A bill for an act

relating to education; providing for policy and funding for family, adult, and prekindergarten through grade 12 education including general education, education excellence, special programs, facilities and technology, libraries, nutrition, accounting, self-sufficiency and lifelong learning, state agencies, pupil transportation, school finance system changes, forecast adjustments, and technical corrections; providing for advisory groups; requiring reports; appropriating money; amending Minnesota Statutes 2008, sections 6.74; 16A.06, subdivision 11; 120A.22, subdivision 7; 120A.40; 120B.02; 120B.021, subdivision 1; 120B.022, subdivision 1; 120B.023, subdivision 2; 120B.11, subdivision 5; 120B.13; 120B.132; 120B.30; 120B.31; 120B.35; 120B.36; 121A.15, subdivision 8; 121A.41, subdivisions 7, 10; 121A.43; 122A.07, subdivisions 2, 3; 122A.18, subdivision 4; 122A.31, subdivision 4; 122A.40, subdivisions 6, 8; 122A.41, subdivisions 3, 5; 122A.413, subdivision 2; 122A.414, subdivisions 2, 2b; 122A.60, subdivisions 1a, 2; 122A.61, subdivision 1; 123A.05; 123A.06; 123A.08; 123B.02, subdivision 21; 123B.03, subdivisions 1, 1a; 123B.10, subdivision 1; 123B.14, subdivision 7; 123B.143, subdivision 1; 123B.51, by adding a subdivision; 123B.53, subdivision 5; 123B.57, subdivision 1; 123B.59, subdivisions 2, 3, 3a; 123B.70, subdivision 1; 123B.71, subdivisions 8, 9, 12; 123B.75, subdivision 5; 123B.76, subdivision 3; 123B.77, subdivision 3; 123B.79, subdivision 7; 123B.81, subdivisions 3, 4, 5; 123B.83, subdivision 3; 123B.92, subdivisions 1, 5; 124D.095, subdivisions 2, 3, 4, 7, 10; 124D.10; 124D.11, subdivisions 4, 9; 124D.111, subdivision 3; 124D.128, subdivisions 2, 3; 124D.42, subdivision 6, by adding a subdivision; 124D.4531; 124D.59, subdivision 2; 124D.65, subdivision 5; 124D.68, subdivisions 2, 3, 4, 5; 124D.83, subdivision 4; 124D.86, subdivisions 1, 1a, 1b; 125A.02; 125A.07; 125A.08; 125A.091; 125A.11, subdivision 1; 125A.15; 125A.28; 125A.51; 125A.56; 125A.57, subdivision 2; 125A.62, subdivision 8; 125A.63, subdivisions 2, 4; 125A.76, subdivisions 1, 5; 125A.79, subdivision 7; 125B.26; 126C.01, by adding subdivisions; 126C.05, subdivisions 1, 2, 3, 5, 6, 8, 15, 16, 17, 20; 126C.10, subdivisions 1, 2, 2a, 3, 4, 6, 13, 14, 18, 24, 34, by adding subdivisions; 126C.13, subdivisions 4, 5; 126C.15, subdivisions 2, 4; 126C.17, subdivisions 1, 5, 6, 9; 126C.20; 126C.40, subdivisions 1, 6; 126C.41, subdivision 2; 126C.44; 127A.08, by adding a subdivision; 127A.441; 127A.45, subdivisions 2, 3, 13, by adding a subdivision; 127A.47, subdivisions 5, 7; 127A.51; 134.31, subdivision 4a, by adding a subdivision; 169.011, subdivision 71; 169.443, subdivision 9; 169.4501, subdivision 1; 169.4503, subdivision 20, by adding a subdivision; 169.454, subdivision 13; 169A.03, subdivision 23; 171.01, subdivision 22; 171.02, subdivisions 2, 2a, 2b; 171.05, subdivision 2; 171.17, subdivision 1;

171.22, subdivision 1; 171.321, subdivisions 1, 4, 5; 181A.05, subdivision 1; 275.065, subdivisions 3, 6; 299A.297; 471.975; 475.58, subdivision 1; Laws 2007, chapter 146, article 1, section 24, subdivisions 2, as amended, 6, as amended, 8, as amended; article 2, section 46, subdivision 6, as amended; article 3, section 24, subdivision 4, as amended; article 4, section 16, subdivisions 2, as amended, 6, as amended; article 5, section 13, subdivisions 2, as amended, 3, as amended; article 9, section 17, subdivisions 2, as amended, 13, as amended; Laws 2008, chapter 363, article 2, section 46, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 120B; 123B; 125A; 126C; 127A; repealing Minnesota Statutes 2008, sections 120B.362; 120B.39; 121A.27; 121A.66; 121A.67, subdivision 1; 122A.628; 122A.75; 123B.54; 123B.57, subdivisions 3, 4, 5; 123B.591; 124D.091; 125A.03; 125A.05; 125A.18; 125A.76, subdivision 4; 125A.79, subdivision 6; 126C.10, subdivisions 2b, 13a, 13b, 24, 25, 26, 27, 28, 29, 30, 31, 31a, 31b, 32, 33, 34, 35, 36; 126C.12; 126C.126; 127A.50; 275.065, subdivisions 5a, 6b, 6c, 8, 9, 10; Minnesota Rules, parts 3525.0210, subparts 5, 6, 9, 13, 17, 29, 30, 34, 43, 46, 47; 3525.0400; 3525.1100, subpart 2, item F; 3525.2445; 3525.2900, subpart 5; 3525.4220.

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

ARTICLE 1
GENERAL EDUCATION

Section 1. Minnesota Statutes 2008, section 16A.06, subdivision 11, is amended to read:

Subd. 11. **Permanent school fund reporting.** The commissioner shall biannually report to the Permanent School Fund Advisory Committee and the legislature ~~on the management of the permanent school trust fund that shows how the commissioner~~ the amount of the permanent school fund transfer and information about the investment of the permanent school fund provided by the State Board of Investment. The State Board of Investment shall provide information about how they maximized the long-term economic return of the permanent school ~~trust~~ fund.

Sec. 2. Minnesota Statutes 2008, section 120A.40, is amended to read:

120A.40 SCHOOL CALENDAR.

(a) Except for learning programs during summer, flexible learning year programs authorized under sections 124D.12 to 124D.127, and learning year programs under section 124D.128, a district must not commence an elementary or secondary school year before Labor Day, except as provided under paragraph (b). Days devoted to teachers' workshops may be held before Labor Day. Districts that enter into cooperative agreements are encouraged to adopt similar school calendars.

(b) A district may begin the school year on any day before Labor Day:

(1) to accommodate a construction or remodeling project of $400,000 or more affecting a district school facility~~.~~;

(2) if the district has an agreement under section 123A.30, 123A.32, or 123A.35 with a district that qualifies under clause (1); or

~~A school~~ (3) if the district ~~that~~ agrees to the same schedule with a school district in an adjoining state ~~also may begin the school year before Labor Day as authorized under this paragraph~~.

Sec. 3. Minnesota Statutes 2008, section 122A.60, subdivision 1a, is amended to read:

Subd. 1a. **Effective staff development activities.** (a) Staff development activities must:

(1) focus on the school classroom and research-based strategies that improve student learning;

(2) provide opportunities for teachers to practice and improve their instructional skills over time;

(3) provide opportunities for teachers to use student data as part of their daily work to increase student achievement;

(4) enhance teacher content knowledge and instructional skills;

(5) align with state and local academic standards;

(6) provide opportunities to build professional relationships, foster collaboration among principals and staff who provide instruction, and provide opportunities for teacher-to-teacher mentoring; and

(7) align with the plan of the district or site for an alternative teacher professional pay system.

Staff development activities may include curriculum development and curriculum training programs, ~~and~~ activities that provide teachers and other members of site-based teams training to enhance team performance, boiler operator training, and basic first aid, focusing on certification for CPR and the use of automatic external defibrillators. The school district also may implement other staff development activities required by law and activities associated with professional teacher compensation models.

(b) Release time provided for teachers to supervise students on field trips and school activities, or independent tasks not associated with enhancing the teacher's knowledge and instructional skills, such as preparing report cards, calculating grades, or organizing classroom materials, may not be counted as staff development time that is financed with staff development reserved revenue under section 122A.61.

Sec. 4. Minnesota Statutes 2008, section 122A.61, subdivision 1, is amended to read:

Subdivision 1. **Staff development revenue.** A district is required to reserve an amount equal to at least two percent of the basic revenue under section 126C.10, subdivision 2, for in-service education for programs under section 120B.22, subdivision 2, for staff development plans, including plans for challenging instructional activities and experiences under section 122A.60, and for curriculum development and programs, other in-service education, teachers' workshops, teacher conferences, the cost of substitute teachers staff development purposes, preservice and in-service education for special education professionals and paraprofessionals, and other related costs for staff development efforts. A district may annually waive the requirement to reserve their basic revenue under this section if a majority vote of the licensed teachers in the district and a majority vote of the school board agree to a resolution to waive the requirement. A district in statutory operating debt is exempt from reserving basic revenue according to this section. Districts may expend an additional amount of unreserved revenue for staff development based on their needs. With the exception of amounts reserved for staff development from revenues allocated directly to school sites and any amounts spent for first aid or CPR and automatic external defibrillator training, the board must initially allocate 50 percent of the remaining reserved revenue to each school site in the district on a per teacher basis, which must be retained by the school site until used. The board may retain 25 percent to be used for district wide staff development efforts, including boiler operator training. The remaining 25 percent of the revenue must be used to make grants to school sites for best practices methods. A grant may be used for any purpose authorized under section 120B.22, subdivision 2, 122A.60, or for the costs of curriculum development and programs, other in-service education, teachers' workshops, teacher conferences, substitute teachers for staff development purposes, and other staff development efforts, and determined by the site professional development team. The site professional development team must demonstrate to the school board the extent to which staff at the site have met the outcomes of the program. The board may withhold a portion of initial allocation of revenue if the staff development outcomes are not being met.

Sec. 5. Minnesota Statutes 2008, section 123B.77, subdivision 3, is amended to read:

Subd. 3. **Statement for comparison and correction.** (a) By November 30 of the calendar year of the submission of the unaudited financial data, the district must provide to the commissioner audited financial data for the preceding fiscal year. The audit must be conducted in compliance with generally accepted governmental auditing standards, the federal Single Audit Act, and the Minnesota legal compliance guide issued by the Office of the State Auditor. An audited financial statement prepared in a form which will allow

comparison with and correction of material differences in the unaudited financial data shall be submitted to the commissioner and the state auditor by December 31. The audited financial statement must also provide a statement of assurance pertaining to uniform financial accounting and reporting standards compliance and a copy of the management letter submitted to the district by the school district's auditor.

(b) By ~~January~~ February 15 of the calendar year following the submission of the unaudited financial data, the commissioner shall convert the audited financial data required by this subdivision into the consolidated financial statement format required under subdivision 1a and publish the information on the department's Web site.

Sec. 6. Minnesota Statutes 2008, section 123B.83, subdivision 3, is amended to read:

Subd. 3. **Failure to limit expenditures.** If a district does not limit its expenditures in accordance with this section, the commissioner may so notify the appropriate committees of the legislature by no later than ~~January 1~~ February 15 of the year following the end of that fiscal year.

Sec. 7. Minnesota Statutes 2008, section 125A.11, subdivision 1, is amended to read:

Subdivision 1. **Nonresident tuition rate; other costs.** (a) For fiscal year 2006, when a school district provides instruction and services outside the district of residence, board and lodging, and any tuition to be paid, shall be paid by the district of residence. The tuition rate to be charged for any child with a disability, excluding a pupil for whom tuition is calculated according to section 127A.47, subdivision 7, paragraph (d), must be the sum of (1) the actual cost of providing special instruction and services to the child including a proportionate amount for special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, plus (2) the amount of general education revenue and referendum aid attributable to the pupil, minus (3) the amount of special education aid for children with a disability received on behalf of that child, minus (4) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum aid, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom. If the boards involved do not agree upon the tuition rate, either board may apply to the commissioner to fix the rate. Notwithstanding chapter 14, the commissioner must then set a date for a hearing or request a written statement from each board, giving each board

at least ten days' notice, and after the hearing or review of the written statements the commissioner must make an order fixing the tuition rate, which is binding on both school districts. General education revenue and referendum equalization aid attributable to a pupil must be calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit.

(b) For fiscal year 2007 and later, when a school district provides special instruction and services for a pupil with a disability as defined in section 125A.02 outside the district of residence, excluding a pupil for whom an adjustment to special education aid is calculated according to section 127A.47, subdivision 7, paragraph (e), special education aid paid to the resident district must be reduced by an amount equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, plus (2) the amount of general education revenue and referendum equalization aid attributable to that pupil, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit excluding basic skills revenue, elementary sparsity revenue and secondary sparsity revenue, minus (3) the amount of special education aid for children with a disability received on behalf of that child, minus (4) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum equalization aid, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit excluding basic skills revenue, elementary sparsity revenue and secondary sparsity revenue and the serving district's basic skills revenue, elementary sparsity revenue and secondary sparsity revenue per adjusted pupil unit. Notwithstanding clauses (1) and (4), for pupils served by a cooperative unit without a fiscal agent school district, the general education revenue and referendum equalization aid attributable to a pupil must be calculated using the resident district's average general education revenue and referendum equalization aid excluding <u>compensatory revenue,</u> elementary sparsity revenue<u>,</u> and secondary sparsity revenue. Special education aid paid to the district or cooperative providing special instruction and services for the pupil must be increased by the amount of the reduction in the aid paid to the resident district. Amounts paid to cooperatives under this subdivision and section 127A.47, subdivision 7, shall be recognized and reported as revenues and

expenditures on the resident school district's books of account under sections 123B.75 and 123B.76. If the resident district's special education aid is insufficient to make the full adjustment, the remaining adjustment shall be made to other state aid due to the district.

(c) Notwithstanding paragraphs (a) and (b) and section 127A.47, subdivision 7, paragraphs (d) and (e), a charter school where more than 30 percent of enrolled students receive special education and related services, a site approved under section 125A.515, an intermediate district, a special education cooperative, or a school district that served as the applicant agency for a group of school districts for federal special education aids for fiscal year 2006 may apply to the commissioner for authority to charge the resident district an additional amount to recover any remaining unreimbursed costs of serving pupils with a disability. The application must include a description of the costs and the calculations used to determine the unreimbursed portion to be charged to the resident district. Amounts approved by the commissioner under this paragraph must be included in the tuition billings or aid adjustments under paragraph (a) or (b), or section 127A.47, subdivision 7, paragraph (d) or (e), as applicable.

(d) For purposes of this subdivision and section 127A.47, subdivision 7, paragraphs (d) and (e), "general education revenue and referendum equalization aid" means the sum of the general education revenue according to section 126C.10, subdivision 1, excluding alternative teacher compensation revenue, plus the referendum equalization aid according to section 126C.17, subdivision 7, as adjusted according to section 127A.47, subdivision 7, paragraphs (a) to (c).

Sec. 8. Minnesota Statutes 2008, section 126C.05, subdivision 2, is amended to read:

Subd. 2. **Foreign exchange pupils.** Notwithstanding section 124D.02, subdivision 3, or any other law to the contrary, a foreign exchange pupil enrolled in a district under a cultural exchange program registered with the Office of the Secretary of State under section 5A.02 may be counted as a resident pupil for the purposes of this chapter and chapters 120B, 122A, 123A, 123B, 124D, 125A, and 127A, even if the pupil has graduated from high school or the equivalent.

Sec. 9. Minnesota Statutes 2008, section 126C.15, subdivision 2, is amended to read:

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

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

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

(d) ~~If the pupil is served at a site other than one owned and operated by the district, the revenue shall be paid to the district and used for services for pupils who generate the revenue~~ Notwithstanding section 123A. 26, subdivision 1, compensatory revenue generated by students served at a cooperative unit shall be paid to the cooperative unit.

(e) A district with school building openings, school building closings, changes in attendance area boundaries, or other changes in programs or student demographics between the prior year and the current year may reallocate compensatory revenue among sites to reflect these changes. A district must report to the department any adjustments it makes according to this paragraph and the department must use the adjusted compensatory revenue allocations in preparing the report required under section 123B.76, subdivision 3, paragraph (c).

Sec. 10. Minnesota Statutes 2008, section 126C.15, subdivision 4, is amended to read:

Subd. 4. **Separate accounts.** Each district and cooperative unit that receives basic skills revenue shall maintain separate accounts to identify expenditures for salaries and programs related to basic skills revenue.

Sec. 11. Minnesota Statutes 2008, section 126C.17, subdivision 9, is amended to read:

Subd. 9. **Referendum revenue.** (a) The revenue authorized by section 126C.10, subdivision 1, may be increased in the amount approved by the voters of the district at a referendum called for the purpose. The referendum may be called by the board or shall be called by the board upon written petition of qualified voters of the district. The referendum must be conducted one or two calendar years before the increased levy authority, if approved, first becomes payable. Only one election to approve an increase may be held in a calendar year. Unless the referendum is conducted by mail under subdivision 11, paragraph (a), the referendum must be held on the first Tuesday after the first Monday in November. The ballot must state the maximum amount of the increased revenue per resident marginal cost pupil unit. The ballot may state a schedule, determined by the board, of increased revenue per resident marginal cost pupil unit that differs from year

to year over the number of years for which the increased revenue is authorized or may state that the amount shall increase annually by the rate of inflation. For this purpose, the rate of inflation shall be the annual inflationary increase calculated under subdivision 2, paragraph (b). The ballot may state that existing referendum levy authority is expiring. In this case, the ballot may also compare the proposed levy authority to the existing expiring levy authority, and express the proposed increase as the amount, if any, over the expiring referendum levy authority. The ballot must designate the specific number of years, not to exceed ten, for which the referendum authorization applies. The ballot, including a ballot on the question to revoke or reduce the increased revenue amount under paragraph (c), must abbreviate the term "per resident marginal cost pupil unit" as "per pupil." The notice required under section 275.60 may be modified to read, in cases of renewing existing levies at the same amount per pupil as in the previous year:

"BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING TO EXTEND AN EXISTING PROPERTY TAX REFERENDUM THAT IS SCHEDULED TO EXPIRE."

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

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

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

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

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

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

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

(d) A petition authorized by paragraph (a) or (c) is effective if signed by a number of qualified voters in excess of ~~15~~ 30 percent of the registered voters of the district on the day the petition is filed with the board. A referendum invoked by petition must be held on the date specified in paragraph (a).

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

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

EFFECTIVE DATE. This section is effective for petitions filed after July 1, 2009.

Sec. 12. Minnesota Statutes 2008, section 126C.40, subdivision 6, is amended to read:

Subd. 6. **Lease purchase; installment buys.** (a) Upon application to, and approval by, the commissioner in accordance with the procedures and limits in subdivision 1, paragraphs (a) and (b), a district, as defined in this subdivision, may:

(1) purchase real or personal property under an installment contract or may lease real or personal property with an option to purchase under a lease purchase agreement, by which installment contract or lease purchase agreement title is kept by the seller or vendor or assigned to a third party as security for the purchase price, including interest, if any; and

(2) annually levy the amounts necessary to pay the district's obligations under the installment contract or lease purchase agreement.

(b) The obligation created by the installment contract or the lease purchase agreement must not be included in the calculation of net debt for purposes of section 475.53, and does not constitute debt under other law. An election is not required in connection with the execution of the installment contract or the lease purchase agreement.

(c) The proceeds of the levy authorized by this subdivision must not be used to acquire a facility to be primarily used for athletic or school administration purposes.

(d) For the purposes of this subdivision, "district" means:

(1) a school district ~~required to have a comprehensive plan for the elimination of segregation~~ which is eligible for revenue under section 124D.86, subdivision 3, clause (1), (2), or (3), and whose plan has been determined by the commissioner to be in compliance with Department of Education rules relating to equality of educational opportunity and school desegregation and, for a district eligible for revenue under section 124D.86, subdivision 3, clause (4) or (5), where the acquisition of property under this subdivision is determined by the commissioner to contribute to the implementation of the desegregation plan; or

(2) a school district that participates in a joint program for interdistrict desegregation with a district defined in clause (1) if the facility acquired under this subdivision is to be primarily used for the joint program and the commissioner determines that the joint programs are being undertaken to implement the districts' desegregation plan.

(e) Notwithstanding subdivision 1, the prohibition against a levy by a district to lease or rent a district-owned building to itself does not apply to levies otherwise authorized by this subdivision.

(f) For the purposes of this subdivision, any references in subdivision 1 to building or land shall include personal property.

Sec. 13. Minnesota Statutes 2008, section 126C.41, subdivision 2, is amended to read:

Subd. 2. **Retired employee health benefits.** (a) A district may levy an amount up to the amount the district is required by the collective bargaining agreement in effect on March 30, 1992, to pay for health insurance or unreimbursed medical expenses for licensed and nonlicensed employees who have terminated services in the employing

district and withdrawn from active teaching service or other active service, as applicable, before July 1, 1992, and to pay for health insurance or unreimbursed medical expenses for licensed and nonlicensed employees who have terminated services in the employing district and withdrawn from active teaching service or other active service, as applicable before July 1, 1998, if a sunset clause is in effect for the current collective bargaining agreement. The total amount of the levy each year may not exceed $600,000.

(b) In addition to the levy authority granted under paragraph (a), a school district may levy for other postemployment benefits expenses. For purposes of this subdivision "postemployment benefits" means benefits giving rise to a liability under Statement No. 45 of the Government Accounting Standards Board. A district seeking levy authority under this subdivision must:

(1) create or have created an actuarial liability to pay postemployment benefits to employees or officers after their termination of service;

(2) have a sunset clause in effect for the current collective bargaining agreement as required by paragraph (a); and

(3) apply for the authority in the form and manner required by the commissioner of education.

If the total levy authority requested under this paragraph exceeds the amount established in paragraph (c), the commissioner must proportionately reduce each district's maximum levy authority under this subdivision.

(c) The maximum levy authority under paragraph (b) must not exceed the following amounts:

(1) $24,000,000 for taxes payable in 2010;

(2) $50,000,000 for taxes payable in 2011; and

(3) for taxes payable in 2012 and later, the maximum levy authority must not exceed the sum of the previous year's authority and $19,000,000.

Sec. 14. Minnesota Statutes 2008, section 126C.44, is amended to read:

126C.44 SAFE SCHOOLS LEVY.

(a) Each district may make a levy on all taxable property located within the district for the purposes specified in this section. The maximum amount which may be levied for all costs under this section shall be equal to $30 multiplied by the district's adjusted marginal cost pupil units for the school year. The proceeds of the levy must be reserved and used for directly funding the following purposes or for reimbursing the cities and counties who contract with the district for the following purposes: (1) to pay the costs incurred for the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison in

services in the district's schools; (2) to pay the costs for a drug abuse prevention program as defined in section 609.101, subdivision 3, paragraph (e), in the elementary schools; (3) to pay the costs for a gang resistance education training curriculum in the district's schools; (4) to pay the costs for security in the district's schools and on school property; (5) to pay the costs for other crime prevention, drug abuse, student and staff safety, voluntary opt-in suicide prevention tools, and violence prevention measures taken by the school district; or (6) to pay costs for licensed school counselors, licensed school nurses, licensed school social workers, licensed school psychologists, and licensed alcohol and chemical dependency counselors to help provide early responses to problems. For expenditures under clause (1), the district must initially attempt to contract for services to be provided by peace officers or sheriffs with the police department of each city or the sheriff's department of the county within the district containing the school receiving the services. If a local police department or a county sheriff's department does not wish to provide the necessary services, the district may contract for these services with any other police or sheriff's department located entirely or partially within the school district's boundaries.

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

(c) A school district must set aside at least $3 per adjusted marginal cost pupil unit of the safe schools levy proceeds for the purposes authorized under paragraph (a), clause (6). The district must annually certify either that: (1) its total spending on services provided by the employees listed in paragraph (a), clause (6), is not less than the sum of its expenditures for these purposes, excluding amounts spent under this section, in the previous year plus the amount spent under this section; or (2) that the district's full-time equivalent number of employees listed in paragraph (a), clause (6), is not less than the number for the previous year.

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

Sec. 15. Minnesota Statutes 2008, section 127A.47, subdivision 7, is amended to read:

Subd. 7. **Alternative attendance programs.** The general education aid and special education aid for districts must be adjusted for each pupil attending a nonresident district

under sections 123A.05 to 123A.08, 124D.03, 124D.08, and 124D.68. The adjustments must be made according to this subdivision.

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

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

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

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

(e) For fiscal year 2007 and later, special education aid paid to a resident district must be reduced by an amount equal to (1) the actual cost of providing special instruction

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

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

Sec. 16. Minnesota Statutes 2008, section 475.58, subdivision 1, is amended to read:

Subdivision 1. **Approval by electors; exceptions.** Obligations authorized by law or charter may be issued by any municipality upon obtaining the approval of a majority of the electors voting on the question of issuing the obligations, but an election shall not be required to authorize obligations issued:

(1) to pay any unpaid judgment against the municipality;

(2) for refunding obligations;

(3) for an improvement or improvement program, which obligation is payable wholly or partly from the proceeds of special assessments levied upon property specially benefited by the improvement or by an improvement within the improvement program, or from tax increments, as defined in section 469.174, subdivision 25, including obligations which are the general obligations of the municipality, if the municipality is entitled to reimbursement in whole or in part from the proceeds of such special assessments or tax increments and not less than 20 percent of the cost of the improvement or the improvement program is to be assessed against benefited property or is to be paid from the proceeds of federal grant funds or a combination thereof, or is estimated to be received from tax increments;

(4) payable wholly from the income of revenue producing conveniences;

(5) under the provisions of a home rule charter which permits the issuance of obligations of the municipality without election;

(6) under the provisions of a law which permits the issuance of obligations of a municipality without an election;

(7) to fund pension or retirement fund ~~or postemployment benefit~~ liabilities pursuant to section 475.52, subdivision 6;

(8) under a capital improvement plan under section 373.40; ~~and~~

(9) under sections 469.1813 to 469.1815 (property tax abatement authority bonds), if the proceeds of the bonds are not used for a purpose prohibited under section 469.176, subdivision 4g, paragraph (b); and

(10) postemployment benefit liabilities pursuant to section 475.52, subdivision 6, for municipalities other than school districts.

EFFECTIVE DATE. This section is effective for obligations sold after August 1, 2009.

Sec. 17. **EARLY GRADUATION INCENTIVES PROGRAM WORKING GROUP.**

Subdivision 1. **Commissioner of education to convene.** The commissioner of education must convene a working group to study the effects of an early graduation incentives program for highly motivated high school junior and seniors on Minnesota's K-12 and Higher Education Systems.

Subd. 2. **Membership.** The working group's membership consists of the commissioner of education, two representatives chosen by the speaker of the house, two senators named by the Subcommittee on Committees of the senate Committee on Rules and Administration, one superintendent selected by the Minnesota Association of School

Administrators, one person selected by the Minnesota School Boards Association, two high school teachers selected by Education Minnesota, one representative of higher education chosen by the University of Minnesota, one higher education representative chosen by the Minnesota State Colleges and Universities board, two persons selected by the Minnesota Private College Council, one person chosen by the Minnesota Council for the Gifted and Talented, and at least one representative of the business community selected by the Minnesota Chamber of Commerce.

Subd. 3. **Duties.** The working group must evaluate the benefits of an early graduation incentives program designed to engage highly motivated high school juniors and seniors. The working group must analyze the potential cost savings to the state and the impact on, and the interplay with, the state's postsecondary enrollment options program.

Subd. 4. **Compensation.** The advisory group is not subject to Minnesota Statutes, section 15.059.

Subd. 5. **Report.** The advisory group must report its recommendations to the education policy and finance committees of the legislature by January 15, 2010.

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

Sec. 18. **ONETIME GENERAL EDUCATION REVENUE REDUCTION REPLACED WITH FEDERAL FUNDS FROM THE FISCAL STABILIZATION ACCOUNT.**

Subdivision 1. **General education reduction.** Notwithstanding Minnesota Statutes, sections 126C.13 and 126C.20, the state total general education aid for fiscal year 2010 is reduced by $275,600,000. The aid reduction must be allocated among school districts and charter schools in proportion to the school district or charter school's general education revenue for fiscal year 2008 under Minnesota Statutes, section 126C.10, or Minnesota Statutes, section 124D.11, subdivisions 1 and 2.

Subd. 2. **Allocation of federal fiscal stabilization funds.** The commissioner must offset the onetime general education aid reduction for each school district and charter school under subdivision 1 with an equal amount of federal aid from the fiscal stabilization account in the federal fund.

Sec. 19. **APPROPRIATIONS; GENERAL FUND.**

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:

$ 3,916,460,000 2010
$ 5,563,965,000 2011

The 2010 appropriation includes $555,864,000 for 2009 and $3,360,596,000 for 2010.

The 2011 appropriation includes $1,438,969,000 for 2010 and $4,124,996,000 for 2011.

Subd. 3. **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:

$ 48,000 2010
$ 52,000 2011

Subd. 4. **Abatement revenue.** For abatement aid under Minnesota Statutes, section 127A.49:

$ 980,000 2010
$ 1,056,000 2011

The 2010 appropriation includes $140,000 for 2009 and $840,000 for 2010.

The 2011 appropriation includes $310,000 for 2010 and $746,000 for 2011.

Subd. 5. **Consolidation transition.** For districts consolidating under Minnesota Statutes, section 123A.485:

$ 693,000 2010
$ 931,000 2011

The 2010 appropriation includes $0 for 2009 and $693,000 for 2010.

The 2011 appropriation includes $255,000 for 2010 and $676,000 for 2011.

Subd. 6. **Nonpublic pupil education aid.** For nonpublic pupil education aid under Minnesota Statutes, sections 123B.87 and 123B.40 to 123B.43:

$ 14,303,000 2010
$ 17,785,000 2011

The 2010 appropriation includes $1,647,000 for 2009 and $12,656,000 for 2010.

The 2011 appropriation includes $4,680,000 for 2010 and $13,105,000 for 2011.

Subd. 7. **Nonpublic pupil transportation.** For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

$ 18,366,000 2010
$ 22,636,000 2011

The 2010 appropriation includes $2,077,000 for 2009 and $16,289,000 for 2010.

The 2011 appropriation includes $6,024,000 for 2010 and $16,612,000 for 2011.

Subd. 8. **One-room schoolhouse.** For a grant to Independent School District No. 690, Warroad, to operate the Angle Inlet School:

$ 65,000 2010
$ 65,000 2011

Subd. 9. **Independent School District No. 239, Rushford-Peterson.** For school district flood enrollment impact aid as a result of the floods of August 2007:

$ 158,000 2010

The base appropriation for later fiscal years is zero.

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

Subd. 10. **Lancaster.** For a grant to Independent School District No. 356, Lancaster, to replace the loss of sparsity revenue:

$ 100,000 2010
$ 100,000 2011

The base appropriation for later fiscal years is zero.

Subd. 11. **Compensatory revenue pilot project.** For grants for participation in the compensatory revenue pilot program under Laws 2005, First Special Session chapter 5, article 1, section 50:

$ 2,175,000 2010
$ 2,175,000 2011

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

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

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

Sec. 20. **APPROPRIATIONS; FEDERAL FUND.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the fiscal stabilization account in the federal fund to the commissioner of education for the fiscal years designated.

Subd. 2. **General education offset.** To offset the onetime general education revenue reduction under section 18:

$ 275,600,000 2010

Any balance does not cancel but is available for obligation until September 30, 2011.

ARTICLE 2
EDUCATION EXCELLENCE

Section 1. Minnesota Statutes 2008, section 6.74, is amended to read:

6.74 INFORMATION COLLECTED FROM LOCAL GOVERNMENTS.

Subdivision 1. **Information generally.** The state auditor, or a designated agent, shall collect annually from all city, county, and other local units of government, information as to the assessment of property, collection of taxes, receipts from licenses and other sources, the expenditure of public funds for all purposes, borrowing, debts, principal and interest payments on debts, and such other information as may be needful. The data shall be supplied upon forms prescribed by the state auditor, and all public officials so called upon shall fill out properly and return promptly all forms so transmitted. The state auditor or assistants, may examine local records in order to complete or verify the information.

Subd. 2. **Examples of good government in procurement and shared services; clearinghouse.** The state auditor may seek funds from local units of government and nongovernmental sources to establish an online clearinghouse of examples of good government in procurement and shared services among political subdivisions. If established, the clearinghouse shall be designed to allow political subdivisions to submit examples of good government in procurement and shared services in a form prescribed by the state auditor.

Sec. 2. Minnesota Statutes 2008, section 120B.02, is amended to read:

120B.02 EDUCATIONAL EXPECTATIONS FOR MINNESOTA'S STUDENTS.

(a) The legislature is committed to establishing rigorous academic standards for Minnesota's public school students. To that end, the commissioner shall adopt in rule statewide academic standards. The commissioner shall not prescribe in rule or otherwise the delivery system, classroom assessments, or form of instruction that school sites must use. For purposes of this chapter, a school site is a separate facility, or a separate program within a facility that a local school board recognizes as a school site for funding purposes.

(b) All commissioner actions regarding the rule must be premised on the following:

(1) the rule is intended to raise academic expectations for students, teachers, and schools;

(2) any state action regarding the rule must evidence consideration of school district autonomy; and

(3) the Department of Education, with the assistance of school districts, must make available information about all state initiatives related to the rule to students and parents, teachers, and the general public in a timely format that is appropriate, comprehensive, and readily understandable.

(c) When fully implemented, the requirements for high school graduation in Minnesota must require students to satisfactorily complete, as determined by the school district, the course credit requirements under section 120B.024 and <u>all state academic standards or local academic standards where state standards do not apply and</u>:

(1) for students enrolled in grade 8 before the 2005-2006 school year, to pass the basic skills test requirements; and

(2) for students enrolled in grade 8 in the 2005-2006 school year and later, to pass the Minnesota Comprehensive Assessments Second Edition (MCA-IIs).

(d) The commissioner shall periodically review and report on the state's assessment process.

(e) School districts are not required to adopt specific provisions of the federal School-to-Work programs.

<u>**EFFECTIVE DATE.** This section is effective August 1, 2012, and applies to students entering the 9th grade in the 2012-2013 school year and later.</u>

Sec. 3. Minnesota Statutes 2008, 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. Public elementary and middle schools must offer ~~at least three~~ and require at least two of the following four arts areas: dance; music; theater; and visual arts. Public high schools, consistent with section 120B.024, paragraph (a), clause (5), must offer ~~at least three~~ and require at least one of the following five arts areas: media arts; dance; music; theater; and visual arts.

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

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

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.

The commissioner must include the contributions of Minnesota American Indian tribes and communities as they relate to the academic standards during the review and revision of the required academic standards.

EFFECTIVE DATE. This section is effective for the 2009-2010 school year and later.

Sec. 4. Minnesota Statutes 2008, section 120B.022, subdivision 1, is amended to read:

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

(1) vocational and technical education; and

(2) world languages.

A school district must offer courses in all elective subject areas.

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

(c) Any Minnesota public, charter, or nonpublic school may award Minnesota World Language Proficiency Certificates or Minnesota World Language Proficiency High Achievement Certificates, consistent with this subdivision.

The Minnesota World Language Proficiency Certificate recognizes students who demonstrate listening, speaking, reading, and writing language skills at the American Council on the Teaching of Foreign Languages' Intermediate-Low level on a valid and reliable assessment tool. For languages listed as Category 3 by the United States Foreign Service Institute or Category 4 by the United States Defense Language Institute, the standard is Intermediate-Low for listening and speaking and Novice-High for reading and writing.

The Minnesota World Language Proficiency High Achievement Certificate recognizes students who demonstrate listening, speaking, reading, and writing language skills at the American Council on the Teaching of Foreign Languages' Pre-Advanced level for K-12 learners on a valid and reliable assessment tool. For languages listed as Category 3 by the United States Foreign Service Institute or Category 4 by the United States Defense Language Institute, the standard is Pre-Advanced for listening and speaking and Intermediate-Mid for reading and writing.

Sec. 5. Minnesota Statutes 2008, 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~~ 2011-2012 school year. The commissioner must implement a review of the academic standards and related benchmarks in arts beginning in the ~~2016-2017~~ 2017-2018 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~~ 2012-2013 school year. Under the revised standards, students scheduled to graduate in the ~~2014-2015~~ 2015-2016 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~~ 2018-2019 school year.

(e) The commissioner in the ~~2009-2010~~ 2010-2011 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~~ 2013-2014 school year. The commissioner must implement a review of the academic standards and related benchmarks in language arts beginning in the ~~2018-2019~~ 2019-2020 school year.

(f) The commissioner in the ~~2010-2011~~ 2011-2012 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~~ 2014-2015 school year. The commissioner must implement a review of the academic standards and related benchmarks in social studies beginning in the ~~2019-2020~~ 2020-2021 school year.

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

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

Sec. 6. Minnesota Statutes 2008, section 120B.11, subdivision 5, is amended to read:

Subd. 5. **Report.** (a) By October 1 of each year, the school board shall use standard statewide reporting procedures the commissioner develops and adopt a report, consistent with section 120B.36, subdivision 1, that includes the following:

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

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

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

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

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

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

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

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

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

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

EFFECTIVE DATE. This section is effective for the 2009-2010 school year and later.

Sec. 7. Minnesota Statutes 2008, section 120B.13, is amended to read:

120B.13 ADVANCED PLACEMENT ~~AND~~, INTERNATIONAL BACCALAUREATE, AND CONCURRENT ENROLLMENT PROGRAMS.

Subdivision 1. **Program structure; training programs for teachers.** (a) The advanced placement ~~and~~, international baccalaureate, and concurrent enrollment programs are well-established academic programs for mature, academically directed high school students. These programs, in addition to providing academic rigor, offer sound curricular design, accountability, comprehensive external assessment, feedback to students and teachers, and the opportunity for high school students to compete academically on a global level. Advanced placement ~~and~~, international baccalaureate, and concurrent enrollment programs allow students to leave high school with the academic skills and self-confidence to succeed in college and beyond. The advanced placement ~~and~~, international baccalaureate, and concurrent enrollment programs help provide Minnesota students with world-class educational opportunity.

(b) Critical to schools' educational success is ongoing ~~advanced placement/international baccalaureate-approved teacher~~ training for teachers instructing students in the advanced placement, international baccalaureate, and concurrent enrollment

programs. A secondary teacher assigned by a district to teach an advanced placement or international baccalaureate course or other interested educator may participate in a training program offered by The College Board or International Baccalaureate North America, Inc. A secondary teacher assigned by a district to teach a concurrent enrollment course, or other interested educator, may participate in a training program offered by the eligible public postsecondary institution with which the district has entered into an agreement according to section 124D.09, subdivision 3, paragraph (a). The state may pay a portion of the tuition, room, board, and out-of-state travel costs a teacher or other interested educator incurs in participating in a training program. The commissioner shall determine application procedures and deadlines, select teachers and other interested educators to participate in the training program, and determine the payment process and amount of the subsidy. The procedures determined by the commissioner shall, to the extent possible, ensure that advanced placement ~~and~~, international baccalaureate, and concurrent enrollment courses become available in all parts of the state and that a variety of course offerings are available in school districts. This subdivision does not prevent teacher or other interested educator participation in training programs offered by The College Board or International Baccalaureate North America, Inc., when tuition is paid by a source other than the state.

(c) The commissioner may award state-funded competitive grants designed to create advanced placement summer training institutes for secondary teachers. Two-year grants, beginning and ending on October 1, may be awarded to Minnesota institutions of higher education that comply with the training requirements outlined by the College Board. The commissioner shall determine award criteria and the selection process.

Subd. 2. **Support programs.** The commissioner shall provide support programs during the school year for teachers who attended the training programs and teachers experienced in teaching advanced placement ~~or~~, international baccalaureate, or concurrent enrollment courses. The support programs shall provide teachers with opportunities to share instructional ideas with other teachers. The state may pay the costs of participating in the support programs, including substitute teachers, if necessary, and program affiliation costs.

Subd. 3. **Subsidy for examination fees.** The state may pay all or part of the fee for advanced placement or international baccalaureate examinations. The commissioner shall pay all examination fees for all public and nonpublic students of low-income families, as defined by the commissioner, and to the limit of the available appropriation, shall also pay a portion or all of the examination fees for other public and nonpublic students sitting for an advanced placement examination, international baccalaureate examination, or both. The commissioner shall determine procedures for state payments of fees.

Subd. 3a. **College credit.** The colleges and universities of the Minnesota State Colleges and Universities system must award, and the University of Minnesota and private postsecondary institutions are encouraged to award, college credit to high school students who receive a score of three or higher on an advanced placement or four or higher on the international baccalaureate program examination.

Subd. 4. **Information.** The commissioner shall submit the following information to the education committees of the legislature each year by February 1:

(1) the number of pupils enrolled in advanced placement ~~and~~, international baccalaureate, and concurrent enrollment courses in each school district;

(2) the number of teachers in each district attending training programs offered by the college board or International Baccalaureate North America, Inc.;

(3) the number of teachers in each district participating in support programs;

(4) recent trends in the field of advanced placement ~~and~~, international baccalaureate, and concurrent enrollment programs;

(5) expenditures for each category in this section; and

(6) other recommendations for the state program.

Sec. 8. Minnesota Statutes 2008, section 120B.132, is amended to read:

120B.132 RAISED ACADEMIC ACHIEVEMENT; ADVANCED PLACEMENT ~~AND~~, INTERNATIONAL BACCALAUREATE, AND CONCURRENT ENROLLMENT PROGRAMS.

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

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

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

(3) must have a three-year plan approved by the local school board to create a new or expand an existing concurrent enrollment program; and

~~(3)~~ (4) must propose to further raise students' academic achievement by:

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

(ii) expanding the breadth of advanced placement ~~or,~~ international baccalaureate, or concurrent enrollment 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, or concurrent enrollment courses or programs and succeed;

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

(v) increasing the number of high school students, including low-income and other disadvantaged students, who receive college credit by successfully completing advanced placement ~~or,~~ international baccalaureate, or concurrent enrollment 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, preadvanced placement, ~~and~~ international baccalaureate, and concurrent enrollment courses and programs. The proposed budget must demonstrate that the applicant's efforts will support implementation of advanced placement, preadvanced placement, ~~and~~ international baccalaureate, and concurrent enrollment courses and programs. Expenditures for administration must not exceed five percent of the proposed budget. The commissioner may require an applicant to provide additional information.

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

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

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

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

(4) access to additional public or nonpublic funds or in-kind contributions that are available for preadvanced placement, advanced placement, ~~or~~ international baccalaureate, or concurrent enrollment 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 funding award must be calculated using the number of pupils enrolled on October 1 of the current fiscal year. The commissioner may adjust the maximum funding award computed using prior year data for changes in enrollment attributable to school closings, school openings, grade level reconfigurations, or school district reorganizations between the prior fiscal year and the current fiscal year.

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

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

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

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

(4) purchase books and supplies;

(5) pay course or program fees;

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

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

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

(9) engage in other activity directly related to expanding students' access to, participation in, and success with preadvanced placement, advanced placement, ~~or~~ international baccalaureate, or concurrent enrollment courses 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, preadvanced placement, ~~and~~ international baccalaureate, and concurrent enrollment courses and programs. The report must demonstrate that the school district or charter school has maintained its effort from other sources for advanced placement, preadvanced placement, ~~and~~ international baccalaureate, and concurrent enrollment 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.

Subd. 5. **Accreditation of concurrent enrollment programs.** (a) To establish a uniform standard by which concurrent enrollment courses and professional development activities may be measured, postsecondary institutions are encouraged to apply for accreditation by the National Alliance of Concurrent Enrollment Partnership.

(b) Beginning in fiscal year 2011, districts offering a concurrent enrollment program according to an agreement under section 124D.09, subdivision 10, are only eligible for aid

under this section and section 120B.13, if the college or university concurrent enrollment courses offered by the district are accredited by the National Alliance of Concurrent Enrollment Partnership, in the process of being accredited, or are shown by clear evidence to be of comparable standard to accredited courses.

Sec. 9. **[120B.299] DEFINITIONS.**

Subdivision 1. **Definitions.** The definitions in this section apply to this chapter.

Subd. 2. **Growth.** "Growth" compares the difference in a student's achievement score at two or more distinct points in time.

Subd. 3. **Value added.** "Value added" is the amount of achievement a student demonstrates above an established baseline. The difference between the student's score and the baseline defines value added.

Subd. 4. **Value-added growth.** "Value-added growth" is based on a student's growth score. In a value-added growth system, the student's first test is the baseline, and the difference between the student's first and next test scores within a defined period is the measure of value added. Value-added growth models use student-level data to measure what portion of a student's growth can be explained by inputs related to the educational environment.

Subd. 5. **Adequate yearly progress.** A school or district makes "adequate yearly progress" if, for every student subgroup under the federal 2001 No Child Left Behind Act in the school or district, its proficiency index or other approved adjustments for performance, based on statewide assessment scores, meets or exceeds federal expectations. To make adequate yearly progress, the school or district also must satisfy applicable federal requirements related to student attendance, graduation, and test participation rates.

Subd. 6. **State growth target.** (a) "State growth target" is the average year-two assessment scores for students with similar year-one assessment scores.

(b) The state growth targets for each grade and subject are benchmarked as follows until the assessment scale changes:

(1) beginning in the 2008-2009 school year, the state growth target for grades 3 to 8 is benchmarked to 2006-2007 and 2007-2008 school year data;

(2) beginning in the 2008-2009 school year the state growth target for grade 10 is benchmarked to 2005-2006 and 2006-2007 school year data;

(3) for the 2008-2009 school year, the state growth target for grade 11 is benchmarked to 2005-2006 school year data; and

(4) beginning in the 2009-2010 school year, the state growth target for grade 11 is benchmarked to 2005-2006 and 2006-2007 school year data.

(c) Each time before the assessment scale changes, a stakeholder group that includes assessment and evaluation directors and staff and researchers must recommend a new state growth target that the commissioner must consider when revising standards under section 120B.023, subdivision 2.

Subd. 7. **Low growth.** "Low growth" is an assessment score one-half standard deviation below the state growth target.

Subd. 8. **Medium growth.** "Medium growth" is an assessment score within one-half standard deviation above or below the state growth target.

Subd. 9. **High growth.** "High growth" is an assessment score one-half standard deviation or more above the state growth target.

Subd. 10. **Proficiency.** "Proficiency" for purposes of reporting growth on school performance report cards under section 120B.36, subdivision 1, means those students who, in the previous school year, scored at or above "meets standards" on the statewide assessments under section 120B.30. Each year, school performance report cards must separately display: (1) the numbers and percentages of students who achieved low growth, medium growth, and high growth and achieved proficiency in the previous school year; and (2) the numbers and percentages of students who achieved low growth, medium growth, and high growth and did not achieve proficiency in the previous school year.

Subd. 11. **Growth and progress toward proficiency.** The categories of low growth, medium growth, and high growth shall be used to indicate both (1) growth and (2) progress toward grade-level proficiency that is consistent with subdivision 10.

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

Sec. 10. Minnesota Statutes 2008, section 120B.30, is amended to read:

120B.30 STATEWIDE TESTING AND REPORTING SYSTEM.

Subdivision 1. **Statewide testing.** (a) The commissioner, with advice from experts with appropriate technical qualifications and experience and stakeholders, consistent with subdivision 1a, shall include in the comprehensive assessment system, for each grade level to be tested, state-constructed tests developed ~~from and~~ to be computer-adaptive reading and mathematics assessments for general education students that are aligned with the state's required academic standards under section 120B.021, include both multiple choice and constructed response questions, and are administered annually to all students in grades 3 through 8 ~~and at the high school level~~. ~~A~~ State-developed ~~test~~ high school tests aligned with the state's required academic standards under section 120B.021 and administered to all high school students in a subject other than writing~~, developed after~~

~~the 2002-2003 school year,~~ must include both ~~machine-scoreable~~ multiple choice and constructed response questions. The commissioner shall establish one or more months during which schools shall administer the tests to students each school year. Schools that the commissioner identifies for stand-alone field testing or other national sampling must participate as directed. Superintendents or charter school directors may appeal in writing to the commissioner for an exemption from a field test based on undue hardship. The commissioner's decision regarding the appeal is final. For students enrolled in grade 8 before the 2005-2006 school year, ~~only~~ Minnesota basic skills tests in reading, mathematics, and writing shall fulfill students' basic skills testing requirements for a passing state notation. The passing scores of basic skills tests in reading and mathematics are the equivalent of 75 percent correct for students entering grade 9 ~~in 1997 and thereafter, as~~ based on the first uniform test ~~administration of~~ administered in February 1998. Students who have not successfully passed a Minnesota basic skills test by the end of the 2011-2012 school year must pass the graduation-required assessments for diploma under paragraph (b).

(b) For students enrolled in grade 8 in the 2005-2006 school year and later, only the following options shall fulfill students' state graduation test requirements:

(1) for reading and mathematics:

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

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

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

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

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

(2) for writing:

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

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

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

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

(c) Students enrolled in grade 8 in any school year from the 2005-2006 school year to the 2009-2010 school year who do not pass the mathematics graduation-required assessment for diploma under paragraph (b) are eligible to receive a high school diploma with a passing state notation if they:

(1) complete with a passing score or grade all state and local coursework and credits required for graduation by the school board granting the students their diploma;

(2) participate in district-prescribed academic remediation in mathematics; and

(3) fully participate in at least two retests of the mathematics GRAD test or until they pass the mathematics GRAD test, whichever comes first. A school board issuing a student a high school diploma in any school year from the 2009-2010 school year through the 2013-2014 school year must record on the student's high school transcript the student's score as the total number of test items and the number of test items the student answered correctly on the mathematics graduation-required assessment for diploma under this subdivision.

In addition, the school board granting the students their diplomas may formally decide to include a notation of high achievement on the high school diplomas of those graduating seniors who, according to established school board criteria, demonstrate exemplary academic achievement during high school.

(d) The 3rd through 8th grade computer-adaptive assessments and high school ~~level~~ test results shall be available to districts for diagnostic purposes affecting student learning and district instruction and curriculum, and for establishing educational accountability.

The commissioner must disseminate to the public the computer-adaptive assessments and high school test results upon receiving those results.

~~(d) State~~ (e) The 3rd through 8th grade computer-adaptive assessments and high school tests must be ~~constructed and~~ aligned with state academic standards. The commissioner shall determine the testing process and the order of administration ~~shall be determined by the commissioner~~. The statewide results shall be aggregated at the site and district level, consistent with subdivision 1a.

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

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

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

(3) state results on the American College Test; and

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

Subd. 1a. **Statewide and local assessments; results.** (a) For purposes of this section, the following definitions have the meanings given them.

(1) "Computer-adaptive assessments" means fully adaptive assessments or partially adaptive assessments.

(2) "Fully adaptive assessments" include test items that are on-grade level and items that may be above or below a student's grade level.

(3) "Partially adaptive assessments" include two portions of test items, where one portion is limited to on-grade level test items and a second portion includes test items that are on-grade level or above or below a student's grade level.

(4) "On-grade level" test items contain subject area content that is aligned to state academic standards for the grade level of the student taking the assessment.

(5) "Above-grade level" test items contain subject area content that is above the grade level of the student taking the assessment and are considered aligned with state academic standards to the extent they are aligned with content represented in state academic standards above the grade level of the student taking the assessment. Notwithstanding the student's grade level, administering above-grade level test items to a student does not violate the requirement that state assessments must be aligned with state standards.

(6) "Below-grade level" test items contain subject area content that is below the grade level of the student taking the test and are considered aligned with state academic standards to the extent they are aligned with content represented in state academic standards below the student's current grade level. Notwithstanding the student's grade level, administering below-grade level test items to a student does not violate the requirement that state assessments must be aligned with state standards.

(b) The commissioner must use fully adaptive assessments to the extent no net loss of federal and state funds occurs as a result of using these assessments. If a net loss of federal and state funds were to occur under this subdivision, then the commissioner must use partially adaptive assessments to meet existing federal educational accountability requirements.

(c) For purposes of conforming with existing federal educational accountability requirements, the commissioner must develop and implement computer-adaptive reading~~,~~ and mathematics~~, and science~~ assessments for grades 3 through 8, state-developed high school reading and mathematics tests aligned with state academic standards, and science assessments under clause (2) that districts and sites must use to monitor student growth toward achieving those standards. The commissioner must not develop statewide assessments for academic standards in social studies, health and physical education, and the arts. The commissioner must require:

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

(2) annual science assessments in one grade in the grades 3 through 5 span, the grades 6 through ~~9~~ 8 span, and a life sciences assessment in the grades ~~10~~ 9 through 12 span ~~for the 2007-2008 school year and later~~, and the commissioner must not require students to achieve a passing score on high school science assessments as a condition of receiving a high school diploma.

The commissioner must ensure that for annual computer-adaptive assessments:

(i) individual student performance data and achievement and summary reports are available within three school days of when students take an assessment;

(ii) growth information is available for each student from the student's first assessment to each proximate assessment using a constant measurement scale;

(iii) parents, teachers, and school administrators are able to use elementary and middle school student performance data to project student achievement in high school; and

(iv) useful diagnostic information about areas of students' academic strengths and weaknesses is available to teachers and school administrators for purposes of improving student instruction and indicating the specific skills and concepts that should be introduced and developed for students at given score levels, organized by strands within subject areas, and aligned to state academic standards.

When contracting for computer-adaptive assessments under this section, the weighting criteria the commissioner uses to evaluate contract proposals must give preference to vendors prepared to provide statewide computer-adaptive assessments and options for locally selected, locally financed, and locally implemented assessments that are independently aligned to state standards and used to inform curriculum and instruction.

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

~~(c)~~ (e) Reporting of assessment results must:

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

(2) include~~, by no later than the 2008-2009 school year,~~ a value-added ~~component that is in addition to a measure for student achievement growth over time~~ growth indicator of student achievement under section 120B.35, subdivision 3, paragraph (b); and

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

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

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

~~(e)~~ (g) A school, school district, and charter school must administer statewide assessments under this section, as the assessments become available, to evaluate student ~~progress in achieving the~~ proficiency in the context of the state's grade level academic standards. If a state assessment is not available, a school, school district, and charter school must determine locally if a student has met the required academic standards. A

school, school district, or charter school may use a student's performance on a statewide assessment as one of multiple criteria to determine grade promotion or retention. A school, school district, or charter school may use a high school student's performance on a statewide assessment as a percentage of the student's final grade in a course, or place a student's assessment score on the student's transcript.

(h) For each procurement cycle for computer-adaptive assessments, the commissioner must report to the K-12 education policy and finance committees of the legislature on the costs of implementing computer-adaptive assessments and demonstrate that these assessments both represent the greatest value to the state and local school districts and minimize the need for redundant assessments.

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

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

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

EFFECTIVE DATE. This section is effective the day following final enactment. Subdivision 1, paragraph (c), applies to the 2009-2010 through 2013-2014 school years only. Notwithstanding any other law to the contrary, requirements related to the mathematics graduation-required assessment for diploma under this section are repealed June 30, 2014, and the commissioner of education must not implement any alternative to the mathematics graduation-required assessment for diploma without specific legislative authority. Requirements for using computer-adaptive mathematics assessments for grades 3 through 8 apply in the 2010-2011 school year and later and requirements for using

computer-adaptive reading assessments for grades 3 through 8 apply in the 2012-2013 school year and later.

Sec. 11. Minnesota Statutes 2008, section 120B.31, is amended to read:

120B.31 SYSTEM ACCOUNTABILITY AND STATISTICAL ADJUSTMENTS.

Subdivision 1. **Educational accountability and public reporting.** Consistent with the ~~process~~ direction to adopt ~~a results-oriented graduation rule~~ statewide academic standards under section 120B.02, the department, in consultation with education and other system stakeholders, must establish a coordinated and comprehensive system of educational accountability and public reporting that promotes ~~higher~~ greater academic achievement, preparation for higher academic education, preparation for the world of work, citizenship under sections 120B.021, subdivision 1, clause (4), and 120B.024, paragraph (a), clause (4), and the arts.

Subd. 2. **Statewide testing.** Each school year, all school districts shall give a uniform statewide test to students at specified grades to provide information on the status, needs and performance of Minnesota students.

Subd. 3. **Educational accountability.** (a) The Independent Office of Educational Accountability, as authorized by Laws 1997, First Special Session chapter 4, article 5, section 28, subdivision 2, is established, and shall be funded through the Board of Regents of the University of Minnesota. The office shall advise the education committees of the legislature and the commissioner of education, at least on a biennial basis, on:

(1) the degree to which the statewide educational accountability and reporting system includes a comprehensive assessment framework that measures school accountability for students achieving the goals described in the state's ~~results-oriented~~ high school graduation rule;

(2) the completeness, integrity, and use of the information provided by the statewide educational accountability and reporting system in the context of enabling legislators and other stakeholders to make fully informed education policy decisions consistent with the best and most current academic research available; and

(3) the impact the statewide educational accountability and reporting system has on prekindergarten through grade 12 education policy, effectiveness, resource distribution, and structure.

(b) The office shall determine and annually report to the legislature whether and how effectively:

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

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

~~(3) the commissioner uses indicators of student achievement growth~~ a value-added growth indicator of student achievement over time ~~and a value-added assessment model that~~ estimates the effects of the school and school district on student achievement ~~to measure~~ and measures school performance, consistent with section ~~120B.36, subdivision 1~~ 120B.35, subdivision 3, paragraph (b);

~~(4) the commissioner makes~~ (3) data are available on students who do not pass one or more of the state's required GRAD tests and do not receive a diploma as a consequence, and ~~categorizes~~ these data are categorized according to gender, race, eligibility for free or reduced lunch, and English language proficiency; and

~~(5) the commissioner fulfills~~ (4) the requirements under section 127A.095, subdivision 2, are met.

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

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

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

Subd. 4. **Statistical adjustments; student performance data.** In developing policies and assessment processes to hold schools and districts accountable for high levels of academic standards under section 120B.021, the commissioner shall aggregate student data over time to report student performance and growth levels measured at the school, school district, ~~regional, or~~ and statewide level. When collecting and reporting the performance data, the commissioner shall: (1) acknowledge the impact of significant demographic factors such as residential instability, the number of single parent families, parents' level of education, and parents' income level on school outcomes; and (2) organize and report the data so that state and local policy makers can understand the educational implications of changes in districts' demographic profiles over time. Any report the commissioner disseminates containing summary data on student performance must integrate student performance and the demographic factors that strongly correlate with that performance.

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

Sec. 12. Minnesota Statutes 2008, section 120B.35, is amended to read:

120B.35 STUDENT ACADEMIC ACHIEVEMENT AND ~~PROGRESS~~ GROWTH.

Subdivision 1. ~~**Adequate yearly progress of schools and students**~~ **School and student indicators of growth and achievement.** The commissioner must develop and implement a system for measuring and reporting academic achievement and individual student ~~progress~~ growth, consistent with the statewide educational accountability and reporting system. The system components ~~of the system~~ must measure and separately report the adequate yearly progress of schools and the growth of individual students: students' current achievement in schools under subdivision 2; and individual students' educational ~~progress~~ growth over time under subdivision 3. The system also must include statewide measures of student academic ~~achievement~~ growth that identify schools with high levels of ~~achievement~~ growth, and also schools with low levels of ~~achievement~~ growth that need improvement. When determining a school's effect, the data must include both statewide measures of student achievement and, to the extent annual tests are administered, indicators of achievement growth that take into account a student's prior achievement. Indicators of achievement and prior achievement must be based on highly reliable statewide or districtwide assessments. Indicators that take into account a student's prior achievement must not be used to disregard a school's low achievement or to exclude a school from a program to improve low achievement levels. ~~The commissioner by January 15, 2002, must submit a plan for integrating these components to the chairs of the legislative committees having policy and budgetary responsibilities for elementary and secondary education.~~

Subd. 2. **Federal expectations for student academic achievement.** (a) Each school year, a school district must determine if the student achievement levels at each school site meet ~~state and local~~ federal expectations. If student achievement levels at a school site do not meet ~~state and local~~ federal expectations and the site has not made adequate yearly progress for two consecutive school years, beginning with the 2001-2002 school year, the district must work with the school site to adopt a plan to raise student achievement levels to meet ~~state and local~~ federal expectations. The commissioner of education shall establish student academic achievement levels to comply with this paragraph.

(b) School sites identified as not meeting federal expectations must develop continuous improvement plans in order to meet ~~state and local~~ federal expectations for student academic achievement. The department, at a district's request, must assist the district and the school site in developing a plan to improve student achievement. The plan must include parental involvement components.

(c) The commissioner must:

(1) ~~provide assistance to~~ assist school sites and districts identified as not meeting federal expectations; and

(2) provide technical assistance to schools that integrate student ~~progress~~ achievement measures ~~under subdivision 3 in~~ into the school continuous improvement plan.

(d) The commissioner shall establish and maintain a continuous improvement Web site designed to make data on every school and district available to parents, teachers, administrators, community members, and the general public.

Subd. 3. **~~Student progress assessment~~ State growth target; other state measures.** (a) The state's educational assessment system ~~component~~ measuring individual students' educational ~~progress must be~~ growth is based~~, to the extent annual tests are administered,~~ on indicators of achievement growth that show an individual student's prior achievement. Indicators of achievement and prior achievement must be based on highly reliable statewide or districtwide assessments.

(b) The commissioner, in consultation with a stakeholder group that includes assessment and evaluation directors and staff and researchers must ~~identify effective models for measuring individual student progress that enable a school district or school site to perform gains-based analysis, including evaluating the effects of the teacher, school, and school district on student achievement over time. At least one model must be a "value-added" assessment model that reliably estimates those effects for classroom settings where a single teacher teaches multiple subjects to the same group of students, for team teaching arrangements, and for other teaching circumstances.~~ implement a model that uses a value-added growth indicator and includes criteria for identifying schools and school districts that demonstrate medium and high growth under section 120B.299, subdivisions 8 and 9, and may recommend other value-added measures under section 120B.299, subdivision 3. The model may be used to advance educators' professional development and replicate programs that succeed in meeting students' diverse learning needs. Data on individual teachers generated under the model are personnel data under section 13.43. The model must allow users to:

(1) report student growth consistent with this paragraph; and

(2) for all student categories, report and compare aggregated and disaggregated state growth data using the nine student categories identified under the federal 2001 No Child Left Behind Act and two student gender categories of male and female, respectively, following appropriate reporting practices to protect nonpublic student data.

The commissioner must report separate measures of student growth and proficiency, consistent with this paragraph.

(c) ~~If a district has an accountability plan that includes gains-based analysis or "value-added" assessment, the commissioner shall, to the extent practicable, incorporate those measures in determining whether the district or school site meets expectations. The department must coordinate with the district in evaluating school sites and continuous improvement plans, consistent with best practices.~~ When reporting student performance under section 120B.36, subdivision 1, the commissioner annually, beginning July 1, 2011, must report two core measures indicating the extent to which current high school graduates are being prepared for postsecondary academic and career opportunities:

(1) a preparation measure indicating the number and percentage of high school graduates in the most recent school year who completed course work important to preparing them for postsecondary academic and career opportunities, consistent with the core academic subjects required for admission to Minnesota's public colleges and universities as determined by the Office of Higher Education under chapter 136A; and

(2) a rigorous coursework measure indicating the number and percentage of high school graduates in the most recent school year who successfully completed one or more college-level advanced placement, international baccalaureate, postsecondary enrollment options including concurrent enrollment, other rigorous courses of study under section 120B.021, subdivision 1a, or industry certification courses or programs.

When reporting the core measures under clauses (1) and (2), the commissioner must also analyze and report separate categories of information using the nine student categories identified under the federal 2001 No Child Left Behind Act and two student gender categories of male and female, respectively following appropriate reporting practices to protect nonpublic student data.

(d) When reporting student performance under section 120B.36, subdivision 1, the commissioner annually, beginning July 1, 2013, must report summary data on school safety and students' engagement and connection at school. The summary data under this paragraph are separate from and must not be used for any purpose related to measuring or evaluating the performance of classroom teachers. The commissioner, in consultation with qualified experts on student engagement and connection and classroom teachers, must identify highly reliable variables that generate summary data under this paragraph. The summary data may be used at school, district, and state levels only. Any data on individuals received, collected, or created that are used to generate the summary data under this paragraph are nonpublic data under section 13.02, subdivision 9.

Subd. 4. **Improving schools.** Consistent with the requirements of this section, beginning June 20, 2012, the commissioner of education must ~~establish a second achievement benchmark to identify improving schools. The commissioner must recommend to~~ annually report to the public and the legislature ~~by February 15, 2002, indicators in addition to the achievement benchmark for identifying improving schools, including an indicator requiring a school to demonstrate ongoing successful use of best teaching practices~~ the organizational and curricular practices implemented in those schools that demonstrate medium and high growth compared to the state growth target.

Subd. 5. **Improving graduation rates for students with emotional or behavioral disorders.** (a) A district must develop strategies in conjunction with parents of students with emotional or behavioral disorders and the county board responsible for implementing sections 245.487 to 245.4889 to keep students with emotional or behavioral disorders in school, when the district has a drop-out rate for students with an emotional or behavioral disorder in grades 9 through 12 exceeding 25 percent.

(b) A district must develop a plan in conjunction with parents of students with emotional or behavioral disorders and the local mental health authority to increase the graduation rates of students with emotional or behavioral disorders. A district with a drop-out rate for children with an emotional or behavioral disturbance in grades 9 through 12 that is in the top 25 percent of all districts shall submit a plan for review and oversight to the commissioner.

EFFECTIVE DATE. Subdivision 3, paragraph (b), applies to students in the 2008-2009 school year and later. Subdivision 3, paragraph (c), applies to students in the 2010-2011 school year and later. Subdivision 3, paragraph (d), applies to data that are collected in the 2010-2011 school year and later and reported annually beginning July 1, 2013, consistent with advice the commissioner receives from recognized and qualified experts on student engagement and connection and classroom teachers. Subdivision 4 applies in the 2011-2012 school year and later.

Sec. 13. Minnesota Statutes 2008, section 120B.36, is amended to read:

120B.36 SCHOOL ACCOUNTABILITY; APPEALS PROCESS.

Subdivision 1. **School performance report cards.** (a) The commissioner shall ~~use objective criteria based on levels of student performance to~~ report ~~at least~~ student academic performance under section 120B.35, subdivision 2, the percentages of students showing low, medium, and high growth under section 120B.35, subdivision 3, paragraph (b), school safety and student engagement and connection under section 120B.35, subdivision

3, paragraph (d), rigorous coursework under section 120B.35, subdivision 3, paragraph (c), two separate student-to-teacher ratios that clearly indicate the definition of teacher consistent with sections 122A.06 and 122A.15 for purposes of determining these ratios, ~~and~~ staff characteristics excluding salaries, ~~with a value-added component added no later than the 2008-2009 school year~~ student enrollment demographics, district mobility, and extracurricular activities. The report also must indicate a school's adequate yearly progress status, and must not set any designations applicable to high- and low-performing schools due solely to adequate yearly progress status.

(b) The commissioner shall develop, annually update, and post on the department Web site school performance report cards.

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

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

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

Subd. 2. **Adequate yearly progress and other data.** All data the department receives, collects, or creates ~~for purposes of determining~~ to determine adequate yearly progress ~~designations~~ status under Public Law 107-110, section 1116, set state growth targets, and determine student growth are nonpublic data under section 13.02, subdivision 9, until not later than ten days after the appeal procedure described in subdivision 1, paragraph (d), concludes. Districts must provide parents sufficiently detailed summary data to permit parents to appeal under Public Law 107-110, section 1116(b)(2). The department shall annually post federal adequate yearly progress data and state student growth data to its public Web site no later than September 1.

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

Sec. 14. **[120B.3625] QUALITY ACHIEVEMENT IN MINNESOTA SCHOOLS.**

(a) To improve K-12 educational achievements in Minnesota, schools and school districts are encouraged to participate in the Minnesota Council for Quality's organizational assessment and performance improvement process and learn how to enhance organizational structures and processes, eliminate barriers to students' improved educational performance, and increase teaching effectiveness and administrative

efficiency. Schools and school districts that achieve improved performance are encouraged to disseminate information and provide guidance to interested educators about how they achieved that improvement.

(b) The commissioner may recognize schools and school districts that participate in the Minnesota Council for Quality's organizational assessment and performance improvement process, receive Minnesota Council for Quality recognition at the "commitment" level or higher, and implement action plans to continue improvements in student learning and school performance, consistent with this chapter.

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

Sec. 15. Minnesota Statutes 2008, section 121A.15, subdivision 8, is amended to read:

Subd. 8. **Report.** The administrator or other person having general control and supervision of the elementary or secondary school shall file a report with the commissioner on all persons enrolled in the school. The superintendent of each district shall file a report with the commissioner for all persons within the district receiving instruction in a home school in compliance with sections 120A.22 and 120A.24. The parent of persons receiving instruction in a home school shall submit the statements as required by subdivisions 1, 2, 3, and 4 to the superintendent of the district in which the person resides by October 1 of ~~each school year~~ the first year of their home schooling and the 7th grade year. The school report must be prepared on forms developed jointly by the commissioner of health and the commissioner of education and be distributed to the local districts by the commissioner of health. The school report must state the number of persons attending the school, the number of persons who have not been immunized according to subdivision 1 or 2, and the number of persons who received an exemption under subdivision 3, clause (c) or (d). The school report must be filed with the commissioner of education within 60 days of the commencement of each new school term. Upon request, a district must be given a 60-day extension for filing the school report. The commissioner of education shall forward the report, or a copy thereof, to the commissioner of health who shall provide summary reports to boards of health as defined in section 145A.02, subdivision 2. The administrator or other person having general control and supervision of the child care facility shall file a report with the commissioner of human services on all persons enrolled in the child care facility. The child care facility report must be prepared on forms developed jointly by the commissioner of health and the commissioner of human services and be distributed to child care facilities by the commissioner of health. The child care facility report must state the number of persons enrolled in the facility, the number of persons with no immunizations, the number of persons who received an exemption under subdivision 3,

clause (c) or (d), and the number of persons with partial or full immunization histories. The child care facility report must be filed with the commissioner of human services by November 1 of each year. The commissioner of human services shall forward the report, or a copy thereof, to the commissioner of health who shall provide summary reports to boards of health as defined in section 145A.02, subdivision 2. The report required by this subdivision is not required of a family child care or group family child care facility, for prekindergarten children enrolled in any elementary or secondary school provided services according to sections 125A.05 and 125A.06, nor for child care facilities in which at least 75 percent of children in the facility participate on a onetime only or occasional basis to a maximum of 45 hours per child, per month.

Sec. 16. Minnesota Statutes 2008, section 122A.07, subdivision 2, is amended to read:

Subd. 2. **Eligibility; board composition.** Except for the representatives of higher education and the public, to be eligible for appointment to the Board of Teaching a person must be a teacher currently teaching in a Minnesota school and fully licensed for the position held and have at least five years teaching experience in Minnesota, including the two years immediately preceding nomination and appointment. Each nominee, other than a public nominee, must be selected on the basis of professional experience and knowledge of teacher education, accreditation, and licensure. The board must be composed of:

(1) six teachers who are currently teaching in a Minnesota school or who were teaching at the time of the appointment, at least four of whom must be teaching in a public school;

(2) one higher education representative, who must be a faculty member preparing teachers;

(3) one school administrator; and

(4) three members of the public, two of whom must be present or former members of school boards.

Sec. 17. Minnesota Statutes 2008, section 122A.07, subdivision 3, is amended to read:

Subd. 3. **Vacant position.** With the exception of a teacher who retires from teaching during the course of completing a board term, the position of a member who leaves Minnesota or whose employment status changes to a category different from that from which appointed is deemed vacant.

Sec. 18. Minnesota Statutes 2008, section 122A.18, subdivision 4, is amended to read:

Subd. 4. **Expiration and renewal.** (a) Each license the Department of Education issues through its licensing section must bear the date of issue. Licenses must expire and be renewed according to the respective rules the Board of Teaching, the Board of School Administrators, or the commissioner of education adopts. Requirements for renewing a license must include showing satisfactory evidence of successful teaching or administrative experience for at least one school year during the period covered by the license in grades or subjects for which the license is valid or completing such additional preparation as the Board of Teaching prescribes. The Board of School Administrators shall establish requirements for renewing the licenses of supervisory personnel except athletic coaches. The State Board of Teaching shall establish requirements for renewing the licenses of athletic coaches.

(b) Relicensure applicants, as a condition of relicensure, must present to their local continuing education and relicensure committee or other local relicensure committee evidence of work that demonstrates professional reflection and growth in best teaching practices. The applicant must include a reflective statement of professional accomplishment and the applicant's own assessment of professional growth showing evidence of:

(1) support for student learning;

(2) use of best practices techniques and their applications to student learning;

(3) collaborative work with colleagues that includes examples of collegiality such as attested-to committee work, collaborative staff development programs, and professional learning community work; or

(4) continual professional development that may include job-embedded or other ongoing formal professional learning during the relicensure period.

The Board of Teaching must ensure that its teacher relicensing requirements also include this paragraph.

~~(b)~~ (c) The Board of Teaching shall offer alternative continuing relicensure options for teachers who are accepted into and complete the National Board for Professional Teaching Standards certification process, and offer additional continuing relicensure options for teachers who earn National Board for Professional Teaching Standards certification. Continuing relicensure requirements for teachers who do not maintain National Board for Professional Teaching Standards certification are those the board prescribes, consistent with this section.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to licensees seeking relicensure beginning July 1, 2012.

Sec. 19. Minnesota Statutes 2008, section 122A.40, subdivision 6, is amended to read:

Subd. 6. **~~Peer review~~ Mentoring for probationary teachers.** A school board and an exclusive representative of the teachers in the district must develop a probationary teacher peer review process through joint agreement. The process may include having trained observers serve as mentors or coaches or having teachers participate in professional learning communities.

EFFECTIVE DATE. This section is effective for the 2009-2010 school year and later.

Sec. 20. Minnesota Statutes 2008, section 122A.40, subdivision 8, is amended to read:

Subd. 8. **Peer ~~review~~ coaching for continuing contract teachers.** A school board and an exclusive representative of the teachers in the district shall develop a peer review process for continuing contract teachers through joint agreement. The process may include having trained observers serve as peer coaches or having teachers participate in professional learning communities.

EFFECTIVE DATE. This section is effective for the 2009-2010 school year and later.

Sec. 21. Minnesota Statutes 2008, section 122A.41, subdivision 3, is amended to read:

Subd. 3. **~~Peer review~~ Mentoring for probationary teachers.** A board and an exclusive representative of the teachers in the district must develop a probationary teacher peer review process through joint agreement. The process may include having trained observers serve as mentors or coaches or having teachers participate in professional learning communities.

EFFECTIVE DATE. This section is effective for the 2009-2010 school year and later.

Sec. 22. Minnesota Statutes 2008, section 122A.41, subdivision 5, is amended to read:

Subd. 5. **Peer ~~review~~ coaching for continuing contract teachers.** A school board and an exclusive representative of the teachers in the district must develop a peer review process for nonprobationary teachers through joint agreement. The process may include having trained observers serve as peer coaches or having teachers participate in professional learning communities.

EFFECTIVE DATE. This section is effective for the 2009-2010 school year and later.

Sec. 23. Minnesota Statutes 2008, section 122A.413, subdivision 2, is amended to read:

Subd. 2. **Plan components.** The educational improvement plan must be approved by the school board and have at least these elements:

(1) assessment and evaluation tools to measure student performance and progress;

(2) performance goals and benchmarks for improvement;

(3) measures of student attendance and completion rates;

(4) a rigorous research and practice-based professional development system, based on national and state standards of effective teaching practice and consistent with section 122A.60, that is aligned with educational improvement~~;~~ and designed to achieve ongoing and schoolwide progress and growth in teaching ~~quality improvement, and consistent with clearly defined research-based standards~~ practice;

(5) measures of student, family, and community involvement and satisfaction;

(6) a data system about students and their academic progress that provides parents and the public with understandable information;

(7) a teacher induction and mentoring program for probationary teachers that provides continuous learning and sustained teacher support; and

(8) substantial participation by the exclusive representative of the teachers in developing the plan.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to plans developed in the 2009-2010 school year and later.

Sec. 24. Minnesota Statutes 2008, section 122A.414, subdivision 2, is amended to read:

Subd. 2. **Alternative teacher professional pay system.** (a) To participate in this program, a school district, intermediate school district, school site, or charter school must have an educational improvement plan under section 122A.413 and an alternative teacher professional pay system agreement under paragraph (b). A charter school participant also must comply with subdivision 2a.

(b) The alternative teacher professional pay system agreement must:

(1) describe how teachers can achieve career advancement and additional compensation;

(2) describe how the school district, intermediate school district, school site, or charter school will provide teachers with career advancement options that allow teachers

to retain primary roles in student instruction and facilitate site-focused professional development that helps other teachers improve their skills;

(3) reform the "steps and lanes" salary schedule, prevent any teacher's compensation paid before implementing the pay system from being reduced as a result of participating in this system, and base at least 60 percent of any compensation increase on teacher performance using:

(i) schoolwide student achievement gains under section 120B.35 or locally selected standardized assessment outcomes, or both;

(ii) measures of student achievement; and

(iii) an objective evaluation program and evidence of effective practice that ~~includes~~ include:

(A) individual teacher evaluations aligned with the educational improvement plan under section 122A.413 and the staff development plan under section 122A.60; and

(B) ~~objective evaluations using multiple criteria conducted by a locally selected and periodically trained evaluation team that understands teaching and learning~~ a professional framework outlined in teacher evaluation best practices, supported by multiple criteria, and conducted in a professional and supportive environment; and

(c) reflection and growth in best teaching practices shown through support for student learning, collaborative work with colleagues, or continual professional learning, consistent with section 122A.18, subdivision 4, paragraph (b), clauses (1) to (3);

(4) provide integrated ongoing site-based professional development activities to improve instructional skills and learning that are aligned with student needs under section 122A.413, consistent with the staff development plan under section 122A.60 and led during the school day by trained teacher leaders such as master or mentor teachers or peer coaches;

(5) allow any teacher in a participating school district, intermediate school district, school site, or charter school that implements an alternative pay system to participate in that system without any quota or other limit; and

(6) encourage collaboration rather than competition among teachers.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all alternative teacher professional pay system agreements entered into or modified after that date.

Sec. 25. Minnesota Statutes 2008, section 122A.414, subdivision 2b, is amended to read:

Subd. 2b. **Approval process.** (a) Consistent with the requirements of this section and sections 122A.413 and 122A.415, the department must prepare and transmit to interested school districts, intermediate school districts, school sites, and charter schools a standard form for applying to participate in the alternative teacher professional pay system. The commissioner annually must establish three dates as deadlines by which interested applicants must submit an application to the commissioner under this section. An interested school district, intermediate school district, school site, or charter school must submit to the commissioner a completed application executed by the district superintendent and the exclusive bargaining representative of the teachers if the applicant is a school district, intermediate school district, or school site, or executed by the charter school board of directors if the applicant is a charter school. The application must include the proposed alternative teacher professional pay system agreement under subdivision 2. The department must ~~convene a~~ review ~~committee that at least includes teachers and administrators~~ a completed application within 30 days of ~~receiving a completed application to~~ the most recent application deadline and recommend to the commissioner whether to approve or disapprove the application. The commissioner must approve applications on a first-come, first-served basis. The applicant's alternative teacher professional pay system agreement must be legally binding on the applicant and the collective bargaining representative before the applicant receives alternative compensation revenue. The commissioner must approve or disapprove an application based on the requirements under subdivisions 2 and 2a.

(b) If the commissioner disapproves an application, the commissioner must give the applicant timely notice of the specific reasons in detail for disapproving the application. The applicant may revise and resubmit its application and related documents to the commissioner within 30 days of receiving notice of the commissioner's disapproval and the commissioner must approve or disapprove the revised application, consistent with this subdivision. Applications that are revised and then approved are considered submitted on the date the applicant initially submitted the application.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all applications submitted after that date.

Sec. 26. Minnesota Statutes 2008, section 122A.60, subdivision 2, is amended to read:

Subd. 2. **Contents of the plan.** The plan must include the staff development outcomes under subdivision 3, the means to achieve the outcomes, and procedures for evaluating progress at each school site toward meeting education outcomes~~.~~, consistent

with relicensure requirements under section 122A.18, subdivision 2, paragraph (b). The plan also must:

(1) support stable and productive professional communities achieved through ongoing and schoolwide progress and growth in teaching practice;

(2) emphasize coaching, professional learning communities, classroom action research, and other job-embedded models;

(3) maintain a strong subject matter focus premised on students' learning goals;

(4) ensure specialized preparation and learning about issues related to teaching students with special needs and limited English proficiency; and

(5) reinforce national and state standards of effective teaching practice.

EFFECTIVE DATE. This section is effective for the 2009-2010 school year and later.

Sec. 27. Minnesota Statutes 2008, section 123A.05, is amended to read:

123A.05 ~~AREA LEARNING CENTER~~ STATE-APPROVED ALTERNATIVE PROGRAM ORGANIZATION.

Subdivision 1. **Governance.** (a) A district may establish an area learning center ~~either by itself or in cooperation with other districts~~, alternative learning program, or contract alternative in accordance with sections 124D.68, subdivision 3, paragraph (d), and 124D.69.

(b) An area learning center is encouraged to cooperate with a service cooperative, an intermediate school district, a local education and employment transitions partnership, public and private secondary and postsecondary institutions, public agencies, businesses, and foundations. Except for a district located in a city of the first class, ~~a~~ an area learning center must be established in cooperation with other districts and must serve the geographic area of at least two districts. An area learning center must provide comprehensive educational services to enrolled secondary students throughout the year, including a daytime school within a school or separate site for both high school and middle school level students.

(c) An alternative learning program may serve the students of one or more districts, may designate which grades are served, and may make program hours and a calendar optional.

(d) A contract alternative is an alternative learning program operated by a private organization that has contracted with a school district to provide educational services for students under section 124D.68, subdivision 2.

Subd. 2. **Reserve revenue.** Each district that is a member of an area learning center or alternative learning program must reserve revenue in an amount equal to the sum of (1) at least 90 percent of the district average general education revenue per pupil unit minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485, calculated without basic skills revenue and transportation sparsity revenue, times the number of pupil units attending an area learning center or alternative learning program under this section, plus (2) the amount of basic skills revenue generated by pupils attending the area learning center or alternative learning program. The amount of reserved revenue under this subdivision may only be spent on program costs associated with the area learning center or alternative learning program.

Subd. 3. **Access to services.** A ~~center~~ state-approved alternative program shall have access to the district's regular education programs, special education programs, technology facilities, and staff. It may contract with individuals or postsecondary institutions. It shall seek the involvement of community education programs, postsecondary institutions, interagency collaboratives, culturally based organizations, mutual assistance associations, and other community resources, businesses, and other federal, state, and local public agencies.

Subd. 4. **Nonresident pupils.** A pupil who does not reside in the district may attend a ~~center~~ state-approved alternative program without consent of the school board of the district of residence.

Sec. 28. Minnesota Statutes 2008, section 123A.06, is amended to read:

123A.06 ~~CENTER~~ STATE-APPROVED ALTERNATIVE PROGRAMS AND SERVICES.

Subdivision 1. **Program focus.** (a) The programs and services of a ~~center~~ state-approved alternative program must focus on academic and learning skills, applied learning opportunities, trade and vocational skills, work-based learning opportunities, work experience, youth service to the community, transition services, and English language and literacy programs for children whose primary language is a language other than English. Applied learning, work-based learning, and service learning may best be developed in collaboration with a local education and transitions partnership, culturally based organizations, mutual assistance associations, or other community resources. In addition to offering programs, the ~~center~~ state-approved alternative program shall coordinate the use of other available educational services, special education services, social services, health services, and postsecondary institutions in the community and services area.

(b) Consistent with the requirements of sections 121A.40 to 121A.56, a school district may provide an alternative education program for a student who is within the compulsory attendance age under section 120A.20, and who is involved in severe or repeated disciplinary action.

Subd. 2. **People to be served.** A ~~center~~ state-approved alternative program shall provide programs for secondary pupils and adults. A center may also provide programs and services for elementary and secondary pupils who are not attending the ~~center~~ state-approved alternative program to assist them in being successful in school. A center shall use research-based best practices for serving limited English proficient students and their parents. An individual education plan team may identify a ~~center~~ state-approved alternative program as an appropriate placement to the extent a ~~center~~ state-approved alternative program can provide the student with the appropriate special education services described in the student's plan. Pupils eligible to be served are those who qualify under the graduation incentives program in section 124D.68, subdivision 2, those enrolled under section 124D.02, subdivision 2, or those pupils who are eligible to receive special education services under sections 125A.03 to 125A.24, and 125A.65.

Subd. 3. **Hours of instruction exemption.** Notwithstanding any law to the contrary, the area learning center programs must be available throughout the entire year. ~~A center may petition the state board under Minnesota Rules, part 3500.1000, for exemption from other rules.~~

Subd. 4. **Granting a diploma.** Upon successful completion of the area learning center program, a pupil is entitled to receive a high school diploma. The pupil may elect to receive a diploma from either the district of residence or the district in which the area learning center is located.

Sec. 29. Minnesota Statutes 2008, section 123A.08, is amended to read:

123A.08 ~~CENTER~~ STATE-APPROVED ALTERNATIVE PROGRAM FUNDING.

Subdivision 1. **Outside sources for resources and services.** A ~~center~~ state-approved alternative program may accept:

(1) resources and services from postsecondary institutions serving ~~center~~ state-approved alternative program pupils;

(2) resources from ~~Job Training Partnership~~ Workforce Investment Act programs, including funding for jobs skills training for various groups and the percentage reserved for education;

(3) resources from the Department of Human Services and county welfare funding;

(4) resources from a local education and employment transitions partnership; or

(5) private resources, foundation grants, gifts, corporate contributions, and other grants.

Subd. 2. **General education aid.** Payment of general education aid for nonresident pupils enrolled in ~~the center~~ area learning centers and alternative learning programs must be made according to section 127A.47, subdivision 7.

Subd. 3. **Special education revenue.** Payment of special education revenue for nonresident pupils enrolled in the ~~center~~ state-approved alternative program must be made according to section ~~125A.15~~ 127A.47, subdivision 7.

Sec. 30. Minnesota Statutes 2008, section 123B.03, subdivision 1, is amended to read:

Subdivision 1. **Background check required.** (a) A school hiring authority shall request a criminal history background check from the superintendent of the Bureau of Criminal Apprehension on all individuals who are offered employment in a school and on all individuals, except enrolled student volunteers, who are offered the opportunity to provide athletic coaching services or other extracurricular academic coaching services to a school, regardless of whether any compensation is paid. In order for an individual to be eligible for employment or to provide the services, the individual must provide an executed criminal history consent form and a money order or check payable to either the Bureau of Criminal Apprehension or the school hiring authority, at the discretion of the school hiring authority, in an amount equal to the actual cost to the Bureau of Criminal Apprehension and the school district of conducting the criminal history background check. A school hiring authority deciding to receive payment may, at its discretion, accept payment in the form of a negotiable instrument other than a money order or check and shall pay the superintendent of the Bureau of Criminal Apprehension directly to conduct the background check. The superintendent of the Bureau of Criminal Apprehension shall conduct the background check by retrieving criminal history data maintained in the criminal justice information system computers. A school hiring authority, at its discretion, may decide not to request a criminal history background check on an individual who holds an initial entrance license issued by the State Board of Teaching or the commissioner of education within the 12 months preceding an offer of employment.

(b) A school hiring authority may use the results of a criminal background check conducted at the request of another school hiring authority if:

(1) the results of the criminal background check are on file with the other school hiring authority or otherwise accessible;

(2) the other school hiring authority conducted a criminal background check within the previous 12 months;

(3) the individual who is the subject of the criminal background check executes a written consent form giving a school hiring authority access to the results of the check; and

(4) there is no reason to believe that the individual has committed an act subsequent to the check that would disqualify the individual for employment.

(c) A school hiring authority may, at its discretion, request a criminal history background check from the superintendent of the Bureau of Criminal Apprehension on any individual who seeks to enter a school or its grounds for the purpose of serving as a school volunteer or working as an independent contractor or student employee. In order for an individual to enter a school or its grounds under this paragraph when the school hiring authority decides to request a criminal history background check on the individual, the individual first must provide an executed criminal history consent form and a money order, check, or other negotiable instrument payable to the school district in an amount equal to the actual cost to the Bureau of Criminal Apprehension and the school district of conducting the criminal history background check. ~~Notwithstanding section 299C.62, subdivision 1, the cost of the criminal history background check under this paragraph is the responsibility of the individual~~ A school hiring authority may decide to pay the cost of conducting a background check under this paragraph, in which case the individual who is the subject of the background check need not pay for the background check.

(d) For all nonstate residents who are offered employment in a school, a school hiring authority shall request a criminal history background check on such individuals from the superintendent of the Bureau of Criminal Apprehension and from the government agency performing the same function in the resident state or, if no government entity performs the same function in the resident state, from the Federal Bureau of Investigation. Such individuals must provide an executed criminal history consent form and a money order, check, or other negotiable instrument payable to the school hiring authority in an amount equal to the actual cost to the government agencies and the school district of conducting the criminal history background check. Notwithstanding section 299C.62, subdivision 1, the cost of the criminal history background check under this paragraph is the responsibility of the individual.

(e) At the beginning of each school year or when a student enrolls, a school hiring authority must notify parents and guardians about the school hiring authority's policy requiring a criminal history background check on employees and other individuals who provide services to the school, and identify those positions subject to a background check and the extent of the hiring authority's discretion in requiring a background check. The

school hiring authority may include the notice in the student handbook, a school policy guide, or other similar communication. Nothing in this paragraph affects a school hiring authority's ability to request a criminal history background check on an individual under paragraph (c).

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

Sec. 31. Minnesota Statutes 2008, section 123B.03, subdivision 1a, is amended to read:

Subd. 1a. **Investigation of disciplinary actions taken against prospective teachers.** (a) At the time a school board or other hiring authority conducts the criminal history background check required under subdivision 1 on an individual offered employment as a teacher, the school board or other hiring authority must contact the Board of Teaching to determine whether the board has taken disciplinary action against the teacher based on ~~a board determination that~~ sexual misconduct or attempted sexual misconduct ~~occurred~~ between the teacher and a student or other misconduct resulting in board disciplinary action. If disciplinary action has been taken based on ~~this type of~~ misconduct, the school board or other hiring authority must obtain access to data that are public under section 13.41, subdivision 5, that relate to the substance of the disciplinary action. In addition, the school board or other hiring authority must require the individual to provide information in the employment application regarding all current and previous disciplinary actions in Minnesota and other states taken against the individual's teaching license as a result of sexual misconduct or attempted sexual misconduct with a student or other misconduct and indicate to the applicant that intentionally submitting false or incomplete information is a ground for dismissal.

(b) For purposes of this subdivision, "disciplinary action" does not include an action based on court-ordered child support or maintenance payment arrearages under section 214.101 or delinquent state taxes under section 270C.72.

EFFECTIVE DATE. This section is effective May 1, 2009.

Sec. 32. **[123B.045] DISTRICT-CREATED SITE-GOVERNED SCHOOLS.**

Subdivision 1. **Authority.** (a) A school board may approve site-governed schools under this section by requesting site-governing school proposals. The request for proposals must include what types of schools or education innovations the board intends to create. A current site may submit a proposal to create a different model for the site if 60 percent or more of the teachers at the site support the proposal. A group of licensed district professionals from one or multiple district sites may submit a proposal. The

group submitting the proposal must include parents or other community members in the development of the proposal. A proposal may request approval for a model of a school not included in the request for proposal of the board.

(b) The school board and the applicable bargaining unit representing district employees must enter into memoranda of understanding specifying how applicable sections of current contracts will enable the provisions of subdivision 2, clauses (7) and (8), to be implemented.

(c) Within 60 days of receipt of the application, the school board shall determine whether to approve, deny, or return the application to the applicants for further information or development.

(d) Upon approval of the proposal, an agreement between the district and the site council shall be developed identifying the powers and duties delegated to the site and outlining the details of the proposal including the provisions of subdivisions 2, 3, and 5. Any powers or duties not specifically delegated to the school site in the agreement remains with the school board.

Subd. 2. **Roles and responsibilities of site-governed schools.** (a) Site-governed schools approved by the school board have the following autonomy and responsibilities at the discretion of the site:

(1) to create the site-governing council of the school. The council shall include teachers, administrators, parents, students if appropriate, community members, and other representatives of the community as determined by the site-governing council. Teachers may comprise a majority of the site-governing council at the option of a majority of the teachers at the site. The number of members on the site-governing council and the composition shall be included in the proposal approved by the school board;

(2) to determine the leadership model for the site including: selecting a principal, operating as a teacher professional practices model with school leadership functions performed by one or more teachers or administrators at the school or other model determined by the site;

(3) to determine the budget for the site and the allocation and expenditure of the revenue based on provisions of subdivision 3;

(4) to determine the learning model and organization of the school consistent with the application approved by the school board;

(5) to select and develop its curriculum and determine formative and summative assessment practices;

(6) to set policies for the site including student promotion, attendance, discipline, graduation requirements which may exceed the school board standards, and other such

rules as approved by the school board consistent with the mission, goals, and learning program of the school site;

(7) to determine the length of the school day and year and employee work rules covered by the terms and conditions of the employment contract;

(8) to select teachers and other staff consistent with current law and collective bargaining agreements and memoranda of understanding provided for in subdivision 1, paragraph (b). At least 70 percent of the teachers must be selected by the site prior to final approval of the agreement. Prior to requesting the district to employ staff not currently employed by the district, the site must first select current district staff including those on requested and unrequested leave as provided for in sections 122A.40 and 122A.41. The school board shall be the legal employer of all staff at the site and all teachers and other staff members of the applicable bargaining units. Teachers and other employees may be required to sign an individual work agreement with the site-governing council committing themselves to the mission and learning program of the school and the requirements of the site-governing council; and

(9) to fulfill other provisions as agreed to by the district and site-governing council.

(b) If a self-governed school created under this section is supervised by a principal, that principal must be licensed, consistent with section 123B.147, subdivision 2.

Subd. 3. **Revenue to self-governed school.** (a) The revenue that shall be allocated by the site includes the general education revenue generated by the students at the site from state, local, and private sources, referendum revenue, federal revenue from the Elementary and Secondary Education Act, Individuals with Disabilities Education Act, Carl Perkins Act, and other federal programs as agreed to by the school board and site council.

(b) The district may retain an administrative fee for managing the federal programs, private revenues, and general administrative functions including school board, superintendent, district legal counsel, finance, accountability and self-governed school contract oversight, facilities maintenance, districtwide special education programs, and other such services as agreed to by the site and school board. The administrative fee shall be included in the agreement.

(c) As part of the agreement, the district may provide specific services for the site and may specify the amount to be paid for each service and retain the revenues for that amount. The formula or procedures for determining the amount of revenue to be allocated to the site each year shall be consistent with this subdivision and incorporated in the site budget annually following a timeline and process that is included in the agreement with the school board. The site is responsible for allocating revenue for all staff at the site and for the other provisions of the agreement with the district board.

(d) All unspent revenue shall be carried over to following years for the sole use of the site.

Subd. 4. **Exemption from statutes and rules.** Except as outlined in this section, site-governed schools established under this section are exempt from and subject to the same laws and rules as are chartered schools under section 124D.10, except that the schools shall be subject to chapters 13, 13D, and 179A, and sections 122A.40, 122A.41, 122A.50, and 122A.51.

Subd. 5. **Performance standards.** (a) The school board and the site council shall include in the agreement performance standards and expectations that shall include at least the following:

(1) student achievement targets on multiple indicators including either a growth model or value-added growth model;

(2) the criteria and process to be followed if it is determined that the site failed to comply with district oversight and accountability requirements as outlined in the agreement; and

(3) other performance provisions as agreed to.

(b) All agreements shall be filed with the commissioner. The initial agreement shall be for up to three years, shall be reviewed annually, and may be renewed by the district board for additional terms of up to five years based on the performance of the school.

Subd. 6. **Board termination of self-governed school authority.** (a) The district board may terminate the agreement for one or more of the following reasons:

(1) failure of the site to meet the provisions specified in the agreement in subdivision 5;

(2) violations of law; or

(3) other good cause shown.

(b) Site-governed schools that are terminated or not renewed for reasons other than cause may request to convert to charter school status as provided for in section 124D.10 and, if chartered by the board, shall become the owner of all materials, supplies, and equipment purchased during the period the school was a site-governed school.

Sec. 33. Minnesota Statutes 2008, section 123B.143, subdivision 1, is amended to read:

Subdivision 1. **Contract; duties.** All districts maintaining a classified secondary school must employ a superintendent who shall be an ex officio nonvoting member of the school board. The authority for selection and employment of a superintendent must be vested in the board in all cases. An individual employed by a board as a superintendent shall have an initial employment contract for a period of time no longer than three years

from the date of employment. Any subsequent employment contract must not exceed a period of three years. A board, at its discretion, may or may not renew an employment contract. A board must not, by action or inaction, extend the duration of an existing employment contract. Beginning 365 days prior to the expiration date of an existing employment contract, a board may negotiate and enter into a subsequent employment contract to take effect upon the expiration of the existing contract. A subsequent contract must be contingent upon the employee completing the terms of an existing contract. If a contract between a board and a superintendent is terminated prior to the date specified in the contract, the board may not enter into another superintendent contract with that same individual that has a term that extends beyond the date specified in the terminated contract. A board may terminate a superintendent during the term of an employment contract for any of the grounds specified in section 122A.40, subdivision 9 or 13. A superintendent shall not rely upon an employment contract with a board to assert any other continuing contract rights in the position of superintendent under section 122A.40. Notwithstanding the provisions of sections 122A.40, subdivision 10 or 11, 123A.32, 123A.75, or any other law to the contrary, no individual shall have a right to employment as a superintendent based on order of employment in any district. If two or more districts enter into an agreement for the purchase or sharing of the services of a superintendent, the contracting districts have the absolute right to select one of the individuals employed to serve as superintendent in one of the contracting districts and no individual has a right to employment as the superintendent to provide all or part of the services based on order of employment in a contracting district. The superintendent of a district shall perform the following:

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

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

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

(4) make reports required by the commissioner; and

(5) ~~by January 10, submit an annual report to the commissioner in a manner prescribed by the commissioner, in consultation with school districts, identifying the expenditures that the district requires to ensure an 80 percent student passage rate on the MCA-IIs taken in the eighth grade, identifying the highest student passage rate the district expects it will be able to attain on the MCA-IIs by grade 12, and the amount of expenditures that the district requires to attain the targeted student passage rate; and~~

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

EFFECTIVE DATE. This section is effective the day following final enactment and applies to the 2009-2010 school year and later.

Sec. 34. Minnesota Statutes 2008, section 123B.51, is amended by adding a subdivision to read:

Subd. 5a. **Temporary closing.** A school district that proposes to temporarily close a schoolhouse or that intends to lease the facility to another entity for use as a schoolhouse for three or fewer years is not subject to subdivision 5 if the school board holds a public meeting and allows public comment on the schoolhouse's future.

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

Sec. 35. Minnesota Statutes 2008, section 124D.095, subdivision 2, is amended to read:

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

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

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

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

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

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

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

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

(h) "Online course syllabus" is a written document that an online learning provider makes available to the enrolling district using a format prescribed by the commissioner to identify the state academic standards embedded in an online course, the course content outline, required course assessments, expectations for actual teacher contact time and other student-to-teacher communications, and academic support available to the online learning student.

Sec. 36. Minnesota Statutes 2008, section 124D.095, subdivision 3, is amended to read:

Subd. 3. **Authorization; notice; limitations on enrollment.** (a) A student may apply for full-time enrollment in an approved online learning program under section 124D.03, 124D.08 or 124D.10~~, or for supplemental online learning~~. Notwithstanding sections 124D.03, 124D.08, and 124D.10, procedures for enrolling in supplemental online learning shall be as provided in this subdivision. A student age 17 or younger must have the written consent of a parent or guardian to apply. No school district or charter school may prohibit a student from applying to enroll in online learning. In order that a student may enroll in online learning, the student and the student's parents must submit an application to the online learning provider and identify the reason for enrolling in online learning. The online learning provider that accepts a student under this section must within ten days notify the student and the enrolling district in writing if the enrolling district is not the online learning provider. The student and family must notify the online learning provider of their intent to enroll in online learning within ten days of acceptance, at which time the student and parent must sign a statement of assurance that they have reviewed the online course or program and understand the expectations of online learning enrollment. The online learning provider must notify the enrolling district of the student's ~~enrollment~~ application to enroll in online learning in writing on a form provided by the department.

(b) Supplemental online learning notification to the enrolling district upon student ~~enrollment in~~ application to the online learning ~~program~~ provider will include the courses or program, credits to be awarded, and the start date of online enrollment~~, and confirmation that the courses will meet the student's graduation plan~~. An online learning provider must provide the enrolling district with an online course syllabus. Within 15 days after the online learning provider makes the supplemental online course syllabus available to the enrolling district, the enrolling district must notify the online provider whether or not the student, parent or guardian, and enrolling district agree that the course meets the enrolling district's graduation requirements. A student may enroll in supplemental online learning courses up to the midpoint of the enrolling district's term. The enrolling district may waive this requirement for special circumstances and upon acceptance by the online provider. An online learning course or program that meets or exceeds a graduation standard or grade progression requirements at the enrolling district as demonstrated on the online provider's syllabus must be considered to meet the corresponding graduation requirements of the student in the enrolling district. If the enrolling district decides that the course does not meet its graduation requirements, then:

(1) the district shall provide a written explanation of its decision upon request by the student, parent or guardian, or online provider;

(2) the district shall allow the online provider the opportunity to respond in writing to the district's written explanation of its decision for the purpose of describing how the course may meet the district's graduation requirement; and

(3) the student, parent or guardian, or online provider may request that the Department of Education review the district's decision to determine whether it is consistent with this section.

(c) An online learning provider must notify the commissioner that it is delivering online learning and report the number of online learning students it is accepting and the online learning courses and programs it is delivering.

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

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

(f) The online provider must report or provide access to information on an individual student's progress and accumulated credit to the student, parent or guardian, and enrolling district in a manner specified by the commissioner unless another manner is agreed upon by the enrolling district and the online provider and submitted to the commissioner. The enrolling district must designate a contact person to assist in facilitating and monitoring the student's progress and accumulated credit towards graduation.

Sec. 37. Minnesota Statutes 2008, section 124D.095, subdivision 4, is amended to read:

Subd. 4. **Online learning parameters.** (a) An online learning student must receive academic credit for completing the requirements of an online learning course or program. Secondary credits granted to an online learning student must be counted toward the graduation and credit requirements of the enrolling district. ~~An online learning provider must make available to the enrolling district the course syllabus, standard alignment, content outline, assessment requirements, and contact information for supplemental online courses taken by students in the enrolling district.~~ The enrolling district must apply the same graduation requirements to all students, including online learning students, and must continue to provide nonacademic services to online learning students. If a student completes an online learning course or program that meets or exceeds a graduation standard or grade progression requirement at the enrolling district, that standard or requirement is met. The enrolling district must use the same criteria for accepting online learning credits or courses as it does for accepting credits or courses for transfer students

under section 124D.03, subdivision 9. The enrolling district may reduce the course schedule of an online learning student in proportion to the number of online learning courses the student takes from an online learning provider that is not the enrolling district.

(b) An online learning student may:

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

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

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

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

(d) An enrolling district may offer online learning to its enrolled students. Such online learning does not generate online learning funds under this section. An enrolling district that offers online learning only to its enrolled students is not subject to the reporting requirements or review criteria under subdivision 7, unless the enrolling district is a full-time online provider. A teacher with a Minnesota license must assemble and deliver instruction to enrolled students receiving online learning from an enrolling district. The delivery of instruction occurs when the student interacts with the computer or the teacher and receives ongoing assistance and assessment of learning. The instruction may include curriculum developed by persons other than a teacher with a Minnesota license.

(e) ~~An~~ Both full-time and supplemental online learning ~~provider that is not the enrolling district is~~ providers are subject to the reporting requirements and review criteria under subdivision 7. A teacher with a Minnesota license must assemble and deliver instruction to online learning students. The delivery of instruction occurs when the student interacts with the computer or the teacher and receives ongoing assistance and assessment of learning. The instruction may include curriculum developed by persons other than a teacher with a Minnesota license. Unless the commissioner grants a waiver, a teacher

providing online learning instruction must not instruct more than 40 students in any one online learning course or program.

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

Sec. 38. Minnesota Statutes 2008, section 124D.095, subdivision 7, is amended to read:

Subd. 7. **Department of Education.** (a) The department must review and certify online learning providers. The online learning courses and programs must be rigorous, aligned with state academic standards, and contribute to grade progression in a single subject. ~~Online learning providers must demonstrate to the commissioner that online learning courses have equivalent standards or instruction, curriculum, and assessment requirements as other courses offered to enrolled students. The online learning provider must also demonstrate expectations for actual teacher contact time or other student-to-teacher communication~~ The online provider must provide a written statement that: (1) all courses meet state academic standards; and (2) the online learning curriculum, instruction, and assessment, expectations for actual teacher-contact time or other student-to-teacher communication, and academic support meet nationally recognized professional standards and are demonstrated as such in a syllabus provided according to the commissioner's requirements. Once an online learning provider is approved under this paragraph, all of its online learning course offerings are eligible for payment under this section unless a course is successfully challenged by an enrolling district or the department under paragraph (b).

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

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

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

Sec. 39. Minnesota Statutes 2008, section 124D.095, subdivision 10, is amended to read:

Subd. 10. **Online Learning Advisory Council.** (a) An Online Learning Advisory Council is established ~~under section 15.059, except that~~. The term for each council member shall be three years. The advisory council is composed of 12 members from throughout the state who have demonstrated experience with or interest in online learning. The members of the council shall be appointed by the commissioner. The advisory council shall bring to the attention of the commissioner any matters related to online learning and provide input to the department in matters related, but not restricted, to:

(1) quality assurance;

(2) teacher qualifications;

(3) program approval;

(4) special education;

(5) attendance;

(6) program design and requirements; and

(7) fair and equal access to programs.

(b) The Online Learning Advisory Council under this subdivision expires June 30, ~~2008~~ 2013.

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

Sec. 40. Minnesota Statutes 2008, section 124D.10, is amended to read:

124D.10 CHARTER SCHOOLS.

Subdivision 1. **Purposes.** (a) The purpose of this section is to:

(1) improve pupil learning and achievement;

(2) increase learning opportunities for pupils;

(3) encourage the use of different and innovative teaching methods;

(4) ~~require the measurement of~~ measure learning outcomes ~~and create~~ through the creation and use of different and innovative forms of measuring outcomes;

(5) establish new forms of accountability for schools; or

(6) create new professional opportunities for teachers, including the opportunity to be responsible for the learning program at the school site.

(b) This section does not provide a means to keep open a school that otherwise would be closed. Applicants in these circumstances bear the burden of proving that conversion to a charter school fulfills a purpose specified in this subdivision, independent of the school's closing.

Subd. 2. **Applicability.** This section applies only to charter schools formed and operated under this section.

~~Subd. 2a. **Charter School Advisory Council.** (a) A Charter School Advisory Council is established under section 15.059 except that the term for each council member shall be three years. The advisory council is composed of seven members from throughout the state who have demonstrated experience with or interest in charter schools. The members of the council shall be appointed by the commissioner. The advisory council shall bring to the attention of the commissioner any matters related to charter schools that the council deems necessary and shall:~~

~~(1) encourage school boards to make full use of charter school opportunities;~~

~~(2) encourage the creation of innovative schools;~~

~~(3) provide leadership and support for charter school sponsors to increase the innovation in and the effectiveness, accountability, and fiscal soundness of charter schools;~~

~~(4) serve an ombudsman function in facilitating the operations of new and existing charter schools;~~

~~(5) promote timely financial management training for newly elected members of a charter school board of directors and ongoing training for other members of a charter school board of directors; and~~

~~(6) facilitate compliance with auditing and other reporting requirements. The advisory council shall refer all its proposals to the commissioner who shall provide time for reports from the council.~~

~~(b) The Charter School Advisory Council under this subdivision expires June 30, 2007.~~

Subd. 3. ~~**Sponsor**~~ **Authorizer.** (a) For purposes of this section, the terms defined in this subdivision have the meanings given them.

"Application" to receive approval as an authorizer means the proposal an eligible authorizer submits to the commissioner under paragraph (c) before that authorizer is able to submit any affidavit to charter to a school.

"Application" under subdivision 4 means the charter school business plan a school developer submits to an authorizer for approval to establish a charter school that documents the school developer's mission statement, school purposes, program design, financial plan, governance and management structure, and background and experience, plus any other information the authorizer requests. The application also shall include a "statement of assurances" of legal compliance prescribed by the commissioner.

"Affidavit" means a written statement the authorizer submits to the commissioner for approval to establish a charter school under subdivision 4 attesting to its review and approval process before chartering a school.

(b) The following organizations may authorize one or more charter schools:

(1) a school board; intermediate school district school board; education district organized under sections 123A.15 to 123A.19;

(2) a charitable organization under section 501(c)(3) of the Internal Revenue Code of 1986, excluding a nonpublic sectarian or religious institution, any person other than a natural person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the nonpublic sectarian or religious institution, and any other charitable organization under this clause that in the federal IRS Form 1023, Part IV, describes activities indicating a religious purpose, that:

(i) is a member of the Minnesota Council of Nonprofits or the Minnesota Council on Foundations~~.~~;

(ii) is registered with the attorney general's office~~, and~~;

(iii) reports an end-of-year fund balance of at least $2,000,000; and

(iv) is incorporated in the state of Minnesota;

(3) a Minnesota private college, notwithstanding clause (2), that grants two- or four-year degrees and is registered with the Minnesota Office of Higher Education under chapter 136A; community college, state university, or technical college~~,~~ governed by the Board of Trustees of the Minnesota State Colleges and Universities; or the University of Minnesota ~~may sponsor one or more charter schools.~~; or

~~(b)~~ (4) a nonprofit corporation subject to chapter 317A, described in section 317A.905, and exempt from federal income tax under section 501(c)(6) of the Internal Revenue Code of 1986, may ~~sponsor~~ authorize one or more charter schools if the charter school has operated for at least three years under a different ~~sponsor~~ authorizer and if the nonprofit corporation has existed for at least 25 years.

(c) An eligible authorizer under this subdivision must apply to the commissioner for approval as an authorizer before submitting any affidavit to the commissioner to charter a school. The application for approval as a charter school authorizer must demonstrate the applicant's ability to implement the procedures and satisfy the criteria for chartering a school under this section. The commissioner must approve or disapprove an application within 60 business days of the application deadline. If the commissioner disapproves the application, the commissioner must notify the applicant of the deficiencies and the applicant then has 20 business days to address the deficiencies to the commissioner's satisfaction. Failing to address the deficiencies to the commissioner's satisfaction makes

an applicant ineligible to be an authorizer. The commissioner, in establishing criteria for approval, must consider the applicant's:

(1) capacity and infrastructure;

(2) application criteria and process;

(3) contracting process;

(4) ongoing oversight and evaluation processes; and

(5) renewal criteria and processes.

A disapproved applicant under this paragraph may resubmit an application during a future application period.

(d) The authorizer must participate in ongoing department-approved training.

(e) An authorizer that chartered a school before August 1, 2009, must apply by June 30, 2012, to the commissioner for approval under paragraph (c) to continue as an authorizer under this section. For purposes of this paragraph, an authorizer that fails to submit a timely application is ineligible to charter a school.

(f) The commissioner shall review an authorizer's performance at least once every five years in a manner and form determined by the commissioner, and may review an authorizer's performance more frequently at the commissioner's own initiative or at the request of a charter school developer, operator, board member, or other interested party. The commissioner, after completing the review, shall transmit a report with findings to the authorizer. If, consistent with this section, the commissioner finds that an authorizer has not performed satisfactorily, the commissioner may subject the authorizer to corrective action, which may include terminating the contract with the board of a school it chartered. The commissioner must notify the authorizer in writing of any findings that may subject the authorizer to corrective action and the authorizer then has 15 business days to request an informal hearing before the commissioner takes corrective action.

(g) The commissioner may take corrective action against an authorizer, including terminating an authorizer's eligibility to charter a school for:

(1) failing to satisfy the criteria under which the commissioner approved the authorizer;

(2) failing to perform satisfactorily as an approved authorizer; or

(3) violating a term of the chartering contract between the authorizer and charter school board.

Subd. 4. **Formation of school.** (a) ~~A sponsor~~ An authorizer, after receiving an application from a school developer, may ~~authorize~~ charter a licensed teacher under section 122A.18, subdivision 1, or a group of individuals that includes one or more licensed teachers under section 122A.18, subdivision 1, to operate a ~~charter~~ school subject

to the commissioner's approval ~~by the commissioner~~ of the authorizer's affidavit under paragraph (b). ~~A board must vote on charter school application for sponsorship no later than 90 days after receiving the application.~~ The school must be organized and operated as a cooperative under chapter 308A or nonprofit corporation under chapter 317A and the provisions under the applicable chapter shall apply to the school except as provided in this section.

Notwithstanding sections 465.717 and 465.719, a school district, subject to this section and section 124D.11, may create a corporation for the purpose of ~~creating~~ establishing a charter school.

(b) Before the operators may ~~form~~ establish and operate a school, the ~~sponsor~~ authorizer must file an affidavit with the commissioner stating its intent to ~~authorize a~~ charter a school. An authorizer must file a separate affidavit for each school it intends to charter. The affidavit must state the terms and conditions under which the ~~sponsor~~ authorizer would ~~authorize a~~ charter a school and how the ~~sponsor~~ authorizer intends to oversee the fiscal and student performance of the charter school and to comply with the terms of the written contract between the ~~sponsor~~ authorizer and the charter school board of directors under subdivision 6. The commissioner must approve or disapprove the ~~sponsor's proposed authorization~~ authorizer's affidavit within ~~90~~ 60 business days of receipt of the affidavit. If the commissioner disapproves the affidavit, the commissioner shall notify the authorizer of the deficiencies in the affidavit and the authorizer then has 20 business days to address the deficiencies. If the authorizer does not address deficiencies to the commissioner's satisfaction, the commissioner's disapproval is final. Failure to obtain commissioner approval precludes ~~a sponsor~~ an authorizer from ~~authorizing~~ chartering the ~~charter~~ school that ~~was~~ is the subject of ~~the~~ this affidavit.

(c) The authorizer may prevent an approved charter school from opening for operation if, among other grounds, the charter school violates this section or does not meet the ready-to-open standards that are part of the authorizer's oversight and evaluation process or are stipulated in the charter school contract.

(d) The operators authorized to organize and operate a school, before entering into a contract or other agreement for professional or other services, goods, or facilities, must incorporate as a cooperative under chapter 308A or as a nonprofit corporation under chapter 317A and must establish a board of directors composed of at least five members who are not related parties until a timely election for members of the ongoing charter school board of directors is held according to the school's articles and bylaws under paragraph (f). A charter school board of directors must be composed of at least five members who are not related parties. ~~Any~~ Staff members ~~who are~~ employed at the

school, including teachers providing instruction under a contract with a cooperative, and all parents or legal guardians of children enrolled in the school ~~may participate in the election for~~ are the voters eligible to elect the members of the school's board of directors. ~~Licensed teachers employed at the school, including teachers providing instruction under a contract with a cooperative, must be a majority of the members of the board of directors before the school completes its third year of operation, unless the commissioner waives the requirement for a majority of licensed teachers on the board.~~ A charter school must notify eligible voters of the school board election dates at least 30 days before the election. Board of director meetings must comply with chapter 13D.

~~(d)~~ (e) Upon the request of an individual, the charter school must make available in a timely fashion the minutes of meetings of the board of directors, and of members and committees having any board-delegated authority; financial statements showing all operations and transactions affecting income, surplus, and deficit during the school's last annual accounting period; and a balance sheet summarizing assets and liabilities on the closing date of the accounting period. A charter school also must post on its official Web site information identifying its authorizer and indicate how to contact that authorizer and include that same information about its authorizer in other school materials that it makes available to the public.

(f) Every charter school board member shall attend department-approved training on board governance, the board's role and responsibilities, employment policies and practices, and financial management. A board member who does not complete the required training within 12 months of being seated on the board is ineligible to continue to serve as a board member.

(g) The ongoing board must be elected before the school completes its third year of operation. The board of directors shall be (i) a teacher majority board made up of licensed teachers employed at the school or (ii) a board having at least 20 percent of its members as licensed teachers employed at the school and must include charter school parents or guardians and interested community members. Licensed teachers employed by the school, or those providing instruction under a contract with a cooperative, may be members of the board of directors. The chief financial officer and chief administrator are nonvoting board members. Board bylaws shall outline the internal process and procedures for changing the board's governance model. A board may change between the governance models established in this paragraph only with approval from the authorizer and a voting majority of the board of directors and the licensed teachers employed at the school, including teachers providing instruction under a contract with a cooperative.

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

~~(c) A sponsor~~ (i) The granting or renewal of a charter school by an authorizer must not be contingent on the charter school being required to contract, lease, or purchase services from the authorizer. Any potential contract, lease, or purchase of service from an authorizer must be disclosed to the commissioner, accepted through an open bidding process, and be a separate contract from the charter contract. The school must document the open bidding process. An authorizer must not enter into a contract to provide management and financial services for a school that it authorizes, unless the school documents that it received at least two competitive bids.

(j) The charter school shall not offer any services or goods of value to students, parents, or guardians as an inducement, term, or condition of enrolling a student in a charter school.

(k) An authorizer may ~~authorize~~ permit the ~~operators~~ board of directors of a charter school to expand the operation of the charter school to additional sites or to add additional grades at the school beyond those described in the ~~sponsor's application~~ authorizer's original affidavit as approved by the commissioner only after submitting a supplemental ~~application~~ affidavit for approval to the commissioner in a form and manner prescribed by the commissioner. The supplemental ~~application~~ affidavit must ~~provide evidence~~ show that:

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

(2) the charter school expansion is warranted, at a minimum, by longitudinal data demonstrating students' improved academic performance and growth on statewide assessments under chapter 120B;

~~(2)~~ (3) the charter school is fiscally sound and has the financial capacity to implement the proposed expansion; and

~~(3)~~ (4) the ~~sponsor supports the~~ authorizer finds that the charter school has the management capacity to carry out its expansion~~; and~~.

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

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

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

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

~~(3) establish proper filing techniques;~~

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

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

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

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

(l) The commissioner shall have 30 business days to review and comment on the supplemental affidavit. The commissioner shall notify the authorizer of any deficiencies in the supplemental affidavit and the authorizer then has 30 business days to address, to the commissioner's satisfaction, any deficiencies in the supplemental affidavit. The school may not expand grades or add sites until the commissioner has reviewed and commented on the supplemental affidavit. The commissioner's approval or disapproval of a supplemental affidavit is final.

Subd. 4a. **Conflict of interest.** (a) ~~A member of a charter school board of directors~~ An individual is prohibited from serving as a member of the charter school board of directors ~~or as~~ if the individual, an immediate family member, or the individual's partner is an owner, employee or agent of or a contractor with a for-profit or nonprofit entity with whom the charter school contracts, directly or indirectly, for professional services, goods, or facilities. A violation of this prohibition renders a contract voidable at the option of the commissioner or the charter school board of directors. A member of a charter school board of directors who violates this prohibition ~~shall be~~ is individually liable to the charter school for any damage caused by the violation.

(b) No member of the board of directors, employee, officer, or agent of a charter school shall participate in selecting, awarding, or administering a contract if a conflict of interest exists. A conflict exists when:

(1) the board member, employee, officer, or agent;

(2) the immediate family of the board member, employee, officer, or agent;

(3) the partner of the board member, employee, officer, or agent; or

(4) an organization that employs, or is about to employ any individual in clauses (1) to (3),

has a financial or other interest in the entity with which the charter school is contracting. A violation of this prohibition renders the contract void.

(c) Any employee, agent, or board member of the authorizer who participates in the initial review, approval, ongoing oversight, evaluation, or the charter renewal or

nonrenewal process or decision is ineligible to serve on the board of directors of a school chartered by that authorizer.

~~(b)~~ (d) An individual may serve as a member of the board of directors if no conflict of interest under paragraph (a) exists.

~~(c) A member of a charter school board of directors that serves as a member of the board of directors or as an employee or agent of or a contractor with a nonprofit entity with whom the charter school contracts, directly or indirectly, for professional services, goods, or facilities, must disclose all potential conflicts to the commissioner.~~

~~(d)~~ (e) The conflict of interest provisions under this subdivision do not apply to compensation paid to a teacher employed by the charter school who also serves as a member of the board of directors.

~~(e)~~ (f) The conflict of interest provisions under this subdivision do not apply to a teacher who provides services to a charter school through a cooperative formed under chapter 308A when the teacher also serves on the charter school board of directors.

Subd. 5. **Conversion of existing schools.** A board of an independent or special school district may convert one or more of its existing schools to charter schools under this section if 60 percent of the full-time teachers at the school sign a petition seeking conversion. The conversion must occur at the beginning of an academic year.

Subd. 6. **Charter contract.** The ~~sponsor's~~ authorization for a charter school must be in the form of a written contract signed by the ~~sponsor~~ authorizer and the board of directors of the charter school. The contract must be completed within ~~90~~ 45 business days of the commissioner's approval of the ~~sponsor's proposed authorization.~~ authorizer's affidavit. The authorizer shall submit to the commissioner a copy of the signed charter contract within ten business days of its execution. The contract for a charter school must be in writing and contain at least the following:

(1) a ~~description of a program that carries out one or more of the purposes~~ declaration of the purposes in subdivision 1 that the school intends to carry out and how the school will report its implementation of those purposes;

(2) a description of the school program and the specific academic and nonacademic outcomes that pupils ~~are to~~ must achieve ~~under subdivision 10~~;

(3) a statement of admission policies and procedures;

(4) a governance, management, and administration ~~of~~ plan for the school;

(5) signed agreements from charter school board members to comply with all federal and state laws governing organizational, programmatic, and financial requirements ~~and procedures for program and financial audits~~ applicable to charter schools;

(6) ~~how the school will comply with subdivisions 8, 13, 16, and 23~~ the criteria, processes, and procedures that the authorizer will use for ongoing oversight of operational, financial, and academic performance;

(7) ~~assumption of liability by the charter school~~ the performance evaluation that is a prerequisite for reviewing a charter contract under subdivision 15;

(8) types and amounts of insurance liability coverage to be obtained by the charter school;

(9) the term of the contract, which may be up to three years for an initial contract plus an additional preoperational planning year, and up to five years for a renewed contract if warranted by the school's academic, financial, and operational performance;

(10) ~~if~~ how the board of directors or the operators of the charter school will provide special instruction and services for children with a disability under sections 125A.03 to 125A.24, and 125A.65, a description of the financial parameters within which the charter school will operate to provide the special instruction and services to children with a disability; ~~and~~

(11) the process and criteria the ~~sponsor~~ authorizer intends to use to monitor and evaluate the fiscal and student performance of the charter school, consistent with subdivision 15~~.~~; and

(12) the plan for an orderly closing of the school under chapter 308A or 317A, if the closure is a termination for cause, a voluntary termination, or a nonrenewal of the contract, and that includes establishing the responsibilities of the school board of directors and the authorizer and notifying the commissioner, authorizer, school district in which the charter school is located, and parents of enrolled students about the closure, the transfer of student records to students' resident districts, and procedures for closing financial operations.

Subd. 6a. **Audit report.** (a) The charter school must submit an audit report to the commissioner and its authorizer by December 31 each year. The commissioner may withhold the charter school's state aid if the charter school does not submit an audit by January 31.

(b) The charter school, with the assistance of the auditor conducting the audit, must include with the report a copy of all charter school agreements for corporate management services. If the entity that provides the professional services to the charter school is exempt from taxation under section 501 of the Internal Revenue Code of 1986, that entity must file with the commissioner by February 15 a copy of the annual return required under section 6033 of the Internal Revenue Code of 1986.

(c) If the commissioner receives ~~as part of the~~ an audit report ~~a management letter~~ indicating that a material weakness exists in the financial reporting systems of a charter

school, the charter school must submit a written report to the commissioner explaining how the material weakness will be resolved.

~~Upon the request of an individual, the charter school must make available in a timely fashion the minutes of meetings of members, the board of directors, and committees having any of the authority of the board of directors, and statements showing the financial result of all operations and transactions affecting income and surplus during the school's last annual accounting period and a balance sheet containing a summary of its assets and liabilities as of the closing date of the accounting period.~~

Subd. 7. **Public status; exemption from statutes and rules.** A charter school is a public school and is part of the state's system of public education. ~~Except as provided in this section, a charter school is exempt from all statutes and rules applicable to a school, a board, or a district, although it may elect to comply with one or more provisions of statutes or rules.~~ A charter school is exempt from all statutes and rules applicable to a school, school board, or school district unless a statute or rule is made specifically applicable to a charter school or is included in this section.

Subd. 8. **State and local requirements.** (a) A charter school shall meet all ~~applicable~~ federal, state, and local health and safety requirements applicable to school districts.

(b) A school must comply with statewide education accountability requirements governing standards and assessments in chapter 120B and must work with the Department of Education to make available to the public valid and highly reliable comparisons of student academic growth and achievement across schools consistent with school performance report card information under section 120B.36.

(c) A school ~~sponsored~~ authorized by a school board may be located in any district, unless the school board of the district of the proposed location disapproves by written resolution.

~~(c)~~ (d) A charter school must be nonsectarian in its programs, admission policies, employment practices, and all other operations. ~~A sponsor~~ An authorizer may not ~~authorize a~~ charter a school ~~or program~~ that is affiliated with a nonpublic sectarian school or a religious institution. A charter school student must be released for religious instruction, consistent with section 120A.22, subdivision 12, clause (3).

~~(d)~~ (e) Charter schools must not be used as a method of providing education or generating revenue for students who are being home-schooled.

~~(e)~~ (f) The primary focus of a charter school must be to provide a comprehensive program of instruction for at least one grade or age group from five through 18 years

of age. Instruction may be provided to people younger than five years and older than 18 years of age.

~~(f)~~ (g) A charter school may not charge tuition to students who reside in Minnesota.

~~(g)~~ (h) A charter school is subject to and must comply with chapter 363A and section 121A.04.

~~(h)~~ (i) A charter school is subject to and must comply with the Pupil Fair Dismissal Act, sections 121A.40 to 121A.56, and the Minnesota Public School Fee Law, sections 123B.34 to 123B.39.

~~(i)~~ (j) A charter school is subject to the same financial audits, audit procedures, and audit requirements as a district. Audits must be conducted in compliance with generally accepted governmental auditing standards, the Federal Single Audit Act, if applicable, and section 6.65. A charter school is subject to and must comply with sections 15.054; 118A.01; 118A.02; 118A.03; 118A.04; 118A.05; 118A.06; ~~123B.52, subdivision 5;~~ 471.38; 471.391; 471.392; and 471.425~~; 471.87; 471.88, subdivisions 1, 2, 3, 4, 5, 6, 12, 13, and 15; 471.881; and 471.89~~. The audit must comply with the requirements of sections 123B.75 to 123B.83, except to the extent deviations are necessary because of the program at the school. Deviations must be approved by the commissioner and authorizer. The Department of Education, state auditor, ~~or~~ legislative auditor, or authorizer may conduct financial, program, or compliance audits. A charter school determined to be in statutory operating debt under sections 123B.81 to 123B.83 must submit a plan under section 123B.81, subdivision 4.

~~(j)~~ (k) A charter school is a district for the purposes of tort liability under chapter 466.

~~(k)~~ (l) A charter school must comply with chapters 13 and 13D; and sections ~~13.32;~~ 120A.22, subdivision 7; 121A.75; and 260B.171, subdivisions 3 and 5.

~~(l)~~ (m) A charter school is subject to the Pledge of Allegiance requirement under section 121A.11, subdivision 3.

(n) A charter school is subject to chapter 181.

(o) A charter school must comply with section 120A.22, subdivision 7, governing the transfer of students' educational records and sections 138.163 and 138.17 governing the management of local records.

Subd. 8a. **Aid reduction.** The commissioner may reduce a charter school's state aid under section 127A.42 or 127A.43 if the charter school board fails to correct a violation under this section.

Subd. 8b. **Aid reduction for violations.** The commissioner may reduce a charter school's state aid by an amount not to exceed 60 percent of the charter school's basic revenue for the period of time that a violation of law occurs.

Subd. 9. **Admission requirements.** A charter school may limit admission to:

(1) pupils within an age group or grade level; or

(2) people who are eligible to participate in the graduation incentives program under section 124D.68; or.

~~(3) residents of a specific geographic area where the percentage of the population of non-Caucasian people of that area is greater than the percentage of the non-Caucasian population in the congressional district in which the geographic area is located, and as long as the school reflects the racial and ethnic diversity of the specific area.~~

A charter school shall enroll an eligible pupil who submits a timely application, unless the number of applications exceeds the capacity of a program, class, grade level, or building. In this case, pupils must be accepted by lot. ~~If a charter school is the only school located in a town serving pupils within a particular grade level, then pupils that are residents of the town must be given preference for enrollment before accepting pupils by lot. If a pupil lives within two miles of a charter school and the next closest public school is more than five miles away, the charter school must give those pupils preference for enrollment before accepting other pupils by lot.~~ The charter school must develop and publish a lottery policy and process that it must use when accepting pupils by lot.

A charter school shall give preference for enrollment to a sibling of an enrolled pupil and to a foster child of that pupil's parents and may give preference for enrolling children of the school's employees before accepting other pupils by lot.

A charter school may not limit admission to pupils on the basis of intellectual ability, measures of achievement or aptitude, or athletic ability and may not establish any criteria or requirements for admission that are inconsistent with this subdivision.

Subd. 10. **Pupil performance.** A charter school must design its programs to at least meet the outcomes adopted by the commissioner for public school students. In the absence of the commissioner's requirements, the school must meet the outcomes contained in the contract with the ~~sponsor~~ authorizer. The achievement levels of the outcomes contained in the contract may exceed the achievement levels of any outcomes adopted by the commissioner for public school students.

Subd. 11. **Employment and other operating matters.** A charter school must employ or contract with necessary teachers, as defined by section 122A.15, subdivision 1, who hold valid licenses to perform the particular service for which they are employed in the school. The charter school's state aid may be reduced under section ~~127A.42~~ 127A.43 if the school employs a teacher who is not appropriately licensed or approved by the board of teaching. The school may employ necessary employees who are not required to hold teaching licenses to perform duties other than teaching and may contract for other

services. The school may discharge teachers and nonlicensed employees. The charter school board is subject to section 181.932. When offering employment to a prospective employee, a charter school must give that employee a written description of the terms and conditions of employment and the school's personnel policies. A person, without holding a valid administrator's license, may perform administrative, supervisory, or instructional leadership duties.

The board of directors also shall decide matters related to the operation of the school, including budgeting, curriculum and operating procedures.

Subd. 12. **Pupils with a disability.** A charter school must comply with sections 125A.02, 125A.03 to 125A.24, and 125A.65 and rules relating to the education of pupils with a disability as though it were a district.

Subd. 13. **Length of school year.** A charter school must provide instruction each year for at least the number of days required by section 120A.41. It may provide instruction throughout the year according to sections 124D.12 to 124D.127 or 124D.128.

Subd. 14. **Annual public reports.** A charter school must publish an annual report ~~at least annually to its sponsor and the commissioner the information required by the sponsor or the commissioner~~ approved by the charter school board of directors. The annual report must at least include information on school enrollment, governance and management, staffing, finances, academic performance, operational performance, innovative practices and implementation, and future plans. A charter school must distribute the annual report by publication, mail, or electronic means to the commissioner, authorizer, school employees, and parents and legal guardians of students enrolled in the charter school and also must post the report on the charter school's official Web site. The reports are public data under chapter 13.

Subd. 15. **Review and comment.** (a) ~~The department must review and comment on the evaluation, by the sponsor, of the performance of a charter school before the charter school's contract is renewed for another contract term. The sponsor must submit to the commissioner timely information for the review and comment.~~ The commissioner must review and comment on the authorizer's performance evaluation process at the time the authorizer submits its application for approval as an authorizer and each time the authorizer undergoes its five-year review under subdivision 3, paragraph (f). Before renewing a charter contract, the authorizer shall provide the commissioner with a formal, written evaluation of the school's performance.

(b) ~~A sponsor~~ An authorizer shall monitor and evaluate the fiscal, operational, and student performance of the school, and may for this purpose annually assess a charter school~~: (1) in its first, second, or third year of operation up to $30 per student up to a~~

~~maximum of $10,000; and (2) in its fourth or a subsequent year of operation up to $10 per student up to a maximum of $3,500~~ up to $50 per student up to a maximum of $10,000 in fiscal year 2010, $12,000 in fiscal year 2011, $14,000 in fiscal year 2012, and $15,000 in fiscal year 2013.

(c) Beginning in fiscal year 2014, the maximum fee is three times the formula allowance for that year. Beginning in fiscal year 2014, each charter school's fee, subject to the minimum and maximum fees, equals the product of .010, the formula allowance for that year, and the charter school's adjusted marginal cost pupil units for that year.

(d) For the preoperational planning period, the authorizer may assess a charter school the formula allowance for one pupil unit.

(e) Each year by September 30, an authorizer shall submit to the commissioner a statement of expenditures related to authorizing activities during the previous school year ending on June 30. The authorizer must transmit a copy of the statement to all schools chartered by the authorizer.

Subd. 16. **Transportation.** (a) A charter school after its first fiscal year of operation by March 1 of each fiscal year and a charter school by July 1 of its first fiscal year of operation must notify the district in which the school is located and the Department of Education if it will provide its own transportation or use the transportation services of the district in which it is located for the fiscal year.

(b) If a charter school elects to provide transportation for pupils, the transportation must be provided by the charter school within the district in which the charter school is located. The state must pay transportation aid to the charter school according to section 124D.11, subdivision 2.

For pupils who reside outside the district in which the charter school is located, the charter school is not required to provide or pay for transportation between the pupil's residence and the border of the district in which the charter school is located. A parent may be reimbursed by the charter school for costs of transportation from the pupil's residence to the border of the district in which the charter school is located if the pupil is from a family whose income is at or below the poverty level, as determined by the federal government. The reimbursement may not exceed the pupil's actual cost of transportation or 15 cents per mile traveled, whichever is less. Reimbursement may not be paid for more than 250 miles per week.

At the time a pupil enrolls in a charter school, the charter school must provide the parent or guardian with information regarding the transportation.

(c) If a charter school does not elect to provide transportation, transportation for pupils enrolled at the school must be provided by the district in which the school is

located, according to sections 123B.88, subdivision 6, and 124D.03, subdivision 8, for a pupil residing in the same district in which the charter school is located. Transportation may be provided by the district in which the school is located, according to sections 123B.88, subdivision 6, and 124D.03, subdivision 8, for a pupil residing in a different district. If the district provides the transportation, the scheduling of routes, manner and method of transportation, control and discipline of the pupils, and any other matter relating to the transportation of pupils under this paragraph shall be within the sole discretion, control, and management of the district.

Subd. 17. **Leased space.** (a) A charter school may lease space from ~~a~~ an independent or special school board eligible to be ~~a sponsor or~~ an authorizer, other public ~~or~~ organization, private, nonprofit nonsectarian organization, private property owner, or a sectarian organization if the leased space is constructed as a school facility. The department must review and approve or disapprove leases in a timely manner. ~~If a charter school is unable to lease appropriate space from an eligible board or other public or private nonprofit nonsectarian organization, the school may lease space from another nonsectarian organization if the Department of Education, in consultation with the Department of Administration, approves the lease. If the school is unable to lease appropriate space from public or private nonsectarian organizations, the school may lease space from a sectarian organization if the leased space is constructed as a school facility and the Department of Education, in consultation with the Department of Administration, approves the lease.~~ The lease aid payments for charter schools that lease a facility from a school district or other government entity is limited to the same level of lease aid as defined in Minnesota Statutes 2008, section 124D.11, subdivision 4.

(b) Upon approval of the authorizer, a charter school that has operated at least five consecutive years may form a separate affiliated nonprofit building company to provide a school facility. The authorizer shall submit a supplemental affidavit to the commissioner stating that the authorizer has reviewed:

(1) the school's feasibility study on facility options;

(2) documents showing the school's need and projected enrollment for such a facility; and

(3) the school's financial plan and financial status.

The school is prohibited from organizing the nonprofit building company until the authorizer files a supplementary affidavit with the commissioner and receives approval from the commissioner.

(c) A charter school that leases a facility from a building company under paragraph (b) must include in its lease agreement a clause that recognizes the reductions in lease aid

applicable under section 124D.11, subdivision 4, when the bonds or mortgage to cover the original purchase and renovation or construction of the facility have been retired.

~~Subd. 18. **Authority to raise initial working capital.** A sponsor may authorize a charter school before the applicant has secured its space, equipment, facilities, and personnel if the applicant indicates the authority is necessary for it to raise working capital. A sponsor may not authorize a school before the commissioner has approved the authorization.~~

Subd. 19. **Disseminate information.** (a) The ~~sponsor~~ authorizer, the operators, and the ~~Department of Education~~ department must disseminate information to the public on how to form and operate a charter school ~~and~~. Charter schools must disseminate information about how to ~~utilize~~ use the offerings of a charter school. ~~Particular~~ Targeted groups ~~to be targeted~~ include low-income families and communities, ~~and~~ students of color, and students who are at risk of academic failure.

(b) Authorizers, operators, and the department also may disseminate information about the successful best practices in teaching and learning demonstrated by charter schools.

Subd. 20. **Leave to teach in a charter school.** If a teacher employed by a district makes a written request for an extended leave of absence to teach at a charter school, the district must grant the leave. The district must grant a leave not to exceed a total of five years. Any request to extend the leave shall be granted only at the discretion of the school board. The district may require that the request for a leave or extension of leave be made ~~up to 90 days before the teacher would otherwise have to report for duty~~ before February 1 in the school year preceding the school year in which the teacher intends to leave, or February 1 of the calendar year in which the teacher's leave is scheduled to terminate. Except as otherwise provided in this subdivision and except for section 122A.46, subdivision 7, the leave is governed by section 122A.46, including, but not limited to, reinstatement, notice of intention to return, seniority, salary, and insurance.

During a leave, the teacher may continue to aggregate benefits and credits in the Teachers' Retirement Association account ~~by paying both the employer and employee contributions based upon the annual salary of the teacher for the last full pay period before the leave began. The retirement association may impose reasonable requirements to efficiently administer this subdivision~~ under chapters 354 and 354A, consistent with subdivision 22.

Subd. 21. **Collective bargaining.** Employees of the board of directors of a charter school may, if otherwise eligible, organize under chapter 179A and comply with its provisions. The board of directors of a charter school is a public employer, for the

purposes of chapter 179A, upon formation of one or more bargaining units at the school. Bargaining units at the school must be separate from any other units within ~~the sponsoring~~ an authorizing district, except that bargaining units may remain part of the appropriate unit within ~~the sponsoring~~ an authorizing district, if the employees of the school, the board of directors of the school, the exclusive representative of the appropriate unit in the ~~sponsoring~~ authorizing district, and the board of the ~~sponsoring~~ authorizing district agree to include the employees in the appropriate unit of the ~~sponsoring~~ authorizing district.

Subd. 22. **Teacher and other employee retirement.** (a) Teachers in a charter school must be public school teachers for the purposes of chapters 354 and 354a.

(b) Except for teachers under paragraph (a), employees in a charter school must be public employees for the purposes of chapter 353.

Subd. 23. **Causes for nonrenewal or termination of charter school contract.** (a) The duration of the contract with a ~~sponsor~~ authorizer must be for the term contained in the contract according to subdivision 6. The ~~sponsor~~ authorizer may or may not renew a contract at the end of the term for any ground listed in paragraph (b). A ~~sponsor~~ authorizer may unilaterally terminate a contract during the term of the contract for any ground listed in paragraph (b). At least 60 days before not renewing or terminating a contract, the ~~sponsor~~ authorizer shall notify the board of directors of the charter school of the proposed action in writing. The notice shall state the grounds for the proposed action in reasonable detail and that the charter school's board of directors may request in writing an informal hearing before the ~~sponsor~~ authorizer within ~~14~~ 15 business days of receiving notice of nonrenewal or termination of the contract. Failure by the board of directors to make a written request for a hearing within the ~~14-day~~ 15-business-day period shall be treated as acquiescence to the proposed action. Upon receiving a timely written request for a hearing, the ~~sponsor~~ authorizer shall give ~~reasonable~~ ten business days' notice to the charter school's board of directors of the hearing date. The ~~sponsor~~ authorizer shall conduct an informal hearing before taking final action. The ~~sponsor~~ authorizer shall take final action to renew or not renew a contract ~~by the last day of classes in the school year. If the sponsor is a local board, the school's board of directors may appeal the sponsor's decision to the commissioner~~ no later than 20 business days before the proposed date for terminating the contract or the end date of the contract.

(b) A contract may be terminated or not renewed upon any of the following grounds:

(1) failure to meet the requirements for pupil performance contained in the contract;

(2) failure to meet generally accepted standards of fiscal management;

(3) violations of law; or

(4) other good cause shown.

If a contract is terminated or not renewed under this paragraph, the school must be dissolved according to the applicable provisions of chapter 308A or 317A~~, except when the commissioner approves the decision of a different eligible sponsor to authorize the charter school~~.

(c) If ~~at the end of a contract term, either~~ the ~~sponsor or~~ authorizer and the charter school board of directors ~~wants~~ mutually agree to voluntarily terminate or not renew the contract, a change in ~~sponsors~~ authorizers is allowed if the commissioner approves the ~~decision of~~ transfer to a different ~~eligible sponsor~~ approved authorizer to ~~authorize~~ charter the ~~charter~~ school. ~~The party intending to terminate the contract must notify the other party and the commissioner of its intent at least 90 days before the date on which the contract ends.~~ Both parties jointly must submit their intent in writing to the commissioner to mutually terminate the contract. The ~~sponsor~~ authorizer that is a party to the existing contract ~~at least~~ must inform the approved ~~different eligible sponsor~~ new authorizer about the fiscal and operational status, and student performance of the school. If no ~~different eligible sponsor~~ transfer of authorizer is approved, the school must be dissolved according to applicable law and the terms of the contract.

(d) The commissioner, after providing reasonable notice to the board of directors of a charter school and the existing ~~sponsor~~ authorizer, and after providing an opportunity for a public hearing, may terminate the existing ~~sponsorial relationship~~ contract between the authorizer and the charter school board if the charter school has a history of:

(1) failure to meet pupil performance requirements contained in the contract;

(2) financial mismanagement or failure to meet generally accepted standards of fiscal management; or

~~(2)~~ (3) repeated or major violations of the law.

(e) If the commissioner terminates a charter school contract because the authorizer fails to comply with subdivision 3, paragraph (g), the commissioner shall provide the charter school with information about other eligible authorizers.

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

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

(1) "related party" means an affiliate or immediate relative of the other party in question, an affiliate of an immediate relative, or an immediate relative of an affiliate;

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

(3) "immediate family" means an individual whose relationship by blood, marriage, adoption, or partnering is no more remote than first cousin;

(4) "person" means an individual or entity of any kind; and

(5) "control" means the ability to affect the management, operations, or policy actions or decisions of a person, whether through ownership of voting securities, by contract, or otherwise.

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

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

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

Subd. 25. **Extent of specific legal authority.** (a) The board of directors of a charter school may sue and be sued.

(b) The board may not levy taxes or issue bonds.

(c) The commissioner, ~~a sponsor~~ an authorizer, members of the board of ~~a sponsor~~ an authorizer in ~~their~~ official capacity, and employees of ~~a sponsor~~ an authorizer are immune from civil or criminal liability with respect to all activities related to a charter school they approve or ~~sponsor~~ authorize. The board of directors shall obtain at least the amount of and types of insurance ~~required by the contract, according to subdivision 6.~~ up to the applicable tort liability limits under chapter 466. The charter school board must submit a copy of the insurance policy to its authorizer before starting operations. The charter school board must submit changes in its insurance carrier or policy to its authorizer within 20 business days of the change.

~~Subd. 26. **Definitions.** For purposes of this section and section 124D.11:~~

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

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

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

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

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

EFFECTIVE DATE. (a) This section is effective the day following final enactment and applies beginning August 1, 2009, unless otherwise specified in this effective date.

(b) Subdivision 3, paragraph (b), clause (2), applies to an authorizer seeking approval to charter a school after the effective date of this act. The changes in subdivision 3, paragraph (b), clause (2), shall not apply to a sponsor under Minnesota Statutes 2008, section 124D.10, that is a party to a charter contract on the effective date of this act except that subdivision 3, paragraph (b), clause (2), item (iv), applies to such sponsors beginning July 1, 2012.

Sec. 41. Minnesota Statutes 2008, section 124D.11, subdivision 4, is amended to read:

Subd. 4. **Building lease aid.** (a) When a charter school finds it economically advantageous to rent or lease a building or land for any instructional purposes and it determines that the total operating capital revenue under section 126C.10, subdivision 13, is insufficient for this purpose, it may apply to the commissioner for building lease aid for this purpose. The commissioner must review and either approve or deny a lease aid application using the following criteria:

(1) the reasonableness of the price based on current market values;

(2) the extent to which the lease conforms to applicable state laws and rules; and

(3) the appropriateness of the proposed lease in the context of the space needs and financial circumstances of the charter school.

A charter school must not use the building lease aid it receives for custodial, maintenance service, utility, or other operating costs. The amount of building lease aid per pupil unit served for a charter school for any year shall not exceed the lesser of (a) 90 percent of

the approved cost or (b) the product of the pupil units served for the current school year times the greater of the charter school's building lease aid per pupil unit served for fiscal year 2003, excluding the adjustment under Laws 2002, chapter 392, article 6, section 4, or $1,200.

(b) A charter school using lease aid to make payments to a building corporation, school district, or other governmental entity for the purpose of retiring the debt on that building is eligible for the amount of lease aid calculated under paragraph (a) until such time as the bonds or mortgage to cover the original purchase and renovation or construction are retired. For each subsequent year, the charter school is eligible for lease aid equal to 50 percent of the maximum lease aid amount in paragraph (a) unless the commissioner approves an expansion of the charter school facility, in which case the charter school is eligible for the full amount of lease aid under paragraph (a) until the additional debt is retired.

EFFECTIVE DATE. This section is effective the day following final enactment and applies beginning August 1, 2009.

Sec. 42. Minnesota Statutes 2008, section 124D.11, subdivision 9, is amended to read:

Subd. 9. **Payment of aids to charter schools.** (a) Notwithstanding section 127A.45, subdivision 3, aid payments for the current fiscal year to a charter school ~~not in its first year of operation~~ shall be of an equal amount on each of the ~~23~~ 24 payment dates. ~~A charter school in its first year of operation shall receive, on its first payment date, ten percent of its cumulative amount guaranteed for the year and 22 payments of an equal amount thereafter the sum of which shall equal the current year aid payment percentage multiplied by the cumulative amount guaranteed.~~

(b) Notwithstanding paragraph (a) and section 127A.45, for a charter school ceasing operation on or prior to ~~the end of a school year, the current year aid payment percentage multiplied by the amount due for the school year may be paid to the school after audit of prior fiscal year and current fiscal year pupil counts.~~ June 30 of a school year, for the payment periods occurring after the school ceases serving students, the commissioner shall withhold the estimated state aid owed the school. The charter school board of directors and authorizer must submit to the commissioner a closure plan under chapter 308A or 317A, and financial information about the school's liabilities and assets. After receiving the closure plan, financial information, an audit of pupil counts, documentation of lease expenditures, and monitoring of special education expenditures, the commissioner may release cash withheld and may continue regular payments up to the current year payment percentages if further amounts are owed. If, based on audits and monitoring, the school

received state aid in excess of the amount owed, the commissioner shall retain aid withheld sufficient to eliminate the aid overpayment. For a charter school ceasing operations prior to, or at the end of, a school year, notwithstanding section 127A.45, subdivision 3, preliminary final payments may be made after receiving the closure plan, audit of pupil counts, monitoring of special education expenditures, ~~and~~ documentation of lease expenditures, and school submission of Uniform Financial Accounting and Reporting Standards (UFARS) financial data for the final year of operation. Final payment may be made upon receipt of audited financial statements under section 123B.77, subdivision 3.

(c) If a charter school fails to comply with the commissioner's directive to return, for cause, federal or state funds administered by the department, the commissioner may withhold an amount of state aid sufficient to satisfy the directive.

(d) If, within the timeline under section 471.425, a charter school fails to pay the state of Minnesota, a school district, intermediate school district, or service cooperative after receiving an undisputed invoice for goods and services, the commissioner may withhold an amount of state aid sufficient to satisfy the claim and shall distribute the withheld aid to the interested state agency, school district, intermediate school district, or service cooperative. An interested state agency, school district, intermediate school district, or education cooperative shall notify the commissioner when a charter school fails to pay an undisputed invoice within 75 business days of when it received the original invoice.

(e) Notwithstanding section 127A.45, subdivision 3, and paragraph (a), 80 percent of the start-up cost aid under subdivision 8 shall be paid within 45 days after the first day of student attendance for that school year.

~~(d)~~ (f) In order to receive state aid payments under this subdivision, a charter school in its first three years of operation must submit a school calendar in the form and manner requested by the department and a quarterly report to the Department of Education. The report must list each student by grade, show the student's start and end dates, if any, with the charter school, and for any student participating in a learning year program, the report must list the hours and times of learning year activities. The report must be submitted not more than two weeks after the end of the calendar quarter to the department. The department must develop a Web-based reporting form for charter schools to use when submitting enrollment reports. A charter school in its fourth and subsequent year of operation must submit a school calendar and enrollment information to the department in the form and manner requested by the department.

~~(e)~~ (g) Notwithstanding sections 317A.701 to 317A.791, upon closure of a charter school and satisfaction of creditors, cash and investment balances remaining shall be returned to the state.

Sec. 43. Minnesota Statutes 2008, section 124D.128, subdivision 2, is amended to read:

Subd. 2. **Commissioner designation.** (a) ~~An area learning center~~ A state-approved alternative program designated by the state must be a site. ~~An area learning center~~ A state-approved alternative program 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~~ state-approved alternative program; or

(2) a charter school located within the geographic boundaries of a district that is served by the ~~center~~ state-approved alternative program.

(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~~ state-approved alternative program 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 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.

(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. 44. Minnesota Statutes 2008, section 124D.128, subdivision 3, is amended to read:

Subd. 3. **Student planning.** A district, charter school, or ~~area learning center~~ state-approved alternative program 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, 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. 45. Minnesota Statutes 2008, 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.~~

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

Sec. 46. Minnesota Statutes 2008, section 124D.42, is amended by adding a subdivision to read:

Subd. 6a. **Minnesota reading corps program.** (a) A Minnesota reading corps program is established to provide Americorps members with a data-based problem-solving model of literacy instruction to use in helping to train local Head Start program providers, other prekindergarten program providers, and staff in schools with students in kindergarten through grade 3 to evaluate and teach early literacy skills to children age 3 to grade 3.

(b) Literacy programs under this subdivision must comply with the provisions governing literacy program goals and data use under section 119A.50, subdivision 3, paragraph (b).

Sec. 47. Minnesota Statutes 2008, section 124D.68, subdivision 2, is amended to read:

Subd. 2. **Eligible pupils.** A pupil under the age of 21 or who meets the requirements of section 120A.20, subdivision 1, paragraph (c), is eligible to participate in the graduation incentives program, if the pupil:

(1) performs substantially below the performance level for pupils of the same age in a locally determined achievement test;

(2) is ~~at least one year~~ behind in satisfactorily completing coursework or obtaining credits for graduation;

(3) is pregnant or is a parent;

(4) has been assessed as chemically dependent;

(5) has been excluded or expelled according to sections 121A.40 to 121A.56;

(6) has been referred by a school district for enrollment in an eligible program or a program pursuant to section 124D.69;

(7) is a victim of physical or sexual abuse;

(8) has experienced mental health problems;

(9) has experienced homelessness sometime within six months before requesting a transfer to an eligible program;

(10) speaks English as a second language or has limited English proficiency; or

(11) has withdrawn from school or has been chronically truant; or

(12) is being treated in a hospital in the seven-county metropolitan area for cancer or other life threatening illness or is the sibling of an eligible pupil who is being currently treated, and resides with the pupil's family at least 60 miles beyond the outside boundary of the seven-county metropolitan area.

Sec. 48. Minnesota Statutes 2008, section 124D.68, subdivision 3, is amended to read:

Subd. 3. **Eligible programs.** (a) A pupil who is eligible according to subdivision 2 may enroll in ~~area learning centers~~ a state-approved alternative program under sections 123A.05 to 123A.08.

(b) A pupil who is eligible according to subdivision 2 and who is ~~between the ages of 16 and 21~~ a high school junior or senior may enroll in postsecondary courses under section 124D.09.

(c) A pupil who is eligible under subdivision 2, may enroll in any public elementary or secondary education program.

(d) A pupil who is eligible under subdivision 2, may enroll in any nonpublic, nonsectarian school that has contracted with the serving school district to provide educational services. However, notwithstanding other provisions of this section, only a pupil who is eligible under subdivision 2, clause (12), may enroll in a contract alternative school that is specifically structured to provide educational services to such a pupil.

(e) A pupil who is between the ages of 16 and 21 may enroll in any adult basic education programs approved under section 124D.52 and operated under the community education program contained in section 124D.19.

Sec. 49. Minnesota Statutes 2008, section 124D.68, subdivision 4, is amended to read:

Subd. 4. **Additional eligible program.** A pupil who is at least 16 years of age, who is eligible under subdivision 2, ~~clause (a),~~ and who has been enrolled only in a public school, if the pupil has been enrolled in any school, during the year immediately before transferring under this subdivision, may transfer to any nonpublic school that has contracted with the serving school district to provide nonsectarian educational services. The school must enroll every eligible pupil who seeks to transfer to the school under this program subject to available space.

Sec. 50. Minnesota Statutes 2008, section 124D.68, subdivision 5, is amended to read:

Subd. 5. **Pupil enrollment.** (a) Any eligible pupil may apply to enroll in an eligible program. Approval of the resident district is not required for:

(1) an eligible pupil to enroll in any eligible program in a nonresident district under subdivision 3 or 4 or ~~an area learning center~~ a state-approved alternative program established under section 123A.05; or

(2) an eligible pupil under subdivision 2, to enroll in an adult basic education program approved under section 124D.52.

(b) Notwithstanding paragraph (a), a nonresident district must first approve the enrollment application of any eligible pupil who was expelled under section 121A.45 for a reason stated in section 124D.03, subdivision 1, paragraph (b).

EFFECTIVE DATE. This section is effective for the 2009-2010 school year and later.

Sec. 51. Minnesota Statutes 2008, section 124D.83, subdivision 4, is amended to read:

Subd. 4. **Early childhood family education revenue.** A school receiving aid under this section ~~is eligible~~ may apply annually to the commissioner to receive an early childhood family education ~~revenue~~ grant to provide early childhood family education programs for parents and children who are enrolled or eligible for enrollment in a federally recognized tribe. ~~The revenue equals 1.5 times the statewide average expenditure per participant under section 124D.135, times the number of children and parents participating full time in the program.~~ The ~~program must~~ grant must be used for programs and services that comply with section 124D.13, except that the school is not required to provide a community education program or establish a community education advisory council. The program must be designed to improve the skills of parents and promote American Indian history, language, and culture. The school must make affirmative efforts to encourage participation by fathers. Admission may not be limited to those enrolled in or eligible for enrollment in a federally recognized tribe.

Sec. 52. Minnesota Statutes 2008, section 124D.86, subdivision 1, is amended to read:

Subdivision 1. **Use of revenue.** (a) An adjoining district that develops a plan under Minnesota Rules, parts 3535.0160 and 3535.0170, is not required to implement the plan.

(b) Districts must use integration revenue under this section ~~must be used~~ for programs established under a desegregation plan filed with the Department of Education according to Minnesota Rules, parts 3535.0100 to 3535.0180, or under court order. The revenue must be used ~~to create or enhance learning opportunities which are designed to provide opportunities~~ for students to have increased and sustained interracial contacts and improved educational opportunities and outcomes designed to close the academic achievement gap between white students and protected students as defined in Minnesota Rules, part 3535.0110, subpart 4, through classroom experiences, staff initiatives, and other educationally related programs, consistent with subdivision 1b.

EFFECTIVE DATE. This section is effective for the 2010-2011 school year and later.

Sec. 53. Minnesota Statutes 2008, section 124D.86, subdivision 1a, is amended to read:

Subd. 1a. **Budget approval process.** Each year before a district receives any revenue under subdivision 3, ~~clause (4), (5), or (6),~~ the district by April 1 must submit to the Department of Education, for its review and approval by April 30 a budget detailing the costs of the desegregation/integration plan filed under Minnesota Rules, parts 3535.0100 to 3535.0180. Notwithstanding chapter 14, the department may develop criteria for budget approval, consistent with subdivision 1b. The department shall consult with the

Desegregation Advisory Board in developing these criteria. The criteria developed by the department ~~should~~ must address, at a minimum, the following:

(1) budget items cannot be approved unless they are part of any overall desegregation plan approved by the district for isolated sites or by the Multidistrict Collaboration Council and ~~participation~~ participating individual members;

(2) the budget must indicate how revenue expenditures will be used specifically to support increased ~~opportunities for~~ and sustained interracial ~~contact~~ contacts and improved educational opportunities and outcomes designed to close the academic achievement gap between white students and protected students as defined in Minnesota Rules, part 3535.0110, subpart 4, consistent with subdivision 1b;

(3) components of the budget to be considered by the department, including staffing, curriculum, transportation, facilities, materials, and equipment and reasonable planning costs, as determined by the department; and

(4) if plans are proposed to enhance existing programs, the total budget being appropriated to the program must be included, indicating what part is to be funded using integration revenue and what part is to be funded using other revenues.

EFFECTIVE DATE. This section is effective for the 2010-2011 school year and later.

Sec. 54. Minnesota Statutes 2008, section 124D.86, subdivision 1b, is amended to read:

Subd. 1b. **Plan components.** Each year a district's board must approve the plans submitted by each district under Minnesota Rules, parts 3535.0160 and 3535.0170, ~~must be approved by the district's board each year~~ before integration revenue ~~will be~~ is awarded. If a district is applying for revenue for a plan that is part of a multidistrict council, the individual district shall not receive revenue unless it ratifies the plan adopted by its multidistrict council or approves a modified plan with a written explanation of any modifications. Each plan shall ~~contain~~:

(1) ~~an identification of~~ identify the integration issues at the sites or districts covered by Minnesota Rules, parts 3535.0100 to 3535.0180;

(2) ~~a description of~~ describe the community outreach that preceded the integration plan, such that the commissioner can determine whether the membership of the planning councils complied with the requirements of Minnesota Rules, parts 3535.0100 to 3535.0180; ~~and~~

(3) ~~the~~ identify specific goals of the integration plan that is premised on valid and reliable measures, effective and efficient use of resources, and continuous adaptation of best practices;

(4) provide for implementing innovative and practical strategies and programs such as magnet schools, transportation, research-based programs to improve the performance of protected students with lower measured achievement on state or local assessments, staff development for teachers in cultural competency, formative assessments, and increased numbers of teachers of color that enable the district to achieve annual progress in realizing the goals in its plan; and

(5) establish valid and reliable longitudinal measures for the district to use in demonstrating to the commissioner the amount of progress it has achieved in realizing the goals in its plan.

By June 30 of the subsequent fiscal year, each district shall report to the commissioner in writing about the extent to which the integration goals identified in the plan were met.

EFFECTIVE DATE. This section is effective for the 2010-2011 school year and later.

Sec. 55. Minnesota Statutes 2008, 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 or an alternative learning program approved by the commissioner 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 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 area learning center or alternative learning 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~~ an area learning center or alternative learning 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~~, minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485, calculated without basic skills and transportation sparsity revenue, times the number of pupil units generated by students attending ~~a state-approved public~~ an area learning center or alternative learning program. The amount of reserved revenue available under this subdivision may only be spent for program costs associated with the ~~state-approved public~~ area learning center or alternative learning program. ~~Compensatory revenue must be allocated according to section 126C.15, subdivision 2.~~ Basic skills revenue generated according to section 126C.10, subdivision 4, by pupils attending the eligible program must be allocated to the program.

(ii) General education revenue for a pupil in ~~an approved~~ a state-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~~ an area learning center or alternative learning 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~~, minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485, calculated without basic skills and transportation sparsity revenue, times the number of pupil units generated by students attending ~~a state-approved public~~ an area learning center or alternative learning program. The amount of reserved revenue available under this subdivision may only be spent for program costs associated with the ~~state-approved public~~ area learning center or alternative learning program. ~~Compensatory revenue must be allocated according to section 126C.15, subdivision 2.~~ Basic skills revenue generated according to section 126C.10, subdivision 4, by pupils attending the eligible program must be allocated to the program.

(iii) General education revenue for a pupil in ~~an approved~~ a state-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~~ a state-approved 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.

Sec. 56. Minnesota Statutes 2008, section 126C.05, subdivision 20, is amended to read:

Subd. 20. **Project-based average daily membership.** (a) Project-based is an instructional program where students complete coursework for credit at an individual pace that is primarily student-led and may be completed on site, in the community, or online. A project-based program may be made available to all or designated students and grades in a school. To receive general education revenue for a pupil enrolled in a public school with a project-based program, a school must meet the requirements in this paragraph. The school must:

(1) ~~register with the commissioner as a project-based program by May 30 of the preceding fiscal year~~ apply and receive approval from the commissioner as a project-based program at least 90 days prior to starting the program;

(2) provide a minimum teacher contact of no less than one hour per week per project-based credit for each pupil;

(3) ensure that the program will not increase the total average daily membership generated by the student and that there will be the expectation that the students will be making typical progression towards high school graduation;

~~(3)~~ (4) maintain a record system that shows when each credit or portion thereof was reported for membership for each pupil; and

~~(4)~~ (5) report pupil membership consistent with paragraph (b).

(b) The commissioner must develop a formula for reporting pupil membership to compute average daily membership for each ~~registered~~ approved project-based ~~school~~ program. Average daily membership for a pupil in ~~a registered~~ an approved project-based program is the lesser of:

(1) 1.0; or

(2) the ratio of (i) the number of membership hours generated by project-based credits completed during the school year plus membership hours generated by credits completed in a seat-based setting to (ii) the annual required instructional hours at that grade level. Membership hours for a partially completed project-based credit must be

prorated. General education revenue for a pupil in a project-based program must be prorated for a pupil participating for less than a full year, or its equivalent.

(c) For a program that has not been approved by the commissioner for project-based learning but an auditor or other site visit deems that any portion or credits awarded by the school are project-based, student membership must be computed according to paragraph (b).

Sec. 57. Minnesota Statutes 2008, section 126C.10, subdivision 34, is amended to read:

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

(b) For fiscal years 2010 and later, the basic alternative teacher compensation aid for a school with a plan approved under section 122A.414, subdivision 2b, equals 65 percent of the alternative teacher compensation revenue under section 122A.415, subdivision 1. The basic alternative teacher compensation aid for an intermediate school district or charter school with a plan approved under section 122A.414, subdivisions 2a and 2b, if the recipient is a charter school, equals $260 times the number of pupils enrolled in the school on October 1 of the previous year, or on October 1 of the current 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)~~ (c) Notwithstanding paragraphs (a) and (b) and section 122A.415, subdivision 1, the state total basic alternative teacher compensation aid entitlement must not exceed $75,636,000 for fiscal year 2007 and later. The commissioner must limit the amount of alternative teacher compensation aid approved under section 122A.415 so as not to exceed these limits.

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

Sec. 58. **[127A.70] MINNESOTA P-20 EDUCATION PARTNERSHIP.**

Subdivision 1. **Establishment; membership.** A P-20 education partnership is established to create a seamless system of education that maximizes achievements of all students, from early childhood through elementary, secondary, and postsecondary education, while promoting the efficient use of financial and human resources. The partnership shall consist of major statewide educational groups or constituencies or noneducational statewide organizations with a stated interest in P-20 education. The initial membership of the partnership includes the members serving on the Minnesota P-16 Education Partnership and four legislators appointed as follows:

(1) one senator from the majority party and one senator from the minority party, appointed by the Subcommittee on Committees of the Committee on Rules and Administration; and

(2) one member of the house of representatives appointed by the speaker of the house and one member appointed by the minority leader of the house of representatives.

The chair of the P-16 education partnership must convene the first meeting of the P-20 partnership. Prospective members may be nominated by any partnership member and new members will be added with the approval of a two-thirds majority of the partnership. The partnership will also seek input from nonmember organizations whose expertise can help inform the partnership's work.

Partnership members shall be represented by the chief executives, presidents, or other formally designated leaders of their respective organizations, or their designees. The partnership shall meet at least three times during each calendar year.

Subd. 2. **Powers and duties; report.** The partnership shall develop recommendations to the governor and the legislature designed to maximize the achievement of all P-20 students while promoting the efficient use of state resources, thereby helping the state realize the maximum value for its investment. These recommendations may include, but are not limited to, strategies, policies, or other actions focused on:

(1) improving the quality of and access to education at all points from preschool through graduate education;

(2) improving preparation for, and transitions to, postsecondary education and work; and

(3) ensuring educator quality by creating rigorous standards for teacher recruitment, teacher preparation, induction and mentoring of beginning teachers, and continuous professional development for career teachers.

By January 15 of each year, the partnership shall submit a report to the governor and to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over P-20 education policy and finance that summarizes the partnership's progress in meeting its goals and identifies the need for any draft legislation when necessary to further the goals of the partnership to maximize student achievement while promoting efficient use of resources.

Subd. 3. **Expiration.** Notwithstanding section 15.059, subdivision 5, the partnership is permanent and does not expire.

Sec. 59. Minnesota Statutes 2008, section 171.05, subdivision 2, is amended to read:

Subd. 2. **Person less than 18 years of age.** (a) Notwithstanding any provision in subdivision 1 to the contrary, the department may issue an instruction permit to an applicant who is 15, 16, or 17 years of age and who:

(1) has completed a course of driver education in another state, has a previously issued valid license from another state, or is enrolled in either:

(i) a public, private, or commercial driver education program that is approved by the commissioner of public safety and that includes classroom and behind-the-wheel training; or

(ii) an approved behind-the-wheel driver education program when the student is receiving full-time instruction in a home school within the meaning of sections 120A.22 and 120A.24, the student is working toward a homeschool diploma, ~~the student's status as a homeschool student has been certified by the superintendent of the school district in which the student resides, and~~ the student is taking home-classroom driver training with classroom materials approved by the commissioner of public safety, and the student's parent or guardian has certified the student's homeschool and home-classroom driver training status on the form approved by the commissioner;

(2) has completed the classroom phase of instruction in the driver education program;

(3) has passed a test of the applicant's eyesight;

(4) has passed a department-administered test of the applicant's knowledge of traffic laws;

(5) has completed the required application, which must be approved by (i) either parent when both reside in the same household as the minor applicant or, if otherwise, then (ii) the parent or spouse of the parent having custody or, in the event there is no court order

for custody, then (iii) the parent or spouse of the parent with whom the minor is living or, if items (i) to (iii) do not apply, then (iv) the guardian having custody of the minor or, in the event a person under the age of 18 has no living father, mother, or guardian, or is married or otherwise legally emancipated, then (v) the applicant's adult spouse, adult close family member, or adult employer; provided, that the approval required by this clause contains a verification of the age of the applicant and the identity of the parent, guardian, adult spouse, adult close family member, or adult employer; and

(6) has paid the fee required in section 171.06, subdivision 2.

(b) For the purposes of determining compliance with the certification of paragraph (a), clause (1), item (ii), the commissioner may request verification of a student's homeschool status from the superintendent of the school district in which the student resides and the superintendent shall provide that verification.

(c) The instruction permit is valid for two years from the date of application and may be renewed upon payment of a fee equal to the fee for issuance of an instruction permit under section 171.06, subdivision 2.

Sec. 60. Minnesota Statutes 2008, section 171.17, subdivision 1, is amended to read:

Subdivision 1. **Offenses.** (a) The department shall immediately revoke the license of a driver upon receiving a record of the driver's conviction of:

(1) manslaughter resulting from the operation of a motor vehicle or criminal vehicular homicide or injury under section 609.21;

(2) a violation of section 169A.20 or 609.487;

(3) a felony in the commission of which a motor vehicle was used;

(4) failure to stop and disclose identity and render aid, as required under section 169.09, in the event of a motor vehicle accident, resulting in the death or personal injury of another;

(5) perjury or the making of a false affidavit or statement to the department under any law relating to the application, ownership or operation of a motor vehicle, including on the certification required under section 171.05, subdivision 2, clause (1), item (ii), to issue an instruction permit to a homeschool student;

(6) except as this section otherwise provides, three charges of violating within a period of 12 months any of the provisions of chapter 169 or of the rules or municipal ordinances enacted in conformance with chapter 169, for which the accused may be punished upon conviction by imprisonment;

(7) two or more violations, within five years, of the misdemeanor offense described in section 169.444, subdivision 2, paragraph (a);

(8) the gross misdemeanor offense described in section 169.444, subdivision 2, paragraph (b);

(9) an offense in another state that, if committed in this state, would be grounds for revoking the driver's license; or

(10) a violation of an applicable speed limit by a person driving in excess of 100 miles per hour. The person's license must be revoked for six months for a violation of this clause, or for a longer minimum period of time applicable under section 169A.53, 169A.54, or 171.174.

(b) The department shall immediately revoke the school bus endorsement of a driver upon receiving a record of the driver's conviction of the misdemeanor offense described in section 169.443, subdivision 7.

Sec. 61. Minnesota Statutes 2008, section 171.22, subdivision 1, is amended to read:

Subdivision 1. **Violations.** With regard to any driver's license, including a commercial driver's license, it shall be unlawful for any person:

(1) to display, cause or permit to be displayed, or have in possession, any fictitious or fraudulently altered driver's license or Minnesota identification card;

(2) to lend the person's driver's license or Minnesota identification card to any other person or knowingly permit the use thereof by another;

(3) to display or represent as one's own any driver's license or Minnesota identification card not issued to that person;

(4) to use a fictitious name or date of birth to any police officer or in any application for a driver's license or Minnesota identification card, or to knowingly make a false statement, or to knowingly conceal a material fact, or otherwise commit a fraud in any such application;

(5) to alter any driver's license or Minnesota identification card;

(6) to take any part of the driver's license examination for another or to permit another to take the examination for that person;

(7) to make a counterfeit driver's license or Minnesota identification card;

(8) to use the name and date of birth of another person to any police officer for the purpose of falsely identifying oneself to the police officer; ~~or~~

(9) to display as a valid driver's license any canceled, revoked, or suspended driver's license. A person whose driving privileges have been withdrawn may display a driver's license only for identification purposes; or

(10) to submit a false affidavit or statement to the department on the certification required under section 171.05, subdivision 2, clause (1), item (ii), to issue an instruction permit to a homeschool student.

Sec. 62. Minnesota Statutes 2008, section 181A.05, subdivision 1, is amended to read:

Subdivision 1. **When issued.** Any minor 14 or 15 years of age who wishes to work on school days during school hours shall first secure an employment certificate. The certificate shall be issued only by the school district superintendent, the superintendent's agent, ~~or~~ some other person designated by the Board of Education, or by the person in charge of providing instruction for students enrolled in nonpublic schools as defined in section 120A.22, subdivision 4. The employment certificate shall be issued only for a specific position with a designated employer and shall be issued only in the following circumstances:

(1) if a minor is to be employed in an occupation not prohibited by rules promulgated under section 181A.09 and as evidence thereof presents a signed statement from the prospective employer; and

(2) if the parent or guardian of the minor consents to the employment; and

(3) if the issuing officer believes the minor is physically capable of handling the job in question and further believes the best interests of the minor will be served by permitting the minor to work.

Sec. 63. Minnesota Statutes 2008, section 471.975, is amended to read:

471.975 MAY PAY DIFFERENTIAL OF RESERVE ON ACTIVE DUTY.

(a) Except as provided in paragraph (b), a statutory or home rule charter city, county, town, or other political subdivision may pay to each eligible member of the National Guard or other reserve component of the armed forces of the United States an amount equal to the difference between the member's ~~basic~~ base active duty military salary and the salary the member would be paid as an active political subdivision employee, including any adjustments the member would have received if not on leave of absence. This payment may be made only to a person whose ~~basic~~ base active duty military salary is less than the salary the person would be paid as an active political subdivision employee. Back pay authorized by this section may be paid in a lump sum. Payment under this section must not extend beyond four years from the date the employee reported for active service, plus any additional time the employee may be legally required to serve.

(b) Subject to the limits under paragraph (g), each school district shall pay to each eligible member of the National Guard or other reserve component of the armed forces of

the United States an amount equal to the difference between the member's ~~basic~~ base active duty military salary and the salary the member would be paid as an active school district employee, including any adjustments the member would have received if not on leave of absence. The pay differential must be based on a comparison between the member's daily base rate of active duty pay, calculated by dividing the member's base military monthly salary by the number of paid days in the month, and the member's daily rate of pay for the member's school district salary, calculated by dividing the member's total school district salary by the number of contract days. The member's salary as a school district employee must include the member's basic salary and any additional salary the member earns from the school district for cocurricular and extracurricular activities. The differential payment under this paragraph must be the difference between the daily base rates of military pay times the number of school district contract days the member misses because of military active duty. This payment may be made only to a person whose ~~basic active duty military salary~~ daily base rate of active duty pay is less than the ~~salary the person would be paid~~ person's daily rate of pay as an active school district employee. Payments may be made at the intervals at which the member received pay as a school district employee. Payment under this section must not extend beyond four years from the date the employee reported for active service, plus any additional time the employee may be legally required to serve.

(c) An eligible member of the reserve components of the armed forces of the United States is a reservist or National Guard member who was an employee of a political subdivision at the time the member reported for active service on or after May 29, 2003, or who is on active service on May 29, 2003.

(d) Except as provided in paragraph (e) and elsewhere in Minnesota Statutes, a statutory or home rule charter city, county, town, or other political subdivision has total discretion regarding employee benefit continuation for a member who reports for active service and the terms and conditions of any benefit.

(e) A school district must continue the employee's enrollment in health and dental coverage, and the employer contribution toward that coverage, until the employee is covered by health and dental coverage provided by the armed forces. If the employee had elected dependent coverage for health or dental coverage as of the time that the employee reported for active service, a school district must offer the employee the option to continue the dependent coverage at the employee's own expense. A school district must permit the employee to continue participating in any pretax account in which the employee participated when the employee reported for active service, to the extent of employee pay available for that purpose.

(f) For purposes of this section, "active service" has the meaning given in section 190.05, subdivision 5, but excludes service performed exclusively for purposes of:

(1) basic combat training, advanced individual training, annual training, and periodic inactive duty training;

(2) special training periodically made available to reserve members; and

(3) service performed in accordance with section 190.08, subdivision 3.

(g) A school district making payments under paragraph (b) shall place a sum equal to any difference between the amount of salary that would have been paid to the employee who is receiving the payments and the amount of salary being paid to substitutes for that employee into a special fund that must be used to pay or partially pay the deployed employee's payments under paragraph (b). A school district is required to pay only this amount to the deployed school district employee.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to members of the National Guard and other reserve components of the United States armed forces serving in active military service on or after that date.

Sec. 64. **IMPLEMENTING RIGOROUS COURSEWORK MEASURES RELATED TO STUDENT PERFORMANCE.**

To implement the requirements of Minnesota Statutes, section 120B.35, subdivision 3, paragraph (c), clauses (1) and (2), and to help parents and members of the public better understand the reported data, the commissioner of education must convene a group of recognized and qualified experts and interested stakeholders, including parents and teachers among other stakeholders, to develop a model projecting anticipated performance of each high school on preparation and rigorous coursework measures that compares the school with similar schools. The model must use information about entering high school students based on particular background characteristics that are predictive of differing rates of college readiness. These characteristics include grade 8 achievement levels, high school student mobility, high school student attendance, and the size of each entering ninth grade class. The group of experts and stakeholders may examine other characteristics not part of the prediction model including the nine student categories identified under the federal 2001 No Child Left Behind Act, and two student gender categories of male and female, respectively. The commissioner annually must use the predicted level of entering students' performance to provide a context for interpreting graduating students' actual performance. The group convened under this section expires June 30, 2011.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to school report cards beginning July 1, 2011.

Sec. 65. **IMPLEMENTING MEASURES FOR ASSESSING SCHOOL SAFETY AND STUDENTS' ENGAGEMENT AND CONNECTION AT SCHOOL .**

(a) To implement the requirements of Minnesota Statutes, section 120B.35, subdivision 3, paragraph (d), the commissioner of education, in consultation with interested stakeholders, including parents and teachers among other stakeholders, must convene a group of recognized and qualified experts on student engagement and connection and classroom teachers currently teaching in Minnesota schools to:

(1) identify highly reliable variables of student engagement and connection that may include student attendance, home support for learning, and student participation in out-of-school activities, among other variables; and

(2) determine how to report "safety" in order to comply with federal law.

(b) The commissioner must submit a written report and all the group's working papers to the education committees of the house of representatives and senate by February 15, 2010, presenting the group's responses to paragraph (a), clauses (1) and (2). The commissioner must submit a second, related report to the education committees of the legislature by February 15, 2013, indicating the content and analysis of and the format for reporting the data collected in the 2010-2011 and 2011-2012 school years under Minnesota Statutes, section 120B.35, subdivision 3, paragraph (d). The group convened under this section expires December 31, 2013.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to school report cards beginning July 1, 2013.

Sec. 66. **EXAMINING THE CHARACTERISTICS AND IMPACT OF HIGH STAKES MATH AND SCIENCE TESTS IN THE CONTEXT OF AWARDING HIGH SCHOOL DIPLOMAS.**

(a) To carefully and responsibly determine the state policy of administering high stakes math and science tests in the context of awarding high school diplomas, the Independent Office of Educational Accountability under Minnesota Statutes, section 120B.31, subdivision 3, must convene and facilitate an advisory group that includes measurement experts selected by the State Council on Measurement in Education, three regionally diverse school district research and evaluation directors selected by the Minnesota Assessment Group, one school superintendent selected by the Minnesota Association of School Administrators, one high school principal selected by the Minnesota

Board of School Administrators, one University of Minnesota faculty member selected by the dean of the College of Education and Human Development, one licensed math teacher and one licensed science teacher selected by Education Minnesota, the director of evaluation and testing at the Minnesota Department of Education, two parents of currently enrolled high school students selected by the Minnesota Parent Teacher Association, one representative of the business community selected by the Minnesota Chamber of Commerce, one representative of the business community selected by the Minnesota Business Partnership, one representative of Minnesota's two-year postsecondary institutions selected by Minnesota State Colleges and Universities, one representative of Minnesota's four-year postsecondary institutions selected by the University of Minnesota, an interested member of the public, and mathematicians, scientists, and workforce development experts that the Office of Educational Accountability selects to consider and recommend how best to motivate students and improve students' academic achievement in the context of high stakes math and science exams required for high school graduation. The advisory group at least must evaluate and make recommendations on:

(1) particular kinds of math and science exams that Minnesota might use as high stakes exams to award or deny students a high school diploma;

(2) appropriate levels of high school math and science proficiency and the educational support to help students achieve those proficiency levels;

(3) the relationship between math and science proficiency levels and state definitions of college and career readiness;

(4) the interrelationship between requiring students to demonstrate math and science proficiency and college or career readiness, and awarding or denying students a high school diploma;

(5) the interrelationship between high stakes testing and other coursework and credits required for graduation or college and career readiness; and

(6) appropriate accommodations for students with individualized education plans and students with limited English proficiency in some circumstances.

(b) The advisory group under paragraph (a) is not subject to Minnesota Statutes, section 15.059. The Office of Educational Accountability must present the advisory group's evaluation and recommendations under paragraph (a) to the education policy and finance committees of the legislature by February 15, 2010. The advisory group expires on June 1, 2010.

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

Sec. 67. **LEGISLATIVE REPORT ON DISTRICTS' USE OF AND NEED FOR INTEGRATION REVENUE.**

The commissioner must analyze the substance of school district integration plans under Minnesota Statutes, section 124D.86, subdivision 1b, to identify the elements of and trends in district strategies and programs, the amount of success districts achieved in realizing the specific goals contained in their plans, and the estimated funds districts need to fully implement those plans. The commissioner must include in the analysis the impact of demographic changes experienced at school sites and school districts involving students of color, students with limited English proficiency, and students who are homeless or highly mobile, as well as changes in immigration patterns and housing patterns experienced by schools and districts, and the availability of and districts' participation in interdistrict integration opportunities. The commissioner must submit a report on the substance of the analysis and any resulting recommendations to the K-12 education policy and finance committees of the legislature by February 1, 2011.

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

Sec. 68. **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. **Charter school building lease aid.** For building lease aid under Minnesota Statutes, section 124D.11, subdivision 4:

$ 33,512,000 2010
$ 44,030,000 2011

The 2010 appropriation includes $3,704,000 for 2009 and $29,808,000 for 2010.

The 2011 appropriation includes $11,024,000 for 2010 and $33,006,000 for 2011.

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

$ 1,245,000 2010
$ 1,133,000 2011

The 2010 appropriation includes $202,000 for 2009 and $1,043,000 for 2010.

The 2011 appropriation includes $385,000 for 2010 and $748,000 for 2011.

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

$ 54,167,000 2010
$ 65,549,000 2011

The 2010 appropriation includes $6,110,000 for 2009 and $48,057,000 for 2010.

The 2011 appropriation includes $17,774,000 for 2010 and $47,775,000 for 2011.

Subd. 5. **Magnet school grants.** For magnet school and program grants under Minnesota Statutes, section 124D.88:

$ 750,000 2010
$ 750,000 2011

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

$ 14,468,000 2010
$ 17,582,000 2011

Subd. 7. **Success for the future.** For American Indian success for the future grants under Minnesota Statutes, section 124D.81:

$ 1,774,000 2010
$ 2,137,000 2011

The 2010 appropriation includes $213,000 for 2009 and $1,561,000 for 2010.

The 2011 appropriation includes $576,000 for 2010 and $1,561,000 for 2011.

Subd. 8. **American Indian teacher preparation grants.** For joint grants to assist American Indian people to become teachers under Minnesota Statutes, section 122A.63:

$ 190,000 2010
$ 190,000 2011

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

$ 1,683,000 2010
$ 2,179,000 2011

The 2010 appropriation includes $191,000 for 2009 and $1,492,000 for 2010.

The 2011 appropriation includes $551,000 for 2010 and $1,628,000 for 2011.

Subd. 10. **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 2010
$ 68,000 2011

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

$ 15,150,000 2010
$ 15,150,000 2011

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

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

Subd. 12. **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 2010
$ 4,500,000 2011

(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 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. 13. **Concurrent enrollment programs.** For concurrent enrollment programs under Minnesota Statutes, section 120B.132, and concurrent enrollment teacher training under Minnesota Statutes, section 120B.13, subdivision 1:

$ 2,000,000 2010
$ 2,000,000 2011

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

Subd. 14. **Collaborative urban educator.** For the collaborative urban educator grant program:

$ 528,000 2010
$ 528,000 2011

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

Subd. 15. **Youth works program.** For funding youth works programs under Minnesota Statutes, sections 124D.37 to 124D.45:

$ 900,000 2010
$ 900,000 2011

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. 16. **Student organizations.** For student organizations:

$ 725,000 2010
$ 725,000 2011

$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. 17. **Education Planning and Assessment System (EPAS) program.** For the Educational Planning and Assessment System (EPAS) program under Minnesota Statutes, section 120B.128:

$ 829,000 2010
$ 829,000 2011

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

Subd. 18. **Early childhood literacy programs.** For early childhood literacy programs under Minnesota Statutes, section 124D.42:

$ 1,000,000 2010
$ 1,000,000 2011

$1,000,000 each year is for leveraging federal and private funding to support AmeriCorps members serving in the Minnesota Reading Corps program established by Serve Minnesota, including costs associated with the training and teaching of early literacy skills to children age three to grade 3 and the evaluation of the impact of the program under Minnesota Statutes, sections 124D.38, subdivision 2, and 124D.42.

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

Sec. 69. **REPEALER.**

Minnesota Statutes 2008, sections 120B.362; 120B.39; 122A.628; 122A.75; and 124D.091, are repealed.

ARTICLE 3
SPECIAL PROGRAMS

Section 1. Minnesota Statutes 2008, section 121A.41, subdivision 7, is amended to read:

Subd. 7. **Pupil.** (a) "Pupil" means any student:

(1) without a disability under 21 years ~~of age~~ old; or

(2) with a disability ~~until September 1 after the child with a disability becomes 22 years of age~~ under 21 years old who has not received a regular high school diploma or for a child with a disability who becomes 21 years old during the school year but has not received a regular high school diploma, until the end of that school year;

(3) and who remains eligible to attend a public elementary or secondary school.

(b) A "student with a disability" or a "pupil with a disability" has the same meaning as a "child with a disability" under section 125A.02.

Sec. 2. Minnesota Statutes 2008, section 121A.41, subdivision 10, is amended to read:

Subd. 10. **Suspension.** "Suspension" means an action by the school administration, under rules promulgated by the school board, prohibiting a pupil from attending school

for a period of no more than ten school days. If a suspension is longer than five days, the suspending administrator must provide the superintendent with a reason for the longer suspension. This definition does not apply to dismissal from school for one school day or less, except as provided in federal law for a student with a disability. Each suspension action may include a readmission plan. The readmission plan shall include, where appropriate, a provision for implementing alternative educational services upon readmission and may not be used to extend the current suspension. Consistent with section 125A.091, subdivision 5, the readmission plan must not obligate a parent to provide a sympathomimetic medication for the parent's child as a condition of readmission. The school administration may not impose consecutive suspensions against the same pupil for the same course of conduct, or incident of misconduct, except where the pupil will create an immediate and substantial danger to self or to surrounding persons or property, or where the district is in the process of initiating an expulsion, in which case the school administration may extend the suspension to a total of 15 school days. ~~In the case of a student with a disability, the student's individual education plan team must meet immediately but not more than ten school days after the date on which the decision to remove the student from the student's current education placement is made. The individual education plan team and other qualified personnel shall at that meeting: conduct a review of the relationship between the child's disability and the behavior subject to disciplinary action; and determine the appropriateness of the child's education plan.~~

~~The requirements of the individual education plan team meeting apply when:~~

~~(1) the parent requests a meeting;~~

~~(2) the student is removed from the student's current placement for five or more consecutive days; or~~

~~(3) the student's total days of removal from the student's placement during the school year exceed ten cumulative days in a school year. The school administration shall implement alternative educational services when the suspension exceeds five days. A separate administrative conference is required for each period of suspension.~~

Sec. 3. Minnesota Statutes 2008, section 121A.43, is amended to read:

121A.43 EXCLUSION AND EXPULSION OF PUPILS WITH A DISABILITY.

(a) Consistent with federal law governing days of removal and section 121A.46, school personnel may suspend a child with a disability. When a child with a disability has been suspended for more than five consecutive school days or ten cumulative school days in the same school year, and that suspension does not involve a recommendation for expulsion or exclusion or other change of placement under federal law, relevant

members of the child's individualized education program team, including at least one of the child's teachers, shall meet and determine the extent the child needs services in order to continue to participate in the general education curriculum, although in another setting, and to progress toward meeting the goals in the child's individualized education program. That meeting must occur as soon as possible, but no more than ten days after the sixth consecutive day of suspension or the tenth cumulative day of suspension has elapsed.

(b) A dismissal for one school day or less is a day of suspension if the child with a disability does not receive regular or special education instruction during that dismissal period. The notice requirements under section 121A.46 do not apply to a dismissal of one day or less.

(c) A child with a disability shall be provided alternative educational services to the extent a suspension exceeds five consecutive school days.

(d) Before initiating an expulsion or exclusion under sections 121A.40 to 121A.56, the district, relevant members of the child's individualized education program team, and the child's parent shall, consistent with federal law, determine whether the child's behavior was caused by or had a direct and substantial relationship to the child's disability and whether the child's conduct was a direct result of a failure to implement the child's individualized education program. When a ~~pupil~~ child with a disability who has an ~~individual~~ individualized education ~~plan~~ program is excluded or expelled under sections 121A.40 to 121A.56 for misbehavior that is not a manifestation of the ~~pupil's~~ child's disability, the district shall continue to provide special education and related services ~~after a period of suspension, if suspension is imposed. The district shall initiate a review of the pupil's individual education plan and conduct a review of the relationship between the pupil's disability and the behavior subject to disciplinary action and determine the appropriateness of the pupil's education plan before commencing an expulsion or exclusion~~ during the exclusion or expulsion.

Sec. 4. Minnesota Statutes 2008, section 122A.31, subdivision 4, is amended to read:

Subd. 4. **Reimbursement.** (a) For purposes of revenue under section ~~125A.78~~ 125A.76, the Department of Education must only reimburse school districts for the services of those interpreters/transliterators who satisfy the standards of competency under this section.

(b) Notwithstanding paragraph (a), a district shall be reimbursed for the services of interpreters with a nonrenewable provisional certificate, interpreters/transliterators employed to mentor the provisional certified interpreters, and persons for whom a

time-limited extension has been granted under subdivision 1, paragraph (d), or subdivision 2, paragraph (c).

Sec. 5. Minnesota Statutes 2008, section 125A.02, is amended to read:

125A.02 CHILD WITH A DISABILITY DEFINED.

Subdivision 1. **Child with a disability.** ~~Every child who has~~ "Child with a disability" means a child identified under federal and state special education law as having a hearing impairment, blindness, visual disability, speech or language impairment, physical disability, other health impairment, mental disability, emotional/behavioral disorder, specific learning disability, autism, traumatic brain injury, multiple disabilities, or deaf/blind disability ~~and~~ who needs special ~~instruction and~~ education and related services, as determined by the ~~standards~~ rules of the commissioner, is a child with a disability. A licensed physician, an advanced practice nurse, or a licensed psychologist is qualified to make a diagnosis and determination of attention deficit disorder or attention deficit hyperactivity disorder for purposes of identifying a child with a disability.

Subd. 1a. **Children ages three through seven experiencing developmental delays.** In addition, every child under age three, and at local district discretion from age three to age seven, who needs special instruction and services, as determined by the ~~standards~~ rules of the commissioner, because the child has a substantial delay or has an identifiable physical or mental condition known to hinder normal development is a child with a disability.

Subd. 2. **Not a child with a disability.** A child with a short-term or temporary physical or emotional illness or disability, as determined by the ~~standards~~ rules of the commissioner, is not a child with a disability.

Sec. 6. **[125A.031] GENERAL SCHOOL DISTRICT OBLIGATIONS TO CHILDREN WITH DISABILITIES.**

(a) Except as specifically provided in other law, the following requirements governing school district obligations to children with disabilities apply.

(b) A resident school district must identify, locate, and evaluate every child with a disability who is in need of special education and related services, including a child from birth to age 3.

(c) A resident school district must make available a free appropriate public education to:

(1) a child with a disability under 21 years old who has not received a regular high school diploma; and

(2) for the duration of the school year, a child with a disability who becomes 21 years old during that school year but has not received a regular high school diploma.

(d) The resident school district must ensure that a child with a disability who is enrolled in a nonpublic school or facility receives special education and related services, consistent with the child's individualized education program, at no cost to the child's parent if the district places the child in the nonpublic school or facility to meet the requirements of this section or applicable federal law.

(e) Consistent with the number of children with disabilities who are enrolled by their parents in a nonpublic school or facility located within a district, the district in which the nonpublic school or facility is located must ensure that those children have an opportunity to participate in special education and related services and that the amount the district spends to provide such services must be at least equal to the proportionate amount of federal funds made available under this chapter.

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

Sec. 7. Minnesota Statutes 2008, section 125A.07, is amended to read:

125A.07 ~~RULES OF COMMISSIONER~~ RULEMAKING.

(a) ~~As defined in~~ Consistent with this ~~paragraph~~ section, the commissioner ~~must~~ shall adopt new rules and amend existing rules ~~relative to qualifications of essential personnel, courses of study, methods of instruction, pupil eligibility, size of classes, rooms, equipment, supervision, parent consultation, and other necessary rules for instruction of children with a disability. These rules must provide standards and procedures appropriate for the implementation of and within the limitations of sections 125A.08 and 125A.091. These rules must also provide standards for the discipline, control, management, and protection of children with a disability. The commissioner must not adopt rules for pupils served primarily in the regular classroom establishing either case loads or the maximum number of pupils that may be assigned to special education teachers. The commissioner, in consultation with the Departments of Health and Human Services, must adopt permanent rules for instruction and services for children under age five and their families. These rules are binding on state and local education, health, and human services agencies. The commissioner must adopt rules to determine eligibility for special education services. The rules must include procedures and standards by which to grant variances for experimental eligibility criteria. The commissioner must, according to section 14.05, subdivision 4, notify a district applying for a variance from the rules within 45 calendar days of receiving the request whether the request for the variance has been granted or denied. If a request is~~

~~denied, the commissioner must specify the program standards used to evaluate the request and the reasons for denying the request~~ related to children with disabilities only under specific authority and consistent with the requirements of chapter 14 and paragraph (c).

(b) As provided in this paragraph, the state's regulatory scheme should support schools by assuring that all state special education rules adopted by the commissioner result in one or more of the following outcomes:

(1) increased time available to teachers and, where appropriate, to support staff including school nurses for educating students through direct and indirect instruction;

(2) consistent and uniform access to effective education programs for students with disabilities throughout the state;

(3) reduced inequalities and conflict, appropriate due process hearing procedures and reduced court actions related to the delivery of special education instruction and services for students with disabilities;

(4) clear expectations for service providers and for students with disabilities;

(5) increased accountability for all individuals and agencies that provide instruction and other services to students with disabilities;

(6) greater focus for the state and local resources dedicated to educating students with disabilities; and

(7) clearer standards for evaluating the effectiveness of education and support services for students with disabilities.

(c) Subject to chapter 14, the commissioner may adopt, amend, or rescind a rule related to children with disabilities if such action is specifically required by federal law.

Sec. 8. Minnesota Statutes 2008, section 125A.08, is amended to read:

125A.08 ~~SCHOOL DISTRICT OBLIGATIONS~~ INDIVIDUALIZED EDUCATION PROGRAMS.

(a) At the beginning of each school year, each school district shall have in effect, for each child with a disability, an individualized education program.

(b) As defined in this section, every district must ensure the following:

(1) all students with disabilities are provided the special instruction and services which are appropriate to their needs. Where the individual education plan team has determined appropriate goals and objectives based on the student's needs, including the extent to which the student can be included in the least restrictive environment, and where there are essentially equivalent and effective instruction, related services, or assistive technology devices available to meet the student's needs, cost to the district may be among the factors considered by the team in choosing how to provide the appropriate services,

instruction, or devices that are to be made part of the student's individual education plan. The individual education plan team shall consider and may authorize services covered by medical assistance according to section 256B.0625, subdivision 26. The student's needs and the special education instruction and services to be provided must be agreed upon through the development of an individual education plan. The plan must address the student's need to develop skills to live and work as independently as possible within the community. The individual education plan team must consider positive behavioral interventions, strategies, and supports that address behavior for children with attention deficit disorder or attention deficit hyperactivity disorder. ~~By~~ During grade 9 ~~or age 14~~, the plan must address the student's needs for transition from secondary services to postsecondary education and training, employment, community participation, recreation, and leisure and home living. In developing the plan, districts must inform parents of the full range of transitional goals and related services that should be considered. The plan must include a statement of the needed transition services, including a statement of the interagency responsibilities or linkages or both before secondary services are concluded;

(2) children with a disability under age five and their families are provided special instruction and services appropriate to the child's level of functioning and needs;

(3) children with a disability and their parents or guardians are guaranteed procedural safeguards and the right to participate in decisions involving identification, assessment including assistive technology assessment, and educational placement of children with a disability;

(4) eligibility and needs of children with a disability are determined by an initial assessment or reassessment, which may be completed using existing data under United States Code, title 20, section 33, et seq.;

(5) to the maximum extent appropriate, children with a disability, including those in public or private institutions or other care facilities, are educated with children who are not disabled, and that special classes, separate schooling, or other removal of children with a disability from the regular educational environment occurs only when and to the extent that the nature or severity of the disability is such that education in regular classes with the use of supplementary services cannot be achieved satisfactorily;

(6) in accordance with recognized professional standards, testing and evaluation materials, and procedures used for the purposes of classification and placement of children with a disability are selected and administered so as not to be racially or culturally discriminatory; and

(7) the rights of the child are protected when the parents or guardians are not known or not available, or the child is a ward of the state.

~~(b)~~ (c) For paraprofessionals employed to work in programs for students with disabilities, the school board in each district shall ensure that:

(1) before or immediately upon employment, each paraprofessional develops sufficient knowledge and skills in emergency procedures, building orientation, roles and responsibilities, confidentiality, vulnerability, and reportability, among other things, to begin meeting the needs of the students with whom the paraprofessional works;

(2) annual training opportunities are available to enable the paraprofessional to continue to further develop the knowledge and skills that are specific to the students with whom the paraprofessional works, including understanding disabilities, following lesson plans, and implementing follow-up instructional procedures and activities; and

(3) a districtwide process obligates each paraprofessional to work under the ongoing direction of a licensed teacher and, where appropriate and possible, the supervision of a school nurse.

Sec. 9. Minnesota Statutes 2008, section 125A.091, is amended to read:

125A.091 ALTERNATIVE DISPUTE RESOLUTION AND DUE PROCESS HEARINGS.

~~Subdivision 1. **District obligation.** A school district must use the procedures in federal law and state law and rule to reach decisions about the identification, evaluation, educational placement, manifestation determination, interim alternative educational placement, or the provision of a free appropriate public education to a child with a disability.~~

~~Subd. 2. **Prior written notice.** A parent must receive prior written notice a reasonable time before the district proposes or refuses to initiate or change the identification, evaluation, educational placement, or the provision of a free appropriate public education to a child with a disability.~~

~~Subd. 3. **Content of notice.** The notice under subdivision 2 must:~~

~~(1) describe the action the district proposes or refuses;~~

~~(2) explain why the district proposes or refuses to take the action;~~

~~(3) describe any other option the district considered and the reason why it rejected the option;~~

~~(4) describe each evaluation procedure, test, record, or report the district used as a basis for the proposed or refused action;~~

~~(5) describe any other factor affecting the proposal or refusal of the district to take the action;~~

~~(6) state that the parent of a child with a disability is protected by procedural safeguards and, if this notice is not an initial referral for evaluation, how a parent can get a description of the procedural safeguards; and~~

~~(7) identify where a parent can get help in understanding this law.~~

Subd. 3a. **Additional requirements for prior written notice.** In addition to federal law requirements, a prior written notice shall:

(1) inform the parent that except for the initial placement of a child in special education, the school district will proceed with its proposal for the child's placement or for providing special education services unless the child's parent notifies the district of an objection within 14 days of when the district sends the prior written notice to the parent; and

(2) state that a parent who objects to a proposal or refusal in the prior written notice may request a conciliation conference under subdivision 7 or another alternative dispute resolution procedure under subdivision 8 or 9.

~~Subd. 4. **Understandable notice.** (a) The written notice under subdivision 2 must be understandable to the general public and available in the parent's native language or by another communication form, unless it is clearly not feasible to do so.~~

~~(b) If the parent's native language or other communication form is not written, the district must take steps to ensure that:~~

~~(1) the notice is translated orally or by other means to the parent in the parent's native language or other communication form;~~

~~(2) the parent understands the notice; and~~

~~(3) written evidence indicates the requirements in subdivision 2 are met.~~

Subd. 5. **Initial action; parent consent.** (a) The district must not proceed with the initial evaluation of a child, the initial placement of a child in a special education program, or the initial provision of special education services for a child without the prior written consent of the child's parent. A district may not override the written refusal of a parent to consent to an initial evaluation or reevaluation.

(b) A parent, after consulting with health care, education, or other professional providers, may agree or disagree to provide the parent's child with sympathomimetic medications unless section 144.344 applies.

Subd. 6. **Dispute resolution processes; generally.** Parties are encouraged to resolve disputes over the identification, evaluation, educational placement, manifestation determination, interim alternative educational placement, or the provision of a free appropriate public education to a child with a disability through conciliation, mediation, facilitated team meetings, or other alternative process. All dispute resolution options are

voluntary on the part of the parent and must not be used to deny or delay the right to a due process hearing. All dispute resolution processes under this section are provided at no cost to the parent.

Subd. 7. **Conciliation conference.** A parent must have an opportunity to meet with appropriate district staff in at least one conciliation conference if the parent objects to any proposal of which the parent receives notice under subdivision ~~2~~ 3a. ~~If the parent refuses district efforts to conciliate the dispute, the conciliation requirement is satisfied. Following a conciliation conference~~ A district must hold a conciliation conference within ten calendar days from the date the district receives a parent's objection to a proposal or refusal in the prior written notice. Except as provided in this section, all discussions held during a conciliation conference are confidential and are not admissible in a due process hearing. Within five school days after the final conciliation conference, the district must prepare and provide to the parent a conciliation conference memorandum that describes the district's final proposed offer of service. This memorandum is admissible in evidence in any subsequent proceeding.

Subd. 8. **Voluntary dispute resolution options.** In addition to offering at least one conciliation conference, a district must inform a parent of other dispute resolution processes, including at least mediation and facilitated team meetings. The fact that an alternative dispute resolution process was used is admissible in evidence at any subsequent proceeding. State-provided mediators and team meeting facilitators shall not be subpoenaed to testify at a due process hearing or civil action under federal special education law nor are any records of mediators or state-provided team meeting facilitators accessible to the parties.

Subd. 9. **Mediation.** Mediation is a dispute resolution process that involves a neutral party provided by the state to assist a parent and a district in resolving disputes over the identification, evaluation, educational placement, manifestation determination, interim alternative educational placement, or the provision of a free appropriate public education to a child with a disability. A mediation process is available as an informal alternative to a due process hearing but must not be used to deny or postpone the opportunity of a parent or district to obtain a due process hearing. Mediation is voluntary for all parties. All mediation discussions are confidential and inadmissible in evidence in any subsequent proceeding, unless the:

(1) parties expressly agree otherwise;

(2) evidence is otherwise available; or

(3) evidence is offered to prove bias or prejudice of a witness.

Subd. 10. **Mediated agreements.** ~~Mediated agreements are not admissible unless the parties agree otherwise or a party to the agreement believes the agreement is not being implemented, in which case the aggrieved party may enter the agreement into evidence at a due process hearing. The parties may request another mediation to resolve a dispute over implementing the mediated agreement. After a due process hearing is requested, a party may request mediation and the commissioner must provide a mediator who conducts a mediation session no later than the third business day after the mediation request is made to the commissioner.~~ If the parties resolve all or a portion of the dispute, or agree to use another procedure to resolve the dispute, the mediator shall ensure that the resolution or agreement is in writing and signed by the parties and each party is given a copy of the document. The written resolution or agreement shall state that all discussions that occurred during mediation are confidential and may not be used as evidence in any hearing or civil proceeding. The resolution or agreement is legally binding upon the parties and is enforceable in the state or federal district court. A party may request another mediation to resolve a dispute over implementing the mediated agreement.

Subd. 11. **Facilitated team meeting.** A facilitated team meeting is an IEP, IFSP, or IIIP team meeting led by an impartial state-provided facilitator to promote effective communication and assist a team in developing an individualized education plan.

Subd. 12. **Impartial due process hearing.** ~~(a)~~ A parent or a district is entitled to an impartial due process hearing conducted by the state when a dispute arises over the identification, evaluation, educational placement, manifestation determination, interim alternative educational placement, or the provision of a free appropriate public education to a child with a disability. The hearing must be held in the district responsible for ensuring that a free appropriate public education is provided according to state and federal law. The proceedings must be recorded and preserved, at state expense, pending ultimate disposition of the action. The parent and the district shall receive, at state expense, a copy of the hearing transcript or recording and the hearing officer's findings of fact, conclusion of law, and decisions.

~~(b) The due process hearing must be conducted according to the rules of the commissioner and federal law.~~

Subd. 13. **Hearing officer qualifications.** ~~The commissioner must appoint an individual who is qualified under this subdivision to serve as a hearing officer.~~ The commissioner shall maintain a list of qualified hearing officers who are not employees of or otherwise under contract with the department or the school district except when under contract with the department as a hearing officer, and who do not have a personal or professional interest that conflicts with their objectivity when serving as hearing officers

in hearings under this section. The list shall include a statement of the qualifications of each person listed. A hearing officer must know and understand state and federal special education laws, rules, and regulations, and legal interpretations by federal and state courts. A hearing officer also must have the knowledge and ability to conduct hearings and render and write decisions according to appropriate, standard legal practice. Upon receipt of a written request for a hearing, the commissioner shall appoint a hearing officer from the list. The hearing officer must:

(1) be knowledgeable and impartial;

(2) have no personal interest in or specific involvement with the student who is a party to the hearing;

(3) not have been employed as an administrator by the district that is a party to the hearing;

(4) not have been involved in selecting the district administrator who is a party to the hearing;

(5) have no personal, economic, or professional interest in the outcome of the hearing other than properly administering federal and state laws, rules, and policies;

(6) have no substantial involvement in developing state or local policies or procedures challenged in the hearing;

(7) not be a current employee or board member of a Minnesota public school district, education district, intermediate unit or regional education agency, or the department if the department is the service provider; and

(8) not be a current employee or board member of a disability advocacy organization or group.

Subd. 14. **Request for hearing.** ~~A request for a due process hearing must:~~

~~(1) be in writing;~~

~~(2) describe the nature of the dispute about providing special education services to the student including facts relating to the dispute; and~~

~~(3) state, to the extent known, the relief sought.~~

~~Any school district administrator receiving a request for a due process hearing must immediately forward the request to the commissioner. Within two business days of receiving a request for a due process hearing, the commissioner must appoint a hearing officer. The commissioner must not deny a request for hearing because the request is incomplete. A party may disqualify a hearing officer only by affirmatively showing prejudice or bias to the commissioner or to the chief administrative law judge if the hearing officer is an administrative law judge. If a party affirmatively shows prejudice against a hearing officer, the commissioner must assign another hearing officer to hear the matter.~~ (a)

A parent or a school district may file a written request for a due process hearing regarding a proposal or refusal to initiate or change that child's evaluation, individualized education program, or educational placement, or to provide a free appropriate public education.

(b) The parent shall include in the hearing request the name of the child, the address of the child's residence, the name of the school the child attends, a description of the child's problem relating to the proposed or refused initiation or change, including facts relating to the problem, and a proposed resolution of the problem to the extent known and available to the parents at the time.

(c) A parent or a school district may file a written request for a hearing under United States Code, title 20, section 1415, paragraph (k).

(d) A parent or school district filing a request for a hearing under this subdivision must provide the request to the other party and a copy of the request to the department. Upon receiving a request for a hearing, the department shall give to the child's parent a copy of the procedural safeguards notice available to a parent under federal regulations.

(e)(1) If the parent of a child with a disability files a written request for a hearing, and the school district has not previously sent a written notice to the parent under subdivision 3a, regarding the subject matter of the hearing request, the school district shall, within ten days of receiving the hearing request, send to the child's parent a written explanation of why the school district proposed or refused to take the action raised in the hearing request, a description of other options that the individualized education program team considered and the reason why those options were rejected, a description of each evaluation procedure, assessment, record, or report that the school district used as the basis for the proposed or refused action, and a description of the factors that are relevant to the school district's proposal or refusal. A response by a school district under this subdivision does not preclude the school district from asserting that the parent's request for a hearing is insufficient under clause (2).

(2) A hearing may not occur until the party requesting the hearing files a request that meets the requirements of paragraph (b). The request under paragraph (b) is considered sufficient unless the party receiving the request notifies the hearing officer and the other party in writing within 15 days of receiving the request that the receiving party believes the request does not meet the requirements of paragraph (b). Within five days of receiving a notice under this subdivision, the hearing officer shall determine whether the request meets the requirements under paragraph (b) and notify the parties.

(f) Except as provided in paragraph (e), clause (1), the party receiving a request for a hearing shall send to the party requesting the hearing a written response that addresses the issues raised in the hearing request within ten days of receiving the request.

Subd. 15. **Prehearing conference.** A prehearing conference must be held within five business days of the date the commissioner appoints the hearing officer. The hearing officer must initiate the prehearing conference which may be conducted in person, at a location within the district, or by telephone. The hearing officer must create a written verbatim record of the prehearing conference which is available to either party upon request. At the prehearing conference, the hearing officer must:

(1) identify the questions that must be answered to resolve the dispute and eliminate claims and complaints that are without merit;

(2) set a scheduling order for the hearing and additional prehearing activities;

(3) determine if the hearing can be disposed of without an evidentiary hearing and, if so, establish the schedule and procedure for doing so; and

(4) establish the management, control, and location of the hearing to ensure its fair, efficient, and effective disposition.

Subd. 16. **Burden of proof.** The burden of proof at a due process hearing is on the ~~district to demonstrate, by a preponderance of the evidence, that it is complying with the law and offered or provided a free appropriate public education to the child in the least restrictive environment. If the district has not offered or provided a free appropriate public education in the least restrictive environment and the parent wants the district to pay for a private placement, the burden of proof is on the parent to demonstrate, by a preponderance of the evidence, that the private placement is appropriate~~ party seeking relief.

Subd. 17. **Admissible evidence.** The hearing officer may admit all evidence that possesses probative value, including hearsay, if it is the type of evidence on which reasonable, prudent persons are accustomed to rely in conducting their serious affairs. The hearing officer must give effect to the rules of privilege recognized by law and exclude evidence that is incompetent, irrelevant, immaterial, or unduly repetitious.

Subd. 18. **Hearing officer authority.** (a) A hearing officer must limit an impartial due process hearing to the time sufficient for each party to present its case.

(b) A hearing officer must establish and maintain control and manage the hearing. This authority includes, but is not limited to:

(1) requiring attorneys representing parties at the hearing, after notice and an opportunity to be heard, to pay court reporting and hearing officer costs, or fines payable to the state, for failing to: (i) obey scheduling or prehearing orders, (ii) appear, (iii) be prepared, or (iv) participate in the hearing process in good faith;

(2) administering oaths and affirmations;

(3) issuing subpoenas;

(4) determining the responsible and providing districts and joining those districts, if not already notified, in the proceedings;

(5) making decisions involving identification, evaluation, educational placement, manifestation determination, interim alternative educational placement, or the provision of a free appropriate public education to a child with a disability; ~~and~~

(6) ordering an independent educational evaluation of a child at district expense; and

(7) extending the hearing decision timeline for good cause shown.

(c) Good cause includes, but is not limited to, the time required for mediation or other settlement discussions, independent educational evaluation, complexity and volume of issues, or finding or changing counsel.

Subd. 19. **Expedited due process hearings.** Consistent with federal law, a parent ~~has the right to~~ or a school district may file a written request for an expedited due process hearing ~~when there is a dispute over a manifestation determination or a proposed or actual placement in an interim alternative educational setting. A district has the right to an expedited due process hearing when proposing or seeking to maintain placement in an interim alternative educational setting~~. A hearing officer must hold an expedited due process hearing within 20 school days of the date the expedited due process request is filed and must issue a decision within ten ~~calendar~~ school days ~~of~~ after the ~~request for a~~ hearing. ~~A hearing officer may extend by up to five additional calendar days the time for issuing a decision in an expedited due process hearing. All policies in this section apply to expedited due process hearings to the extent they do not conflict with federal law.~~ A resolution meeting must occur within seven days of receiving the request for an expedited due process hearing unless the parent and the school district agree in writing either to waive the resolution meeting or use the mediation process. The expedited due process hearing may proceed unless the matter has been resolved to the satisfaction of both parties within 15 days of receiving the expedited due process hearing request.

Subd. 20. **Hearing officer's decision; time period.** (a) The hearing officer must ~~issue a decision within 45 calendar days of the date on which the commissioner receives the request for a due process hearing~~ ensure that not later than 45 days after the 30-day period or the adjusted time periods under federal regulations expire, the hearing officer reaches a final decision in the due process hearing and transmits a copy of the decision to each party. A hearing officer, at the request of either party, may grant specific extensions of time beyond the 45-day period under subdivision 18. The hearing officer must conduct the oral arguments in a hearing at a time and place that is reasonably convenient to the parents and child involved. A hearing officer is encouraged to accelerate the time line to 30 days for a child under the age of three whose needs change rapidly and who requires

quick resolution of a dispute. ~~A hearing officer may not extend the time beyond the 45-day period unless requested by either party for good cause shown on the record. Extensions of time must not exceed a total of 30 calendar days unless both parties and the hearing officer agree or time is needed to complete an independent educational evaluation. Good cause includes, but is not limited to, the time required for mediation or other settlement discussions, independent educational evaluation, complexity and volume of issues, or finding or changing counsel.~~

~~(b) The hearing officer's decision must:~~

~~(1) be in writing;~~

~~(2) state the controlling and material facts upon which the decision is made in order to apprise the reader of the basis and reason for the decision; and~~

~~(3) be based on local standards, state statute, the rules of the commissioner, and federal law.~~

(b) Once the hearing officer has issued a final decision, the hearing officer lacks authority to amend the decision except for clerical or mathematical errors.

(c) Nothing in this subdivision precludes a hearing officer from ordering a school district to comply with federal procedural safeguards under the federal Individuals with Disabilities Education Act.

Subd. 21. **Compensatory educational services.** The hearing officer may require the resident or responsible district to provide compensatory educational services to the child if the hearing officer finds that the district has not offered or made available to the child a free appropriate public education in the least restrictive environment and the child suffered a loss of educational benefit. Such services take the form of direct and indirect special education and related services designed to address any loss of educational benefit that may have occurred. The hearing officer's finding must be based on a present determination of whether the child has suffered a loss of educational benefit.

~~Subd. 22.~~ **~~Child's educational placement during due process hearing.~~** ~~(a) Until a due process hearing under this section is completed or the district and the parent agree otherwise, the child must remain in the child's current educational placement and must not be denied initial admission to school.~~

~~(b) Until an expedited due process hearing challenging an interim alternative educational placement is completed, the child must remain in the interim alternative educational setting until the decision of the hearing officer or the expiration of the 45 days permitted for an interim alternative educational setting, whichever occurs first, unless the parent and district agree otherwise.~~

~~Subd. 23.~~ **~~Implementation of hearing officer order.~~** ~~(a) That portion of a hearing officer's decision granting relief requested by the parent must be implemented upon issuance.~~

~~(b) Except as provided under paragraph (a) or the district and parent agree otherwise, following a hearing officer's decision granting relief requested by the district, the child must remain in the current educational placement until the time to request judicial review under subdivision 24 expires or, if judicial review is requested, at the time the Minnesota Court of Appeals or the federal district court issues its decision, whichever is later.~~

Subd. 24. **Review of hearing officer decisions.** The parent or district may seek review of the hearing officer's decision in the Minnesota Court of Appeals or in the federal district court~~, consistent with federal law~~. A party must appeal to the Minnesota Court of Appeals within 60 days of receiving the hearing officer's decision or must appeal to federal district court within 90 days of receiving the hearing officer's decision.

Subd. 25. **Enforcement of orders.** The commissioner must monitor final hearing officer decisions and ensure enforcement of hearing officer ~~orders~~ decisions.

Subd. 26. **Hearing officer and person conducting alternative dispute resolution are state employees.** A hearing officer or person conducting alternative dispute resolution under this section is an employee of the state under section 3.732 for purposes of section 3.736 only.

Subd. 27. **Hearing officer training.** A hearing officer must participate in training ~~and follow procedures established~~ offered by the commissioner.

Subd. 28. **District liability.** A district is not liable for harmless technical violations of ~~this section or rules implementing this section~~ federal or state laws, rules, or regulations governing special education if the school district can demonstrate ~~on a case-by-case basis~~ that the violations did not harm a student's educational progress or the parent's right to notice, participation, or due process. This subdivision is applicable to due process hearings and special education complaints filed with the department.

Sec. 10. **[125A.094] RESTRICTIVE PROCEDURES FOR CHILDREN WITH DISABILITIES.**

The use of restrictive procedures for children with disabilities is governed by sections 125A.0941 and 125A.0942.

EFFECTIVE DATE. This section is effective August 1, 2011.

Sec. 11. **[125A.0941] DEFINITIONS.**

(a) The following terms have the meanings given them.

(b) "Emergency" means a situation where immediate intervention is needed to protect a child or other individual from physical injury or to prevent serious property damage.

(c) "Physical holding" means physical intervention intended to hold a child immobile or limit a child's movement and where body contact is the only source of physical restraint. The term physical holding does not mean physical contact that:

(1) helps a child respond or complete a task;

(2) assists a child without restricting the child's movement;

(3) is needed to administer an authorized health-related service or procedure; or

(4) is needed to physically escort a child when the child does not resist or the child's resistance is minimal.

(d) "Positive behavioral interventions and supports" means interventions and strategies to improve the school environment and teach children the skills to behave appropriately.

(e) "Restrictive procedures" means the use of physical holding or seclusion in an emergency.

(f) "Seclusion" means confining a child alone in a room from which egress is barred. Removing a child from an activity to a location where the child cannot participate in or observe the activity is not seclusion.

EFFECTIVE DATE. This section is effective August 1, 2011.

Sec. 12. **[125A.0942] STANDARDS FOR RESTRICTIVE PROCEDURES.**

Subdivision 1. **Restrictive procedures plan.** Schools that intend to use restrictive procedures shall maintain and make publicly accessible a restrictive procedures plan for children that includes at least the following:

(1) the list of restrictive procedures the school intends to use;

(2) how the school will monitor and review the use of restrictive procedures, including conducting post-use debriefings and convening an oversight committee; and

(3) a written description and documentation of the training staff completed under subdivision 5.

Subd. 2. **Restrictive procedures.** (a) Restrictive procedures may be used only by a licensed special education teacher, school social worker, school psychologist, behavior analyst certified by the National Behavior Analyst Certification Board, a person with a master's degree in behavior analysis, other licensed education professional, paraprofessional under section 120B.363, or mental health professional under section 245.4871, subdivision 27, who has completed the training program under subdivision 5.

(b) A school shall make reasonable efforts to notify the parent on the same day a restrictive procedure is used on the child, or if the school is unable to provide same-day notice, notice is sent within two days by written or electronic means or as otherwise indicated by the child's parent under paragraph (d).

(c) When restrictive procedures are used twice in 30 days or when a pattern emerges and restrictive procedures are not included in a child's individualized education program or behavior intervention plan, the district must hold a meeting of the individualized education plan team, conduct or review a functional behavioral analysis, review data, consider developing additional or revised positive behavioral interventions and supports, consider actions to reduce the use of restrictive procedures, and modify the individualized education plan or behavior intervention plan as appropriate. At the meeting, the team must review any known medical or psychological limitations that contraindicate the use of a restrictive procedure, consider whether to prohibit that restrictive procedure, and document any prohibition in the individualized education program or behavior intervention plan.

(d) An individualized education plan team may plan for using restrictive procedures and may include these procedures in a child's individualized education program or behavior intervention plan; however, the restrictive procedures may be used only in response to behavior that constitutes an emergency, consistent with this section. The individualized education program or behavior intervention plan shall indicate how the parent wants to be notified when a restrictive procedure is used.

Subd. 3. **Physical holding or seclusion.** Physical holding or seclusion may be used only in an emergency. A school that uses physical holding or seclusion shall meet the following requirements:

(1) the physical holding or seclusion must be the least intrusive intervention that effectively responds to the emergency;

(2) physical holding or seclusion must end when the threat of harm ends and the staff determines that the child can safely return to the classroom or activity;

(3) staff must directly observe the child while physical holding or seclusion is being used;

(4) each time physical holding or seclusion is used, the staff person who implements or oversees the physical holding or seclusion shall document, as soon as possible after the incident concludes, the following information:

(i) a description of the incident that led to the physical holding or seclusion;

(ii) why a less restrictive measure failed or was determined by staff to be inappropriate or impractical;

(iii) the time the physical holding or seclusion began and the time the child was released; and

(iv) a brief record of the child's behavioral and physical status;

(5) the room used for seclusion must:

(i) be at least six feet by five feet;

(ii) be well lit, well ventilated, adequately heated, and clean;

(iii) have a window that allows staff to directly observe a child in seclusion;

(iv) have tamperproof fixtures, electrical switches located immediately outside the door, and secure ceilings;

(v) have doors that open out and are unlocked, locked with keyless locks that have immediate release mechanisms, or locked with locks that have immediate release mechanisms connected with a fire and emergency system; and

(vi) not contain objects that a child may use to injure the child or others; and

(6) before using a room for seclusion, a school must:

(i) receive written notice from local authorities that the room and the locking mechanisms comply with applicable building, fire, and safety codes; and

(ii) register the room with the commissioner, who may view that room.

Subd. 4. **Prohibitions.** The following actions or procedures are prohibited:

(1) engaging in conduct prohibited under section 121A.58;

(2) requiring a child to assume and maintain a specified physical position, activity, or posture that induces physical pain;

(3) totally or partially restricting a child's senses as punishment;

(4) presenting an intense sound, light, or other sensory stimuli using smell, taste, substance, or spray as punishment;

(5) denying or restricting a child's access to equipment and devices such as walkers, wheelchairs, hearing aids, and communication boards that facilitate the child's functioning, except when temporarily removing the equipment or device is needed to prevent injury to the child or others or serious damage to the equipment or device, in which case the equipment or device shall be returned to the child as soon as possible;

(6) interacting with a child in a manner that constitutes sexual abuse, neglect, or physical abuse under section 626.556;

(7) withholding regularly scheduled meals or water;

(8) denying access to bathroom facilities; and

(9) physical holding that restricts or impairs a child's ability to breathe.

Subd. 5. **Training for staff.** (a) To meet the requirements of subdivision 1, staff who use restrictive procedures shall complete training in the following skills and knowledge areas:

(1) positive behavioral interventions;

(2) communicative intent of behaviors;

(3) relationship building;

(4) alternatives to restrictive procedures, including techniques to identify events and environmental factors that may escalate behavior;

(5) de-escalation methods;

(6) standards for using restrictive procedures;

(7) obtaining emergency medical assistance;

(8) the physiological and psychological impact of physical holding and seclusion;

(9) monitoring and responding to a child's physical signs of distress when physical holding is being used; and

(10) recognizing the symptoms of and interventions that may cause positional asphyxia when physical holding is used.

(b) The commissioner, after consulting with the commissioner of human services, must develop and maintain a list of training programs that satisfy the requirements of paragraph (a). The district shall maintain records of staff who have been trained and the organization or professional that conducted the training. The district may collaborate with children's community mental health providers to coordinate trainings.

Subd. 6. **Behavior supports.** School districts are encouraged to establish effective schoolwide systems of positive behavior interventions and supports. Nothing in this section or section 125A.0941 precludes the use of reasonable force under sections 121A.582; 609.06, subdivision 1; and 609.379.

EFFECTIVE DATE. This section is effective August 1, 2011.

Sec. 13. Minnesota Statutes 2008, section 125A.15, is amended to read:

125A.15 PLACEMENT IN ANOTHER DISTRICT; RESPONSIBILITY.

The responsibility for special instruction and services for a child with a disability temporarily placed in another district for care and treatment shall be determined in the following manner:

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

(b) If a district other than the resident district places a pupil for care and treatment, the district placing the pupil must notify and give the resident district an opportunity to participate in the placement decision. When an immediate emergency placement of a pupil is necessary and time constraints foreclose a resident district from participating in the emergency placement decision, the district in which the pupil is temporarily placed must notify the resident district of the emergency placement within 15 days. The resident district has up to five business days after receiving notice of the emergency placement to request an opportunity to participate in the placement decision, which the placing district must then provide.

(c) When a child is temporarily placed for care and treatment in a day program located in another district and the child continues to live within the district of residence during the care and treatment, the district of residence is responsible for providing transportation to and from the care and treatment ~~facility~~ program and an appropriate educational program for the child. The resident district may establish reasonable restrictions on transportation, except if a Minnesota court or agency orders the child placed at a day care and treatment program and the resident district receives a copy of the order, then the resident district must provide transportation to and from the program unless the court or agency orders otherwise. Transportation shall only be provided by the resident district during regular operating hours of the resident district. The resident district may provide the educational program at a school within the district of residence, at the child's residence, or in the district in which the day treatment center is located by paying tuition to that district.

~~(c)~~ (d) When a child is temporarily placed in a residential program for care and treatment, the nonresident district in which the child is placed is responsible for providing an appropriate educational program for the child and necessary transportation while the child is attending the educational program; and must bill the district of the child's residence for the actual cost of providing the program, as outlined in section 125A.11, except as provided in paragraph ~~(d)~~ (e). However, the board, lodging, and treatment costs incurred in behalf of a child with a disability placed outside of the school district of residence by the commissioner of human services or the commissioner of corrections or their agents, for reasons other than providing for the child's special educational needs must not become the responsibility of either the district providing the instruction or the district of the child's residence. For the purposes of this section, the state correctional facilities operated on a fee-for-service basis are considered to be residential programs for care and treatment.

~~(d)~~ (e) A privately owned and operated residential facility may enter into a contract to obtain appropriate educational programs for special education children and services

with a joint powers entity. The entity with which the private facility contracts for special education services shall be the district responsible for providing students placed in that facility an appropriate educational program in place of the district in which the facility is located. If a privately owned and operated residential facility does not enter into a contract under this paragraph, then paragraph ~~(c)~~ (d) applies.

~~(c)~~ (f) The district of residence shall pay tuition and other program costs, not including transportation costs, to the district providing the instruction and services. The district of residence may claim general education aid for the child as provided by law. Transportation costs must be paid by the district responsible for providing the transportation and the state must pay transportation aid to that district.

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

Sec. 14. Minnesota Statutes 2008, section 125A.28, is amended to read:

125A.28 STATE INTERAGENCY COORDINATING COUNCIL.

An Interagency Coordinating Council of at least 17, but not more than 25 members is established, in compliance with Public Law 108-446, section 641. The members must be appointed by the governor. Council members must elect the council chair. The representative of the commissioner may not serve as the chair. The council must be composed of at least five parents, including persons of color, of children with disabilities under age 12, including at least three parents of a child with a disability under age seven, five representatives of public or private providers of services for children with disabilities under age five, including a special education director, county social service director, local Head Start director, and a community health services or public health nursing administrator, one member of the senate, one member of the house of representatives, one representative of teacher preparation programs in early childhood-special education or other preparation programs in early childhood intervention, at least one representative of advocacy organizations for children with disabilities under age five, one physician who cares for young children with special health care needs, one representative each from the commissioners of commerce, education, health, human services, a representative from the state agency responsible for child care, foster care, mental health, homeless coordinator of education of homeless children and youth, and a representative from Indian health services or a tribal council. Section 15.059, subdivisions 2 to 5, apply to the council. The council must meet at least quarterly.

The council must address methods of implementing the state policy of developing and implementing comprehensive, coordinated, multidisciplinary interagency programs of early intervention services for children with disabilities and their families.

The duties of the council include recommending policies to ensure a comprehensive and coordinated system of all state and local agency services for children under age five with disabilities and their families. The policies must address how to incorporate each agency's services into a unified state and local system of multidisciplinary assessment practices, individual intervention plans, comprehensive systems to find children in need of services, methods to improve public awareness, and assistance in determining the role of interagency early intervention committees.

On the date that Minnesota Part C Annual Performance Report is submitted to the federal Office of Special Education, the council must recommend to the governor and the commissioners of education, health, human services, commerce, and employment and economic development policies for a comprehensive and coordinated system.

Notwithstanding any other law to the contrary, the State Interagency Coordinating Council expires on June 30, ~~2009~~ 2014.

Sec. 15. Minnesota Statutes 2008, section 125A.51, is amended to read:

125A.51 PLACEMENT OF CHILDREN WITHOUT DISABILITIES; EDUCATION AND TRANSPORTATION.

The responsibility for providing instruction and transportation for a pupil without a disability who has a short-term or temporary physical or emotional illness or disability, as determined by the standards of the commissioner, and who is temporarily placed for care and treatment for that illness or disability, must be determined as provided in this section.

(a) The school district of residence of the pupil is the district in which the pupil's parent or guardian resides.

(b) When parental rights have been terminated by court order, the legal residence of a child placed in a residential or foster facility for care and treatment is the district in which the child resides.

(c) Before the placement of a pupil for care and treatment, the district of residence must be notified and provided an opportunity to participate in the placement decision. When an immediate emergency placement is necessary and time does not permit resident district participation in the placement decision, the district in which the pupil is temporarily placed, if different from the district of residence, must notify the district of residence of the emergency placement within 15 days of the placement. When a nonresident district makes an emergency placement without first consulting with the

resident district, the resident district has up to five business days after receiving notice of the emergency placement to request an opportunity to participate in the placement decision, which the placing district must then provide.

(d) When a pupil without a disability is temporarily placed for care and treatment in a day program and the pupil continues to live within the district of residence during the care and treatment, the district of residence must provide instruction and necessary transportation to and from the care and treatment ~~facility~~ program for the pupil. The resident district may establish reasonable restrictions on transportation, except if a Minnesota court or agency orders the child placed at a day care and treatment program and the resident district receives a copy of the order, then the resident district must provide transportation to and from the program unless the court or agency orders otherwise. Transportation shall only be provided by the resident district during regular operating hours of the resident district. The resident district may provide the instruction at a school within the district of residence, at the pupil's residence, or in the case of a placement outside of the resident district, in the district in which the day treatment program is located by paying tuition to that district. The district of placement may contract with a facility to provide instruction by teachers licensed by the state Board of Teaching.

(e) When a pupil without a disability is temporarily placed in a residential program for care and treatment, the district in which the pupil is placed must provide instruction for the pupil and necessary transportation while the pupil is receiving instruction, and in the case of a placement outside of the district of residence, the nonresident district must bill the district of residence for the actual cost of providing the instruction for the regular school year and for summer school, excluding transportation costs.

(f) Notwithstanding paragraph (e), if the pupil is homeless and placed in a public or private homeless shelter, then the district that enrolls the pupil under section 127A.47, subdivision 2, shall provide the transportation, unless the district that enrolls the pupil and the district in which the pupil is temporarily placed agree that the district in which the pupil is temporarily placed shall provide transportation. When a pupil without a disability is temporarily placed in a residential program outside the district of residence, the administrator of the court placing the pupil must send timely written notice of the placement to the district of residence. The district of placement may contract with a residential facility to provide instruction by teachers licensed by the state Board of Teaching. For purposes of this section, the state correctional facilities operated on a fee-for-service basis are considered to be residential programs for care and treatment.

(g) The district of residence must include the pupil in its residence count of pupil units and pay tuition as provided in section 123A.488 to the district providing the

instruction. Transportation costs must be paid by the district providing the transportation and the state must pay transportation aid to that district. For purposes of computing state transportation aid, pupils governed by this subdivision must be included in the disabled transportation category if the pupils cannot be transported on a regular school bus route without special accommodations.

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

Sec. 16. Minnesota Statutes 2008, section 125A.56, is amended to read:

125A.56 ALTERNATE INSTRUCTION REQUIRED BEFORE ASSESSMENT REFERRAL.

Subdivision 1. **Requirement.** (a) Before a pupil is referred for a special education evaluation, the district must conduct and document at least two scientific, research-based instructional strategies, alternatives, or interventions ~~using a system of scientific, research-based instruction and intervention~~ in academics or behavior, based on the pupil's needs, ~~while the pupil is in the regular classroom. The pupil's teacher must~~ and document the results. A special education evaluation team may waive this requirement when it determines the pupil's need for the evaluation is urgent. A district may not use this section ~~may not be used~~ to deny a pupil's right to a special education evaluation.

(b) A school district shall use alternative intervention services, including the assurance of mastery program under section 124D.66, the supplemental early education program under section 124D.081, or an early intervening services program under subdivision 2 to serve at-risk pupils who demonstrate a need for alternative instructional strategies, alternatives, or interventions.

Subd. 1a. **Definitions.** (a) For purposes of this section, the terms defined in this subdivision have the meaning given them.

(b) "Benchmark assessments" means screening that is administered at least three times per year to pupils in kindergarten through grade 8 who are at-risk or in need of early intervening services and may be administered to pupils in grades 9 through 12.

(c) "Early intervening services" means providing additional academic and behavioral support in a general education environment to pupils who have not been identified as needing special education or related services.

(d) "General outcome measures" means valid and reliable measures based on monitoring of pupils' progress, including both general screening of all pupils and more frequent progress monitoring of pupil responses to specific interventions.

(e) "Incidental benefit" means the benefit received by a nondisabled pupil (i) who receives academic or behavioral instruction provided by a special education teacher to a small group of primarily pupils with disabilities to implement their individualized education programs, (ii) who needs the support to succeed in the general education environment, and (iii) for whom no special education staff are added to meet that nondisabled pupil's needs.

(f) "Progress monitoring" means a standardized, scientifically based practice using ongoing assessments that compare expected and actual rates of learning to measure pupils' progress towards meeting a particular goal.

(g) "Scientific, research-based instructional strategies, alternatives, and interventions" means instruction and intervention derived from systematically applying rigorous and objective procedures to obtain valid and reliable knowledge about educational activities and programs.

Subd. 2. **Early intervening services program.** ~~(a) A district may meet the requirement under subdivision 1 by establishing~~ An early intervening services program ~~that~~ includes:

(1) a ~~system of valid and reliable~~ screening and general outcome measures aligned to state academic standards ~~that is administered at least three times per year to pupils in kindergarten through grade 8 who need additional academic or behavioral support to succeed in the general education environment. The school must provide interim assessments that measure pupils' performance three times per year and implement~~ that use valid and reliable benchmark assessments;

(2) progress monitoring ~~appropriate to the pupil. For purposes of this section, "progress monitoring" means the frequent and continuous measurement of a pupil's performance that includes these three interim assessments and other pupil assessments during the school year. A school, at its discretion, may allow pupils in grades 9 through 12 to participate in interim assessments~~ data that document the effectiveness of specific interventions for each pupil and compare a pupil's performance against general outcome measures;

~~(2)~~ (3) a system of scientific, research-based ~~instruction and intervention~~ instructional strategies, alternatives, and interventions; and

~~(3)~~ (4) an organizational plan that allows teachers, paraprofessionals, and volunteers funded through various sources to deliver instruction, work collaboratively as a grade-level team or use another configuration across grades and settings ~~to deliver instruction. The team must be trained~~, and receive training in scientific, research-based instruction and intervention. ~~Teachers and paraprofessionals at a site operating under this paragraph~~

~~must work collaboratively with those pupils who need additional academic or behavioral support to succeed in a general education environment.~~

Subd. 3. **Incidental benefit.** ~~(b)~~ (a) As an intervention under ~~paragraph (a)~~ subdivision 2, clause ~~(2)~~ (3), staff generating special education aid under section 125A.76 may provide small group instruction to pupils who need additional academic or behavioral support to succeed in the general education environment. Small group instruction that includes pupils with a disability may be provided in the general education environment if:

(1) the needs of the pupils with a disability are met, consistent with their individual education plans~~, and~~;

(2) all pupils in the group receive the same level of instruction and make the same progress in the instruction or intervention; and

(3) during each 60-day period that a nondisabled pupil participates in small group instruction under this paragraph, the pupil's progress monitoring data are examined to determine whether the pupil is making progress and, if the pupil is not making progress, the pupil's intervention strategies must be changed or the pupil must be referred for a special education evaluation.

Teachers and paraprofessionals must ensure that the needs of pupils with a disability participating in small group instruction under this paragraph remain the focus of the instruction. ~~Expenditures attributable to the time special education staff spends providing instruction to nondisabled pupils in this circumstance is eligible for special education aid under section 125A.76 as an incidental benefit if:~~

~~(1) the group consists primarily of disabled pupils;~~

~~(2) no special education staff are added to meet nondisabled pupils' needs; and~~

~~(3) the primary purpose of the instruction is to implement the individual education plans of pupils with a disability in this group.~~

(b) Expenditures attributable to the time special education staff spends providing small group instruction to nondisabled pupils that affords more than an incidental benefit to such pupils is not eligible for special education aid under section 125A.76, except that such expenditures may be included in the alternative delivery initial aid adjustment under section 125A.78 if the district has an approved program under section 125A.50. ~~During each 60-day period that a nondisabled pupil participates in small group instruction under this paragraph, the pupil's progress monitoring data must be examined to determine whether the pupil is making progress and, if the pupil is not making progress, the pupil's intervention strategies must be changed or the pupil must be referred for a special education evaluation.~~

Sec. 17. Minnesota Statutes 2008, section 125A.57, subdivision 2, is amended to read:

Subd. 2. **Assistive technology device.** "Assistive technology device" means any item, piece of equipment, software, or product system, whether acquired commercially off the shelf, modified, or customized, that is used to increase, maintain, or improve functional capabilities of ~~children with disabilities~~ a child with a disability. The term does not include a surgically implanted medical device or a replacement of that device.

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

Sec. 18. Minnesota Statutes 2008, section 125A.63, subdivision 2, is amended to read:

Subd. 2. **Programs.** The resource centers must offer summer institutes ~~and like programs~~ or other training programs throughout the state for deaf or hard of hearing, blind or visually impaired, and multiply disabled pupils. The resource centers must also offer workshops for teachers, and leadership development for teachers.

A program offered through the resource centers must promote and develop education programs offered by school districts or other organizations. The program must assist school districts or other organizations to develop innovative programs.

Sec. 19. Minnesota Statutes 2008, section 125A.63, subdivision 4, is amended to read:

Subd. 4. **Advisory committees.** The commissioner shall establish an advisory committee for each resource center. The advisory committees shall develop recommendations regarding the resource centers and submit an annual report to the commissioner on the form and in the manner prescribed by the commissioner. The advisory committee for the Resource Center for the Deaf and Hard of Hearing shall meet at least four times a year and submit an annual report to the commissioner, the legislature, and the Commission of Deaf, DeafBlind and Hard of Hearing Minnesotans.

The recommendations must include:

(1) aggregate data-based education outcomes over time for deaf and hard-of-hearing children, consistent with state academic standards and assessments under chapter 120B; and

(2) a data-based plan that includes evidence-based best practices known to improve the educational outcomes of deaf and hard-of-hearing children.

Sec. 20. Minnesota Statutes 2008, 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) "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.

(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. Essential personnel does not include administrators and supervisors.

(c) "Average daily membership" has the meaning given it in section 126C.05.

(d) "Program growth factor" means 1.046 for fiscal year 2012 and later.

Sec. 21. **APPROPRIATIONS.**

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

Subd. 2. **Special education; regular.** For special education aid under Minnesota Statutes, section 125A.75:

$ 609,003,000 2010
$ 772,845,000 2011

The 2010 appropriation includes $71,947,000 for 2009 and $537,056,000 for 2010.

The 2011 appropriation includes $198,637,000 for 2010 and $574,208,000 for 2011.

Subd. 3. **Special education; excess costs.** For excess cost aid under Minnesota Statutes, section 125A.79, subdivision 7:

$ 96,926,000 2010
$ 110,871,000 2011

The 2010 appropriation includes $37,046,000 for 2009 and $59,880,000 for 2010.

The 2011 appropriation includes $50,967,000 for 2010 and $59,904,000 for 2011.

Subd. 4. **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:

$ 1,717,000 2010
$ 1,895,000 2011

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

Subd. 5. **Travel for home-based services.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

$ 214,000 2010
$ 278,000 2011

The 2010 appropriation includes $24,000 for 2009 and $190,000 for 2010.

The 2011 appropriation includes $70,000 for 2010 and $208,000 for 2011.

Subd. 6. **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:

$ 76,000 2010
$ 78,000 2011

Subd. 7. **Special education out-of-state tuition.** For special education out-of-state tuition according to Minnesota Statutes, section 125A.79, subdivision 8:

$ 250,000 2010
$ 250,000 2011

Sec. 22. **REPEALER.**

(a) Minnesota Statutes 2008, sections 125A.03; 125A.05; and 125A.18, are repealed.

(b) Minnesota Statutes 2008, sections 121A.66; and 121A.67, subdivision 1, are repealed effective July 1, 2011.

(c) Minnesota Rules, parts 3525.0210, subparts 5, 6, 9, 13, 17, 29, 30, 46, and 47; 3525.1100, subpart 2, item F; and 3525.2900, subpart 5; are repealed effective July 1, 2011.

(d) Minnesota Rules, parts 3525.0210, subparts 34 and 43; 3525.0400; 3525.2445; and 3525.4220, are repealed effective the day following final enactment.

ARTICLE 4
FACILITIES AND TECHNOLOGY

Section 1. Minnesota Statutes 2008, section 123B.02, subdivision 21, is amended to read:

Subd. 21. **Wind energy conversion system.** The board, or more than one board acting jointly under the authority granted by section 471.59, may construct, acquire,

own in whole or in part, operate, and sell and retain and spend the payment received from selling energy from a wind energy conversion system, as defined in section 216C.06, subdivision 19. ~~The~~ An individual school board's share of the installed capacity of the wind energy conversion systems authorized by this subdivision must not exceed 3.3 megawatts of nameplate capacity, provided that if more than one board is acting jointly, each board may have a separate share of no more than 3.3 megawatts of nameplate capacity. A board owning, operating, or selling energy from a wind energy conversion system must integrate information about wind energy conversion systems in its educational programming. The board, or more than one board acting jointly under the authority granted by section 471.59, may be a limited partner in a partnership, a member of a limited liability company, or a shareholder in a corporation, established for the sole purpose of constructing, acquiring, owning in whole or in part, financing, or operating a wind energy conversion system for the benefit of the district or districts in accordance with this section. A board individually, or acting jointly, or an entity of which a board is a limited partner, member, or shareholder, may not sell, transmit, or distribute the electrical energy at retail or provide for end use of the electrical energy at an off-site facility of the board or entity. Nothing in this subdivision modifies the exclusive service territories or exclusive right to serve as provided in sections 216B.37 to 216B.43.

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

Sec. 2. Minnesota Statutes 2008, section 123B.57, subdivision 1, is amended to read:

Subdivision 1. **Health and safety program.** (a) To receive health and safety revenue for any fiscal year a district must submit to the commissioner an application for aid and levy by the date determined by the commissioner. The application may be for hazardous substance removal, fire and life safety code repairs, labor and industry regulated facility and equipment violations, and health, safety, and environmental management, including indoor air quality management. The application must include a health and safety program adopted by the school district board. The program must include the estimated cost, per building, of the program by fiscal year. Upon approval through the adoption of a resolution by each of an intermediate district's member school district boards and the approval of the Department of Education, a school district may include its proportionate share of the costs of health and safety projects for an intermediate district in its application.

(b) Health and safety projects with an estimated cost of $500,000 or more per site~~, approved after February 1, 2003,~~ are not eligible for health and safety revenue. Health and safety projects with an estimated cost of $500,000 or more per site~~, approved after February 1, 2003,~~ that meet all other requirements for health and safety funding, are

eligible for alternative facilities bonding and levy revenue according to section 123B.59. A school board shall not separate portions of a single project into components to qualify for health and safety revenue, and shall not combine unrelated projects into a single project to qualify for alternative facilities bonding and levy revenue.

EFFECTIVE DATE. This section is effective July 1, 2009.

Sec. 3. Minnesota Statutes 2008, section 123B.59, subdivision 2, is amended to read:

Subd. 2. **Facility plan.** (a) A district qualifying under subdivision 1, paragraph (a), must have a ten-year facility plan approved by the commissioner that includes an inventory of projects and costs that would be eligible for:

(1) health and safety revenue, without restriction as to project size;

(2) disabled access levy; and

(3) deferred capital expenditures and maintenance projects necessary to prevent further erosion of facilities.

(b) A district qualifying under subdivision 1, paragraph (b), must have a five-year plan ~~approved by the commissioner~~ that includes an inventory of projects and costs for health and safety projects with an estimated cost of $500,000 or more per site that would qualify for health and safety revenue except for the project size limitation in section 123B.57, subdivision 1, paragraph (b).

(c) The school district must:

(1) annually update the plans;

(2) biennially submit a facility maintenance plan; and

(3) indicate whether the district will issue bonds to finance the plan or levy for the costs.

EFFECTIVE DATE. This section is effective July 1, 2009.

Sec. 4. Minnesota Statutes 2008, section 123B.59, subdivision 3, is amended to read:

Subd. 3. **Bond authorization.** (a) A school district may issue general obligation bonds under this section to finance facilities plans approved by its board and the commissioner. Chapter 475, except sections 475.58 and 475.59, must be complied with. The district may levy under subdivision 5 for the debt service revenue. The authority to issue bonds under this section is in addition to any bonding authority authorized by this chapter, or other law. The amount of bonding authority authorized under this section must be disregarded in calculating the bonding or net debt limits of this chapter, or any other law other than section 475.53, subdivision 4.

(b) At least 20 days before the earliest of solicitation of bids, the issuance of bonds, or the final certification of levies under subdivision 5, the district must publish notice of the intended projects, the amount of the bond issue, and the total amount of district indebtedness~~, and the commissioner's review and comment, if applicable~~.

EFFECTIVE DATE. This section is effective July 1, 2009.

Sec. 5. Minnesota Statutes 2008, section 123B.59, subdivision 3a, is amended to read:

Subd. 3a. **Levy authorization.** (a) A school district may levy under this section to finance the portion of facilities plans approved by its board and the commissioner that are not financed through bond issues according to subdivision 3.

(b) At least 20 days before a final district certification of levies under subdivision 5, the district must publish notice of the intended projects, including the total estimated project cost~~, and the commissioner's review and comment, if applicable~~.

EFFECTIVE DATE. This section is effective July 1, 2009.

Sec. 6. Minnesota Statutes 2008, section 123B.70, subdivision 1, is amended to read:

Subdivision 1. **Commissioner approval.** (a) In determining whether to give a school facility a positive, negative, or unfavorable review and comment, the commissioner must evaluate the proposals for facilities using the information provided under section 123B.71, subdivision 9.

(b) In the case of a proposal for a new school, the local school board retains the authority to determine the minimum acreage needed to accommodate the school and related facilities. The commissioner may evaluate the proposals but must not issue a negative or unfavorable review and comment under this section for a school facility solely based on too little acreage of the proposed school site.

(c) In the case of a proposal to renovate an existing school, the local school board retains the authority to determine whether to renovate an existing school or to build a new school regardless of the acreage of the current school site or the cost of the renovation relative to the cost of building a new school. The commissioner's evaluation of whether to replace a facility must not be solely based upon the ratio of renovation costs to replacement costs.

EFFECTIVE DATE. This section is effective for review and comments issued after July 1, 2009.

Sec. 7. Minnesota Statutes 2008, section 123B.71, subdivision 8, is amended to read:

Subd. 8. **Review and comment.** A school district, a special education cooperative, or a cooperative unit of government, as defined in section 123A.24, subdivision 2, must not initiate an installment contract for purchase or a lease agreement, hold a referendum for bonds, nor solicit bids for new construction, expansion, or remodeling of an educational facility that requires an expenditure in excess of $500,000 per school site if the district has an outstanding capital loan or $1,400,000 for all other school districts, special education cooperatives, or cooperative units of government per school site prior to review and comment by the commissioner. The commissioner may exempt a facility maintenance project funded with general education aid and levy, ~~alternative facilities bonding and levy program, or health and safety revenue~~ from this provision after reviewing a written request from a school district describing the scope of work. A school board shall not separate portions of a single project into components to avoid the requirements of this subdivision. The commissioner must exempt a facility maintenance project funded with capital facilities bonding under section 123B.62, alternative facilities bonding and levy under section 123B.59, or health and safety revenue under section 123B.57 from this provision.

EFFECTIVE DATE. This section is effective July 1, 2009.

Sec. 8. Minnesota Statutes 2008, section 123B.71, subdivision 9, is amended to read:

Subd. 9. **Information required.** A school board proposing to construct a facility described in subdivision 8 shall submit to the commissioner a proposal containing information including at least the following:

(1) the geographic area and population to be served, preschool through grade 12 student enrollments for the past five years, and student enrollment projections for the next five years;

(2) a list of existing facilities by year constructed, their uses, and an assessment of the extent to which alternate facilities are available within the school district boundaries and in adjacent school districts;

(3) a list of the specific deficiencies of the facility that demonstrate the need for a new or renovated facility to be provided, and a list of the specific benefits that the new or renovated facility will provide to the students, teachers, and community users served by the facility;

(4) the relationship of the project to any priorities established by the school district, educational cooperatives that provide support services, or other public bodies in the service area;

(5) a description of the pedestrian, bicycle, and transit connections between the school and nearby residential areas that make it easier for children, teachers, and parents to get to the school by walking, bicycling, and taking transit;

~~(5)~~ (6) a specification of how the project ~~will increase community use of the facility~~ maximizes the opportunity for cooperative use of existing park, recreation, and other public facilities and whether and how the project will increase collaboration with other governmental or nonprofit entities;

~~(6)~~ (7) a description of the project, including the specification of site and outdoor space acreage and square footage allocations for classrooms, laboratories, and support spaces; estimated expenditures for the major portions of the project; and the dates the project will begin and be completed;

~~(7)~~ (8) a specification of the source of financing the project; the scheduled date for a bond issue or school board action; a schedule of payments, including debt service equalization aid; and the effect of a bond issue on local property taxes by the property class and valuation;

~~(8)~~ (9) an analysis of how the proposed new or remodeled facility will affect school district operational or administrative staffing costs, and how the district's operating budget will cover any increased operational or administrative staffing costs;

~~(9)~~ (10) a description of the consultation with local or state ~~road and~~ transportation officials on multimodal school site access and safety issues, and the ways that the project will address those issues;

~~(10)~~ (11) a description of how indoor air quality issues have been considered and a certification that the architects and engineers designing the facility will have professional liability insurance;

~~(11)~~ (12) as required under section 123B.72, for buildings coming into service after July 1, 2002, a certification that the plans and designs for the extensively renovated or new facility's heating, ventilation, and air conditioning systems will meet or exceed code standards; will provide for the monitoring of outdoor airflow and total airflow of ventilation systems; and will provide an indoor air quality filtration system that meets ASHRAE standard 52.1;

~~(12)~~ (13) a specification of any desegregation requirements that cannot be met by any other reasonable means;

~~(13)~~ (14) a specification~~, if applicable,~~ of how the facility will utilize environmentally sustainable school facility design concepts; ~~and~~

~~(14)~~ (15) a description of how the architects and engineers have considered the American National Standards Institute Acoustical Performance Criteria, Design

Requirements and Guidelines for Schools of the maximum background noise level and reverberation times~~.~~; and

(16) any existing information from the relevant local unit of government about the cumulative costs to provide infrastructure to serve the school, such as utilities, sewer, roads, and sidewalks.

Sec. 9. Minnesota Statutes 2008, section 123B.71, subdivision 12, is amended to read:

Subd. 12. **Publication.** (a) At least 20 days but not more than 60 days before a referendum for bonds or solicitation of bids for a project that has received a positive or unfavorable review and comment under section 123B.70, the school board shall publish the commissioner's review and comment of that project in the legal newspaper of the district. Supplementary information shall be available to the public.

(b) The publication requirement in paragraph (a) does not apply to alternative facilities projects approved under section 123B.59. ~~Publication for alternative facilities projects shall be as specified in section 123B.59, subdivisions 3 and 3a.~~

EFFECTIVE DATE. This section is effective July 1, 2009.

Sec. 10. Minnesota Statutes 2008, section 125B.26, is amended to read:

125B.26 TELECOMMUNICATIONS/INTERNET ACCESS EQUITY AID.

Subdivision 1. **Costs to be submitted.** (a) A district ~~or~~, charter school, or intermediate school district shall submit its actual telecommunications/Internet access costs for the previous fiscal year, adjusted for any e-rate revenue received, to the department by August 15 of each year as prescribed by the commissioner. Costs eligible for reimbursement under this program are limited to the following:

(1) ongoing or recurring telecommunications/Internet access costs associated with Internet access, data lines, and video links providing:

(i) the equivalent of one data line, video link, or integrated data/video link that relies on a transport medium that operates at a minimum speed of 1.544 megabytes per second (T1) for each elementary school, middle school, or high school under section 120A.05, subdivisions 9, 11, and 13, including the recurring telecommunications line lease costs and ongoing Internet access service fees; or

(ii) the equivalent of one data line or video circuit, or integrated data/video link that relies on a transport medium that operates at a minimum speed of 1.544 megabytes per second (T1) for each district, including recurring telecommunications line lease costs and ongoing Internet access service fees;

(2) recurring costs of contractual or vendor-provided maintenance on the school district's wide area network to the point of presence at the school building up to the router, codec, or other service delivery equipment located at the point of presence termination at the school or school district;

(3) recurring costs of cooperative, shared arrangements for regional delivery of telecommunications/Internet access between school districts, postsecondary institutions, and public libraries including network gateways, peering points, regional network infrastructure, Internet2 access, and network support, maintenance, and coordination; and

(4) service provider installation fees for installation of new telecommunications lines or increased bandwidth.

(b) Costs not eligible for reimbursement under this program include:

(1) recurring costs of school district staff providing network infrastructure support;

(2) recurring costs associated with voice and standard telephone service;

(3) costs associated with purchase of network hardware, telephones, computers, or other peripheral equipment needed to deliver telecommunications access to the school or school district;

(4) costs associated with laying fiber for telecommunications access;

(5) costs associated with wiring school or school district buildings;

(6) costs associated with purchase, installation, or purchase and installation of Internet filtering; and

(7) costs associated with digital content, including online learning or distance learning programming, and information databases.

Subd. 2. **E-rates.** To be eligible for aid under this section, a district ~~or~~, charter school, or intermediate school district is required to file an e-rate application either separately or through its telecommunications access cluster and have a current technology plan on file with the department. Discounts received on telecommunications expenditures shall be reflected in the costs submitted to the department for aid under this section.

Subd. 3. **Reimbursement criteria.** The commissioner shall develop criteria for approving costs submitted by organized school districts ~~and~~, charter schools, and intermediate school districts under subdivision 1.

Subd. 4. **District aid.** For fiscal year 2006 and later, a district ~~or~~, charter ~~school's~~ school, or intermediate school district's Internet access equity aid equals the district ~~or~~, charter ~~school's~~ school, or intermediate school district's approved cost for the previous fiscal year according to subdivision 1 exceeding $15 times the district's adjusted marginal cost pupil units for the previous fiscal year or no reduction if the district is part of an organized telecommunications access cluster. Equity aid must be distributed to the

telecommunications access cluster for districts, charter schools, or intermediate school districts that are members of the cluster or to individual districts ~~and~~, charter schools, or intermediate school districts not part of a telecommunications access cluster.

Subd. 5. **Telecommunications/Internet access services for nonpublic schools.** (a) Districts shall provide each year upon formal request by or on behalf of a nonpublic school, not including home schools, located in that district or area, ongoing or recurring telecommunications access services to the nonpublic school either through existing district providers or through separate providers.

(b) The amount of district aid for telecommunications access services for each nonpublic school under this subdivision equals the lesser of:

(1) 90 percent of the nonpublic school's approved cost for the previous fiscal year according to subdivision 1 exceeding $10 for fiscal year 2006 and later times the number of weighted pupils enrolled at the nonpublic school as of October 1 of the previous school year; or

(2) the product of the district's aid per pupil unit according to subdivision 4 times the number of weighted pupils enrolled at the nonpublic school as of October 1 of the previous school year.

(c) For purposes of this subdivision, nonpublic school pupils shall be weighted by grade level using the weighting factors defined in section 126C.05, subdivision 1.

(d) Each year, a district providing services under paragraph (a) may claim up to five percent of the aid determined in paragraph (b) for costs of administering this subdivision. No district may expend an amount for these telecommunications access services which exceeds the amount allocated under this subdivision. The nonpublic school is responsible for the Internet access costs not covered by this section.

(e) At the request of a nonpublic school, districts may allocate the amount determined in paragraph (b) directly to the nonpublic school to pay for or offset the nonpublic school's costs for telecommunications access services; however, the amount allocated directly to the nonpublic school may not exceed the actual amount of the school's ongoing or recurring telecommunications access costs.

Subd. 6. **Severability.** If any portion of this section is found by a court to be unconstitutional, the remaining portions of the section shall remain in effect.

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

Sec. 11. **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:

$ 132,000 2010
$ 162,000 2011

The 2010 appropriation includes $10,000 for 2009 and $122,000 for 2010.

The 2011 appropriation includes $45,000 for 2010 and $117,000 for 2011.

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

$ 6,608,000 2010
$ 9,012,000 2011

The 2010 appropriation includes $851,000 for 2009 and $5,757,000 for 2010.

The 2011 appropriation includes $2,128,000 for 2010 and $6,884,000 for 2011.

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

$ 16,008,000 2010
$ 19,287,000 2011

The 2010 appropriation includes $1,928,000 for 2009 and $14,080,000 for 2010.

The 2011 appropriation includes $5,207,000 for 2010 and $14,080,000 for 2011.

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

$ 3,750,000 2010
$ 3,750,000 2011

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 2010 and 2011 shall be prorated.

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

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

$ 1,916,000 2010
$ 2,110,000 2011

The 2010 appropriation includes $260,000 for 2009 and $1,656,000 for 2010.

The 2011 appropriation includes $612,000 for 2010 and $1,498,000 for 2011.

ARTICLE 5
LIBRARIES, NUTRITION, AND ACCOUNTING

Section 1. Minnesota Statutes 2008, section 123B.10, subdivision 1, is amended to read:

Subdivision 1. **Budgets; form of notification.** (a) Every board must publish revenue and expenditure budgets for the current year and the actual revenues, expenditures, fund balances for the prior year and projected fund balances for the current year in a form prescribed by the commissioner within one week of the acceptance of the final audit by the board, or November 30, whichever is earlier. The forms prescribed must be designed so that year to year comparisons of revenue, expenditures and fund balances can be made.

(b) A school board annually must notify the public of its revenue, expenditures, fund balances, and other relevant budget information. The board must ~~include the budget information required by this section in the materials provided as a part of its truth in taxation hearing,~~ post the materials in a conspicuous place on the district's official Web site, including a link to the district's school report card on the Department of Education's Web site, and publish a summary of the information and the address of the district's official Web site where the information can be found in a qualified newspaper of general circulation in the district.

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

Sec. 2. Minnesota Statutes 2008, section 123B.14, subdivision 7, is amended to read:

Subd. 7. **Clerk records.** The clerk shall keep a record of all meetings of the district and the board in books provided by the district for that purpose. The clerk shall, within three days after an election, notify all persons elected of their election. By ~~August~~ September 15 of each year the clerk shall file with the board a report of the revenues, expenditures and balances in each fund for the preceding fiscal year. The report together with vouchers and supporting documents shall subsequently be examined by a public accountant or the state auditor, either of whom shall be paid by the district, as provided in section 123B.77, subdivision 3. The board shall by resolution approve the report or require a further or amended report. By ~~August~~ September 15 of each year, the clerk shall make and transmit to the commissioner certified reports, showing:

(1) ~~The condition and value of school property;~~

~~(2)~~ the revenues and expenditures in detail, and such other financial information required by law, rule, or as may be called for by the commissioner;

~~(3)~~ (2) the length of school term and the enrollment and attendance by grades; and

~~(4)~~ (3) such other items of information as may be called for by the commissioner.

The clerk shall enter in the clerk's record book copies of all reports and of the teachers' term reports, as they appear in the registers, and of the proceedings of any meeting as furnished by the clerk pro tem, and keep an itemized account of all the expenses of the district. The clerk shall furnish to the auditor of the proper county, by ~~October 10~~ September 30 of each year, an attested copy of the clerk's record, showing the amount of ~~money~~ proposed property tax voted by the district or the board for school purposes; draw and sign all orders upon the treasurer for the payment of money for bills allowed by the board for salaries of officers and for teachers' wages and all claims, to be countersigned by the chair. Such orders must state the consideration, payee, and the fund and the clerk shall take a receipt therefor. Teachers' wages shall have preference in the order in which they become due, and no money applicable for teachers' wages shall be used for any other purpose, nor shall teachers' wages be paid from any fund except that raised or apportioned for that purpose.

Sec. 3. Minnesota Statutes 2008, section 123B.75, subdivision 5, is amended to read:

Subd. 5. **Levy recognition.** (a) "School district tax settlement revenue" means the current, delinquent, and manufactured home property tax receipts collected by the county and distributed to the school district.

(b) ~~For fiscal year 2004 and later years, in June of each year~~ In June of 2009, the school district must recognize as revenue, in the fund for which the levy was made, the lesser of:

(1) the sum of May, June, and July school district tax settlement revenue received in that calendar year, plus general education aid according to section 126C.13, subdivision 4, received in July and August of that calendar year; or

(2) the sum of:

(i) 31 percent of the referendum levy certified according to section 126C.17, in calendar year 2000; and

(ii) the entire amount of the levy certified in the prior calendar year according to section 124D.86, subdivision 4, for school districts receiving revenue under sections 124D.86, subdivision 3, clauses (1), (2), and (3); 126C.41, subdivisions 1, 2, and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2; 126C.457; and 126C.48, subdivision 6.

(c) For fiscal year 2010 and later years, in June of each year, the school district must recognize as revenue, in the fund for which the levy was made, the lesser of:

(1) the sum of May, June, and July school district tax settlement revenue received in that calendar year, plus general education aid according to section 126C.13, subdivision 4, received in July and August of that calendar year; or

(2) the sum of:

(i) the greater of 49.1 percent of the referendum levy certified according to section 126C.17, in the prior calendar year or 31 percent of the referendum levy certified according to section 126C.17, in calendar year 2000; plus

(ii) the entire amount of the levy certified in the prior calendar year according to section 124D.86, subdivision 4, for school districts receiving revenue under sections 124D.86, subdivision 3, clauses (1), (2), and (3); 126C.41, subdivisions 1, 2, and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2; 126C.457; and 126C.48, subdivision 6; plus

(iii) 49.1 percent of the amount of the levy certified in the prior calendar year for the school district's general and community service funds, plus or minus auditor's adjustments, not including the levy portions that are assumed by the state, that remains after subtracting the referendum levy certified according to section 126C.17 and the amount recognized according to clause (ii).

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

Sec. 4. Minnesota Statutes 2008, section 123B.76, subdivision 3, is amended to read:

Subd. 3. **Expenditures by building.** (a) For the purposes of this section, "building" means education site as defined in section 123B.04, subdivision 1.

(b) Each district shall ~~maintain separate accounts to~~ identify general fund expenditures for each building to the extent provided by the uniform financial accounting and reporting standards for school units. ~~All expenditures for regular instruction, secondary vocational instruction, and school administration must be reported to the department separately for each building. All expenditures for special education instruction, instructional support services, and pupil support services provided within a specific building must be reported to the department separately for each building. Salary expenditures reported by building must reflect actual salaries for staff at the building and must not be based on districtwide averages. All other~~ General fund expenditures not available at the building level through the uniform financial accounting and reporting standards may be reported by building or on a districtwide basis.

(c) The department must annually report information showing school district general fund expenditures per pupil by program category for each building and estimated school district general fund revenue generated by pupils attending each building on its Web site. For purposes of this report:

(1) expenditures not reported by building shall be allocated among buildings on a uniform per pupil basis;

(2) basic skills revenue shall be allocated according to section 126C.10, subdivision 4;

(3) secondary sparsity revenue and elementary sparsity revenue shall be allocated according to section 126C.10, subdivisions 7 and 8;

(4) alternative teacher compensation revenue shall be allocated according to section 122A.415, subdivision 1;

(5) other general education revenue shall be allocated on a uniform per pupil unit basis;

(6) first grade preparedness aid shall be allocated according to section 124D.081;

(7) state and federal special education aid and Title I aid shall be allocated in proportion to district expenditures for these programs by building; and

(8) other general fund revenues shall be allocated on a uniform per pupil basis, except that the department may allocate other revenues attributable to specific buildings directly to those buildings.

EFFECTIVE DATE. This section is effective for fiscal years 2010 and later.

Sec. 5. Minnesota Statutes 2008, section 123B.79, subdivision 7, is amended to read:

Subd. 7. **Account transfer for ~~certain severance pay~~ designated separation and retirement benefits.** A district may separately maintain in a ~~reserve for certain severance pay~~ designated for separation and retirement benefit account ~~not more than 50 percent of~~ the amount necessary to meet the obligations for ~~the portion of severance pay that constitutes compensation for accumulated sick leave to be used for payment of premiums for group insurance provided for former employees by the district~~ separation and retirement benefits, including compensated absences, termination benefits, pension benefits, and other postemployment benefits, not accounted for elsewhere. The amount necessary must be calculated according to standards established by the department.

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

Sec. 6. Minnesota Statutes 2008, section 123B.81, subdivision 3, is amended to read:

Subd. 3. **Debt verification.** The commissioner shall establish a uniform auditing or other verification procedure for districts to determine whether a statutory operating debt exists in any Minnesota school district ~~as of June 30, 1977. This procedure must identify all interfund transfers made during fiscal year 1977 from a fund included in computing statutory operating debt to a fund not included in computing statutory operating debt~~. The standards for this uniform auditing or verification procedure must be promulgated by the ~~state board pursuant to chapter 14~~ commissioner. If a district applies to the commissioner for a statutory operating debt verification ~~or if the unaudited financial statement for the school year ending June 30, 1977 reveals that a statutory operating debt might exist~~, the commissioner shall require a verification of the amount of the statutory operating debt which actually does exist.

Sec. 7. Minnesota Statutes 2008, section 123B.81, subdivision 4, is amended to read:

Subd. 4. **Debt elimination.** If an audit or other verification procedure conducted pursuant to subdivision 3 determines that a statutory operating debt exists, a district must follow the procedures ~~set forth~~ in ~~this~~ section 123B.83 to eliminate this statutory operating debt.

Sec. 8. Minnesota Statutes 2008, section 123B.81, subdivision 5, is amended to read:

Subd. 5. **Certification of debt.** The commissioner shall certify the amount of statutory operating debt for each district. ~~Prior to June 30, 1979, the commissioner may, on the basis of corrected figures, adjust the total amount of statutory operating debt certified for any district.~~

Sec. 9. Minnesota Statutes 2008, section 124D.111, subdivision 3, is amended to read:

Subd. 3. **School food service fund.** (a) The expenses described in this subdivision must be recorded as provided in this subdivision.

(b) In each district, the expenses for a school food service program for pupils must be attributed to a school food service fund. Under a food service program, the school food service may prepare or serve milk, meals, or snacks in connection with school or community service activities.

(c) Revenues and expenditures for food service activities must be recorded in the food service fund. The costs of processing applications, accounting for meals, preparing and serving food, providing kitchen custodial services, and other expenses involving the preparing of meals or the kitchen section of the lunchroom may be charged to the food service fund or to the general fund of the district. The costs of lunchroom supervision,

lunchroom custodial services, lunchroom utilities, and other administrative costs of the food service program must be charged to the general fund.

That portion of superintendent and fiscal manager costs that can be documented as attributable to the food service program may be charged to the food service fund provided that the school district does not employ or contract with a food service director or other individual who manages the food service program, or food service management company. If the cost of the superintendent or fiscal manager is charged to the food service fund, the charge must be at a wage rate not to exceed the statewide average for food service directors as determined by the department.

(d) Capital expenditures for the purchase of food service equipment must be made from the general fund and not the food service fund, unless two conditions apply:

(1) the unreserved balance in the food service fund at the end of the last fiscal year is greater than the cost of the equipment to be purchased; and

(2) the department has approved the purchase of the equipment.

(e) If the two conditions set out in paragraph (d) apply, the equipment may be purchased from the food service fund.

(f) If a deficit in the food service fund exists at the end of a fiscal year, and the deficit is not eliminated by revenues from food service operations in the next fiscal year, then the deficit must be eliminated by a permanent fund transfer from the general fund at the end of ~~that~~ the second fiscal year following the year in which the deficit occurred. However, if a district contracts with a food service management company during the period in which the deficit has accrued, the deficit must be ~~eliminated by a payment from~~ attributed to the food service management company or the district or both.

The amount of the deficit attributable to the district shall be the revenue shortfall caused by the difference between the contractually agreed upon prices for meals, a la carte, vending and catering and the actual prices charged by the district plus the amount of expenditures charged to the food service fund by the district in excess of the contractually agreed upon budget. The remaining amount of the deficit shall be attributable to the food service management company.

The amount of the deficit attributable to the food service management company must be eliminated by a payment to the district by the end of the fiscal year following the year in which the deficit occurred. If the payment is not made by the end of the fiscal year following the year in which the deficit occurred, the food service management company may not bid on any food service management contracts throughout the state until such payment has been made.

(g) Notwithstanding paragraph (f), a district may incur a deficit in the food service fund for up to three years without making the permanent transfer if the district submits to the commissioner by January 1 of the second fiscal year a plan for eliminating that deficit at the end of the third fiscal year.

(h) If a surplus in the food service fund exists at the end of a fiscal year for three successive years, a district may recode for that fiscal year the costs of lunchroom supervision, lunchroom custodial services, lunchroom utilities, and other administrative costs of the food service program charged to the general fund according to paragraph (c) and charge those costs to the food service fund in a total amount not to exceed the amount of surplus in the food service fund.

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

Sec. 10. Minnesota Statutes 2008, section 127A.441, is amended to read:

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

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

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

Sec. 11. Minnesota Statutes 2008, section 127A.45, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) ~~The term~~ "Other district receipts" means payments by county treasurers pursuant to section 276.10, apportionments from the school endowment fund pursuant to section 127A.33, apportionments by the county auditor pursuant to

section 127A.34, subdivision 2, and payments to school districts by the commissioner of revenue pursuant to chapter 298.

(b) ~~The term~~ "Cumulative amount guaranteed" means the product of

(1) the cumulative disbursement percentage shown in subdivision 3; times

(2) the sum of

(i) the current year aid payment percentage of the estimated aid and credit entitlements paid according to subdivision 13; plus

(ii) 100 percent of the entitlements paid according to subdivisions 11 and 12; plus

(iii) the other district receipts.

(c) ~~The term~~ "Payment date" means the date on which state payments to districts are made by the electronic funds transfer method. If a payment date falls on a Saturday, a Sunday, or a weekday which is a legal holiday, the payment shall be made on the immediately preceding business day. The commissioner may make payments on dates other than those listed in subdivision 3, but only for portions of payments from any preceding payment dates which could not be processed by the electronic funds transfer method due to documented extenuating circumstances.

(d) The current year aid payment percentage equals ~~90~~ 73.

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

Sec. 12. Minnesota Statutes 2008, section 127A.45, subdivision 3, is amended to read:

Subd. 3. **Payment dates and percentages.** (a) ~~For fiscal year 2004 and later,~~ The commissioner shall pay to a district on the dates indicated an amount computed as follows: the cumulative amount guaranteed minus the sum of (a) the district's other district receipts through the current payment, and (b) the aid and credit payments through the immediately preceding payment. For purposes of this computation, the payment dates and the cumulative disbursement percentages are as follows:

	Payment date	Percentage
Payment 1	July 15:	5.5
Payment 2	July 30:	8.0
Payment 3	August 15:	17.5
Payment 4	August 30:	20.0
Payment 5	September 15:	22.5
Payment 6	September 30:	25.0
Payment 7	October 15:	27.0
Payment 8	October 30:	30.0
Payment 9	November 15:	32.5

Payment 10	November 30:	36.5
Payment 11	December 15:	42.0
Payment 12	December 30:	45.0
Payment 13	January 15:	50.0
Payment 14	January 30:	54.0
Payment 15	February 15:	58.0
Payment 16	February 28:	63.0
Payment 17	March 15:	68.0
Payment 18	March 30:	74.0
Payment 19	April 15:	78.0
Payment 20	April 30:	85.0
Payment 21	May 15:	90.0
Payment 22	May 30:	95.0
Payment 23	June 20:	100.0

(b) ~~In addition to the amounts paid under paragraph (a), for fiscal year 2004, the commissioner shall pay to a district on the dates indicated an amount computed as follows:~~

~~Payment 3~~	~~August 15: the final adjustment for the prior fiscal year for the state paid property tax credits established in section 273.1392~~
~~Payment 4~~	~~August 30: one-third of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits~~
~~Payment 6~~	~~September 30: one-third of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits~~
~~Payment 8~~	~~October 30: one-third of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits~~

~~(c)~~ In addition to the amounts paid under paragraph (a), ~~for fiscal year 2005 and later,~~ the commissioner shall pay to a district on the dates indicated an amount computed as follows:

Payment 3	August 15: the final adjustment for the prior fiscal year for the state paid property tax credits established in section 273.1392
Payment 4	August 30: 30 percent of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits
Payment 6	September 30: 40 percent of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits
Payment 8	October 30: 30 percent of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits

Sec. 13. Minnesota Statutes 2008, section 127A.45, is amended by adding a subdivision to read:

Subd. 7b. **Advance final payment.** (a) Notwithstanding subdivisions 3 and 7, a school district or charter school exceeding its expenditure limitations under section 123B.83 as of June 30 of the prior fiscal year may receive a portion of its final payment

for the current fiscal year on June 20, if requested by the district or charter school. The amount paid under this subdivision must not exceed the lesser of:

(1) the difference between 90 percent and the current year payment percentage in subdivision 2, paragraph (d), in the current fiscal year times the sum of the district or charter school's general education aid plus the aid adjustment in section 127A.50 for the current fiscal year; or

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

(b) The state total advance final payment under this subdivision for any year must not exceed $7,500,000. If the amount request exceeds $7,500,000, the advance final payment for each eligible district must be reduced proportionately.

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

Sec. 14. Minnesota Statutes 2008, section 127A.45, subdivision 13, is amended to read:

Subd. 13. **Aid payment percentage.** Except as provided in subdivisions 11, 12, 12a, and 14, each fiscal year, all education aids and credits in this chapter and chapters 120A, 120B, 121A, 122A, 123A, 123B, 124D, 125A, 125B, 126C, 134, and section 273.1392, shall be paid at the current year aid payment percentage of the estimated entitlement during the fiscal year of the entitlement. ~~For the purposes of this subdivision, a district's estimated entitlement for special education excess cost aid under section 125A.79 for fiscal year 2005 equals 70 percent of the district's entitlement for the second prior fiscal year.~~ For the purposes of this subdivision, a district's estimated entitlement for special education excess cost aid under section 125A.79 for fiscal year 2006 and later equals 74.0 percent of the district's entitlement for the current fiscal year. The final adjustment payment, according to subdivision 9, must be the amount of the actual entitlement, after adjustment for actual data, minus the payments made during the fiscal year of the entitlement.

Sec. 15. Minnesota Statutes 2008, section 127A.47, subdivision 5, is amended to read:

Subd. 5. **Notification of resident district.** A district educating a pupil who is a resident of another district must notify the district of residence within 60 days of the date the pupil is determined by the district to be a nonresident, but not later than August 1 following the end of the school year in which the pupil is educated. ~~If the district of residence does not receive a notification from the providing district pursuant to this~~

~~subdivision, it is not liable to that district for any tuition billing received after August 1 of the next school year.~~

Sec. 16. Minnesota Statutes 2008, section 134.31, subdivision 4a, is amended to read:

Subd. 4a. **Services to ~~the blind and physically handicapped~~ people with visual and physical disabilities.** The Minnesota Department of Education shall provide specialized services to ~~the blind and physically handicapped~~ people with visual and physical disabilities through the Minnesota Braille and Talking Book Library ~~for the Blind and Physically Handicapped~~ under a cooperative plan with the National Library Services for the Blind and Physically Handicapped of the Library of Congress.

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

Sec. 17. Minnesota Statutes 2008, section 134.31, is amended by adding a subdivision to read:

Subd. 7. **Telephone or electronic meetings.** (a) Notwithstanding section 13D.01, the Advisory Committee for the Minnesota Braille and Talking Book Library may conduct a meeting of its members by telephone or other electronic means so long as the following conditions are met:

(1) all members of the committee participating in the meeting, wherever their physical locations, can hear one another and can hear all discussion and testimony;

(2) members of the public present at the regular meeting location of the committee can hear all discussion, testimony, and votes of the members of the committee;

(3) at least one member of the committee is physically present at the regular meeting location; and

(4) all votes are conducted by roll call, so each member's vote on each issue can be identified and recorded.

(b) Each member of the committee participating in a meeting by telephone or other electronic means is considered present at the meeting for purposes of determining quorum and participating in all proceedings.

(c) If telephone or other electronic means is used to conduct a meeting, to the extent practical, the committee shall allow a person to monitor the meeting electronically from a remote location. The committee may require the person making the connection to pay for the documented additional costs that the committee incurs as a result of the additional connection.

(d) If telephone or other electronic means is used to conduct a regular, special, or emergency meeting, the committee shall provide notice of the regular meeting location,

the fact that some members may participate by telephone or other electronic means, and the provisions of paragraph (c). The timing and method of providing notice is governed by section 13D.04.

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

Sec. 18. Minnesota Statutes 2008, section 275.065, subdivision 3, is amended to read:

Subd. 3. **Notice of proposed property taxes.** (a) The county auditor shall prepare and the county treasurer shall deliver after November 10 and on or before November 24 each year, by first class mail to each taxpayer at the address listed on the county's current year's assessment roll, a notice of proposed property taxes. Upon written request by the taxpayer, the treasurer may send the notice in electronic form or by electronic mail instead of on paper or by ordinary mail.

(b) The commissioner of revenue shall prescribe the form of the notice.

(c) The notice must inform taxpayers that it contains the amount of property taxes each taxing authority proposes to collect for taxes payable the following year. In the case of a town, or in the case of the state general tax, the final tax amount will be its proposed tax. ~~In the case of taxing authorities required to hold a public meeting under subdivision 6, the notice must clearly state that each taxing authority, including regional library districts established under section 134.201, and including the metropolitan taxing districts as defined in paragraph (i), but excluding all other special taxing districts and towns, will hold a public meeting to receive public testimony on the proposed budget and proposed or final property tax levy, or, in case of a school district, on the current budget and proposed property tax levy.~~ The notice must clearly state for each city, county, school district, regional library authority established under section 134.201, and metropolitan taxing districts as defined in paragraph (i), the time and place of the taxing authority's regularly scheduled meetings in which the budget and levy will be discussed and the final budget and levy determined. The taxing authorities must provide the county auditor with the information to be included in the notice. It must ~~clearly state the time and place of each taxing authority's meeting,~~ provide a telephone number for the taxing authority that taxpayers may call if they have questions related to the notice~~,~~ and an address where comments will be received by mail.

(d) The notice must state for each parcel:

(1) the market value of the property as determined under section 273.11, and used for computing property taxes payable in the following year and for taxes payable in the current year as each appears in the records of the county assessor on November 1 of the current year; and, in the case of residential property, whether the property is classified as

homestead or nonhomestead. The notice must clearly inform taxpayers of the years to which the market values apply and that the values are final values;

(2) the items listed below, shown separately by county, city or town, and state general tax, net of the residential and agricultural homestead credit under section 273.1384, voter approved school levy, other local school levy, and the sum of the special taxing districts, and as a total of all taxing authorities:

(i) the actual tax for taxes payable in the current year; and

(ii) the proposed tax amount.

If the county levy under clause (2) includes an amount for a lake improvement district as defined under sections 103B.501 to 103B.581, the amount attributable for that purpose must be separately stated from the remaining county levy amount.

In the case of a town or the state general tax, the final tax shall also be its proposed tax unless the town changes its levy at a special town meeting under section 365.52. If a school district has certified under section 126C.17, subdivision 9, that a referendum will be held in the school district at the November general election, the county auditor must note next to the school district's proposed amount that a referendum is pending and that, if approved by the voters, the tax amount may be higher than shown on the notice. In the case of the city of Minneapolis, the levy for Minneapolis Park and Recreation shall be listed separately from the remaining amount of the city's levy. In the case of the city of St. Paul, the levy for the St. Paul Library Agency must be listed separately from the remaining amount of the city's levy. In the case of Ramsey County, any amount levied under section 134.07 may be listed separately from the remaining amount of the county's levy. In the case of a parcel where tax increment or the fiscal disparities areawide tax under chapter 276A or 473F applies, the proposed tax levy on the captured value or the proposed tax levy on the tax capacity subject to the areawide tax must each be stated separately and not included in the sum of the special taxing districts; and

(3) the increase or decrease between the total taxes payable in the current year and the total proposed taxes, expressed as a percentage.

For purposes of this section, the amount of the tax on homesteads qualifying under the senior citizens' property tax deferral program under chapter 290B is the total amount of property tax before subtraction of the deferred property tax amount.

(e) The notice must clearly state that the proposed or final taxes do not include the following:

(1) special assessments;

(2) levies approved by the voters after the date the proposed taxes are certified, including bond referenda and school district levy referenda;

(3) a levy limit increase approved by the voters by the first Tuesday after the first Monday in November of the levy year as provided under section 275.73;

(4) amounts necessary to pay cleanup or other costs due to a natural disaster occurring after the date the proposed taxes are certified;

(5) amounts necessary to pay tort judgments against the taxing authority that become final after the date the proposed taxes are certified; and

(6) the contamination tax imposed on properties which received market value reductions for contamination.

(f) Except as provided in subdivision 7, failure of the county auditor to prepare or the county treasurer to deliver the notice as required in this section does not invalidate the proposed or final tax levy or the taxes payable pursuant to the tax levy.

(g) If the notice the taxpayer receives under this section lists the property as nonhomestead, and satisfactory documentation is provided to the county assessor by the applicable deadline, and the property qualifies for the homestead classification in that assessment year, the assessor shall reclassify the property to homestead for taxes payable in the following year.

(h) In the case of class 4 residential property used as a residence for lease or rental periods of 30 days or more, the taxpayer must either:

(1) mail or deliver a copy of the notice of proposed property taxes to each tenant, renter, or lessee; or

(2) post a copy of the notice in a conspicuous place on the premises of the property.

The notice must be mailed or posted by the taxpayer by November 27 or within three days of receipt of the notice, whichever is later. A taxpayer may notify the county treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to which the notice must be mailed in order to fulfill the requirements of this paragraph.

(i) For purposes of this subdivision~~, subdivisions~~ and subdivision 5a ~~and 6~~, "metropolitan special taxing districts" means the following taxing districts in the seven-county metropolitan area that levy a property tax for any of the specified purposes listed below:

(1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325, 473.446, 473.521, 473.547, or 473.834;

(2) Metropolitan Airports Commission under section 473.667, 473.671, or 473.672; and

(3) Metropolitan Mosquito Control Commission under section 473.711.

For purposes of this section, any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter

398A shall be included with the appropriate county's levy ~~and shall be discussed at that county's public hearing~~.

(j) The governing body of a county, city, or school district may, with the consent of the county board, include supplemental information with the statement of proposed property taxes about the impact of state aid increases or decreases on property tax increases or decreases and on the level of services provided in the affected jurisdiction. This supplemental information may include information for the following year, the current year, and for as many consecutive preceding years as deemed appropriate by the governing body of the county, city, or school district. It may include only information regarding:

(1) the impact of inflation as measured by the implicit price deflator for state and local government purchases;

(2) population growth and decline;

(3) state or federal government action; and

(4) other financial factors that affect the level of property taxation and local services that the governing body of the county, city, or school district may deem appropriate to include.

The information may be presented using tables, written narrative, and graphic representations and may contain instruction toward further sources of information or opportunity for comment.

EFFECTIVE DATE. This section is effective for taxes payable in 2010 and thereafter.

Sec. 19. Minnesota Statutes 2008, section 275.065, subdivision 6, is amended to read:

Subd. 6. **~~Public hearing;~~ Adoption of budget and levy.** ~~(a) For purposes of this section, the following terms shall have the meanings given:~~

~~(1) "Initial hearing" means the first and primary hearing held to discuss the taxing authority's proposed budget and proposed property tax levy for taxes payable in the following year, or, for school districts, the current budget and the proposed property tax levy for taxes payable in the following year.~~

~~(2) "Continuation hearing" means a hearing held to complete the initial hearing, if the initial hearing is not completed on its scheduled date.~~

~~(3) "Subsequent hearing" means the hearing held to adopt the taxing authority's final property tax levy, and, in the case of taxing authorities other than school districts, the final budget, for taxes payable in the following year.~~

~~(b) Between November 29 and December 20, the governing bodies of a city that has a population over 500, county, metropolitan special taxing districts as defined in subdivision~~

~~3, paragraph (i), and regional library districts shall each hold an initial public hearing to discuss and seek public comment on its final budget and property tax levy for taxes payable in the following year, and the governing body of the school district shall hold an initial public hearing to review its current budget and proposed property tax levy for taxes payable in the following year. The metropolitan special taxing districts shall be required to hold only a single joint initial public hearing, the location of which will be determined by the affected metropolitan agencies. A city, county, metropolitan special taxing district as defined in subdivision 3, paragraph (i), regional library district established under section 134.201, or school district is not required to hold a public hearing under this subdivision unless its proposed property tax levy for taxes payable in the following year, as certified under subdivision 1, has increased over its final property tax levy for taxes payable in the current year by a percentage that is greater than the percentage increase in the implicit price deflator for government consumption expenditures and gross investment for state and local governments prepared by the Bureau of Economic Analysts of the United States Department of Commerce for the 12-month period ending March 31 of the current year.~~

~~(c) The initial hearing must be held after 5:00 p.m. if scheduled on a day other than Saturday. No initial hearing may be held on a Sunday.~~

~~(d) At the initial hearing under this subdivision, the percentage increase in property taxes proposed by the taxing authority, if any, and the specific purposes for which property tax revenues are being increased must be discussed. During the discussion, the governing body shall hear comments regarding a proposed increase and explain the reasons for the proposed increase. The public shall be allowed to speak and to ask questions. At the public hearing, the school district must also provide and discuss information on the distribution of its revenues by revenue source, and the distribution of its spending by program area.~~

~~(e) If the initial hearing is not completed on its scheduled date, the taxing authority must announce, prior to adjournment of the hearing, the date, time, and place for the continuation of the hearing. The continuation hearing must be held at least five business days but no more than 14 business days after the initial hearing. A continuation hearing may not be held later than December 20 except as provided in paragraphs (f) and (g). A continuation hearing must be held after 5:00 p.m. if scheduled on a day other than Saturday. No continuation hearing may be held on a Sunday.~~

~~(f) The governing body of a county shall hold its initial hearing on the first Thursday in December each year, and may hold additional initial hearings on other dates before December 20 if necessary for the convenience of county residents. If the county needs a continuation of its hearing, the continuation hearing shall be held on the third Tuesday~~

~~in December. If the third Tuesday in December falls on December 21, the county's continuation hearing shall be held on Monday, December 20.~~

~~(g) The metropolitan special taxing districts shall hold a joint initial public hearing on the first Wednesday of December. A continuation hearing, if necessary, shall be held on the second Wednesday of December even if that second Wednesday is after December 10.~~

~~(h) The county auditor shall provide for the coordination of initial and continuation hearing dates for all school districts and cities within the county to prevent conflicts under clauses (i) and (j).~~

~~(i) By August 10, each school board and the board of the regional library district shall certify to the county auditors of the counties in which the school district or regional library district is located the dates on which it elects to hold its initial hearing and any continuation hearing. If a school board or regional library district does not certify these dates by August 10, the auditor will assign the initial and continuation hearing dates. The dates elected or assigned must not conflict with the initial and continuation hearing dates of the county or the metropolitan special taxing districts.~~

~~(j) By August 20, the county auditor shall notify the clerks of the cities within the county of the dates on which school districts and regional library districts have elected to hold their initial and continuation hearings. At the time a city certifies its proposed levy under subdivision 1 it shall certify the dates on which it elects to hold its initial hearing and any continuation hearing. Until September 15, the first and second Mondays of December are reserved for the use of the cities. If a city does not certify its hearing dates by September 15, the auditor shall assign the initial and continuation hearing dates. The dates elected or assigned for the initial hearing must not conflict with the initial hearing dates of the county, metropolitan special taxing districts, regional library districts, or school districts within which the city is located. To the extent possible, the dates of the city's continuation hearing should not conflict with the continuation hearing dates of the county, metropolitan special taxing districts, regional library districts, or school districts within which the city is located. This paragraph does not apply to cities of 500 population or less.~~

~~(k) The county initial hearing date and the city, metropolitan special taxing district, regional library district, and school district initial hearing dates must be designated on the notices required under subdivision 3. The continuation hearing dates need not be stated on the notices.~~

~~(l) At a subsequent hearing, each county, school district, city over 500 population, and metropolitan special taxing district may amend its proposed property tax levy and must adopt a final property tax levy. Each county, city over 500 population, and metropolitan special taxing district may also amend its proposed budget and must adopt a~~

~~final budget at the subsequent hearing. The final property tax levy must be adopted prior to adopting the final budget. A school district is not required to adopt its final budget at the subsequent hearing. The subsequent hearing of a taxing authority must be held on a date subsequent to the date of the taxing authority's initial public hearing. If a continuation hearing is held, the subsequent hearing must be held either immediately following the continuation hearing or on a date subsequent to the continuation hearing. The subsequent hearing may be held at a regularly scheduled board or council meeting or at a special meeting scheduled for the purposes of the subsequent hearing. The subsequent hearing of a taxing authority does not have to be coordinated by the county auditor to prevent a conflict with an initial hearing, a continuation hearing, or a subsequent hearing of any other taxing authority. All subsequent hearings must be held prior to five working days after December 20 of the levy year. The date, time, and place of the subsequent hearing must be announced at the initial public hearing or at the continuation hearing.~~

~~(m)~~ (a) The property tax levy certified under section 275.07 by a city of any population, county, metropolitan special taxing district, regional library district, or school district must not exceed the proposed levy determined under subdivision 1, except by an amount up to the sum of the following amounts:

(1) the amount of a school district levy whose voters approved a referendum to increase taxes under section 123B.63, subdivision 3, or 126C.17, subdivision 9, after the proposed levy was certified;

(2) the amount of a city or county levy approved by the voters after the proposed levy was certified;

(3) the amount of a levy to pay principal and interest on bonds approved by the voters under section 475.58 after the proposed levy was certified;

(4) the amount of a levy to pay costs due to a natural disaster occurring after the proposed levy was certified, if that amount is approved by the commissioner of revenue under subdivision 6a;

(5) the amount of a levy to pay tort judgments against a taxing authority that become final after the proposed levy was certified, if the amount is approved by the commissioner of revenue under subdivision 6a;

(6) the amount of an increase in levy limits certified to the taxing authority by the commissioner of education or the commissioner of revenue after the proposed levy was certified; and

(7) the amount required under section 126C.55.

~~(n)~~ (b) This subdivision does not apply to towns and special taxing districts other than regional library districts and metropolitan special taxing districts.

~~(o)~~ (c) Notwithstanding the requirements of this section, the employer is required to meet and negotiate over employee compensation as provided for in chapter 179A.

EFFECTIVE DATE. This section is effective for taxes payable in 2010 and thereafter.

Sec. 20. Laws 2008, chapter 363, article 2, section 46, subdivision 1, is amended to read:

Subdivision 1. **Capital account transfers.** Notwithstanding any law to the contrary, on June 30~~,~~ of 2008, 2009, and 2010, a school district may transfer money from its reserved for operating capital account to its undesignated balance in the general fund. The amount transferred by any school district must not exceed $51 times the district's adjusted marginal cost pupil units for the second preceding fiscal year ~~2007~~. This transfer annually may occur only after the school board has adopted a written resolution stating the amount of the transfer and declaring that the school district's operating capital needs are being met.

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

Sec. 21. **FUND TRANSFER; ST. ANTHONY-NEW BRIGHTON.**

Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2009, Independent School District No. 282, St. Anthony-New Brighton, may permanently transfer up to $400,000 from its reserved for operating capital account to its undesignated general fund balance.

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

Sec. 22. **APPROPRIATIONS.**

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

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

$ 12,688,000 2010

$ 13,069,000 2011

Subd. 3. **School breakfast.** For traditional school breakfast aid under Minnesota Statutes, section 124D.1158:

$ 4,978,000 2010
$ 5,147,000 2011

Subd. 4. **Kindergarten milk.** For kindergarten milk aid under Minnesota Statutes, section 124D.118:

$ 1,098,000 2010
$ 1,120,000 2011

Subd. 5. **Summer school food service replacement aid.** For summer food service replacement aid under Minnesota Statutes, section 124D.119:

$ 150,000 2010
$ 150,000 2011

Sec. 23. **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:

$ 11,264,000 2010
$ 13,570,000 2011

The 2010 appropriation includes $1,357,000 for 2009 and $9,907,000 for 2010.

The 2011 appropriation includes $3,663,000 for 2010 and $9,907,000 for 2011.

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

$ 1,079,000 2010
$ 1,300,000 2011

The 2010 appropriation includes $130,000 for 2009 and $949,000 for 2010.

The 2011 appropriation includes $351,000 for 2010 and $949,000 for 2011.

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 2010
$ 900,000 2011

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:

$	1,909,000	.....	2010
$	2,300,000	.....	2011

The 2010 appropriation includes $230,000 for 2009 and $1,679,000 for 2010.

The 2011 appropriation includes $621,000 for 2010 and $1,679,000 for 2011.

Sec. 24. **REPEALER.**

Minnesota Statutes 2008, section 275.065, subdivisions 5a, 6b, 6c, 8, 9, and 10, are repealed.

EFFECTIVE DATE. This section is effective for taxes payable in 2010 and thereafter.

ARTICLE 6
SELF-SUFFICIENCY AND LIFELONG LEARNING

Section 1. Minnesota Statutes 2008, section 299A.297, is amended to read:

299A.297 OTHER DUTIES.

The commissioner of public safety, in consultation with the Chemical Abuse and Violence Prevention Council, shall:

(1) provide information and assistance upon request to school preassessment teams established under section 121A.26 ~~and school and community advisory teams established under section 121A.27~~;

(2) provide information and assistance upon request to the State Board of Pharmacy with respect to the board's enforcement of chapter 152;

(3) cooperate with and provide information and assistance upon request to the Alcohol and Other Drug Abuse Section in the Department of Human Services;

(4) coordinate the policy of the office with that of the Narcotic Enforcement Unit in the Bureau of Criminal Apprehension; and

(5) coordinate the activities of the regional drug task forces, provide assistance and information to them upon request, and assist in the formation of task forces in areas of the state in which no task force operates.

Sec. 2. **REPEALER.**

Minnesota Statutes 2008, section 121A.27, is repealed.

ARTICLE 7
STATE AGENCIES

Section 1. Minnesota Statutes 2008, section 125A.62, subdivision 8, is amended to read:

Subd. 8. **Grants and gifts.** The board, through the chief administrators of the academies, may apply for all competitive grants administered by agencies of the state and other government or nongovernment sources. Application may not be made for grants over which the board has discretion. Any funds received under this subdivision are appropriated and dedicated for the purpose for which it is granted. The board must annually by February 1 report to the education policy and finance committees of the legislature the amount of money it received under this subdivision and the purpose for which it was granted.

Sec. 2. Minnesota Statutes 2008, section 127A.08, is amended by adding a subdivision to read:

Subd. 5. **Grants and gifts.** The commissioner may apply for and receive grants and gifts administered by agencies of the state and other government or nongovernment sources. Any money received is hereby appropriated and dedicated for the purpose for which it is granted. The commissioner annually by February 1 must report to the education policy and finance committees of the legislature the amount of money it received under this subdivision and the purpose for which it was granted.

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:

$ 21,693,000 2010
$ 21,693,000 2011

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

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

(c) $632,000 in fiscal year 2010 and $632,000 in fiscal year 2011 are for the Board of Teaching.

(d) $171,000 in fiscal year 2010 and $171,000 in fiscal year 2011 are for the Board of School Administrators.

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

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

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

(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, with the exception of state incentive grants, education technology state grants, teacher incentive funds, and statewide data system funds as outlined in the supplemental federal funds submission dated March 25, 2009.

Subd. 3. **Board of Teaching; licensure by portfolio.** For the Board of Teaching for licensure by portfolio:

$	30,000	.....	2010
$	30,000	.....	2011

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

Sec. 4. **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:

$	11,912,000	.....	2010
$	11,912,000	.....	2011

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

Sec. 5. **APPROPRIATIONS; PERPICH CENTER FOR ARTS EDUCATION.**

The sums in this section are appropriated from the general fund to the Perpich Center for Arts Education for the fiscal years designated:

$	7,087,000	.....	2010
$	7,087,000	.....	2011

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

ARTICLE 8
PUPIL TRANSPORTATION

Section 1. Minnesota Statutes 2008, 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~~ III vehicles, as defined in section 169.011, subdivision 71, ~~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) transportation of pupils for a curricular field trip activity on a school bus equipped with a power lift when the power lift is required by a student's disability or section 504 plan; and

(viii) services described in clauses (i) to ~~(vi)~~ (vii), 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 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 2010.

Sec. 2. Minnesota Statutes 2008, section 123B.92, subdivision 5, is amended to read:

Subd. 5. **District reports.** (a) Each district must report data to the department as required by the department to account for transportation expenditures.

(b) Salaries and fringe benefits of district employees whose primary duties are other than transportation, including central office administrators and staff, building administrators and staff, teachers, social workers, school nurses, and instructional aides, must not be included in a district's transportation expenditures, except that a district may include salaries and benefits according to paragraph (c) for (1) an employee designated as the district transportation director, (2) an employee providing direct support to the transportation director, or (3) an employee providing direct transportation services such as a bus driver or bus aide.

(c) Salaries and fringe benefits of the district employees listed in paragraph (b), clauses (1), (2), and (3), who work part time in transportation and part time in other areas must not be included in a district's transportation expenditures unless the district maintains documentation of the employee's time spent on pupil transportation matters in the form and manner prescribed by the department.

(d) Pupil transportation expenditures, excluding expenditures for capital outlay, leased buses, student board and lodging, crossing guards, and aides on buses, must be allocated among transportation categories based on cost-per-mile, cost-per-student, cost-per-hour, or cost-per-route, regardless of whether the transportation services are provided on district-owned or contractor-owned school buses. Expenditures for school bus driver salaries and fringe benefits may either be directly charged to the appropriate transportation category or may be allocated among transportation categories based on cost-per-mile, cost-per-student, cost-per-hour, or cost-per-route. Expenditures by private contractors or individuals who provide transportation exclusively in one transportation category must be charged directly to the appropriate transportation category. Transportation services provided by contractor-owned school bus companies incorporated

under different names but owned by the same individual or group of individuals must be treated as the same company for cost allocation purposes.

(e) Notwithstanding paragraph (d), districts contracting for transportation services are exempt from the standard cost allocation method for authorized and nonauthorized transportation categories if the district: (1) bids its contracts separately for authorized and nonauthorized transportation categories and for special transportation separate from regular and excess transportation; (2) receives bids or quotes from more than one vendor for these transportation categories; and (3) the district's cost-per-mile, cost-per-hour, or cost-per-route does not vary more than ten percent among categories, excluding salaries and fringe benefits of bus aides. If the costs reported by the district for contractor-owned operations vary by more than ten percent among categories, the department shall require the district to reallocate its transportation costs, excluding salaries and fringe benefits of bus aides, among all categories.

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

Sec. 3. Minnesota Statutes 2008, section 169.011, subdivision 71, is amended to read:

Subd. 71. **School bus.** (a) "School bus" means a motor vehicle used to transport pupils to or from a school defined in section 120A.22, or to or from school-related activities, by the school or a school district, or by someone under an agreement with the school or a school district. A school bus does not include a motor vehicle transporting children to or from school for which parents or guardians receive direct compensation from a school district, a motor coach operating under charter carrier authority, a transit bus providing services as defined in section 174.22, subdivision 7, ~~a multifunction school activity bus as defined by federal motor vehicle safety standards,~~ or a vehicle otherwise qualifying as a type III vehicle under ~~paragraph (5)~~ clause (6), when the vehicle is properly registered and insured and being driven by an employee or agent of a school district for nonscheduled or nonregular transportation.

(b) A school bus may be type A, type B, type C, or type D, multifunction school activity bus, or type III as ~~follows:~~ provided in paragraphs (c) to (h).

~~(1)~~ (c) A "type A school bus" is a van conversion or bus constructed utilizing a cutaway front section vehicle with a left-side driver's door. ~~The entrance door is behind the front wheels.~~ This definition includes two classifications: type A-I, with a gross vehicle weight rating (GVWR) less than or equal to ~~10,000~~ 14,500 pounds; and type A-II, with a GVWR greater than ~~10,000~~ 14,500 pounds and less than or equal to 21,500 pounds.

~~(2)~~ (d) A "type B school bus" is constructed utilizing a stripped chassis. The entrance door is behind the front wheels. This definition includes two classifications: type

B-I, with a GVWR less than or equal to 10,000 pounds; and type B-II, with a GVWR greater than 10,000 pounds.

~~(3)~~ (e) A "type C school bus" is constructed utilizing a chassis with a hood and front fender assembly. The entrance door is behind the front wheels. A "type C school bus" also includes a cutaway truck chassis or truck chassis with cab, with or without a left side door, and with a GVWR greater than 21,500 pounds.

~~(4)~~ (f) A "type D school bus" is constructed utilizing a stripped chassis. The entrance door is ahead of the front wheels.

~~(5)~~ (g) A "multifunction school activity bus" is a school bus that meets the definition of a multifunction school activity bus in Code of Federal Regulations, title 49, section 571.3. A vehicle that meets the definition of a type III vehicle is not a multifunction school activity bus.

(h) A "Type III ~~vehicles are~~ vehicle" is restricted to passenger cars, station wagons, vans, and buses having a maximum manufacturer's rated seating capacity of ten or fewer people, including the driver, and a gross vehicle weight rating of 10,000 pounds or less. ~~In this subdivision, "gross vehicle weight rating" means the value specified by the manufacturer as the loaded weight of a single vehicle.~~ A "type III vehicle" must not be outwardly equipped and identified as a type A, B, C, or D school bus or type A, B, C, or D Head Start bus. A van or bus converted to a seating capacity of ten or fewer and placed in service on or after August 1, 1999, must have been originally manufactured to comply with the passenger safety standards.

(i) In this subdivision, "gross vehicle weight rating" means the value specified by the manufacturer as the loaded weight of a single vehicle.

EFFECTIVE DATE. This section is effective July 1, 2009.

Sec. 4. Minnesota Statutes 2008, section 169.443, subdivision 9, is amended to read:

Subd. 9. **Personal cellular phone call prohibition.** (a) As used in this subdivision, "school bus" has the meaning given in section 169.011, subdivision 71. In addition, the term includes type III vehicles as ~~described~~ defined in section 169.011, subdivision 71, ~~clause (5),~~ when driven by employees or agents of school districts.

(b) A school bus driver may not operate a school bus while communicating over, or otherwise operating, a cellular phone for personal reasons, whether handheld or hands free, when the vehicle is in motion.

Sec. 5. Minnesota Statutes 2008, section 169.4501, subdivision 1, is amended to read:

Subdivision 1. **National standards adopted.** Except as provided in sections 169.4502 and 169.4503, the construction, design, equipment, and color of types A, B, C, D ~~and multifunctional~~ school buses and multifunction school activity ~~bus school~~ buses used for the transportation of school children shall meet the requirements of the "bus chassis standards" and "bus body standards" in the 2005 edition of the "National School Transportation Specifications and Procedures" adopted by the National Congress on School Transportation. Except as provided in section 169.4504, the construction, design, and equipment of types A, B, C, D ~~and multifunctional~~ school buses and multifunction school activity ~~bus school~~ buses used for the transportation of students with disabilities also shall meet the requirements of the "specially equipped school bus standards" in the 2005 National School Transportation Specifications and Procedures. The "bus chassis standards," "bus body standards," and "specially equipped school bus standards" sections of the 2005 edition of the "National School Transportation Specifications and Procedures" are incorporated by reference in this chapter.

Sec. 6. Minnesota Statutes 2008, section 169.4503, subdivision 20, is amended to read:

Subd. 20. **Seat and crash barriers.** (a) All restraining barriers and passenger seats shall be covered with a material that has fire retardant or fire block characteristics.

(b) All seats must have a minimum cushion depth of 15 inches and a seat back height of at least 20 inches above the seating reference point, and beginning October 21, 2009, must also conform to the Federal Motor Vehicle Safety Standard in Code of Federal Regulations, title 49, section 571.222.

Sec. 7. Minnesota Statutes 2008, section 169.4503, is amended by adding a subdivision to read:

Subd. 27. **Tailpipe.** (a) The tailpipe must not extend more than two inches beyond the perimeter of the body for a side-exit pipe or beyond the bumper for a rear-exit pipe.

(b) The tailpipe must exit either in the rear of the vehicle or to the left side of the bus in front of or behind the rear drive axle. The tailpipe exit location on all type A-I or B-I buses must be in accordance with the manufacturer's standards. The tailpipe must not exit beneath any fuel filler location or beneath any emergency door.

EFFECTIVE DATE. This section is effective the day following final enactment retroactive to December 31, 2007.

Sec. 8. Minnesota Statutes 2008, section 169.454, subdivision 13, is amended to read:

Subd. 13. **Exemption.** When a vehicle otherwise qualifying as a type III vehicle under section 169.011, subdivision 71, ~~clause (5),~~ whether owned and operated by a school district or privately owned and operated, is used to transport school children in a nonscheduled situation, it shall be exempt from the vehicle requirements of this section and the licensing requirements of section 171.321, if the vehicle is properly registered and insured and operated by an employee or agent of a school district with a valid driver's license.

Sec. 9. Minnesota Statutes 2008, section 169A.03, subdivision 23, is amended to read:

Subd. 23. **School bus.** "School bus" has the meaning given in section 169.011, subdivision 71. In addition, the term includes type III vehicles as ~~described~~ defined in section 169.011, subdivision 71, ~~clause (5),~~ when driven by employees or agents of school districts.

Sec. 10. Minnesota Statutes 2008, section 171.01, subdivision 22, is amended to read:

Subd. 22. **Commercial motor vehicle.** "Commercial motor vehicle" means a motor vehicle or combination of motor vehicles used to transport passengers or property if the motor vehicle:

(1) has a gross vehicle weight of more than 26,000 pounds;

(2) has a towed unit with a gross vehicle weight of more than 10,000 pounds and the combination of vehicles has a combined gross vehicle weight of more than 26,000 pounds;

(3) is a bus;

(4) is of any size and is used in the transportation of hazardous materials that are required to be placarded under Code of Federal Regulations, title 49, parts 100-185; or

(5) is outwardly equipped and identified as a school bus, except for type III vehicles defined in section 169.011, subdivision 71~~, clause (5)~~.

Sec. 11. Minnesota Statutes 2008, section 171.02, subdivision 2, is amended to read:

Subd. 2. **Driver's license classifications, endorsements, exemptions.** (a) Drivers' licenses are classified according to the types of vehicles that may be driven by the holder of each type or class of license. The commissioner may, as appropriate, subdivide the classes listed in this subdivision and issue licenses classified accordingly.

(b) Except as provided in paragraph (c), clauses (1) and (2), and subdivision 2a, no class of license is valid to operate a motorcycle, school bus, tank vehicle, double-trailer or triple-trailer combination, vehicle transporting hazardous materials, or bus, unless

so endorsed. There are four general classes of licenses as described in paragraphs (c) through (f).

(c) Class D drivers' licenses are valid for:

(1) operating all farm trucks if the farm truck is:

(i) controlled and operated by a farmer, including operation by an immediate family member or an employee of the farmer;

(ii) used to transport agricultural products, farm machinery, or farm supplies, including hazardous materials, to or from a farm;

(iii) not used in the operations of a common or contract motor carrier as governed by Code of Federal Regulations, title 49, part 365; and

(iv) used within 150 miles of the farm;

(2) notwithstanding paragraph (b), operating an authorized emergency vehicle, as defined in section 169.011, subdivision 3, whether or not in excess of 26,000 pounds gross vehicle weight;

(3) operating a recreational vehicle as defined in section 168.002, subdivision 27, that is operated for personal use;

(4) operating all single-unit vehicles except vehicles with a gross vehicle weight of more than 26,000 pounds, vehicles designed to carry more than 15 passengers including the driver, and vehicles that carry hazardous materials;

(5) notwithstanding paragraph (d), operating a type A school bus or a ~~multifunctional~~ multifunction school activity bus without a school bus endorsement if~~:~~

~~(i) the bus has a gross vehicle weight of 10,000 pounds or less;~~

~~(ii) the bus is designed to transport 15 or fewer passengers, including the driver; and~~

~~(iii)~~ the requirements of subdivision 2a are satisfied, as determined by the commissioner;

(6) operating any vehicle or combination of vehicles when operated by a licensed peace officer while on duty; and

(7) towing vehicles if:

(i) the towed vehicles have a gross vehicle weight of 10,000 pounds or less; or

(ii) the towed vehicles have a gross vehicle weight of more than 10,000 pounds and the combination of vehicles has a gross vehicle weight of 26,000 pounds or less.

(d) Class C drivers' licenses are valid for:

(1) operating class D motor vehicles;

(2) with a hazardous materials endorsement, operating class D vehicles to transport hazardous materials;

(3) with a passenger endorsement, operating buses; and

(4) with a passenger endorsement and school bus endorsement, operating school buses.

(e) Class B drivers' licenses are valid for:

(1) operating all class C motor vehicles, class D motor vehicles, and all other single-unit motor vehicles including, with a passenger endorsement, buses; and

(2) towing only vehicles with a gross vehicle weight of 10,000 pounds or less.

(f) Class A drivers' licenses are valid for operating any vehicle or combination of vehicles.

Sec. 12. Minnesota Statutes 2008, section 171.02, subdivision 2a, is amended to read:

Subd. 2a. **Exception for certain school bus drivers.** Notwithstanding subdivision 2, paragraph ~~(c)~~ (b), the holder of a class D driver's license, without a school bus endorsement, may operate a type A school bus ~~described in subdivision 2, paragraph (b),~~ or a multifunction school activity bus under the following conditions:

(a) The operator is an employee of the entity that owns, leases, or contracts for the school bus and is not solely hired to provide transportation services under this subdivision.

(b) The operator drives the school bus only from points of origin to points of destination, not including home-to-school trips to pick up or drop off students.

(c) The operator is prohibited from using the eight-light system. Violation of this paragraph is a misdemeanor.

(d) The operator's employer has adopted and implemented a policy that provides for annual training and certification of the operator in:

(1) safe operation of the type of school bus the operator will be driving;

(2) understanding student behavior, including issues relating to students with disabilities;

(3) encouraging orderly conduct of students on the bus and handling incidents of misconduct appropriately;

(4) knowing and understanding relevant laws, rules of the road, and local school bus safety policies;

(5) handling emergency situations; and

(6) safe loading and unloading of students.

(e) A background check or background investigation of the operator has been conducted that meets the requirements under section 122A.18, subdivision 8, or 123B.03 for teachers; section 144.057 or chapter 245C for day care employees; or section 171.321, subdivision 3, for all other persons operating a ~~type A~~ school bus under this subdivision.

(f) Operators shall submit to a physical examination as required by section 171.321, subdivision 2.

(g) The operator's driver's license is verified annually by the entity that owns, leases, or contracts for the school bus.

(h) A person who sustains a conviction, as defined under section 609.02, of violating section 169A.25, 169A.26, 169A.27, 169A.31, 169A.51, or 169A.52, or a similar statute or ordinance of another state is precluded from operating a school bus for five years from the date of conviction.

(i) A person who has ever been convicted of a disqualifying offense as defined in section 171.3215, subdivision 1, paragraph (c), may not operate a school bus under this subdivision.

(j) A person who sustains a conviction, as defined under section 609.02, of a fourth moving offense in violation of chapter 169 is precluded from operating a school bus for one year from the date of the last conviction.

(k) Students riding the school bus must have training required under section 123B.90, subdivision 2.

(l) An operator must be trained in the proper use of child safety restraints as set forth in the National Highway Traffic Safety Administration's "Guideline for the Safe Transportation of Pre-school Age Children in School Buses," if child safety restraints are used by the passengers.

(m) Annual certification of the requirements listed in this subdivision must be maintained under separate file at the business location for each operator licensed under this subdivision and subdivision 2, paragraph (b), clause (5). The business manager, school board, governing body of a nonpublic school, or any other entity that owns, leases, or contracts for the school bus operating under this subdivision is responsible for maintaining these files for inspection.

(n) The school bus must bear a current certificate of inspection issued under section 169.451.

(o) If the word "School" appears on the front and rear of the bus, the word "School" must be covered by a sign that reads "Activities" when the bus is being operated under authority of this subdivision.

(p) The type A-I school bus or multifunction school activity bus is designed to transport 15 or fewer passengers, including the driver.

(q) The school bus has a gross vehicle weight rating of 14,500 pounds or less.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 13. Minnesota Statutes 2008, section 171.02, subdivision 2b, is amended to read:

Subd. 2b. **Exception for type III vehicle drivers.** (a) Notwithstanding subdivision 2, ~~paragraph (c),~~ the holder of a class A, B, C, or D driver's license, without a school bus endorsement, may operate a type III vehicle described in section 169.011, subdivision 71, clause (5), under the conditions in paragraphs (b) through ~~(n)~~ (o).

(b) The operator is an employee of the entity that owns, leases, or contracts for the school bus.

(c) The operator's employer has adopted and implemented a policy that provides for annual training and certification of the operator in:

(1) safe operation of a type III vehicle;

(2) understanding student behavior, including issues relating to students with disabilities;

(3) encouraging orderly conduct of students on the bus and handling incidents of misconduct appropriately;

(4) knowing and understanding relevant laws, rules of the road, and local school bus safety policies;

(5) handling emergency situations;

(6) proper use of seat belts and child safety restraints;

(7) performance of pretrip vehicle inspections; ~~and~~

(8) safe loading and unloading of students, including, but not limited to:

(i) utilizing a safe location for loading and unloading students at the curb, on the nontraffic side of the roadway, or at off-street loading areas, driveways, yards, and other areas to enable the student to avoid hazardous conditions;

(ii) refraining from loading and unloading students in a vehicular traffic lane, on the shoulder, in a designated turn lane, or a lane adjacent to a designated turn lane;

(iii) avoiding a loading or unloading location that would require a pupil to cross a road, or ensuring that the driver or an aide personally escort the pupil across the road if it is not reasonably feasible to avoid such a location; and

(iv) placing the type III vehicle in "park" during loading and unloading; and

(9) compliance with paragraph (k), concerning reporting certain convictions to the employer within ten days of the date of conviction.

(d) A background check or background investigation of the operator has been conducted that meets the requirements under section 122A.18, subdivision 8, or 123B.03 for school district employees; section 144.057 or chapter 245C for day care employees; or section 171.321, subdivision 3, for all other persons operating a type A or type III vehicle under this subdivision.

(e) Operators shall submit to a physical examination as required by section 171.321, subdivision 2.

(f) The operator's employer ~~has adopted and implemented a policy that provides for mandatory~~ requires preemployment drug and alcohol testing of applicants for operator positions ~~and~~. Current operators~~, in accordance~~ must comply with the employer's policy under section 181.951, subdivisions 2, 4, and 5.

(g) The operator's driver's license is verified annually by the entity that owns, leases, or contracts for the school bus.

(h) A person who sustains a conviction, as defined under section 609.02, of violating section 169A.25, 169A.26, 169A.27, or 169A.31, or whose driver's license is revoked under sections 169A.50 to 169A.53 of the implied consent law, or who is convicted of violating or ~~has their~~ whose driver's license is revoked under a similar statute or ordinance of another state, is precluded from operating a type III vehicle for five years from the date of conviction.

(i) A person who has ever been convicted of a disqualifying offense as defined in section 171.3215, subdivision 1, paragraph (c), may not operate a type III vehicle under this subdivision.

(j) A person who sustains a conviction, as defined under section 609.02, of a moving offense in violation of chapter 169 within three years of the first of three other moving offenses is precluded from operating a type III vehicle for one year from the date of the last conviction.

(k) An operator who sustains a conviction as described in paragraph (h), (i), or (j) while employed by the entity that owns, leases, or contracts for the school bus, shall report the conviction to the employer within ten days of the date of the conviction.

(l) Students riding the type III vehicle must have training required under section 123B.90, subdivision 2.

(m) Documentation of meeting the requirements listed in this subdivision must be maintained under separate file at the business location for each type III vehicle operator. The business manager, school board, governing body of a nonpublic school, or any other entity that owns, leases, or contracts for the type III vehicle operating under this subdivision is responsible for maintaining these files for inspection.

(n) The type III vehicle must bear a current certificate of inspection issued under section 169.451.

(o) ~~An operator employed by a school or school district, whose normal duties do not include operating a type III vehicle, who holds a class D driver's license without a school bus endorsement, may operate a type III vehicle and is exempt from paragraphs (d), (e),~~

~~(f), (g), and (k)~~ An employee of a school or of a school district, who is not employed for the sole purpose of operating a type III vehicle, is exempt from paragraphs (e) and (f).

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

Sec. 14. Minnesota Statutes 2008, section 171.321, subdivision 1, is amended to read:

Subdivision 1. **Endorsement.** No person shall drive a school bus when transporting school children to or from school or upon a school-related trip or activity without having a valid class A, class B, or class C driver's license with a school bus endorsement except that a person possessing a valid driver's license but not a school bus endorsement may drive a type III vehicle or a school bus, subject to the requirements of section 171.02, subdivisions 2, 2a, and 2b.

Sec. 15. Minnesota Statutes 2008, section 171.321, subdivision 4, is amended to read:

Subd. 4. **Training.** (a) No person shall drive a class A, B, C, or D school bus when transporting school children to or from school or upon a school-related trip or activity without having demonstrated sufficient skills and knowledge to transport students in a safe and legal manner.

(b) A bus driver must have training or experience that allows the driver to meet at least the following competencies:

(1) safely operate the type of school bus the driver will be driving;

(2) understand student behavior, including issues relating to students with disabilities;

(3) encourage orderly conduct of students on the bus and handle incidents of misconduct appropriately;

(4) know and understand relevant laws, rules of the road, and local school bus safety policies;

(5) handle emergency situations; and

(6) safely load and unload students.

(c) The commissioner of public safety shall develop a comprehensive model school bus driver training program and model assessments for school bus driver training competencies, which are not subject to chapter 14. A school district, nonpublic school, or private contractor may use alternative assessments for bus driver training competencies with the approval of the commissioner of public safety. A driver may receive at least eight hours of school bus in-service training any year, as an alternative to being assessed for bus driver competencies after the initial year of being assessed for bus driver competencies.

The employer shall keep the assessment or a record of the in-service training for the current period available for inspection by representatives of the commissioner.

(d) A school district, nonpublic school, or private contractor shall provide in-service training annually to each school bus driver.

Sec. 16. Minnesota Statutes 2008, section 171.321, subdivision 5, is amended to read:

Subd. 5. **Annual evaluation and license verification.** (a) ~~A school district, nonpublic school, or private contractor shall provide in-service training annually to each school bus driver.~~ For purposes of this section, "annually" means at least once every 380 days from the initial or previous evaluation and at least once every 380 days from the initial or previous license verification.

(b) A school district, nonpublic school, or private contractor shall annually verify with the National Driver Register or with the Department of Public Safety the validity of the driver's license of each employee who regularly transports students for the district in: (1) a type A school bus, a type B school bus, a type C school bus, or type D school bus~~,~~; (2) a multifunction school activity bus; or ~~regularly transports students for the district in~~ (3) a type III vehicle ~~with the National Driver Register or with the Department of Public Safety~~.

EFFECTIVE DATE. This section is effective July 1, 2010.

ARTICLE 9
SCHOOL FINANCE SYSTEM CHANGES

Section 1. Minnesota Statutes 2008, section 123B.53, subdivision 5, is amended to read:

Subd. 5. **Equalized debt service levy.** (a) The equalized debt service levy of a district equals the sum of the first tier equalized debt service levy and the second tier equalized debt service levy.

(b) A district's first tier equalized debt service levy equals the district's first tier debt service equalization revenue times the lesser of one or the ratio of:

(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the adjusted pupil units in the district for the school year ending in the year prior to the year the levy is certified; to

(2) ~~$3,200~~ 100 percent of the statewide adjusted net tax capacity equalizing factor.

(c) A district's second tier equalized debt service levy equals the district's second tier debt service equalization revenue times the lesser of one or the ratio of:

(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the adjusted pupil units in the district for the school year ending in the year prior to the year the levy is certified; to

(2) ~~$8,000~~ 200 percent of the statewide adjusted net tax capacity equalizing factor.

EFFECTIVE DATE. This section is effective for taxes payable in 2013 and later.

Sec. 2. **[123B.555] SCHOOL BOND AGRICULTURAL CREDIT.**

Subdivision 1. **Eligibility.** All class 2a, 2b, and 2c property under section 273.13, subdivision 23, except for property consisting of the house, garage, and immediately surrounding one acre of land of an agricultural homestead, is eligible to receive the credit under this section.

Subd. 2. **Credit amount.** For each qualifying property, the school bond agricultural credit is equal to 66 percent of the property's eligible net tax capacity multiplied by the school debt tax rate determined under section 275.08, subdivision 1b.

Subd. 3. **Credit reimbursements.** The county auditor shall determine the tax reductions allowed under this section within the county for each taxes payable year and shall certify that amount to the commissioner of revenue as a part of the abstracts of tax lists submitted under section 275.29. Any prior year adjustments shall also be certified on the abstracts of tax lists. The commissioner shall review the certifications for accuracy, and may make such changes as are deemed necessary, or return the certification to the county auditor for correction. The credit under this section must be used to reduce the school district net tax capacity-based property tax as provided in section 273.1393.

Subd. 4. **Payment.** The commissioner of revenue shall certify the total of the tax reductions granted under this section for each taxes payable year within each school district to the commissioner of education, who shall pay the reimbursement amounts to each school district as provided in section 273.1392.

EFFECTIVE DATE. This section is effective for taxes payable in 2013 and later.

Sec. 3. Minnesota Statutes 2008, section 124D.4531, is amended to read:

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

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

(1) ~~$80~~ $240 times the district's average daily membership in grades 10 through 12 for the current fiscal year ~~in which the levy is certified~~; or

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

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

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

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

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

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

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

(vii) specialized vocational instructional supplies.

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

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

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

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

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

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

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

EFFECTIVE DATE. This section is effective for aid payments for fiscal year 2014 and thereafter.

Sec. 4. Minnesota Statutes 2008, section 124D.59, subdivision 2, is amended to read:

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

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

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

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

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

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

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

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 5. Minnesota Statutes 2008, section 124D.65, subdivision 5, is amended to read:

Subd. 5. **School district LEP revenue.** (a) A district's limited English proficiency programs revenue equals the product of: (1) ~~$700 in fiscal year 2004 and later times~~ .2; (2) the basic formula allowance for that year; and (3) 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) 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 2014 and later.

Sec. 6. Minnesota Statutes 2008, section 125A.76, subdivision 5, is amended to read:

Subd. 5. **School district special education aid.** A school district's special education aid ~~for fiscal year 2008 and later~~ equals ~~the state total special education aid times the ratio of the district's~~ its initial special education aid ~~to the state total initial special education aid~~.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 7. Minnesota Statutes 2008, section 125A.79, subdivision 7, is amended to read:

Subd. 7. **District special education excess cost aid.** A district's special education excess cost aid ~~for fiscal year 2002 and later~~ equals ~~the state total special education excess cost aid times the ratio of the district's~~ its initial excess cost aid ~~to the state total initial excess cost aid~~.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 8. Minnesota Statutes 2008, section 126C.01, is amended by adding a subdivision to read:

Subd. 2a. **Adjusted net tax capacity equalizing factor.** The adjusted net tax capacity equalizing factor equals the quotient derived by dividing the total adjusted net tax capacity of all school districts in the state for the year before the year the levy is certified by the total number of adjusted pupil units in the state for the current school year.

EFFECTIVE DATE. This section is effective for taxes payable in 2013 and later.

Sec. 9. Minnesota Statutes 2008, section 126C.01, is amended by adding a subdivision to read:

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

EFFECTIVE DATE. This section is effective for taxes payable in 2013.

Sec. 10. Minnesota Statutes 2008, section 126C.01, is amended by adding a subdivision to read:

Subd. 5a. **Location equity index.** (a) A school district's location equity index equals each district's composite wage level divided by the statewide average wage for the same period. The composite wage level for a school district equals the sum of 50 percent of the district's county wage level and 50 percent of the district's economic development region composite wage level. The composite wage level is computed by using the most recent three-year weighted wage data.

(b) A school district's location equity index must not be less than .9 or greater than 1.05.

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

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 11. Minnesota Statutes 2008, section 126C.05, subdivision 1, is amended to read:

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

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

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

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

(d) A kindergarten pupil who is not included in paragraph (c) is counted as ~~.612~~ 1.0 pupil units.

(e) A pupil who is in any of grades 1 to 3 is counted as ~~1.115~~ 1.0 pupil units for fiscal year 2000 and thereafter.

(f) A pupil who is any of grades 4 to 6 is counted as ~~1.06~~ 1.0 pupil units for fiscal year 1995 and thereafter.

(g) A pupil who is in any of grades 7 to 12 is counted as ~~1.3~~ 1.0 pupil units.

(h) A pupil who is in the postsecondary enrollment options program is counted as ~~1.3~~ 1.0 pupil units.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 12. Minnesota Statutes 2008, section 126C.05, subdivision 3, is amended to read:

Subd. 3. **Compensation revenue pupil units.** Compensation revenue pupil units ~~for fiscal year 1998 and thereafter~~ must be computed according to this subdivision.

(a) The compensation revenue concentration percentage for each ~~building in a~~ district equals the product of 100 times the ratio of:

(1) ~~the sum of~~ the number of pupils enrolled in the ~~building~~ district eligible to receive free ~~lunch plus one-half of the pupils eligible to receive reduced priced~~ or reduced-price lunch on October 1 of the previous fiscal year; to

(2) the number of pupils enrolled in the ~~building~~ district on October 1 of the previous fiscal year.

(b) The compensation revenue pupil weighting factor ~~for a building~~ equals the ~~lesser of one or the quotient obtained by dividing the building's~~ compensation revenue concentration percentage ~~by 80.0~~.

(c) The compensation revenue pupil units for a ~~building~~ district equals the product of:

(1) ~~the sum of~~ the number of pupils enrolled in the ~~building~~ district eligible to receive free ~~lunch and one-half of the pupils eligible to receive reduced priced~~ or reduced-price lunch on October 1 of the previous fiscal year; times

(2) the compensation revenue pupil weighting factor for the ~~building; times~~

~~(3) .60~~ district.

(d) Notwithstanding paragraphs (a) to (c), for charter schools and contracted alternative programs in the first year of operation, compensation revenue pupil units shall be computed using data for the current fiscal year. If the charter school or contracted alternative program begins operation after October 1, compensatory revenue pupil units shall be computed based on pupils enrolled on an alternate date determined by the commissioner, and the compensation revenue pupil units shall be prorated based on the ratio of the number of days of student instruction to 170 days.

(e) The percentages in this subdivision must be based on the count of individual pupils and not on a building average or minimum.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 13. Minnesota Statutes 2008, section 126C.05, subdivision 5, is amended to read:

Subd. 5. **Adjusted pupil units.** ~~(a)~~ Adjusted pupil units for a district or charter school means the sum of:

(1) the number of pupil units served, according to subdivision 7, plus

(2) pupil units according to subdivision 1 for whom the district or charter school pays tuition under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, minus

(3) pupil units according to subdivision 1 for whom the district or charter school receives tuition under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65.

~~(b) Adjusted marginal cost pupil units means the greater of:~~

~~(1) the sum of .77 times the pupil units defined in paragraph (a) for the current school year and .23 times the pupil units defined in paragraph (a) for the previous school year; or~~

~~(2) the number of adjusted pupil units defined in paragraph (a) for the current school year.~~

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 14. Minnesota Statutes 2008, section 126C.05, subdivision 6, is amended to read:

Subd. 6. **Resident pupil units.** ~~(a)~~ Resident pupil units for a district means the number of pupil units according to subdivision 1 residing in the district.

~~(b) Resident marginal cost pupil units means the greater of:~~

~~(1) the sum of .77 times the pupil units defined in paragraph (a) for the current year and .23 times the pupil units defined in paragraph (a) for the previous school year; or~~

~~(2) the number of resident pupil units defined in paragraph (a) for the current school year.~~

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 15. Minnesota Statutes 2008, 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 pupils in average daily membership under this section. When the initial total average daily membership exceeds 1.2 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.

(c) For purposes of section 126C.10, subdivision 2a, only, a pupil's average daily membership is counted as 1.0 once a kindergarten or elementary pupil has received 960

hours of instruction during the school year and as 1.0 once a secondary student has received 1,050 hours of instruction during the school year.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 16. Minnesota Statutes 2008, section 126C.05, subdivision 16, is amended to read:

Subd. 16. **Free and reduced-price lunches.** The commissioner shall determine the number of children eligible to receive either a free or reduced-price lunch on October 1 each year. Children enrolled ~~in a building~~ on October 1 and determined to be eligible to receive free or reduced-price lunch by December 15 of that school year shall be counted as eligible on October 1 for purposes of subdivision 3. The commissioner may use federal definitions for these purposes and may adjust these definitions as appropriate. The commissioner may adopt reporting guidelines to assure accuracy of data counts and eligibility. Districts shall use any guidelines adopted by the commissioner.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 17. Minnesota Statutes 2008, section 126C.05, subdivision 17, is amended to read:

Subd. 17. **LEP pupil units.** (a) Limited English proficiency pupil units ~~for fiscal year 2004 and thereafter shall be determined according to this subdivision.~~

~~(b) The limited English proficiency concentration percentage for a district equals the product of 100 times the ratio of:~~

~~(1)~~ means the number of eligible pupils of limited English proficiency in average daily membership enrolled in the district during the current fiscal year~~; to~~.

~~(2) the number of pupils in average daily membership enrolled in the district.~~

~~(c) The limited English proficiency pupil units for each eligible pupil of limited English proficiency in average daily membership equals the lesser of one or the quotient obtained by dividing the limited English proficiency concentration percentage for the pupil's district of enrollment by 11.5.~~

~~(d)~~ (b) Limited English proficiency pupil units shall be counted by the district of enrollment.

~~(e)~~ (c) Notwithstanding paragraph ~~(d)~~ (b), for the purposes of this subdivision, pupils enrolled in a cooperative or intermediate school district shall be counted by the district of residence.

~~(f)~~ (d) For the purposes of this subdivision, the terms defined in section 124D.59 have the same meaning.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 18. **[126C.09] EDUCATION FUNDING FRAMEWORK.**

Subdivision 1. **Basic formula framework; general classroom funding.** The general classroom funding for each school district equals the sum of the district's general education basic revenue, extended time revenue, compensatory revenue, LEP revenue, referendum replacement revenue, and special education revenue.

Subd. 2. **District instructional services.** A school district's instructional services revenue equals the sum of its operating sparsity revenue, location equity revenue, and declining enrollment revenue.

Subd. 3. **District support services.** A school district's support services revenue equals the sum of its operating capital revenue, alternative facilities revenue, integration revenue, and transportation revenue.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 19. Minnesota Statutes 2008, section 126C.10, subdivision 1, is amended to read:

Subdivision 1. **General education revenue.** (a) For fiscal year 2006 ~~and later~~ through 2013, the general education revenue for each district equals the sum of the district's basic revenue, extended time revenue, gifted and talented revenue, basic skills revenue, training and experience revenue, secondary sparsity revenue, elementary sparsity revenue, transportation sparsity revenue, total operating capital revenue, equity revenue, alternative teacher compensation revenue, and transition revenue.

(b) For fiscal years 2014 and later, a school district's general education revenue equals the sum of its basic revenue, extended time revenue, declining enrollment revenue, basic skills revenue, location equity revenue, referendum replacement revenue, secondary sparsity revenue, elementary sparsity revenue, transportation revenue, and total operating capital revenue.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 20. Minnesota Statutes 2008, section 126C.10, subdivision 2, is amended to read:

Subd. 2. **Basic revenue.** (a) The basic revenue for each district equals the formula allowance times the adjusted ~~marginal cost~~ pupil units for the school year.

(b) The formula allowance for fiscal year 2007 is $4,974. The formula allowance for fiscal year 2008 is $5,074 and the formula allowance for fiscal year 2009 ~~and subsequent years~~ is $5,124.

(c) The formula allowance for fiscal year 2014 is $7,500. The formula allowance for fiscal year 2015 and later equals the formula allowance for the previous year times the sum of 1.0 and the greater of zero or the ratio of implicit price deflator, as defined in section 275.70, subdivision 2, for the most recent year to the implicit price deflator for the previous year.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 21. Minnesota Statutes 2008, 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 formula allowance for that year 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 according to section 126C.05, subdivision 8.

(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.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 22. Minnesota Statutes 2008, section 126C.10, is amended by adding a subdivision to read:

Subd. 2c. **Declining enrollment revenue.** A school district's declining enrollment revenue equals the greater of zero or the product of: (1) the basic formula allowance for that year; and (2) the difference between the mean average adjusted pupil units for the three preceding years and the adjusted pupil units for the current year.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 23. Minnesota Statutes 2008, section 126C.10, is amended by adding a subdivision to read:

Subd. 2d. **Location equity revenue.** A school district's location equity revenue equals the product of:

(1) .50;

(2) the basic formula allowance for that year;

(3) the district's adjusted pupil units for that year; and

(4) the district's location equity index minus .9.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 24. Minnesota Statutes 2008, section 126C.10, is amended by adding a subdivision to read:

Subd. 2e. **Referendum replacement revenue.** A school district's referendum replacement revenue equals $500 times the district's adjusted pupil units for that year.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 25. Minnesota Statutes 2008, section 126C.10, subdivision 3, is amended to read:

Subd. 3. **Compensatory education revenue.** (a) The compensatory education revenue for each ~~building in the~~ district equals the greater of: (1) $2,500 times the district's enrollment of students eligible for free or reduced-price meals under section 126C.05, subdivision 3, paragraph (a), clause (1); or (2) 40 percent of the formula allowance ~~minus $415~~ times the compensation revenue pupil units computed according to section 126C.05, subdivision 3. Revenue shall be paid to the district and must be allocated according to section 126C.15, subdivision 2.

(b) When the district contracting with an alternative program under section 124D.69 changes prior to the start of a school year, the compensatory revenue generated by pupils attending the program shall be paid to the district contracting with the alternative program for the current school year, and shall not be paid to the district contracting with the alternative program for the prior school year.

(c) When the fiscal agent district for an area learning center changes prior to the start of a school year, the compensatory revenue shall be paid to the fiscal agent district for the current school year, and shall not be paid to the fiscal agent district for the prior school year.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 26. Minnesota Statutes 2008, section 126C.10, subdivision 4, is amended to read:

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

(1) compensatory revenue under subdivision 3; plus

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

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

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 27. Minnesota Statutes 2008, section 126C.10, subdivision 6, is amended to read:

Subd. 6. **Definitions.** The definitions in this subdivision apply only to subdivisions 7 and 8.

(a) "High school" means a public secondary school, except a charter school under section 124D.10, that has pupils enrolled in at least the 10th, 11th, and 12th grades. If there is no high school in the district and the school is at least ~~19~~ 15 miles from the next nearest school, the commissioner must designate one school in the district as a high school for the purposes of this section.

(b) "Secondary average daily membership" means, for a district that has only one high school, the average daily membership of pupils served in grades 7 through 12. For a district that has more than one high school, "secondary average daily membership" for each high school means the product of the average daily membership of pupils served in grades 7 through 12 in the high school, times the ratio of six to the number of grades in the high school.

(c) "Attendance area" means the total surface area of the district, in square miles, divided by the number of high schools in the district. For a district that does not operate a high school and is less than ~~19~~ 15 miles from the nearest operating high school, the attendance area equals zero.

(d) "Isolation index" for a high school means the square root of 55 percent of the attendance area plus the distance in miles, according to the usually traveled routes, between the high school and the nearest high school. For a district in which there is located land defined in section 84A.01, 84A.20, or 84A.31, the distance in miles is the sum of:

(1) the square root of one-half of the attendance area; and

(2) the distance from the border of the district to the nearest high school.

(e) "Qualifying high school" means a high school that has an isolation index greater than 23 and that has secondary average daily membership of less than 400.

(f) "Qualifying elementary school" means a public elementary school, except a charter school under section 124D.10, that is located ~~19~~ 15 miles or more from the nearest elementary school or from the nearest elementary school within the district and, in either case, has an elementary average daily membership of an average of 20 or fewer per grade.

(g) "Elementary average daily membership" means, for a district that has only one elementary school, the average daily membership of pupils served in kindergarten through grade 6. For a district that has more than one elementary school, "average daily membership" for each school means the average daily membership of pupils served in kindergarten through grade 6 multiplied by the ratio of seven to the number of grades in the elementary school.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 28. Minnesota Statutes 2008, section 126C.10, subdivision 13, is amended to read:

Subd. 13. **Total operating capital and technology revenue.** (a) Total operating capital revenue for a district equals: (1) $50 times the adjusted pupil units for the school year for technology purposes; (2) for any district not participating in the alternative facilities program under section 123B.59, $600 times the adjusted pupil units for deferred maintenance and health and safety purposes under sections 123B.57 and 123B.59; (3) the amount determined under paragraph (b) or (c)~~, plus $73~~; and (4) $100 times the adjusted ~~marginal cost~~ pupil units for the school year. The revenue must be placed in a reserved account in the general fund and may only be used according to subdivision 14.

(b) Capital revenue for a district equals $100 times the district's maintenance cost index times its adjusted ~~marginal cost~~ pupil units for the school year.

(c) The revenue for a district that operates a program under section 124D.128, is increased by an amount equal to $30 times the number of ~~marginal cost~~ adjusted pupil units served at the site where the program is implemented.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 29. Minnesota Statutes 2008, section 126C.10, subdivision 14, is amended to read:

Subd. 14. **Uses of total operating capital revenue.** Technology revenue may only be used for purposes in clauses (18), (19), (21), (23), and (24). Total operating capital revenue may be used only for the following purposes:

(1) to acquire land for school purposes;

(2) to acquire or construct buildings for school purposes;

(3) to rent or lease buildings, including the costs of building repair or improvement that are part of a lease agreement;

(4) to improve and repair school sites and buildings, and equip or reequip school buildings with permanent attached fixtures, including library media centers;

(5) for a surplus school building that is used substantially for a public nonschool purpose;

(6) to eliminate barriers or increase access to school buildings by individuals with a disability;

(7) to bring school buildings into compliance with the State Fire Code adopted according to chapter 299F;

(8) to remove asbestos from school buildings, encapsulate asbestos, or make asbestos-related repairs;

(9) to clean up and dispose of polychlorinated biphenyls found in school buildings;

(10) to clean up, remove, dispose of, and make repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296A.01;

(11) for energy audits for school buildings and to modify buildings if the audit indicates the cost of the modification can be recovered within ten years;

(12) to improve buildings that are leased according to section 123B.51, subdivision 4;

(13) to pay special assessments levied against school property but not to pay assessments for service charges;

(14) to pay principal and interest on state loans for energy conservation according to section 216C.37 or loans made under the Douglas J. Johnson Economic Protection Trust Fund Act according to sections 298.292 to 298.298;

(15) to purchase or lease interactive telecommunications equipment;

(16) by board resolution, to transfer money into the debt redemption fund to: (i) pay the amounts needed to meet, when due, principal and interest payments on certain obligations issued according to chapter 475; or (ii) pay principal and interest on debt service loans or capital loans according to section 126C.70;

(17) to pay operating capital-related assessments of any entity formed under a cooperative agreement between two or more districts;

(18) to purchase or lease computers and related materials, copying machines, telecommunications equipment, and other noninstructional equipment;

(19) to purchase or lease assistive technology or equipment for instructional programs;

(20) to purchase textbooks;

(21) to purchase new and replacement library media resources or technology;

(22) to purchase vehicles;

(23) to purchase or lease telecommunications equipment, computers, and related equipment for integrated information management systems for:

(i) managing and reporting learner outcome information for all students under a results-oriented graduation rule;

(ii) managing student assessment, services, and achievement information required for students with individual education plans; and

(iii) other classroom information management needs; and

(24) to pay personnel costs directly related to the acquisition, operation, and maintenance of telecommunications systems, computers, related equipment, and network and applications software.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014.

Sec. 30. Minnesota Statutes 2008, 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.

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

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

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

(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 fiscal year 2014 and later.

Sec. 31. Minnesota Statutes 2008, section 126C.10, is amended by adding a subdivision to read:

Subd. 18a. **Transportation revenue.** (a) A school district's transportation revenue equals the sum of its transportation sparsity revenue, hazardous transportation revenue, and bus purchase revenue.

(b) A school district's transportation sparsity revenue equals its transportation sparsity allowance times its adjusted pupil units for that year.

(c) A school district's hazardous transportation aid equals the amount necessary to provide transportation services to students facing hazardous transportation conditions. A district's hazardous transportation aid must not exceed 20 percent of the district's total regular to and from school transportation costs for that year. For any year, a school district may receive aid under this paragraph only after the school board has considered the comprehensive plan for hazardous transportation submitted by the district's pupil transportation safety committee at a regularly scheduled meeting of the school board. The comprehensive plan may not be adopted until after the board has allowed the public reasonable time to testify on the plan.

(d) A school district's bus purchase revenue equals five percent of the district's spending on transportation services for the previous fiscal year.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 32. **[126C.115] INNOVATION REVENUE.**

(a) A school district must use its innovation revenue to implement evidence-based innovation premised on research-based curriculum and instruction and other education programs and practices, including best teaching practices, that are known to improve academic performance for diverse groups of students. If a school district demonstrates low growth and needs to improve students' current achievement and educational growth, as measured by a growth-based value-added system under section 120B.35, the school district must submit a plan to the commissioner, developed in consultation with interested parents, that describes how the district proposes to use its innovation revenue to supplement state reading requirements under section 120B.12, subdivision 1, and state math and science requirements under section 120B.023, subdivision 2, paragraphs (b) and (d), and improve student outcomes. The plan must:

(1) identify specific education goals, consistent with this section, and the indicators to demonstrate progress toward achieving those goals, which may include a value-added assessment model under sections 120B.35 and 120B.362;

(2) supplement current district initiatives that may transform district programs, practices, and processes sufficient to significantly improve student outcomes, which may include, among other initiatives, an organizational assessment and performance improvement process under section 120B.3625; and

(3) demonstrate how innovation revenue helps narrow and eliminate differences in student academic achievement in reading, math, and science based on student measures of mobility, attendance, race and ethnicity, gender, English language learner status, eligibility for free or reduced price lunch, and special education, among other outcomes.

(b) After transmitting its plan to the commissioner, a district must spend its innovation revenue effectively and efficiently, consistent with its plan. A school district that submits an innovation revenue plan under paragraph (a) must report annually by June 30 to the commissioner and post on the district's official Web site reliable and accessible information and supporting longitudinal data showing the amount of progress the district made in the immediately preceding school year and previous school years in realizing its innovation revenue goals. The commissioner must analyze the data from the annual district reports and post the analysis on the department's official Web site.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 33. Minnesota Statutes 2008, section 126C.13, subdivision 4, is amended to read:

Subd. 4. **General education aid.** ~~For fiscal years 2007 and later,~~ A district's general education aid ~~is the sum of the following amounts~~ equals its:

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

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

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

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

~~(5) transition aid under section 126C.10, subdivision 33~~ for that year;

~~(6)~~ (2) shared time aid under section 126C.01, subdivision 7;

~~(7)~~ (3) referendum aid under section 126C.17, subdivisions 7 and 7a; and

~~(8)~~ (4) online learning aid according to section 124D.096.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 34. Minnesota Statutes 2008, section 126C.13, subdivision 5, is amended to read:

Subd. 5. **Uses of revenue.** ~~Except as provided in sections 126C.10, subdivision 14; 126C.12; and 126C.15,~~ (a) General education revenue may be used during the regular school year and the summer for general and special school purposes and for prekindergarten programs except as limited by paragraph (b).

(b) General education revenue set-asides include:

(1) 1.0 percent of basic revenue must be used only for gifted and talented activities consistent with section 120B.15;

(2) 5.0 percent of basic revenue must be used only to implement a district's innovative revenue program activities under section 126C.115;

(3) basic skills revenue must be used according to section 126C.15; and

(4) operating capital revenue must be spent according to section 126C.10, subdivision 14.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 35. Minnesota Statutes 2008, section 126C.17, subdivision 1, is amended to read:

Subdivision 1. **Referendum allowance.** ~~(a) For fiscal year 2003 and later, a district's initial referendum revenue allowance equals the sum of the allowance under section 126C.16, subdivision 2, plus any additional allowance per resident marginal cost pupil unit authorized under subdivision 9 before May 1, 2001, for fiscal year 2002 and later, plus the referendum conversion allowance approved under subdivision 13, minus $415. For districts with more than one referendum authority, the reduction must be computed separately for each authority. The reduction must be applied first to the referendum conversion allowance and next to the authority with the earliest expiration date. A district's initial referendum revenue allowance may not be less than zero.~~

~~(b) For fiscal year 2003, a district's referendum revenue allowance equals the initial referendum allowance plus any additional allowance per resident marginal cost pupil unit authorized under subdivision 9 between April 30, 2001, and December 30, 2001, for fiscal year 2003 and later.~~

~~(c) For fiscal year 2004 and later,~~ A district's referendum revenue allowance equals the sum of:

(1) the ~~product of (i) the ratio of the resident marginal cost pupil units the district would have counted for fiscal year 2004 under Minnesota Statutes 2002, section 126C.05, to the district's resident marginal cost pupil units for fiscal year 2004, times (ii) the~~ greater of zero or the district's initial referendum allowance ~~plus any additional allowance per resident marginal cost pupil unit authorized under subdivision 9 between April 30, 2001, and May 30, 2003,~~ for fiscal year ~~2003 and later~~ 2014 less $500, plus

(2) any additional allowance per resident ~~marginal cost~~ pupil unit authorized under subdivision 9 after May 30, ~~2003~~ 2012, for fiscal year ~~2005~~ 2014 and later.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 36. Minnesota Statutes 2008, section 126C.17, subdivision 5, is amended to read:

Subd. 5. **Referendum equalization revenue.** (a) ~~For fiscal year 2003 and later,~~ A district's referendum equalization revenue equals the sum of the first tier referendum equalization revenue and the second tier referendum equalization revenue.

~~(b) A district's first tier referendum equalization revenue equals the district's first tier referendum equalization allowance times the district's resident marginal cost pupil units for that year.~~

~~(c) For fiscal year 2006, a district's first tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or $500. For fiscal year 2007, a district's first tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or $600.~~

~~For fiscal year 2008 and later,~~ (b) A district's first tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or $700.

~~(d)~~ (c) A district's second tier referendum equalization revenue equals the district's second tier referendum equalization allowance times the district's resident marginal cost pupil units for that year.

~~(e) For fiscal year 2006, a district's second tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or 18.6 percent of the formula allowance, minus the district's first tier referendum equalization allowance.~~ ~~For fiscal year 2007 and later,~~ (d) A district's second tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or 26 percent of the formula allowance, minus the district's first tier referendum equalization allowance.

~~(f)~~ (e) Notwithstanding paragraph ~~(c)~~ (d), the second tier referendum allowance for a district qualifying for secondary sparsity revenue under section 126C.10, subdivision 7, or elementary sparsity revenue under section 126C.10, subdivision 8, equals the district's referendum allowance under subdivision 1 minus the district's first tier referendum equalization allowance.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014.

Sec. 37. Minnesota Statutes 2008, section 126C.17, subdivision 6, is amended to read:

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

(b) A district's first tier referendum equalization levy equals the district's first tier referendum equalization revenue times the lesser of one or the ratio of the district's referendum market value per resident marginal cost pupil unit to ~~$476,000~~ 100 percent of the statewide referendum market value equalizing factor.

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

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014.

Sec. 38. Minnesota Statutes 2008, section 126C.20, is amended to read:

126C.20 ANNUAL GENERAL EDUCATION AID APPROPRIATION.

There is annually appropriated from the general fund to the department the ~~amount~~ amounts necessary for: (1) general education aid; (2) special education aid; (3) debt service aid; and (4) the school bond agricultural credit. ~~This amount~~ These amounts must be reduced by the amount of any money specifically appropriated for the same purpose in any year from any state fund.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 39. Minnesota Statutes 2008, section 126C.40, subdivision 1, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

(h) A school district that is a member of an intermediate school district may include in its authority under this section the costs associated with leases of administrative and classroom space for intermediate school district programs. This authority must not exceed ~~$43~~ $50 times the adjusted marginal cost pupil units of the member districts. This authority is in addition to any other authority authorized under this section.

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

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 40. Minnesota Statutes 2008, section 127A.51, is amended to read:

127A.51 STATEWIDE AVERAGE REVENUE.

By October 1 of each year the commissioner must estimate the statewide average adjusted general revenue per adjusted marginal cost pupil unit and the disparity in adjusted general revenue among pupils and districts by computing the ratio of the 95th percentile to the fifth percentile of adjusted general revenue. The commissioner must provide that information to all districts.

If the disparity in adjusted general revenue as measured by the ratio of the 95th percentile to the fifth percentile increases in any year, the commissioner shall recommend to the legislature options for change in the general education formula that will limit the disparity in adjusted general revenue to no more than the disparity for the previous school year. The commissioner must submit the recommended options to the education committees of the legislature by January 15.

For purposes of this section and section 126C.10, adjusted general revenue means:

(1) for fiscal year 2002, the sum of basic revenue under section 126C.10, subdivision 2; supplemental revenue under section 126C.10, subdivisions 9 and 12; transition revenue under section 126C.10, subdivision 20; referendum revenue under section 126C.17; and equity revenue under section 126C.10, subdivisions 24a and 24b; ~~and~~

(2) for fiscal year 2003 ~~and later~~ through 2013, the sum of basic revenue under section 126C.10, subdivision 2; referendum revenue under section 126C.17; and equity revenue under section 126C.10, subdivisions 24a and 24b~~.~~; and

(3) for fiscal year 2014 and later, the sum of basic revenue under section 126C.10, subdivision 2, and referendum revenue under section 126C.17.

EFFECTIVE DATE. This section is effective for fiscal year 2014 and later.

Sec. 41. **PHASE-IN.**

Subdivision 1. **Baseline revenue.** A school district's baseline revenue equals the revenue amounts for the aid appropriations calculated under Minnesota Statutes, section 126C.20, calculated using the current year's data and the revenue formulas in place in Minnesota Statutes 2008.

Subd. 2. **New revenue.** A school district's new revenue equals the revenue amounts for the aid appropriations calculated under Minnesota Statutes, section 126C.20, calculated using the current year's data and the revenue formulas in place under this act.

Subd. 3. **Phase-in schedule.** A school district's revenue amounts for the revenue formulas listed in subdivisions 1 and 2 equals the district's baseline revenue plus the percent of the difference specified in subdivision 6 multiplied by the number of years of the phase in specified in subdivision 7.

Subd. 4. **Aid.** A school district's aid entitlement for the formulas listed under this act equals the district's baseline aid plus the phase-in percentage times the new aid amounts calculated under this act.

Subd. 5. **Levy.** A school district levy for the formulas listed in this act equals the levy for the same formulas calculated under Minnesota Statutes 2008, and the phase-in percentage times the new revenue amounts for the levy calculated under this act.

Subd. 6. **Percentage.** The phase-in percentage equals 25 percent.

Subd. 7. **Years of phase-in.** The new revenue under this section is phased in over four years.

EFFECTIVE DATE. This section is effective July 1, 2013.

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

In the year 2014 and subsequent editions of Minnesota Statutes, the revisor of statutes shall change all references to "adjusted marginal cost pupil units" to "adjusted pupil units" and all references to "resident marginal cost pupil units" to "resident pupil units."

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 43. **REPEALER.**

Minnesota Statutes 2008, sections 123B.54; 123B.57, subdivisions 3, 4, and 5; 123B.591; 125A.76, subdivision 4; 125A.79, subdivision 6; 126C.10, subdivisions 2b, 13a, 13b, 24, 25, 26, 27, 28, 29, 30, 31, 31a, 31b, 32, 33, 34, 35, and 36; 126C.12; 126C.126; and 127A.50, are repealed.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014.

ARTICLE 10
FORECAST ADJUSTMENTS

Section 1. Laws 2007, chapter 146, article 1, section 24, subdivision 2, as amended by Laws 2008, chapter 363, article 3, section 1, is amended to read:

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

$ 5,600,647,000 2008

$ ~~5,649,098,000~~ 5,644,263,000 2009

The 2008 appropriation includes $536,251,000 for 2007 and $5,064,396,000 for 2008.

The 2009 appropriation includes ~~$543,752,000~~ $533,760,000 for 2008 and ~~$5,105,346,000~~ $5,110,503,000 for 2009.

Sec. 2. Laws 2007, chapter 146, article 1, section 24, subdivision 6, as amended by Laws 2008, chapter 363, article 3, section 5, is amended to read:

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

$ 240,000 2008

$ ~~339,000~~ 21,000 2009

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

The 2009 appropriation includes $21,000 for 2008 and ~~$318,000~~ $0 for 2009.

Sec. 3. Laws 2007, chapter 146, article 1, section 24, subdivision 8, as amended by Laws 2008, chapter 363, article 3, section 7, is amended to read:

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

$ 20,755,000 2008

$ ~~21,007,000~~ 20,739,000 2009

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

The 2009 appropriation includes ~~$2,070,000~~ $2,037,000 for 2008 and ~~$18,937,000~~ $18,702,000 for 2009.

Sec. 4. Laws 2007, chapter 146, article 2, section 46, subdivision 6, as amended by Laws 2008, chapter 363, article 3, section 11, is amended to read:

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

$ 9,901,000 2008

$ ~~11,881,000~~ 11,947,000 2009

Sec. 5. Laws 2007, chapter 146, article 3, section 24, subdivision 4, as amended by Laws 2008, chapter 363, article 3, section 14, is amended to read:

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

$ 207,000 2008

$ ~~227,000~~ 237,000 2009

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

The 2009 appropriation includes ~~$20,000~~ $21,000 for 2008 and ~~$207,000~~ $216,000 for 2009.

Sec. 6. Laws 2007, chapter 146, article 4, section 16, subdivision 2, as amended by Laws 2008, chapter 363, article 3, section 15, is amended to read:

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

$ 254,000 2008

$ ~~103,000~~ 119,000 2009

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

The 2009 appropriation includes ~~$26,000~~ $23,000 for 2008 and ~~$77,000~~ $96,000 for 2009.

Sec. 7. Laws 2007, chapter 146, article 4, section 16, subdivision 6, as amended by Laws 2008, chapter 363, article 3, section 17, is amended to read:

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

$ 3,232,000 2008

$ ~~2,627,000~~ 2009
2,720,000

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

The 2009 appropriation includes ~~$359,000~~ $371,000 for 2008 and ~~$2,268,000~~ $2,349,000 for 2009.

Sec. 8. Laws 2007, chapter 146, article 5, section 13, subdivision 2, as amended by Laws 2008, chapter 363, article 3, section 19, is amended to read:

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

$ 12,094,000 2008

$ ~~12,394,000~~ 2009
12,298,000

Sec. 9. Laws 2007, chapter 146, article 5, section 13, subdivision 3, as amended by Laws 2008, chapter 363, article 2, section 40, is amended to read:

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

$ 5,583,000 2008

$ 6,396,000 2009

The 2009 appropriation includes $4,825,000 for traditional school breakfast and $1,076,000 for kindergarten milk.

Sec. 10. Laws 2007, chapter 146, article 9, section 17, subdivision 2, as amended by Laws 2008, chapter 363, article 3, section 21, is amended to read:

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

$ 21,092,000 2008

$ ~~29,324,000~~ 2009
29,326,000

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

The 2009 appropriation includes $2,144,000 for 2008 and ~~$27,180,000~~ $27,182,000 for 2009.

Sec. 11. Laws 2007, chapter 146, article 9, section 17, subdivision 13, as amended by Laws 2008, chapter 363, article 3, section 25, is amended to read:

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

$ 40,344,000 2008

$ ~~41,712,000~~ 2009
41,749,000

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

The 2009 appropriation includes $4,065,000 for 2008 and ~~$37,647,000~~ $37,684,000 for 2009.

ARTICLE 11
TECHNICAL CORRECTIONS

Section 1. Minnesota Statutes 2008, section 120A.22, subdivision 7, is amended to read:

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

(b) A closed charter school must transfer the student's educational records, within ten business days of the school's closure, to the student's school district of residence where the records must be retained unless the records are otherwise transferred under this subdivision.

(c) A school district, a charter school, or a nonpublic school that receives services or aid under sections 123B.40 to 123B.48 that transmits a student's educational records

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

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

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

Sec. 2. Minnesota Statutes 2008, section 126C.10, subdivision 24, is amended to read:

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

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

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

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

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

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

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

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

(g) A district that does not qualify for revenue under paragraph (f) qualifies for equity revenue equal to $46 times its adjusted marginal cost pupil units.

APPENDIX
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