A bill for an act

relating to education; requiring a school district or charter school to spend at least 70 percent of its total general operating expenditures on direct classroom expenditures; proposing coding for new law in Minnesota Statutes, chapter 123B.

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

Section 1. **[123B.748] DIRECT CLASSROOM EXPENDITURES.**

Subdivision 1. **Definitions.** (a) "Direct classroom expenditures" means instructional expenditures as defined in the uniform financial accounting and reporting standards, excluding tuition payments to other Minnesota school districts, capital expenditures, and expenditures for athletics, other cocurricular activities, and extracurricular activities.

(b) "Total K-12 general operating expenditures" means the total expenditures in the general fund for kindergarten through grade 12, as defined in the uniform financial accounting and reporting standards, excluding tuition payments to other Minnesota school districts, pupil transportation expenditures, and capital expenditures.

Subd. 2. **Expected expenditure level.** A school district or charter school must spend at least 70 percent of its total K-12 general operating expenditures on direct classroom expenditures. If the direct classroom expenditures of a school district or charter school in fiscal year 2012 or later are less than 70 percent of its total K-12 general operating expenditures, the district or charter school must submit a plan to the commissioner to reach the 70 percent threshold within a three-year period.

Subd. 3. **Superintendent verification.** A superintendent or person having administrative control of a charter school must include in the audited financial statements submitted to the commissioner under section 123B.77 a letter signed by the superintendent or person having administrative control of a charter school certifying the percentage of

total K-12 general operating expenditures of the district or charter school that were spent on direct classroom expenditures for that school year.

Subd. 4. **Waiver.** A school district or charter school that is unable to meet the expenditure standards established under subdivision 2 may apply to the commissioner for a waiver. The waiver request must list the reasons why the direct classroom expenditures of the district or charter school cannot meet the requirements of subdivision 2 and describe the changes the district or charter school intends to make in the subsequent three years in order to approach the direct classroom instruction requirements. The commissioner must grant or deny a waiver request within 60 days of receiving the request.

Subd. 5. **Exemption.** A district in statutory operating debt that has an approved plan or has received an extension from the department to file a plan to eliminate the statutory operating debt is exempt from the requirements of subdivision 2.

EFFECTIVE DATE. This section is effective July 1, 2011, for the 2011-2012 school year and later.