A bill for an act

relating to education; providing for early childhood and family, prekindergarten through grade 12, and adult education, including general education, education excellence, special programs, facilities and technology, nutrition and accounting, libraries, early childhood education, prevention, self-sufficiency and lifelong learning, and stage agencies; authorizing rulemaking; appropriating money; amending Minnesota Statutes 2006, sections 120B.021, subdivision 1; 120B.022, subdivision 1; 120B.023, subdivision 2; 120B.024; 120B.132; 122A.415, subdivisions 1, 3; 122A.72, subdivision 5; 123B.10, subdivision 1; 123B.53, subdivision 1; 123B.57, subdivision 3; 123B.92, subdivision 1; 124D.11, subdivision 1; 124D.128, subdivisions 1, 2, 3; 124D.13, subdivisions 1, 2, by adding a subdivision; 124D.135, subdivisions 3, 5, 6; 124D.42, subdivision 6, by adding a subdivision; 124D.454, subdivisions 2, 3; 124D.65, subdivision 5; 125A.75, subdivision 4; 125A.76, subdivisions 1, 2, 4, 5, by adding a subdivision; 125A.79, subdivisions 5, 6, 8; 126C.05, subdivisions 8, 15; 126C.10, subdivisions 2, 2a, 4, 13a, 18, 24, 26, 27, 31, 34, by adding a subdivision; 126C.21, subdivision 3; 127A.47, subdivision 8; 127A.49, subdivisions 2, 3; 272.02, subdivision 64; 272.029, by adding a subdivision; 517.08, subdivision 1c; Laws 2006, chapter 282, article 3, section 4, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 119A; 120B; 122A; 124D; repealing Minnesota Statutes 2006, sections 124D.454, subdivisions 4, 5, 6, 7; 125A.76, subdivision 3; 126C.10, subdivisions 25, 28.

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

ARTICLE 1
GENERAL EDUCATION

Section 1. 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 <u>times the ratio of the formula allowance for the current fiscal year to the formula allowance for fiscal year 2007</u> 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).

(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.

<u>**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2008.</u>

Sec. 2. Minnesota Statutes 2006, section 122A.415, subdivision 3, is amended to read:

Subd. 3. **Revenue timing.** (a) Districts, intermediate school districts, school sites, or charter schools with approved applications must receive alternative compensation revenue for each school year that the district, intermediate school district, school site, or charter school implements an alternative teacher professional pay system under this subdivision and section 122A.414. For fiscal year 2007 and later, a qualifying district, intermediate school district, school site, or charter school that received alternative teacher compensation aid for the previous fiscal year must receive at least an amount of alternative teacher compensation revenue equal to the lesser of the amount it received for the previous fiscal year or the amount it qualifies for under subdivision 1 for the current fiscal year if the district, intermediate school district, school site, or charter school submits a timely application and the commissioner determines that the district, intermediate school district, school site, or charter school continues to implement an alternative teacher professional pay system, consistent with its application under this section.

(b) The commissioner shall approve applications that comply with subdivision 1, and section 122A.414, subdivisions 2, paragraph (b), and 2a, if the applicant is a charter school, in the order in which they are received, select applicants that qualify for this program, notify school districts, intermediate school districts, school sites, and charter schools about the program, develop and disseminate application materials, and carry out other activities needed to implement this section.

~~(c) For applications approved under this section before August 1 of the fiscal year for which the aid is paid, the portion of the state total basic alternative teacher compensation aid entitlement allocated to charter schools must not exceed $522,000 for fiscal year 2006 and $3,374,000 for fiscal year 2007. For fiscal year 2008 and later, the portion of the state total basic alternative teacher compensation aid entitlement allocated to charter schools must not exceed the product of $3,374,000 times the ratio of the state total charter school enrollment for the previous fiscal year to the state total charter school enrollment for the second previous year. Additional basic alternative teacher compensation aid may be approved for charter schools after August 1, not to exceed the charter school limit for the following fiscal year, if the basic alternative teacher compensation aid entitlement for school districts based on applications approved by August 1 does not expend the remaining amount under the limit.~~

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

Sec. 3. 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, $4,499 for fiscal year 2008, and $4,589 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. 4. 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. 5. 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. 6. 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. 7. 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, $714 for fiscal year 2008, and $729 for fiscal year 2009 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. 8. 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. 9. 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, or more than 425 hours in a school year for a 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 hours or the number of hours required for a full-time kindergarten student without a disability in the district 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~~ 1.5 pupils in average daily membership under this subdivision. A student in grades 1 through 12 must not be counted as more than 1.2 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. 10. 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~~ $5,074. The formula allowance for fiscal year ~~2007~~ 2009 and subsequent years is ~~$4,974~~ $5,176.

Sec. 11. 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, $4,694 for fiscal year 2008, and $4,788 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. 12. 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~~ the limited English proficiency concentration allowance times the limited English proficiency concentration pupil units under section 126C.05, subdivision 17. The limited English proficiency concentration allowance equals $250 for fiscal year 2007, $255 for fiscal year 2008, and $261 for fiscal year 2009 and subsequent years.

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

Sec. 13. 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 $17,590 for fiscal year 2009 and later.

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

Sec. 14. 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. 15. 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 per resident marginal cost pupil unit 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~~ 27 percent of the formula allowance; 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~~ 1.5 percent of the ~~statewide average amount of referendum revenue per resident marginal cost pupil unit~~ formula allowance 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~~ 2008 and later, notwithstanding paragraph (a), clause (2), a school district that ~~has per pupil referendum revenue below the 95th percentile~~ qualifies for equity revenue under paragraph (a), clause (1), qualifies for additional equity revenue equal to $46 times its adjusted marginal cost pupil ~~unit~~ units.

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

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

Sec. 16. Minnesota Statutes 2006, section 126C.10, subdivision 26, is amended to read:

Subd. 26. **District equity gap.** A district's equity gap equals the greater of zero or the difference between ~~the district's adjusted general revenue and the value of the school district at or immediately above the regional 95th percentile of adjusted general revenue per adjusted~~ 27 percent of the formula allowance and the sum of the district's equity revenue per resident marginal cost pupil unit according to subdivision 24, paragraph (c), and district's referendum revenue per resident marginal cost pupil unit according to section 126C.17.

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

Sec. 17. Minnesota Statutes 2006, section 126C.10, subdivision 27, is amended to read:

Subd. 27. **District equity index.** A district's equity index equals the ratio of the ~~sum of the~~ district equity gap amount to ~~the regional equity gap amount~~ 27 percent of the formula allowance.

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

Sec. 18. Minnesota Statutes 2006, section 126C.10, subdivision 31, is amended to read:

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

(b) A district's transition revenue for fiscal year ~~2006~~ 2008 and later equals the sum of (1) the product of the district's transition allowance times the district's adjusted marginal cost pupil units plus (2) the district's transition for prekindergarten revenue under subdivision 31a plus (3) the product of the district's transition equity allowance under subdivision 31c times the district's adjusted marginal cost pupil units.

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

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

Subd. 31c. **Transition equity allowance.** For fiscal year 2008 and later, a district's transitional equity allowance equals the greater of zero or the difference between the equity revenue the district would have received for fiscal year 2008 under section

126C.10, subdivision 24, and the district's equity revenue for fiscal year 2008, divided by the district's adjusted marginal cost pupil units for fiscal year 2008.

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

Sec. 20. 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)~~ (a) 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 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) For fiscal year 2008 and later, the basic alternative teacher compensation aid for a school district with a plan approved under section 122A.414, subdivision 2b, equals the alternative teacher compensation revenue under section 122A.415, subdivision 1, minus $70 times the number of pupils enrolled at participating sites on October 1 of the previous fiscal year. The basic alternative teacher compensation aid for an intermediate school district or charter school with a plan approved under section 122A.414, subdivisions 2a and 2b, if the recipient is a charter school, equals $260 times the ratio of the formula allowance for the current fiscal year to the formula allowance for fiscal year 2007 times the number of pupils enrolled in the school on October 1 of the previous fiscal year, or on October 1 of the current fiscal year for a charter school in the first year of operation, times the ratio of the sum of the alternative teacher compensation aid and alternative teacher compensation levy for all participating school districts to the maximum alternative teacher compensation revenue for those districts under section 122A.415, subdivision 1.

(c) 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~~. For fiscal years 2008 and later, the state total basic alternative teacher compensation aid entitlement must not exceed the product of the limit on state total basic alternative teacher compensation aid for the previous fiscal year times 1.1 times the ratio of the formula allowance for the current fiscal year to the formula allowance for the previous fiscal year. 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. 21. 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. 22. 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, $195 for fiscal year 2008, and $199 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. 23. Minnesota Statutes 2006, section 127A.49, subdivision 2, is amended to read:

Subd. 2. **Abatements.** Whenever by virtue of chapter 278, ~~sections 270C.86,~~ section 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. 24. 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. 25. Minnesota Statutes 2006, section 272.02, subdivision 64, is amended to read:

Subd. 64. **Job opportunity building zone property.** (a) Improvements to real property, and personal property, classified under section 273.13, subdivision 24, and located within a job opportunity building zone, designated under section 469.314, are exempt from ad valorem taxes levied under chapter 275.

(b) Improvements to real property, and tangible personal property, of an agricultural production facility located within an agricultural processing facility zone, designated under section 469.314, is exempt from ad valorem taxes levied under chapter 275.

(c) For property to qualify for exemption under paragraph (a), the occupant must be a qualified business, as defined in section 469.310.

(d) The exemption applies beginning for the first assessment year after designation of the job opportunity building zone by the commissioner of employment and economic development. The exemption applies to each assessment year that begins during the duration of the job opportunity building zone. To be exempt, the property must be occupied by July 1 of the assessment year by a qualified business that has signed the business subsidy agreement and relocation agreement, if required, by July 1 of the assessment year. This exemption does not apply to~~:~~

~~(1)~~ the levy under section 475.61 or similar levy provisions under any other law to pay general obligation bonds~~; or~~.

~~(2) a levy under section 126C.17, if the levy was approved by the voters before the designation of the job opportunity building zone.~~

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

Sec. 26. 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. 27. 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:

$	3,495,000	.....	~~2007~~ 2006

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

Sec. 28. **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:

$	5,593,263,000	.....	2008
$	5,699,797,000	.....	2009

The 2008 appropriation includes $531,494,000 for 2007 and $5,061,769,000 for 2008.

The 2009 appropriation includes $543,274,000 for 2008 and $5,156,523,000 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:

$	88,000	.....	2008
$	90,000	.....	2009

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

$	1,433,000	.....	2008
$	1,489,000	.....	2009

The 2008 appropriation includes $76,000 for 2007 and $1,357,000 for 2008.

The 2009 appropriation includes $150,000 for 2008 and $1,339,000 for 2009.

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

$	565,000	.....	2008
$	214,000	.....	2009

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

The 2009 appropriation includes $58,000 for 2008 and $156,000 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:

$	16,524,000	.....	2008
$	16,962,000	.....	2009

The 2008 appropriation includes $1,608,000 for 2007 and $14,916,000 for 2008.

The 2009 appropriation includes $1,656,000 for 2008 and $15,306,000 for 2009.

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

$	20,804,000	.....	2008
$	20,889,000	.....	2009

The 2008 appropriation includes $2,053,000 for 2007 and $18,751,000 for 2008.

The 2009 appropriation includes $2,082,000 for 2008 and $18,807,000 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. **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:

$	2,100,000	.....	2008
$	2,100,000	.....	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; $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.

Sec. 29. **REPEALER.**

Minnesota Statutes 2006, section 126C.10, subdivisions 25 and 28, are repealed effective for fiscal year 2008 and thereafter.

ARTICLE 2
EDUCATION EXCELLENCE

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

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

(1) language arts;

(2) mathematics;

(3) science;

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

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

(6) the arts, for which statewide or locally developed academic standards apply, as determined by the school district~~.~~ so that:

(i) 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~~.~~; and

(ii) 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~~.~~; and

(7) a world language, for which locally developed academic standards apply.

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.

Sec. 2. Minnesota Statutes 2006, section 120B.022, subdivision 1, is amended to read:

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

~~(1) vocational~~ career and technical education~~; and~~

~~(2) world languages~~ standards.

A school district must offer courses in ~~all elective subject areas~~ career and technical education.

Sec. 3. 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.

(h) Students who graduate in the 2014-2015 school year or later must satisfactorily complete four credits of a world language between grades 7 through 12 as a graduation requirement.

Sec. 4. Minnesota Statutes 2006, section 120B.024, is amended to read:

120B.024 GRADUATION REQUIREMENTS; COURSE CREDITS.

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

(1) four credits of language arts;

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

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

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

(5) one credit in the arts; and

(6) a minimum of ~~seven~~ three 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).

Sec. 5. **[120B.0245] ENSURING ACADEMIC RIGOR AND POSTSECONDARY COLLEGE AND CAREER OPPORTUNITIES.**

Subdivision 1. **Dual credit course and program requirements.** To learn effectively without remediation in college and career preparation programs, public high school students must complete one full school year of dual credit secondary and postsecondary academic or career and technical courses or programs, consistent with section 120B.024, as a condition of graduating from high school. To enable students to comply with this requirement, and to acquire academic and work-ready knowledge and skills critical to meeting college and workplace expectations, all public high schools must make available dual-credit courses and programs that may include:

(1) advanced placement courses or international baccalaureate programs under section 120B.13;

(2) postsecondary enrollment options courses and programs under section 124D.09;

(3) concurrent enrollment courses under section 124D.09, subdivision 10, whether or not the postsecondary institution grants postsecondary credit to high school students;

(4) college in the schools courses under section 124D.09, subdivision 10;

(5) college-level examination programs under section 120B.131;

(6) work-based learning programs under sections 124D.4531, 124D.46, 124D.47, or 124D.49; or

(7) other relevant dual-credit course and program options that effectively prepare students for postsecondary education and careers.

School staff must continuously work with and support each student to strategically plan and complete a core academic program and an academic or career and technical concentration, consistent with this section and section 120B.024.

Subd. 2. **Expectations and opportunities for 3R high schools.** (a) A high school that applies to the commissioner to receive 3R high school aid under subdivision 3 must use the funds the applicant receives to comply with the requirements of this subdivision.

(b) A 3R high school must contract with a provider approved by the Department of Education to implement a college access program that helps students, beginning in grade 9, and their families determine students' interests in postsecondary education and employment. The program also may provide:

(1) college admission and financial aid counseling, mentoring, SAT and ACT test preparation, tutoring, and career guidance; and

(2) ongoing support to help students complete the academic requirements necessary for college or for career and technical programs that lead to an associate's degree or a certificate, without remediation.

(c) A 3R high school must implement and review at least annually a personal graduation plan for every student beginning no later than grade 9 that allows the student to:

(1) explore career options, match careers with the student's identified interests and skills, and, with sufficient school support, pursue college or postsecondary career opportunities;

(2) identify the student's academic and career goals and the academic, school leadership and participation, community service, work, career planning, and extracurricular activities that the student anticipates pursuing during high school; and

(3) monitor the student's progress in completing the course credits the student needs to graduate on time.

The student, the student's parents, and the school staff annually must review and revise the student's personal graduation plan and parents annually must sign the plan to indicate their agreement with its content and their willingness to support their student and the school in realizing the student's plan.

(d) A 3R high school must provide effective professional development and training programs that give teachers and the principal ongoing opportunities to observe exemplary educators and gain practical on-the-job teaching or administrative experience, and ensure that:

(1) teachers have a sufficiently high level of knowledge and skills to teach their subject areas effectively and help low-performing students succeed; and

(2) the principal, or other person having administrative control of the school, is sufficiently autonomous and successful to be able to continuously improve rates of student achievement, student attendance, student graduation, and staff retention.

A 3R high school is encouraged to enter into a school site decision-making agreement under section 123B.04 to increase the school's autonomy and student performance and to offer administrative opportunities to interested licensed teachers.

(e) A 3R high school must provide its students with:

(1) rigorous academic courses and challenging instruction;

(2) relevant and accelerated learning opportunities;

(3) critical academic and workplace skills;

(4) performance expectations and formative assessments linked to postsecondary readiness standards;

(5) ongoing support for college and career readiness; and

(6) opportunities to participate in online learning courses where appropriate.

(f) A 3R high school must develop and implement a data system for school improvement that uses formative and summative assessments to at least:

(1) monitor student progress through established curriculum and against state and local standards;

(2) identify the needs and challenges of specific classes, grades, and demographic groups of students;

(3) provide instruction that meets students' identified needs;

(4) identify exemplary faculty members to share instructional plans and strategies that may help support individual teachers;

(5) analyze disaggregated student assessment data for purposes of making comparisons, planning instruction, and monitoring student progress;

(6) determine whether or not the students are completing the course credit requirements they need to graduate on time; and

(7) develop goals and benchmarks for school improvement planning.

(g) A 3R high school must use student progress data to identify those students who are not completing the course credit requirements they need to graduate on time, and provide the educational support to enable those students to graduate on time.

Subd. 3. **3R high school aid.** (a) A 3R high school aid program is established to help public high schools meet expectations and realize opportunities for world-class, 21st century high schools, consistent with subdivisions 1 and 2.

(b) Interested public high schools must submit an application to the commissioner, in the form and manner the commissioner determines, that demonstrates the applicant’s ability to meet the requirements of this section. A high school that does not enroll students in grade 9 may submit a joint application with one or more junior high schools located in the high school attendance area. The commissioner must approve or disapprove the application based on the requirements under subdivision 2.

(c) For fiscal year 2008, the 3R high school aid for a school district, intermediate school district, charter school, or cooperative equals the product of $68 times the number of pupils in grades 9 through 12 enrolled on October 1 of the previous school year in schools with an approved application under paragraph (b). For fiscal years 2009 and later, the 3R high school aid for a school district, intermediate school district, charter school, or cooperative equals the product of $200 times the number of pupils in grades 9 through 12 enrolled on October 1 of the previous school year in schools with an approved application under paragraph (b).

(d) Notwithstanding paragraph (c), the aid for an eligible charter school in its first year of operation must be computed using the number of pupils in grades 9 through 12 enrolled on October 1 of the current school year in a school with an approved application under paragraph (b).

(e) Aid recipients must periodically report to the commissioner on their efforts under this section.

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

Sec. 6. Minnesota Statutes 2006, section 120B.132, is amended to read:

120B.132 RAISED ACADEMIC ACHIEVEMENT; ADVANCED PLACEMENT 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 ~~create~~ establish a new international baccalaureate program leading to international baccalaureate authorization, or 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) also 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~~ or 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~~ support implementation of advanced placement ~~and~~, preadvanced placement, and international baccalaureate courses and programs ~~the applicant currently makes available to students~~. 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 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 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 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 advanced placement programs 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 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 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~~, advanced placement, or international baccalaureate courses or programs;

(2) further develop 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 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 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. 7. **[122A.623] INDUCTION PROGRAM FOR NEW TEACHERS.**

Subdivision 1. **Program established.** (a) A new teacher induction program is established to assist newly licensed elementary and secondary teachers whose initial teaching assignment involves teaching in a high-need subject area or public school. For purposes of this section, a "high-need subject area" for teacher licensure includes career and technical education, science, mathematics, foreign languages, English as a second language, and special education; and a "high-need" school is one where 35 percent or more of enrolled students are eligible to receive a free or reduced price lunch and the school failed to demonstrate adequate yearly progress in the two preceding school years.

(b) Regional education service providers participating in this program must assist school districts and charter schools employing new teachers, school sites where new teachers work, and interested intermediate school districts to:

(1) adopt a teaching model that supports new teachers' professional development and growth and trains teacher mentors to successfully work with, coach, and observe the new teachers;

(2) provide unique professional learning activities that promote the growth of a new teacher's practice in areas including classroom management, subject matter mastery, pedagogy, relevant curriculum, effective instructional strategies, lesson planning, and student assessments;

(3) provide time for new teachers and mentors to work together;

(4) establish expectations for mentors' coaching responsibilities and new teachers' observations of exemplary teachers;

(5) provide and use formative assessments based on professional teaching standards to improve new teachers' instructional practice, and establish professional development goals;

(6) evaluate the program to determine its effectiveness and impact on new teacher performance, recruitment, and retention;

(7) adopt a model to deliver the new teacher induction program.

Subd. 2. **Eligibility; application; program funding.** (a) Regional education service providers, including education service cooperatives, school districts, postsecondary institutions, charter schools, and other qualified education entities able to assist school districts, charter schools, school sites, and intermediate school districts in supporting newly licensed teachers, consistent with subdivision 1, may apply to the commissioner, in the form and manner the commissioner prescribes, to participate in this program. Applicants must demonstrate to the commissioner's satisfaction that the applicant is able to meet the requirements of subdivision 1 and also must describe in the application:

(1) the roles and relationship among participating school districts, charter schools, school sites, and intermediate school districts and the regional education service provider;

(2) the program components for each participant;

(3) the applicant's program components;

(4) how the applicant proposes to expend new teacher induction revenue; and

(5) the actual program costs the applicant anticipates incurring.

(b) In reviewing timely plans submitted to the commissioner, only those applicants the commissioner determines have satisfied all requirements of this subdivision and subdivision 1 are eligible for program funding.

(c) The commissioner must approve funding for the new teacher induction program on a first-come, first-served basis and must determine the amount of funding available to a qualified regional education service provider based on actual program costs detailed in the provider's application.

Subd. 3. **Planning; staff development revenue.** Staff development revenue available under sections 122A.60 and 122A.61 may be used to develop the program plan under this section.

Subd. 4. **Reports.** Regional education service providers that participate in the program annually must report to the commissioner in the form and manner determined by the commissioner on the implementation and effectiveness of the provider's program and plan. Regional education service providers must survey participating school districts, charter schools, school sites, and intermediate school districts as part of the report. The commissioner must complete a timely review of the report to determine the providers' ongoing eligibility to receive new teacher induction program funding.

Subd. 5. **Statewide training and assistance.** The Department of Education, upon request, may assist regional education service providers in developing a program plan. The department also may provide regional education service providers with ongoing support for teacher mentor training and staff development for new teachers, and may provide materials and other assistance.

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

Sec. 8. 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 school 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) mathematics and science programs and instructional models that inspire teachers and students and have practical classroom application.

Sec. 9. Minnesota Statutes 2006, section 124D.42, subdivision 6, is amended to read:

Subd. 6. **Program training.** The commission must, within available resources:

(1) orient each grantee organization in the nature, philosophy, and purpose of the program; and

(2) build an ethic of community service through general community service training~~;~~ ~~and~~

~~(3) provide additional training as it determines necessary, which may include training in evaluating early literacy skills and teaching reading to preschool children through the St. Croix River Education District under Laws 2001, First Special Session chapter 6, article 2, section 70, to assist local Head Start organizations in establishing and evaluating Head Start programs for developing children's early literacy skills~~.

Sec. 10. Minnesota Statutes 2006, section 124D.42, is amended by adding a subdivision to read:

Subd. 8. **The Minnesota reading corps program.** (a) The Minnesota reading corps program is established to provide training in a data-based problem-solving model of literacy instruction to Americorps members working with local Head Start organizations, other prekindergarten settings, and kindergarten through grade 3 schools to evaluate and teach early literacy skills to children ages 3 to grade 3.

(1) Data collected will be used to tailor specific interventions for children.

(2) These interventions shall be guided by formative and summative general outcome assessments linked to research-based indicators of literacy development.

(3) The assessments will guide the implementation of coaching models for AmeriCorps members and staff that is designed to develop internal literacy coaches that sustain the model over time.

(b) The Minnesota Commission on National and Community Service shall give priority for allocating AmeriCorps members to partnerships of prekindergarten and kindergarten through grade 3 schools that have agreed to a goal of closing the literacy achievement gap by the end of grade 3 by implementing a seamless literacy model from age 3 to grade 3 in the partnership agencies.

(1) The commission shall collect literacy data on children across this age range for the purpose of documenting the impact of the age 3 to grade 3 model on closing the literacy achievement gap.

(2) The commission shall be required to submit an annual report to the commissioner of education by January 1.

Sec. 11. **ALTERNATIVE SCHOOL CALENDAR PILOT PROGRAM.**

Subdivision 1. **Establishment.** Notwithstanding Minnesota Statutes, sections 120A.41, 120A.415, or other law to the contrary, a six-year 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 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 group of school districts or charter schools that participate for a particular purpose may apply to the commissioner of education to participate in this 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 distribute grant awards, to the extent feasible, on an equitable geographical basis. 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 evaluation of the impact of school calendar arrangements on student learning, consistent with this section, and recommend to the education policy and finance committees of the legislature by February 1, 2015, a preferred school calendar based upon demonstrated student achievement and the criteria listed in subdivision 1.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to the 2008-2009 through 2013-2014 school years.

Sec. 12. **MANDARIN CHINESE PROGRAM GRANTS.**

(a) A pilot program for fiscal years 2008 and 2009 is established to assist interested school districts or charter schools in initiating Mandarin Chinese programs or enhancing successful models in place. The commissioner shall select program participants to include both instate and outstate school districts or charter schools equitably to the extent possible.

(b) An interested school district, charter school, or group of school districts or charter schools may apply to the commissioner of education in the form and manner the commissioner determines. Eligible applicants must identify in their applications program model: description of capacity for offering programs, including staffing; articulation plan as needed based on program model; steps for the development of benchmarks and the assessment of language proficiency; evidence of necessary target student population that aligns with proposed program model; evidence of community and staff support; plan for sustainability beyond the period of start-up funding; and the ability to provide matching funds.

(c) When reviewing applications, the commissioner shall determine whether applicants meet the requirements in paragraphs (a) and (b). Grants shall be provided to applicants that satisfy all the requirements to assist in initiating Mandarin Chinese programs or enhancing successful models in place. The commissioner may award up to 25 grants and shall distribute the grant awards to instate and outstate school districts or charter schools equitably to the extent possible.

(d) The commissioner shall provide for an evaluation of the impact of each Mandarin Chinese program biannually.

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

Sec. 13. **SUCCESSFUL SCHOOLS AID.**

Subdivision 1. **Eligibility.** A school is eligible for successful schools aid if the school earned at least three stars in reading or mathematics on its school performance report card for the previous school year or if all pupils enrolled at the school are in prekindergarten through grade 2.

Subd. 2. **Successful schools allowance.** For fiscal years 2008 and 2009 only, the successful schools allowance equals $75,000,000 divided by the number of pupils enrolled in eligible schools on October 1 of the previous school year. However, the successful schools allowance must be at least $90 and must not exceed $150.

Subd. 3. **Aid.** For fiscal years 2008 and 2009 only, the successful schools aid for a school district, intermediate school district, charter school, cooperative, or the Perpich Center for Arts Education equals the product of the successful schools allowance times the number of pupils enrolled in eligible schools on October 1 of the previous school year.

Subd. 4. **Uses.** The aid must be allocated to the school building where the pupils who generated the revenue are served. The aid may be used for any purpose for which general education revenue under section 126C.10 may be used, except permanent salary increases.

Sec. 14. **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:

$	31,915,000	.....	2008
$	36,270,000	.....	2009

The 2008 appropriation includes $2,815,000 for 2007 and $29,100,000 for 2008.

The 2009 appropriation includes $3,233,000 for 2008 and $33,037,000 for 2009.

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

$	1,888,000	.....	2008
$	2,161,000	.....	2009

The 2008 appropriation includes $238,000 for 2007 and $1,650,000 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:

$	61,941,000	.....	2008
$	61,654,000	.....	2009

The 2008 appropriation includes $5,810,000 for 2007 and $56,131,000 for 2008.

The 2009 appropriation includes $6,236,000 for 2008 and $55,418,000 for 2009.

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

$	750,000	.....	2008
$	750,000	.....	2009

These amounts may be used for magnet school programs under Minnesota Statutes, section 124D.88.

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

$	8,976,000	.....	2008
$	10,771,000	.....	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 scholarships.** For American Indian scholarships under Minnesota Statutes, section 124D.84:

$	1,875,000	.....	2008
$	1,875,000	.....	2009

Subd. 9. **American Indian teacher preparation grants.** For joint grants to assist American Indian people to become teachers under Minnesota Statutes, section 122A.63:

$	190,000	.....	2008
$	190,000	.....	2009

Subd. 10. **Tribal contract schools.** For tribal contract school aid under Minnesota Statutes, section 124D.83:

$	2,231,000	.....	2008
$	2,428,000	.....	2009

The 2008 appropriation includes $203,000 for 2007 and $2,028,000 for 2008.

The 2009 appropriation includes $224,000 for 2008 and $2,204,000 for 2009.

Subd. 11. **Early childhood programs at tribal schools.** For early childhood family education programs at tribal contract schools under Minnesota Statutes, section 124D.83, subdivision 4:

$	68,000	.....	2008
$	68,000	.....	2009

Subd. 12. **Statewide testing and reporting system.** For the statewide testing and reporting system under Minnesota Statutes, section 120B.30:

$	15,373,000	.....	2008
$	19,874,000	.....	2009

$11,883,000 in fiscal year 2008 and $15,214,000 in fiscal year 2009 are 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.

$2,340,000 in fiscal year 2008 and $3,510,000 in fiscal year 2009 are to implement a computer-based formative assessment component.

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 $21,263,000.

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. **Advanced placement and international baccalaureate programs.** For advanced placement, preadvanced placement, and international baccalaureate programs under Minnesota Statutes, section 120B.132:

$	7,300,000	.....	2008
$	8,111,000	.....	2009

The 2008 appropriation includes $7,300,000 for fiscal year 2008. The 2009 appropriation includes $811,000 for fiscal year 2008 and $7,300,000 for fiscal year 2009.

Subd. 15. **First grade preparedness.** For first grade preparedness grants under Minnesota Statutes, section 124D.081:

$	7,250,000	.....	2008
$	7,250,000	.....	2009

Subd. 16. **Collaborative urban educator.** For collaborative urban educator grants under section 122A.641:

$	1,301,000	.....	2008
$	1,301,000	.....	2009

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

Subd. 17. **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 such coverage is not otherwise available.

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

$	725,000	.....	2008
$	725,000	.....	2009

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

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

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

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

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

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

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

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

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

$	1,293,000	.....	2008
$	1,293,000	.....	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 $1,394,000.

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. **Best practices.** (a) For best practices grants:

$	1,210,000	.....	2008
$	1,210,000	.....	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) $160,000 each year is for a grant to A Chance to Grow/New Visions for the Minnesota Learning Resource Center's comprehensive training program for education professionals charged with helping children acquire basic reading and mathematic skills.

(e) $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.

(f) $100,000 each year is for the quantum opportunities program.

Subd. 22. **3R high schools.** For 3R high school aid under Minnesota Statutes, section 120B.0245:

$	19,147,000	.....	2008
$	55,927,000	.....	2009

Subd. 23. **Successful schools.** For successful schools aid under section 13:

$	75,000,000	.....	2008
$	75,000,000	.....	2009

This is a onetime appropriation.

Subd. 24. **Alternative school calendar pilot program.** For the alternative school calendar pilot program under section 11:

$	2,000,000	.....	2009

A base of $2,000,000 is established for the period of the pilot program.

Subd. 25. **Minnesota first five new teacher induction program.** For the Minnesota first five new teacher induction program under section 122A.623:

$	2,220,000	.....	2008
$	2,220,000	.....	2009

The commissioner shall distribute the grant funds based on teacher license shortages and high needs schools and districts.

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

Subd. 26. **Teacher training in mathematics and science instruction.** For teacher training in mathematics and science instruction under Minnesota Statutes, section 122A.72, subdivision 5, paragraph (b):

$	2,000,000	.....	2008
$	4,000,000	.....	2009

Subd. 27. **Mandarin Chinese program.** For Mandarin Chinese program grants under section 12:

$	250,000	.....	2008
$	250,000	.....	2009

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

Subd. 28. **The Minnesota Reading Corps program.** For the establishment of the Minnesota Reading Corps program under Minnesota Statutes, section 124D.42:

$	1,900,000	.....	2008
$	1,900,000	.....	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 ages three to grade 3 and the evaluation of the impact of the program under Minnesota Statutes, section 124D.42, subdivision 8.

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

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.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. 5. 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. 6. 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 for the fraction of the school day the pupil receives services under the contract;

(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.~~

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

Sec. 7. 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~~ <u>$549,222,000 for fiscal year 2008, $560,523,000 for fiscal year 2009, $562,092,000 for fiscal year 2010, and $564,001,000 for fiscal year 2011</u>. 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.

<u>**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2008.</u>

Sec. 8. 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~~ <u>2008</u> 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~~ <u>initial</u> special education ~~base revenue~~ <u>aid</u> to the state total ~~adjusted~~ <u>initial</u> special education ~~base revenue~~ <u>aid</u>. ~~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. 9. 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 2010.

Sec. 10. 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 for the preceding fiscal year and (ii) 4.36 percent of the district's general revenue for the preceding fiscal year; 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.

<u>EFFECTIVE DATE.</u> <u>This section is effective for fiscal year 2008.</u>

Sec. 11. 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~~ <u>$107,435,000 for fiscal year 2008, $109,753,000 for fiscal year 2009, $109,996,000 for fiscal year 2010, and $110,333,000 for fiscal year 2011</u>. ~~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.

<u>EFFECTIVE DATE.</u> <u>This section is effective for revenue for fiscal year 2008.</u>

Sec. 12. 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~~ <u>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</u> the special education ~~aid, and any other aid earned on behalf of the child~~ <u>contracted services initial aid attributable to the pupil</u>.

<u>EFFECTIVE DATE.</u> <u>This section is effective for revenue for fiscal year 2008.</u>

Sec. 13. **<u>APPROPRIATIONS.</u>**

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:

$	547,266,000	.....	2008
$	559,394,000	.....	2009

The 2008 appropriation includes $52,965,000 for 2007 and $494,301,000 for 2008.

The 2009 appropriation includes $54,921,000 for 2008 and $504,473,000 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:

$	1,536,000	.....	2008
$	1,727,000	.....	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:

$	237,000	.....	2008
$	248,000	.....	2009

The 2008 appropriation includes $22,000 for 2007 and $215,000 for 2008.

The 2009 appropriation includes $23,000 for 2008 and $225,000 for 2009.

Subd. 5. **Special education; excess costs.** For excess cost aid under Minnesota Statutes, section 125A.79, subdivision 7:

$	106,521,000	.....	2008
$	108,979,000	.....	2009

The 2008 appropriation includes $34,970,000 for 2007 and $71,551,000 for 2008.

The 2009 appropriation includes $35,885,000 for 2008 and $73,094,000 for 2009.

Subd. 6. **Transition for disabled students.** For aid for transition programs for children with disabilities under Minnesota Statutes, section 124D.454:

$	880,000	.....	2008

The 2008 appropriation includes $880,000 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

Sec. 14. **REPEALER.**

Minnesota Statutes 2006, sections 124D.454, subdivisions 4, 5, 6, and 7; and 125A.76, subdivision 3, are repealed effective for revenue for fiscal year 2008.

ARTICLE 4
FACILITIES AND TECHNOLOGY

Section 1. Minnesota Statutes 2006, section 123B.53, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For purposes of this section, the eligible debt service revenue of a district is defined as follows:

(1) the amount needed to produce between five and six percent in excess of the amount needed to meet when due the principal and interest payments on the obligations of the district for eligible projects according to subdivision 2, including the amounts necessary for repayment of energy loans according to section 216C.37 or sections 298.292 to 298.298, debt service loans and capital loans, lease purchase payments under section 126C.40, subdivision 2, alternative facilities levies under section 123B.59, subdivision 5, paragraph (a), minus

(2) the amount of debt service excess levy reduction for that school year calculated according to the procedure established by the commissioner.

(b) The obligations in this paragraph are excluded from eligible debt service revenue:

(1) obligations under section 123B.61;

(2) the part of debt service principal and interest paid from the taconite environmental protection fund or Douglas J. Johnson economic protection trust;

(3) obligations issued under Laws 1991, chapter 265, article 5, section 18, as amended by Laws 1992, chapter 499, article 5, section 24; and

(4) obligations under section 123B.62.

(c) For purposes of this section, if a preexisting school district reorganized under sections 123A.35 to 123A.43, 123A.46, and 123A.48 is solely responsible for retirement of the preexisting district's bonded indebtedness, capital loans or debt service loans, debt service equalization aid must be computed separately for each of the preexisting districts.

(d) For purposes of this section, the adjusted net tax capacity determined according to section 127A.48 shall be adjusted to include ~~a portion of~~ the tax capacity of property generally exempted from ad valorem taxes under section 272.02, ~~subdivisions~~ subdivision 64 ~~and 65, equal to the product of that tax capacity times the ratio of the eligible debt service revenue attributed to general obligation bonds to the total eligible debt service revenue of the district~~.

Sec. 2. 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.

Sec. 3. Minnesota Statutes 2006, section 272.02, subdivision 64, is amended to read:

Subd. 64. **Job opportunity building zone property.** (a) Improvements to real property, and personal property, classified under section 273.13, subdivision 24, and located within a job opportunity building zone, designated under section 469.314, are exempt from ad valorem taxes levied under chapter 275.

(b) Improvements to real property, and tangible personal property, of an agricultural production facility located within an agricultural processing facility zone, designated under section 469.314, is exempt from ad valorem taxes levied under chapter 275.

(c) For property to qualify for exemption under paragraph (a), the occupant must be a qualified business, as defined in section 469.310.

(d) The exemption applies beginning for the first assessment year after designation of the job opportunity building zone by the commissioner of employment and economic development. The exemption applies to each assessment year that begins during the duration of the job opportunity building zone. To be exempt, the property must be occupied by July 1 of the assessment year by a qualified business that has signed the business subsidy agreement and relocation agreement, if required, by July 1 of the assessment year. This exemption does not apply to:

(1) the levy under section 475.61 or similar levy provisions under any other law to pay general obligation bonds; ~~or~~

(2) other school district levies included in the debt service levy of the district under section 123B.55; or

(3) a levy under section 126C.17, if the levy was approved by the voters before the designation of the job opportunity building zone.

Sec. 4. **SCHOOL TECHNOLOGY GRANTS.**

Subdivision 1. **Program outcomes.** The general framework outcomes for technology use in kindergarten through grade 12 education are:

(1) development of policies and procedures that assure instructional resource availability to help students successfully achieve education excellence and state standards;

(2) development of databases that are accessible within each district and on the Internet;

(3) development of policies, procedures, and systems that stimulate and promote teacher and student curriculum and learning collaboration; and

(4) development of uniform technology standards.

Subd. 2. **Establishment; eligibility.** To promote the outcomes of subdivision 1, a program is established to support districts and charter schools in reaching these outcomes. Districts and charter schools eligible to participate under this section must have an approved district technology plan submitted to the commissioner. The commissioner shall develop a competitive grant process for the purpose of determining recipients. Districts and charter schools must propose to use the grant funds that support the outcomes described in subdivision 1 in a manner that fulfills the following components in rank order by:

(1) obtaining minimum statewide standards of technology infrastructure and capacity;

(2) incorporating student technology content standards within the district curriculum and the professional development necessary for effective instruction of those standards;

(3) developing data-driven decision-making models in the classroom, school, and district; and

(4) developing innovation in student learning and teacher professional development.

Subd. 3. **Application and review process; funding priority.** Districts and charter schools eligible under subdivision 2 may apply to the commissioner, in the form and manner the commissioner determines, for competitive funding to achieve the four grant goals. The application must identify, through a commonly-used technology audit process that determines the district or charter school's current technology capabilities, the disparity between the district or charter school's current technology infrastructure and capacity and the minimum statewide standards that are established by the commissioner. The application must detail the specific efforts the applicant intends to undertake to achieve the components, consistent with subdivision 2, and a proposed budget detailing the district or charter school's current and proposed expenditures. The proposed budget must demonstrate that the applicant's efforts will support the four components of subdivision 2 in rank order. Expenditures for administration must not exceed five percent of the proposed budget. The commissioner may require an applicant to provide additional information. When reviewing applications, the commissioner must determine whether the applicant satisfied all the requirements in this subdivision and subdivision 2. The commissioner may give funding priority to an otherwise qualified applicant that demonstrates:

(1) previous attempts through district referenda or other funding mechanisms to increase its technology infrastructure and capacity;

(2) previous efforts to participate in online field testing of statewide assessments; or

(3) an effective ability to actively involve local business and community organizations in efforts to stimulate and promote teacher and student curriculum and learning collaboration.

Subd. 4. **Application review; grant awards.** The commissioner shall award grants to applicant school districts and charter schools that meet the requirements of subdivisions 1 and 2. The commissioner may award grants as funding allows and, to the extent feasible, must distribute the grant awards on an equitable geographical basis. The commissioner must base the amount of the grant award on the number of students in the participating district or charter school. District expenditures of the grant proceeds must be consistent with budget information the grantee periodically submits to the commissioner. School districts and charter schools that submit an application and receive funding under this section must use the funding, consistent with the components in subdivision 2, as stated in the application. The commissioner may spend up to one percent of the appropriation for administering the program.

Subd. 5. **Annual reports.** Each school district and charter school that receives a grant under this section must demonstrate and measure the extent to which the district or charter school achieved the outcomes set forth in the grant application and consistent with subdivision 1. This report is due at the end of the grant period and must be submitted to the commissioner in the form and manner the commissioner determines. The commissioner must make summary data about this program available to the education policy and finance committees of the legislature by February 15, 2010. 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 school technology funding. The report must demonstrate that the school district or charter school has maintained its effort from other sources for technology and capacity 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 for fiscal years 2008 and 2009.

Sec. 5. **ONLINE LEARNING EXPANSION GRANTS.**

Subdivision 1. **Outcomes.** The general framework outcomes for expanding online learning in education are:

(1) provide grant funding to encourage expansion and access to online learning courses and opportunities for Minnesota students;

(2) expand academic opportunities, increase graduation rates, increase college eligibility and preparedness, and provide online resources for remediation;

(3) increase the number of students successfully completing online courses; and

(4) develop innovative online courses or programming.

Subd. 2. **Establishment; eligibility.** To promote the outcomes of subdivision 1, a program is established to expand online learning courses and programs to school districts, charter schools, consortiums of school districts, intermediate school districts, service cooperatives, or higher education institutions. The commissioner shall develop a competitive grant process for the purpose of determining recipients. Districts, charter schools, consortiums of school districts, intermediate school districts, service cooperatives, or higher education institutions must propose to use the grant funds that support the outcomes of subdivision 1 in a manner that develops or expands online courses or programs in one or more of the following areas:

(1) dual high school or postsecondary education credit;

(2) science, technology, engineering, and math fields;

(3) preadvanced placement, advanced placement, or international baccalaureate; and

(4) remediation efforts.

Subd. 3. **Application and review process; funding priority.** Districts, charter schools, consortiums of school districts, service cooperatives, intermediate school districts, or higher education institutions that are eligible under subdivision 2 may apply to the commissioner, in the form and manner the commissioner determines, for competitive funding to achieve the grant goals. The application must detail the specific efforts the applicant intends to undertake to achieve the components, consistent with subdivisions 1 and 2, and propose the budget detailing the district's, charter school's, consortiums of school districts', intermediate districts', service cooperative's, or higher education institution's current and proposed expenditures. The proposed budget must demonstrate that the applicant's efforts will support the components of subdivisions 1 and 2. Expenditures for administration must not exceed five percent of the proposed budget. The commissioner may require an applicant to provide additional information. When reviewing applications, the commissioner must determine whether the applicant satisfied all the requirements in this subdivision and subdivisions 1 and 2.

Subd. 4. **Application review; grant awards.** The commissioner shall award grants to eligible applicants that meet the requirements of subdivisions 1 and 2.

The commissioner shall award grants as funding allows and, to the extent feasible, must distribute the grant awards on an equitable geographical basis. The commissioner must base the amount of the grant award on the number of students in the participating district charter school, consortium of school districts, intermediate school, or higher education institutions. Expenditures of the grant proceeds must be consistent with budget information the grantee periodically submits to the commissioner. School districts and charter schools that submit an application and receive funding under this section must use the funding, consistent with the components in subdivisions 1 and 2 as stated in the application. The commissioner may spend up to one percent of the appropriation for administering the program.

Subd. 5. **Annual reports.** Each applicant that receives a grant under this section must demonstrate and measure the extent to which the applicant achieved the outcomes set forth in the grant application and consistent with subdivisions 1 and 2. This report is due at the end of the grant period and must be submitted to the commissioner in the form and manner the commissioner determines. The commissioner must make summary data about this program available to the education policy and finance committees of the legislature by February 15, 2010. Each applicant that receives a grant under this section must annually report to the commissioner, consistent with the uniform financial accounting and reporting standards, its actual expenditures for online learning courses.

EFFECTIVE DATE. This section is effective for revenue for fiscal years 2008 and 2009.

Sec. 6. **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:

$	14,913,000	.....	2008
$	11,783,000	.....	2009

The 2008 appropriation includes $1,765,000 for 2007 and $13,148,000 for 2008.

The 2009 appropriation includes $1,460,000 for 2008 and $10,323,000 for 2009.

Subd. 4. **Alternative facilities bonding aid.** For alternative facilities bonding aid, according to Minnesota Statutes, section 123B.59, subdivision 1:

$	19,287,000	.....	2008
$	19,287,000	.....	2009

The 2008 appropriation includes $1,928,000 for 2007 and $17,359,000 for 2008.

The 2009 appropriation includes $1,928,000 for 2008 and $17,359,000 for 2009.

Subd. 5. **Equity in telecommunications access.** For equity in telecommunications access:

$	3,750,000	.....	2008
$	3,750,000	.....	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.

Subd. 6. **School technology grants.** For school technology grants under section 4:

$	16,500,000	.....	2008
$	16,500,000	.....	2009

This is a onetime appropriation.

Subd. 7. **Deferred maintenance aid.** For deferred maintenance aid, according to Minnesota Statutes, section 123B.591, subdivision 4:

$	3,402,000	.....	2008
$	2,712,000	.....	2009

The 2008 appropriation includes $0 for 2007 and $3,402,000 for 2008.

The 2009 appropriation includes $378,000 for 2008 and $2,334,000 for 2009.

Subd. 8. **Online learning grants.** For online learning grants:

$	2,500,000	.....	2008
$	2,500,000	.....	2009

This is a onetime appropriation.

Subd. 9. **Rocori school district.** For Rocori school district for Project Serv:

$	53,000	.....	2008

ARTICLE 5
NUTRITION AND ACCOUNTING

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

Subdivision 1. **Budgets.** (a) For the purposes of this subdivision:

(1) "direct classroom expenditures" are instructional expenditures under the uniform financial accounting and reporting standards (UFARS), excluding tuition payments to other Minnesota school districts, capital expenditures, and expenditures for athletics, other cocurricular activities, and extracurricular activities; and

(2) "total K-12 general operating expenditures" are the total general fund expenditures for kindergarten through grade 12 under UFARS, excluding tuition payments to other Minnesota school districts, pupil transportation expenditures, and capital expenditures.

(b) Every board must formally adopt, and may formally revise, a minimum percent of total K-12 general operating expenditures that the board annually will allocate to direct classroom expenditures. Every board must evaluate its allocation on an ongoing basis to determine whether district expenditures are aligned with the district's academic goals.

(c) 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 report must clearly show the percent of a district's total K-12 general operating expenditures that is allocated to direct classroom expenditures. 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. **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:

$	10,516,000	.....	2008
$	10,642,000	.....	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:

$	5,400,000	.....	2008
$	5,515,000	.....	2009

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

$	150,000	.....	2008
$	150,000	.....	2009

ARTICLE 6
LIBRARIES

Section 1. **COMPREHENSIVE LIBRARY STRUCTURE STUDY.**

The commissioner of education must contract with an independent consultant that has extensive experience working with libraries to evaluate the structure of the library system and services provided by Minnesota libraries that receive public funding. The study must include all types of libraries in the state such as academic, government, special, school, and public libraries, including collaborative entities such as MINITEX and state library services. The consultant must:

(1) conduct an in-depth analysis of the current library system structure and services, identifying best practices, duplication of services, and opportunities to improve efficiency; and

(2) prepare a report to be submitted to the Department of Education, documenting and reporting findings, and recommending, where necessary, changes to increase efficiency and cooperation in the delivery of service and use of public funds.

The commissioner must report the findings of the study to the legislative committees having jurisdiction over kindergarten through grade 12 finance before January 15, 2009, and shall recommend any required changes in statute that will result in a more streamlined and efficient library structure.

Sec. 2. **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:

$	8,725,000	.....	2008
$	8,900,000	.....	2009

The 2008 appropriation includes $857,000 for 2007 and $7,868,000 for 2008.

The 2009 appropriation includes $874,000 for 2008 and $8,026,000 for 2009.

Subd. 3. **Multicounty, multitype library systems.** For grants under Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

$	903,000	.....	2008
$	903,000	.....	2009

The 2008 appropriation includes $90,000 for 2007 and $813,000 for 2008.

The 2009 appropriation includes $90,000 for 2008 and $813,000 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:

$	1,200,000	.....	2008
$	1,200,000	.....	2009

The 2008 appropriation includes $120,000 for 2007 and $1,080,000 for 2008.

The 2009 appropriation includes $120,000 for 2008 and $1,080,000 for 2009.

Subd. 6. **Comprehensive library study contract.** For a contract to examine Minnesota's library structure under section 1:

$	200,000	.....	2008

This appropriation is available through June 30, 2009. This is a onetime appropriation.

ARTICLE 7
EARLY CHILDHOOD EDUCATION

Section 1. Minnesota Statutes 2006, section 124D.13, subdivision 1, is amended to read:

Subdivision 1. **Establishment; purpose.** A district that provides a community education program under sections 124D.18 and 124D.19 may establish an early childhood family education program. Two or more districts, each of which provides a community education program, may cooperate to jointly provide an early childhood family education program. The purpose of the early childhood family education program is to provide parenting education to support children's learning and development.

Sec. 2. Minnesota Statutes 2006, section 124D.13, subdivision 2, is amended to read:

Subd. 2. **Program ~~characteristics~~ requirements.** (a) Early childhood family education programs are programs for children in the period of life from birth to kindergarten, for the parents and other relatives of these children, and for expectant parents. To the extent that funds are insufficient to provide programs for all children, early childhood family education programs should emphasize programming for a child from birth to age three and encourage parents and other relatives to involve four- and five-year-old children in school readiness programs, and other public and nonpublic early learning programs. A district may not limit participation to school district residents. Early childhood family education programs ~~may include the following~~ must provide:

(1) programs to educate parents and other relatives about the physical, mental, and emotional development of children;

(2) ~~programs to enhance the skills of parents and other relatives in providing for their children's learning and development~~ structured learning activities requiring interaction between children and their parents or relatives;

(3) structured learning ~~experiences~~ activities for children ~~and parents and other relatives~~ that promote children's development and positive interaction with peers, which are held while parents or relatives attend parent education classes;

~~(4) activities designed to detect children's physical, mental, emotional, or behavioral problems that may cause learning problems;~~

~~(5) activities and materials designed to encourage self-esteem, skills, and behavior that prevent sexual and other interpersonal violence;~~

~~(6) educational materials which may be borrowed for home use;~~

~~(7)~~ (4) information on related community resources;

~~(8) programs to prevent~~ (5) information, materials, and activities that support the safety of children, including prevention of child abuse and neglect; and

~~(9) other programs or activities to improve the health, development, and school readiness of children; or~~

~~(10) activities designed to maximize development during infancy.~~

(6) a community outreach plan to ensure participation by families who reflect the racial, cultural, and economic diversity of the school district.

The programs must not include activities for children that do not require substantial involvement of the children's parents or other relatives. The ~~programs~~ program must be reviewed periodically to assure the instruction and materials are not racially, culturally, or sexually biased. The programs must encourage parents to be aware of practices that may affect equitable development of children.

(b) For the purposes of this section, "relative" or "relatives" means noncustodial grandparents or other persons related to a child by blood, marriage, adoption, or foster placement, excluding parents.

Sec. 3. Minnesota Statutes 2006, section 124D.13, is amended by adding a subdivision to read:

Subd. 13. **Plan and program data submission requirements.** (a) An early childhood family education program must submit a biennial plan addressing the requirements of subdivision 3 for approval by the commissioner. The plan must also describe how the program provides parenting education and ensures participation of families representative of the school district. A school district must submit the plan for approval by the commissioner in the form and manner prescribed by the commissioner. One-half of districts, as determined by the commissioner, must first submit a biennial plan by April 1, 2009, and the remaining districts must first submit a plan by April 1, 2010.

(b) Districts receiving early childhood family education revenue under section 124D.135 must submit annual program data to the department by July 15 in the form and manner prescribed by the commissioner.

(c) Beginning with levies for fiscal year 2011, a school district must submit its annual program data to the department before it may certify a levy under section 124D.135. Districts selected by the commissioner to submit a biennial plan by April 1, 2010, must also have an approved plan on file with the commissioner before certifying a levy under section 124D.135 for fiscal year 2011. Beginning with levies for fiscal year 2012, all districts must submit annual program data and have an approved biennial plan on file with the commissioner before certifying a levy under section 124D.135.

Sec. 4. Minnesota Statutes 2006, section 124D.135, subdivision 3, is amended to read:

Subd. 3. **Early childhood family education levy.** ~~For fiscal year 2001 to obtain early childhood family education revenue, a district may levy an amount equal to the tax rate of .5282 percent times the adjusted tax capacity of the district for the year preceding the year the levy is certified. Beginning with levies for fiscal year 2002,~~ By September 30 of each year, the commissioner shall establish a tax rate for early childhood family education revenue that raises ~~$21,027,000 for fiscal year 2002 and~~ $22,135,000 in each fiscal year ~~2003 and each subsequent year~~. If the amount of the early childhood family education levy would exceed the early childhood family education revenue, the early childhood family education levy must equal the early childhood family education revenue. Beginning with levies for fiscal year 2011, a district may not certify an early childhood family education levy unless it has met the annual program data reporting and biennial plan requirements under section 124D.13, subdivision 13.

Sec. 5. Minnesota Statutes 2006, section 124D.135, subdivision 5, is amended to read:

Subd. 5. **Use of revenue restricted.** Early childhood family education revenue may be used only for early childhood family education programs.

(a) Not more than five percent of early childhood family education revenue, as defined in subdivision 7, may be used to administer early childhood family education programs.

(b) An early childhood family education program may use up to ten percent of its early childhood family education revenue as defined in subdivision 1, including revenue from participant fees, for equipment that is used in the early childhood family education program. This revenue may only be used for the following purposes:

(1) to purchase or lease computers and related materials; and

(2) to purchase or lease equipment for instruction for participating children and their families.

If a district anticipates an unusual circumstance requiring its early childhood family education program capital expenditures to exceed the ten percent limitation, prior approval to exceed the limit must be obtained in writing from the commissioner.

Sec. 6. Minnesota Statutes 2006, section 124D.135, subdivision 6, is amended to read:

Subd. 6. **Home visiting levy.** A district that is eligible to levy for early childhood family education under subdivision 3 and that enters into a collaborative agreement to provide education services and social services to families with young children may levy an amount equal to $1.60 times the number of people under five years of age residing in the district on September 1 of the last school year. Levy revenue under this subdivision must not be included as revenue under subdivision 1. The revenue must be used for home visiting programs under section 124D.13, subdivision 4.

Sec. 7. **[124D.163] TARGETED TRAINING OF EARLY CHILDHOOD PROFESSIONALS TO IMPROVE SCHOOL READINESS.**

Subdivision 1. **Establishment; purpose.** The commissioner of education shall provide a training program for the purpose of improving the school readiness of prekindergarten children.

Subd. 2. **Eligible participants.** The training program is available to all staff in school readiness programs as defined in section 124D.15, Head Start programs as defined in section 119A.50, and child care centers as defined in chapter 245A. The commissioner of education shall consult with the commissioner of human services to identify child care center program participants and implement the training program for child care center program participants.

Subd. 3. **Training content.** The commissioner shall develop three foundational and sequential training modules on child observation, child and program assessment, and curriculum planning.

Subd. 4. **Availability.** To the extent practical, the training will be made available throughout the state on an ongoing basis. In addition to the geographic availability, the commissioner must consider the availability of training to meet the needs of diverse cultural groups. Training materials may be translated and training may be delivered in other languages as determined by the commissioner. The training may be provided through a variety of methods that may include on-site and Web-based delivery.

Sec. 8. **[124D.164] IMPROVE EDUCATIONAL OFFERINGS IN SCHOOL READINESS, HEAD START, AND CHILD CARE PROGRAMS.**

Subdivision 1. **Establishment; purpose.** A program is established to improve the educational offerings in school readiness, Head Start, and licensed child care programs.

Subd. 2. **Recipients of services.** A recipient of services must be a:

(1) licensed child care center as defined in chapter 245A that is eligible to participate in the federal Child and Adult Care Food Program;

(2) federally designated Head Start program as defined in section 119A.50; or

(3) a school readiness program as defined in section 124D.15 with at least 25 percent of the children served in the program qualifying for free and reduced price lunch.

Subd. 3. **Required program components.** A school district receiving funds under this section must provide the following services to the designated recipients of services identified in its application:

(1) compensatory instruction that accelerates children's literacy and language development and mathematical thinking; and

(2) ongoing assessment of children's progress aligned with early learning guidelines. The compensatory instruction must be provided by a public school teacher with a valid early childhood license for at least three hours per day for four days per week for children in the year prior to kindergarten entrance. Funds cannot be used to supplant existing school readiness expenditures authorized under section 124D.16.

Subd. 4. **Application process and requirements.** (a) A district must submit an application to the commissioner of education in the form and manner prescribed by the commissioner.

(b) The application must include a plan that:

(1) identifies the program sites where services will be provided;

(2) provides for instructional content and activities of sufficient length and intensity to address learning needs of children most at risk of not being fully prepared for kindergarten;

(3) provides for instruction that accelerates literacy and language development and mathematical thinking;

(4) integrates the language, literacy, and mathematical learning components with ongoing program curriculum; and

(5) incorporates formal and ongoing assessment of children's progress aligned to early learning guidelines at program entrance and at program exit.

Subd. 5. **Selection and award.** When reviewing an application, the commissioner of education must determine whether all the requirements of subdivision 4 are met. The commissioner must consider geographical distribution of funds, as well as a distribution of funds that reflects the cultural diversity of the service area. The commissioner of education will consult with the commissioner of human services in the development and implementation of the application review and award process. Programs receiving awards under this section are eligible for continued funding if program requirements are met according to the standards established by the commissioner of education and funds are appropriated.

Sec. 9. **[124D.165] EARLY CHILDHOOD SCHOLARSHIPS.**

Subdivision 1. **Purpose.** The commissioner must establish an early childhood scholarship fund to improve the school readiness of prekindergarten children at risk of being unprepared for kindergarten. Scholarships are available for the purpose of participating in an approved program as specified in subdivision 4 the year prior to kindergarten entrance.

Subd. 2. **Eligibility.** A parent or legal guardian of a four-year-old child with a household income that does not exceed 180 percent of the federal poverty guidelines, adjusted for family size, is eligible to apply for an annual scholarship of up to $4,000 for each eligible child.

Subd. 3. **Scholarship application, award, and process.** Parents or guardians meeting the eligibility requirements defined in subdivision 2 may apply for a scholarship certificate. Application must be made according to the form and manner prescribed by the commissioner. The certificates must be redeemable for instruction at an approved early childhood program, as specified in subdivision 4, for up to one year from the date of issue or until the child for whom the scholarship is designated enrolls in kindergarten, whichever occurs first. The commissioner shall annually award scholarship certificates to eligible applicants in the order applications are received until all funds available for the year have been obligated. Recipients may not transfer a scholarship certificate to another person. The parent or guardian may transfer the scholarship certificate to another approved early childhood program according to requirements established by the commissioner.

Subd. 4. **Program approval.** A program must be approved by the commissioner to be eligible to receive state early childhood scholarship program funds on behalf of an enrolled scholarship certificate recipient. Early childhood programs must apply for approval in the form and manner prescribed by the commissioner and must be:

(1) a federally designated Head Start program as defined in section 119A.50;

(2) a school readiness program as defined in section 124D.15; or

(3) a licensed child care program as defined in chapter 245A.

The application must include evidence that the program provides research-based instruction to support school readiness. Programs must submit any program changes related to approval as they occur and must reapply for approval every three years.

Subd. 5. **Payments to approved programs.** The commissioner shall issue payments of scholarship funds on a reimbursement basis to approved programs as defined in subdivision 4 for services provided that are comparable to service costs for program participants who do not receive a scholarship. Scholarship funds may not be used for services that are available at no cost to nonscholarship recipient families. Approved programs must maintain documentation of services provided and the commissioner shall verify information submitted by approved programs to ensure appropriate services were provided to eligible recipients for whom state early childhood scholarship funds are paid. Scholarship funds awarded to families receiving other forms of assistance, such as child care assistance, must be used to supplement and may not be used to supplant services provided through that assistance.

Subd. 6. **Scholarship not income for purposes of other publicly funded programs.** Notwithstanding any law to the contrary, the receipt of a scholarship does not count as earned income for the purposes of medical assistance, MinnesotaCare, MFIP, child care assistance, or Head Start programs.

Sec. 10. **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 readiness.** For revenue for school readiness programs under Minnesota Statutes, sections 124D.15 and 124D.16:

$	9,095,000	.....	2008
$	9,095,000	.....	2009

The 2008 appropriation includes $909,000 for 2007 and $8,186,000 for 2008.

The 2009 appropriation includes $909,000 for 2008 and $8,186,000 for 2009.

Subd. 3. **Early childhood family education aid.** For early childhood family education aid under Minnesota Statutes, section 124D.135:

$	18,442,000	.....	2008
$	18,871,000	.....	2009

The 2008 appropriation includes $1,801,000 for 2007 and $16,641,000 for 2008.

The 2009 appropriation includes $1,849,000 for 2008 and $17,022,000 for 2009.

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

$	3,207,000	.....	2008
$	3,371,000	.....	2009

The 2008 appropriation includes $293,000 for 2007 and $2,914,000 for 2008.

The 2009 appropriation includes $323,000 for 2008 and $3,048,000 for 2009.

Subd. 5. **Head Start program.** For Head Start programs under Minnesota Statutes, section 119A.52:

$	19,100,000	.....	2008
$	19,100,000	.....	2009

Subd. 6. **Educate parents partnership.** For the educate parents partnership under Minnesota Statutes, section 124D.129:

$	50,000	.....	2008
$	50,000	.....	2009

Subd. 7. **Kindergarten entrance assessment initiative and intervention program.** For the kindergarten entrance assessment initiative and intervention program under Minnesota Statutes, section 124D.162:

$	287,000	.....	2008
$	287,000	.....	2009

Subd. 8. **Early childhood Part C.** For the expansion of early childhood Part C services:

$	102,000	.....	2008

This appropriation includes $102,000 for 2007 and $0 for 2008.

Subd. 9. **Early childhood family education program accountability initiative.** For the implementation of the early childhood family education program accountability initiative under Minnesota Statutes, section 124D.135:

$	211,000	.....	2008
$	196,000	.....	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 $196,000.

Subd. 10. **Targeted training of early childhood professionals.** For the targeted training of early childhood professionals under Minnesota Statutes, section 124D.163:

$	155,000	.....	2008
$	70,000	.....	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 $70,000.

Subd. 11. **Improve educational components in school readiness, Head Start, and child care programs.** For the educational components program under Minnesota Statutes, section 124D.164:

$	4,183,000	.....	2008
$	4,183,000	.....	2009

Of this amount, $172,500 is to administer the grant program. Any balance in the first year does not cancel but is available in the second year.

Subd. 12. **Early childhood scholarship program.** For the early childhood scholarship program under Minnesota Statutes, section 124D.165:

$	392,000	.....	2008
$	28,509,000	.....	2009

Of these amounts, $392,000 in fiscal year 2008 and $342,000 in fiscal year 2009 are to administer the scholarship program.

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 $28,509,000. Of this amount, $342,000 is to administer the scholarship program.

ARTICLE 8
PREVENTION

Section 1. **APPROPRIATION.**

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

Subd. 2. **Community education aid.** For community education aid under Minnesota Statutes, section 124D.20:

$	1,299,000	.....	2008
$	797,000	.....	2009

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

The 2009 appropriation included $122,000 for 2008 and $675,000 for 2009.

Subd. 3. **Adults with disabilities program aid.** For adults with disabilities programs under Minnesota Statutes, section 124D.56:

$	710,000	.....	2008
$	710,000	.....	2009

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

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

Subd. 4. **Hearing-impaired adults.** For programs for hearing-impaired adults under Minnesota Statutes, section 124D.57:

$	70,000	.....	2008
$	70,000	.....	2009

Subd. 5. **School-age care revenue.** For extended day aid under Minnesota Statutes, section 124D.22:

$	1,000	.....	2008
$	1,000	.....	2009

The 2008 appropriation includes $0 for 2007 and $1,000 for 2008.

The 2009 appropriation includes $0 for 2008 and $1,000 for 2009.

ARTICLE 9

SELF-SUFFICIENCY AND LIFELONG LEARNING

Section 1. **[119A.60] MINNESOTA FATHERHOOD LEADERSHIP INITIATIVE.**

Subdivision 1. **Establishment; purpose.** The Minnesota fatherhood leadership initiative is established to strengthen the relationship of fathers to their children and enhance responsible parenting across the state by improving and expanding fatherhood services.

Subd. 2. **Program components.** The commissioner of education shall establish a program that includes community access grants, a fatherhood leadership certificate program and technical assistance, training and resources for programs receiving community access grants, and other programs working in coordination with the Minnesota Fathers and Families Network.

(a) Faith and community organizations may apply in the form and manner prescribed by the commissioner for innovative community access grants for fatherhood initiatives that include the following:

(1) parenting and coparenting;

(2) family law, child access, and parenting time services;

(3) multiservice programming to address barriers in employment, education, health, and mental health; and

(4) on-site technical assistance and training.

Community access grant recipients must participate in the evaluation described in subdivision 3 and enroll a minimum of one staff member in the fatherhood leadership certification program.

(b) The commissioner shall fund one program to provide intensive year-long training through a fatherhood leadership certificate program. The program must include:

(1) participant pairing with a professional mentor;

(2) graduate credits to participants;

(3) curriculum developed by the advisory committee identified in subdivision 4; and

(4) a program Web site.

(c) The Minnesota Fathers and Families Network shall receive funding to provide program coordination, recruitment, technical assistance, training, and resource materials to partner organizations and organizations receiving community access grants.

Subd. 3. **Evaluation.** An evaluation of each of the components of subdivision 2 must be completed by an independent evaluator.

Subd. 4. **Advisory committee.** An advisory committee comprised of representatives from the department, the Minnesota Fathers and Families Network, the Governor's Council on Faith and Community Service Initiatives, and other appropriate members must be established by the commissioner of education for the purpose of:

(1) reviewing applications and selecting recipients of community access grants;

(2) developing the fatherhood leadership certificate program curriculum; and

(3) advising on technical assistance, training, and support.

Sec. 2. **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. **Adult basic education aid.** For adult basic education aid under Minnesota Statutes:

$	37,486,000	.....	2007
$	38,646,000	.....	2008
$	39,807,000	.....	2009

The 2007 appropriation includes $3,654,000 for 2006 and $33,832,000 for 2007.

The 2008 appropriation includes $3,759,000 for 2007 and $34,887,000 for 2008.

The 2009 appropriation includes $3,876,000 for 2008 and $35,931,000 for 2009.

Subd. 3. **GED tests.** For payment of 60 percent of the costs of GED tests under Laws 1993, chapter 224, article 4, section 44, subdivision 10:

$	125,000	.....	2008
$	125,000	.....	2009

Subd. 4. **Lead hazard reduction.** For lead hazard reduction under Minnesota Statutes, section 144.9512:

$	100,000	.....	2008
$	100,000	.....	2009

The commissioner of education may transfer this appropriation to the commissioner of health.

Subd. 5. **Adult literacy grants for recent immigrants.** For adult literacy grants for recent immigrants to Minnesota under Laws 2006, chapter 282, article 2, section 26:

$	1,250,000	.....	2008

EFFECTIVE DATE. Subdivision 2 is effective the day following final enactment.

Sec. 3. **APPROPRIATIONS; TANF.**

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

Subd. 2. **Minnesota fatherhood leadership initiative programs.** For the fatherhood leadership initiative program under Minnesota Statutes, section 124D.235:

$	500,000	.....	2008
$	500,000	.....	2009

Of this amount, $50,000 is available each year to conduct the evaluation, coordinate the program, support the advisory committee, and administer the program.

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

ARTICLE 10
STATE AGENCIES

Section 1. 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. 2. **RULEMAKING AUTHORITY.**

Subdivision 1. **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.

Subd. 2. **Statewide graduation tests.** The commissioner of education shall adopt rules under Minnesota Statutes, chapter 14, for the administration of statewide graduation tests.

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

Sec. 3. **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:

$	22,425,000	.....	2008
$	22,344,000	.....	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) $204,000 in fiscal year 2008 is for rulemaking under section 1, subdivision 1.

(g) $204,000 in fiscal year 2008 is for rulemaking under section 1, subdivision 2.

(h) 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.

Sec. 4. **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:

$	192,000	.....	2007
$	96,000	.....	2008
$	96,000	.....	2009

The 2007 appropriation includes $96,000 for 2006, and $96,000 for 2007.

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

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:

$	6,808,000	.....	2008
$	6,955,000	.....	2009

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