, subdivision 1, and 125A.27, subdivision 8, must submit to the commissioner an application for approval of these programs and their budgets for the next fiscal year. The application must include an enumeration of the costs proposed as eligible for state aid pursuant to this section and of the estimated number and grade level of children with a disability in the district who will receive special instruction and services ~~during the regular school year and in summer school programs~~ during the next fiscal year. The application must also include any other information deemed necessary by the commissioner for the calculation of state aid and for the evaluation of the necessity of the program, the necessity of the personnel to be employed in the program, for determining the amount which the program will receive from grants from federal funds, or special grants from other state sources, and the program's compliance with the rules and standards of the Department of Education. The commissioner shall review each application to determine whether the program and the personnel to be employed in the program are actually necessary and essential to meet the district's obligation to provide special instruction and services to children with a disability pursuant to sections 125A.03 to 125A.24, 125A.259 to 125A.48, and 125A.65. The commissioner shall not approve aid pursuant to this section for any program or for the salary of any personnel determined to be unnecessary or unessential on the basis of this review. The commissioner may withhold all or any portion of the aid for programs which receive grants from federal funds, or special grants from other state sources. By August 31 the commissioner shall approve, disapprove, or modify each application, and notify each applying district of the action and of the estimated amount of aid for the programs. The commissioner shall provide procedures for districts to submit additional applications for program and budget approval during the fiscal year, for programs needed to meet any substantial changes in the needs of children with a disability in the district. Notwithstanding the provisions of section 127A.42, the commissioner may modify or withdraw the program or aid approval and withhold aid pursuant to this section without proceeding according to section 127A.42 at any time the commissioner determines that the program does not comply with rules of the Department of Education or that any facts concerning the program or its budget differ from the facts in the district's approved application.

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

Sec. 10. Minnesota Statutes 2006, section 125A.76, subdivision 1, is amended to read:

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

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

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

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

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

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

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

Sec. 11. Minnesota Statutes 2006, section 125A.76, subdivision 2, is amended to read:

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

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

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

(3) for special instruction and services provided to any pupil by contracting with public, private, or voluntary agencies other than school districts, in place of special instruction and services provided by the district, 52 percent of the difference between the amount of the contract and ~~the amount of the basic revenue, as defined in section 126C.10, subdivision 2, special education aid, and any other aid earned on behalf of the~~

~~child~~ the general education revenue, excluding basic skills revenue and alternative teacher compensation revenue, and referendum equalization aid attributable to a pupil, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit for the fraction of the school day the pupil receives services under the contract. This includes children who are residents of the state, receive services under section 125A.76, subdivisions 1 and 2, and are placed in a care and treatment facility by court action in a state that does not have a reciprocity agreement with the commissioner under section 125A.155 as provided for in section 125A.79, subdivision 8;

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

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

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

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

The department shall establish procedures through the uniform financial accounting and reporting system to identify and track all revenues generated from third-party billings as special education revenue at the school district level; include revenue generated from third-party billings as special education revenue in the annual cross-subsidy report; and exclude third-party revenue from calculation of excess cost aid to the districts; and

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

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

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

Sec. 12. Minnesota Statutes 2006, section 125A.76, subdivision 4, is amended to read:

Subd. 4. **State total special education aid.** ~~The state total special education aid for fiscal year 2004 equals $530,642,000.~~ The state total special education aid ~~for fiscal year 2005~~ equals ~~$529,164,000~~ $572,297,000 for fiscal year 2008, $573,122,000 for fiscal year 2009, $574,696,000 for fiscal year 2010, and $576,653,000 for fiscal year 2011. The state total special education aid for later fiscal years equals:

(1) the state total special education aid for the preceding fiscal year; times

(2) the program growth factor; times

(3) the greater of one, or the ratio of the state total average daily membership for the current fiscal year to the state total average daily membership for the preceding fiscal year.

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

Sec. 13. Minnesota Statutes 2006, section 125A.76, subdivision 5, is amended to read:

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

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

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

~~amount computed according to paragraph (a), plus the amount computed according to subdivision 2, paragraph (a), clause (7), using current year data.~~

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

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

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

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

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

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

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

Sec. 15. Minnesota Statutes 2006, section 125A.79, subdivision 5, is amended to read:

Subd. 5. **Initial excess cost aid.** For fiscal years ~~2002~~ 2008 and later, a district's initial excess cost aid equals the ~~greatest~~ greater of:

(1) 75 percent of the difference between (i) the district's unreimbursed special education cost and (ii) 4.36 percent of the district's general revenue; or

(2) ~~70 percent of the difference between (i) the increase in the district's unreimbursed special education cost between the base year as defined in section 125A.76, subdivision 1, and the current year and (ii) 1.6 percent of the district's general revenue; or~~

~~(3)~~ zero.

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

Sec. 16. Minnesota Statutes 2006, section 125A.79, subdivision 6, is amended to read:

Subd. 6. **State total special education excess cost aid.** The state total special education excess cost aid ~~for fiscal year 2005~~ equals ~~$91,811,000~~ $128,341,000 for fiscal year 2008, $129,523,000 for fiscal year 2009, $129,801,000 for fiscal year 2010, and $130,193,000 for fiscal year 2011. ~~The state total special education excess cost aid equals $103,600,000 for fiscal year 2006 and $104,700,000 for fiscal year 2007.~~ The state total special education excess cost aid for ~~fiscal year 2008 and~~ later fiscal years equals:

(1) the state total special education excess cost aid for the preceding fiscal year; times

(2) the program growth factor; times

(3) the greater of one, or the ratio of the state total average daily membership for the current fiscal year to the state total average daily membership for the preceding fiscal year.

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

Sec. 17. Minnesota Statutes 2006, section 125A.79, subdivision 8, is amended to read:

Subd. 8. **Out-of-state tuition.** For children who are residents of the state, receive services under section 125A.76, subdivisions 1 and 2, and are placed in a care and treatment facility by court action in a state that does not have a reciprocity agreement with the commissioner under section 125A.155, the resident school district shall submit the balance of the tuition bills, minus the ~~amount of the basic revenue, as defined by section 126C.10, subdivision 2, of the district for the child and~~ general education revenue, excluding basic skills revenue and alternative teacher compensation revenue, and referendum equalization aid attributable to the pupil, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit minus the special education ~~aid, and any other aid earned on behalf of the child~~ contracted services initial aid attributable to the pupil.

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

Sec. 18. Minnesota Statutes 2006, section 127A.47, subdivision 7, is amended to read:

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

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

(b) General education aid paid to a district serving a pupil in programs listed in this subdivision must be increased by an amount equal to the referendum equalization aid attributable to the pupil in the nonresident district.

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

(d) For fiscal year 2006, the district of residence must pay tuition to a district or an area learning center, operated according to paragraph (f), providing special instruction and services to a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is enrolled in a program listed in this subdivision. The tuition must be equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, minus (2) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum equalization aid attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, minus (3) special education aid attributable to that pupil, that is received by the district providing special instruction and services. For purposes of this paragraph, general education revenue and referendum equalization aid attributable to a pupil must be calculated using the serving district's average general education revenue and referendum equalization aid per adjusted pupil unit.

(e) For fiscal year 2007 and later, special education aid paid to a resident district must be reduced by an amount equal to (1) the actual cost of providing special instruction and services, including special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, for a pupil with a disability,

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

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

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

Sec. 19. Laws 2006, chapter 263, article 3, section 15, is amended to read:

Sec. 15. **SPECIAL EDUCATION TUITION BILLING FOR FISCAL YEARS 2006 ~~AND~~, 2007, AND 2008.**

(a) Notwithstanding Minnesota Statutes, sections 125A.11, subdivision 1, paragraph (a), and 127A.47, subdivision 7, paragraph (d), for fiscal year 2006 an intermediate district, special education cooperative, or school district that served as an applicant agency for a group of school districts for federal special education aids for fiscal year

2006 is not subject to the uniform special education tuition billing calculations, but may instead continue to bill the resident school districts for the actual unreimbursed costs of serving pupils with a disability as determined by the intermediate district, special education cooperative, or school district.

(b) Notwithstanding Minnesota Statutes, section 125A.11, subdivision 1, paragraph (c), for fiscal year 2007 only, an ~~applicant district~~ agency exempted from the uniform special education tuition billing calculations for fiscal year 2006 under paragraph (a) may apply to the commissioner for ~~a waiver~~ an exemption from the uniform special education tuition calculations and aid adjustments under Minnesota Statutes, sections 125A.11, subdivision 1, paragraph (b), and 127A.47, subdivision 7, paragraph (e). The commissioner must grant the ~~waiver~~ exemption within 30 days of receiving the following information from the intermediate district, special education cooperative, or school district:

(1) a detailed description of the applicant district's methodology for calculating special education tuition for fiscal years 2006 and 2007, as required by the applicant district to recover the full cost of serving pupils with a disability;

(2) sufficient data to determine the total amount of special education tuition actually charged for each student with a disability, as required by the applicant district to recover the full cost of serving pupils with a disability in fiscal year 2006; and

(3) sufficient data to determine the amount that would have been charged for each student for fiscal year 2006 using the uniform tuition billing methodology according to Minnesota Statutes, sections 125A.11, subdivision 1, or 127A.47, subdivision 7, as applicable.

(c) Notwithstanding Minnesota Statutes, section 125A.11, subdivision 1, paragraph (c), for fiscal year 2008 only, an agency granted an exemption from the uniform special education tuition billing calculations and aid adjustments for fiscal year 2007 under paragraph (b) may apply to the commissioner for a one-year extension of the exemption granted under paragraph (b). The commissioner must grant the extension within 30 days of receiving the request.

(d) Notwithstanding Minnesota Statutes, section 125A.11, subdivision 1, paragraphs (a) and (b), and section 127A.47, subdivision 7, paragraphs (d) and (e), for fiscal year 2007 only, a school district or charter school not eligible for a waiver under Minnesota Statutes, section 125A.11, subdivision 1, paragraph (d), may apply to the commissioner for authority to charge the resident district an additional amount to recover any remaining unreimbursed costs of serving pupils with a disability. The application must include a description of the costs and the calculations used to determine the unreimbursed portion to be charged to the resident district. Amounts approved by the commissioner under this paragraph must be

included in the tuition billings or aid adjustments under paragraph (a) or (b), or Minnesota Statutes, section 127A.47, subdivision 7, paragraph (d) or (e), as applicable.

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

Sec. 20. **TASK FORCE TO COMPARE FEDERAL AND STATE SPECIAL EDUCATION REQUIREMENTS.**

Subdivision 1. **Establishment; duties.** A task force is established to recommend which state laws and rules that exceed or expand upon minimum federal special education requirements for providing special education programs and services to eligible students should be amended to conform with minimum federal requirements. The commissioner of the Bureau of Mediation Services under Minnesota Statutes, section 179.02, after consulting with interested stakeholders, shall appoint a ten-member task force composed of equal numbers of providers, advocates, regulators, consumers of special education services, lawyers who practice in the field of special education and represent either parents or school districts, special education teachers, and school officials. The commissioner must convene the task force by August 1, 2007, which shall meet regularly and shall review the January 25, 2006, report prepared by the Minnesota Department of Education Office of Compliance and Assistance and other relevant studies and resources analyzing differences between federal and state special education requirements. The terms and compensation of task force members are governed by Minnesota Statutes, section 15.059, subdivision 6.

Subd. 2. **Report.** The task force must submit to the education policy and finance committees of the legislature by February 15, 2008, a report that identifies and clearly and concisely explains each provision in state law or rule that exceeds or expands upon a minimum federal requirement contained in law or regulation for providing special education programs and services to eligible students. The report also must recommend which state provisions that exceed or expand upon a minimum federal requirement may be amended to conform with minimum federal requirements. The task force expires when it submits its report to the legislature.

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

Sec. 21. **APPROPRIATIONS.**

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

Subd. 2. **Special education; regular.** For special education aid under Minnesota Statutes, section 125A.75:

$ 568,034,000 2008
$ 573,040,000 2009

The 2008 appropriation includes $52,965,000 for 2007 and $515,069,000 for 2008.

The 2009 appropriation includes $57,228,000 for 2008 and $515,812,000 for 2009.

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

$ 1,538,000 2008
$ 1,729,000 2009

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

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

$ 254,000 2008
$ 284,000 2009

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

The 2009 appropriation includes $26,000 for 2008 and $258,000 for 2009.

Subd. 5. **Special education; excess costs.** For excess cost aid under Minnesota Statutes, section 125A.79, subdivision 7:

$ 120,445,000 2008
$ 129,128,000 2009

The 2008 appropriation includes $34,969,000 for 2007 and $85,476,000 for 2008.

The 2009 appropriation includes $42,865,000 for 2008 and $86,263,000 for 2009.

Subd. 6. **Transition for disabled students.** For aid for transition programs for children with disabilities under Minnesota Statutes, section 124D.454:

$ 879,000 2008

The 2008 appropriation includes $879,000 for 2007 and $0 for 2008.

Subd. 7. **Court-placed special education revenue.** For reimbursing serving school districts for unreimbursed eligible expenditures attributable to children placed in the serving school district by court action under Minnesota Statutes, section 125A.79, subdivision 4:

$ 72,000 2008

$ 74,000 2009

Subd. 8. **Special education out-of-state tuition.** For special education out-of-state tuition according to Minnesota Statutes, section 125A.79, subdivision 8:

$ 250,000 2008

$ 250,000 2009

Subd. 9. **Special education task force.** For the commissioner to contract with the Bureau of Mediation Services for costs related to the work of the special education task force under section 19:

$ 20,000 2008

Sec. 22. **REPEALER.**

Minnesota Statutes 2006, sections 124D.454, subdivisions 4, 5, 6, and 7; 125A.10; 125A.75, subdivision 6; and 125A.76, subdivision 3, are repealed effective for revenue for fiscal year 2008.

ARTICLE 4
FACILITIES AND TECHNOLOGY

Section 1. Minnesota Statutes 2006, section 123B.53, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For purposes of this section, the eligible debt service revenue of a district is defined as follows:

(1) the amount needed to produce between five and six percent in excess of the amount needed to meet when due the principal and interest payments on the obligations of the district for eligible projects according to subdivision 2, including the amounts necessary for repayment of energy loans according to section 216C.37 or sections 298.292 to 298.298, debt service loans and capital loans, lease purchase payments under section 126C.40, subdivision 2, alternative facilities levies under section 123B.59, subdivision 5, paragraph (a), minus

(2) the amount of debt service excess levy reduction for that school year calculated according to the procedure established by the commissioner.

(b) The obligations in this paragraph are excluded from eligible debt service revenue:

(1) obligations under section 123B.61;

(2) the part of debt service principal and interest paid from the taconite environmental protection fund or Douglas J. Johnson economic protection trust;

(3) obligations issued under Laws 1991, chapter 265, article 5, section 18, as amended by Laws 1992, chapter 499, article 5, section 24; and

(4) obligations under section 123B.62.

(c) For purposes of this section, if a preexisting school district reorganized under sections 123A.35 to 123A.43, 123A.46, and 123A.48 is solely responsible for retirement of the preexisting district's bonded indebtedness, capital loans or debt service loans, debt service equalization aid must be computed separately for each of the preexisting districts.

(d) For purposes of this section, the adjusted net tax capacity determined according to section 127A.48 shall be adjusted to include a portion of the tax capacity of property generally exempted from ad valorem taxes under section 272.02, subdivisions 64 and 65, equal to the product of that tax capacity times the ratio of the eligible debt service revenue attributed to general obligation bonds to the total eligible debt service revenue of the district.

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

Sec. 2. Minnesota Statutes 2006, section 123B.53, subdivision 4, is amended to read:

Subd. 4. **Debt service equalization revenue.** (a) The debt service equalization revenue of a district equals the ~~sum of the first tier debt service equalization revenue and the second tier debt service equalization revenue.~~

~~(b) The first tier debt service equalization revenue of a district equals the~~ greater of zero or the eligible debt service revenue minus the amount raised by a levy of 15 percent times the adjusted debt service net tax capacity of the district ~~minus the second tier debt service equalization revenue of the district~~.

~~(c) The second tier debt service equalization revenue of a district equals the greater of zero or the eligible debt service revenue, excluding alternative facilities levies under section 123B.59, subdivision 5, minus the amount raised by a levy of 25 percent times the adjusted net tax capacity of the district.~~

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

Sec. 3. Minnesota Statutes 2006, section 123B.53, subdivision 5, is amended to read:

Subd. 5. **Equalized debt service levy.** ~~(a) The equalized debt service levy of a district equals the sum of the first tier equalized debt service levy and the second tier equalized debt service levy.~~

~~(b)~~ A district's ~~first tier~~ equalized debt service levy equals the district's ~~first tier~~ debt service equalization revenue times the lesser of one or the ratio of:

(1) the quotient derived by dividing the adjusted debt service net tax capacity of the district for the year before the year the levy is certified by the adjusted pupil units in the district for the school year ending in the year prior to the year the levy is certified; to

(2) ~~$3,200~~ 100 percent of the statewide adjusted net tax capacity equalizing factor.

~~(c) A district's second tier equalized debt service levy equals the district's second tier debt service equalization revenue times the lesser of one or the ratio of:~~

~~(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the adjusted pupil units in the district for the school year ending in the year prior to the year the levy is certified; to~~

~~(2) $8,000.~~

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

Sec. 4. Minnesota Statutes 2006, section 123B.54, is amended to read:

123B.54 DEBT SERVICE AND SCHOOL BOND AGRICULTURAL CREDIT APPROPRIATION.

(a) ~~$21,624,000~~ $14,813,000 in fiscal year 2008 ~~and $20,403,000~~, $26,100,000 in fiscal year 2009, $29,816,000 in fiscal year 2010, and $30,538,000 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) $10,000,000 in fiscal year 2009, $10,475,000 in fiscal year 2010, and $10,948,000 in fiscal year 2011 and each year thereafter are appropriated from the general fund to the commissioner of education for payment of school bond agricultural credit aid under section 123B.555.

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

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

Sec. 5. **[123B.555] SCHOOL BOND AGRICULTURAL CREDIT.**

Subdivision 1. **Eligibility.** All class 2 property under section 273.13, subdivision 23, except for (1) property consisting of the house, garage, and immediately surrounding one acre of land of an agricultural homestead, and (2) property classified under section 273.13, subdivision 23, paragraph (b), clause (4), is eligible to receive the credit under this section.

Subd. 2. **Credit amount.** For each qualifying property, the school bond agricultural credit is equal to 20 percent of the property's eligible net tax capacity multiplied by the school debt tax rate determined under section 275.08, subdivision 1b.

Subd. 3. **Credit reimbursements.** The county auditor shall determine the tax reductions allowed under this section within the county for each taxes payable year and shall certify that amount to the commissioner of revenue as a part of the abstracts of tax lists submitted under section 275.29. Any prior year adjustments shall also be certified on the abstracts of tax lists. The commissioner shall review the certifications for accuracy, and may make such changes as are deemed necessary, or return the certification to the county auditor for correction. The credit under this section must be used to reduce the school district net tax capacity-based property tax as provided in section 273.1393.

Subd. 4. **Payment.** The commissioner of revenue shall certify the total of the tax reductions granted under this section for each taxes payable year within each school district to the commissioner of education, who shall pay the reimbursement amounts to each school district as provided in section 273.1392.

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

Sec. 6. Minnesota Statutes 2006, section 123B.57, subdivision 3, is amended to read:

Subd. 3. **Health and safety revenue.** A district's health and safety revenue for a fiscal year equals the district's alternative facilities levy under section 123B.59, subdivision 5, paragraph (b), plus the greater of zero or:

(1) the sum of (a) the total approved cost of the district's hazardous substance plan for fiscal years 1985 through 1989, plus (b) the total approved cost of the district's health and safety program for fiscal year 1990 through the fiscal year to which the levy is attributable, excluding expenditures funded with bonds issued under section 123B.59 or 123B.62, or chapter 475; certificates of indebtedness or capital notes under section 123B.61; levies under section 123B.58, 123B.59, 123B.63, or 126C.40, subdivision 1 or 6; and other federal, state, or local revenues, minus

(2) the sum of (a) the district's total hazardous substance aid and levy for fiscal years 1985 through 1989 under sections 124.245 and 275.125, subdivision 11c, plus (b) the district's health and safety revenue under this subdivision, for years before the fiscal year to which the levy is attributable.

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

Sec. 7. Minnesota Statutes 2006, section 123B.63, subdivision 3, is amended to read:

Subd. 3. **Capital project levy referendum.** A district may levy the local tax rate approved by a majority of the electors voting on the question to provide funds for an approved project. The election must take place no more than five years before the estimated date of commencement of the project. The referendum must be held on a date set by the board. A referendum for a project not receiving a positive review and comment by the commissioner under section 123B.71 must be approved by at least 60 percent of the voters at the election. The referendum may be called by the school board and may be held:

(1) separately, before an election for the issuance of obligations for the project under chapter 475; or

(2) in conjunction with an election for the issuance of obligations for the project under chapter 475; or

(3) notwithstanding section 475.59, as a conjunctive question authorizing both the capital project levy and the issuance of obligations for the project under chapter 475. Any obligations authorized for a project may be issued within five years of the date of the election.

The ballot must provide a general description of the proposed project, state the estimated total cost of the project, state whether the project has received a positive or negative review and comment from the commissioner, state the maximum amount of the capital project levy as a percentage of net tax capacity, state the amount that will be raised by that local tax rate in the first year it is to be levied, and state the maximum number of years that the levy authorization will apply.

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

"Shall the capital project levy proposed by the board of ..... School District No. ..... be approved?"

If approved, the amount provided by the approved local tax rate applied to the net tax capacity for the year preceding the year the levy is certified may be certified for the number of years, not to exceed ten, approved.

In the event a conjunctive question proposes to authorize both the capital project levy and the issuance of obligations for the project, appropriate language authorizing the issuance of obligations must also be included in the question.

The district must notify the commissioner of the results of the referendum.

EFFECTIVE DATE. This section is effective July 1, 2007, for elections conducted on or after that day.

Sec. 8. Minnesota Statutes 2006, section 126C.01, is amended by adding a subdivision to read:

Subd. 2a. **Statewide adjusted net tax capacity equalizing factor.** The statewide adjusted net tax capacity equalizing factor equals the quotient derived by dividing the total adjusted net tax capacity of all school districts in the state for the year before the year the levy is certified by the total number of adjusted pupil units in the state for the fiscal year preceding the year the levy is certified.

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

Sec. 9. Minnesota Statutes 2006, section 127A.48, is amended by adding a subdivision to read:

Subd. 17. **Adjusted debt service net tax capacity.** To calculate each district's adjusted debt service net tax capacity, the commissioner of revenue must recompute the amounts in this section using an alternative sales ratio comparing the sales price to the estimated market value of the property.

EFFECTIVE DATE. This section is effective the day following final enactment for computing taxes payable in 2008.

Sec. 10. Minnesota Statutes 2006, section 128D.11, subdivision 3, is amended to read:

Subd. 3. **No election.** Subject to the provisions of subdivisions 7 to 10, the school district may also by a two-thirds majority vote of all the members of its board of education and without any election by the voters of the district, issue and sell in each calendar year general obligation bonds of the district in an amount not to exceed 5-1/10 per cent of the net tax capacity of the taxable property in the district (plus, for calendar years 1990 to 2003, an amount not to exceed $7,500,000, ~~and~~ for calendar years 2004 to 2008 an amount not to exceed $15,000,000, and for each calendar year after 2008, an amount not to exceed $15,000,000; with an additional provision that any amount of bonds so authorized for sale in a specific year and not sold can be carried forward and sold in the year immediately following).

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

Sec. 11. Minnesota Statutes 2006, section 273.11, subdivision 1a, is amended to read:

Subd. 1a. **Limited market value.** In the case of all property classified as agricultural homestead or nonhomestead, residential homestead or nonhomestead, timber,

or noncommercial seasonal residential recreational, the assessor shall compare the value with the taxable portion of the value determined in the preceding assessment.

For assessment years 2004, 2005, and 2006, the amount of the increase shall not exceed the greater of (1) 15 percent of the value in the preceding assessment, or (2) 25 percent of the difference between the current assessment and the preceding assessment.

For assessment year 2007, the amount of the increase shall not exceed the greater of (1) 15 percent of the value in the preceding assessment, or (2) 33 percent of the difference between the current assessment and the preceding assessment.

For assessment year 2008, the amount of the increase shall not exceed the greater of (1) 15 percent of the value in the preceding assessment, or (2) 50 percent of the difference between the current assessment and the preceding assessment.

This limitation shall not apply to increases in value due to improvements. For purposes of this subdivision, the term "assessment" means the value prior to any exclusion under subdivision 16.

The provisions of this subdivision shall be in effect through assessment year 2008 as provided in this subdivision.

For purposes of the assessment/sales ratio study conducted under section 127A.48, and the computation of state aids paid under chapters 122A, 123A, 123B, excluding section 123B.53, 124D, 125A, 126C, 127A, and 477A, market values and net tax capacities determined under this subdivision and subdivision 16, shall be used.

EFFECTIVE DATE. This section is effective the day following final enactment for computing taxes payable in 2008.

Sec. 12. Minnesota Statutes 2006, section 273.1393, is amended to read:

273.1393 COMPUTATION OF NET PROPERTY TAXES.

Notwithstanding any other provisions to the contrary, "net" property taxes are determined by subtracting the credits in the order listed from the gross tax:

(1) disaster credit as provided in section 273.123;

(2) powerline credit as provided in section 273.42;

(3) agricultural preserves credit as provided in section 473H.10;

(4) enterprise zone credit as provided in section 469.171;

(5) disparity reduction credit;

(6) conservation tax credit as provided in section 273.119;

(7) homestead and agricultural credits as provided in section 273.1384;

(8) school bond agricultural credit as provided in section 123B.555;

~~(8)~~ (9) taconite homestead credit as provided in section 273.135; and

~~(9)~~ (10) supplemental homestead credit as provided in section 273.1391.

The combination of all property tax credits must not exceed the gross tax amount.

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

Sec. 13. Minnesota Statutes 2006, section 275.065, subdivision 3, is amended to read:

Subd. 3. **Notice of proposed property taxes.** (a) The county auditor shall prepare and the county treasurer shall deliver after November 10 and on or before November 24 each year, by first class mail to each taxpayer at the address listed on the county's current year's assessment roll, a notice of proposed property taxes.

(b) The commissioner of revenue shall prescribe the form of the notice.

(c) The notice must inform taxpayers that it contains the amount of property taxes each taxing authority proposes to collect for taxes payable the following year. In the case of a town, or in the case of the state general tax, the final tax amount will be its proposed tax. In the case of taxing authorities required to hold a public meeting under subdivision 6, the notice must clearly state that each taxing authority, including regional library districts established under section 134.201, and including the metropolitan taxing districts as defined in paragraph (i), but excluding all other special taxing districts and towns, will hold a public meeting to receive public testimony on the proposed budget and proposed or final property tax levy, or, in case of a school district, on the current budget and proposed property tax levy. It must clearly state the time and place of each taxing authority's meeting, a telephone number for the taxing authority that taxpayers may call if they have questions related to the notice, and an address where comments will be received by mail.

(d) The notice must state for each parcel:

(1) the market value of the property as determined under section 273.11, and used for computing property taxes payable in the following year and for taxes payable in the current year as each appears in the records of the county assessor on November 1 of the current year; and, in the case of residential property, whether the property is classified as homestead or nonhomestead. The notice must clearly inform taxpayers of the years to which the market values apply and that the values are final values;

(2) the items listed below, shown separately by county, city or town, and state general tax, net of the residential and agricultural homestead credit under section 273.1384 and the school bond agricultural credit under section 123B.555, voter approved school levy, other local school levy, and the sum of the special taxing districts, and as a total of all taxing authorities:

(i) the actual tax for taxes payable in the current year; and

(ii) the proposed tax amount.

If the county levy under clause (2) includes an amount for a lake improvement district as defined under sections 103B.501 to 103B.581, the amount attributable for that purpose must be separately stated from the remaining county levy amount.

In the case of a town or the state general tax, the final tax shall also be its proposed tax unless the town changes its levy at a special town meeting under section 365.52. If a school district has certified under section 126C.17, subdivision 9, that a referendum will be held in the school district at the November general election, the county auditor must note next to the school district's proposed amount that a referendum is pending and that, if approved by the voters, the tax amount may be higher than shown on the notice. In the case of the city of Minneapolis, the levy for the Minneapolis Library Board and the levy for Minneapolis Park and Recreation shall be listed separately from the remaining amount of the city's levy. In the case of the city of St. Paul, the levy for the St. Paul Library Agency must be listed separately from the remaining amount of the city's levy. In the case of Ramsey County, any amount levied under section 134.07 may be listed separately from the remaining amount of the county's levy. In the case of a parcel where tax increment or the fiscal disparities areawide tax under chapter 276A or 473F applies, the proposed tax levy on the captured value or the proposed tax levy on the tax capacity subject to the areawide tax must each be stated separately and not included in the sum of the special taxing districts; and

(3) the increase or decrease between the total taxes payable in the current year and the total proposed taxes, expressed as a percentage.

For purposes of this section, the amount of the tax on homesteads qualifying under the senior citizens' property tax deferral program under chapter 290B is the total amount of property tax before subtraction of the deferred property tax amount.

(e) The notice must clearly state that the proposed or final taxes do not include the following:

(1) special assessments;

(2) levies approved by the voters after the date the proposed taxes are certified, including bond referenda and school district levy referenda;

(3) a levy limit increase approved by the voters by the first Tuesday after the first Monday in November of the levy year as provided under section 275.73;

(4) amounts necessary to pay cleanup or other costs due to a natural disaster occurring after the date the proposed taxes are certified;

(5) amounts necessary to pay tort judgments against the taxing authority that become final after the date the proposed taxes are certified; and

(6) the contamination tax imposed on properties which received market value reductions for contamination.

(f) Except as provided in subdivision 7, failure of the county auditor to prepare or the county treasurer to deliver the notice as required in this section does not invalidate the proposed or final tax levy or the taxes payable pursuant to the tax levy.

(g) If the notice the taxpayer receives under this section lists the property as nonhomestead, and satisfactory documentation is provided to the county assessor by the applicable deadline, and the property qualifies for the homestead classification in that assessment year, the assessor shall reclassify the property to homestead for taxes payable in the following year.

(h) In the case of class 4 residential property used as a residence for lease or rental periods of 30 days or more, the taxpayer must either:

(1) mail or deliver a copy of the notice of proposed property taxes to each tenant, renter, or lessee; or

(2) post a copy of the notice in a conspicuous place on the premises of the property.

The notice must be mailed or posted by the taxpayer by November 27 or within three days of receipt of the notice, whichever is later. A taxpayer may notify the county treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to which the notice must be mailed in order to fulfill the requirements of this paragraph.

(i) For purposes of this subdivision, subdivisions 5a and 6, "metropolitan special taxing districts" means the following taxing districts in the seven-county metropolitan area that levy a property tax for any of the specified purposes listed below:

(1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325, 473.446, 473.521, 473.547, or 473.834;

(2) Metropolitan Airports Commission under section 473.667, 473.671, or 473.672; and

(3) Metropolitan Mosquito Control Commission under section 473.711.

For purposes of this section, any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be included with the appropriate county's levy and shall be discussed at that county's public hearing.

(j) The governing body of a county, city, or school district may, with the consent of the county board, include supplemental information with the statement of proposed property taxes about the impact of state aid increases or decreases on property tax increases or decreases and on the level of services provided in the affected jurisdiction. This supplemental information may include information for the following year, the current

year, and for as many consecutive preceding years as deemed appropriate by the governing body of the county, city, or school district. It may include only information regarding:

(1) the impact of inflation as measured by the implicit price deflator for state and local government purchases;

(2) population growth and decline;

(3) state or federal government action; and

(4) other financial factors that affect the level of property taxation and local services that the governing body of the county, city, or school district may deem appropriate to include.

The information may be presented using tables, written narrative, and graphic representations and may contain instruction toward further sources of information or opportunity for comment.

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

Sec. 14. Minnesota Statutes 2006, section 275.07, subdivision 2, is amended to read:

Subd. 2. **School district ~~in more than one county~~ levies; special requirements.** (a) In school districts lying in more than one county, the clerk shall certify the tax levied to the auditor of the county in which the administrative offices of the school district are located.

(b) The clerk shall identify the portion of the school district levy that is levied for the purposes specified in section 123B.53, subdivision 5, as the school debt levy at the time that the levy is certified under this section.

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

Sec. 15. Minnesota Statutes 2006, section 275.08, subdivision 1b, is amended to read:

Subd. 1b. **Computation of tax rates.** (a) The amounts certified to be levied against net tax capacity under section 275.07 by an individual local government unit shall be divided by the total net tax capacity of all taxable properties within the local government unit's taxing jurisdiction. The resulting ratio, the local government's local tax rate, multiplied by each property's net tax capacity shall be each property's net tax capacity tax for that local government unit before reduction by any credits.

(b) The auditor shall also determine the school debt tax rate for each school district equal to the school debt levy certified under section 275.07 divided by the total net tax capacity of all taxable property within the district.

(c) Any amount certified to the county auditor to be levied against market value shall be divided by the total referendum market value of all taxable properties within the taxing

district. The resulting ratio, the taxing district's new referendum tax rate, multiplied by each property's referendum market value shall be each property's new referendum tax before reduction by any credits. For the purposes of this subdivision, "referendum market value" means the market value as defined in section 126C.01, subdivision 3.

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

Sec. 16. Minnesota Statutes 2006, section 276.04, subdivision 2, is amended to read:

Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the printing of the tax statements. The commissioner of revenue shall prescribe the form of the property tax statement and its contents. The statement must contain a tabulated statement of the dollar amount due to each taxing authority and the amount of the state tax from the parcel of real property for which a particular tax statement is prepared. The dollar amounts attributable to the county, the state tax, the voter approved school tax, the other local school tax, the township or municipality, and the total of the metropolitan special taxing districts as defined in section 275.065, subdivision 3, paragraph (i), must be separately stated. The amounts due all other special taxing districts, if any, may be aggregated except that any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be listed on a separate line directly under the appropriate county's levy. If the county levy under this paragraph includes an amount for a lake improvement district as defined under sections 103B.501 to 103B.581, the amount attributable for that purpose must be separately stated from the remaining county levy amount. In the case of Ramsey County, if the county levy under this paragraph includes an amount for public library service under section 134.07, the amount attributable for that purpose may be separated from the remaining county levy amount. The amount of the tax on homesteads qualifying under the senior citizens' property tax deferral program under chapter 290B is the total amount of property tax before subtraction of the deferred property tax amount. The amount of the tax on contamination value imposed under sections 270.91 to 270.98, if any, must also be separately stated. The dollar amounts, including the dollar amount of any special assessments, may be rounded to the nearest even whole dollar. For purposes of this section whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar. The amount of market value excluded under section 273.11, subdivision 16, if any, must also be listed on the tax statement.

(b) The property tax statements for manufactured homes and sectional structures taxed as personal property shall contain the same information that is required on the tax statements for real property.

(c) Real and personal property tax statements must contain the following information in the order given in this paragraph. The information must contain the current year tax information in the right column with the corresponding information for the previous year in a column on the left:

(1) the property's estimated market value under section 273.11, subdivision 1;

(2) the property's taxable market value after reductions under section 273.11, subdivisions 1a and 16;

(3) the property's gross tax, calculated by adding the property's total property tax to the sum of the aids enumerated in clause (4);

(4) a total of the following aids:

(i) education aids payable under chapters 122A, 123A, 123B, 124D, 125A, 126C, and 127A;

(ii) local government aids for cities, towns, and counties under sections 477A.011 to 477A.04; and

(iii) disparity reduction aid under section 273.1398;

(5) for homestead residential and agricultural properties, the credits under ~~section~~ sections 123B.555 and 273.1384;

(6) any credits received under sections 273.119; 273.123; 273.135; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit received under section 273.135 must be separately stated and identified as "taconite tax relief"; and

(7) the net tax payable in the manner required in paragraph (a).

(d) If the county uses envelopes for mailing property tax statements and if the county agrees, a taxing district may include a notice with the property tax statement notifying taxpayers when the taxing district will begin its budget deliberations for the current year, and encouraging taxpayers to attend the hearings. If the county allows notices to be included in the envelope containing the property tax statement, and if more than one taxing district relative to a given property decides to include a notice with the tax statement, the county treasurer or auditor must coordinate the process and may combine the information on a single announcement.

The commissioner of revenue shall certify to the county auditor the actual or estimated aids enumerated in paragraph (c), clause (4), that local governments will receive in the following year. The commissioner must certify this amount by January 1 of each year.

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

Sec. 17. **SCHOOL TECHNOLOGY AID.**

Subdivision 1. **Advisory task force established.** An advisory task force on school technology standards is established to develop and recommend to the commissioner of education and the education policy and finance committees of the legislature school technology standards and systems. At a minimum, the advisory task force must propose:

(1) minimum standards for technology infrastructure and capacity;

(2) standards for local and state online student assessments;

(3) standards for electronic student records;

(4) school interoperability frameworks;

(5) policies and procedures that ensure instructional resource availability to help students successfully achieve education excellence and state standards;

(6) databases that are accessible to and within each district and on the Internet;

(7) policies, procedures, and systems that stimulate and promote teacher and student curriculum and learning collaboration;

(8) uniform technology standards;

(9) adequate Internet and bandwith capacity; and

(10) the Department of Education data collection procedures under each of the department's major data reporting systems, and recommendations for streamlining the reporting of school district data and eliminating duplication.

Subd. 2. **Advisory task force members.** (a) The commissioner of education shall appoint as members to the advisory task force a representative from each of the following:

(1) one member from the Department of Education who shall serve as chair;

(2) one member from the Office of Enterprise Technology;

(3) one member from a list of school technology experts submitted to the commissioner by Education Minnesota;

(4) one member from a list of school technology experts submitted to the commissioner by the Minnesota School Boards Association;

(5) one member from a list of school technology experts submitted to the commissioner by the Association of Metropolitan School Districts;

(6) one member from a list of school technology experts submitted to the commissioner by the Minnesota Rural Education Association;

(7) one member from a list of school technology experts submitted to the commissioner by the Schools for Equity in Education;

(8) one member from a list of school technology experts submitted to the commissioner by the service cooperatives;

(9) one member from a list of school technology experts submitted to the commissioner by the Minnesota Association of School Administrators;

(10) one member from a list of school technology experts submitted to the commissioner by Minnesota Educational Media Organization;

(11) one member from a list of school technology experts submitted to the commissioner by the Minnesota State Colleges and Universities;

(12) one member from a list of school technology experts submitted to the commissioner by the president of the University of Minnesota; and

(13) one member from a list of technology experts submitted to the commissioner by the online advisory council.

(b) The commissioner of education shall provide needed materials and assistance to the task force upon request.

(c) Advisory task force members' terms and other task force matters are subject to Minnesota Statutes, section 15.059. The advisory task force must submit by February 15, 2008, to the commissioner of education and the education policy and finance committees of the legislature a written report that includes the recommendations under subdivision 1.

(d) The advisory task force expires on February 16, 2008.

Subd. 3. **Funding.** A school technology funding program is established to assist school districts, consortiums of school districts, and charter schools to achieve the school technology standards proposed in subdivision 1.

School technology aid equals $30 times the district's adjusted marginal cost pupil units for fiscal year 2009.

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

Sec. 18. **ADMINISTRATIVE LEASE LEVY; SPRING LAKE PARK.**

Notwithstanding the instructional purposes limitation of Minnesota Statutes, section 126C.40, subdivision 1, Independent School District No. 16, Spring Lake Park, may lease a building for administrative purposes and include the lease under Minnesota Statutes, section 126C.40, subdivision 1.

Sec. 19. **BONDING AUTHORIZATION.**

To provide funds for the acquisition or betterment of school facilities, Independent School District No. 625, St. Paul, may by two-thirds majority vote of all the members of the board of directors issue general obligation bonds in one or more series for each calendar year following 2008, as provided in this section. The aggregate principal amount of any bonds issued under this section for each calendar year must not exceed $15,000,000. Issuance of the bonds is not subject to Minnesota Statutes, section 475.58 or 475.59. The bonds must otherwise be issued as provided in Minnesota Statutes, chapter

475. The authority to issue bonds under this section is in addition to any bonding authority authorized by Minnesota Statutes, chapter 123B, or other law. The amount of bonding authority authorized under this section must be disregarded in calculating the bonding limit of Minnesota Statutes, chapter 123B, or any other law other than Minnesota Statutes, section 475.53, subdivision 4.

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

Sec. 20. **TAX LEVY FOR DEBT SERVICE.**

To pay the principal of and interest on bonds issued under section 19, Independent School District No. 625, St. Paul, must levy a tax annually in an amount sufficient under Minnesota Statutes, section 475.61, subdivisions 1 and 3, to pay the principal of and interest on the bonds. The tax authorized under this section is in addition to the taxes authorized to be levied under Minnesota Statutes, chapter 123B, 124D, or 126C, or other law.

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

Sec. 21. **APPROPRIATIONS.**

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

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

$ 190,000 2008
$ 179,000 2009

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

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

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

$ 14,813,000 2008
$ 26,100,000 2009

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

The 2009 appropriation includes $1,450,000 for 2008 and $24,650,000 for 2009.

Subd. 4. **School bond agricultural credit aid.** For school bond agricultural credit aid:

$ 10,000,000 2009

Subd. 5. **Alternative facilities bonding aid.** For alternative facilities bonding aid, according to Minnesota Statutes, section 123B.59, subdivision 1:

$ 19,287,000 2008
$ 19,287,000 2009

The 2008 appropriation includes $1,928,000 for 2007 and $17,359,000 for 2008.

The 2009 appropriation includes $1,928,000 for 2008 and $17,359,000 for 2009.

Subd. 6. **Equity in telecommunications access.** For equity in telecommunications access:

$ 7,622,000 2008
$ 8,743,000 2009

If the appropriation amount is insufficient, the commissioner shall reduce the reimbursement rate in Minnesota Statutes, section 125B.26, subdivisions 4 and 5, and the revenue for fiscal years 2008 and 2009 shall be prorated.

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

The base appropriation for fiscal year 2010 and later is $3,750,000.

Subd. 7. **Deferred maintenance aid.** For deferred maintenance aid, according to Minnesota Statutes, section 123B.591, subdivision 4:

$ 3,290,000 2008
$ 2,667,000 2009

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

The 2009 appropriation includes $368,000 for 2008 and $2,302,000 for 2009.

Subd. 8. **Red Lake security reimbursement aid.** For Independent School District No. 38, Red Lake, for onetime security reimbursement aid to improve infrastructure needs in the Red Lake School District as a result of the March 21, 2005, school shooting:

$ 132,000 2008

This is a onetime appropriation.

Subd. 9. **Rocori school district.** For Rocori, Independent School District No. 750, for Project Serv:

$ 53,000 2008

Subd. 10. **School technology grants.** For school technology grants under section 17:

$ 29,100,000 2009

This is a onetime appropriation.

Subd. 11. **School Technology Advisory Task Force expenses.** For expenses of the School Technology Advisory Task Force under section 17:

$ 20,000 2008

This is a onetime appropriation.

Subd. 12. **Eden Valley-Watkins; environmental remediation.** For a grant to Independent School District No. 463, Eden Valley-Watkins, to recover the amount actually spent on environmental remediation efforts related to the cleanup of a mercury spill.

$ 126,000 2008

ARTICLE 5
NUTRITION AND ACCOUNTING

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

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

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

Subd. 1a. **Form of notification.** A school board annually must notify the public of its revenue, expenditures, fund balances, and other relevant budget information. The board must include the budget information required by this section in the materials provided as a part of its truth in taxation hearing, post the materials in a conspicuous place on

the district's official Web site, including a link to the district's school report card on the Department of Education's Web site, and publish the information in a qualified newspaper of general circulation in the district.

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

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

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

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

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

(4) make reports required by the commissioner; and

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

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

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

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

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

Sec. 5. Minnesota Statutes 2006, section 123B.79, subdivision 8, is amended to read:

Subd. 8. **Account transfer for reorganizing districts.** A district that has reorganized according to sections 123A.35 to 123A.43, 123A.46, or 123A.48, or has

conducted a successful referendum on the question of combination under section 123A.37, subdivision 2, or consolidation under section 123A.48, subdivision 15, or has been assigned an identification number by the commissioner under section 123A.48, subdivision 16, may make permanent transfers between any of the funds or accounts in the newly created or enlarged district with the exception of the debt redemption fund, food service fund, and health and safety account of the capital expenditure fund. Fund transfers under this section may be made for up to one year prior to the effective date of combination or consolidation by the consolidating boards and during the year following the effective date of reorganization by the consolidated board. The newly formed board of the combined district may adopt a resolution on or before August 30 of the year of the reorganization authorizing a transfer among accounts or funds of the previous independent school districts which transfer or transfers shall be reported in the affected districts' audited financial statements for the year immediately preceding the consolidation.

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

Sec. 6. Minnesota Statutes 2006, section 123B.79, is amended by adding a subdivision to read:

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

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

Sec. 7. Minnesota Statutes 2006, section 124D.111, subdivision 1, is amended to read:

Subdivision 1. **School lunch aid computation.** Each school year, the state must pay participants in the national school lunch program the amount of ~~10.5~~ 12 cents for each full paid, reduced, and free student lunch served to students.

Sec. 8. Minnesota Statutes 2006, section 126C.15, subdivision 2, is amended to read:

Subd. 2. **Building allocation.** (a) A district must allocate its compensatory revenue to each school building in the district where the children who have generated the revenue are served unless the school district has received permission under section 50 to allocate compensatory revenue according to student performance measures developed by the school board.

(b) Notwithstanding paragraph (a), a district may allocate up to five percent of the amount of compensatory revenue that the district receives to school sites according to a plan adopted by the school board.

(c) For the purposes of this section and section 126C.05, subdivision 3, "building" means education site as defined in section 123B.04, subdivision 1.

(d) If the pupil is served at a site other than one owned and operated by the district, the revenue shall be paid to the district and used for services for pupils who generate the revenue.

(e) A district with school building openings, school building closings, changes in attendance area boundaries, or other changes in programs or student demographics between the prior year and the current year may reallocate compensatory revenue among sites to reflect these changes. A district must report to the department any adjustments it makes according to this paragraph and the department must use the adjusted compensatory revenue allocations in preparing the report required under section 123B.76, subdivision 3, paragraph (c).

Sec. 9. Minnesota Statutes 2006, section 126C.41, is amended by adding a subdivision to read:

Subd. 6. **Levy authority for unfunded severance and retirement costs.** (a) A school district qualifies for eligibility under this section if the district:

(1) participated in the cooperative secondary facilities program;

(2) consolidated with at least two other school districts; and

(3) has unfunded severance or retirement costs.

(b) An eligible school district may annually levy up to $150,000 for unfunded severance or retirement costs. This levy authority expires after taxes payable in 2017.

(c) A school district that levies under this section must reserve the proceeds of the levy and spend those amounts only for unfunded severance or retirement costs.

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

Sec. 10. Minnesota Statutes 2006, section 126C.48, subdivision 2, is amended to read:

Subd. 2. **Notice to commissioner; forms.** By October 7 of each year each district must notify the commissioner of the proposed levies in compliance with the levy limitations of this chapter and chapters 120B, 122A, 123A, 123B, 124D, 125A, 127A, and 136D. A school district that has reached an agreement with its home county auditor to extend the date of certification of its proposed levy under section 275.065, subdivision 1, must submit its notice of proposed levies to the commissioner no later than October 10 of each year. By January 7 of each year each district must notify the commissioner of the final levies certified. The commissioner shall prescribe the form of these notifications and may request any additional information necessary to compute certified levy amounts.

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

Sec. 11. Minnesota Statutes 2006, section 205A.03, subdivision 1, is amended to read:

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

EFFECTIVE DATE. This section is effective the day following final enactment and applies for school board elections held in 2007 and thereafter.

Sec. 12. Minnesota Statutes 2006, section 205A.06, subdivision 1a, is amended to read:

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

EFFECTIVE DATE. This section is effective the day following final enactment and applies for school board elections held in 2007 and thereafter.

Sec. 13. Minnesota Statutes 2006, section 275.065, subdivision 1, is amended to read:

Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the contrary, on or before September 15, each taxing authority, other than a school district, shall adopt a proposed budget and shall certify to the county auditor the proposed or, in the case of a town, the final property tax levy for taxes payable in the following year.

(b) On or before September 30, each school district that has not mutually agreed with its home county to extend this date shall certify to the county auditor the proposed property tax levy for taxes payable in the following year. Each school district that has agreed with its home county to delay the certification of its proposed property tax levy must certify its proposed property tax levy for the following year no later than October 7. The school district shall certify the proposed levy as:

(1) a specific dollar amount by school district fund, broken down between voter-approved and non-voter-approved levies and between referendum market value and tax capacity levies; or

(2) the maximum levy limitation certified by the commissioner of education according to section 126C.48, subdivision 1.

(c) If the board of estimate and taxation or any similar board that establishes maximum tax levies for taxing jurisdictions within a first class city certifies the maximum property tax levies for funds under its jurisdiction by charter to the county auditor by September 15, the city shall be deemed to have certified its levies for those taxing jurisdictions.

(d) For purposes of this section, "taxing authority" includes all home rule and statutory cities, towns, counties, school districts, and special taxing districts as defined in section 275.066. Intermediate school districts that levy a tax under chapter 124 or 136D, joint powers boards established under sections 123A.44 to 123A.446, and Common School Districts No. 323, Franconia, and No. 815, Prinsburg, are also special taxing districts for purposes of this section.

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

Sec. 14. Minnesota Statutes 2006, section 275.065, subdivision 1a, is amended to read:

Subd. 1a. **Overlapping jurisdictions.** In the case of a taxing authority lying in two or more counties, the home county auditor shall certify the proposed levy and the proposed local tax rate to the other county auditor by October 5, unless the home county has agreed to delay the certification of its proposed property tax levy, in which case the home county auditor shall certify the proposed levy and the proposed local tax rate to the other county auditor by October 10. The home county auditor must estimate the levy or rate in preparing the notices required in subdivision 3, if the other county has not certified

the appropriate information. If requested by the home county auditor, the other county auditor must furnish an estimate to the home county auditor.

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

Sec. 15. **DEPARTMENT OF EDUCATION REPORT.**

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

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

Sec. 16. **PLAINVIEW-ELGIN-MILLVILLE; CONSOLIDATED DISTRICT FUND BALANCE CALCULATIONS.**

Subdivision 1. **Fiscal year 2007 replacement aid.** Independent School District No. 2899, Plainview-Elgin-Millville, is eligible for replacement aid to offset its excess fund balance penalty for fiscal year 2007.

Subd. 2. **Fiscal years 2008 and 2009.** Upon receipt of appropriate documentation from Independent School District No. 2899, Plainview-Elgin-Millville, the Department of Education must adjust the district's three-year adjusted average fund balances required under Minnesota Statutes, sections 124D.135, 124D.16 and 124D.20. The department shall adjust the fiscal year 2006 account balances reported by former Independent School Districts Nos. 806, Elgin-Millville, and 810, Plainview, to reflect any permanent account of fund transfers made under Minnesota Statutes, section 123B.79.

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

Sec. 17. **FUND TRANSFERS.**

Subdivision 1. **Brainerd.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, Independent School District No. 181, Brainerd, on June 30, 2007, may permanently transfer up to $750,000 from the reserved for operating capital account to its undesignated balance in its general fund.

Subd. 2. **Campbell-Tintah.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2007, Independent School District No. 852, Campbell-Tintah,

may permanently transfer up to $100,000 from its reserved for operating capital account to the undesignated balance in its general fund.

Subd. 3. **Jackson County Central.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2007, Independent School District No. 2895, Jackson County Central, may permanently transfer up to $300,000 from its reserved for operating capital account to the undesignated balance in its general fund.

Sec. 18. **APPROPRIATIONS.**

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

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

$ 12,022,000 2008
$ 12,166,000 2009

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

$ 5,460,000 2008
$ 5,695,000 2009

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

$ 150,000 2008
$ 150,000 2009

Subd. 5. **Plainview-Elgin-Millville fund balance replacement aid.** For fund balance replacement aid for Independent School District No. 2899, Plainview-Elgin-Millville:

$ 17,000 2008

This is a onetime appropriation.

Sec. 19. **REVISOR'S INSTRUCTION.**

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

ARTICLE 6
LIBRARIES

Section 1. Minnesota Statutes 2006, section 134.31, is amended by adding a subdivision to read:

Subd. 4a. **Services to the blind and physically handicapped.** The Minnesota Department of Education shall provide specialized services to the blind and physically handicapped through the Minnesota Library for the Blind and Physically Handicapped under a cooperative plan with the National Library Services for the Blind and Physically Handicapped of the Library of Congress.

Sec. 2. Minnesota Statutes 2006, section 134.34, subdivision 4, is amended to read:

Subd. 4. **Limitation.** A regional library basic system support grant shall not be made to a regional public library system for a participating city or county which decreases the dollar amount provided for support for operating purposes of public library service below the amount provided by it for the second preceding year. For purposes of this subdivision and subdivision 1, any funds provided under section 473.757, subdivision 2, for extending library hours of operation shall not be considered amounts provided by a city or county for support for operating purposes of public library service. This subdivision shall not apply to participating cities or counties where the adjusted net tax capacity of that city or county has decreased, if the dollar amount of the reduction in support is not greater than the dollar amount by which support would be decreased if the reduction in support were made in direct proportion to the decrease in adjusted net tax capacity.

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

Sec. 3. **DEPARTMENT OF EDUCATION; LIBRARY APPROPRIATIONS.**

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

Subd. 2. **Basic system support.** For basic system support grants under Minnesota Statutes, section 134.355:

$ 9,182,000 2008
$ 13,138,000 2009

The 2008 appropriation includes $857,000 for 2007 and $8,325,000 for 2008.

The 2009 appropriation includes $925,000 for 2008 and $12,213,000 for 2009.

Subd. 3. **Multicounty, multitype library systems.** For grants under Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

$ 1,260,000 2008
$ 1,300,000 2009

The 2008 appropriation includes $90,000 for 2007 and $1,170,000 for 2008.

The 2009 appropriation includes $130,000 for 2008 and $1,170,000 for 2009.

Subd. 4. **Electronic library for Minnesota.** For statewide licenses to online databases selected in cooperation with the Minnesota Office of Higher Education for school media centers, public libraries, state government agency libraries, and public or private college or university libraries:

$ 900,000 2008
$ 900,000 2009

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

Subd. 5. **Regional library telecommunications aid.** For regional library telecommunications aid under Minnesota Statutes, section 134.355:

$ 2,190,000 2008
$ 2,300,000 2009

The 2008 appropriation includes $120,000 for 2007 and $2,070,000 for 2008.

The 2009 appropriation includes $230,000 for 2008 and $2,070,000 for 2009.

Subd. 6. **Hennepin County and Minneapolis library systems merger.** For costs attributable to the library system merger:

$ 4,500,000 2008

If the Hennepin County and Minneapolis city library systems do not merge, any unexpended balance remaining in this appropriation must be allocated to increase the fiscal year 2008 entitlement for Basic System Support Grants under Minnesota Statutes, section 134.355. This appropriation is available through June 30, 2009. This is a onetime appropriation.

ARTICLE 7
STATE AGENCIES

Section 1. **[124D.805] COMMITTEES ON AMERICAN INDIAN EDUCATION PROGRAMS.**

Subdivision 1. **Establishment.** The commissioner of education shall create one or more American Indian education committees. Members must include representatives of tribal bodies, community groups, parents of children eligible to be served by the programs for American Indian children in American Indian schools, American Indian administrators and teachers, persons experienced in training teachers for American Indian education programs, persons involved in programs for American Indian children in American Indian schools, and persons knowledgeable about American Indian education. The commissioner of education shall appoint members who are representative of significant segments of the American Indian population.

Subd. 2. **Committee to advise commissioner.** Each committee on American Indian education programs shall advise the commissioner regarding the commissioner's duties under sections 124D.71 to 124D.82 and other programs for educating American Indian people as determined by the commissioner.

Subd. 3. **Expenses.** Each committee must be reimbursed for expenses under section 15.059, subdivision 6. The commissioner must determine the membership terms and the duration of each committee, which must expire no later than June 30, 2020.

Sec. 2. Minnesota Statutes 2006, section 517.08, subdivision 1c, is amended to read:

Subd. 1c. **Disposition of license fee.** (a) Of the marriage license fee collected pursuant to subdivision 1b, paragraph (a), $15 must be retained by the county. The local registrar must pay $85 to the commissioner of finance to be deposited as follows:

(1) $50 in the general fund;

(2) $3 in the state government special revenue fund to be appropriated to the commissioner of ~~education~~ public safety for parenting time centers under section 119A.37;

(3) $2 in the special revenue fund to be appropriated to the commissioner of health for developing and implementing the MN ENABL program under section 145.9255;

(4) $25 in the special revenue fund is appropriated to the commissioner of employment and economic development for the displaced homemaker program under section 116L.96; and

(5) $5 in the special revenue fund is appropriated to the commissioner of human services for the Minnesota Healthy Marriage and Responsible Fatherhood Initiative under section 256.742.

(b) Of the $30 fee under subdivision 1b, paragraph (b), $15 must be retained by the county. The local registrar must pay $15 to the commissioner of finance to be deposited as follows:

(1) $5 as provided in paragraph (a), clauses (2) and (3); and

(2) $10 in the special revenue fund is appropriated to the commissioner of employment and economic development for the displaced homemaker program under section 116L.96.

(c) The increase in the marriage license fee under paragraph (a) provided for in Laws 2004, chapter 273, and disbursement of the increase in that fee to the special fund for the Minnesota Healthy Marriage and Responsible Fatherhood Initiative under paragraph (a), clause (5), is contingent upon the receipt of federal funding under United States Code, title 42, section 1315, for purposes of the initiative.

Sec. 3. **RULEMAKING AUTHORITY; CAREER AND TECHNICAL EDUCATION.**

The commissioner of education shall adopt rules under Minnesota Statutes, chapter 14, for the administration of career and technical education programs for grades 7 through 12 under Minnesota Statutes, sections 124D.452, 124D.4531, and 124D.454, to ensure that the career and technical levy and programs can be administered to serve students under the current state and local organizational structures.

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

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

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

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

$	22,003,000	.....	2008
$	22,309,000	.....	2009

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

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

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

(d) $614,000 in fiscal year 2008 and $622,000 in fiscal year 2009 are for the Board of Teaching.

(e) $162,000 in fiscal year 2008 and $165,000 in fiscal year 2009 are for the Board of School Administrators.

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

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

(h) $7,000 in fiscal year 2008 is for rulemaking for health and physical education standards.

(i) $40,000 each year is for an early hearing loss intervention coordinator under Minnesota Statutes, section 125A.63, subdivision 5.

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

(l) $41,000 per year is for the Academy of Science.

Sec. 5. **APPROPRIATIONS; MINNESOTA STATE ACADEMIES.**

The sums indicated in this section are appropriated from the general fund to the Minnesota State Academies for the Deaf and the Blind for the fiscal years designated:

$ 11,504,000 2008

$ 11,527,000 2009

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

Sec. 6. **APPROPRIATIONS; PERPICH CENTER FOR ARTS EDUCATION.**

The sums indicated in this section are appropriated from the general fund to the Perpich Center for Arts Education for the fiscal years designated:

$ 6,727,000 2008

$ 6,833,000 2009

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

Sec. 7. **APPROPRIATIONS; DEPARTMENT OF PUBLIC SAFETY.**

The sums indicated in this section are appropriated from the state government special revenue fund to the Department of Public Safety for the fiscal years designated to fund parenting time centers as described in Minnesota Statutes, section 119A.37:

$ 96,000 2008

$ 96,000 2009

ARTICLE 8
EDUCATION FORECAST ADJUSTMENTS
A. GENERAL EDUCATION

Section 1. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 2, as amended by Laws 2006, chapter 282, article 3, section 2, is amended to read:

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

$ 5,819,153,000 2006

~~5,472,238,000~~

$ 5,453,693,000 2007

The 2006 appropriation includes $787,978,000 for 2005 and $5,031,175,000 for 2006.

The 2007 appropriation includes ~~$513,848,000~~ $518,218,000 for 2006 and ~~$4,958,390,000~~ $4,935,475,000 for 2007.

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

Sec. 2. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 4, is amended to read:

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

$ 55,000 2006

~~55,000~~

$ 93,000 2007

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

Sec. 3. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 5, as amended by Laws 2006, chapter 282, article 7, section 2, is amended to read:

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

$ 909,000 2006

~~1,026,000~~

$ 765,000 2007

The 2006 appropriation includes $187,000 for 2005 and $722,000 for 2006.

The 2007 appropriation includes $80,000 for 2006 and ~~$946,000~~ $685,000 for 2007.

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

Sec. 4. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 6, as amended by Laws 2006, chapter 282, article 7, section 3, is amended to read:

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

~~527,000~~
$ 388,000 2007

The 2007 appropriation includes $0 for 2006 and ~~$527,000~~ $388,000 for 2007.

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

Sec. 5. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 7, as amended by Laws 2006, chapter 282, article 7, section 4, is amended to read:

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

$ 15,458,000 2006
~~15,991,000~~
$ 15,972,000 2007

The 2006 appropriation includes $1,864,000 for 2005 and $13,594,000 for 2006.

The 2007 appropriation includes $1,510,000 for 2006 and ~~$14,481,000~~ $14,462,000 for 2007.

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

Sec. 6. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 8, as amended by Laws 2006, chapter 282, article 7, section 5, is amended to read:

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

$ 21,371,000 2006
~~20,843,000~~
$ 21,133,000 2007

The 2006 appropriation includes $3,274,000 for 2005 and $18,097,000 for 2006.

The 2007 appropriation includes $2,010,000 for 2006 and ~~$18,833,000~~ $19,123,000 for 2007.

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

B. EDUCATION EXCELLENCE

Sec. 7. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision 2, as amended by Laws 2006, chapter 282, article 7, section 6, is amended to read:

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

$ 25,331,000 2006

~~27,806,000~~

$ 27,795,000 2007

The 2006 appropriation includes $3,173,000 for 2005 and $22,158,000 for 2006.

The 2007 appropriation includes $2,462,000 for 2006 and ~~$25,344,000~~ $25,333,000 for 2007.

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

Sec. 8. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision 3, as amended by Laws 2006, chapter 282, article 7, section 7, is amended to read:

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

$ 1,291,000 2006

~~2,347,000~~

$ 2,316,000 2007

The 2006 appropriation includes $0 for 2005 and $1,291,000 for 2006.

The 2007 appropriation includes $143,000 for 2006 and ~~$2,204,000~~ $2,173,000 for 2007.

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

Sec. 9. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision 4, as amended by Laws 2006, chapter 282, article 7, section 8, is amended to read:

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

$ 59,404,000 2006

~~58,405,000~~

$ 58,075,000 2007

The 2006 appropriation includes $8,545,000 for 2005 and $50,859,000 for 2006.

The 2007 appropriation includes $5,650,000 for 2006 and ~~$52,755,000~~ $52,425,000 for 2007.

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

Sec. 10. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision 6, as amended by Laws 2006, chapter 282, article 7, section 9, is amended to read:

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

$ 6,032,000 2006

~~10,134,000~~

$ 8,169,000 2007

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

Sec. 11. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision 10, as amended by Laws 2006, chapter 282, article 7, section 11, is amended to read:

Subd. 10. **Tribal contract schools.** For tribal contract school aid under Minnesota Statutes, section 124D.83:

$ 2,338,000 2006

~~2,357,000~~

$ 2,060,000 2007

The 2006 appropriation includes $348,000 for 2005 and $1,990,000 for 2006.

The 2007 appropriation includes $221,000 for 2006 and ~~$2,136,000~~ $1,839,000 for 2007.

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

C. SPECIAL PROGRAMS

Sec. 12. Laws 2005, First Special Session chapter 5, article 3, section 18, subdivision 2, as amended by Laws 2006, chapter 282, article 7, section 12, is amended to read:

Subd. 2. **Special education; regular.** For special education aid under Minnesota Statutes, section 125A.75:

$ 559,485,000 2006

~~528,106,000~~

$ 529,257,000 2007

The 2006 appropriation includes $83,078,000 for 2005 and $476,407,000 for 2006.

The 2007 appropriation includes $52,934,000 for 2006 and ~~$475,172,000~~ $476,323,000 for 2007.

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

Sec. 13. Laws 2005, First Special Session chapter 5, article 3, section 18, subdivision 3, as amended by Laws 2006, chapter 282, article 7, section 13, is amended to read:

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

$ 1,527,000 2006

~~1,624,000~~

$ 1,410,000 2007

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

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

Sec. 14. Laws 2005, First Special Session chapter 5, article 3, section 18, subdivision 4, as amended by Laws 2006, chapter 282, article 7, section 14, is amended to read:

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

$ 198,000 2006

~~195,000~~

$ 224,000 2007

The 2006 appropriation includes $28,000 for 2005 and $170,000 for 2006.

The 2007 appropriation includes $18,000 for 2006 and ~~$177,000~~ $206,000 for 2007.

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

Sec. 15. Laws 2005, First Special Session chapter 5, article 3, section 18, subdivision 6, as amended by Laws 2006, chapter 282, article 7, section 16, is amended to read:

Subd. 6. **Transition for disabled students.** For aid for transition programs for children with disabilities under Minnesota Statutes, section 124D.454:

$ 9,300,000 2006

~~8,781,000~~

$ 8,800,000 2007

The 2006 appropriation includes $1,380,000 for 2005 and $7,920,000 for 2006.

The 2007 appropriation includes $880,000 for 2006 and ~~$7,901,000~~ $7,920,000 for 2007.

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

D. FACILITIES

Sec. 16. Laws 2005, First Special Session chapter 5, article 4, section 25, subdivision 2, as amended by Laws 2006, chapter 282, article 7, section 18, is amended to read:

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

$ 823,000 2006

~~352,000~~

$ 249,000 2007

The 2006 appropriation includes $211,000 for 2005 and $612,000 for 2006.

The 2007 appropriation includes $68,000 for 2006 and ~~$284,000~~ $181,000 for 2007.

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

Sec. 17. Laws 2005, First Special Session chapter 5, article 4, section 25, subdivision 3, as amended by Laws 2006, chapter 282, article 5, section 2, is amended to read:

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

$ 27,206,000 2006

~~18,410,000~~

$ 18,395,000 2007

The 2006 appropriation includes $4,654,000 for 2005 and $22,552,000 for 2006.

The 2007 appropriation includes $2,504,000 for 2006 and $~~15,906,000~~ 15,891,000 for 2007.

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

E. NUTRITION

Sec. 18. Laws 2005, First Special Session chapter 5, article 5, section 17, subdivision 3, as amended by Laws 2006, chapter 282, article 7, section 20, is amended to read:

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

$ 4,856,000 2006

~~5,044,000~~

$ 5,175,000 2007

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

F. EARLY CHILDHOOD EDUCATION

Sec. 19. Laws 2005, First Special Session chapter 5, article 7, section 20, subdivision 2, as amended by Laws 2006, chapter 282, article 7, section 24, is amended to read:

Subd. 2. **School readiness.** For revenue for school readiness programs under Minnesota Statutes, sections 124D.15 and 124D.16:

$ 9,528,000 2006

~~9,020,000~~

$ 9,087,000 2007

The 2006 appropriation includes $1,415,000 for 2005 and $8,113,000 for 2006.

The 2007 appropriation includes $901,000 for 2006 and ~~$8,119,000~~ $8,186,000 for 2007.

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

Sec. 20. Laws 2005, First Special Session chapter 5, article 7, section 20, subdivision 3, as amended by Laws 2006, chapter 282, article 2, section 24, is amended to read:

Subd. 3. **Early childhood family education aid.** For early childhood family education aid under Minnesota Statutes, section 124D.135:

$ 15,105,000 2006

~~17,792,000~~

$ 17,639,000 2007

The 2006 appropriation includes $1,859,000 for 2005 and $13,246,000 for 2006.

The 2007 appropriation includes $1,471,000 for 2006 and ~~$16,321,000~~ $16,168,000 for 2007.

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

Sec. 21. Laws 2005, First Special Session chapter 5, article 7, section 20, subdivision 4, as amended by Laws 2006, chapter 282, article 2, section 25, is amended to read:

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

$ 3,000,000 2006

~~2,997,000~~

$ 2,880,000 2007

The 2006 appropriation includes $417,000 for 2005 and $2,583,000 for 2006

The 2007 appropriation includes $287,000 for 2006 and ~~$2,710,000~~ $2,593,000 for 2007.

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

Sec. 22. Laws 2006, chapter 282, article 2, section 28, subdivision 4, is amended to read:

Subd. 4. **Early childhood Part C.** For the expansion of early childhood Part C services:

~~400,000~~
$ -0- 2007

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

G. PREVENTION

Sec. 23. Laws 2005, First Special Session chapter 5, article 8, section 8, subdivision 2, as amended by Laws 2006, chapter 282, article 7, section 25, is amended to read:

Subd. 2. **Community education aid.** For community education aid under Minnesota Statutes, section 124D.20:

$ 2,043,000 2006
~~1,949,000~~
$ 1,942,000 2007

The 2006 appropriation includes $385,000 for 2005 and $1,658,000 for 2006.

The 2007 appropriation includes $184,000 for 2006 and ~~$1,765,000~~ $1,758,000 for 2007.

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

Sec. 24. Laws 2005, First Special Session chapter 5, article 8, section 8, subdivision 5, as amended by Laws 2006, chapter 282, article 7, section 27, is amended to read:

Subd. 5. **School-age care revenue.** For extended day aid under Minnesota Statutes, section 124D.22:

$ 17,000 2006
~~4,000~~
$ 6,000 2007

The 2006 appropriation includes $4,000 for 2005 and $13,000 for 2006.

The 2007 appropriation includes $1,000 for 2006 and ~~$3,000~~ $5,000 for 2007.

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

H. SELF-SUFFICIENCY AND LIFELONG LEARNING

Sec. 25. Laws 2005, First Special Session chapter 5, article 9, section 4, subdivision 2, is amended to read:

Subd. 2. **Adult basic education aid.** For adult basic education aid under Minnesota Statutes:

$ 36,518,000 2006

~~36,540,000~~

$ 37,486,000 2007

The 2006 appropriation includes $5,707,000 for 2005 and $30,811,000 for 2006.

The 2007 appropriation includes ~~$5,737,000~~ $3,654,000 for 2006 and ~~$30,803,000~~ $33,832,000 for 2007.

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

ARTICLE 9
TECHNICAL AND CONFORMING AMENDMENTS

Section 1. Minnesota Statutes 2006, section 122A.628, subdivision 2, is amended to read:

Subd. 2. **Revenue.** A school district that is selected to participate in the schools mentoring schools program under this section may utilize its professional compensation revenue under section ~~122A.4142~~ 122A.414, subdivision 4, to pay regional training sites for staff development and training services.

Sec. 2. Minnesota Statutes 2006, section 123A.73, subdivision 8, is amended to read:

Subd. 8. **Taxable property.** As of the effective date of a consolidation of districts or the dissolution of a district and its attachment to one or more existing districts pursuant to chapter 123A, ~~and subject to the conditions of section 126C.42, subdivision 1,~~ all the taxable property which is in the newly created or enlarged district and which was previously taxable for the payment of any statutory operating debt theretofore incurred by any preexisting district of which the taxable property was a part prior to the consolidation or dissolution and attachment shall remain taxable for the payment of that debt and shall not become taxable for the payment of any statutory operating debt theretofore incurred by any preexisting district of which the taxable property was not a part prior to the consolidation or dissolution and attachment. The amount of statutory operating debt attributable to that taxable property and to the newly created or enlarged district in which it is located, and the amount of a preexisting district's reserved fund balance reserve account for purposes of statutory operating debt reduction attributable to the newly created or enlarged district, shall be apportioned according to the proportion which the adjusted net tax capacity of that part of the preexisting district bears to the total adjusted net tax capacity of the entire preexisting district at the time of the consolidation or dissolution

and attachment. This apportionment shall be made by the county auditor and shall be incorporated as an annex to the order of the commissioner dividing the assets and liabilities of the component districts. As used in this section, "statutory operating debt" shall have the meaning given it in section 123B.81.

Sec. 3. Minnesota Statutes 2006, section 123B.79, subdivision 6, is amended to read:

Subd. 6. **Account transfer for statutory operating debt.** On June 30 of each year, a district may make a permanent transfer from the general fund account entitled "net unreserved general fund balance since statutory operating debt" to the account entitled "reserved fund balance reserve account for purposes of statutory operating debt reduction." The amount of the transfer is limited to ~~the lesser of (a)~~ the net unreserved general fund balance~~, or (b) the sum of the remaining statutory operating debt levies authorized for all future years according to section 126C.42, subdivision 1~~. If the net unreserved general fund balance is less than zero, the district may not make a transfer.

Sec. 4. Minnesota Statutes 2006, section 123B.81, subdivision 2, is amended to read:

Subd. 2. **Statutory operating debt.** If the amount of the operating debt is more than 2-1/2 percent of the most recent fiscal year's expenditure amount for the funds considered under subdivision 1, the net negative undesignated fund balance is defined as "statutory operating debt" for the purposes of this section and ~~sections~~ section 123B.83 ~~and 126C.42, subdivision 1~~.

Sec. 5. Minnesota Statutes 2006, section 123B.81, subdivision 4, is amended to read:

Subd. 4. **Debt elimination.** If an audit or other verification procedure conducted pursuant to subdivision 3 determines that a statutory operating debt exists, a district must follow the procedures set forth in this section ~~126C.42, subdivision 1,~~ to eliminate this statutory operating debt.

Sec. 6. Minnesota Statutes 2006, section 123B.81, subdivision 7, is amended to read:

Subd. 7. **Applicability.** This section ~~and the provisions of section 126C.42, subdivision 1, are~~ is applicable only to common, independent, and special school districts and districts formed pursuant to Laws 1967, chapter 822, as amended, and Laws 1969, chapters 775 and 1060, as amended. This section ~~and the provisions of section 126C.42, subdivision 1, do~~ does not apply to Independent School District No. 625.

Sec. 7. Minnesota Statutes 2006, section 123B.83, subdivision 2, is amended to read:

Subd. 2. **Net unreserved general fund balances.** A school district must limit its expenditures so that its net unreserved general fund balance does not constitute statutory operating debt ~~as defined in section 126C.42~~ under section 123B.81.

Sec. 8. Minnesota Statutes 2006, section 124D.34, subdivision 7, is amended to read:

Subd. 7. **Foundation staff.** The commissioner of education shall appoint the executive director of the foundation from three candidates nominated and submitted by the foundation board of directors and, as necessary, other staff who shall perform duties and have responsibilities solely related to the foundation. The employees appointed are not state employees under chapter 43A, but are covered under section 3.736. The employees may participate in the state health and state insurance plans for employees in unclassified service. The employees shall be supervised by the executive director.

The commissioner shall appoint ~~from the Office of Lifework Development~~ a liaison to the foundation board from the division in the department responsible for career and technical education.

Sec. 9. Minnesota Statutes 2006, section 124D.65, subdivision 11, is amended to read:

Subd. 11. **Allocations from cooperative units.** For the purposes of this section ~~and section 125A.77~~, pupils of limited English proficiency enrolled in a cooperative or intermediate school district unit shall be counted by the school district of residence, and the cooperative unit shall allocate its approved expenditures for limited English proficiency programs among participating school districts. Limited English proficiency aid for services provided by a cooperative or intermediate school district shall be paid to the participating school districts.

Sec. 10. Minnesota Statutes 2006, section 125A.39, is amended to read:

125A.39 LOCAL INTERAGENCY AGREEMENTS.

School boards and the county board may enter into agreements to cooperatively serve and provide funding for children with disabilities, under age five, and their families within a specified geographic area.

The local interagency agreement must address, at a minimum, the following issues:

(1) responsibilities of local agencies on local interagency early intervention committees (IEIC's), consistent with section 125A.38;

(2) assignment of financial responsibility for early intervention services;

(3) methods to resolve intraagency and interagency disputes;

(4) identification of current resources and recommendations about the allocation of additional state and federal early intervention funds under the auspices of United States Code, title 20, section 1471 et seq. (Part C, Public Law ~~102-119~~ 108-446) and United States Code, title 20, section 631, et seq. (Chapter I, Public Law 89-313);

(5) data collection; and

(6) other components of the local early intervention system consistent with Public Law 102-119.

Sec. 11. Minnesota Statutes 2006, section 125A.42, is amended to read:

125A.42 PROCEDURAL SAFEGUARDS; PARENT AND CHILD RIGHTS.

(a) This section applies to local school and county boards for children from birth through age two who are eligible for Part ~~H~~ C, Public Law ~~102-119~~ 108-446, and their families. This section must be consistent with the Individuals with Disabilities Education Act, United States Code, title 20, sections 1471 to 1485 (Part ~~H~~ C, Public Law ~~102-119~~ 108-446), regulations adopted under United States Code, title 20, sections 1471 to 1485, and sections 125A.259 to 125A.48.

(b) A parent has the right to:

(1) inspect and review early intervention records;

(2) prior written notice of a proposed action in the parents' native language unless it is clearly not feasible to do so;

(3) give consent to any proposed action;

(4) selectively accept or decline any early intervention service; and

(5) resolve issues regarding the identification, evaluation, or placement of the child, or the provision of appropriate early intervention services to the child and the child's family through an impartial due process hearing pursuant to section 125A.46.

(c) The eligible child has the right to have a surrogate parent appointed by a school district as required by section 125A.07.

Sec. 12. Minnesota Statutes 2006, section 125A.44, is amended to read:

125A.44 COMPLAINT PROCEDURE.

(a) An individual or organization may file a written signed complaint with the commissioner of the state lead agency alleging that one or more requirements of the Code of Federal Regulations, title 34, part 303, is not being met. The complaint must include:

(1) a statement that the state has violated the Individuals with Disabilities Education Act, United States Code, title 20, section 1471 et seq. (Part C, Public Law ~~102-119~~ 108-446) or Code of Federal Regulations, title 34, section 303; and

(2) the facts on which the complaint is based.

(b) The commissioner of the state lead agency shall receive and coordinate with other state agencies the review and resolution of a complaint within 60 calendar days according to the state interagency agreement required under section 125A.48. The development and disposition of corrective action orders for nonschool agencies shall be determined by the State Agency Committee (SAC). Failure to comply with corrective orders may result in fiscal actions or other measures.

Sec. 13. Minnesota Statutes 2006, section 125A.45, is amended to read:

125A.45 INTERAGENCY DISPUTE PROCEDURE.

(a) A dispute between a school board and a county board that is responsible for implementing the provisions of section 125A.29 regarding early identification, child and family assessment, service coordination, and IFSP development and implementation must be resolved according to this subdivision when the dispute involves services provided to children and families eligible under the Individuals with Disabilities Education Act, United States Code, title 20, section 1471 et seq. (Part C, Public Law ~~102-119~~ 108-446).

(b) A dispute occurs when the school board and county board are unable to agree as to who is responsible to coordinate, provide, pay for, or facilitate payment for services from public and private sources.

(c) Written and signed disputes must be filed with the local primary agency.

(d) The local primary agency must attempt to resolve the matter with the involved school board and county board and may request mediation from the commissioner of the state lead agency for this purpose.

(e) When interagency disputes have not been resolved within 30 calendar days, the local primary agency must request the commissioner of the state lead agency to review the matter with the commissioners of health and human services and make a decision. The commissioner must provide a consistent process for reviewing those procedures. The commissioners' decision is binding subject to the right of an aggrieved party to appeal to the state Court of Appeals.

(f) The local primary agency must ensure that eligible children and their families receive early intervention services during resolution of a dispute. While a local dispute is pending, the local primary agency must either assign financial responsibility to an agency or pay for the service from the early intervention account under section 125A.35. If in resolving the dispute, it is determined that the assignment of financial responsibility was inappropriate, the responsibility for payment must be reassigned to the appropriate agency

and the responsible agency must make arrangements for reimbursing any expenditures incurred by the agency originally assigned financial responsibility.

Sec. 14. Minnesota Statutes 2006, section 125B.15, is amended to read:

125B.15 INTERNET ACCESS FOR STUDENTS.

(a) Recognizing the difference between school libraries, school computer labs, and school media centers, which serve unique educational purposes, and public libraries, which are designed for public inquiry, all computers at a school site with access to the Internet available for student use must be equipped to restrict, including by use of available software filtering technology or other effective methods, all student access to material that is reasonably believed to be obscene or child pornography or material harmful to minors under federal or state law.

(b) A school site is not required to purchase filtering technology if the school site would incur more than incidental expense in making the purchase.

(c) A school district receiving technology revenue under section ~~125B.25~~ 125B.26 must prohibit, including through use of available software filtering technology or other effective methods, adult access to material that under federal or state law is reasonably believed to be obscene or child pornography.

(d) A school district, its agents or employees, are immune from liability for failure to comply with this section if they have made a good faith effort to comply with the requirements of this section.

(e) "School site" means an education site as defined in section 123B.04, subdivision 1, or charter school under section 124D.10.

Sec. 15. Minnesota Statutes 2006, section 126C.01, subdivision 9, is amended to read:

Subd. 9. **Training and experience index.** "Training and experience index" means a measure of a district's teacher training and experience relative to the education and experience of teachers in the state. The measure must be determined pursuant to Minnesota Statutes 1996, section 126C.11.

Sec. 16. Minnesota Statutes 2006, section 126C.05, subdivision 1, is amended to read:

Subdivision 1. **Pupil unit.** Pupil units for each Minnesota resident pupil under the age of 21 or who meets the requirements of section 120A.20, subdivision 1, paragraph (c), in average daily membership enrolled in the district of residence, in another district under sections 123A.05 to 123A.08, 124D.03, 124D.06, ~~124D.07,~~ 124D.08, or 124D.68; in a charter school under section 124D.10; or for whom the resident district pays tuition

under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, shall be counted according to this subdivision.

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

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

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

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

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

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

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

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

Sec. 17. Minnesota Statutes 2006, section 126C.48, subdivision 7, is amended to read:

Subd. 7. **Reporting.** For each tax settlement, the county auditor shall report to each school district by fund, the district tax settlement revenue defined in section 123B.75, subdivision 5, paragraph (a), ~~and the amount levied pursuant to section 126C.42, subdivision 1,~~ on the form specified in section 276.10. The county auditor shall send to the district a copy of the spread levy report specified in section 275.124.

Sec. 18. Minnesota Statutes 2006, section 134.355, subdivision 9, is amended to read:

Subd. 9. **Telecommunications aid.** An application for regional library telecommunications aid must, at a minimum, contain information to document the following:

(1) the connections are adequate and employ an open network architecture that will ensure interconnectivity and interoperability with school districts, postsecondary education, or other governmental agencies;

(2) that the connection is established through the most cost-effective means and that the regional library has explored and coordinated connections through school districts, postsecondary education, or other governmental agencies;

(3) that the regional library system has filed an e-rate application; and

(4) other information, as determined by the commissioner of ~~children, families, and learning~~ education, to ensure that connections are coordinated, efficient, and cost-effective, take advantage of discounts, and meet applicable state standards.

The library system may include costs associated with cooperative arrangements with postsecondary institutions, school districts, and other governmental agencies.

Sec. 19. **REPEALER.**

Minnesota Statutes 2006, sections 123A.22, subdivision 11; and 123B.81, subdivision 8, are repealed.

ARTICLE 10
PUPIL TRANSPORTATION STANDARDS

Section 1. Minnesota Statutes 2006, section 123B.88, subdivision 12, is amended to read:

Subd. 12. **Early childhood family education participants.** Districts may provide bus transportation along ~~regular~~ school bus routes when space is available for participants in early childhood family education programs and school readiness programs if these services do not result in an increase in the district's expenditures for transportation. The costs allocated to these services, as determined by generally accepted accounting principles, shall be considered part of the authorized cost for ~~regular~~ transportation for the purposes of section 123B.92.

EFFECTIVE DATE. This section is effective the day following final enactment and applies for fiscal year 2007 and later.

Sec. 2. Minnesota Statutes 2006, section 123B.90, subdivision 2, is amended to read:

Subd. 2. **Student training.** (a) Each district must provide public school pupils enrolled in kindergarten through grade 10 with age-appropriate school bus safety training, as described in this section, of the following concepts:

(1) transportation by school bus is a privilege and not a right;

(2) district policies for student conduct and school bus safety;

(3) appropriate conduct while on the school bus;

(4) the danger zones surrounding a school bus;

(5) procedures for safely boarding and leaving a school bus;

(6) procedures for safe street or road crossing; and

(7) school bus evacuation.

(b) Each nonpublic school located within the district must provide all nonpublic school pupils enrolled in kindergarten through grade 10 who are transported by school bus at public expense and attend school within the district's boundaries with training as required in paragraph (a).

(c) Students enrolled in kindergarten through grade 6 who are transported by school bus and are enrolled during the first or second week of school must receive the school bus safety training competencies by the end of the third week of school. Students enrolled in grades 7 through 10 who are transported by school bus and are enrolled during the first or second week of school and have not previously received school bus safety training must receive the training or receive bus safety instructional materials by the end of the sixth week of school. Students taking driver's training instructional classes ~~and other students in grades 9 and 10~~ must receive training in the laws and proper procedures when operating a motor vehicle in the vicinity of a school bus as required by section 169.446, subdivisions 2 and 3. Students enrolled in kindergarten through grade 10 who enroll in a school after the second week of school and are transported by school bus and have not received training in their previous school district shall undergo school bus safety training or receive bus safety instructional materials within four weeks of the first day of attendance. Upon request of the superintendent of schools, the school transportation safety director in each district must certify to the superintendent ~~of schools annually~~ that all students transported by school bus within the district have received the school bus safety training according to this section. Upon request of the superintendent of the school district where the nonpublic school is located, the principal or other chief administrator of each nonpublic school must certify ~~annually~~ to the school transportation safety director of the district in which the school is located that the school's students transported by school bus at public expense have received training according to this section.

(d) A district and a nonpublic school with students transported by school bus at public expense may provide kindergarten pupils with bus safety training before the first day of school.

(e) A district and a nonpublic school with students transported by school bus at public expense may also provide student safety education for bicycling and pedestrian safety, for students enrolled in kindergarten through grade 5.

(f) A district and a nonpublic school with students transported by school bus at public expense must make reasonable accommodations for the school bus safety training of pupils known to speak English as a second language and pupils with disabilities.

(g) The district and a nonpublic school with students transported by school bus at public expense must provide students enrolled in kindergarten through grade 3 school bus safety training twice during the school year.

(h) A district and a nonpublic school with students transported by school bus at public expense must conduct a school bus evacuation drill at least once during the school year.

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

Sec. 3. Minnesota Statutes 2006, section 123B.92, subdivision 5, is amended to read:

Subd. 5. **District reports.** (a) Each district must report data to the department as required by the department to account for transportation expenditures.

(b) Salaries and fringe benefits of district employees whose primary duties are other than transportation, including central office administrators and staff, building administrators and staff, teachers, social workers, school nurses, and instructional aides, must not be included in a district's transportation expenditures, except that a district may include salaries and benefits according to paragraph (c) for (1) an employee designated as the district transportation director, (2) an employee providing direct support to the transportation director, or (3) an employee providing direct transportation services such as a bus driver or bus aide.

(c) Salaries and fringe benefits of the district employees listed in paragraph (b), clauses (1), (2), and (3), who work part time in transportation and part time in other areas must not be included in a district's transportation expenditures unless the district maintains documentation of the employee's time spent on pupil transportation matters in the form and manner prescribed by the department.

(d) Pupil transportation expenditures, excluding expenditures for capital outlay, leased buses, student board and lodging, crossing guards, and aides on buses, must be allocated among transportation categories based on cost-per-mile, cost-per-student, cost-per-hour, or cost-per-route, regardless of whether the transportation services are provided on district-owned or contractor-owned school buses. Expenditures for school bus driver salaries and fringe benefits may either be directly charged to the appropriate transportation category or may be allocated among transportation categories based

on cost-per-mile, cost-per-student, cost-per-hour, or cost-per-route. Expenditures by private contractors or individuals who provide transportation exclusively in one transportation category must be charged directly to the appropriate transportation category. Transportation services provided by contractor-owned school bus companies incorporated under different names but owned by the same individual or group of individuals must be treated as the same company for cost allocation purposes.

(e) Notwithstanding paragraph (d), districts contracting for transportation services are exempt from the standard cost allocation method for authorized and nonauthorized transportation categories if the district (1) bid its contracts separately for authorized and nonauthorized transportation categories, (2) received bids or quotes from more than one vendor for these transportation categories or can demonstrate that efforts were made to solicit bids or quotes through advertising, and (3) the district's cost-per-mile, cost-per-hour, or cost-per-route does not vary more than ten percent among authorized transportation categories, excluding expenditures for capital outlay, leased buses, student board and lodging, crossing guards, special equipment, and aides on buses. If the costs reported by the district for contractor-owned operations vary more than the parameters outlined above, the department shall require the district to reallocate its transportation costs, excluding salaries and fringe benefits of bus aids, among all categories.

EFFECTIVE DATE. This section is effective the day following final enactment and applies for fiscal year 2007 and later.

Sec. 4. Minnesota Statutes 2006, section 169.01, subdivision 6, is amended to read:

Subd. 6. **School bus.** (a) "School bus" means a motor vehicle used to transport pupils to or from a school defined in section 120A.22, or to or from school-related activities, by the school or a school district, or by someone under an agreement with the school or a school district. A school bus does not include a motor vehicle transporting children to or from school for which parents or guardians receive direct compensation from a school district, a motor coach operating under charter carrier authority, a transit bus providing services as defined in section 174.22, subdivision 7, ~~a multifunction school activity bus as defined by federal motor vehicle safety standards,~~ or a vehicle otherwise qualifying as a type III vehicle under paragraph ~~(5)~~ (6), when the vehicle is properly registered and insured and being driven by an employee or agent of a school district for nonscheduled or nonregular transportation. A school bus may be type A, type B, type C, ~~or~~ type D, a multifunctional school activity bus, or type III as follows:

(1) A "type A school bus" is a ~~van~~ conversion ~~or~~ bus constructed utilizing a cutaway front section vehicle with a left-side driver's door. ~~The entrance door is behind the front~~

~~wheels.~~ This definition includes two classifications: type A-I, with a gross vehicle weight rating (GVWR) ~~less than or equal to 10,000~~ 14,500 pounds or less; and type A-II, with a GVWR greater than ~~10,000~~ 14,500 pounds and less than or equal to 21,500 pounds.

(2) A "type B school bus" is constructed utilizing a stripped chassis. The entrance door is behind the front wheels. This definition includes two classifications: type B-I, with a GVWR less than or equal to 10,000 pounds; and type B-II, with a GVWR greater than 10,000 pounds.

(3) A "type C school bus" is constructed utilizing a chassis with a hood and front fender assembly. The entrance door is behind the front wheels. A "type C school bus" also includes a cutaway truck chassis or truck chassis with cab with or without a left side door and with a GVWR greater than 21,500 pounds.

(4) A "type D school bus" is constructed utilizing a stripped chassis. The entrance door is ahead of the front wheels.

(5) A "multifunctional school activity bus" is a bus that meets the federal motor vehicle safety standards definition, except for vehicles classified as type III school buses according to paragraph (6).

(6) Type III school buses and type III Head Start buses are restricted to passenger cars, station wagons, vans, and buses having a maximum manufacturer's rated seating capacity of ten or fewer people, including the driver, and a gross vehicle weight rating of 10,000 pounds or less. In this subdivision, "gross vehicle weight rating" means the value specified by the manufacturer as the loaded weight of a single vehicle. A "type III school bus" and "type III Head Start bus" must not be outwardly equipped and identified as a type A, B, C, or D school bus or type A, B, C, or D Head Start bus. A van or bus converted to a seating capacity of ten or fewer and placed in service on or after August 1, 1999, must have been originally manufactured to comply with the passenger safety standards.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 5. Minnesota Statutes 2006, section 169.01, is amended by adding a subdivision to read:

Subd. 92. **Cellular phone.** "Cellular phone" means a cellular, analog, wireless, or digital telephone capable of sending or receiving telephone or text messages without an access line for service.

Sec. 6. Minnesota Statutes 2006, section 169.443, is amended by adding a subdivision to read:

Subd. 9. **Personal cellular phone call prohibition.** A school bus driver may not operate a school bus while communicating over, or otherwise operating, a cellular phone for personal reasons, whether hand-held or hands free, when the vehicle is in motion.

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

Sec. 7. Minnesota Statutes 2006, section 169.447, subdivision 2, is amended to read:

Subd. 2. **Driver seat belt.** ~~New~~ School buses and Head Start buses ~~manufactured after December 31, 1994,~~ must be equipped with driver seat belts and seat belt assemblies of the type described in section 169.685, subdivision 3. School bus drivers and Head Start bus drivers must use these seat belts.

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

Sec. 8. Minnesota Statutes 2006, section 169.4501, subdivision 1, is amended to read:

Subdivision 1. **National standards adopted.** Except as provided in sections 169.4502 and 169.4503, the construction, design, equipment, and color of types A, B, C, ~~and~~ D and multifunctional school activity bus school buses used for the transportation of school children shall meet the requirements of the "bus chassis standards" and "bus body standards" in the ~~2000~~ 2005 edition of the "National School Transportation Specifications and Procedures" adopted by the National ~~Conference~~ Congress on School Transportation. Except as provided in section 169.4504, the construction, design, and equipment of types A, B, C, ~~and~~ D and multifunctional school activity bus school buses used for the transportation of students with disabilities also shall meet the requirements of the "specially equipped school bus standards" in the ~~2000~~ 2005 National School Transportation Specifications and Procedures. The "bus chassis standards," "bus body standards," and "specially equipped school bus standards" sections of the ~~2000~~ 2005 edition of the "National School Transportation Specifications and Procedures" are incorporated by reference in this chapter.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 9. Minnesota Statutes 2006, section 169.4501, subdivision 2, is amended to read:

Subd. 2. **Applicability.** (a) The standards adopted in this section and sections 169.4502 and 169.4503, govern the construction, design, equipment, and color of school buses used for the transportation of school children, when owned or leased and operated by a school or privately owned or leased and operated under a contract with a school.

Each school, its officers and employees, and each person employed under the contract is subject to these standards.

(b) The standards apply to school buses manufactured after ~~October 31, 2004~~ December 31, 2007. Buses complying with the standards when manufactured need not comply with standards established later except as specifically provided for by law.

(c) A school bus manufactured on or before ~~October 31, 2004~~ December 31, 2007, must conform to the Minnesota standards in effect on the date the vehicle was manufactured except as specifically provided for in law.

(d) A new bus body may be remounted on a used chassis provided that the remounted vehicle meets state and federal standards for new buses which are current at the time of the remounting. Permission must be obtained from the commissioner of public safety before the remounting is done. A used bus body may not be remounted on a new or used chassis.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 10. Minnesota Statutes 2006, section 169.4502, subdivision 5, is amended to read:

Subd. 5. **Electrical system; battery.** (a) The storage battery, as established by the manufacturer's rating, must be of sufficient capacity to care for starting, lighting, signal devices, heating, and other electrical equipment. In a bus with a gas-powered chassis, the battery or batteries must provide a minimum of 800 cold cranking amperes. In a bus with a diesel-powered chassis, the battery or batteries must provide a minimum of 1050 cold cranking amperes.

(b) In a type B bus with a gross vehicle weight rating of 15,000 pounds or more, and type C and D buses, the battery shall be temporarily mounted on the chassis frame. The final location of the battery and the appropriate cable lengths in these buses must comply with the SBMI design objectives booklet.

(c) All batteries shall be mounted according to chassis manufacturers' recommendations.

(d) In a type C bus, other than are powered by diesel fuel, a battery providing at least 550 cold cranking amperes may be installed in the engine compartment only if used in combination with a generator or alternator of at least ~~120~~ 130 amperes.

(e) A bus with a gross vehicle weight rating of 15,000 pounds or less may be equipped with a battery to provide a minimum of 550 cold cranking amperes only if used in combination with an alternator of at least ~~80~~ 130 amperes. This paragraph does not apply to those buses with wheelchair lifts or diesel engines.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 11. Minnesota Statutes 2006, section 169.4503, subdivision 13, is amended to read:

Subd. 13. **Identification.** (a) Each bus shall, in the beltline, identify the school district serviced, or company name, or owner of the bus. Numbers necessary for identification must appear on the sides and rear of the bus. Symbols or letters may be used on the outside of the bus near the entrance door for student identification. A manufacturer's nameplate or logo may be placed on the bus.

(b) Effective December 31, 1994, all type A, B, C, and D buses sold must display lettering "Unlawful to pass when red lights are flashing" on the rear of the bus. The lettering shall be in two-inch black letters on school bus yellow background. This message shall be displayed directly below the upper window of the rear door. On rear engine buses, it shall be centered at approximately the same location. Only signs and lettering approved or required by state law may be displayed.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 12. Minnesota Statutes 2006, section 169.4503, subdivision 20, is amended to read:

Subd. 20. **Seat and crash barriers.** (a) All restraining barriers and passenger seats shall be covered with a material that has fire retardant or fire block characteristics.

(b) All seats must have a minimum cushion depth of 15 inches and a seat back height of at least 20 inches above the seating reference point.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 13. Minnesota Statutes 2006, section 171.02, subdivision 2, is amended to read:

Subd. 2. **Driver's license classifications, endorsements, exemptions.** (a) Drivers' licenses are classified according to the types of vehicles that may be driven by the holder of each type or class of license. The commissioner may, as appropriate, subdivide the classes listed in this subdivision and issue licenses classified accordingly.

(b) Except as provided in paragraph (c), clauses (1) and (2), and subdivision 2a, no class of license is valid to operate a motorcycle, school bus, tank vehicle, double-trailer or triple-trailer combination, vehicle transporting hazardous materials, or bus, unless so endorsed. There are four general classes of licenses as described in paragraphs (c) through (f).

(c) Class D drivers' licenses are valid for:

(1) operating all farm trucks if the farm truck is:

(i) controlled and operated by a farmer, including operation by an immediate family member or an employee of the farmer;

(ii) used to transport agricultural products, farm machinery, or farm supplies, including hazardous materials, to or from a farm;

(iii) not used in the operations of a common or contract motor carrier as governed by Code of Federal Regulations, title 49, part 365; and

(iv) used within 150 miles of the farm;

(2) notwithstanding paragraph (b), operating an authorized emergency vehicle, as defined in section 169.01, subdivision 5, whether or not in excess of 26,000 pounds gross vehicle weight;

(3) operating a recreational vehicle as defined in section 168.011, subdivision 25, that is operated for personal use;

(4) operating all single-unit vehicles except vehicles with a gross vehicle weight of more than 26,000 pounds, vehicles designed to carry more than 15 passengers including the driver, and vehicles that carry hazardous materials;

(5) notwithstanding paragraph (d), operating a type A school bus or a multifunctional school activity bus without a school bus endorsement if:

~~(i) the bus has a gross vehicle weight of 10,000 pounds or less;~~

~~(ii) the bus is designed to transport 15 or fewer passengers, including the driver; and~~

~~(iii) the requirements of subdivision 2a are satisfied, as determined by the commissioner;~~

(i) the bus is designed to transport 15 or fewer passengers, including the driver;

(ii) the requirements of subdivision 2a are satisfied, as determined by the commissioner; and

(iii) the type A school bus or a multifunctional school activity bus has a gross vehicle weight of 14,500 pounds or less;

(6) operating any vehicle or combination of vehicles when operated by a licensed peace officer while on duty; and

(7) towing vehicles if:

(i) the towed vehicles have a gross vehicle weight of 10,000 pounds or less; or

(ii) the towed vehicles have a gross vehicle weight of more than 10,000 pounds and the combination of vehicles has a gross vehicle weight of 26,000 pounds or less.

(d) Class C drivers' licenses are valid for:

(1) operating class D motor vehicles;

(2) with a hazardous materials endorsement, transporting hazardous materials in class D vehicles; and

(3) with a school bus endorsement, operating school buses designed to transport 15 or fewer passengers, including the driver.

(e) Class B drivers' licenses are valid for:

(1) operating all class C motor vehicles, class D motor vehicles, and all other single-unit motor vehicles including, with a passenger endorsement, buses; and

(2) towing only vehicles with a gross vehicle weight of 10,000 pounds or less.

(f) Class A drivers' licenses are valid for operating any vehicle or combination of vehicles.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 14. Minnesota Statutes 2006, section 171.02, subdivision 2a, is amended to read:

Subd. 2a. **Exception for certain school bus drivers.** Notwithstanding subdivision 2, paragraph (c), the holder of a class D driver's license, without a school bus endorsement, may operate a type A school bus or a multifunctional school activity bus described in subdivision 2, paragraph (b), under the following conditions:

(a) The operator is an employee of the entity that owns, leases, or contracts for the school bus and is not solely hired to provide transportation services under this subdivision.

(b) The operator drives the school bus only from points of origin to points of destination, not including home-to-school trips to pick up or drop off students.

(c) The operator is prohibited from using the type A school bus eight-light system. Violation of this paragraph is a misdemeanor.

(d) The operator's employer has adopted and implemented a policy that provides for annual training and certification of the operator in:

(1) safe operation of the type of school bus the operator will be driving;

(2) understanding student behavior, including issues relating to students with disabilities;

(3) encouraging orderly conduct of students on the bus and handling incidents of misconduct appropriately;

(4) knowing and understanding relevant laws, rules of the road, and local school bus safety policies;

(5) handling emergency situations; and

(6) safe loading and unloading of students.

(e) A background check or background investigation of the operator has been conducted that meets the requirements under section 122A.18, subdivision 8, or 123B.03 for teachers; section 144.057 or chapter 245C for day care employees; or section 171.321,

subdivision 3, for all other persons operating a ~~type A school bus~~ vehicle under this subdivision.

(f) Operators shall submit to a physical examination as required by section 171.321, subdivision 2.

(g) The operator's driver's license is verified annually by the entity that owns, leases, or contracts for the ~~school bus~~ vehicle.

(h) A person who sustains a conviction, as defined under section 609.02, of violating section 169A.25, 169A.26, 169A.27, 169A.31, 169A.51, or 169A.52, or a similar statute or ordinance of another state is precluded from operating a school bus for five years from the date of conviction.

(i) A person who has ever been convicted of a disqualifying offense as defined in section 171.3215, subdivision 1, paragraph (c), may not operate a school bus under this subdivision.

(j) A person who sustains a conviction, as defined under section 609.02, of a fourth moving offense in violation of chapter 169 is precluded from operating a school bus for one year from the date of the last conviction.

(k) Students riding the ~~school bus~~ vehicle must have training required under section 123B.90, subdivision 2.

(l) An operator must be trained in the proper use of child safety restraints as set forth in the National Highway Traffic Safety Administration's "Guideline for the Safe Transportation of Pre-school Age Children in School Buses~~.~~," if child safety restraints are used by the passengers.

(m) Annual certification of the requirements listed in this subdivision must be maintained under separate file at the business location for each operator licensed under this subdivision and subdivision 2, paragraph (b), clause (5). The business manager, school board, governing body of a nonpublic school, or any other entity that owns, leases, or contracts for the school bus operating under this subdivision is responsible for maintaining these files for inspection.

(n) The ~~school bus~~ vehicle must bear a current certificate of inspection issued under section 169.451.

(o) On a type A school bus, the word "School" on the front and rear of the bus must be covered by a sign that reads "Activities" when the bus is being operated under authority of this subdivision.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 15. Minnesota Statutes 2006, section 171.321, subdivision 4, is amended to read:

Subd. 4. **Training.** (a) No person shall drive a class A, B, C, or D school bus when transporting school children to or from school or upon a school-related trip or activity without having demonstrated sufficient skills and knowledge to transport students in a safe and legal manner.

(b) A bus driver must have training or experience that allows the driver to meet at least the following competencies:

(1) safely operate the type of school bus the driver will be driving;

(2) understand student behavior, including issues relating to students with disabilities;

(3) encourage orderly conduct of students on the bus and handle incidents of misconduct appropriately;

(4) know and understand relevant laws, rules of the road, and local school bus safety policies;

(5) handle emergency situations; and

(6) safely load and unload students.

(c) The commissioner of public safety shall develop a comprehensive model school bus driver training program and model assessments for school bus driver training competencies, which are not subject to chapter 14. A school district, nonpublic school, or private contractor may use alternative assessments for bus driver training competencies with the approval of the commissioner of public safety. A driver may receive at least eight hours of school bus in-service training any year, as an alternative to being assessed for bus driver competencies after the initial year of being assessed for bus driver competencies. The employer shall keep the assessment or a record of the in-service training for the current period available for inspection by representatives of the commissioner.

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

Sec. 16. **RULES REVISED: COMMISSIONER OF PUBLIC SAFETY.**

Subdivision 1. **Rules revised under the good cause exemption.** The commissioner of public safety must amend and adopt the revisions to the rules listed below in subdivisions 2 to 8 under the good cause exemption to the rulemaking process under Minnesota Statutes, section 14.388, subdivision 1, clause (3).

Subd. 2. **Minnesota Rules, part 7470.0500.** The commissioner of public safety must amend Minnesota Rules, part 7470.0500, by replacing two obsolete references to the Department of Children, Families, and Learning, with a reference to the Department of Public Safety and removing references to specifically repealed rules.

Subd. 3. **Minnesota Rules, part 7470.0700.** The commissioner of public safety must amend Minnesota Rules, part 7470.0700, as follows:

(1) for the points assigned to school bus equipment defects, strike the reference to "orange" school buses and include a new school bus color exemption for multifunctional school activity buses;

(2) replace the references to type I and type II school buses with type A, B, C, or D school buses;

(3) exempt multifunctional school activity buses from the point reduction for not having a stop arm; and

(4) exempt multifunctional school activity buses from the point reduction for not having an eight-lamp warning lamp system.

Subd. 4. **Minnesota Rules, part 7470.1000.** The commissioner of public safety must amend Minnesota Rules, part 7470.1000, to:

(1) include multifunctional school activity buses in the headnote;

(2) update subpart 1 to include multifunctional school activity buses as a type of school bus listed after bus types A, B, C, and D;

(3) modify subpart 2 to clarify that the prohibition against loading or unloading while adjacent to a turn lane applies only when it is a right-hand turn lane and does not prohibit a bus from loading or unloading at the side of the road when there is a center turn lane; and

(3) expand the exception that allows service dogs on school buses to include all companion animals.

Subd. 5. **Minnesota Rules, part 7470.1100.** The commissioner of public safety must amend Minnesota Rules, part 7470.1100, to include multifunctional school activity buses in the headnote and amend subpart 1 to include multifunctional school activity buses as a type of school bus listed after bus types A, B, C, and D. The commissioner must also amend paragraph (b) of this part to require drivers to use prewarning flashing signals, flashing red signals, and stop signals arms on buses that are equipped with those signals.

Subd. 6. **Minnesota Rules, part 7470.1400.** The commissioner of public safety must amend Minnesota Rules, part 7470.1400, to clarify that the operating rules in parts 7470.1000 to 7470.1500 apply to buses that are leased and rented as well as to school buses that are owned by a school district, a nonpublic school, or a private operator under contract to a school district or nonpublic school.

Subd. 7. **Minnesota Rules, part 7470.1500.** The commissioner of public safety must amend Minnesota Rules, part 7470.1500, to:

(1) clarify that the prohibition against loading or unloading while adjacent to a turn lane applies only when it is a right-hand turn lane and does not prohibit a bus from loading or unloading at the side of the road when there is a center turn lane; and

(2) delete paragraph (h) because it is obsolete.

Subd. 8. **Minnesota Rules, part 7470.1700.** The commissioner of public safety must amend Minnesota Rules, part 7470.1700, subpart (2), to:

(1) clarify that the bus driver and the bus aide must have access to emergency health care information for the students with disabilities transported on the bus; and

(2) add a paragraph (e) that allows the health information to be maintained either in a hard copy on the vehicle or immediately accessible through a two-way communications system.

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

Sec. 17. **REPEALER.**

Minnesota Statutes 2006, sections 169.4502, subdivision 15; and 169.4503, subdivisions 17, 18, and 26, are repealed.

EFFECTIVE DATE. This section is effective January 1, 2008.