

A bill for an act

relating to education; providing for policy and funding for kindergarten through grade 12 education including general education, education excellence, special programs, facilities and technology, accounting, state agencies, pupil transportation, education finance reform and forecast adjustments; authorizing rulemaking; requiring reports; appropriating money; amending Minnesota Statutes 2008, sections 3.303, by adding a subdivision; 11A.16, subdivision 5; 16A.125, subdivision 5; 120A.41; 120B.021, subdivision 1; 120B.07; 120B.15; 122A.16; 122A.18, subdivisions 1, 2; 122A.23, subdivision 2; 123B.12; 123B.147, subdivision 3; 123B.53, subdivision 5; 123B.57, as amended; 123B.63, subdivision 3; 123B.75, subdivision 5, by adding a subdivision; 123B.88, subdivision 13; 123B.90, subdivision 3; 123B.92, subdivision 5; 124D.09, subdivision 20; 124D.4531, as amended; 124D.59, subdivision 2; 124D.65, subdivision 5; 125A.03; 125A.21, subdivisions 2, 3, 5, 7; 125A.515, by adding a subdivision; 125A.69, subdivision 1; 125A.76, subdivision 5; 125A.79, subdivisions 1, 7; 126C.01, by adding subdivisions; 126C.05, subdivisions 1, 3, 5, 6, 8, 16, 17; 126C.10, subdivisions 1, 2, 2a, 3, 4, 6, 13, 13a, 14, 18, by adding subdivisions; 126C.126; 126C.13, subdivisions 4, 5; 126C.17, subdivisions 1, 5, 6, by adding a subdivision; 126C.20; 126C.40, subdivision 1; 126C.54; 127A.30, subdivision 2; 127A.42, subdivision 2; 127A.43; 127A.441; 127A.45, subdivisions 2, 3, 13, by adding subdivisions; 127A.51; 157.15, by adding a subdivision; 169.447, subdivision 2a; 171.321, subdivision 2; Minnesota Statutes 2009 Supplement, sections 16A.152, subdivision 2, as amended; 120B.023, subdivision 2; 120B.30, subdivisions 1, 1a, 3, 4, by adding a subdivision; 120B.35, subdivision 3; 120B.36, subdivision 1; 122A.09, subdivision 4; 122A.40, subdivision 8; 122A.41, subdivision 5; 123B.143, subdivision 1; 123B.54; 123B.92, subdivision 1; 124D.10, subdivisions 3, 4, 4a, 6a, 11, 23; 125A.02, subdivision 1; 125A.091, subdivision 7; 125A.63, subdivisions 2, 4, 5; 126C.41, subdivision 2; 126C.44; 157.16, subdivision 3; 171.02, subdivision 2b; 256B.0625, subdivision 26; Laws 2009, chapter 79, article 5, section 60; Laws 2009, chapter 96, article 2, sections 64; 67, subdivisions 14, 17; article 4, section 12, subdivision 3; article 5, section 13, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 120B; 121A; 122A; 123A; 123B; 124D; 125A; 126C; repealing Minnesota Statutes 2008, sections 122A.24; 123B.54; 123B.57, subdivisions 3, 4, 5; 123B.591; 125A.54; 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.46; 127A.50.

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

ARTICLE 1

GENERAL EDUCATION

Section 1. Minnesota Statutes 2008, section 11A.16, subdivision 5, is amended to read:

Subd. 5. **Calculation of income.** As of the end of each fiscal year, the state board shall calculate the investment income earned by the permanent school fund. The investment income earned by the fund shall equal the amount of interest on debt securities ~~and~~₂ dividends on equity securities, and interest earned on certified monthly earnings prior to the transfer to the Department of Education. Gains and losses arising from the sale of securities shall be apportioned as follows:

(a) If the sale of securities results in a net gain during a fiscal year, the gain shall be apportioned in equal installments over the next ten fiscal years to offset net losses in those years. If any portion of an installment is not needed to recover subsequent losses identified in paragraph (b) it shall be added to the principal of the fund.

(b) If the sale of securities results in a net loss during a fiscal year, the net loss shall be recovered first from the gains in paragraph (a) apportioned to that fiscal year. If these gains are insufficient, any remaining net loss shall be recovered from interest and dividend income in equal installments over the following ten fiscal years.

Sec. 2. Minnesota Statutes 2008, section 120B.07, is amended to read:

120B.07 EARLY GRADUATION.

(a) Notwithstanding any law to the contrary, any secondary school student who has completed all required courses or standards may, with the approval of the student, the student's parent or guardian, and local school officials, graduate before the completion of the school year.

(b) General education revenue attributable to the student must be paid as though the student was in attendance for the entire year unless the student participates in the early graduation achievement scholarship program under section 120B.08.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 3. **[120B.08] EARLY GRADUATION ACHIEVEMENT SCHOLARSHIP PROGRAM.**

Subdivision 1. **Participation.** A student who qualifies for early graduation under section 120B.07 is eligible to participate in the early graduation achievement scholarship program.

3.1 Subd. 2. **Scholarship amounts.** A student who participates in the early graduation
3.2 achievement scholarship program is eligible for a scholarship of \$2,500 if the student
3.3 qualifies for graduation one semester early, \$5,000 if the student qualifies for graduation
3.4 two semesters early, or \$7,500 if the student qualifies for graduation three or more
3.5 semesters early.

3.6 Subd. 3. **Scholarship uses.** An early graduation achievement scholarship may be
3.7 used at any accredited institution of higher education.

3.8 Subd. 4. **Application.** A qualifying student may apply to the commissioner of
3.9 education for an early graduation achievement scholarship. The application must be in
3.10 the form and manner specified by the commissioner. Upon verification of the qualifying
3.11 student's course completion necessary for graduation, the department must issue the
3.12 student a certificate showing the student's scholarship amount.

3.13 Subd. 5. **Enrollment verification.** A student who qualifies under this section
3.14 and enrolls in an accredited higher education institution must submit a form to the
3.15 commissioner verifying the student's enrollment in the higher education institution and the
3.16 tuition charges for that semester. Within 15 days of receipt of a student's enrollment and
3.17 tuition verification form, the commissioner must issue a scholarship check to the student in
3.18 the lesser of the tuition amount for that semester or the maximum amount of the student's
3.19 early graduation achievement scholarship. A student may continue to submit enrollment
3.20 verification forms to the commissioner until the student has used the full amount of the
3.21 student's graduation achievement scholarship.

3.22 Subd. 6. **General education money transferred.** The commissioner must transfer
3.23 the amounts necessary to fund the early graduation achievement scholarships from the
3.24 general education aid appropriation for that year.

3.25 **EFFECTIVE DATE.** This section is effective for fiscal years 2011 and later.

3.26 Sec. 4. Minnesota Statutes 2008, section 123B.63, subdivision 3, is amended to read:

3.27 Subd. 3. **Capital project levy referendum.** (a) A district may levy the local tax
3.28 rate approved by a majority of the electors voting on the question to provide funds for
3.29 an approved project. The election must take place no more than five years before the
3.30 estimated date of commencement of the project. The referendum must be held on a date
3.31 set by the board. A referendum for a project not receiving a positive review and comment
3.32 by the commissioner under section 123B.71 must be approved by at least 60 percent of
3.33 the voters at the election.

3.34 (b) The referendum may be called by the school board and may be held:

4.1 (1) separately, before an election for the issuance of obligations for the project
4.2 under chapter 475; or

4.3 (2) in conjunction with an election for the issuance of obligations for the project
4.4 under chapter 475; or

4.5 (3) notwithstanding section 475.59, as a conjunctive question authorizing both the
4.6 capital project levy and the issuance of obligations for the project under chapter 475. Any
4.7 obligations authorized for a project may be issued within five years of the date of the
4.8 election.

4.9 (c) The ballot must provide a general description of the proposed project, state the
4.10 estimated total cost of the project, state whether the project has received a positive or
4.11 negative review and comment from the commissioner, state the maximum amount of the
4.12 capital project levy as a percentage of net tax capacity, state the amount that will be raised
4.13 by that local tax rate in the first year it is to be levied, and state the maximum number of
4.14 years that the levy authorization will apply.

4.15 The ballot must contain a textual portion with the information required in this
4.16 section and a question stating substantially the following:

4.17 "Shall the capital project levy proposed by the board of School District
4.18 No. be approved?"

4.19 If approved, the amount provided by the approved local tax rate applied to the net
4.20 tax capacity for the year preceding the year the levy is certified may be certified for the
4.21 number of years, not to exceed ten, approved.

4.22 (d) If the authority for an existing project is expiring and the district is proposing
4.23 a new project at the same maximum tax rate, the general description on the ballot may
4.24 state that the capital project levy is being renewed and that the tax rate is not being
4.25 increased from the previous year's rate and the notice required under section 276.60, may
4.26 be modified to read: "BY VOTING YES ON THIS BALLOT QUESTION, YOU ARE
4.27 VOTING TO EXTEND THE AUTHORITY FOR AN EXPIRING CAPITAL PROJECT
4.28 AT THE SAME TAX RATE."

4.29 (e) In the event a conjunctive question proposes to authorize both the capital project
4.30 levy and the issuance of obligations for the project, appropriate language authorizing the
4.31 issuance of obligations must also be included in the question.

4.32 (f) The district must notify the commissioner of the results of the referendum.

4.33 **EFFECTIVE DATE.** This section is effective for referenda conducted on or after
4.34 July 1, 2010.

4.35 Sec. 5. Minnesota Statutes 2008, section 124D.09, subdivision 20, is amended to read:

5.1 Subd. 20. **Textbooks; materials.** All textbooks and equipment provided to a pupil,
5.2 and paid for under subdivision 13, are the property of the pupil's postsecondary institution.
5.3 Each pupil is required to return all textbooks and equipment to the postsecondary
5.4 institution after the course has ended. The postsecondary institution may bill the pupil for
5.5 any textbooks and equipment that are not promptly returned by the student.

5.6 **EFFECTIVE DATE.** This section is effective July 1, 2010.

5.7 Sec. 6. Minnesota Statutes 2008, section 125A.79, subdivision 1, is amended to read:

5.8 Subdivision 1. **Definitions.** For the purposes of this section, the definitions in this
5.9 subdivision apply.

5.10 (a) "Unreimbursed special education cost" means the sum of the following:

5.11 (1) expenditures for teachers' salaries, contracted services, supplies, equipment, and
5.12 transportation services eligible for revenue under section 125A.76; plus

5.13 (2) expenditures for tuition bills received under sections 125A.03 to 125A.24 and
5.14 125A.65 for services eligible for revenue under section 125A.76, subdivision 2; minus

5.15 (3) revenue for teachers' salaries, contracted services, supplies, equipment, and
5.16 transportation services under section 125A.76; minus

5.17 (4) tuition receipts under sections 125A.03 to 125A.24 and 125A.65 for services
5.18 eligible for revenue under section 125A.76, subdivision 2.

5.19 (b) "General revenue" for a school district means the sum of the general education
5.20 revenue according to section 126C.10, subdivision 1, excluding alternative teacher
5.21 compensation revenue, ~~plus the total qualifying referendum revenue specified in paragraph~~
5.22 ~~(e)~~ minus transportation sparsity revenue minus total operating capital revenue. "General
5.23 revenue" for a charter school means the sum of the general education revenue according to
5.24 section 124D.11, subdivision 1, and transportation revenue according to section 124D.11,
5.25 subdivision 2, excluding alternative teacher compensation revenue, minus referendum
5.26 equalization aid minus transportation sparsity revenue minus operating capital revenue.

5.27 (c) "Average daily membership" has the meaning given it in section 126C.05.

5.28 (d) "Program growth factor" means 1.02 for fiscal year 2012 and later.

5.29 ~~(e) "Total qualifying referendum revenue" means two-thirds of the district's total~~
5.30 ~~referendum revenue as adjusted according to section 127A.47, subdivision 7, paragraphs~~
5.31 ~~(a) to (c), for fiscal year 2006, one-third of the district's total referendum revenue for fiscal~~
5.32 ~~year 2007, and none of the district's total referendum revenue for fiscal year 2008 and later.~~

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

6.1 Sec. 7. Minnesota Statutes 2008, section 126C.10, subdivision 2a, is amended to read:

6.2 Subd. 2a. **Extended time revenue.** (a) A school district's extended time revenue
6.3 is equal to the product of ~~\$4,601~~ (1) the formula allowance for that year minus \$523,
6.4 and (2) the sum of the adjusted marginal cost pupil units of the district for each pupil in
6.5 average daily membership in excess of 1.0 and less than 1.2 according to section 126C.05,
6.6 subdivision 8, if the district has extended time average daily membership in the current
6.7 year.

6.8 (b) A school district's extended time revenue may be used for extended day
6.9 programs, extended week programs, summer school, and other programming authorized
6.10 under the learning year program.

6.11 **EFFECTIVE DATE.** This section is effective for revenue for fiscal years 2011
6.12 and later.

6.13 Sec. 8. Minnesota Statutes 2008, section 126C.10, subdivision 13a, is amended to read:

6.14 Subd. 13a. **Operating capital levy.** To obtain operating capital revenue ~~for fiscal~~
6.15 ~~year 2007 and later,~~ a district may levy an amount not more than the product of its
6.16 operating capital revenue for the fiscal year times the lesser of one or the ratio of its
6.17 adjusted net tax capacity per adjusted marginal cost pupil unit to the operating capital
6.18 equalizing factor. The operating capital equalizing factor equals ~~\$22,222 for fiscal year~~
6.19 ~~2006, and \$10,700 for fiscal year~~ years 2007 through 2011, \$10,915 for fiscal year 2012,
6.20 and \$11,029 for fiscal years 2013 and later.

6.21 **EFFECTIVE DATE.** This section is effective for fiscal years 2012 and later.

6.22 Sec. 9. Minnesota Statutes 2008, section 126C.10, subdivision 14, is amended to read:

6.23 Subd. 14. **Uses of total operating capital revenue.** Total operating capital revenue
6.24 may be used only for the following purposes:

6.25 (1) to acquire land for school purposes;

6.26 (2) to acquire or construct buildings for school purposes;

6.27 (3) to rent or lease buildings, including the costs of building repair or improvement
6.28 that are part of a lease agreement;

6.29 (4) to improve and repair school sites and buildings, and equip or reequip school
6.30 buildings with permanent attached fixtures, including library media centers;

6.31 (5) for a surplus school building that is used substantially for a public nonschool
6.32 purpose;

- 7.1 (6) to eliminate barriers or increase access to school buildings by individuals with a
7.2 disability;
- 7.3 (7) to bring school buildings into compliance with the State Fire Code adopted
7.4 according to chapter 299F;
- 7.5 (8) to remove asbestos from school buildings, encapsulate asbestos, or make
7.6 asbestos-related repairs;
- 7.7 (9) to clean up and dispose of polychlorinated biphenyls found in school buildings;
- 7.8 (10) to clean up, remove, dispose of, and make repairs related to storing heating fuel
7.9 or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined
7.10 in section 296A.01;
- 7.11 (11) for energy audits for school buildings and to modify buildings if the audit
7.12 indicates the cost of the modification can be recovered within ten years;
- 7.13 (12) to improve buildings that are leased according to section 123B.51, subdivision 4;
- 7.14 (13) to pay special assessments levied against school property but not to pay
7.15 assessments for service charges;
- 7.16 (14) to pay principal and interest on state loans for energy conservation according to
7.17 section 216C.37 or loans made under the Douglas J. Johnson Economic Protection Trust
7.18 Fund Act according to sections 298.292 to 298.298;
- 7.19 (15) to purchase or lease interactive telecommunications equipment;
- 7.20 (16) by board resolution, to transfer money into the debt redemption fund to: (i)
7.21 pay the amounts needed to meet, when due, principal and interest payments on certain
7.22 obligations issued according to chapter 475; or (ii) pay principal and interest on debt
7.23 service loans or capital loans according to section 126C.70;
- 7.24 (17) to pay operating capital-related assessments of any entity formed under a
7.25 cooperative agreement between two or more districts;
- 7.26 (18) to purchase or lease computers and related materials, copying machines,
7.27 telecommunications equipment, and other noninstructional equipment;
- 7.28 (19) to purchase or lease assistive technology or equipment for instructional
7.29 programs;
- 7.30 (20) to purchase textbooks;
- 7.31 (21) to purchase new and replacement library media resources or technology;
- 7.32 (22) to purchase vehicles;
- 7.33 (23) to purchase or lease telecommunications equipment, computers, and related
7.34 equipment for integrated information management systems for:
- 7.35 (i) managing and reporting learner outcome information for all students under a
7.36 results-oriented graduation rule;

- 8.1 (ii) managing student assessment, services, and achievement information required
8.2 for students with individual education plans; and
8.3 (iii) other classroom information management needs; ~~and~~
8.4 (24) to pay personnel costs directly related to the acquisition, operation, and
8.5 maintenance of telecommunications systems, computers, related equipment, and network
8.6 and applications software; and
8.7 (25) to pay the costs directly associated with closing a school facility, including
8.8 moving and storage costs.

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

8.10 Sec. 10. Minnesota Statutes 2008, section 126C.126, is amended to read:

8.11 **126C.126 REALLOCATING GENERAL EDUCATION REVENUE FOR**
8.12 **ALL-DAY KINDERGARTEN AND PREKINDERGARTEN.**

8.13 (a) In order to provide additional revenue for an optional all-day kindergarten
8.14 program, a district may reallocate general education revenue attributable to 12th grade
8.15 students who have graduated early under section 120B.07 and who do not participate in
8.16 the early graduation achievement scholarship program under section 120B.08.

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

8.19 **EFFECTIVE DATE.** This section is effective for fiscal years 2011 and later.

8.20 Sec. 11. Minnesota Statutes 2008, section 126C.17, is amended by adding a subdivision
8.21 to read:

8.22 **Subd. 9a. Renewal by school board.** Notwithstanding the election requirements of
8.23 subdivision 9, a school board may renew an expiring referendum by board action if:

8.24 (1) the per pupil amount of the referendum is the same as the amount expiring;

8.25 (2) the term of the renewed referendum is no longer than the initial term approved
8.26 by the voters; and

8.27 (3) the school board has adopted a written resolution authorizing the renewal after
8.28 holding a meeting and allowing public testimony on the proposed renewal.

8.29 **EFFECTIVE DATE.** This section is effective July 1, 2010.

8.30 Sec. 12. Minnesota Statutes 2008, section 126C.20, is amended to read:

8.31 **126C.20 ANNUAL GENERAL EDUCATION AID APPROPRIATION.**

9.1 There is annually appropriated from the general fund to the department the amount
9.2 necessary for general education aid under section 126C.13 and the early graduation
9.3 achievement scholarship program under section 120B.08. This amount must be reduced
9.4 by the amount of any money specifically appropriated for the same purpose in any year
9.5 from any state fund.

9.6 **EFFECTIVE DATE.** This section is effective for fiscal years 2011 and later.

9.7 Sec. 13. Minnesota Statutes 2009 Supplement, section 126C.41, subdivision 2, is
9.8 amended to read:

9.9 Subd. 2. **Retired employee health benefits.** (a) A district may levy an amount up
9.10 to the amount the district is required by the collective bargaining agreement in effect
9.11 on March 30, 1992, to pay for health insurance or unreimbursed medical expenses for
9.12 licensed and nonlicensed employees who have terminated services in the employing
9.13 district and withdrawn from active teaching service or other active service, as applicable,
9.14 before July 1, 1992, and to pay for health insurance or unreimbursed medical expenses
9.15 for licensed and nonlicensed employees who have terminated services in the employing
9.16 district and withdrawn from active teaching service or other active service, as applicable
9.17 before July 1, 1998, only if a sunset clause is in effect for the current collective bargaining
9.18 agreement. The total amount of the levy each year may not exceed \$600,000.

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

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

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

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

9.30 If the total levy authority requested under this paragraph exceeds the amount established
9.31 in paragraph (c), the commissioner must proportionately reduce each district's maximum
9.32 levy authority under this subdivision. The commissioner may subsequently adjust each
9.33 district's levy authority under this subdivision so long as the total levy authority does not
9.34 exceed the maximum levy authority for that year.

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

10.3 (1) \$9,242,000 for taxes payable in 2010;

10.4 (2) \$29,863,000 for taxes payable in 2011; and

10.5 (3) for taxes payable in 2012 and later, the maximum levy authority must not exceed
10.6 the sum of the previous year's authority and \$14,000,000.

10.7 Sec. 14. Minnesota Statutes 2009 Supplement, section 126C.44, is amended to read:

10.8 **126C.44 SAFE SCHOOLS LEVY.**

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

10.31 (b) A school district that is a member of an intermediate school district may
10.32 include in its authority under this section the costs associated with safe schools activities
10.33 authorized under paragraph (a) for intermediate school district programs. This authority
10.34 must not exceed \$10 times the adjusted marginal cost pupil units of the member districts.

11.1 This authority is in addition to any other authority authorized under this section. Revenue
11.2 raised under this paragraph must be transferred to the intermediate school district.

11.3 (c) A school district must set aside at least \$3 per adjusted marginal cost pupil
11.4 unit of the safe schools levy proceeds for the purposes authorized under paragraph (a),
11.5 clause (6). The district must annually certify either that: (1) its total spending on services
11.6 provided by the employees listed in paragraph (a), clause (6), is not less than the sum of
11.7 its expenditures for these purposes, excluding amounts spent under this section, in the
11.8 previous year plus the amount spent under this section; ~~or~~ (2) that the district's full-time
11.9 equivalent number of employees listed in paragraph (a), clause (6), is not less than the
11.10 number for the previous year; or (3) that the district's full-time equivalent number of
11.11 employees listed in paragraph (a), clause (6), including those provided through a special
11.12 education cooperative, intermediate school district, or education district, is not less than
11.13 the number for the previous year.

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

11.15 **ARTICLE 2**

11.16 **EDUCATION EXCELLENCE**

11.17 Section 1. Minnesota Statutes 2008, section 120A.41, is amended to read:

11.18 **120A.41 LENGTH OF SCHOOL YEAR; DAYS OF INSTRUCTION.**

11.19 A school board's annual school calendar must include at least ~~the number of days~~
11.20 ~~of student instruction the board formally adopted as its school calendar at the beginning of~~
11.21 ~~the 1996-1997 school year~~ 425 hours of instruction for a kindergarten student without a
11.22 disability, 935 hours of instruction for a student in grades 1 through 6, and 1,020 hours of
11.23 instruction for a student in grades 7 through 12, not including summer school.

11.24 **EFFECTIVE DATE.** This section is effective for the 2010-2011 school year and
11.25 later.

11.26 Sec. 2. Minnesota Statutes 2008, section 120B.021, subdivision 1, is amended to read:

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

- 11.29 (1) language arts;
11.30 (2) mathematics;
11.31 (3) science;

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

12.3 (5) physical education;

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

12.6 ~~(6)~~ (7) the arts, for which statewide or locally developed academic standards apply,
12.7 as determined by the school district. Public elementary and middle schools must offer at
12.8 least three and require at least two of the following four arts areas: dance; music; theater;
12.9 and visual arts. Public high schools must offer at least three and require at least one of the
12.10 following five arts areas: media arts; dance; music; theater; and visual arts.

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

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

12.17 An individualized education plan team that makes this determination must establish
12.18 alternative standards.

12.19 A school district, no later than the 2007-2008 school year, must adopt graduation
12.20 requirements that meet or exceed state graduation requirements established in law or
12.21 rule. A school district that incorporates these state graduation requirements before the
12.22 2007-2008 school year must provide students who enter the 9th grade in or before
12.23 the 2003-2004 school year the opportunity to earn a diploma based on existing locally
12.24 established graduation requirements in effect when the students entered the 9th grade.
12.25 District efforts to develop, implement, or improve instruction or curriculum as a result
12.26 of the provisions of this section must be consistent with sections 120B.10, 120B.11,
12.27 and 120B.20.

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

12.31 **EFFECTIVE DATE.** This section is effective the day following final enactment
12.32 and applies to all school districts and charter schools beginning in the 2012-2013 school
12.33 year and later. A school district or charter school is strongly encouraged to implement
12.34 state physical education standards in an earlier school year than the 2012-2013 school
12.35 year if it has adopted physical education standards equivalent to the standards developed

13.1 by the National Association for Sport and Physical Education under section 39 on the
13.2 effective date of this act, or if it is scheduled to undertake the periodic review of its local
13.3 physical education standards under Minnesota Statutes, section 120B.023, subdivision 2,
13.4 paragraph (g), in a school year before the 2012-2013 school year, it is strongly encouraged
13.5 to implement state physical education standards consistent with section 39 in an earlier
13.6 school year.

13.7 Sec. 3. Minnesota Statutes 2009 Supplement, section 120B.023, subdivision 2, is
13.8 amended to read:

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

13.17 (b) The commissioner in the 2006-2007 school year must revise and align the state's
13.18 academic standards and high school graduation requirements in mathematics to require
13.19 that students satisfactorily complete the revised mathematics standards, beginning in the
13.20 2010-2011 school year. Under the revised standards:

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

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

13.25 The commissioner also must ensure that the statewide mathematics assessments
13.26 administered to students in grades 3 through 8 and 11 are aligned with the state academic
13.27 standards in mathematics, consistent with section 120B.30, subdivision 1, paragraph
13.28 (b). The commissioner must implement a review of the academic standards and related
13.29 benchmarks in mathematics beginning in the 2015-2016 school year.

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

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

14.8 (e) The commissioner in the 2009-2010 school year must revise and align the state's
14.9 academic standards and high school graduation requirements in language arts to require
14.10 that students satisfactorily complete the revised language arts standards beginning in the
14.11 2012-2013 school year. The commissioner must implement a review of the academic
14.12 standards and related benchmarks in language arts beginning in the 2018-2019 school year.

14.13 (f) The commissioner in the 2010-2011 school year must revise and align the state's
14.14 academic standards and high school graduation requirements in social studies to require
14.15 that students satisfactorily complete the revised social studies standards beginning in the
14.16 2013-2014 school year. The commissioner must implement a review of the academic
14.17 standards and related benchmarks in social studies beginning in the 2019-2020 school year.

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

14.25 (h) The commissioner in the 2013-2014 school year and later must use the good
14.26 cause exemption under section 14.388, subdivision 1, clause (3), to amend the rules
14.27 governing state physical education standards to conform the state standards to changes in
14.28 the standards developed by the National Association for Sport and Physical Education.
14.29 Directions to the commissioner to embed technology and information literacy standards
14.30 under paragraph (a) and other requirements related to state academic standards under
14.31 this chapter do not apply.

14.32 **EFFECTIVE DATE.** This section is effective the day following final enactment
14.33 and applies to all school districts and charter schools beginning in the 2012-2013 school
14.34 year and later, except that paragraph (h) applies beginning in the 2013-2014 school year
14.35 and later. A school district or charter school is strongly encouraged to implement state
14.36 physical education standards in an earlier school year than the 2012-2013 school year if it

15.1 has adopted physical education standards equivalent to the standards developed by the
15.2 National Association for Sport and Physical Education under section 39 on the effective
15.3 date of this act, or if it is scheduled to undertake the periodic review of its local physical
15.4 education standards under paragraph (g) in a school year before the 2012-2013 school
15.5 year, it is strongly encouraged to implement state physical education standards consistent
15.6 with section 39 in an earlier school year.

15.7 Sec. 4. Minnesota Statutes 2008, section 120B.15, is amended to read:

15.8 **120B.15 GIFTED AND TALENTED STUDENTS PROGRAMS.**

15.9 (a) School districts and charter schools may identify students, locally develop
15.10 programs addressing instructional and affective needs, provide staff development, and
15.11 evaluate programs to provide gifted and talented students with challenging and appropriate
15.12 educational programs.

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

15.16 (1) multiple and objective criteria; and

15.17 (2) assessments and procedures that are valid and reliable, fair, and based on
15.18 current theory and research addressing the use of tools and methods that are sensitive to
15.19 underrepresented groups, including, but not limited to, students who are low income,
15.20 minority, gifted and learning disabled, and English language learners.

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

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

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

15.27 Sec. 5. **[120B.21] MENTAL HEALTH EDUCATION.**

15.28 The legislature encourages districts to provide instruction in mental health for
15.29 students in grades 7 through 12. Instruction must be aligned with local health standards
15.30 and integrated into a district's existing programs, curriculum, or the general school
15.31 environment. The commissioner of education, in consultation with mental health
15.32 organizations, shall provide assistance to districts including:

15.33 (1) age-appropriate model learning activities for grades 7 through 12 that address
15.34 mental health components of the National Health Education Standards and the benchmarks

16.1 developed by the department's quality teaching network in health and best practices in
16.2 mental health education; and

16.3 (2) a directory of resources for planning and implementing age-appropriate mental
16.4 health curriculum and instruction in grades 7 through 12.

16.5 Sec. 6. Minnesota Statutes 2009 Supplement, section 120B.30, subdivision 1, is
16.6 amended to read:

16.7 Subdivision 1. **Statewide testing.** (a) The commissioner, with advice from experts
16.8 with appropriate technical qualifications and experience and stakeholders, consistent with
16.9 subdivision 1a, shall include in the comprehensive assessment system, for each grade
16.10 level to be tested, state-constructed tests developed ~~from and~~ to be computer-adaptive
16.11 reading and mathematics assessments for general education students that are aligned
16.12 with the state's required academic standards under section 120B.021, include multiple
16.13 choice questions, and be administered annually to all students in grades 3 through 8.
16.14 State-developed high school tests aligned with the state's required academic standards
16.15 under section 120B.021 and administered to all high school students in a subject other
16.16 than writing must include multiple choice questions. The commissioner shall establish
16.17 one or more months during which schools shall administer the tests to students each
16.18 school year. For students enrolled in grade 8 before the 2005-2006 school year, Minnesota
16.19 basic skills tests in reading, mathematics, and writing shall fulfill students' basic skills
16.20 testing requirements for a passing state notation. The passing scores of basic skills tests in
16.21 reading and mathematics are the equivalent of 75 percent correct for students entering
16.22 grade 9 based on the first uniform test administered in February 1998. Students who have
16.23 not successfully passed a Minnesota basic skills test by the end of the 2011-2012 school
16.24 year must pass the graduation-required assessments for diploma under paragraph (b).

16.25 (b) The state assessment system must be aligned to the most recent revision of
16.26 academic standards as described in section 120B.023 in the following manner:

16.27 (1) mathematics;

16.28 (i) grades 3 through 8 beginning in the 2010-2011 school year; and

16.29 (ii) high school level beginning in the ~~2013-2014~~ 2014-2015 school year;

16.30 (2) science; grades 5 and 8 and at the high school level beginning in the 2011-2012
16.31 school year; and

16.32 (3) language arts and reading; grades 3 through 8 and high school level beginning in
16.33 the 2012-2013 school year.

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

17.1 (1) for reading and mathematics:

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

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

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

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

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

17.22 (2) for writing:

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

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

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

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

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

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

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

18.4 (3) fully participate in at least two retests of the mathematics GRAD test or until
18.5 they pass the mathematics GRAD test, whichever comes first. A school, district, or
18.6 charter school must place on the high school transcript a student's highest current pass
18.7 status for each subject that has a required graduation assessment score for each of the
18.8 following assessments on the student's high school transcript: the mathematics Minnesota
18.9 Comprehensive Assessment, reading Minnesota Comprehensive Assessment, and writing
18.10 Graduation-Required Assessment for Diploma, and when applicable, the mathematics
18.11 Graduation-Required Assessment for Diploma and reading Graduation-Required
18.12 Assessment for Diploma.

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

18.17 (e) The 3rd through 8th grade computer-adaptive assessments and high school test
18.18 results shall be available to districts for diagnostic purposes affecting student learning and
18.19 district instruction and curriculum, and for establishing educational accountability. The
18.20 commissioner must disseminate to the public the computer-adaptive assessments and high
18.21 school test results upon receiving those results.

18.22 (f) The 3rd through 8th grade computer-adaptive assessments and high school tests
18.23 must be aligned with state academic standards. The commissioner shall determine the
18.24 testing process and the order of administration. The statewide results shall be aggregated
18.25 at the site and district level, consistent with subdivision 1a.

18.26 (g) In addition to the testing and reporting requirements under this section, the
18.27 commissioner shall include the following components in the statewide public reporting
18.28 system:

18.29 (1) uniform statewide testing of all students in grades 3 through 8 and at the high
18.30 school level that provides appropriate, technically sound accommodations or alternate
18.31 assessments;

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

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

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

19.5 (h) Notwithstanding other law to the contrary, the commissioner must not sign a
19.6 memorandum of understanding, agree to participate in a consortium or partnership, or
19.7 enter into any other agreement with any other state to develop shared common assessments
19.8 of K-12 academic standards without first receiving specific legislative authorization.

19.9 **EFFECTIVE DATE.** Paragraph (h) is effective the day following final enactment,
19.10 and applies to agreements entered into after the effective date of this act. Requirements for
19.11 using computer-adaptive mathematics assessments for grades 3 through 8 apply in the
19.12 2011-2012 school year and later and requirements for using computer-adaptive reading
19.13 assessments for grades 3 through 8 apply in the 2013-2014 school year and later.

19.14 Sec. 7. Minnesota Statutes 2009 Supplement, section 120B.30, subdivision 1a, is
19.15 amended to read:

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

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

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

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

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

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

19.33 (6) "Below-grade level" test items contain subject area content that is below
19.34 the grade level of the student taking the test and are considered aligned with state
19.35 academic standards to the extent they are aligned with content represented in state

20.1 academic standards below the student's current grade level. Notwithstanding the student's
20.2 grade level, administering below-grade level test items to a student does not violate the
20.3 requirement that state assessments must be aligned with state standards.

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

20.9 (c) For purposes of conforming with existing federal educational accountability
20.10 requirements, the commissioner must develop and implement computer-adaptive reading
20.11 and mathematics assessments for grades 3 through 8, state-developed high school
20.12 reading and mathematics tests aligned with state academic standards, and science
20.13 assessments under clause (2) that districts and sites must use to monitor student growth
20.14 toward achieving those standards. In developing and implementing computer-adaptive
20.15 assessments, the commissioner must allow for paper-and-pencil tests that are the
20.16 equivalent of computer-adaptive assessments under this section to the extent these tests
20.17 are needed to accommodate the technology capacity of individual school districts. The
20.18 commissioner must not develop statewide assessments for academic standards in social
20.19 studies, health and physical education, and the arts. The commissioner must require:

20.20 (1) annual computer-adaptive reading and mathematics assessments in grades 3
20.21 through 8, and high school reading and mathematics tests; and

20.22 (2) annual science assessments in one grade in the grades 3 through 5 span, the
20.23 grades 6 through 8 span, and a life sciences assessment in the grades 9 through 12 span,
20.24 and the commissioner must not require students to achieve a passing score on high school
20.25 science assessments as a condition of receiving a high school diploma.

20.26 (d) The commissioner must ensure that for annual computer-adaptive assessments:

20.27 (1) individual student performance data and achievement and summary reports are
20.28 available to all schools within three school days of when students take an assessment;

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

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

20.33 (4) teachers and school administrators are able to use formative information about
20.34 students' academic strengths and weaknesses, to the extent it is available, to improve
20.35 student instruction and indicate specific skills and knowledge that should be introduced

21.1 and developed for students at given score levels, organized by strands within subject areas,
21.2 and aligned to state academic standards; and

21.3 (5) the maximum number of school districts have the opportunity to replace
21.4 district-purchased computer-adaptive assessments with state-developed and state-funded
21.5 computer-adaptive assessments.

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

21.9 ~~(e)~~ (f) Reporting of assessment results must:

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

21.12 (2) include a value-added growth indicator of student achievement under section
21.13 120B.35, subdivision 3, paragraph (b); and

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

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

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

21.22 ~~(e)~~ (h) A school, school district, and charter school must administer statewide
21.23 assessments under this section, as the assessments become available, to evaluate student
21.24 proficiency in the context of the state's grade level academic standards. If a state
21.25 assessment is not available, a school, school district, and charter school must determine
21.26 locally if a student has met the required academic standards. A school, school district,
21.27 or charter school may use a student's performance on a statewide assessment as one of
21.28 multiple criteria to determine grade promotion or retention. A school, school district, or
21.29 charter school may use a high school student's performance on a statewide assessment
21.30 as a percentage of the student's final grade in a course, or place a student's assessment
21.31 score on the student's transcript.

21.32 **EFFECTIVE DATE.** Requirements for using computer-adaptive mathematics
21.33 assessments for grades 3 through 8 apply in the 2011-2012 school year and later and
21.34 requirements for using computer-adaptive reading assessments for grades 3 through 8
21.35 apply in the 2013-2014 school year and later.

22.1 Sec. 8. Minnesota Statutes 2009 Supplement, section 120B.30, is amended by adding a
22.2 subdivision to read:

22.3 Subd. 1b. High school algebra end-of-course assessment. (a) Notwithstanding
22.4 subdivision 1, the commissioner shall establish a statewide high school algebra
22.5 end-of-course assessment for students entering grade 8 in the 2010-2011 school year
22.6 and later that provides information on the college and career readiness of Minnesota
22.7 students and fulfills federal accountability requirements, consistent with this subdivision
22.8 and related rules. For purposes of this subdivision, "college and career readiness" means
22.9 the knowledge and skills that a high school graduate needs to do either credit-bearing
22.10 coursework at a two-year or four-year college or university or career-track employment
22.11 that pays a living wage, provides employment benefits, and offers clear pathways for
22.12 advancement through further education and training.

22.13 (b) This statewide high school algebra end-of-course assessment must conform
22.14 with the following:

22.15 (1) align with the most recently revised academic content standards under section
22.16 120B.023, subdivision 2;

22.17 (2) include both multiple-choice and open-ended items that assess the appropriate
22.18 algebra knowledge and skills contained in the state's academic content standards;

22.19 (3) be designed for computer administration and scoring so that, beginning the
22.20 second year a computerized test is administered and as soon as practicable during the
22.21 first year a computerized test is administered, the exam results of students who take
22.22 computerized tests are available to the school or district within three full school days after
22.23 the exam is administered, among other design characteristics;

22.24 (4) be administered at regular intervals that align with the most common high school
22.25 schedules in Minnesota;

22.26 (5) generate achievement levels established through a professionally recognized
22.27 methodology;

22.28 (6) use achievement level descriptors that define a student's college and career
22.29 readiness;

22.30 (7) comprise 20 percent of the student's overall course grade in the corresponding
22.31 course;

22.32 (8) require a student who does not pass a high school algebra course to (i)
22.33 retake the course or complete a district-authorized credit recovery class, (ii) opt, at the
22.34 student's election, to retake the end-of-course assessment within a regularly scheduled
22.35 administration window, and (iii) have the student select the exam score on the initial test
22.36 or the retest to count as the equivalent of 20 percent of the student's overall course grade;

23.1 (9) allow an eligible student to meet this requirement through an alternative method
23.2 that demonstrates the student's college and career readiness:

23.3 (i) for high school students who transfer into Minnesota from another state where
23.4 the algebra course content, as applicable, is of equal or greater rigor, pass that state's high
23.5 school course and graduation requirements in algebra, as applicable;

23.6 (ii) allow a student who has an active individualized education program to achieve a
23.7 passing status at an individual level as prescribed by the commissioner;

23.8 (iii) waive the required exam for a high school student who is an English language
23.9 learner under section 124D.59 and who has been enrolled for four or fewer years in a
23.10 school in which English is the primary language of instruction; or

23.11 (iv) other alternative methods recommended by the Assessment Advisory
23.12 Committee, if subsequently specifically authorized by law to allow other alternative
23.13 methods;

23.14 (10) use three consecutive school years of research and analysis through the
23.15 2014-2015 school year, as prescribed by the commissioner, to calculate and report an
23.16 alignment index that compares students' final grades in this course with their end-of-course
23.17 assessment scores;

23.18 (11) subsequent to calculating and reporting the alignment index under clause (10),
23.19 require schools that are highly misaligned for two or more consecutive school years to
23.20 transmit written notice of the misalignment to all parents of students enrolled in the school,
23.21 as prescribed by the commissioner; and

23.22 (12) when schools are highly misaligned for two or more consecutive years under
23.23 clause (11), use school district funds under section 122A.60, subdivision 1a, paragraph
23.24 (a), to correct the misalignment.

23.25 (c) The requirements of this subdivision apply to students in public schools,
23.26 including charter schools, who enter grade 8 in the 2010-2011 school year or later. The
23.27 commissioner may establish a transition period where students who enter grade 8 in the
23.28 2010-2011 or 2011-2012 school year graduate either under the Graduation-Required
23.29 Assessment for Diploma requirements under section 120B.30, subdivision 1, or this
23.30 subdivision. The commissioner may seek authority from the legislature to adjust the
23.31 time line under this paragraph if circumstances such as changes in federal law governing
23.32 educational accountability and assessment warrant such an adjustment.

23.33 (d) To fully implement this subdivision and enable school districts to provide
23.34 intervention and support to struggling students and improve instruction for all students,
23.35 the commissioner must provide districts with (1) a benchmark assessment aligned with
23.36 the high school algebra end-of-course assessment, and as funding allows, may provide

24.1 districts with (2) an item bank available to teachers for creating formative assessments to
24.2 help students prepare for the high school algebra end-of-course assessment.

24.3 (e) The commissioner shall expand the membership and purpose of the Assessment
24.4 Advisory Committee established under section 120B.365 to include assessment experts
24.5 and practitioners from both secondary and postsecondary education systems and other
24.6 appropriate stakeholders to monitor the implementation of and student outcomes based
24.7 on the algebra end-of-course assessment and policies and the state support available
24.8 to districts, including small or rural districts, under this subdivision. This committee
24.9 shall report annually by February 15 to the commissioner and the legislature on the
24.10 implementation of and student outcomes based on the assessment and policies under this
24.11 subdivision. Notwithstanding section 15.059, subdivision 3, committee members shall not
24.12 receive compensation, per diem payments, or reimbursement for expenses.

24.13 (f) Using a solicitation process that includes a "request for proposal" process and
24.14 multiple responses, the commissioner shall contract for at least two independent studies
24.15 at two-year intervals to evaluate (1) the implementation of the requirements and (2) the
24.16 availability and efficacy of resources to support and improve student outcomes based on
24.17 student achievement data under this subdivision. The commissioner must submit the
24.18 results of the first study to the education policy and finance committees of the legislature
24.19 by February 15, 2015. The commissioner must submit the results of the second study
24.20 to the legislature by February 15, 2017.

24.21 (g) The commissioner must not begin to develop additional statewide end-of-course
24.22 exams in geometry, chemistry, or physics until specifically authorized in law to do so.

24.23 (h) A district or charter school must indicate on a student's transcript the student's
24.24 level of college and career readiness in algebra under this subdivision after the levels have
24.25 been established through a professionally recognized methodology.

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

24.27 Sec. 9. Minnesota Statutes 2009 Supplement, section 120B.30, subdivision 3, is
24.28 amended to read:

24.29 Subd. 3. **Reporting.** The commissioner shall report test ~~data~~ results publicly and
24.30 to stakeholders, including the performance achievement levels developed from students'
24.31 unweighted test scores in each tested subject and a listing of demographic factors that
24.32 strongly correlate with student performance. The test results must not include personally
24.33 identifiable information as defined in Code of Federal Regulations, title 34, section 99.3.
24.34 The commissioner shall also report data that compares performance results among school
24.35 sites, school districts, Minnesota and other states, and Minnesota and other nations. The

25.1 commissioner shall disseminate to schools and school districts a more comprehensive
25.2 report containing testing information that meets local needs for evaluating instruction
25.3 and curriculum.

25.4 Sec. 10. Minnesota Statutes 2009 Supplement, section 120B.30, subdivision 4, is
25.5 amended to read:

25.6 Subd. 4. **Access to tests.** Consistent with section 13.34, the commissioner must
25.7 adopt and publish a policy to provide public and parental access for review of basic skills
25.8 tests, Minnesota Comprehensive Assessments, or any other such statewide test and
25.9 assessment which would not compromise the objectivity or fairness of the testing or
25.10 examination process. Upon receiving a written request, the commissioner must make
25.11 available to parents or guardians a copy of their student's actual responses to the test
25.12 questions for their review.

25.13 Sec. 11. Minnesota Statutes 2009 Supplement, section 120B.35, subdivision 3, is
25.14 amended to read:

25.15 Subd. 3. **State growth target; other state measures.** (a) The state's educational
25.16 assessment system measuring individual students' educational growth is based on
25.17 indicators of achievement growth that show an individual student's prior achievement.
25.18 Indicators of achievement and prior achievement must be based on highly reliable
25.19 statewide or districtwide assessments.

25.20 (b) The commissioner, in consultation with a stakeholder group that includes
25.21 assessment and evaluation directors and staff and researchers must implement a model
25.22 that uses a value-added growth indicator and includes criteria for identifying schools
25.23 and school districts that demonstrate medium and high growth under section 120B.299,
25.24 subdivisions 8 and 9, and may recommend other value-added measures under section
25.25 120B.299, subdivision 3. The model may be used to advance educators' professional
25.26 development and replicate programs that succeed in meeting students' diverse learning
25.27 needs. Data on individual teachers generated under the model are personnel data under
25.28 section 13.43. The model must allow users to:

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

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

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

26.3 (c) When reporting student performance under section 120B.36, subdivision 1, the
26.4 commissioner annually, beginning July 1, 2011, must report two core measures indicating
26.5 the extent to which current high school graduates are being prepared for postsecondary
26.6 academic and career opportunities:

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

26.12 (2) a rigorous coursework measure indicating the number and percentage of high
26.13 school graduates in the most recent school year who successfully completed one or more
26.14 college-level advanced placement, international baccalaureate, postsecondary enrollment
26.15 options including concurrent enrollment, other rigorous courses of study under section
26.16 120B.021, subdivision 1a, or industry certification courses or programs.

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

26.22 (d) When reporting student performance under section 120B.36, subdivision 1, the
26.23 commissioner annually, beginning July 1, 2014, must report summary data on school
26.24 safety and students' engagement and connection at school. The summary data under this
26.25 paragraph are separate from and must not be used for any purpose related to measuring
26.26 or evaluating the performance of classroom teachers. The commissioner, in consultation
26.27 with qualified experts on student engagement and connection and classroom teachers,
26.28 must identify highly reliable variables that generate summary data under this paragraph.
26.29 The summary data may be used at school, district, and state levels only. Any data on
26.30 individuals received, collected, or created that are used to generate the summary data
26.31 under this paragraph are nonpublic data under section 13.02, subdivision 9.

26.32 (e) For purposes of statewide educational accountability, the commissioner must
26.33 identify and report measures that demonstrate the success of school districts, school sites,
26.34 charter schools, and alternative program providers in improving the graduation outcomes
26.35 of students under this paragraph. When reporting student performance under section
26.36 120B.36, subdivision 1, the commissioner, beginning July 1, 2013, must annually report

27.1 summary data on (i) the four- and six-year graduation rates of students throughout the state
27.2 who are identified as at risk of not graduating or off track to graduate, including students
27.3 who are eligible to participate in a program under section 123A.05 or 124D.68, among
27.4 other students, and (ii) the success that school districts, school sites, charter schools, and
27.5 alternative program providers experience in:

- 27.6 (1) identifying at-risk and off-track student populations by grade;
27.7 (2) providing successful prevention and intervention strategies for at-risk students;
27.8 (3) providing successful recuperative and recovery or reenrollment strategies for
27.9 off-track students; and
27.10 (4) improving the graduation outcomes of at-risk and off-track students.

27.11 For purposes of this paragraph, a student who is at risk of not graduating is a student
27.12 in eighth or ninth grade who meets one or more of the following criteria: first enrolled
27.13 in an English language learners program in eighth or ninth grade and may be older than
27.14 other students enrolled in the same grade; as an eighth grader, is absent from school for at
27.15 least 20 percent of the days of instruction during the school year, is two or more years
27.16 older than other students enrolled in the same grade, or fails multiple core academic
27.17 courses; or as a ninth grader, fails multiple ninth grade core academic courses in English
27.18 language arts, math, science, or social studies.

27.19 For purposes of this paragraph, a student who is off track to graduate is a student
27.20 who meets one or more of the following criteria: first enrolled in an English language
27.21 learners program in high school and is older than other students enrolled in the same grade;
27.22 is a returning dropout; is 16 or 17 years old and two or more academic years off track to
27.23 graduate; is 18 years or older and two or more academic years off track to graduate; or is
27.24 18 years or older and may graduate within one school year.

27.25 **EFFECTIVE DATE.** Paragraph (e) applies to data that are collected in the
27.26 2012-2013 school year and later and reported annually beginning July 1, 2013, consistent
27.27 with the recommendations the commissioner receives from recognized and qualified
27.28 experts on improving differentiated graduation rates, and establishing alternative routes to
27.29 a standard high school diploma for at-risk and off-track students.

27.30 Sec. 12. Minnesota Statutes 2009 Supplement, section 120B.36, subdivision 1, is
27.31 amended to read:

27.32 Subdivision 1. **School performance report cards.** (a) The commissioner
27.33 shall report student academic performance under section 120B.35, subdivision 2; the
27.34 percentages of students showing low, medium, and high growth under section 120B.35,
27.35 subdivision 3, paragraph (b); school safety and student engagement and connection

28.1 under section 120B.35, subdivision 3, paragraph (d); rigorous coursework under section
28.2 120B.35, subdivision 3, paragraph (c); the four- and six-year graduation rates of at-risk and
28.3 off-track students throughout the state under section 120B.35, subdivision 3, paragraph
28.4 (e), and the success that school districts, school sites, charter schools, and alternative
28.5 program providers experience in their efforts to improve the graduation outcomes of
28.6 those students; two separate student-to-teacher ratios that clearly indicate the definition
28.7 of teacher consistent with sections 122A.06 and 122A.15 for purposes of determining
28.8 these ratios; staff characteristics excluding salaries; student enrollment demographics;
28.9 district mobility; and extracurricular activities. The report also must indicate a school's
28.10 adequate yearly progress status, and must not set any designations applicable to high- and
28.11 low-performing schools due solely to adequate yearly progress status.

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

28.14 (c) The commissioner must make available performance report cards by the
28.15 beginning of each school year.

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

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

28.23 **EFFECTIVE DATE.** This section is effective the day following final enactment
28.24 and applies to annual reports beginning July 1, 2013.

28.25 Sec. 13. **[121A.215] LOCAL SCHOOL DISTRICT WELLNESS POLICIES;**
28.26 **WEB SITE.**

28.27 Where available, a school district must post its current local school wellness policy
28.28 on its Web site.

28.29 **EFFECTIVE DATE.** This section is effective August 1, 2010.

28.30 Sec. 14. Minnesota Statutes 2009 Supplement, section 122A.09, subdivision 4, is
28.31 amended to read:

28.32 Subd. 4. **License and rules.** (a) The board ~~must~~ may adopt new rules and amend
28.33 any existing rules to license public school teachers and interns ~~subject to~~ only under

29.1 specific legislative authority and consistent with the requirements of chapter 14. This
29.2 paragraph does not prohibit the board from making technical changes or corrections to
29.3 rules or repealing rules adopted by the board.

29.4 (b) The board must adopt rules requiring a person to successfully complete a skills
29.5 examination in reading, writing, and mathematics as a requirement for initial teacher
29.6 licensure. Such rules must require college and universities offering a board-approved
29.7 teacher preparation program to provide remedial assistance to persons who did not
29.8 achieve a qualifying score on the skills examination, including those for whom English is
29.9 a second language.

29.10 (c) The board must adopt rules to approve teacher preparation programs. The board,
29.11 upon the request of a postsecondary student preparing for teacher licensure or a licensed
29.12 graduate of a teacher preparation program, shall assist in resolving a dispute between the
29.13 person and a postsecondary institution providing a teacher preparation program when the
29.14 dispute involves an institution's recommendation for licensure affecting the person or the
29.15 person's credentials. At the board's discretion, assistance may include the application
29.16 of chapter 14.

29.17 (d) The board must provide the leadership and shall adopt rules for the redesign of
29.18 teacher education programs to implement a research based, results-oriented curriculum
29.19 that focuses on the skills teachers need in order to be effective. The board shall implement
29.20 new systems of teacher preparation program evaluation to assure program effectiveness
29.21 based on proficiency of graduates in demonstrating attainment of program outcomes.

29.22 (e) The board must adopt rules requiring candidates for initial licenses to
29.23 ~~successfully complete~~ pass an examination of general pedagogical knowledge and
29.24 examinations of licensure-specific teaching skills. The rules shall be effective by
29.25 September 1, 2001. The rules under this paragraph also must require candidates for
29.26 initial licenses to teach prekindergarten or elementary students to successfully complete,
29.27 as part of the examination of licensure-specific teaching skills, test items assessing the
29.28 candidates' knowledge, skill, and ability in comprehensive, scientifically based reading
29.29 instruction under section 122A.06, subdivision 4, and their knowledge and understanding
29.30 of the foundations of reading development, the development of reading comprehension,
29.31 and reading assessment and instruction, and their ability to integrate that knowledge
29.32 and understanding. The rules under this paragraph also must require general education
29.33 candidates for initial licenses to teach prekindergarten or elementary students to pass,
29.34 as part of the examination of licensure-specific teaching skills, test items assessing the
29.35 candidates' knowledge, skill, and ability in mathematics.

30.1 (f) The board must adopt rules requiring teacher educators to work directly with
30.2 elementary or secondary school teachers in elementary or secondary schools to obtain
30.3 periodic exposure to the elementary or secondary teaching environment.

30.4 (g) The board must grant licenses to interns and to candidates for initial licenses.

30.5 (h) The board must design and implement an assessment system which requires a
30.6 candidate for an initial license and first continuing license to demonstrate the abilities
30.7 necessary to perform selected, representative teaching tasks at appropriate levels.

30.8 (i) The board must receive recommendations from local committees as established
30.9 by the board for the renewal of teaching licenses. Committee recommendations must be
30.10 consistent with section 122A.18, subdivision 4, paragraph (b).

30.11 (j) The board must grant life licenses to those who qualify according to requirements
30.12 established by the board, and suspend or revoke licenses pursuant to sections 122A.20 and
30.13 214.10. The board must not establish any expiration date for application for life licenses.

30.14 (k) The board must adopt rules that require all licensed teachers who are renewing
30.15 their continuing license to include in their renewal requirements further preparation in
30.16 the areas of using positive behavior interventions and in accommodating, modifying, and
30.17 adapting curricula, materials, and strategies to appropriately meet the needs of individual
30.18 students and ensure adequate progress toward the state's graduation rule.

30.19 (l) In adopting rules to license public school teachers who provide health-related
30.20 services for disabled children, the board shall adopt rules consistent with license or
30.21 registration requirements of the commissioner of health and the health-related boards who
30.22 license personnel who perform similar services outside of the school.

30.23 (m) The board must adopt rules that require all licensed teachers who are renewing
30.24 their continuing license to include in their renewal requirements further reading
30.25 preparation, consistent with section 122A.06, subdivision 4. The rules do not take effect
30.26 until they are approved by law. Teachers who do not provide direct instruction including, at
30.27 least, counselors, school psychologists, school nurses, school social workers, audiovisual
30.28 directors and coordinators, and recreation personnel are exempt from this section.

30.29 (n) The board must adopt rules that require all licensed teachers who are renewing
30.30 their continuing license to include in their renewal requirements further preparation
30.31 in understanding the key warning signs of early-onset mental illness in children and
30.32 adolescents.

30.33 (o) The board, consistent with section 122A.18, subdivision 4, paragraph (b), must
30.34 amend its licensure renewal rules to include professional reflection and growth in best
30.35 teaching practices in the preparation requirements for relicensure under this paragraph

31.1 and paragraphs (i), (k), (m), and (n), and any other preparation requirements applicable to
31.2 teachers seeking to renew their continuing license from the board.

31.3 **EFFECTIVE DATE.** This section is effective the day following final enactment
31.4 and applies to all new and amended rules proposed by the Board of Teaching, including all
31.5 new and amended rules that are not yet formally adopted, except that the amendments
31.6 to paragraphs (i) and (o) apply to licensees seeking relicensure beginning June 30, 2012.
31.7 This section does not affect the requirement that the Board of Teaching continue to finally
31.8 adopt rules initially proposed before the effective date of this section, to implement the
31.9 requirement of Laws 2003, chapter 129, article 1, section 10, and Laws 2007, chapter
31.10 146, article 2, section 34, that the board adopt rules relating to credentials for education
31.11 paraprofessionals.

31.12 Sec. 15. **[122A.091] BOARD OF TEACHING; TEACHER PERFORMANCE**
31.13 **ASSESSMENTS.**

31.14 (a) Consistent with section 122A.09, subdivision 4, the Board of Teaching must
31.15 adopt rules to establish a statewide teacher performance assessment system that is aligned
31.16 with Minnesota's required K-12 academic standards and accommodates locally adopted
31.17 alternative assessment measures including teacher portfolios. Teacher performance
31.18 assessments must:

31.19 (1) include training and a reliability review for educators who evaluate teachers'
31.20 performance;

31.21 (2) be integrated with board-approved teacher preparation requirements; and

31.22 (3) correspond to the state and local resources allocated for this purpose.

31.23 (b) To the extent resources are available, the Board of Teaching must:

31.24 (1) convene a group of experts, where at least one-third of group members
31.25 are classroom teachers, to advise the board about teacher performance standards,
31.26 developmental scales for teacher candidates, and the design, content, administration, and
31.27 scoring of teacher performance assessments;

31.28 (2) design, develop, and implement assessment standards and a statewide training
31.29 program for educators to evaluate teachers' performance;

31.30 (3) establish a review panel to examine districts' use of teacher performance
31.31 assessments;

31.32 (4) periodically analyze the validity of assessment content and the reliability of
31.33 assessment scores under this section;

31.34 (5) establish and implement appropriate standards applicable to teacher candidates
31.35 for demonstrating satisfactory performance;

32.1 (6) analyze and eliminate bias in the performance assessments;

32.2 (7) collect and analyze background information from teacher candidates who
32.3 participate in a performance assessment, interpret and report the results, and use
32.4 the information and results to analyze the quality and effectiveness of performance
32.5 assessments; and

32.6 (8) examine and revise board approval of teacher preparation programs and
32.7 institutions to assure teacher candidates of opportunities to acquire the knowledge, skills,
32.8 and abilities measured by the assessment system.

32.9 (c) The board must ensure that performance assessments are ongoing, well-integrated
32.10 into teacher preparation programs, aligned with state standards of effective teaching
32.11 practices, and consistently applied to teacher candidates enrolled in board-approved
32.12 teacher preparation programs. Performance assessments must meet the needs of teacher
32.13 candidates, teacher preparation program providers, and school districts that employ newly
32.14 licensed teachers by:

32.15 (1) designing performance assessments that accommodate formative assessment
32.16 information for teacher candidates, postsecondary faculty, and educators who evaluate
32.17 teachers' performance to use to help teachers and teacher candidates improve their
32.18 teaching knowledge, skills, and abilities;

32.19 (2) developing a teacher performance reporting system that a teacher preparation
32.20 program provider can use to recommend a successful teacher candidate for licensure; and

32.21 (3) using reports of formative assessment information and performance assessment
32.22 results for developing new teacher induction plans.

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

32.24 Sec. 16. Minnesota Statutes 2008, section 122A.16, is amended to read:

32.25 **122A.16 HIGHLY QUALIFIED TEACHER DEFINED.**

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

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

32.32 All Minnesota teachers teaching in a core academic subject area, as defined by the
32.33 federal No Child Left Behind Act, in which they are not fully licensed may complete the
32.34 following HOUSSE process in the core subject area for which the teacher is requesting

33.1 highly qualified status by completing an application, in the form and manner described by
33.2 the commissioner, that includes:

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

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

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

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

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

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

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

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

33.23 (c) Achievement of the HOUSSE criteria is not equivalent to a license. A teacher
33.24 must obtain permission from the Board of Teaching in order to teach in a public school.

33.25 Sec. 17. Minnesota Statutes 2008, section 122A.18, subdivision 1, is amended to read:

33.26 Subdivision 1. **Authority to license.** (a) The Board of Teaching must license
33.27 teachers, as defined in section 122A.15, subdivision 1, except for supervisory personnel,
33.28 as defined in section 122A.15, subdivision 2.

33.29 (b) The Board of School Administrators must license supervisory personnel as
33.30 defined in section 122A.15, subdivision 2, except for athletic coaches.

33.31 (c) Licenses under the jurisdiction of the Board of Teaching, the Board of School
33.32 Administrators, and the commissioner of education must be issued through the licensing
33.33 section of the department.

33.34 (d) The Board of Teaching may approve only those teacher preparation programs that
33.35 target and address identified concerns affecting students in kindergarten through grade 12.

34.1 The Board of Teaching and the Department of Education, consistent with the requirements
34.2 of chapter 13, must enter into an agreement to share kindergarten through grade 12
34.3 educational data solely for approving and improving teacher education programs. The
34.4 Board of Teaching must ensure that this information remains confidential and is used only
34.5 for this purpose. Any unauthorized disclosure is subject to a penalty under section 13.09.

34.6 (e) The Board of School Administrators may approve only those administrator
34.7 preparation programs that target and address identified concerns affecting students in
34.8 kindergarten through grade 12. The Board of School Administrators and the Department
34.9 of Education, consistent with the requirements of chapter 13, must enter into an agreement
34.10 to share kindergarten through grade 12 educational data solely for approving and
34.11 improving education administration programs. The Board of School Administrators must
34.12 ensure that this information remains confidential and is used only for this purpose. Any
34.13 unauthorized disclosure is subject to a penalty under section 13.09.

34.14 Sec. 18. Minnesota Statutes 2008, section 122A.18, subdivision 2, is amended to read:

34.15 Subd. 2. **Teacher and support personnel qualifications.** (a) The Board of
34.16 Teaching must issue licenses under its jurisdiction to persons the board finds to be
34.17 qualified and competent for their respective positions.

34.18 (b) The board must require a person to ~~successfully complete~~ pass an examination of
34.19 skills in reading, writing, and mathematics before being granted an initial teaching license
34.20 to provide direct instruction to pupils in prekindergarten, elementary, secondary, or special
34.21 education programs. The board must require colleges and universities offering a board
34.22 approved teacher preparation program to provide remedial assistance that includes a
34.23 formal diagnostic component to persons enrolled in their institution who did not achieve a
34.24 qualifying score on the skills examination, including those for whom English is a second
34.25 language. The colleges and universities must provide assistance in the specific academic
34.26 areas of deficiency in which the person did not achieve a qualifying score. School
34.27 districts must provide similar, appropriate, and timely remedial assistance that includes a
34.28 formal diagnostic component and mentoring to those persons employed by the district
34.29 who completed their teacher education program outside the state of Minnesota, received
34.30 a one-year license to teach in Minnesota and did not achieve a qualifying score on the
34.31 skills examination, including those persons for whom English is a second language. The
34.32 Board of Teaching shall report annually to the education committees of the legislature
34.33 on the total number of teacher candidates during the most recent school year taking the
34.34 skills examination, the number who achieve a qualifying score on the examination, the
34.35 number who do not achieve a qualifying score on the examination, the distribution of all

35.1 candidates' scores, the number of candidates who have taken the examination at least once
35.2 before, and the number of candidates who have taken the examination at least once before
35.3 and achieve a qualifying score.

35.4 ~~(e) A person who has completed an approved teacher preparation program and~~
35.5 ~~obtained a one-year license to teach, but has not successfully completed the skills~~
35.6 ~~examination, may renew the one-year license for two additional one-year periods. Each~~
35.7 ~~renewal of the one-year license is contingent upon the licensee:~~

35.8 ~~(1) providing evidence of participating in an approved remedial assistance program~~
35.9 ~~provided by a school district or postsecondary institution that includes a formal diagnostic~~
35.10 ~~component in the specific areas in which the licensee did not obtain qualifying scores; and~~

35.11 ~~(2) attempting to successfully complete the skills examination during the period~~
35.12 ~~of each one-year license.~~

35.13 ~~(d)~~ (c) The Board of Teaching must grant continuing licenses only to those persons
35.14 who have met board criteria for granting a continuing license, which includes ~~successfully~~
35.15 ~~completing~~ passing the skills examination in reading, writing, and mathematics.

35.16 ~~(e)~~ (d) All colleges and universities approved by the board of teaching to prepare
35.17 persons for teacher licensure must include in their teacher preparation programs a common
35.18 core of teaching knowledge and skills to be acquired by all persons recommended
35.19 for teacher licensure. This common core shall meet the standards developed by the
35.20 interstate new teacher assessment and support consortium in its 1992 "model standards for
35.21 beginning teacher licensing and development." Amendments to standards adopted under
35.22 this paragraph are covered by chapter 14. The board of teaching shall report annually to
35.23 the education committees of the legislature on the performance of teacher candidates
35.24 on common core assessments of knowledge and skills under this paragraph during the
35.25 most recent school year.

35.26 (e) The Board of Teaching must:

35.27 (1) ensure that kindergarten through grade 12 teacher licensing standards are highly
35.28 aligned with the state's kindergarten through grade 12 academic standards;

35.29 (2) adopt a review cycle that is consistent with the kindergarten through grade 12
35.30 academic standards review cycle under section 120B.023, subdivision 2; and

35.31 (3) review and align the teacher licensure standards with the kindergarten through
35.32 grade 12 academic standards within one school year after the commissioner reviews and
35.33 adopts revised kindergarten through grade 12 academic standards in a particular subject
35.34 area.

35.35 (f) All teacher preparation programs approved by the Board of Teaching must
35.36 require teacher candidates to complete at least one online course.

36.1 Sec. 19. Minnesota Statutes 2008, section 122A.23, subdivision 2, is amended to read:

36.2 Subd. 2. **Applicants licensed in other states.** (a) Subject to the requirements
36.3 of sections 122A.18, subdivision 8, and 123B.03, the Board of Teaching must issue
36.4 a teaching license or a temporary teaching license under paragraphs (b) to (e) to an
36.5 applicant who holds at least a baccalaureate degree from a regionally accredited college
36.6 or university and holds or held a similar out-of-state teaching license that requires the
36.7 applicant to successfully complete a teacher preparation program approved by the issuing
36.8 state, which includes field-specific teaching methods and student teaching or essentially
36.9 equivalent experience.

36.10 (b) The Board of Teaching must issue a teaching license to an applicant who:

36.11 (1) ~~successfully completed~~ passed all exams and successfully completed human
36.12 relations preparation components required by the Board of Teaching; and

36.13 (2) holds or held an out-of-state teaching license to teach the same content field and
36.14 grade levels if the scope of the out-of-state license is no more than one grade level less
36.15 than a similar Minnesota license.

36.16 (c) The Board of Teaching, consistent with board rules, must issue up to three
36.17 one-year temporary teaching licenses to an applicant who holds or held an out-of-state
36.18 teaching license to teach the same content field and grade levels, where the scope of the
36.19 out-of-state license is no more than one grade level less than a similar Minnesota license,
36.20 but has not ~~successfully completed~~ passed all exams and successfully completed human
36.21 relations preparation components required by the Board of Teaching.

36.22 (d) The Board of Teaching, consistent with board rules, must issue up to three
36.23 one-year temporary teaching licenses to an applicant who:

36.24 (1) ~~successfully completed~~ passed all exams and successfully completed human
36.25 relations preparation components required by the Board of Teaching; and

36.26 (2) holds or held an out-of-state teaching license to teach the same content field
36.27 and grade levels, where the scope of the out-of-state license is no more than one grade
36.28 level less than a similar Minnesota license, but has not completed field-specific teaching
36.29 methods or student teaching or equivalent experience.

36.30 The applicant may complete field-specific teaching methods and student teaching
36.31 or equivalent experience by successfully participating in a one-year school district
36.32 mentorship program consistent with board-adopted standards of effective practice and
36.33 Minnesota graduation requirements.

36.34 (e) The Board of Teaching must issue a temporary teaching license for a term of
36.35 up to three years only in the content field or grade levels specified in the out-of-state
36.36 license to an applicant who:

37.1 (1) ~~successfully completed~~ passed all exams and successfully completed human
37.2 relations preparation components required by the Board of Teaching; and

37.3 (2) holds or held an out-of-state teaching license where the out-of-state license is
37.4 more limited in the content field or grade levels than a similar Minnesota license.

37.5 (f) The Board of Teaching must not issue to an applicant more than three one-year
37.6 temporary teaching licenses under this subdivision.

37.7 (g) The Board of Teaching must not issue a license under this subdivision if the
37.8 applicant has not attained the additional degrees, credentials, or licenses required in a
37.9 particular licensure field.

37.10 Sec. 20. **[122A.245] ALTERNATIVE TEACHER PREPARATION PROGRAM**
37.11 **AND LIMITED-TERM TEACHER LICENSE.**

37.12 Subdivision 1. Requirements. (a) The Board of Teaching must approve qualified
37.13 teacher preparation programs under this section that are a means to acquire a two-year
37.14 limited-term license and to prepare for acquiring a standard entrance license. Partnerships
37.15 composed of school districts or charter schools and either:

37.16 (1) a college or university with a board-approved alternative teacher preparation
37.17 program; or

37.18 (2) a nonprofit corporation formed for an education-related purpose and subject
37.19 to chapter 317A and a college or university with a board-approved alternative teacher
37.20 preparation program may offer this program if:

37.21 (i) a need for teachers exists based on the determination by a participating school
37.22 district or charter school that in the previous school year too few qualified candidates
37.23 applied for its posted, available teaching positions;

37.24 (ii) the teaching staff does not reflect the racial and cultural diversity of the student
37.25 population of the district or charter school; or

37.26 (iii) the school district or charter school identifies a need to reduce or eliminate a
37.27 student achievement gap based on school performance report card data under section
37.28 120B.36.

37.29 (b) To participate in this program, a candidate must:

37.30 (1) have a bachelor's degree with a minimum 3.0 grade point average, or have a
37.31 bachelor's degree and meet other board-adopted criteria;

37.32 (2) pass the reading, writing, and mathematics skills examination under section
37.33 122A.18; and

37.34 (3) pass the board-approved content area and pedagogy tests.

38.1 Subd. 2. **Characteristics.** An alternative teacher preparation program under this
38.2 section must include:

38.3 (1) a minimum 200-hour instructional phase that provides intensive preparation
38.4 before that person assumes classroom responsibilities;

38.5 (2) a research-based and results-oriented approach focused on best teaching practices
38.6 to increase student proficiency and growth measured against state academic standards;

38.7 (3) strategies to combine pedagogy and best teaching practices to better inform
38.8 teachers' classroom instruction;

38.9 (4) assessment, supervision, and evaluation of the program participant to determine
38.10 the participant's specific needs throughout the program and to support the participant
38.11 in successfully completing the program;

38.12 (5) formal instruction and intensive peer coaching throughout the school year that
38.13 provide structured guidance and regular ongoing support;

38.14 (6) high quality, sustained, intensive, and classroom-embedded staff development
38.15 opportunities conducted by a mentor or by a mentorship team that may include school
38.16 administrators, teachers, and postsecondary faculty members and are directed at improving
38.17 student learning and achievement; and

38.18 (7) a requirement that program participants demonstrate to the local site team under
38.19 subdivision 5 that they are making satisfactory progress toward acquiring a standard
38.20 entrance license from the Board of Teaching.

38.21 Subd. 3. **Program approval.** The Board of Teaching must approve alternative
38.22 teacher preparation programs under this section based on board-adopted criteria that reflect
38.23 best practices for alternative teacher preparation programs consistent with this section.
38.24 The board must permit licensure candidates to demonstrate licensure competencies in
38.25 school-based settings and through other nontraditional means.

38.26 Subd. 4. **Employment conditions.** Where applicable, teachers with a limited-term
38.27 license under this section are subject to the terms of the local collective bargaining
38.28 agreement between the local representative of the teachers and the school board.

38.29 Subd. 5. **Approval for standard entrance license.** A local site team that may
38.30 include teachers, school administrators, postsecondary faculty, and nonprofit staff must
38.31 evaluate the performance of the teacher candidate using the Minnesota State Standards of
38.32 Effective Practice for Teachers established in rule and submit to the board an evaluation
38.33 report recommending whether or not to issue the teacher candidate a standard entrance
38.34 license.

39.1 Subd. 6. **Standard entrance license.** The Board of Teaching must issue a standard
39.2 entrance license to a teacher candidate under this section who successfully performs
39.3 throughout the program and is recommended for licensure under subdivision 5.

39.4 Subd. 7. **Qualified teacher.** A person with a valid limited-term license under this
39.5 section is the teacher of record and a qualified teacher within the meaning of section
39.6 122A.16.

39.7 Subd. 8. **Reports.** The Board of Teaching must submit an interim report on the
39.8 efficacy of this program to the K-12 Education Policy and Finance committees of the
39.9 legislature by February 15, 2012, and a final report by February 15, 2014.

39.10 **EFFECTIVE DATE.** This section is effective for the 2010-2011 school year and
39.11 later.

39.12 Sec. 21. **[122A.246] ALTERNATIVE TEACHER PREPARATION**
39.13 **PROGRAM AND LIMITED-TERM TEACHER LICENSE FOR MID-CAREER**
39.14 **PROFESSIONALS.**

39.15 Subdivision 1. **Requirements.** (a) The Board of Teaching annually must approve
39.16 qualified teacher preparation programs under this section that are a means for mid-career
39.17 professionals to acquire a two-year limited-term license and to prepare for acquiring a
39.18 standard entrance license. Partnerships composed of school districts or charter schools
39.19 and either:

39.20 (1) a college or university with a board-approved alternative teacher preparation
39.21 program; or

39.22 (2) a nonprofit corporation formed for an education-related purpose and subject
39.23 to chapter 317A and a college or university with a board-approved alternative teacher
39.24 preparation program may offer this program if:

39.25 (i) a need for teachers exists in a subject area identified by the department as a
39.26 shortage area;

39.27 (ii) the teaching staff does not reflect the racial and cultural diversity of the student
39.28 population of the district or charter school; and

39.29 (iii) the district or charter school identifies a need to reduce or eliminate a student
39.30 achievement gap based on school performance report card data under section 120B.36.

39.31 (b) To participate in this program, a candidate must:

39.32 (1) have a bachelor's degree and at least ten years of professional experience in a
39.33 field related to the license being sought; or

39.34 (2) hold a valid teaching license and have at least five years of classroom teaching
39.35 experience.

40.1 (c) A candidate under paragraph (b), clause (1), must:

40.2 (1) pass the reading, writing, and mathematics skills examination under section
40.3 122A.18;

40.4 (2) obtain qualifying scores on board-approved content area and pedagogy tests; and

40.5 (3) before receiving a limited term license under this section, complete a minimum
40.6 200-hour instructional phase that provides intensive preparation and a full-time student
40.7 teaching experience that places the candidate in the classroom under the direct supervision
40.8 of a fully licensed classroom teacher for at least 12 weeks. A candidate under paragraph
40.9 (b), clause (1), is declared to have met the requirements of this paragraph through the
40.10 licensing process and previous classroom experience.

40.11 Subd. 2. **Characteristics.** An alternative teacher preparation program under this
40.12 section must include:

40.13 (1) a research-based and results-oriented approach focused on best teaching practices
40.14 to increase student proficiency and growth measured against state academic standards;

40.15 (2) strategies to combine pedagogy and best teaching practices to better inform
40.16 teachers' classroom instruction;

40.17 (3) assessment, supervision, and evaluation of the program participant to determine
40.18 the participant's specific needs throughout the program and to support the participant
40.19 in successfully completing the program;

40.20 (4) formal instruction and intensive peer coaching throughout the school year that
40.21 provide structured guidance and regular ongoing support;

40.22 (5) high quality, sustained, intensive, and classroom-embedded staff development
40.23 opportunities conducted by a mentor or by a mentorship team that may include school
40.24 administrators, teachers, and postsecondary faculty members and are directed at improving
40.25 student learning and achievement; and

40.26 (6) a requirement that program participants demonstrate to the local site team under
40.27 subdivision 5 that they are making satisfactory progress toward acquiring a standard
40.28 entrance license from the Board of Teaching.

40.29 Subd. 3. **Program approval.** The Board of Teaching must approve alternative
40.30 teacher preparation programs under this section based on board-adopted criteria that reflect
40.31 best practices for alternative teacher preparation programs consistent with this section.
40.32 The board must permit licensure candidates to demonstrate licensure competencies in
40.33 school-based settings and through other nontraditional means.

40.34 Subd. 4. **Employment conditions.** (a) Each full school year that a teacher with
40.35 a limited-term license teaches in a Minnesota school is one year of the teacher's first
40.36 probationary employment period.

41.1 (b) Where applicable, teachers with a limited-term license under this section
41.2 are subject to the terms of the local collective bargaining agreement between the local
41.3 representative of the teachers and the school board.

41.4 (c) A school district or charter school must not prospectively promise to employ a
41.5 teacher candidate who receives a standard entrance license under this section.

41.6 Subd. 5. **Approval for standard entrance license.** Postsecondary faculty, the
41.7 supervising teacher, and other qualified staff must evaluate the performance of the teacher
41.8 candidate using the Minnesota state standards of effective practice for teachers and content
41.9 standards by licensure area established in rule and submit to the board an evaluation report
41.10 recommending whether or not to issue the teacher candidate a standard entrance license.

41.11 Subd. 6. **Standard entrance license.** The Board of Teaching may issue a standard
41.12 entrance license to a teacher candidate under this section who successfully performs under
41.13 the two-year limited license and is recommended for licensure under subdivision 5.

41.14 Subd. 7. **Qualified teacher.** A person with a valid limited-term license under this
41.15 section is the teacher of record and a qualified teacher within the meaning of section
41.16 122A.16.

41.17 Subd. 8. **Reports.** (a) The Board of Teaching annually must collect and report to
41.18 the K-12 Education Policy and Finance Committees of the legislature alternative teacher
41.19 preparation program provider data on cumulative teacher retention rates, number of
41.20 licenses issued by licensure area, the locations where teachers are placed, the number of
41.21 programs approved, and the demographic characteristics of the teacher candidates, among
41.22 other data. The board may use these data to approve program providers under this section.

41.23 (b) The Board of Teaching must submit a report on the efficacy of this program to the
41.24 K-12 Education Policy and Finance committees of the legislature by February 15, 2014.

41.25 Sec. 22. Minnesota Statutes 2009 Supplement, section 122A.40, subdivision 8, is
41.26 amended to read:

41.27 Subd. 8. **Annual evaluations and peer coaching for continuing contract**
41.28 **teachers.** (a) To improve student learning and success, a school board and an exclusive
41.29 representative of the teachers in the district, consistent with paragraph (b), shall develop
41.30 an annual teacher evaluation and peer review process for continuing contract teachers
41.31 through joint agreement. The peer review process ~~may~~ must include having trained
41.32 observers serve as peer coaches or having teachers participate in professional learning
41.33 communities.

42.1 (b) To develop, improve, and support qualified teachers and effective teaching
42.2 practices and improve student learning and success, the annual evaluation process for
42.3 continuing contract teachers must:

42.4 (1) be a collaborative effort between teachers and school administrators to develop
42.5 and implement a teacher evaluation process that is based on professional teaching
42.6 standards and includes both formative assessments to improve instruction through
42.7 identifying teachers' strengths and weaknesses and summative assessments conducted at
42.8 least once every three school years and used to make personnel decisions, consistent
42.9 with clause (2);

42.10 (2) coordinate staff development activities under section 122A.60 with this
42.11 evaluation process and teachers' evaluation outcomes and give teachers not meeting
42.12 standards of effective practice sufficient support to improve;

42.13 (3) include in-class observations by both licensed mentor teachers and school
42.14 administrators who are trained evaluators, use a valid observation framework or protocol,
42.15 and periodically undergo a reliability review;

42.16 (4) provide peer coaching or have teachers participate in professional learning
42.17 communities, consistent with paragraph (a);

42.18 (5) require teachers to develop and present a portfolio demonstrating evidence
42.19 of reflection and professional growth, consistent with section 122A.18, subdivision
42.20 4, paragraph (b), using criteria developed by the Board of Teaching to reliably assess
42.21 portfolio content, and include teachers' own performance assessment based on student
42.22 work samples, student and family surveys, and videotapes of teachers' work, among
42.23 other activities;

42.24 (6) demonstrate teachers' content knowledge and teaching skills; and

42.25 (7) use longitudinal data on student academic growth, student attendance, student
42.26 engagement and connection, and other outcome measures as evaluation components.

42.27 **EFFECTIVE DATE.** This section is effective the day following final enactment
42.28 and applies beginning when a district next enters into or modifies a collective bargaining
42.29 agreement or by the 2011-2012 school year, whichever comes first.

42.30 Sec. 23. Minnesota Statutes 2009 Supplement, section 122A.41, subdivision 5, is
42.31 amended to read:

42.32 Subd. 5. **Annual evaluations and peer coaching for continuing contract**
42.33 **teachers.** (a) To improve student learning and success, a school board and an exclusive
42.34 representative of the teachers in the district, consistent with paragraph (b), must develop a
42.35 an annual teacher evaluation and peer review process for nonprobationary teachers through

43.1 joint agreement. The peer review process ~~may~~ must include having trained observers
43.2 serve as peer coaches or having teachers participate in professional learning communities.

43.3 (b) To develop, improve, and support qualified teachers and effective teaching
43.4 practices and improve student learning and success, the annual evaluation process for
43.5 continuing contract teachers must:

43.6 (1) be a collaborative effort between teachers and school administrators to develop
43.7 and implement a teacher evaluation process that is based on professional teaching
43.8 standards and includes both formative assessments to improve instruction through
43.9 identifying teachers' strengths and weaknesses and summative assessments conducted at
43.10 least once every three school years and used to make personnel decisions, consistent
43.11 with clause (2);

43.12 (2) coordinate staff development activities under section 122A.60 with this
43.13 evaluation process and teachers' evaluation outcomes and give teachers not meeting
43.14 standards of effective practice sufficient support to improve;

43.15 (3) include in-class observations by both licensed mentor teachers and school
43.16 administrators who are trained evaluators, use a valid observation framework or protocol,
43.17 and periodically undergo a reliability review;

43.18 (4) provide peer coaching or have teachers participate in professional learning
43.19 communities, consistent with paragraph (a);

43.20 (5) require teachers to develop and present a portfolio demonstrating evidence
43.21 of reflection and professional growth, consistent with section 122A.18, subdivision
43.22 4, paragraph (b), using criteria developed by the Board of Teaching to reliably assess
43.23 portfolio content, and include teachers' own performance assessment based on student
43.24 work samples, student and family surveys, and videotapes of teachers' work, among
43.25 other activities;

43.26 (6) demonstrate teachers' content knowledge and teaching skills; and

43.27 (7) use longitudinal data on student academic growth, student attendance, student
43.28 engagement and connection, and other outcome measures as evaluation components.

43.29 **EFFECTIVE DATE.** This section is effective the day following final enactment
43.30 and applies beginning when a district next enters into or modifies a collective bargaining
43.31 agreement or by the 2011-2012 school year, whichever comes first.

43.32 **Sec. 24. [123A.29] EFFICIENCY PLUS ACCESS TASK FORCES.**

43.33 Subdivision 1. **Purpose.** The purpose of the efficiency plus access task forces
43.34 is to facilitate greater efficiency and reduce education costs through collaboration and
43.35 cooperation across school districts and other governmental agencies while maintaining

44.1 or improving the learning results for students. The legislative intent is to reduce the
44.2 administrative costs of education without resorting to a policy of required consolidation
44.3 that reduces the number of districts or school boards and without creating fewer larger
44.4 schools that require longer bus rides for students.

44.5 Subd. 2. **Required district participation.** Each district with an enrollment of
44.6 fewer than 5,000 pupils in K-12 for fiscal year 2010 shall participate in an efficiency
44.7 plus access task force.

44.8 Subd. 3. **Optional district and other public entity participation.** School districts
44.9 with more than 5,000 pupils, charter schools, cities, townships, counties, public higher
44.10 education institutions, Head Start agencies, public libraries, and other public entities are
44.11 encouraged to participate in the efficiency plus access task forces.

44.12 Subd. 4. **Task force membership.** (a) Participating districts may organize the task
44.13 forces using an existing education district, intermediate district, or other cooperative
44.14 model. Districts may request that a service cooperative assist in establishing task forces
44.15 for their service area. Districts do not need to be contiguous to form an efficiency plus
44.16 access task force. Each task force shall consist of one member appointed by each district
44.17 board included in the task force and one member from each entity defined in subdivision
44.18 3 that choose to participate. Districts and other public entities may decide to become
44.19 members of more than one efficiency plus access task force. These appointments shall be
44.20 made by August 15, 2010.

44.21 (b) Each school board shall develop a process within the district allowing teachers,
44.22 students, parents, and the community to have access and opportunities to review and make
44.23 recommendations to be brought forward to the efficiency plus access task force.

44.24 (c) The initial meeting of each task force shall not be later than September 30, 2010.
44.25 At the initial meeting, each task force shall elect a chair and other officers it considers
44.26 necessary to coordinate the work of the task force.

44.27 Subd. 5. **Task force; powers.** (a) Each task force shall review and make
44.28 recommendations to the boards of the participating districts and public entities regarding
44.29 how the purpose of this section can be met in the following areas:

44.30 (1) administrative services including but not limited to superintendent services,
44.31 principal services, financial management, human services, facilities and grounds
44.32 maintenance, food and nutrition services, research and evaluation services, transportation
44.33 services, health services, information technology services, and other administrative
44.34 services. Cooperation with other public agencies for the provision of administrative
44.35 services should be considered;

45.1 (2) instructional and learning services including but not limited to creating a
45.2 common calendar; low-attendance elective secondary courses; use of technology to
45.3 replace or supplement courses currently being provided; use of technology to provide
45.4 new learning opportunities through technology with an emphasis on using low-cost or
45.5 no-cost learning opportunities available online; coordination with higher education so
45.6 that advanced courses are provided college credit to avoid duplication between high
45.7 school and postsecondary; determine how certain students can complete select high school
45.8 credit requirements while in middle school; and exploring ways to utilize the learning
45.9 opportunities in the community through programs such as parks and recreation, arts,
45.10 libraries, and other community providers; and

45.11 (3) cooperative arrangements for shared extracurricular activities, including having
45.12 the activities become the responsibility of the community recreational program.

45.13 (b) The task force shall consider creating new models of schools including
45.14 project-based learning schools, online learning schools in cooperation with other education
45.15 districts, service cooperatives or chartered schools, new grade 11 postsecondary models
45.16 in partnership with colleges and universities, prekindergarten through primary grades in
45.17 partnership with early childhood providers, and other models of schooling.

45.18 Subd. 6. **Reporting.** Each efficiency plus access task force shall file its initial
45.19 planning report with the commissioner no later than October 15, 2010. The report shall
45.20 include the basic information about the composition of the task force, including how input
45.21 to the task force will be obtained consistent with subdivision 4, paragraph (b). Each task
45.22 force shall complete its recommendations and file its report with the member school
45.23 boards and commissioner no later than December 1, 2011. The report shall include
45.24 recommendations pursuant to subdivision 5 and identify the financial impact of those
45.25 recommendations for at least fiscal years 2013 and 2014. Each school board shall file a
45.26 report with the commissioner regarding the actions it will take in response to the report
45.27 no later than March 15, 2012. The report shall also include the impact on other agencies
45.28 included in the task force planning.

45.29 Sec. 25. Minnesota Statutes 2009 Supplement, section 123B.143, subdivision 1,
45.30 is amended to read:

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

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

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

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

46.26 (3) annually evaluate each school principal and assistant principal assigned
46.27 responsibility for supervising a school building within the district, consistent with section
46.28 123B.147, subdivision 3, paragraph (b);

46.29 (4) superintend school grading practices and examinations for promotions;

46.30 ~~(4)~~ (5) make reports required by the commissioner; and

46.31 ~~(5)~~ (6) perform other duties prescribed by the board.

46.32 **EFFECTIVE DATE.** This section is effective the day following final enactment
46.33 and applies beginning when a district next enters into or modifies a collective bargaining
46.34 agreement or by the 2011-2012 school year, whichever comes first.

46.35 Sec. 26. Minnesota Statutes 2008, section 123B.147, subdivision 3, is amended to read:

47.1 Subd. 3. **Duties; evaluation.** (a) The principal shall provide administrative,
47.2 supervisory, and instructional leadership services, under the supervision of the
47.3 superintendent of schools of the district and ~~in accordance with~~ according to the policies,
47.4 rules, and regulations of the school board of education, for the planning, management,
47.5 operation, and evaluation of the education program of the building or buildings to which
47.6 the principal is assigned.

47.7 (b) To enhance principals' leadership skills and support and improve teachers'
47.8 teaching practices, the school board and the exclusive representative of the school
47.9 principals of the district must negotiate a plan for an annual evaluation of the school
47.10 principals and assistant principals assigned responsibility for supervising a school building
47.11 within the district. The annual evaluation process must:

47.12 (1) be designed to support and improve principals' instructional leadership
47.13 defined in the plan, organizational management, and professional development, and
47.14 strengthen principals' capacity in the areas of instruction, supervision, evaluation, and the
47.15 development of teachers and highly effective school organizations;

47.16 (2) include formative and summative evaluations;

47.17 (3) be consistent with the principals' job description, district long-term plans and
47.18 goals, and principals' own professional multiyear growth plans and goals;

47.19 (4) include on-the-job observations, team assessments and evaluations, and verbal
47.20 and written feedback on performance;

47.21 (5) require feedback from teachers, support staff, students, and parents;

47.22 (6) use longitudinal data on student academic growth as an evaluation component;

47.23 and

47.24 (7) be linked to professional development.

47.25 **EFFECTIVE DATE.** This section is effective the day following final enactment
47.26 and applies beginning when a district next enters into or modifies a collective bargaining
47.27 agreement or by the 2011-2012 school year, whichever comes first.

47.28 Sec. 27. Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 3, is
47.29 amended to read:

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

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

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

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

48.10 "Affidavit" means the form an authorizer submits to the commissioner that is a
48.11 precondition to a charter school organizing an affiliated nonprofit building corporation
48.12 under subdivision 17a.

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

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

48.16 (2) a charitable organization under section 501(c)(3) of the Internal Revenue
48.17 Code of 1986, excluding a nonpublic sectarian or religious institution; without an
48.18 approved affidavit by the commissioner prior to July 1, 2009, and any person other than a
48.19 natural person that directly or indirectly, through one or more intermediaries, controls,
48.20 is controlled by, or is under common control with the nonpublic sectarian or religious
48.21 institution, and any other charitable organization under this clause that in the federal IRS
48.22 Form 1023, Part IV, describes activities indicating a religious purpose, that:

48.23 (i) is a member of the Minnesota Council of Nonprofits or the Minnesota Council on
48.24 Foundations;

48.25 (ii) is registered with the attorney general's office;

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

48.27 (iv) is incorporated in the state of Minnesota;

48.28 (3) a Minnesota private college, notwithstanding clause (2), that grants two- or
48.29 four-year degrees and is registered with the Minnesota Office of Higher Education under
48.30 chapter 136A; community college, state university, or technical college governed by the
48.31 Board of Trustees of the Minnesota State Colleges and Universities; or the University of
48.32 Minnesota; or

48.33 (4) a nonprofit corporation subject to chapter 317A, described in section 317A.905,
48.34 and exempt from federal income tax under section 501(c)(6) of the Internal Revenue Code
48.35 of 1986, may authorize one or more charter schools if the charter school has operated

49.1 for at least three years under a different authorizer and if the nonprofit corporation has
49.2 existed for at least 25 years.

49.3 (5) no more than three single-purpose sponsors that are charitable, nonsectarian
49.4 organizations formed under section 501(c)(3) of the Internal Revenue Code of 1986 and
49.5 incorporated in the state of Minnesota whose sole purpose is to charter schools. Eligible
49.6 organizations interested in being approved as a sponsor under this paragraph must submit a
49.7 proposal to the commissioner that includes the provisions of paragraph (c) and a five-year
49.8 financial plan. Such authorizers shall consider and approve applications using the criteria
49.9 provided in subdivision 4 and shall not limit the applications it solicits, considers, or
49.10 approves to any single curriculum, learning program, or method.

49.11 (c) An eligible authorizer under this subdivision must apply to the commissioner for
49.12 approval as an authorizer before submitting any affidavit to the commissioner to charter
49.13 a school. The application for approval as a charter school authorizer must demonstrate
49.14 the applicant's ability to implement the procedures and satisfy the criteria for chartering a
49.15 school under this section. The commissioner must approve or disapprove an application
49.16 within 60 business days of the application deadline. If the commissioner disapproves
49.17 the application, the commissioner must notify the applicant of the deficiencies and the
49.18 applicant then has 20 business days to address the deficiencies to the commissioner's
49.19 satisfaction. Failing to address the deficiencies to the commissioner's satisfaction makes
49.20 an applicant ineligible to be an authorizer. The commissioner, in establishing criteria for
49.21 approval, must consider the applicant's:

- 49.22 (1) capacity and infrastructure;
49.23 (2) application criteria and process;
49.24 (3) contracting process;
49.25 (4) ongoing oversight and evaluation processes; and
49.26 (5) renewal criteria and processes.

49.27 (d) The ~~affidavit~~ application for approval to be submitted to and evaluated by the
49.28 commissioner must include at least the following:

- 49.29 (1) how chartering schools is a way for the organization to carry out its mission;
49.30 (2) a description of the capacity of the organization to serve as a sponsor, including
49.31 the personnel who will perform the sponsoring duties, their qualifications, the amount of
49.32 time they will be assigned to this responsibility, and the financial resources allocated
49.33 by the organization to this responsibility;

49.34 (3) a description of the application and review process the authorizer will use to make
49.35 decisions regarding the granting of charters, which will include at least the following:

- 49.36 (i) how the statutory purposes defined in subdivision 1 are addressed;

- 50.1 (ii) the mission, goals, program model, and student performance expectations;
- 50.2 (iii) an evaluation plan for the school that includes criteria for evaluating educational,
- 50.3 organizational, and fiscal plans;
- 50.4 (iv) the school's governance plan;
- 50.5 (v) the financial management plan; and
- 50.6 (vi) the administration and operations plan;
- 50.7 (4) a description of the type of contract it will arrange with the schools it charters
- 50.8 that meets the provisions of subdivision 6 and defines the rights and responsibilities of the
- 50.9 charter school for governing its educational program, controlling its funds, and making
- 50.10 school management decisions;
- 50.11 (5) the process to be used for providing ongoing oversight of the school consistent
- 50.12 with the contract expectations specified in clause (4) that assures that the schools chartered
- 50.13 are complying with both the provisions of applicable law and rules, and with the contract;
- 50.14 (6) the process for making decisions regarding the renewal or termination of
- 50.15 the school's charter based on evidence that demonstrates the academic, organizational,
- 50.16 and financial competency of the school, including its success in increasing student
- 50.17 achievement and meeting the goals of the charter school agreement; and
- 50.18 (7) an assurance specifying that the organization is committed to serving as a
- 50.19 sponsor for the full five-year term.

50.20 A disapproved applicant under this paragraph may resubmit an application during a

50.21 future application period.

50.22 (e) The authorizer must participate in department-approved training.

50.23 (f) An authorizer that chartered a school before August 1, 2009, must apply by

50.24 June 30, 2011, to the commissioner for approval, under paragraph (c), to continue as an

50.25 authorizer under this section. For purposes of this paragraph, an authorizer that fails to

50.26 submit a timely application is ineligible to charter a school.

50.27 (g) The commissioner shall review an authorizer's performance every five years in

50.28 a manner and form determined by the commissioner and may review an authorizer's

50.29 performance more frequently at the commissioner's own initiative or at the request of a

50.30 charter school operator, charter school board member, or other interested party. The

50.31 commissioner, after completing the review, shall transmit a report with findings to the

50.32 authorizer. If, consistent with this section, the commissioner finds that an authorizer

50.33 has not fulfilled the requirements of this section, the commissioner may subject the

50.34 authorizer to corrective action, which may include terminating the contract with the

50.35 charter school board of directors of a school it chartered. The commissioner must notify

50.36 the authorizer in writing of any findings that may subject the authorizer to corrective

51.1 action and the authorizer then has 15 business days to request an informal hearing before
51.2 the commissioner takes corrective action.

51.3 (h) The commissioner may at any time take corrective action against an authorizer,
51.4 including terminating an authorizer's ability to charter a school for:

51.5 (1) failing to demonstrate the criteria under paragraph (c) under which the
51.6 commissioner approved the authorizer;

51.7 (2) violating a term of the chartering contract between the authorizer and the charter
51.8 school board of directors; or

51.9 (3) unsatisfactory performance as an approved authorizer.

51.10 Sec. 28. Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 4, is
51.11 amended to read:

51.12 Subd. 4. **Formation of school.** (a) An authorizer, after receiving an application from
51.13 a school developer, may charter a licensed teacher under section 122A.18, subdivision
51.14 1, or a group of individuals that includes one or more licensed teachers under section
51.15 122A.18, subdivision 1, to operate a school subject to the commissioner's approval of the
51.16 authorizer's affidavit under paragraph (b). The school must be organized and operated
51.17 as a cooperative under chapter 308A or nonprofit corporation under chapter 317A and
51.18 the provisions under the applicable chapter shall apply to the school except as provided
51.19 in this section.

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

51.23 (b) Before the operators may establish and operate a school, the authorizer must file
51.24 an affidavit with the commissioner stating its intent to charter a school. An authorizer
51.25 must file a separate affidavit for each school it intends to charter. The affidavit must
51.26 state the terms and conditions under which the authorizer would charter a school and
51.27 how the authorizer intends to oversee the fiscal and student performance of the charter
51.28 school and to comply with the terms of the written contract between the authorizer
51.29 and the charter school board of directors under subdivision 6. The commissioner must
51.30 approve or disapprove the authorizer's affidavit within 60 business days of receipt of the
51.31 affidavit. If the commissioner disapproves the affidavit, the commissioner shall notify
51.32 the authorizer of the deficiencies in the affidavit and the authorizer then has 20 business
51.33 days to address the deficiencies. If the authorizer does not address deficiencies to the
51.34 commissioner's satisfaction, the commissioner's disapproval is final. Failure to obtain

52.1 commissioner approval precludes an authorizer from chartering the school that is the
52.2 subject of this affidavit.

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

52.7 (d) The operators authorized to organize and operate a school, before entering into a
52.8 contract or other agreement for professional or other services, goods, or facilities, must
52.9 incorporate as a cooperative under chapter 308A or as a nonprofit corporation under
52.10 chapter 317A and must establish a board of directors composed of at least five members
52.11 who are not related parties until a timely election for members of the ongoing charter
52.12 school board of directors is held according to the school's articles and bylaws under
52.13 paragraph (f). A charter school board of directors must be composed of at least five
52.14 members who are not related parties. Staff members employed at the school, including
52.15 teachers providing instruction under a contract with a cooperative, and all parents or legal
52.16 guardians of children enrolled in the school are the voters eligible to elect the members
52.17 of the school's board of directors. A charter school must notify eligible voters of the
52.18 school board election dates at least 30 days before the election. Board of director meetings
52.19 must comply with chapter 13D.

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

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

52.34 (g) The ongoing board must be elected before the school completes its third year
52.35 of operation. Board elections must be held during a time when school is in session. The
52.36 charter school board of directors shall be composed of at least five nonrelated members

53.1 and include: (i) at least one licensed teacher employed and serving as a teacher at the
53.2 school or a licensed teacher providing instruction under a ~~contract~~ contract between the
53.3 charter school and a cooperative; (ii) the parent or legal guardian of a student enrolled
53.4 in the charter school who is not employed by the charter school; and (iii) an interested
53.5 community member who is not employed by the charter school and does not have a child
53.6 enrolled in the school. The board may be a teacher majority board composed of teachers
53.7 described in this paragraph. The chief financial officer and the chief administrator ~~are~~ may
53.8 only serve as ex-officio nonvoting board members and shall not serve as a voting member
53.9 of the board. Charter school employees shall not serve on the board unless item (i) applies.
53.10 Contractors providing facilities, goods, or services to a charter school shall not serve on
53.11 the board of directors of the charter school. Board bylaws shall outline the process and
53.12 procedures for changing the board's governance model, consistent with chapter 317A. A
53.13 board may change its governance model only:

53.14 (1) by a majority vote of the board of directors and the licensed teachers employed
53.15 by the school, including licensed teachers providing instruction under a contract between
53.16 the school and a cooperative; and

53.17 (2) with the authorizer's approval.

53.18 Any change in board governance must conform with the board structure established
53.19 under this paragraph.

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

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

53.30 (j) An authorizer may permit the board of directors of a charter school to expand
53.31 the operation of the charter school to additional sites or to add additional grades at the
53.32 school beyond those described in the authorizer's original affidavit as approved by
53.33 the commissioner only after submitting a supplemental affidavit for approval to the
53.34 commissioner in a form and manner prescribed by the commissioner. The supplemental
53.35 affidavit must show that:

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

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

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

54.8 (4) the authorizer finds that the charter school has the management capacity to
54.9 carry out its expansion.

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

54.16 Sec. 29. Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 4a,
54.17 is amended to read:

54.18 Subd. 4a. **Conflict of interest.** (a) An individual ~~is prohibited from serving~~ must
54.19 not serve as a member of the charter school board of directors if ~~the~~ that individual, an
54.20 immediate family member, or the individual's partner is an owner, an employee or agent
54.21 of, or a contractor who contracts with a for-profit or nonprofit entity, or an individual, and
54.22 with whom the charter school contracts, directly or indirectly, for professional services,
54.23 goods, or facilities. A violation of this prohibition renders a contract voidable at the option
54.24 of the commissioner or the charter school board of directors. A member of a charter
54.25 school board of directors who violates this prohibition is individually liable to the charter
54.26 school for any damage caused by the violation.

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

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

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

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

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

54.34 (1) to (3),

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

55.3 (c) Any employee, agent, or board member of the authorizer who participates
55.4 in the initial review, approval, ongoing oversight, evaluation, or the charter renewal or
55.5 nonrenewal process or decision is ineligible to serve on the board of directors of a school
55.6 chartered by that authorizer.

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

55.9 (e) A charter school board member or employee may receive remuneration such as
55.10 a fee-for-service as part of a financial transaction involving a charter school only if the
55.11 remuneration is payment for services rendered that are in addition to the services the board
55.12 member or employee already agreed to provide to the charter school and the board of
55.13 directors formally approves the remuneration.

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

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

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

55.21 Sec. 30. Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 6a,
55.22 is amended to read:

55.23 Subd. 6a. **Audit report.** (a) The charter school must submit an audit report to the
55.24 commissioner and its authorizer by December 31 each year.

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

55.31 (c) If the commissioner receives an audit report indicating that a material weakness
55.32 exists in the financial reporting systems of a charter school, the charter school must
55.33 submit a written report to the commissioner explaining how the material weakness will
55.34 be resolved. An entity, as a condition of providing financial services to a charter school,

56.1 must agree to make available information about a charter school's financial audit to the
56.2 commissioner upon request.

56.3 Sec. 31. Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 11,
56.4 is amended to read:

56.5 Subd. 11. **Employment and other operating matters.** (a) A charter school must
56.6 employ or contract with necessary teachers, as defined by section 122A.15, subdivision
56.7 1, who hold valid licenses to perform the particular service for which they are employed
56.8 in the school. The charter school's state aid may be reduced under section 127A.43
56.9 if the school employs a teacher who is not appropriately licensed or approved by the
56.10 board of teaching. The school may employ necessary employees who are not required to
56.11 hold teaching licenses to perform duties other than teaching and may contract for other
56.12 services. The school may discharge teachers and nonlicensed employees. The charter
56.13 school board is subject to section 181.932. When offering employment to a prospective
56.14 employee, a charter school must give that employee a written description of the terms and
56.15 conditions of employment and the school's personnel policies. The terms and conditions
56.16 of employment must include an annual teacher evaluation that is substantively consistent
56.17 with section 122A.40, subdivision 8, paragraph (b). Teacher evaluations do not create
56.18 an expectation of continuing employment.

56.19 (b) A person, without holding a valid administrator's license, may perform
56.20 administrative, supervisory, or instructional leadership duties. The board of directors shall
56.21 establish qualifications for persons that hold administrative, supervisory, or instructional
56.22 leadership roles. The qualifications shall include at least the following areas: instruction
56.23 and assessment; human resource and personnel management; financial management;
56.24 legal and compliance management; effective communication; and board, authorizer, and
56.25 community relationships. The board of directors shall use those qualifications as the
56.26 basis for job descriptions, hiring, and performance evaluations, substantively consistent
56.27 with section 123B.147, subdivision 3, paragraph (b), of those who hold administrative,
56.28 supervisory, or instructional leadership roles. Performance evaluations do not create
56.29 an expectation of continuing employment. The board of directors and an individual
56.30 who does not hold a valid administrative license and who serves in an administrative,
56.31 supervisory, or instructional leadership position shall develop a professional development
56.32 plan. Documentation of the implementation of the professional development plan of these
56.33 persons shall be included in the school's annual report.

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

57.1 EFFECTIVE DATE. This section is effective for the 2011-2012 school year and
57.2 later.

57.3 Sec. 32. Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 23,
57.4 is amended to read:

57.5 Subd. 23. **Causes for nonrenewal or termination of charter school contract.** (a)
57.6 The duration of the contract with an authorizer must be for the term contained in the
57.7 contract according to subdivision 6. The authorizer may or may not renew a contract at
57.8 the end of the term for any ground listed in paragraph (b). An authorizer may unilaterally
57.9 terminate a contract during the term of the contract for any ground listed in paragraph
57.10 (b). At least 60 days before not renewing or terminating a contract, the authorizer shall
57.11 notify the board of directors of the charter school of the proposed action in writing. The
57.12 notice shall state the grounds for the proposed action in reasonable detail and that the
57.13 charter school's board of directors may request in writing an informal hearing before the
57.14 authorizer within 15 business days of receiving notice of nonrenewal or termination of the
57.15 contract. Failure by the board of directors to make a written request for a hearing within
57.16 the 15-business-day period shall be treated as acquiescence to the proposed action. Upon
57.17 receiving a timely written request for a hearing, the authorizer shall give ten business days'
57.18 notice to the charter school's board of directors of the hearing date. The authorizer shall
57.19 conduct an informal hearing before taking final action. The authorizer shall take final
57.20 action to renew or not renew a contract no later than 20 business days before the proposed
57.21 date for terminating the contract or the end date of the contract.

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

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

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

57.25 (3) violations of law; or

57.26 (4) other good cause shown.

57.27 If a contract is terminated or not renewed under this paragraph, the school must be
57.28 dissolved according to the applicable provisions of chapter 308A or 317A.

57.29 (c) If the sponsor and the charter school board of directors mutually agree to
57.30 terminate or not renew the contract, a change in sponsors is allowed if the commissioner
57.31 approves the transfer to a different eligible authorizer to authorize the charter school.
57.32 Both parties must jointly submit their intent in writing to the commissioner to mutually
57.33 terminate the contract. The sponsor that is a party to the existing contract at least must
57.34 inform the approved different eligible sponsor about the fiscal and operational status
57.35 and student performance of the school. Before the commissioner determines whether

58.1 to approve a transfer of authorizer, the commissioner first must determine whether the
58.2 charter school and prospective new authorizer can identify and effectively resolve those
58.3 circumstances causing the previous authorizer and the charter school to mutually agree to
58.4 terminate the contract. If no transfer of sponsor is approved, the school must be dissolved
58.5 according to applicable law and the terms of the contract.

58.6 (d) The commissioner, after providing reasonable notice to the board of directors of
58.7 a charter school and the existing authorizer, and after providing an opportunity for a public
58.8 hearing under chapter 14, may terminate the existing contract between the authorizer and
58.9 the charter school board if the charter school has a history of:

58.10 (1) failure to meet pupil performance requirements ~~contained in the contract~~
58.11 consistent with state law;

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

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

58.15 (e) If the commissioner terminates a charter school contract under subdivision 3,
58.16 paragraph (g), the commissioner shall provide the charter school with information about
58.17 other eligible authorizers.

58.18 Sec. 33. **[124D.101] VACANT BUILDING INVENTORY.**

58.19 The Department of Administration and the Department of Education annually shall
58.20 publish a list of state and district-owned buildings and parts of buildings that are vacant
58.21 and unused and that may be suitable for operating a charter school. The Department of
58.22 Education shall make the list available to charter school applicants and operators. The
58.23 list shall include the building address, a brief building description, and building name.
58.24 Nothing in this section requires a building owner to sell or lease a listed building or a part
58.25 of a building to a charter school, any other school, or any other prospective buyer or
58.26 tenant. School districts, upon request, must provide the Department of Education with the
58.27 information it needs to compile the vacant building list under this section.

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

58.29 Sec. 34. Laws 2009, chapter 96, article 2, section 64, is amended to read:

58.30 Sec. 64. **RESERVED REVENUE FOR STAFF DEVELOPMENT;**
58.31 **TEMPORARY SUSPENSION.**

58.32 (a) Notwithstanding Minnesota Statutes, section 122A.61, subdivision 1, for fiscal
58.33 years 2010 and 2011 only, a school district or charter school may use revenue reserved for
58.34 staff development under Minnesota Statutes, section 122A.61, subdivision 1, according

59.1 to the requirements of general education revenue under Minnesota Statutes, section
59.2 126C.13, subdivision 5.

59.3 (b) On June 30, 2010, a school district may permanently transfer any balance from
59.4 the reserved account for staff development to the undesignated general fund balance.

59.5 Sec. 35. Laws 2009, chapter 96, article 2, section 67, subdivision 14, is amended to
59.6 read:

59.7 Subd. 14. **Collaborative urban educator.** For the collaborative urban educator
59.8 grant program:

59.9 \$ 528,000 2010

59.10 \$ 528,000 2011

59.11 \$210,000 each year is for the Southeast Asian teacher program at Concordia
59.12 University, St. Paul; \$159,000 each year is for the collaborative urban educator program at
59.13 the University of St. Thomas; and \$159,000 each year is for the Center for Excellence in
59.14 Urban Teaching at Hamline University. Grant recipients must collaborate with urban and
59.15 nonurban school districts. Any balance in the first year does not cancel but is available
59.16 in the second year.

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

59.18 Sec. 36. Laws 2009, chapter 96, article 2, section 67, subdivision 17, is amended to
59.19 read:

59.20 Subd. 17. **Education Planning and Assessment System (EPAS) program.** For
59.21 the Educational Planning and Assessment System (EPAS) program under Minnesota
59.22 Statutes, section 120B.128:

59.23 \$ 829,000 2010

59.24 \$ ~~829,000~~ 638,000 2011

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

59.26 **EFFECTIVE DATE.** This section is effective July 1, 2010.

59.27 Sec. 37. **IMPLEMENTING DIFFERENTIATED GRADUATION RATE**
59.28 **MEASURES AND EXPLORING ALTERNATIVE ROUTES TO A STANDARD**
59.29 **DIPLOMA FOR AT-RISK AND OFF-TRACK STUDENTS.**

59.30 (a) To implement the requirements of Minnesota Statutes, section 120B.35,
59.31 subdivision 3, paragraph (e), the commissioner of education must convene a group
59.32 of recognized and qualified experts on improving differentiated graduation rates and

60.1 establishing alternative routes to a standard high school diploma for at-risk and off-track
60.2 students throughout the state. The commissioner must assist the group, as requested,
60.3 to explore and recommend to the commissioner and the legislature (i) research-based
60.4 measures that demonstrate the relative success of school districts, school sites, charter
60.5 schools, and alternative program providers in improving the graduation outcomes of
60.6 at-risk and off-track students, and (ii) state options for establishing alternative routes to a
60.7 standard diploma consistent with the educational accountability system under Minnesota
60.8 Statutes, chapter 120B. When proposing alternative routes to a standard diploma, the
60.9 group also must identify highly reliable variables that generate summary data to comply
60.10 with Minnesota Statutes, section 120B.35, subdivision 3, paragraph (e), including: who
60.11 initiates the request for an alternative route; who approves the request for an alternative
60.12 route; the parameters of the alternative route process, including whether a student first
60.13 must fail a regular, state-mandated exam; and the comparability of the academic and
60.14 achievement criteria reflected in the alternative route and the standard route for a standard
60.15 diploma. The group is also encouraged to identify the data, time lines, and methods
60.16 needed to evaluate and report on the alternative routes to a standard diploma once they are
60.17 implemented and the student outcomes that result from those routes.

60.18 (b) The commissioner must convene the first meeting of this group by September
60.19 15, 2010. Group members must include: one administrator of, one teacher from, and
60.20 one parent of a student currently enrolled in a state-approved alternative program
60.21 selected by the Minnesota Association of Alternative Programs; one representative
60.22 selected by the Minnesota Online Learning Alliance; one representative selected by
60.23 the Metropolitan Federation of Alternative Schools; one representative selected by the
60.24 Minnesota Association of Charter Schools; one representative selected by the Minnesota
60.25 School Board Association; one representative selected by Education Minnesota; one
60.26 representative selected by the Association of Metropolitan School Districts; one
60.27 representative selected by the Minnesota Rural Education Association; two faculty
60.28 members selected by the dean of the college of education at the University of Minnesota
60.29 with expertise in serving and assessing at-risk and off-track students; two Minnesota State
60.30 Colleges and Universities faculty members selected by the Minnesota State Colleges
60.31 and Universities chancellor with expertise in serving and assessing at-risk and off-track
60.32 students; one currently serving superintendent from a school district selected by the
60.33 Minnesota Association of School Administrators; one currently serving high school
60.34 principal selected by the Minnesota Association of Secondary School Principals; and
60.35 two public members selected by the commissioner. The group may seek input from
60.36 representatives of other interested stakeholders and organizations with expertise to help

61.1 inform the group's work. The group must meet at least quarterly. Group members do not
61.2 receive compensation or reimbursement of expenses for participating in this group. The
61.3 group expires February 16, 2012.

61.4 (c) The group, by February 15, 2012, must develop and submit to the commissioner
61.5 and the education policy and finance committees of the legislature recommendations
61.6 and legislation, consistent with this section and Minnesota Statutes, section 120B.35,
61.7 subdivision 3, paragraph (e), for:

61.8 (1) measuring and reporting differentiated graduation rates for at-risk and off-track
61.9 students throughout the state and the success and costs that school districts, school sites,
61.10 charter schools, and alternative program providers experience in identifying and serving
61.11 at-risk or off-track student populations; and

61.12 (2) establishing alternative routes to a standard diploma.

61.13 **EFFECTIVE DATE.** This section is effective the day following final enactment
61.14 and applies to school report cards beginning July 1, 2013.

61.15 Sec. 38. **RULEMAKING AUTHORITY.**

61.16 The commissioner of education shall adopt rules consistent with chapter 14 that
61.17 provide English language proficiency standards for instruction of students identified
61.18 as limited English proficient under Minnesota Statutes, sections 124D.58 to 124D.64.
61.19 The English language proficiency standards must encompass the language domains of
61.20 listening, speaking, reading, and writing. The English language proficiency standards must
61.21 reflect social and academic dimensions of acquiring a second language that are accepted
61.22 of English language learners in prekindergarten through grade 12. The English language
61.23 proficiency standards must address the specific contexts for language acquisition in the
61.24 areas of social and instructional settings as well as academic language encountered in
61.25 language arts, mathematics, science, and social studies. The English language proficiency
61.26 standards must express the progression of language development through language
61.27 proficiency levels. The English language proficiency standards must be implemented
61.28 for all limited English proficient students beginning in the 2011-2012 school year and
61.29 assessed beginning in the 2012-2013 school year.

61.30 Sec. 39. **DEPARTMENT OF EDUCATION.**

61.31 Subdivision 1. **Recess guidelines.** The department is encouraged to develop
61.32 voluntary school district guidelines that promote high quality recess practices and foster
61.33 student behaviors that lead students to increase their activity levels, improve their social
61.34 skills, and misbehave less.

62.1 Subd. 2. **Common course catalogue.** The department is encouraged to include
62.2 in the Minnesota common course catalogue all district physical education classes and
62.3 physical education graduation requirements.

62.4 Subd. 3. **Standards adoption.** Notwithstanding Minnesota Statutes, sections
62.5 120B.021, subdivision 2, and 120B.023, any statutory criteria required when reviewing or
62.6 revising standards and benchmarks, any requirements governing the content of statewide
62.7 standards, and any other law to the contrary, the commissioner of education shall initially
62.8 adopt the most recent standards developed by the National Association for Sport and
62.9 Physical Education for physical education in kindergarten through grade 12.

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

62.11 Sec. 40. **HEALTHY KIDS AWARDS PROGRAM.**

62.12 Subdivision 1. **Recognition.** The healthy kids awards program rewards kindergarten
62.13 through grade 12 students for their nutritional well-being and physical activity. In addition
62.14 to the physical and nutritional education students receive in physical education classes,
62.15 the program is intended to integrate physical activity and nutritional education into
62.16 nonphysical education classes, recess, and extracurricular activities throughout the day.
62.17 Interested schools must agree to participate from October through May of each school year.

62.18 Subd. 2. **School district participation.** School districts annually by September
62.19 15 may submit to the commissioner of education a letter of intent to participate in a
62.20 healthy kids awards program from October to May during the current school year. The
62.21 commissioner must recognize on the school performance report card under Minnesota
62.22 Statutes, section 120B.36, those schools and districts that affirm to the commissioner, as
62.23 prescribed by the commissioner, that at least 75 percent of students in the school or district
62.24 are physically active for at least 60 minutes each school day. The time students spend
62.25 participating in a physical education class counts toward the daily 60-minute requirement.

62.26 **EFFECTIVE DATE.** This section is effective the day following final enactment
62.27 and applies beginning in the 2010-2011 school year and later.

62.28 Sec. 41. **ADVISORY TASK FORCE ON SCHOOL DESEGREGATION AND**
62.29 **INTEGRATION.**

62.30 Subdivision 1. **Establishment; purpose; membership.** (a) An advisory task force
62.31 on school desegregation and integration is established to develop recommendations and
62.32 legislation for the legislature on: (i) addressing the findings and recommendations in the
62.33 2005 Minnesota legislative auditor's report on school district integration revenue, (ii)

63.1 amending Minnesota's school desegregation rule, and (iii) specifying the purpose, use, and
63.2 allocation of integration revenue under Minnesota Statutes, section 124D.86. The task
63.3 force shall consist of education stakeholders interested in addressing school desegregation
63.4 and integration policies, integration revenue uses, and the academic achievement gap
63.5 among groups of students. The 17-member task force consists of the commissioner of
63.6 education or the commissioner's designee and the following:

63.7 (1) one member appointed by and serving at the pleasure of the Minnesota Indian
63.8 Affairs Council;

63.9 (2) one member appointed by and serving at the pleasure of the Council on
63.10 Asian-Pacific Minnesotans;

63.11 (3) one member appointed by and serving at the pleasure of the Council on Black
63.12 Minnesotans;

63.13 (4) one member appointed by and serving at the pleasure of the Chicano Latino
63.14 Affairs Council;

63.15 (5) three public members appointed by the speaker of the house who are currently
63.16 serving as school district superintendents, collaborative coordinators, or school board
63.17 members, with one public member from each of the following: an urban school district, a
63.18 suburban school district, and a rural school district, and where at least one of the three
63.19 public members is also from a metropolitan integration district;

63.20 (6) four current members of the house of representatives appointed by the speaker
63.21 of the house, with two from each political party, and where two members are from the
63.22 seven-county metropolitan area and two members are from rural Minnesota;

63.23 (7) three public members appointed by the senate Subcommittee on Committees of
63.24 the Committee on Rules and Administration who are currently serving as school district
63.25 superintendents, collaborative coordinators, or school board members, with one public
63.26 member from each of the following: an urban school district, a suburban school district,
63.27 and a rural school district, and where at least one of the three public members is also from
63.28 a rural integration collaborative district; and

63.29 (8) two current members of the senate appointed by the senate Subcommittee on
63.30 Committees of the Committee on Rules and Administration, with one from each political
63.31 party, and where one member is from the seven-county metropolitan area and the second
63.32 member is from rural Minnesota.

63.33 (b) Task force members shall be appointed by July 1, 2010. Task force members
63.34 shall be represented by the designated appointee of each named organization. The task
63.35 force shall seek input from nonmember organizations such as the Institute on Race and
63.36 Poverty, the Minneapolis Urban League, the Minnesota Minority Education Partnership,

64.1 the National Association for the Advancement of Colored People, and the Office of the
64.2 State Demographer, among other organizations whose expertise can help inform the
64.3 work of the task force.

64.4 (c) The commissioner of education shall convene the first meeting of the task force
64.5 by September 15, 2010. Task force members shall elect one member to serve as the
64.6 task force chair. The task force may invite representatives of other interested education
64.7 stakeholders and organizations to participate in task force meetings. The task force must
64.8 meet at least monthly.

64.9 (d) Upon request, the commissioner of education shall provide assistance to the
64.10 task force.

64.11 (e) Task force members do not receive compensation or reimbursement of expenses
64.12 from the task force for service on the task force.

64.13 Subd. 2. **Duties; report.** (a) The task force shall develop recommendations and
64.14 legislation for addressing the findings and recommendations in the 2005 Minnesota
64.15 legislative auditor's report on school district integration revenue, amending Minnesota's
64.16 school desegregation rule, and Minnesota Statutes, section 124D.86, governing the use
64.17 and allocation of integration revenue. These recommendations and legislation may
64.18 address but are not limited to:

64.19 (1) access to integrated and equitable learning environments that enhance
64.20 achievement and opportunities for all students;

64.21 (2) changing demographics among Minnesota students reflected in the increasing
64.22 numbers of students of color, new immigrants, and English language learners;

64.23 (3) cultural proficiency training for teachers;

64.24 (4) the impact of school choice laws on state and local school desegregation and
64.25 integration efforts; and

64.26 (5) financial and other resources that enable schools and school districts to provide
64.27 staff development training, magnet schools, and other interdistrict collaborative initiatives
64.28 that enhance student achievement.

64.29 (b) By January 15, 2011, the task force shall submit to the legislative committees
64.30 and divisions with jurisdiction over early childhood through grade 12 education policy
64.31 and finance a report and accompanying legislation that reflect the substance of the
64.32 recommendation of the task force.

64.33 Subd. 3. **Expiration.** The task force expires on January 16, 2011.

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

64.35 Sec. 42. **ASSESSMENT ADVISORY COMMITTEE; RECOMMENDATIONS.**

65.1 (a) The Assessment Advisory Committee must develop recommendations for
65.2 alternative methods by which students satisfy the high school algebra end-of-course
65.3 requirements under Minnesota Statutes, section 120B.30, subdivision 1b, paragraph (b),
65.4 clause (9), and demonstrate their college and career readiness. The Assessment Advisory
65.5 Committee, among other alternative methods and if consistent with federal educational
65.6 accountability law, must consider allowing students to:

65.7 (1) achieve the mathematics college readiness score on the American College Test
65.8 (ACT) or Scholastic Aptitude Test (SAT) exam;

65.9 (2) achieve a college-credit score on a College-Level Examination Program (CLEP)
65.10 for algebra;

65.11 (3) achieve a score on an equivalent Advanced Placement or International
65.12 Baccalaureate exam that would earn credit at a four-year college or university; or

65.13 (4) pass a credit-bearing course in college algebra or a more advanced course in that
65.14 subject with a grade of C or better under Minnesota Statutes, section 124D.09, including
65.15 Minnesota Statutes, section 124D.09, subdivision 10.

65.16 (b) The Assessment Advisory Committee, in the context of the high school algebra
65.17 end-of-course assessment under Minnesota Statutes, section 120B.30, subdivision 1b, may
65.18 develop recommendations on integrating universal design principles to improve access
65.19 to learning and assessments for all students, more accurately understand what students
65.20 know and can do, provide Minnesota with more cost-effective assessments, and provide
65.21 educators with more valid inferences about students' achievement levels.

65.22 (c) The Assessment Advisory Committee, for purposes of fully implementing the
65.23 high school algebra end-of-course assessment under Minnesota Statutes, section 120B.30,
65.24 subdivision 1b, also must develop recommendations for:

65.25 (1) calculating the alignment index, including how questions about validity and
65.26 reliability are resolved; and

65.27 (2) defining "misaligned" and "highly misaligned" and when and under what specific
65.28 circumstances misalignments occur.

65.29 (d) By February 15, 2011, the Assessment Advisory Committee must submit its
65.30 recommendations under this section to the education commissioner and the education
65.31 policy and finance committees of the legislature.

65.32 (e) The commissioner must not implement any element of any recommendation
65.33 under paragraphs (a) to (d) related to the high school algebra end-of-course assessment
65.34 under Minnesota Statutes, section 120B.30, subdivision 1b, without first receiving specific
65.35 legislative authority to do so.

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

66.1 Sec. 43. **REPEALER.**

66.2 Minnesota Statutes 2008, section 122A.24, is repealed.

66.3 **EFFECTIVE DATE.** This section is effective August 1, 2010.

66.4 **ARTICLE 3**

66.5 **SPECIAL PROGRAMS**

66.6 Section 1. Minnesota Statutes 2009 Supplement, section 125A.02, subdivision 1,
66.7 is amended to read:

66.8 Subdivision 1. **Child with a disability.** "Child with a disability" means a child
66.9 identified under federal and state special education law as ~~having a hearing impairment,~~
66.10 ~~blindness, visual disability,~~ deaf or hard-of-hearing, blind or visually impaired, deafblind,
66.11 or having a speech or language impairment, a physical disability impairment, other health
66.12 impairment disability, mental developmental cognitive disability, emotional/behavioral an
66.13 emotional or behavioral disorder, specific learning disability, autism spectrum disorder,
66.14 traumatic brain injury, or severe multiple disabilities impairments, or deafblind disability
66.15 and who needs special education and related services, as determined by the rules of the
66.16 commissioner, is a child with a disability. A licensed physician, an advanced practice
66.17 nurse, or a licensed psychologist is qualified to make a diagnosis and determination
66.18 of attention deficit disorder or attention deficit hyperactivity disorder for purposes of
66.19 identifying a child with a disability.

66.20 **EFFECTIVE DATE.** This section is effective July 1, 2010.

66.21 Sec. 2. Minnesota Statutes 2008, section 125A.03, is amended to read:

66.22 **125A.03 SPECIAL INSTRUCTION FOR CHILDREN WITH A DISABILITY.**

66.23 (a) ~~As defined~~ Except as provided in paragraph (b), every district must provide or
66.24 make available special instruction education and related services, either within the district
66.25 or in another district, for all children every child with a disability, including providing
66.26 required services under Code of Federal Regulations, title 34, section 300.121, paragraph
66.27 (d), to those children suspended or expelled from school for more than ten school days
66.28 in that school year, who are residents is a resident of the district and who are disabled as
66.29 set forth in section 125A.02 from birth until that child becomes 21 years old or receives
66.30 a regular high school diploma, whichever comes first. For purposes of state and federal
66.31 special education laws, The phrase "special instruction education and related services"
66.32 in the state Education Code means a free and appropriate public education provided to an

67.1 eligible child with ~~disabilities and includes special education and related services defined~~
67.2 ~~in the Individuals with Disabilities Education Act, subpart A, section 300.24~~ a disability.

67.3 (b) ~~Notwithstanding any age limits in laws to the contrary, special instruction and~~
67.4 ~~services must be provided from birth until July 1 after the child with a disability becomes~~
67.5 ~~21 years old but shall not extend beyond secondary school or its equivalent, except as~~
67.6 ~~provided in section 124D.68, subdivision 2.~~ If a child with a disability becomes 21 years
67.7 old during the school year, the district shall continue to make available special education
67.8 and related services until the last day of the school year, or until the day the child receives
67.9 a regular high school diploma, whichever comes first.

67.10 (c) For purposes of this section and section 121A.41, subdivision 7, paragraph (a),
67.11 clause (2), "school year" means the days of student instruction designated by the school
67.12 board as the regular school year in the annual calendar adopted under section 120A.41.

67.13 (d) A district shall identify, locate, and evaluate children with a disability in the
67.14 district who are in need of special education and related services. Local health, education,
67.15 and social service agencies must refer children under age five who are known to need or
67.16 suspected of needing special instruction education and related services to the school
67.17 district. ~~Districts with less than the minimum number of eligible children with a disability~~
67.18 ~~as determined by the commissioner must cooperate with other districts to maintain a full~~
67.19 ~~range of programs for education and services for children with a disability. This section~~
67.20 ~~does not alter the compulsory attendance requirements of section 120A.22.~~

67.21 **EFFECTIVE DATE.** This section is effective July 1, 2010.

67.22 Sec. 3. **[125A.031] RESOLVING DISPUTES AMONG DISTRICTS.**

67.23 If districts dispute which district is responsible for providing or making available
67.24 special education and related services to a child with a disability who is not currently
67.25 enrolled in a district because the child's district of residence is disputed, the district in
67.26 which that child first tries to enroll shall provide or make available special education
67.27 and related services to the child until the commissioner is notified and expeditiously
67.28 resolves the dispute. For purposes of this section, "district" means a school district or a
67.29 charter school.

67.30 Sec. 4. Minnesota Statutes 2009 Supplement, section 125A.091, subdivision 7, is
67.31 amended to read:

67.32 Subd. 7. **Conciliation conference.** A parent must have an opportunity to meet with
67.33 appropriate district staff in at least one conciliation conference if the parent objects to
67.34 any proposal of which the parent receives notice under subdivision 3a. A district must

68.1 offer to hold a conciliation conference within two business days after receiving a parent's
68.2 objection to a proposal or refusal in the prior written notice. The district must hold the
68.3 conciliation conference within ten calendar days from the date the district receives a the
68.4 parent's objection to a proposal or refusal in the prior written notice. Except as provided
68.5 in this section, all discussions held during a conciliation conference are confidential
68.6 and are not admissible in a due process hearing. Within five school days after the final
68.7 conciliation conference, the district must prepare and provide to the parent a conciliation
68.8 conference memorandum that describes the district's final proposed offer of service. This
68.9 memorandum is admissible in evidence in any subsequent proceeding.

68.10 **EFFECTIVE DATE.** This section is effective the day following final enactment
68.11 and applies to all conciliation conferences required after that date.

68.12 Sec. 5. Minnesota Statutes 2008, section 125A.21, subdivision 2, is amended to read:

68.13 Subd. 2. **Third party reimbursement.** (a) Beginning July 1, 2000, districts shall
68.14 seek reimbursement from insurers and similar third parties for the cost of services
68.15 provided by the district whenever the services provided by the district are otherwise
68.16 covered by the child's health coverage. Districts shall request, but may not require, the
68.17 child's family to provide information about the child's health coverage when a child with a
68.18 disability begins to receive services from the district of a type that may be reimbursable,
68.19 and shall request, but may not require, updated information after that as needed.

68.20 (b) For children enrolled in medical assistance under chapter 256B or MinnesotaCare
68.21 under chapter 256L who have no other health coverage, a district shall provide an initial
68.22 written notice to the enrolled child's parent or legal representative of its intent to seek
68.23 reimbursement from medical assistance or MinnesotaCare for the individual education
68.24 plan health-related services provided by the district. The notice shall include:

68.25 (1) the right of the parent or legal representative to request a copy of all records
68.26 concerning individualized education program health-related services disclosed by the
68.27 district to any third party;

68.28 (2) the right of the parent or legal representative to withdraw consent for disclosing a
68.29 child's records at any time without consequence, including consent that was initially
68.30 given as part of the application process for MinnesotaCare or medical assistance under
68.31 section 256B.08, subdivision 1; and

68.32 (3) a decision to revoke consent for schools to share information from education
68.33 records does not impact a parent's eligibility for MinnesotaCare or medical assistance.

68.34 (c) The district shall give the parent or legal representative annual written notice of:

69.1 (1) the district's intent to seek reimbursement from medical assistance or
69.2 MinnesotaCare for individual education plan health-related services provided by the
69.3 district;

69.4 (2) the right of the parent or legal representative to request a copy of all records
69.5 concerning individual education plan health-related services disclosed by the district to
69.6 any third party; and

69.7 (3) the right of the parent or legal representative to withdraw consent for disclosure
69.8 of a child's records at any time without consequence, including consent that was initially
69.9 given as part of the application process for MinnesotaCare or medical assistance under
69.10 section 256B.08, subdivision 1.

69.11 The written notice shall be provided as part of the written notice required by Code of
69.12 Federal Regulations, title 34, section 300.504.

69.13 (d) In order to access the private health care coverage of a child who is covered by
69.14 private health care coverage in whole or in part, a district must:

69.15 (1) obtain annual written informed consent from the parent or legal representative, in
69.16 compliance with subdivision 5; and

69.17 (2) inform the parent or legal representative that a refusal to permit the district
69.18 or state Medicaid agency to access their private health care coverage does not relieve
69.19 the district of its responsibility to provide all services necessary to provide free and
69.20 appropriate public education at no cost to the parent or legal representative.

69.21 (e) If the commissioner of human services obtains federal approval to exempt
69.22 covered individual education plan health-related services from the requirement that private
69.23 health care coverage refuse payment before medical assistance may be billed, paragraphs
69.24 (b), (c), and (d) shall also apply to students with a combination of private health care
69.25 coverage and health care coverage through medical assistance or MinnesotaCare.

69.26 (f) In the event that Congress or any federal agency or the Minnesota legislature
69.27 or any state agency establishes lifetime limits, limits for any health care services,
69.28 cost-sharing provisions, or otherwise provides that individual education plan health-related
69.29 services impact benefits for persons enrolled in medical assistance or MinnesotaCare, the
69.30 amendments to this subdivision adopted in 2002 are repealed on the effective date of any
69.31 federal or state law or regulation that imposes the limits. In that event, districts must
69.32 obtain informed consent consistent with this subdivision as it existed prior to the 2002
69.33 amendments and subdivision 5, before seeking reimbursement for children enrolled in
69.34 medical assistance under chapter 256B or MinnesotaCare under chapter 256L who have
69.35 no other health care coverage.

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

70.2 Sec. 6. Minnesota Statutes 2008, section 125A.21, subdivision 3, is amended to read:

70.3 Subd. 3. **Use of reimbursements.** Of the reimbursements received, districts may:

70.4 (1) retain an amount sufficient to compensate the district for its administrative costs
70.5 of obtaining reimbursements;

70.6 (2) regularly obtain from education- and health-related entities training and other
70.7 appropriate technical assistance designed to improve the district's ability to ~~determine~~
70.8 ~~which services are reimbursable and to seek timely reimbursement in a cost-effective~~
70.9 ~~manner~~ access third-party payments for individualized education program health-related
70.10 services; or

70.11 (3) reallocate reimbursements for the benefit of students with ~~special needs~~
70.12 individualized education programs or individual family service plans in the district.

70.13 Sec. 7. Minnesota Statutes 2008, section 125A.21, subdivision 5, is amended to read:

70.14 Subd. 5. **Informed consent.** When obtaining informed consent, consistent with
70.15 sections 13.05, subdivision 4, paragraph (d), ~~and~~ 256B.77, subdivision 2, paragraph
70.16 (p), and Code of Federal Regulations, title 34, parts 99 and 300, to bill health plans for
70.17 covered services, the school district must notify the legal representative (1) that the cost of
70.18 the person's private health insurance premium may increase due to providing the covered
70.19 service in the school setting, (2) that the school district may pay certain enrollee health
70.20 plan costs, including but not limited to, co-payments, coinsurance, deductibles, premium
70.21 increases or other enrollee cost-sharing amounts for health and related services required
70.22 by an individual service plan, or individual family service plan, and (3) that the school's
70.23 billing for each type of covered service may affect service limits and prior authorization
70.24 thresholds. The informed consent may be revoked in writing at any time by the person
70.25 authorizing the billing of the health plan.

70.26 Sec. 8. Minnesota Statutes 2008, section 125A.21, subdivision 7, is amended to read:

70.27 Subd. 7. **District disclosure of information.** A school district may disclose
70.28 information contained in a student's individual education plan, consistent with section
70.29 13.32, subdivision 3, paragraph (a), and Code of Federal Regulations, title 34, part 99;
70.30 including records of the student's diagnosis and treatment, to a health plan company only
70.31 with the signed and dated consent of the student's parent, or other legally authorized
70.32 individual. The school district shall disclose only that information necessary for the health
70.33 plan company to decide matters of coverage and payment. A health plan company may

71.1 use the information only for making decisions regarding coverage and payment, and for
71.2 any other use permitted by law.

71.3 Sec. 9. Minnesota Statutes 2008, section 125A.515, is amended by adding a
71.4 subdivision to read:

71.5 Subd. 3a. **Students without a disability from other states.** A school district need
71.6 not provide education services under this section to an out-of-state student without an
71.7 individualized education program who lacks a tuition agreement or other agreement by the
71.8 placing authority to pay for the services.

71.9 **EFFECTIVE DATE.** This section is effective July 1, 2010, for fiscal years 2011
71.10 and later.

71.11 Sec. 10. Minnesota Statutes 2009 Supplement, section 125A.63, subdivision 2, is
71.12 amended to read:

71.13 Subd. 2. **Programs.** The Department of Education, through the resource centers
71.14 must offer summer institutes or other training programs and other educational strategies
71.15 throughout the state for deaf or hard-of-hearing, blind or visually impaired, and multiply
71.16 disabled pupils. The resource centers must also offer workshops for teachers, and
71.17 leadership development for teachers.

71.18 A program offered through the resource centers must promote and develop education
71.19 programs offered by school districts or other organizations. The program must assist
71.20 school districts or other organizations to develop innovative programs.

71.21 Sec. 11. Minnesota Statutes 2009 Supplement, section 125A.63, subdivision 4, is
71.22 amended to read:

71.23 Subd. 4. **Advisory committees.** (a) The commissioner shall establish an
71.24 advisory committee for each resource center. The advisory committees shall develop
71.25 recommendations regarding the resource centers and submit an annual report to the
71.26 commissioner on the form and in the manner prescribed by the commissioner.

71.27 (b) The advisory committee for the Resource Center for the Deaf and Hard of
71.28 Hearing shall meet periodically at least four times per year and submit an annual report
71.29 to the commissioner, the education policy and finance committees of the legislature,
71.30 and the Commission of Deaf, DeafBlind, and Hard of Hearing Minnesotans. The report
71.31 must, at least:

71.32 (1) identify and report the aggregate, data-based education outcomes for children
71.33 with the primary disability classification of deaf and hard of hearing, consistent with

72.1 the commissioner's child count reporting practices, the commissioner's state and local
72.2 outcome data reporting system by district and region, ~~and~~ the school performance report
72.3 cards under section 120B.36, subdivision 1, and relevant IDEA Parts B and C mandated
72.4 reporting data; ~~and~~

72.5 (2) describe the implementation of a data-based plan for improving the education
72.6 outcomes of deaf and hard of hearing children that is premised on evidence-based best
72.7 practices, and provide a cost estimate for ongoing implementation of the plan; and

72.8 (3) include the recommendations for improving the developmental outcomes of
72.9 children birth to age 3 and the data underlying those recommendations that the coordinator
72.10 identifies under subdivision 5.

72.11 Sec. 12. Minnesota Statutes 2009 Supplement, section 125A.63, subdivision 5, is
72.12 amended to read:

72.13 Subd. 5. **Statewide hearing loss early education intervention coordinator.** (a)
72.14 The coordinator shall:

72.15 (1) collaborate with the early hearing detection and intervention coordinator for the
72.16 Department of Health, the director of the Department of Education Resource Center for
72.17 Deaf and Hard-of-Hearing, and the Department of Health Early Hearing Detection and
72.18 Intervention Advisory Council;

72.19 (2) coordinate and support Department of Education early hearing detection and
72.20 intervention teams;

72.21 (3) leverage resources by serving as a liaison between interagency early intervention
72.22 committees; part C coordinators from the Departments of Education, Health, and
72.23 Human Services; Department of Education regional low-incidence facilitators; service
72.24 coordinators from school districts; Minnesota children with special health needs in the
72.25 Department of Health; public health nurses; child find; Department of Human Services
72.26 Deaf and Hard-of-Hearing Services Division; and others as appropriate;

72.27 (4) identify, support, and promote culturally appropriate and evidence-based early
72.28 intervention practices for infants with hearing loss, and provide training, outreach, and use
72.29 of technology to increase consistency in statewide service provision;

72.30 (5) identify culturally appropriate specialized reliable and valid instruments to assess
72.31 and track the progress of children with hearing loss and promote their use;

72.32 (6) ensure that early childhood providers, parents, and members of the individual
72.33 family service and intervention plan are provided with child progress data resulting from
72.34 specialized assessments;

73.1 (7) educate early childhood providers and teachers of the deaf and hard-of-hearing
73.2 to use developmental data from specialized assessments to plan and adjust individual
73.3 family service plans; and

73.4 (8) make recommendations that would improve educational outcomes to the early
73.5 hearing detection and intervention committee, the commissioners of education and health,
73.6 the Commission of Deaf, DeafBlind and Hard-of-Hearing Minnesotans, and the advisory
73.7 council of the Minnesota Department of Education Resource Center for the Deaf and
73.8 Hard-of-Hearing.

73.9 (b) The Department of Education must provide aggregate data regarding outcomes
73.10 ~~of deaf and hard-of-hearing~~ children with hearing loss who receive early intervention
73.11 services within the state in accordance with the state performance plan.

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

73.13 Sec. 13. Minnesota Statutes 2008, section 125A.69, subdivision 1, is amended to read:

73.14 Subdivision 1. ~~Two kinds~~ **Admissions.** ~~There are two kinds of Admission to the~~
73.15 Minnesota State Academies is described in this section.

73.16 (a) A pupil who is deaf, hard of hearing, or blind-deaf, may be admitted to the
73.17 Academy for the Deaf. A pupil who is blind or visually impaired, blind-deaf, or multiply
73.18 disabled may be admitted to the Academy for the Blind. For a pupil to be admitted, two
73.19 decisions must be made under sections 125A.03 to 125A.24 and 125A.65.

73.20 (1) It must be decided by the individual education planning team that education in
73.21 regular or special education classes in the pupil's district of residence cannot be achieved
73.22 satisfactorily because of the nature and severity of the deafness or blindness or visual
73.23 impairment respectively.

73.24 (2) It must be decided by the individual education planning team that the academy
73.25 provides the most appropriate placement within the least restrictive alternative for the
73.26 pupil.

73.27 (b) A deaf or hard of hearing child or a visually impaired pupil may be admitted to
73.28 get socialization skills or on a short-term basis for skills development.

73.29 (c) A parent of a child who resides in Minnesota and who meets the disability criteria
73.30 for being deaf or hard-of-hearing, blind or visually impaired, or multiply disabled may
73.31 apply to place the child in the Minnesota State Academies. Academy staff must review
73.32 the application to determine whether the Minnesota State Academies is an appropriate
73.33 placement for the child. If academy staff determine that the Minnesota State Academies
73.34 is an appropriate placement, the staff must invite the individualized education program
73.35 team at the child's resident school district to participate in a meeting to arrange a trial

74.1 placement of between 60 and 90 calendar days at the Minnesota State Academies. If
74.2 the child's parent consents to the trial placement, the Minnesota State Academies is the
74.3 responsible serving school district and incur all due process obligations under law and the
74.4 child's resident school district is responsible for any transportation included in the child's
74.5 individualized education program during the trial placement. Before the trial placement
74.6 ends, academy staff must convene an individualized education program team meeting to
74.7 determine whether to continue the child's placement at the Minnesota State Academies or
74.8 that another placement is appropriate. If the individualized education program team and
74.9 the parent are unable to agree on the child's placement, the child's placement reverts to the
74.10 placement in the child's individualized education program that immediately preceded the
74.11 trial placement. If the parent and individualized education program team agree to continue
74.12 the placement beyond the trial period, the transportation and due process responsibilities
74.13 are the same as those described for the trial placement under this paragraph.

74.14 **EFFECTIVE DATE.** This section is effective for the 2010-2011 school year and
74.15 later.

74.16 Sec. 14. Minnesota Statutes 2009 Supplement, section 256B.0625, subdivision 26,
74.17 is amended to read:

74.18 Subd. 26. **Special education services.** (a) Medical assistance covers medical
74.19 services identified in a recipient's individualized education plan and covered under the
74.20 medical assistance state plan. Covered services include occupational therapy, physical
74.21 therapy, speech-language therapy, clinical psychological services, nursing services,
74.22 school psychological services, school social work services, personal care assistants
74.23 serving as management aides, assistive technology devices, transportation services,
74.24 health assessments, and other services covered under the medical assistance state plan.
74.25 Mental health services eligible for medical assistance reimbursement must be provided or
74.26 coordinated through a children's mental health collaborative where a collaborative exists if
74.27 the child is included in the collaborative operational target population. The provision or
74.28 coordination of services does not require that the individual education plan be developed
74.29 by the collaborative.

74.30 The services may be provided by a Minnesota school district that is enrolled as a
74.31 medical assistance provider or its subcontractor, and only if the services meet all the
74.32 requirements otherwise applicable if the service had been provided by a provider other
74.33 than a school district, in the following areas: medical necessity, physician's orders,
74.34 documentation, personnel qualifications, and prior authorization requirements. The
74.35 nonfederal share of costs for services provided under this subdivision is the responsibility

75.1 of the local school district as provided in section 125A.74. Services listed in a child's
75.2 individual education plan are eligible for medical assistance reimbursement only if those
75.3 services meet criteria for federal financial participation under the Medicaid program.

75.4 (b) Approval of health-related services for inclusion in the individual education plan
75.5 does not require prior authorization for purposes of reimbursement under this chapter.
75.6 The commissioner may require physician review and approval of the plan not more than
75.7 once annually or upon any modification of the individual education plan that reflects a
75.8 change in health-related services.

75.9 (c) Services of a speech-language pathologist provided under this section are covered
75.10 notwithstanding Minnesota Rules, part 9505.0390, subpart 1, item L, if the person:

75.11 (1) holds a masters degree in speech-language pathology;

75.12 (2) is licensed by the Minnesota Board of Teaching as an educational
75.13 speech-language pathologist; and

75.14 (3) either has a certificate of clinical competence from the American Speech and
75.15 Hearing Association, has completed the equivalent educational requirements and work
75.16 experience necessary for the certificate or has completed the academic program and is
75.17 acquiring supervised work experience to qualify for the certificate.

75.18 (d) Medical assistance coverage for medically necessary services provided under
75.19 other subdivisions in this section may not be denied solely on the basis that the same or
75.20 similar services are covered under this subdivision.

75.21 (e) The commissioner shall develop and implement package rates, bundled rates, or
75.22 per diem rates for special education services under which separately covered services are
75.23 grouped together and billed as a unit in order to reduce administrative complexity.

75.24 (f) The commissioner shall develop a cost-based payment structure for payment of
75.25 these services. Only costs reported through designated Department of Education data
75.26 systems in distinct service categories may be included in the cost-based payment structure.

75.27 The commissioner shall reimburse claims submitted based on an interim rate, and shall
75.28 settle at a final rate once the department has determined it. The commissioner shall
75.29 notify the school district of the final rate. The school district has 60 days to appeal the
75.30 final rate. To appeal the final rate, the school district shall file a written appeal request
75.31 to the commissioner within 60 days of the date the final rate determination was mailed.
75.32 The appeal request shall specify (1) the disputed items and (2) the name and address of
75.33 the person to contact regarding the appeal.

75.34 (g) Effective July 1, 2000, medical assistance services provided under an individual
75.35 education plan or an individual family service plan by local school districts shall not count
75.36 against medical assistance authorization thresholds for that child.

76.1 (h) Nursing services as defined in section 148.171, subdivision 15, and provided
76.2 as an individual education plan health-related service, are eligible for medical assistance
76.3 payment if they are otherwise a covered service under the medical assistance program.
76.4 Medical assistance covers the administration of prescription medications by a licensed
76.5 nurse who is employed by or under contract with a school district when the administration
76.6 of medications is identified in the child's individualized education plan. The simple
76.7 administration of medications alone is not covered under medical assistance when
76.8 administered by a provider other than a school district or when it is not identified in the
76.9 child's individualized education plan.

76.10 Sec. 15. Laws 2009, chapter 79, article 5, section 60, is amended to read:

76.11 Sec. 60. Minnesota Statutes 2008, section 256L.05, is amended by adding a
76.12 subdivision to read:

76.13 Subd. 1c. **Open enrollment and streamlined application and enrollment**
76.14 **process.** (a) The commissioner and local agencies working in partnership must develop a
76.15 streamlined and efficient application and enrollment process for medical assistance and
76.16 MinnesotaCare enrollees that meets the criteria specified in this subdivision.

76.17 (b) The commissioners of human services and education shall provide
76.18 recommendations to the legislature by January 15, 2010, on the creation of an open
76.19 enrollment process for medical assistance and MinnesotaCare that is coordinated with
76.20 the public education system. The recommendations must:

76.21 (1) be developed in consultation with medical assistance and MinnesotaCare
76.22 enrollees and representatives from organizations that advocate on behalf of children and
76.23 families, low-income persons and minority populations, counties, school administrators
76.24 and nurses, health plans, and health care providers;

76.25 (2) be based on enrollment and renewal procedures best practices, including express
76.26 lane eligibility as required under subdivision 1d;

76.27 (3) simplify the enrollment and renewal processes wherever possible; and

76.28 (4) establish a process:

76.29 (i) to disseminate information on medical assistance and MinnesotaCare to all
76.30 children in the public education system, including prekindergarten programs; and

76.31 (ii) for the commissioner of human services to enroll children and other household
76.32 members who are eligible.

76.33 The commissioner of human services in coordination with the commissioner of
76.34 education shall implement an open enrollment process by August 1, 2010, to be effective
76.35 beginning with the 2010-2011 school year.

77.1 (c) The commissioner and local agencies shall develop an online application process
77.2 for medical assistance and MinnesotaCare.

77.3 (d) The commissioner shall develop an application that is easily understandable
77.4 and does not exceed four pages in length.

77.5 (e) The commissioner of human services shall present to the legislature, by January
77.6 15, 2010, an implementation plan for the open enrollment period and online application
77.7 process.

77.8 (f) To ensure parity between all providers of medical services in the ability to seek
77.9 reimbursement from MinnesotaCare or medical assistance, the commissioner of human
77.10 services, in consultation with the commissioner of education, shall include on new or
77.11 revised enrollment forms consent authorization language for all providers of medical
77.12 services to the parent's child or children, including schools, by incorporating language on
77.13 the enrollment form that is consistent with federal data practices laws requiring consent
77.14 before a school may release information from individual educational records. The consent
77.15 language shall include a statement that the medical services providers may share with the
77.16 commissioner of human services medical or other information in the possession of the
77.17 provider that is necessary for the provider to be reimbursed by MinnesotaCare or medical
77.18 assistance. The consent language also shall state that information may be shared from
77.19 a child's individual educational records and that the parent may revoke the consent for
77.20 schools to share information from educational records at any time. The commissioner
77.21 shall include substantially similar consent authorization language on each of its other
77.22 enrollment forms as they are scheduled for review, revision, or replacement.

77.23 **EFFECTIVE DATE.** This section is effective July 1, 2010, or upon federal
77.24 approval, which must be requested by the commissioner, whichever is later.

77.25 Sec. 16. **SPECIAL EDUCATION REPORT.**

77.26 As the agency charged with administering and enforcing federal and state special
77.27 education laws and making special education aid payments, the Department of Education
77.28 must identify and report by February 15, 2011, to the committees of the house of
77.29 representatives and senate with primary jurisdiction over kindergarten through grade
77.30 12 education the specific circumstances under which a school district or other entity,
77.31 consistent with federal and state law, must provide special education and related services
77.32 to a child with a disability and thereby receives payment for providing the special
77.33 education and related services.

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

78.1 Sec. 17. **THIRD-PARTY BILLING.**

78.2 To allow the cost effective billing of medical assistance for covered services that
78.3 are not reimbursed by other legally liable third parties, the commissioner of human
78.4 services must:

78.5 (1) summarize and document school district efforts to secure reimbursement from
78.6 legally liable third parties; and

78.7 (2) request permission from the Centers for Medicare and Medicaid Services to
78.8 allow school districts to bill Medicaid alone, without first billing private payers, when:

78.9 (i) a child has both public and private coverage; and

78.10 (ii) documentation demonstrates that the private payer involved does not reimburse
78.11 for individualized education program health-related services.

78.12 Sec. 18. **REVISOR'S INSTRUCTION.**

78.13 The revisor of statutes shall substitute the term "individualized education program"
78.14 or similar terms for "individual education plan" or similar terms wherever they appear
78.15 in Minnesota Statutes and Minnesota Rules referring to the requirements relating to
78.16 the federal Individuals with Disabilities Education Act. The revisor shall also make
78.17 grammatical changes related to the changes in terms.

78.18 Sec. 19. **REPEALER.**

78.19 Minnesota Statutes 2008, section 125A.54, is repealed.

78.20 **ARTICLE 4**

78.21 **FACILITIES AND TECHNOLOGY**

78.22 Section 1. Minnesota Statutes 2008, section 123B.57, as amended by Laws 2009
78.23 chapter 96, article 4, section 2, is amended to read:

78.24 **123B.57 CAPITAL EXPENDITURE; HEALTH AND SAFETY.**

78.25 Subdivision 1. **Health and safety program revenue application.** (a) To receive
78.26 health and safety revenue for any fiscal year a district must submit to the commissioner
78.27 ~~an a capital expenditure health and safety revenue application for aid and levy~~ by the
78.28 date determined by the commissioner. ~~The application may be for hazardous substance~~
78.29 ~~removal, fire and life safety code repairs, labor and industry regulated facility and~~
78.30 ~~equipment violations, and health, safety, and environmental management, including~~
78.31 ~~indoor air quality management.~~ The application must include a health and safety program
78.32 budget adopted and confirmed by the school district board as being consistent with the

79.1 district's health and safety policy under subdivision 2. The ~~program~~ budget must include
79.2 the estimated cost, ~~per building~~, of the program per Uniform Financial Accounting and
79.3 Reporting Standards (UFARS) finance code, by fiscal year. Upon approval through the
79.4 adoption of a resolution by each of an intermediate district's member school district
79.5 boards and the approval of the Department of Education, a school district may include
79.6 its proportionate share of the costs of health and safety projects for an intermediate
79.7 district in its application.

79.8 (b) Health and safety projects with an estimated cost of \$500,000 or more per
79.9 site are not eligible for health and safety revenue. Health and safety projects with an
79.10 estimated cost of \$500,000 or more per site that meet all other requirements for health and
79.11 safety funding, are eligible for alternative facilities bonding and levy revenue according
79.12 to section 123B.59. A school board shall not separate portions of a single project into
79.13 components to qualify for health and safety revenue, and shall not combine unrelated
79.14 projects into a single project to qualify for alternative facilities bonding and levy revenue.

79.15 (c) The commissioner of education shall not make eligibility for health and safety
79.16 revenue contingent on a district's compliance status, level of program development, or
79.17 training. The commissioner shall not mandate additional performance criteria such as
79.18 training, certifications, or compliance evaluations as a prerequisite for levy approval.

79.19 Subd. 2. ~~Contents of program~~ **Health and safety policy.** To qualify for health
79.20 and safety revenue, a ~~district~~ school board must adopt a health and safety ~~program~~ policy.
79.21 The ~~program~~ policy must include ~~plans, where applicable, for hazardous substance~~
79.22 ~~removal, fire and life safety code repairs, regulated facility and equipment violations,~~
79.23 ~~and~~ provisions for implementing a health and safety program that complies with health,
79.24 safety, and environmental ~~management, regulations and best practices~~ including indoor
79.25 air quality management.

79.26 (a) ~~A hazardous substance plan must contain provisions for the removal or~~
79.27 ~~encapsulation of asbestos from school buildings or property, asbestos-related repairs,~~
79.28 ~~cleanup and disposal of polychlorinated biphenyls found in school buildings or property,~~
79.29 ~~and cleanup, removal, disposal, and repairs related to storing heating fuel or transportation~~
79.30 ~~fuels such as alcohol, gasoline, fuel, oil, and special fuel, as defined in section 296A.01.~~
79.31 ~~If a district has already developed a plan for the removal or encapsulation of asbestos as~~
79.32 ~~required by the federal Asbestos Hazard Emergency Response Act of 1986, the district~~
79.33 ~~may use a summary of that plan, which includes a description and schedule of response~~
79.34 ~~actions, for purposes of this section. The plan must also contain provisions to make~~
79.35 ~~modifications to existing facilities and equipment necessary to limit personal exposure~~
79.36 ~~to hazardous substances, as regulated by the federal Occupational Safety and Health~~

80.1 ~~Administration under Code of Federal Regulations, title 29, part 1910, subpart Z; or is~~
80.2 ~~determined by the commissioner to present a significant risk to district staff or student~~
80.3 ~~health and safety as a result of foreseeable use, handling, accidental spill, exposure, or~~
80.4 ~~contamination.~~

80.5 ~~(b) A fire and life safety plan must contain a description of the current fire and life~~
80.6 ~~safety code violations, a plan for the removal or repair of the fire and life safety hazard,~~
80.7 ~~and a description of safety preparation and awareness procedures to be followed until the~~
80.8 ~~hazard is fully corrected.~~

80.9 ~~(c) A facilities and equipment violation plan must contain provisions to correct~~
80.10 ~~health and safety hazards as provided in Department of Labor and Industry standards~~
80.11 ~~pursuant to section 182.655.~~

80.12 ~~(d) A health, safety, and environmental management plan must contain a description~~
80.13 ~~of training, record keeping, hazard assessment, and program management as defined~~
80.14 ~~in section 123B.56.~~

80.15 ~~(e) A plan to test for and mitigate radon produced hazards.~~

80.16 ~~(f) A plan to monitor and improve indoor air quality.~~

80.17 Subd. 3. **Health and safety revenue.** A district's health and safety revenue
80.18 for a fiscal year equals the district's alternative facilities levy under section 123B.59,
80.19 subdivision 5, paragraph (b), plus the greater of zero or:

80.20 (1) the sum of (a) the total approved cost of the district's hazardous substance
80.21 plan for fiscal years 1985 through 1989, plus (b) the total approved cost of the district's
80.22 health and safety program for fiscal year 1990 through the fiscal year to which the levy
80.23 is attributable, excluding expenditures funded with bonds issued under section 123B.59
80.24 or 123B.62, or chapter 475; certificates of indebtedness or capital notes under section
80.25 123B.61; levies under section 123B.58, 123B.59, 123B.63, or 126C.40, subdivision 1 or
80.26 6; and other federal, state, or local revenues, minus

80.27 (2) the sum of (a) the district's total hazardous substance aid and levy for fiscal years
80.28 1985 through 1989 under sections 124.245 and 275.125, subdivision 11c, plus (b) the
80.29 district's health and safety revenue under this subdivision, for years before the fiscal year
80.30 to which the levy is attributable.

80.31 Subd. 4. **Health and safety levy.** To receive health and safety revenue, a district
80.32 may levy an amount equal to the district's health and safety revenue as defined in
80.33 subdivision 3 multiplied by the lesser of one, or the ratio of the quotient derived by
80.34 dividing the adjusted net tax capacity of the district for the year preceding the year the
80.35 levy is certified by the adjusted marginal cost pupil units in the district for the school year
80.36 to which the levy is attributable, to \$2,935.

81.1 Subd. 5. **Health and safety aid.** A district's health and safety aid is the difference
81.2 between its health and safety revenue and its health and safety levy. If a district does not
81.3 levy the entire amount permitted, health and safety aid must be reduced in proportion to
81.4 the actual amount levied. Health and safety aid may not be reduced as a result of reducing
81.5 a district's health and safety levy according to section 123B.79.

81.6 Subd. 6. **Uses of health and safety revenue.** ~~(a)~~ Health and safety revenue may
81.7 be used only for approved expenditures necessary to correct fire and life safety hazards;
81.8 ~~or for the~~ design, purchase, installation, maintenance, and inspection of fire protection
81.9 and alarm equipment; purchase or construction of appropriate facilities for the storage of
81.10 combustible and flammable materials; inventories and facility modifications not related
81.11 to a remodeling project to comply with lab safety requirements under section 121A.31;
81.12 inspection, testing, repair, removal or encapsulation, and disposal of asbestos from school
81.13 buildings or property owned or being acquired by the district, asbestos-related repairs,
81.14 asbestos-containing building materials; cleanup and disposal of polychlorinated biphenyls
81.15 found in school buildings or property owned or being acquired by the district, or the
81.16 cleanup and disposal of hazardous and infectious wastes; cleanup, removal, disposal, and
81.17 repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel
81.18 oil, and special fuel, as defined in section 296A.01, Minnesota; correction of occupational
81.19 safety and health administration regulated facility and equipment hazards;
81.20 indoor air quality inspections, investigations, and testing; mold abatement;
81.21 upgrades or replacement of mechanical ventilation systems to meet American Society of Heating, Refrigerating
81.22 and Air Conditioning Engineers standards and State Mechanical Code;
81.23 design, materials, and installation of local exhaust ventilation systems, including required make up air for
81.24 controlling regulated hazardous substances; correction of Department of Health Food
81.25 Code and violations; correction of swimming pool hazards excluding depth correction;
81.26 playground safety inspections and the installation of impact surfacing materials; bleacher
81.27 repair or rebuilding to comply with the order of a building code inspector under section
81.28 326B.112; testing and mitigation of elevated radon hazards; lead in water, paint, soil,
81.29 and toys testing; copper in water testing; cleanup after major weather-related disasters
81.30 or flooding; reduction of excessive organic and inorganic levels in wells and well
81.31 capping of abandoned wells; installation and testing of boiler backflow valves to prevent
81.32 contamination of potable water; vaccinations, titers, and preventative supplies for
81.33 bloodborne pathogen compliance; costs to comply with the Janet B. Johnson Parents'
81.34 Right To Know Act; and health, safety, and environmental management costs associated
81.35 with implementing the district's health and safety program including costs to establish
81.36 and operate safety committees, in school buildings or property owned or being acquired

82.1 by the district. Testing and calibration activities are permitted for existing mechanical
82.2 ventilation systems at intervals no less than every five years. ~~Health and safety revenue~~
82.3 ~~must not be used to finance a lease purchase agreement, installment purchase agreement,~~
82.4 ~~or other deferred payments agreement. Health and safety revenue must not be used for~~
82.5 ~~the construction of new facilities or the purchase of portable classrooms, for interest or~~
82.6 ~~other financing expenses, or for energy efficiency projects under section 123B.65. The~~
82.7 ~~revenue may not be used for a building or property or part of a building or property used~~
82.8 ~~for postsecondary instruction or administration or for a purpose unrelated to elementary~~
82.9 ~~and secondary education.~~

82.10 Subd. 6a. **Restrictions on health and safety revenue.** (b) Notwithstanding
82.11 paragraph (a) subdivision 6, health and safety revenue must not be used to finance a
82.12 lease purchase agreement, installment purchase agreement, or other deferred payments
82.13 agreement, for the construction of new facilities, remodeling of existing facilities, or
82.14 the purchase of portable classrooms, for interest or other financing expenses, or for
82.15 energy efficiency projects under section 123B.65, for a building or property or part of a
82.16 building or property used for postsecondary instruction or administration or for a purpose
82.17 unrelated to elementary and secondary education, for replacement of building materials
82.18 or facilities including roof, walls, windows, internal fixtures and flooring, nonhealth and
82.19 safety costs associated with demolition of facilities, structural repair or replacement of
82.20 facilities due to unsafe conditions, violence prevention and facility security, ergonomics,
82.21 or for building and heating, ventilating and air conditioning supplies, maintenance, and
82.22 cleaning activities. All assessments, investigations, inventories, and support equipment
82.23 not leading to the engineering or construction of a project shall be included in the health,
82.24 safety, and environmental management costs in subdivision 8, paragraph (a).

82.25 Subd. 6b. **Health and safety projects.** (a) Health and safety revenue applications
82.26 defined in subdivision 1 must be accompanied by a description of each project for which
82.27 funding is being requested. Project descriptions must provide enough detail for an auditor
82.28 to determine if the work qualifies for revenue. For projects other than fire and life
82.29 safety projects, playground projects, and health, safety, and environmental management
82.30 activities, a project description does not need to include itemized details such as material
82.31 types, room locations, square feet, names, or license numbers. The commissioner shall
82.32 approve only projects that comply with subdivisions 6 and 8, as defined by the Department
82.33 of Education.

82.34 (b) Districts may request funding for allowable projects based on self-assessments,
82.35 safety committee recommendations, insurance inspections, management assistance
82.36 reports, fire marshal orders, or other mandates. Notwithstanding subdivision 1, paragraph

83.1 (b), and subdivision 8, paragraph (b), for projects under \$500,000, individual project
83.2 size for projects authorized by this subdivision is not limited and may include related
83.3 work in multiple facilities. Health and safety management costs from subdivision 8 may
83.4 be reported as a single project.

83.5 (c) All costs directly related to a project shall be reported in the appropriate Uniform
83.6 Financial Accounting and Reporting Standards (UFARS) finance code.

83.7 (d) For fire and life safety egress and all other projects exceeding \$20,000, cited
83.8 under Minnesota Fire Code, a fire marshal plan review is required.

83.9 (e) Districts shall update project estimates with actual expenditures for each
83.10 fiscal year. If a project's final cost is significantly higher than originally approved, the
83.11 commissioner may request additional supporting information.

83.12 Subd. 6c. **Appeals process.** In the event a district is denied funding approval for
83.13 a project the district believes complies with subdivisions 6 and 8, and is not otherwise
83.14 excluded, a district may appeal the decision. All such requests must be in writing. The
83.15 commissioner shall respond in writing. A written request must contain the following:
83.16 project number; description and amount; reason for denial; unresolved questions for
83.17 consideration; reasons for reconsideration; and a specific statement of what action the
83.18 district is requesting.

83.19 Subd. 7. **Proration.** In the event that the health and safety aid available for any year
83.20 is prorated, a district having its aid prorated may levy an additional amount equal to the
83.21 amount not paid by the state due to proration.

83.22 Subd. 8. **Health, safety, and environmental management cost.** (a) "Health, safety,
83.23 and environmental management" is defined in section 123B.56.

83.24 (b) A district's cost for health, safety, and environmental management is limited to
83.25 the lesser of:

83.26 (1) actual cost to implement their plan; or

83.27 (2) an amount determined by the commissioner, based on enrollment, building
83.28 age, and size.

83.29 ~~(b)~~ (c) The department may contract with regional service organizations, private
83.30 contractors, Minnesota Safety Council, or state agencies to provide management
83.31 assistance to school districts for health and safety capital projects. Management assistance
83.32 is the development of written programs for the identification, recognition and control of
83.33 hazards, and prioritization and scheduling of district health and safety capital projects.
83.34 The ~~department~~ commissioner shall not mandate management assistance or exclude
83.35 private contractors from the opportunity to provide any health and safety services to
83.36 school districts.

84.1 ~~(c) Notwithstanding paragraph (b), the department may approve revenue, up to~~
84.2 ~~the limit defined in paragraph (a) for districts having an approved health, safety, and~~
84.3 ~~environmental management plan that uses district staff to accomplish coordination and~~
84.4 ~~provided services.~~

84.5 **EFFECTIVE DATE.** This section is effective July 1, 2010.

84.6 Sec. 2. **[126C.75] FIBER OPTIC INFRASTRUCTURE GRANT PROGRAM.**

84.7 Subdivision 1. **Creation of accounts.** Two public school fiber optic infrastructure
84.8 accounts are created, one in the general fund and one in the bond proceeds fund. Money
84.9 in these accounts may only be used for capital costs of fiber optic infrastructure for
84.10 eligible public school projects.

84.11 Subd. 2. **Program purpose.** The fiber optic infrastructure grant program is
84.12 established to provide the capital investment needed to bridge the gap between the federal
84.13 Schools and Libraries Program of the Universal Service Fund, commonly known as
84.14 "E-Rate," and the total cost of fiber optic infrastructure that will better public school
84.15 buildings to support 21st century learning capacity at each district school.

84.16 Subd. 3. **General eligibility; state general obligation bond funds.** Article XI,
84.17 section 5, clause (a), of the Minnesota Constitution requires that state general obligation
84.18 bonds be issued to finance only the acquisition or betterment of public land, buildings, and
84.19 other public improvements of a capital nature. The legislature has determined that many
84.20 fiber optic infrastructure projects will constitute betterments and capital improvements
84.21 within the meaning of the Minnesota Constitution and capital expenditures under generally
84.22 accepted accounting principles, and will be financed more efficiently and economically
84.23 under this section than by direct appropriations for specific projects.

84.24 Subd. 4. **Definitions.** For purposes of this section:

84.25 (1) "school district" means an independent, common, special, or intermediate school
84.26 district or a charter school.

84.27 (2) "fiber optic infrastructure" means the land, buildings, fiber optic connection
84.28 cable, and end point hardware, including routers and switches. It does not include
84.29 computers, telephones, or cameras.

84.30 Subd. 5. **Grant program established.** The commissioner shall make grants to
84.31 school districts for fiber optic infrastructure projects.

84.32 Subd. 6. **Eligible costs for grants.** (a) "Eligible cost" for use of state general
84.33 obligation bond fund money means the acquisition of land or permanent easements;
84.34 preparation of land on which the fiber optic infrastructure will be located, including
84.35 demolition of structures and remediation of any hazardous conditions on the land; and

85.1 predesign, design, acquisition, and installation of publicly owned fiber optic infrastructure
85.2 in this state with a useful life of at least ten years that supports public school district
85.3 facility operation, administration, and instruction; the unpaid principal on debt issued by
85.4 the school district for a fiber optic infrastructure project, or the amount necessary to pay in
85.5 a lump sum all lease payments due if payment results in the school district owning the fiber
85.6 optic infrastructure. All uses under this paragraph must be for publicly owned property.

85.7 (b) "Eligible cost" for use of any other source of money will be determined by
85.8 limitations imposed on that source, but may include the costs of leases and reimbursement
85.9 of the costs of purchase and installation of fiber optic infrastructure.

85.10 Subd. 7. **Application.** The commissioner must develop forms and procedures for
85.11 soliciting and reviewing applications for grants under this section. At a minimum, a school
85.12 district must include the following information in its application:

85.13 (1) a resolution adopted by its school board certifying that the money required to be
85.14 supplied by the school district to complete the project is available and committed;

85.15 (2) a detailed and specific description of the project and an estimate, along with
85.16 necessary supporting evidence, of the total costs for the project;

85.17 (3) an assessment of the need for and benefits of the project;

85.18 (4) a timeline indicating the major milestones of the project and their anticipated
85.19 completion dates; and

85.20 (5) any additional information or material the commissioner prescribes.

85.21 Subd. 8. **Criteria for grants.** The commissioner must develop the criteria that will
85.22 be used to award grants if grant applications exceed available resources.

85.23 Subd. 9. **Cancellation of grant.** If, five years after execution of a grant agreement,
85.24 the commissioner determines that the grantee has not proceeded in a timely manner with
85.25 implementation of the project funded, the commissioner must cancel the grant and the
85.26 grantee must repay to the commissioner all grant money paid to the grantee. Section
85.27 16A.642 applies to any appropriations made to the commissioner under this section that
85.28 have not been awarded to grantees.

85.29 Subd. 10. **Report.** By January 15 of each year, the commissioner must submit to
85.30 the commissioner of management and budget and the chairs of the legislative committees
85.31 or divisions with jurisdiction over education policy, education finance, and capital
85.32 investment, a list of the projects that have been funded with money under this program
85.33 during the preceding calendar year, as well as a list of those priority projects for which state
85.34 bond proceeds fund appropriations will be sought during that year's legislative session.

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

86.1 Sec. 3. **HEALTH AND SAFETY POLICY.**

86.2 Notwithstanding Minnesota Statutes, section 123B.57, subdivision 2, a school board
86.3 that has not yet adopted a health and safety policy by September 30, 2010, may submit an
86.4 application for health and safety revenue for taxes payable in 2011 in the form and manner
86.5 specified by the commissioner of education.

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

86.7 **ARTICLE 5**

86.8 **ACCOUNTING**

86.9 Section 1. Minnesota Statutes 2009 Supplement, section 16A.152, subdivision 2, as
86.10 amended by Laws 2010, chapter 215, article 11, section 15, is amended to read:

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

86.16 (1) the cash flow account established in subdivision 1 until that account reaches
86.17 \$350,000,000;

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

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

86.24 (4) the amount necessary to restore all or a portion of the net aid reductions under
86.25 section 127A.441 and to reduce the property tax revenue recognition shift under section
86.26 123B.75, subdivision 5, ~~paragraph (b), and Laws 2003, First Special Session chapter 9,~~
86.27 ~~article 5, section 34, as amended by Laws 2003, First Special Session chapter 23, section~~
86.28 ~~20,~~ by the same amount;

86.29 (5) to the state airports fund, the amount necessary to restore the amount transferred
86.30 from the state airports fund under Laws 2008, chapter 363, article 11, section 3,
86.31 subdivision 5; and

86.32 (6) to the fire safety account in the special revenue fund, the amount necessary to
86.33 restore transfers from the account to the general fund made in Laws 2010.

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

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

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

87.11 Sec. 2. Minnesota Statutes 2008, section 123B.12, is amended to read:

87.12 **123B.12 INSUFFICIENT FUNDS TO PAY ORDERS.**

87.13 (a) In the event that a district or a cooperative unit defined in section 123A.24,
87.14 subdivision 2, has insufficient funds to pay its usual lawful current obligations, subject to
87.15 section 471.69, the board may enter into agreements with banks or any person to take its
87.16 orders. Any order drawn, after having been presented to the treasurer for payment and not
87.17 paid for want of funds shall be endorsed by the treasurer by putting on the back thereof
87.18 the words "not paid for want of funds," giving the date of endorsement and signed by the
87.19 treasurer. A record of such presentment, nonpayment and endorsement shall be made by
87.20 the treasurer. The treasurer shall serve a written notice upon the payee or the payee's
87.21 assignee, personally, or by mail, when the treasurer is prepared to pay such orders. The
87.22 notice may be directed to the payee or the payee's assignee at the address given in writing
87.23 by such payee or assignee to such treasurer, at any time prior to the service of such notice.
87.24 No order shall draw any interest if such address is not given when the same is unknown to
87.25 the treasurer, and no order shall draw any interest after the service of such notice.

87.26 (b) A district may enter, subject to section 471.69, into ~~a~~ an unsecured line of credit
87.27 agreement with a financial institution. The amount of credit available must not exceed ~~95~~
87.28 380 percent of average expenditure per month of operating expenditures in the previous
87.29 fiscal year. Any amount advanced must be repaid no later than ~~45~~ 120 days after the
87.30 day of advancement.

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

87.32 Sec. 3. Minnesota Statutes 2008, section 123B.75, is amended by adding a subdivision
87.33 to read:

88.1 Subd. 1a. **Definition.** For the purpose of this section, "school district tax settlement
88.2 revenue" means the current, delinquent, and manufactured home property tax receipts
88.3 collected by the county and distributed to the school district.

88.4 **EFFECTIVE DATE.** This section is effective the day following final enactment
88.5 and applies to fiscal years 2010 and later.

88.6 Sec. 4. Minnesota Statutes 2008, section 123B.75, subdivision 5, is amended to read:

88.7 Subd. 5. **Levy recognition.** (a) ~~"School district tax settlement revenue" means the~~
88.8 ~~current, delinquent, and manufactured home property tax receipts collected by the county~~
88.9 ~~and distributed to the school district.~~

88.10 ~~(b)~~ For fiscal year ~~2004 and later~~ years 2009 and 2010, in June of each year, the
88.11 school district must recognize as revenue, in the fund for which the levy was made, the
88.12 lesser of:

88.13 (1) the sum of May, June, and July school district tax settlement revenue received in
88.14 that calendar year, plus general education aid according to section 126C.13, subdivision
88.15 4, received in July and August of that calendar year; or

88.16 (2) the sum of:

88.17 (i) 31 percent of the referendum levy certified according to section 126C.17, in
88.18 calendar year 2000; and

88.19 (ii) the entire amount of the levy certified in the prior calendar year according to
88.20 section 124D.86, subdivision 4, for school districts receiving revenue under sections
88.21 124D.86, subdivision 3, clauses (1), (2), and (3); 126C.41, subdivisions 1, 2, paragraph
88.22 (a), and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2; 126C.457; and 126C.48,
88.23 subdivision 6; plus

88.24 (iii) zero percent of the amount of the levy certified in the prior calendar year for the
88.25 school district's general and community service funds, plus or minus auditor's adjustments,
88.26 not including the levy portions that are assumed by the state, that remains after subtracting
88.27 the referendum levy certified according to section 126C.17 and the amount recognized
88.28 according to item (ii).

88.29 (b) For fiscal year 2011 and later years, in June of each year, the school district must
88.30 recognize as revenue, in the fund for which the levy was made, the lesser of:

88.31 (1) the sum of May, June, and July school district tax settlement revenue received in
88.32 that calendar year, plus general education aid according to section 126C.13, subdivision
88.33 4, received in July and August of that calendar year; or

88.34 (2) the sum of:

89.1 (i) the greater of 47.8 percent of the referendum levy certified according to section
89.2 126C.17, in the prior calendar year or 31 percent of the referendum levy certified
89.3 according to section 126C.17, in calendar year 2000; plus

89.4 (ii) the entire amount of the levy certified in the prior calendar year according to
89.5 section 124D.86, subdivision 4, for school districts receiving revenue under sections
89.6 124D.86, subdivision 3, clauses (1), (2), and (3); 126C.41, subdivisions 1, 2, and 3,
89.7 paragraphs (b), (c), and (d); 126C.43, subdivision 2; 126C.457; and 126C.48, subdivision
89.8 6; plus

89.9 (iii) 47.8 percent of the amount of the levy certified in the prior calendar year for the
89.10 school district's general and community service funds, plus or minus auditor's adjustments,
89.11 not including the levy portions that are assumed by the state, that remains after subtracting
89.12 the referendum levy certified according to section 126C.17 and the amount recognized
89.13 according to clause (ii).

89.14 Sec. 5. Minnesota Statutes 2008, section 126C.54, is amended to read:

89.15 **126C.54 REPAYMENT; MATURITY DATE OF CERTIFICATES; INTEREST.**

89.16 (a) The proceeds of the current tax levies and future state aid receipts or other school
89.17 funds which may become available must be applied to the extent necessary to repay
89.18 such certificates and the full faith and credit of the district shall be pledged to payment
89.19 of the certificates. Certificates issued in anticipation of receipt of aids shall mature not
89.20 later than the anticipated date of receipt of the aids as estimated by the commissioner, but
89.21 in no event later than three months after the close of the school year in which issued.
89.22 Certificates issued in anticipation of receipt of taxes shall mature not later than the
89.23 anticipated date of receipt in full of the taxes, but in no event later than three months after
89.24 the close of the calendar year in which issued. The certificates must be sold at not less
89.25 than par. The certificates must bear interest after maturity until paid at the rate they bore
89.26 before maturity and any interest accruing before or after maturity must be paid from
89.27 any available school funds.

89.28 (b) Notwithstanding any contrary provision in paragraph (a), if the certificates are
89.29 issued as taxable obligations on which the interest is includable in gross income for federal
89.30 income tax purposes, certificates issued in anticipation of receipt of aids shall mature not
89.31 later than 12 months after the close of the school year in which issued and certificates
89.32 issued in anticipation of receipt of taxes shall mature not later than 12 months after the
89.33 close of the calendar year in which issued. Any certificate issued under this section with a
89.34 maturity in excess of 12 months must be repaid with money from the general fund.

90.1 Sec. 6. Minnesota Statutes 2008, section 127A.42, subdivision 2, is amended to read:

90.2 Subd. 2. **Violations of law.** The commissioner may reduce or withhold the district's
90.3 state aid for any school year whenever the board of the district authorizes or permits
90.4 violations of law within the district by:

90.5 (1) employing a teacher who does not hold a valid teaching license or permit in a
90.6 public school;

90.7 (2) noncompliance with a mandatory rule of general application promulgated by the
90.8 commissioner in accordance with statute, unless special circumstances make enforcement
90.9 inequitable, impose an extraordinary hardship on the district, or the rule is contrary to
90.10 the district's best interests;

90.11 (3) the district's continued performance of a contract made for the rental of rooms
90.12 or buildings for school purposes or for the rental of any facility owned or operated by or
90.13 under the direction of any private organization, if the contract has been disapproved, the
90.14 time for review of the determination of disapproval has expired, and no proceeding for
90.15 review is pending;

90.16 (4) any practice which is a violation of sections 1 and 2 of article 13 of the
90.17 Constitution of the state of Minnesota;

90.18 (5) failure to reasonably provide for a resident pupil's school attendance under
90.19 Minnesota Statutes;

90.20 (6) noncompliance with state laws prohibiting discrimination because of race,
90.21 color, creed, religion, national origin, sex, age, marital status, status with regard to
90.22 public assistance or disability, as defined in sections 363A.08 to 363A.19 and 363A.28,
90.23 subdivision 10; or

90.24 (7) using funds contrary to the statutory purpose of the funds.

90.25 The reduction or withholding must be made in the amount and upon the procedure
90.26 provided in this section, or, in the case of the violation stated in clause (1), upon the
90.27 procedure provided in section 127A.43.

90.28 **EFFECTIVE DATE.** This section is effective July 1, 2010.

90.29 Sec. 7. Minnesota Statutes 2008, section 127A.43, is amended to read:

90.30 **127A.43 DISTRICT EMPLOYMENT OF UNLICENSED TEACHERS; AID**
90.31 **REDUCTION.**

90.32 When a district employs one or more teachers who do not hold a valid teaching
90.33 license, state aid shall be ~~withheld~~ reduced in the proportion that the number of such
90.34 teachers is to the total number of teachers employed by the district, multiplied by 60

91.1 percent of the basic revenue, as defined in section 126C.10, subdivision 2, of the district
91.2 for the year in which the employment occurred.

91.3 **EFFECTIVE DATE.** This section is effective July 1, 2010.

91.4 Sec. 8. Minnesota Statutes 2008, section 127A.441, is amended to read:

91.5 **127A.441 AID REDUCTION; LEVY REVENUE RECOGNITION CHANGE.**

91.6 Each year, the state aids payable to any school district for that fiscal year that are
91.7 recognized as revenue in the school district's general and community service funds shall
91.8 be adjusted by an amount equal to (1) the amount the district recognized as revenue for the
91.9 prior fiscal year pursuant to section 123B.75, subdivision 5, paragraph (a) or (b), minus (2)
91.10 the amount the district recognized as revenue for the current fiscal year pursuant to section
91.11 123B.75, subdivision 5, paragraph (a) or (b). For purposes of making the aid adjustments
91.12 under this section, the amount the district recognizes as revenue for either the prior fiscal
91.13 year or the current fiscal year pursuant to section 123B.75, subdivision 5, paragraph (b),
91.14 shall not include any amount levied pursuant to section 124D.86, subdivision 4, for school
91.15 districts receiving revenue under sections 124D.86, subdivision 3, clauses (1), (2), and (3);
91.16 126C.41, subdivisions 1, 2, and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2;
91.17 126C.457; and 126C.48, subdivision 6. Payment from the permanent school fund shall not
91.18 be adjusted pursuant to this section. The school district shall be notified of the amount of
91.19 the adjustment made to each payment pursuant to this section.

91.20 **EFFECTIVE DATE.** This section is effective the day following final enactment
91.21 and applies to fiscal years 2010 and later.

91.22 Sec. 9. Minnesota Statutes 2008, section 127A.45, subdivision 2, is amended to read:

91.23 Subd. 2. **Definitions.** (a) ~~The term~~ "Other district receipts" means payments by
91.24 county treasurers pursuant to section 276.10, apportionments from the school endowment
91.25 fund pursuant to section 127A.33, apportionments by the county auditor pursuant to
91.26 section 127A.34, subdivision 2, and payments to school districts by the commissioner of
91.27 revenue pursuant to chapter 298.

91.28 (b) ~~The term~~ "Cumulative amount guaranteed" means the product of

91.29 (1) the cumulative disbursement percentage shown in subdivision 3; times

91.30 (2) the sum of

91.31 (i) the current year aid payment percentage of the estimated aid and credit
91.32 entitlements paid according to subdivision 13; plus

91.33 (ii) 100 percent of the entitlements paid according to subdivisions 11 and 12; plus

92.1 (iii) the other district receipts.

92.2 (c) ~~The term~~ "Payment date" means the date on which state payments to districts
92.3 are made by the electronic funds transfer method. If a payment date falls on a Saturday,
92.4 a Sunday, or a weekday which is a legal holiday, the payment shall be made on the
92.5 immediately preceding business day. The commissioner may make payments on dates
92.6 other than those listed in subdivision 3, but only for portions of payments from any
92.7 preceding payment dates which could not be processed by the electronic funds transfer
92.8 method due to documented extenuating circumstances.

92.9 (d) The current year aid payment percentage equals ~~90~~ 73.

92.10 **EFFECTIVE DATE.** This section is effective the day following final enactment
92.11 and applies to fiscal years 2010 and later.

92.12 Sec. 10. Minnesota Statutes 2008, section 127A.45, subdivision 3, is amended to read:

92.13 Subd. 3. **Payment dates and percentages.** (a) ~~For fiscal year 2004 and later,~~ The
92.14 commissioner shall pay to a district on the dates indicated an amount computed as follows:
92.15 the cumulative amount guaranteed minus the sum of ~~(a)~~ (1) the district's other district
92.16 receipts through the current payment, and ~~(b)~~ (2) the aid and credit payments through the
92.17 immediately preceding payment. For purposes of this computation, the payment dates and
92.18 the cumulative disbursement percentages are as follows:

	Payment date	Percentage
92.19		
92.20	Payment 1 July 15:	5.5
92.21	Payment 2 July 30:	8.0
92.22	Payment 3 August 15:	17.5
92.23	Payment 4 August 30:	20.0
92.24	Payment 5 September 15:	22.5
92.25	Payment 6 September 30:	25.0
92.26	Payment 7 October 15:	27.0
92.27	Payment 8 October 30:	30.0
92.28	Payment 9 November 15:	32.5
92.29	Payment 10 November 30:	36.5
92.30	Payment 11 December 15:	42.0
92.31	Payment 12 December 30:	45.0
92.32	Payment 13 January 15:	50.0
92.33	Payment 14 January 30:	54.0
92.34	Payment 15 February 15:	58.0
92.35	Payment 16 February 28:	63.0
92.36	Payment 17 March 15:	68.0
92.37	Payment 18 March 30:	74.0
92.38	Payment 19 April 15:	78.0

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93.1	Payment 20	April 30:	85.0
93.2	Payment 21	May 15:	90.0
93.3	Payment 22	May 30:	95.0
93.4	Payment 23	June 20:	100.0

93.5 ~~(b) In addition to the amounts paid under paragraph (a), for fiscal year 2004, the~~
93.6 ~~commissioner shall pay to a district on the dates indicated an amount computed as follows:~~

93.7 ~~Payment 3 August 15: the final adjustment for the prior fiscal year for the state paid~~
93.8 ~~property tax credits established in section 273.1392~~

93.9 ~~Payment 4 August 30: one-third of the final adjustment for the prior fiscal year for~~
93.10 ~~all aid entitlements except state paid property tax credits~~

93.11 ~~Payment 6 September 30: one-third of the final adjustment for the prior fiscal year~~
93.12 ~~for all aid entitlements except state paid property tax credits~~

93.13 ~~Payment 8 October 30: one-third of the final adjustment for the prior fiscal year for~~
93.14 ~~all aid entitlements except state paid property tax credits~~

93.15 ~~(c)(b) In addition to the amounts paid under paragraph (a), for fiscal year 2005 and~~
93.16 ~~later, the commissioner shall pay to a district on the dates indicated an amount computed~~
93.17 ~~as follows:~~

93.18 ~~Payment 3 August 15: the final adjustment for the prior fiscal year for the state paid~~
93.19 ~~property tax credits established in section 273.1392~~

93.20 ~~Payment 4 August 30: 30 percent of the final adjustment for the prior fiscal year for~~
93.21 ~~all aid entitlements except state paid property tax credits~~

93.22 ~~Payment 6 September 30: 40 percent of the final adjustment for the prior fiscal year~~
93.23 ~~for all aid entitlements except state paid property tax credits~~

93.24 ~~Payment 8 October 30: 30 percent of the final adjustment for the prior fiscal year~~
93.25 ~~for all aid entitlements except state paid property tax credits~~

93.26 **EFFECTIVE DATE.** This section is effective the day following final enactment
93.27 and applies to fiscal years 2010 and later.

93.28 Sec. 11. Minnesota Statutes 2008, section 127A.45, is amended by adding a
93.29 subdivision to read:

93.30 Subd. 6a. **Cash flow adjustment.** The board of directors of any charter school
93.31 servicing fewer than 150 students where the percentage of students eligible for special
93.32 education services equals 100 percent of the charter school's total enrollment may request
93.33 that the commissioner of education accelerate the school's cash flow under this section.
93.34 The commissioner must approve a properly submitted request within 30 days of its receipt.
93.35 The commissioner must accelerate the school's regular special education aid payments
93.36 according to the schedule in the school's request and modify the payments to the school
93.37 under subdivision 3 accordingly. A school must not receive current payments of regular
93.38 special education aid exceeding 90 percent of its estimated aid entitlement for the fiscal

94.1 year. The commissioner must delay the special education aid payments to all other school
94.2 districts and charter schools in proportion to each district or charter school's total share
94.3 of regular special education aid such that the overall aid payment savings from the aid
94.4 payment shift remains unchanged for any fiscal year.

94.5 **EFFECTIVE DATE.** This section is effective the day following final enactment
94.6 and applies to school district or charter school payments made on or after that date.

94.7 Sec. 12. Minnesota Statutes 2008, section 127A.45, is amended by adding a
94.8 subdivision to read:

94.9 Subd. 7b. **Advance final payment.** (a) Notwithstanding subdivisions 3 and 7,
94.10 a school district or charter school exceeding its expenditure limitations under section
94.11 123B.83 as of June 30 of the prior fiscal year may receive a portion of its final payment
94.12 for the current fiscal year on June 20, if requested by the district or charter school. The
94.13 amount paid under this subdivision must not exceed the lesser of:

94.14 (1) the difference between 90 percent and the current year payment percentage in
94.15 subdivision 2, paragraph (d), in the current fiscal year times the sum of the district or
94.16 charter school's general education aid plus the aid adjustment in section 127A.50 for
94.17 the current fiscal year; or

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

94.21 (b) The state total advance final payment under this subdivision for any year must
94.22 not exceed \$7,500,000. If the amount request exceeds \$7,500,000, the advance final
94.23 payment for each eligible district must be reduced proportionately.

94.24 **EFFECTIVE DATE.** This section is effective the day following final enactment
94.25 and applies to fiscal years 2010 and later.

94.26 Sec. 13. Minnesota Statutes 2008, section 127A.45, subdivision 13, is amended to read:

94.27 Subd. 13. **Aid payment percentage.** Except as provided in subdivisions 11, 12, 12a,
94.28 and 14, each fiscal year, all education aids and credits in this chapter and chapters 120A,
94.29 120B, 121A, 122A, 123A, 123B, 124D, 125A, 125B, 126C, 134, and section 273.1392,
94.30 shall be paid at the current year aid payment percentage of the estimated entitlement during
94.31 the fiscal year of the entitlement. ~~For the purposes of this subdivision, a district's estimated~~
94.32 ~~entitlement for special education excess cost aid under section 125A.79 for fiscal year~~
94.33 ~~2005 equals 70 percent of the district's entitlement for the second prior fiscal year. For the~~

95.1 purposes of this subdivision, a district's estimated entitlement for special education excess
95.2 cost aid under section 125A.79 for fiscal year 2006 and later equals 74.0 percent of the
95.3 district's entitlement for the current fiscal year. The final adjustment payment, according
95.4 to subdivision 9, must be the amount of the actual entitlement, after adjustment for actual
95.5 data, minus the payments made during the fiscal year of the entitlement.

95.6 Sec. 14. Minnesota Statutes 2008, section 127A.45, is amended by adding a
95.7 subdivision to read:

95.8 Subd. 17. **Payment to creditors.** Except where otherwise specifically authorized,
95.9 state education aid payments shall be made only to the school district, charter school, or
95.10 other education organization earning state aid revenues as a result of providing education
95.11 services.

95.12 Sec. 15. **FUND TRANSFERS.**

95.13 Subdivision 1. **Fiscal years 2010 and 2011 only.** (a) Notwithstanding Minnesota
95.14 Statutes, section 123B.80, subdivision 3, for fiscal years 2010 and 2011 only, the
95.15 commissioner must approve a request for a fund transfer if the transfer does not increase
95.16 state aid obligations to the district or result in additional property tax authority for the
95.17 district. This section does not permit transfers from the community service fund.

95.18 (b) A school board may approve a fund transfer under paragraph (a) only after
95.19 adopting a resolution stating the fund transfer will not diminish instructional opportunities
95.20 for students.

95.21 Subd. 2. **Hayfield.** Notwithstanding Minnesota Statutes, section 123B.79 or
95.22 123B.80, on June 30, 2010, Independent School District No. 203, Hayfield, may
95.23 permanently transfer up to \$75,000 from its reserved for operating capital account to its
95.24 undesignated general fund balance.

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

95.26 Sec. 16. **REPEALER.**

95.27 Minnesota Statutes 2008, section 127A.46, is repealed.

95.28 **EFFECTIVE DATE.** This section is effective July 1, 2010.

ARTICLE 6

STATE AGENCIES

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Section 1. Minnesota Statutes 2008, section 3.303, is amended by adding a subdivision to read:

Subd. 11. **Permanent school fund land management analyst.** The commission shall undertake activities that are necessary to advise the legislature and to monitor the executive branch on issues related to the management of permanent school fund lands. The commission may hire a lead analyst and other staff as necessary for this purpose. The commission shall:

(1) monitor management of permanent school fund lands;

(2) analyze the benefits derived from the fund;

(3) actively participate in the work of the permanent school fund advisory committee under section 127A.30;

(4) provide oversight to ensure that the state fulfills its fiduciary responsibilities to the permanent school fund as specified by the Minnesota Constitution and Minnesota Statutes; and

(5) make effective recommendations to the permanent school fund advisory committee and the finance divisions and committees of the house of representatives and the senate.

The purpose of this function is to maximize the long-term economic returns to the school trust lands consistent with the goals of section 127A.31.

EFFECTIVE DATE. This section is effective July 1, 2011.

Sec. 2. Minnesota Statutes 2008, section 16A.125, subdivision 5, is amended to read:

Subd. 5. **Forest trust lands.** (a) The term "state forest trust fund lands" as used in this subdivision, means public land in trust under the Constitution set apart as "forest lands under the authority of the commissioner" of natural resources as defined by section 89.001, subdivision 13.

(b) The commissioner of management and budget shall credit the revenue from the forest trust fund lands to the forest suspense account. The account must specify the trust funds interested in the lands and the respective receipts of the lands.

(c) After a fiscal year, the commissioner of management and budget shall certify the total costs incurred for forestry during that year under appropriations for the protection, improvement, administration, and management of state forest trust fund lands and construction and improvement of forest roads to enhance the forest value of the lands.

97.1 The certificate must specify the trust funds interested in the lands. The commissioner of
97.2 natural resources shall supply the commissioner of management and budget with the
97.3 information needed for the certificate.

97.4 (d) After a fiscal year, the commissioner shall distribute the receipts credited to the
97.5 suspense account during that fiscal year as follows:

97.6 (1) the amount of the certified costs incurred by the state for forest management,
97.7 forest improvement, and road improvement during the fiscal year shall be transferred to
97.8 the forest management investment account established under section 89.039, including
97.9 the costs associated with the Legislative Coordinating Commission's permanent school
97.10 fund land management activities;

97.11 (2) the balance of the certified costs incurred by the state during the fiscal year
97.12 shall be transferred to the general fund; and

97.13 (3) the balance of the receipts shall then be returned prorated to the trust funds in
97.14 proportion to their respective interests in the lands which produced the receipts.

97.15 **EFFECTIVE DATE.** This section is effective July 1, 2011.

97.16 Sec. 3. Minnesota Statutes 2008, section 127A.30, subdivision 2, is amended to read:

97.17 Subd. 2. **Duties.** The advisory committee, in conjunction with the Legislative
97.18 Coordinating Commission, shall review the policies of the Department of Natural
97.19 Resources and current statutes on management of school trust fund lands at least annually
97.20 and shall recommend necessary changes in statutes, policy, and implementation in order to
97.21 ensure provident utilization of the permanent school fund lands. By January 15 of each
97.22 year, the advisory committee shall submit a report to the legislature with recommendations
97.23 for the oversight and management of school trust lands to secure long-term economic
97.24 return for the permanent school fund, consistent with sections 92.121 and 127A.31. The
97.25 committee's annual report may include recommendations to:

97.26 (1) manage the school trust lands efficiently;

97.27 (2) reduce the management expenditures of school trust lands and maximize the
97.28 revenues deposited in the permanent school trust fund;

97.29 (3) manage the sale, exchange, and commercial leasing of school trust lands to
97.30 maximize the revenues deposited in the permanent school trust fund and retain the value
97.31 from the long-term appreciation of the school trust lands; and

97.32 (4) manage the school trust lands to maximize the long-term economic return for the
97.33 permanent school trust fund while maintaining sound natural resource conservation and
97.34 management principles.

98.1 EFFECTIVE DATE. This section is effective July 1, 2011.

98.2 Sec. 4. Minnesota Statutes 2008, section 157.15, is amended by adding a subdivision
98.3 to read:

98.4 Subd. 14a. School concession stand. "School concession stand" means a food
98.5 and beverage service establishment located in a school, on school grounds, or within a
98.6 school-owned athletic complex, that is operated in conjunction with school-sponsored
98.7 events.

98.8 Sec. 5. Minnesota Statutes 2009 Supplement, section 157.16, subdivision 3, is
98.9 amended to read:

98.10 Subd. 3. **Establishment fees; definitions.** (a) The following fees are required
98.11 for food and beverage service establishments, youth camps, hotels, motels, lodging
98.12 establishments, public pools, and resorts licensed under this chapter. Food and beverage
98.13 service establishments must pay the highest applicable fee under paragraph (d), clause
98.14 (1), (2), (3), or (4), and establishments serving alcohol must pay the highest applicable
98.15 fee under paragraph (d), clause (6) or (7). The license fee for new operators previously
98.16 licensed under this chapter for the same calendar year is one-half of the appropriate annual
98.17 license fee, plus any penalty that may be required. The license fee for operators opening
98.18 on or after October 1 is one-half of the appropriate annual license fee, plus any penalty
98.19 that may be required.

98.20 (b) All food and beverage service establishments, except special event food stands,
98.21 and all hotels, motels, lodging establishments, public pools, and resorts shall pay an
98.22 annual base fee of \$150.

98.23 (c) A special event food stand shall pay a flat fee of \$50 annually. "Special event
98.24 food stand" means a fee category where food is prepared or served in conjunction with
98.25 celebrations, county fairs, or special events from a special event food stand as defined
98.26 in section 157.15.

98.27 (d) In addition to the base fee in paragraph (b), each food and beverage service
98.28 establishment, other than a special event food stand and a school concession stand, and
98.29 each hotel, motel, lodging establishment, public pool, and resort shall pay an additional
98.30 annual fee for each fee category, additional food service, or required additional inspection
98.31 specified in this paragraph:

98.32 (1) Limited food menu selection, \$60. "Limited food menu selection" means a fee
98.33 category that provides one or more of the following:

98.34 (i) prepackaged food that receives heat treatment and is served in the package;

- 99.1 (ii) frozen pizza that is heated and served;
- 99.2 (iii) a continental breakfast such as rolls, coffee, juice, milk, and cold cereal;
- 99.3 (iv) soft drinks, coffee, or nonalcoholic beverages; or
- 99.4 (v) cleaning for eating, drinking, or cooking utensils, when the only food served
- 99.5 is prepared off site.

99.6 (2) Small establishment, including boarding establishments, \$120. "Small

99.7 establishment" means a fee category that has no salad bar and meets one or more of

99.8 the following:

- 99.9 (i) possesses food service equipment that consists of no more than a deep fat fryer, a
- 99.10 grill, two hot holding containers, and one or more microwave ovens;
- 99.11 (ii) serves dipped ice cream or soft serve frozen desserts;
- 99.12 (iii) serves breakfast in an owner-occupied bed and breakfast establishment;
- 99.13 (iv) is a boarding establishment; or
- 99.14 (v) meets the equipment criteria in clause (3), item (i) or (ii), and has a maximum
- 99.15 patron seating capacity of not more than 50.

99.16 (3) Medium establishment, \$310. "Medium establishment" means a fee category

99.17 that meets one or more of the following:

- 99.18 (i) possesses food service equipment that includes a range, oven, steam table, salad
- 99.19 bar, or salad preparation area;
- 99.20 (ii) possesses food service equipment that includes more than one deep fat fryer,
- 99.21 one grill, or two hot holding containers; or
- 99.22 (iii) is an establishment where food is prepared at one location and served at one or
- 99.23 more separate locations.

99.24 Establishments meeting criteria in clause (2), item (v), are not included in this fee

99.25 category.

99.26 (4) Large establishment, \$540. "Large establishment" means either:

- 99.27 (i) a fee category that (A) meets the criteria in clause (3), items (i) or (ii), for a
- 99.28 medium establishment, (B) seats more than 175 people, and (C) offers the full menu
- 99.29 selection an average of five or more days a week during the weeks of operation; or
- 99.30 (ii) a fee category that (A) meets the criteria in clause (3), item (iii), for a medium
- 99.31 establishment, and (B) prepares and serves 500 or more meals per day.

99.32 (5) Other food and beverage service, including food carts, mobile food units,

99.33 seasonal temporary food stands, and seasonal permanent food stands, \$60.

99.34 (6) Beer or wine table service, \$60. "Beer or wine table service" means a fee

99.35 category where the only alcoholic beverage service is beer or wine, served to customers

99.36 seated at tables.

100.1 (7) Alcoholic beverage service, other than beer or wine table service, \$165.

100.2 "Alcohol beverage service, other than beer or wine table service" means a fee
100.3 category where alcoholic mixed drinks are served or where beer or wine are served from
100.4 a bar.

100.5 (8) Lodging per sleeping accommodation unit, \$10, including hotels, motels,
100.6 lodging establishments, and resorts, up to a maximum of \$1,000. "Lodging per sleeping
100.7 accommodation unit" means a fee category including the number of guest rooms, cottages,
100.8 or other rental units of a hotel, motel, lodging establishment, or resort; or the number of
100.9 beds in a dormitory.

100.10 (9) First public pool, \$325; each additional public pool, \$175. "Public pool" means a
100.11 fee category that has the meaning given in section 144.1222, subdivision 4.

100.12 (10) First spa, \$175; each additional spa, \$100. "Spa pool" means a fee category that
100.13 has the meaning given in Minnesota Rules, part 4717.0250, subpart 9.

100.14 (11) Private sewer or water, \$60. "Individual private water" means a fee category
100.15 with a water supply other than a community public water supply as defined in Minnesota
100.16 Rules, chapter 4720. "Individual private sewer" means a fee category with an individual
100.17 sewage treatment system which uses subsurface treatment and disposal.

100.18 (12) Additional food service, \$150. "Additional food service" means a location at
100.19 a food service establishment, other than the primary food preparation and service area,
100.20 used to prepare or serve food to the public. "Additional food service" does not apply to
100.21 school concession stands.

100.22 (13) Additional inspection fee, \$360. "Additional inspection fee" means a fee to
100.23 conduct the second inspection each year for elementary and secondary education facility
100.24 school lunch programs when required by the Richard B. Russell National School Lunch
100.25 Act.

100.26 (e) A fee for review of construction plans must accompany the initial license
100.27 application for restaurants, hotels, motels, lodging establishments, resorts, seasonal food
100.28 stands, and mobile food units. The fee for this construction plan review is as follows:

100.29	Service Area	Type	Fee
100.30	Food	limited food menu	\$275
100.31		small establishment	\$400
100.32		medium establishment	\$450
100.33		large food establishment	\$500
100.34		additional food service	\$150
100.35	Transient food service	food cart	\$250
100.36		seasonal permanent food stand	\$250
100.37		seasonal temporary food stand	\$250

101.1		mobile food unit	\$350
101.2	Alcohol	beer or wine table service	\$150
101.3		alcohol service from bar	\$250
101.4	Lodging	less than 25 rooms	\$375
101.5		25 to less than 100 rooms	\$400
101.6		100 rooms or more	\$500
101.7		less than five cabins	\$350
101.8		five to less than ten cabins	\$400
101.9		ten cabins or more	\$450

101.10 (f) When existing food and beverage service establishments, hotels, motels, lodging
 101.11 establishments, resorts, seasonal food stands, and mobile food units are extensively
 101.12 remodeled, a fee must be submitted with the remodeling plans. The fee for this
 101.13 construction plan review is as follows:

101.14	Service Area	Type	Fee
101.15	Food	limited food menu	\$250
101.16		small establishment	\$300
101.17		medium establishment	\$350
101.18		large food establishment	\$400
101.19		additional food service	\$150
101.20	Transient food service	food cart	\$250
101.21		seasonal permanent food stand	\$250
101.22		seasonal temporary food stand	\$250
101.23		mobile food unit	\$250
101.24	Alcohol	beer or wine table service	\$150
101.25		alcohol service from bar	\$250
101.26	Lodging	less than 25 rooms	\$250
101.27		25 to less than 100 rooms	\$300
101.28		100 rooms or more	\$450
101.29		less than five cabins	\$250
101.30		five to less than ten cabins	\$350
101.31		ten cabins or more	\$400

101.32 (g) Special event food stands are not required to submit construction or remodeling
 101.33 plans for review.

101.34 (h) Youth camps shall pay an annual single fee for food and lodging as follows:

- 101.35 (1) camps with up to 99 campers, \$325;
- 101.36 (2) camps with 100 to 199 campers, \$550; and
- 101.37 (3) camps with 200 or more campers, \$750.

101.38 **Sec. 6. DEPARTMENT OF EDUCATION; APPROPRIATIONS.**

103.1 Subdivision 1. **Definitions.** For purposes of this section and section 125A.76, the
103.2 terms defined in this subdivision have the meanings given to them.

103.3 (a) "Actual expenditure per pupil transported in the regular and excess transportation
103.4 categories" means the quotient obtained by dividing:

103.5 (1) the sum of:

103.6 (i) all expenditures for transportation in the regular category, as defined in paragraph
103.7 (b), clause (1), and the excess category, as defined in paragraph (b), clause (2), plus

103.8 (ii) an amount equal to one year's depreciation on the district's school bus fleet
103.9 and mobile units computed on a straight line basis at the rate of 15 percent per year for
103.10 districts operating a program under section 124D.128 for grades 1 to 12 for all students in
103.11 the district and 12-1/2 percent per year for other districts of the cost of the fleet, plus

103.12 (iii) an amount equal to one year's depreciation on the district's type III vehicles, as
103.13 defined in section 169.011, subdivision 71, which must be used a majority of the time for
103.14 pupil transportation purposes, computed on a straight line basis at the rate of 20 percent
103.15 per year of the cost of the type three school buses by:

103.16 (2) the number of pupils eligible for transportation in the regular category, as defined
103.17 in paragraph (b), clause (1), and the excess category, as defined in paragraph (b), clause (2).

103.18 (b) "Transportation category" means a category of transportation service provided to
103.19 pupils as follows:

103.20 (1) Regular transportation is:

103.21 (i) transportation to and from school during the regular school year for resident
103.22 elementary pupils residing one mile or more from the public or nonpublic school they
103.23 attend, and resident secondary pupils residing two miles or more from the public
103.24 or nonpublic school they attend, excluding desegregation transportation and noon
103.25 kindergarten transportation; but with respect to transportation of pupils to and from
103.26 nonpublic schools, only to the extent permitted by sections 123B.84 to 123B.87;

103.27 (ii) transportation of resident pupils to and from language immersion programs;

103.28 (iii) transportation of a pupil who is a custodial parent and that pupil's child between
103.29 the pupil's home and the child care provider and between the provider and the school, if
103.30 the home and provider are within the attendance area of the school;

103.31 (iv) transportation to and from or board and lodging in another district, of resident
103.32 pupils of a district without a secondary school; and

103.33 (v) transportation to and from school during the regular school year required under
103.34 subdivision 3 for nonresident elementary pupils when the distance from the attendance
103.35 area border to the public school is one mile or more, and for nonresident secondary pupils

104.1 when the distance from the attendance area border to the public school is two miles or
104.2 more, excluding desegregation transportation and noon kindergarten transportation.

104.3 For the purposes of this paragraph, a district may designate a licensed day care
104.4 facility, school day care facility, respite care facility, the residence of a relative, ~~or~~ the
104.5 residence of a person chosen by the pupil's parent or guardian, or an after-school program
104.6 for children operated by a political subdivision of the state, as the home of a pupil for part
104.7 or all of the day, if requested by the pupil's parent or guardian, and if that facility ~~or~~₂
104.8 residence, or program is within the attendance area of the school the pupil attends.

104.9 (2) Excess transportation is:

104.10 (i) transportation to and from school during the regular school year for resident
104.11 secondary pupils residing at least one mile but less than two miles from the public or
104.12 nonpublic school they attend, and transportation to and from school for resident pupils
104.13 residing less than one mile from school who are transported because of extraordinary
104.14 traffic, drug, or crime hazards; and

104.15 (ii) transportation to and from school during the regular school year required under
104.16 subdivision 3 for nonresident secondary pupils when the distance from the attendance area
104.17 border to the school is at least one mile but less than two miles from the public school
104.18 they attend, and for nonresident pupils when the distance from the attendance area border
104.19 to the school is less than one mile from the school and who are transported because of
104.20 extraordinary traffic, drug, or crime hazards.

104.21 (3) Desegregation transportation is transportation within and outside of the district
104.22 during the regular school year of pupils to and from schools located outside their normal
104.23 attendance areas under a plan for desegregation mandated by the commissioner or under
104.24 court order.

104.25 (4) "Transportation services for pupils with disabilities" is:

104.26 (i) transportation of pupils with disabilities who cannot be transported on a regular
104.27 school bus between home or a respite care facility and school;

104.28 (ii) necessary transportation of pupils with disabilities from home or from school to
104.29 other buildings, including centers such as developmental achievement centers, hospitals,
104.30 and treatment centers where special instruction or services required by sections 125A.03
104.31 to 125A.24, 125A.26 to 125A.48, and 125A.65 are provided, within or outside the district
104.32 where services are provided;

104.33 (iii) necessary transportation for resident pupils with disabilities required by sections
104.34 125A.12, and 125A.26 to 125A.48;

104.35 (iv) board and lodging for pupils with disabilities in a district maintaining special
104.36 classes;

105.1 (v) transportation from one educational facility to another within the district for
105.2 resident pupils enrolled on a shared-time basis in educational programs, and necessary
105.3 transportation required by sections 125A.18, and 125A.26 to 125A.48, for resident pupils
105.4 with disabilities who are provided special instruction and services on a shared-time basis
105.5 or if resident pupils are not transported, the costs of necessary travel between public
105.6 and private schools or neutral instructional sites by essential personnel employed by the
105.7 district's program for children with a disability;

105.8 (vi) transportation for resident pupils with disabilities to and from board and lodging
105.9 facilities when the pupil is boarded and lodged for educational purposes; ~~and~~

105.10 (vii) transportation of pupils for a curricular field trip activity on a school bus
105.11 equipped with a power lift when the power lift is required by a student's disability or
105.12 section 504 plan; and

105.13 (viii) services described in clauses (i) to ~~(vi)~~ (vii), when provided for pupils with
105.14 disabilities in conjunction with a summer instructional program that relates to the pupil's
105.15 individual education plan or in conjunction with a learning year program established
105.16 under section 124D.128.

105.17 For purposes of computing special education initial aid under section 125A.76,
105.18 subdivision 2, the cost of providing transportation for children with disabilities includes
105.19 (A) the additional cost of transporting a homeless student from a temporary nonshelter
105.20 home in another district to the school of origin, or a formerly homeless student from a
105.21 permanent home in another district to the school of origin but only through the end of the
105.22 academic year; and (B) depreciation on district-owned school buses purchased after July 1,
105.23 2005, and used primarily for transportation of pupils with disabilities, calculated according
105.24 to paragraph (a), clauses (ii) and (iii). Depreciation costs included in the disabled
105.25 transportation category must be excluded in calculating the actual expenditure per pupil
105.26 transported in the regular and excess transportation categories according to paragraph (a).

105.27 (5) "Nonpublic nonregular transportation" is:

105.28 (i) transportation from one educational facility to another within the district for
105.29 resident pupils enrolled on a shared-time basis in educational programs, excluding
105.30 transportation for nonpublic pupils with disabilities under clause (4);

105.31 (ii) transportation within district boundaries between a nonpublic school and a
105.32 public school or a neutral site for nonpublic school pupils who are provided pupil support
105.33 services pursuant to section 123B.44; and

105.34 (iii) late transportation home from school or between schools within a district for
105.35 nonpublic school pupils involved in after-school activities.

106.1 (c) "Mobile unit" means a vehicle or trailer designed to provide facilities for
106.2 educational programs and services, including diagnostic testing, guidance and counseling
106.3 services, and health services. A mobile unit located off nonpublic school premises is a
106.4 neutral site as defined in section 123B.41, subdivision 13.

106.5 EFFECTIVE DATE. This section is effective for revenue for fiscal years 2011
106.6 and later.

106.7 Sec. 4. Minnesota Statutes 2008, section 123B.92, subdivision 5, is amended to read:

106.8 Subd. 5. **District reports.** (a) Each district must report data to the department as
106.9 required by the department to account for transportation expenditures.

106.10 (b) Salaries and fringe benefits of district employees whose primary duties are
106.11 other than transportation, including central office administrators and staff, building
106.12 administrators and staff, teachers, social workers, school nurses, and instructional aides,
106.13 must not be included in a district's transportation expenditures, except that a district may
106.14 include salaries and benefits according to paragraph (c) for (1) an employee designated
106.15 as the district transportation director, (2) an employee providing direct support to the
106.16 transportation director, or (3) an employee providing direct transportation services such as
106.17 a bus driver or bus aide.

106.18 (c) Salaries and fringe benefits of the district employees listed in paragraph (b),
106.19 clauses (1), (2), and (3), who work part time in transportation and part time in other areas
106.20 must not be included in a district's transportation expenditures unless the district maintains
106.21 documentation of the employee's time spent on pupil transportation matters in the form
106.22 and manner prescribed by the department.

106.23 (d) Pupil transportation expenditures, excluding expenditures for capital outlay,
106.24 leased buses, student board and lodging, crossing guards, and aides on buses, must
106.25 be allocated among transportation categories based on cost-per-mile, cost-per-student,
106.26 cost-per-hour, or cost-per-route, regardless of whether the transportation services are
106.27 provided on district-owned or contractor-owned school buses. Expenditures for school
106.28 bus driver salaries and fringe benefits may either be directly charged to the appropriate
106.29 transportation category or may be allocated among transportation categories based
106.30 on cost-per-mile, cost-per-student, cost-per-hour, or cost-per-route. Expenditures
106.31 by private contractors or individuals who provide transportation exclusively in one
106.32 transportation category must be charged directly to the appropriate transportation category.
106.33 Transportation services provided by contractor-owned school bus companies incorporated
106.34 under different names but owned by the same individual or group of individuals must be
106.35 treated as the same company for cost allocation purposes.

107.1 (e) Notwithstanding paragraph (d), districts contracting for transportation services
107.2 are exempt from the standard cost allocation method for authorized and nonauthorized
107.3 transportation categories if: (1) the district bids its contracts separately for authorized
107.4 and nonauthorized transportation categories and for special transportation separate from
107.5 regular and excess transportation; (2) the district receives bids or quotes from more
107.6 than one vendor for these transportation categories; and (3) the district's cost-per-mile,
107.7 cost-per-hour, or cost-per-route does not vary more than ten percent among categories,
107.8 excluding salaries and fringe benefits of bus aides. If the costs reported by the district
107.9 for contractor-owned operations vary by more than ten percent among categories, the
107.10 department shall require the district to reallocate its transportation costs, excluding salaries
107.11 and fringe benefits of bus aides, among all categories.

107.12 **EFFECTIVE DATE.** This section is effective for revenue for fiscal years 2011
107.13 and later.

107.14 Sec. 5. Minnesota Statutes 2008, section 169.447, subdivision 2a, is amended to read:

107.15 Subd. 2a. **Passenger lap and shoulder belts.** (a) In addition to the requirements in
107.16 section 169.4501, subdivision 1~~2~~:

107.17 (1) a school bus may be equipped with an approved lap belt or an approved lap and
107.18 shoulder belt installed for each passenger-seating position on the bus; and

107.19 (2) a school motor coach manufactured after July 1, 2012, must be equipped with an
107.20 approved lap belt or an approved lap and shoulder belt installed for each passenger-seating
107.21 position.

107.22 (b) The design and installation of lap belts and lap and shoulder belts required
107.23 under ~~this~~ paragraph (a) must meet the standards of the commissioner established under
107.24 this paragraph ~~(b)~~.

107.25 ~~(b)~~ The commissioner shall consider all concerns necessary to properly integrate
107.26 lap belts or lap and shoulder belts into the current compartmentalization safety system
107.27 and prescribe standards for the design and installation of lap and shoulder belts required
107.28 under paragraph (a). The standards are not subject to chapter 14 and are specifically not
107.29 subject to section 14.386.

107.30 (c) This subdivision does not apply to specially equipped school buses under section
107.31 169.4504.

107.32 (d) A passenger on a school bus or school motor coach equipped with lap belts
107.33 or lap and shoulder belts must use these lap belts or lap and shoulder belts unless the
107.34 passenger, or if the passenger is a minor, the passenger's parent or guardian, has notified

108.1 the school district in writing that the passenger does not intend to wear the lap belt or lap
108.2 and shoulder belt.

108.3 (e) In an action for personal injury or wrongful death against a school district, a
108.4 school bus or school motor coach operator under contract with a school district, or any
108.5 agent or employee of a school district or operator, or against a volunteer, no such person or
108.6 entity shall be held liable solely because the injured party was not wearing a safety belt;
108.7 provided, however, that nothing contained herein shall be construed to grant immunity
108.8 from liability for failure to:

108.9 (1) maintain in operating order any equipment required by statute, rule, or school
108.10 district policy; or

108.11 (2) comply with an applicable statute, rule, or school district policy.

108.12 (f) In an action for personal injury or wrongful death, a school district, a school
108.13 bus or school motor coach contract operator, any agent or employee of a school district or
108.14 operator, or a volunteer is not liable for failing to assist any child with the adjustment,
108.15 fastening, unfastening, or other use of the lap belt or lap and shoulder belt.

108.16 (g) For purposes of this subdivision, "school motor coach" means a bus that has an
108.17 elevated passenger deck located over a baggage compartment, when the vehicle is used
108.18 to transport pupils to or from school-related activities, by (1) the school or (2) someone
108.19 under an agreement with the school or a school district, including operation under charter
108.20 carrier authority.

108.21 **EFFECTIVE DATE.** This section is effective July 1, 2012.

108.22 Sec. 6. Minnesota Statutes 2009 Supplement, section 171.02, subdivision 2b, is
108.23 amended to read:

108.24 Subd. 2b. **Exception for type III vehicle drivers.** (a) Notwithstanding subdivision
108.25 2, the holder of a class A, B, C, or D driver's license, without a school bus endorsement,
108.26 may operate a type III vehicle described in section 169.011, subdivision 71, paragraph (h),
108.27 under the conditions in paragraphs (b) through (o).

108.28 (b) The operator is an employee of the entity that owns, leases, or contracts for
108.29 the school bus.

108.30 (c) The operator's employer has adopted and implemented a policy that provides for
108.31 annual training and certification of the operator in:

108.32 (1) safe operation of a type III vehicle;

108.33 (2) understanding student behavior, including issues relating to students with
108.34 disabilities;

- 109.1 (3) encouraging orderly conduct of students on the bus and handling incidents of
109.2 misconduct appropriately;
- 109.3 (4) knowing and understanding relevant laws, rules of the road, and local school
109.4 bus safety policies;
- 109.5 (5) handling emergency situations;
- 109.6 (6) proper use of seat belts and child safety restraints;
- 109.7 (7) performance of pretrip vehicle inspections;
- 109.8 (8) safe loading and unloading of students, including, but not limited to:
- 109.9 (i) utilizing a safe location for loading and unloading students at the curb, on the
109.10 nontraffic side of the roadway, or at off-street loading areas, driveways, yards, and other
109.11 areas to enable the student to avoid hazardous conditions;
- 109.12 (ii) refraining from loading and unloading students in a vehicular traffic lane, on the
109.13 shoulder, in a designated turn lane, or a lane adjacent to a designated turn lane;
- 109.14 (iii) avoiding a loading or unloading location that would require a pupil to cross a
109.15 road, or ensuring that the driver or an aide personally escort the pupil across the road if
109.16 it is not reasonably feasible to avoid such a location; ~~and~~
- 109.17 (iv) placing the type III vehicle in "park" during loading and unloading; and
- 109.18 (v) escorting a pupil across the road under clause (iii) only after the motor is
109.19 stopped, the ignition key is removed, the brakes are set, and the vehicle is otherwise
109.20 rendered immobile; and
- 109.21 (9) compliance with paragraph (k), concerning reporting certain convictions to the
109.22 employer within ten days of the date of conviction.
- 109.23 (d) A background check or background investigation of the operator has been
109.24 conducted that meets the requirements under section 122A.18, subdivision 8, or 123B.03
109.25 for school district employees; section 144.057 or chapter 245C for day care employees;
109.26 or section 171.321, subdivision 3, for all other persons operating a ~~type A or~~ type III
109.27 vehicle under this subdivision.
- 109.28 (e) Operators shall submit to a physical examination as required by section 171.321,
109.29 subdivision 2.
- 109.30 (f) The operator's employer requires preemployment drug ~~and alcohol~~ testing of
109.31 applicants for operator positions. Current operators must comply with the employer's
109.32 policy under section 181.951, subdivisions 2, 4, and 5. Notwithstanding any law to the
109.33 contrary, the operator's employer may use a Breathalyzer or similar device to fulfill
109.34 random or reasonable suspicion alcohol testing requirements.

110.1 (g) The operator's driver's license is verified annually by the entity that owns,
110.2 leases, or contracts for the ~~school bus~~ type III vehicle as required under section 171.321,
110.3 subdivision 5.

110.4 (h) A person who sustains a conviction, as defined under section 609.02, of violating
110.5 section 169A.25, 169A.26, 169A.27, or 169A.31, or whose driver's license is revoked
110.6 under sections 169A.50 to 169A.53 of the implied consent law, or who is convicted of
110.7 violating or whose driver's license is revoked under a similar statute or ordinance of
110.8 another state, is precluded from operating a type III vehicle for five years from the date
110.9 of conviction.

110.10 (i) A person who has ever been convicted of a disqualifying offense as defined in
110.11 section 171.3215, subdivision 1, paragraph (c), may not operate a type III vehicle under
110.12 this subdivision.

110.13 (j) A person who sustains a conviction, as defined under section 609.02, of a moving
110.14 offense in violation of chapter 169 within three years of the first of three other moving
110.15 offenses is precluded from operating a type III vehicle for one year from the date of
110.16 the last conviction.

110.17 (k) An operator who sustains a conviction as described in paragraph (h), (i), or (j)
110.18 while employed by the entity that owns, leases, or contracts for the school bus, shall report
110.19 the conviction to the employer within ten days of the date of the conviction.

110.20 (l) Students riding the type III vehicle must have training required under section
110.21 123B.90, subdivision 2.

110.22 (m) Documentation of meeting the requirements listed in this subdivision must be
110.23 maintained under separate file at the business location for each type III vehicle operator.
110.24 The business manager, school board, governing body of a nonpublic school, or any
110.25 other entity that owns, leases, or contracts for the type III vehicle operating under this
110.26 subdivision is responsible for maintaining these files for inspection.

110.27 (n) The type III vehicle must bear a current certificate of inspection issued under
110.28 section 169.451.

110.29 (o) An employee of a school or of a school district, who is not employed for the sole
110.30 purpose of operating a type III vehicle, is exempt from paragraphs (e) and (f).

110.31 (p) Notwithstanding any law to the contrary, any person who conducts testing under
110.32 paragraph (f) is exempt from section 181.953, subdivisions 9 and 10, paragraph (b).

110.33 **EFFECTIVE DATE.** This section is effective July 1, 2010.

110.34 Sec. 7. Minnesota Statutes 2008, section 171.321, subdivision 2, is amended to read:

111.1 Subd. 2. **Rules.** (a) The commissioner of public safety shall prescribe rules
111.2 governing (1) the physical qualifications of school bus drivers and tests required to obtain
111.3 a school bus endorsement and (2) the physical qualifications of type III vehicle drivers.
111.4 The rules for physical qualifications of type III vehicle drivers are not subject to chapter
111.5 14 and section 14.386 does not apply.

111.6 (b) The rules under paragraph (a) must provide that an applicant for a school
111.7 bus endorsement or renewal is exempt from the physical qualifications and medical
111.8 examination required to operate a school bus upon providing evidence of being medically
111.9 examined and certified within the preceding 24 months as physically qualified to operate a
111.10 commercial motor vehicle, pursuant to Code of Federal Regulations, title 49, part 391,
111.11 subpart E, or rules of the commissioner of transportation incorporating those federal
111.12 regulations. The commissioner shall accept physical examinations for school bus drivers
111.13 conducted by medical examiners authorized as provided by Code of Federal Regulations,
111.14 title 49, chapter 3, part 391, subpart E.

111.15 ~~(b)~~ (c) The commissioner of public safety, in conjunction with the commissioner
111.16 of education, shall adopt rules prescribing a training program for Head Start bus drivers.
111.17 The program must provide for initial classroom and behind-the-wheel training, and annual
111.18 in-service training. The program must provide training in defensive driving, human
111.19 relations, emergency and accident procedures, vehicle maintenance, traffic laws, and use
111.20 of safety equipment. The program must provide that the training will be conducted by the
111.21 contract operator for a Head Start agency, the Head Start grantee, a licensed driver training
111.22 school, or by another person or entity approved by both commissioners.

111.23 (d) The commissioner may exempt a type III vehicle driver from the physical
111.24 qualifications required to operate a type III vehicle upon receiving evidence of the
111.25 driver having been medically examined and certified within the preceding 24 months as
111.26 physically qualified to operate a commercial motor vehicle as provided for applicants for a
111.27 school bus endorsement under paragraph (b).

111.28 ARTICLE 8

111.29 EDUCATION FINANCE REFORM

111.30 Section 1. Minnesota Statutes 2008, section 123B.53, subdivision 5, is amended to read:

111.31 Subd. 5. **Equalized debt service levy.** (a) The equalized debt service levy of a
111.32 district equals the sum of the first tier equalized debt service levy and the second tier
111.33 equalized debt service levy.

111.34 (b) A district's first tier equalized debt service levy equals the district's first tier debt
111.35 service equalization revenue times the lesser of one or the ratio of:

112.1 (1) the quotient derived by dividing the adjusted net tax capacity of the district for
112.2 the year before the year the levy is certified by the adjusted pupil units in the district for
112.3 the school year ending in the year prior to the year the levy is certified; to

112.4 (2) ~~\$3,200~~ 100 percent of the statewide adjusted net tax capacity equalizing factor.

112.5 (c) A district's second tier equalized debt service levy equals the district's second tier
112.6 debt service equalization revenue times the lesser of one or the ratio of:

112.7 (1) the quotient derived by dividing the adjusted net tax capacity of the district for
112.8 the year before the year the levy is certified by the adjusted pupil units in the district for
112.9 the school year ending in the year prior to the year the levy is certified; to

112.10 (2) ~~\$8,000~~ 200 percent of the statewide adjusted net tax capacity equalizing factor.

112.11 **EFFECTIVE DATE.** This section is effective for taxes payable in 2013 and later.

112.12 Sec. 2. **[123B.555] SCHOOL BOND AGRICULTURAL CREDIT.**

112.13 **Subdivision 1. Eligibility.** All class 2a, 2b, and 2c property under section 273.13,
112.14 subdivision 23, except for property consisting of the house, garage, and immediately
112.15 surrounding one acre of land of an agricultural homestead, is eligible to receive the credit
112.16 under this section.

112.17 **Subd. 2. Credit amount.** For each qualifying property, the school bond agricultural
112.18 credit is equal to 66 percent of the property's eligible net tax capacity multiplied by the
112.19 school debt tax rate determined under section 275.08, subdivision 1b.

112.20 **Subd. 3. Credit reimbursements.** The county auditor shall determine the tax
112.21 reductions allowed under this section within the county for each taxes payable year and
112.22 shall certify that amount to the commissioner of revenue as a part of the abstracts of tax
112.23 lists submitted under section 275.29. Any prior year adjustments shall also be certified on
112.24 the abstracts of tax lists. The commissioner shall review the certifications for accuracy,
112.25 and may make such changes as are deemed necessary, or return the certification to the
112.26 county auditor for correction. The credit under this section must be used to reduce the
112.27 school district net tax capacity-based property tax as provided in section 273.1393.

112.28 **Subd. 4. Payment.** The commissioner of revenue shall certify the total of the tax
112.29 reductions granted under this section for each taxes payable year within each school
112.30 district to the commissioner of education, who shall pay the reimbursement amounts to
112.31 each school district as provided in section 273.1392.

112.32 **EFFECTIVE DATE.** This section is effective for taxes payable in 2013 and later.

113.1 Sec. 3. Minnesota Statutes 2008, section 124D.4531, as amended by Laws 2009,
113.2 chapter 88, article 2, section 1, is amended to read:

113.3 **124D.4531 CAREER AND TECHNICAL ~~LEVY~~ AID.**

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

113.7 (1) ~~\$80~~ \$240 times the district's average daily membership in grades 10 through 12
113.8 for the current fiscal year ~~in which the levy is certified~~; or

113.9 (2) 25 percent of approved expenditures in the previous fiscal year ~~in which the~~
113.10 ~~levy is certified~~ for the following:

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

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

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

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

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

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

113.24 (vii) specialized vocational instructional supplies.

113.25 (b) Up to ten percent of a district's career and technical ~~levy~~ aid may be spent on
113.26 equipment purchases. Districts using the career and technical ~~levy~~ aid for equipment
113.27 purchases must report to the department on the improved learning opportunities for
113.28 students that result from the investment in equipment.

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

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

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

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

114.3 (2) 100 percent of the approved expenditures for career and technical programs
114.4 included in subdivision 1, paragraph (b), for the prior fiscal year ~~in which the levy is~~
114.5 ~~certified~~.

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

114.9 Subd. 5. **Allocation from districts participating in agreements for secondary**
114.10 **education or interdistrict cooperation.** For purposes of this section, a district with a
114.11 career and technical program approved under this section that participates in an agreement
114.12 under section 123A.30 or 123A.32 must allocate its levy authority under this section
114.13 among participating districts.

114.14 **EFFECTIVE DATE.** This section is effective for aid payments for fiscal year
114.15 2014 and thereafter.

114.16 Sec. 4. Minnesota Statutes 2008, section 124D.59, subdivision 2, is amended to read:

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

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

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

114.27 (b) Notwithstanding paragraph (a), a pupil in grades 4 through 12 who was enrolled
114.28 in a Minnesota public school on the dates during the previous school year when a
114.29 commissioner provided assessment that measures the pupil's emerging academic English
114.30 was administered, shall not be counted as a pupil of limited English proficiency in
114.31 calculating limited English proficiency pupil units under section 126C.05, subdivision
114.32 17, and shall not generate state limited English proficiency aid under section 124D.65,
114.33 subdivision 5, unless the pupil scored below the state cutoff score on an assessment
114.34 measuring emerging academic English provided by the commissioner during the previous
114.35 school year.

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

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

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

115.10 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
115.11 and later.

115.12 Sec. 5. Minnesota Statutes 2008, section 124D.65, subdivision 5, is amended to read:

115.13 Subd. 5. **School district LEP revenue.** (a) A district's limited English proficiency
115.14 programs revenue equals the product of: ~~(1) \$700 in fiscal year 2004 and later times .2;~~
115.15 ~~(2) the basic formula allowance for that year; and (3) the greater of 20 or the adjusted~~
115.16 ~~marginal cost average daily membership of eligible pupils of limited English proficiency~~
115.17 ~~enrolled in the district during the current fiscal year.~~

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

115.21 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
115.22 and later.

115.23 Sec. 6. Minnesota Statutes 2008, section 125A.76, subdivision 5, is amended to read:

115.24 Subd. 5. **School district special education aid.** A school district's special education
115.25 ~~aid for fiscal year 2008 and later equals the state total special education aid times the ratio~~
115.26 ~~of the district's its initial special education aid to the state total initial special education aid.~~

115.27 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
115.28 and later.

115.29 Sec. 7. Minnesota Statutes 2008, section 125A.79, subdivision 7, is amended to read:

115.30 Subd. 7. **District special education excess cost aid.** A district's special education
115.31 ~~excess cost aid for fiscal year 2002 and later equals the state total special education excess~~

116.1 ~~cost aid times the ratio of the district's~~ its initial excess cost aid ~~to the state total initial~~
116.2 ~~excess cost aid.~~

116.3 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
116.4 and later.

116.5 Sec. 8. Minnesota Statutes 2008, section 126C.01, is amended by adding a subdivision
116.6 to read:

116.7 Subd. 2a. **Adjusted net tax capacity equalizing factor.** The adjusted net tax
116.8 capacity equalizing factor equals the quotient derived by dividing the total adjusted net tax
116.9 capacity of all school districts in the state for the year before the year the levy is certified
116.10 by the total number of adjusted pupil units in the state for the current school year.

116.11 **EFFECTIVE DATE.** This section is effective for taxes payable in 2013 and later.

116.12 Sec. 9. Minnesota Statutes 2008, section 126C.01, is amended by adding a subdivision
116.13 to read:

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

116.18 **EFFECTIVE DATE.** This section is effective for taxes payable in 2013.

116.19 Sec. 10. Minnesota Statutes 2008, section 126C.01, is amended by adding a
116.20 subdivision to read:

116.21 Subd. 5a. **Location equity index.** (a) A school district's location equity index
116.22 equals each district's composite wage level divided by the statewide average wage for the
116.23 same period. The composite wage level for a school district equals the sum of 50 percent
116.24 of the district's county wage level and 50 percent of the district's economic development
116.25 region composite wage level. The composite wage level is computed by using the most
116.26 recent three-year weighted wage data.

116.27 (b) A school district's location equity index must not be less than .9 or greater than
116.28 1.05.

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

117.1 EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014
117.2 and later.

117.3 Sec. 11. Minnesota Statutes 2008, section 126C.05, subdivision 1, is amended to read:

117.4 Subdivision 1. **Pupil unit.** Pupil units for each Minnesota resident pupil under the
117.5 age of 21 or who meets the requirements of section 120A.20, subdivision 1, paragraph (c),
117.6 in average daily membership enrolled in the district of residence, in another district under
117.7 sections 123A.05 to 123A.08, 124D.03, 124D.08, or 124D.68; in a charter school under
117.8 section 124D.10; or for whom the resident district pays tuition under section 123A.18,
117.9 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04,
117.10 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, shall be counted according to this
117.11 subdivision.

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

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

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

117.22 (d) A kindergarten pupil who is not included in paragraph (c) is counted as ~~612~~ 1.0
117.23 pupil units.

117.24 (e) A pupil who is in any of grades 1 to 3 is counted as ~~1.15~~ 1.0 pupil units for
117.25 fiscal year 2000 and thereafter.

117.26 (f) A pupil who is any of grades 4 to 6 is counted as ~~1.06~~ 1.0 pupil units for fiscal
117.27 year 1995 and thereafter.

117.28 (g) A pupil who is in any of grades 7 to 12 is counted as ~~1.3~~ 1.0 pupil units.

117.29 (h) A pupil who is in the postsecondary enrollment options program is counted as
117.30 ~~1.3~~ 1.0 pupil units.

117.31 EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014
117.32 and later.

117.33 Sec. 12. Minnesota Statutes 2008, section 126C.05, subdivision 3, is amended to read:

118.1 Subd. 3. **Compensation revenue pupil units.** Compensation revenue pupil units
118.2 ~~for fiscal year 1998 and thereafter~~ must be computed according to this subdivision.

118.3 (a) The compensation revenue concentration percentage for each ~~building in a~~
118.4 district equals the product of 100 times the ratio of:

118.5 (1) ~~the sum of the number of pupils enrolled in the building district eligible to receive~~
118.6 ~~free lunch plus one-half of the pupils eligible to receive reduced priced or reduced-price~~
118.7 lunch on October 1 of the previous fiscal year; to

118.8 (2) the number of pupils enrolled in the ~~building district~~ on October 1 of the
118.9 previous fiscal year.

118.10 (b) The compensation revenue pupil weighting factor ~~for a building~~ equals the
118.11 ~~lesser of one or the quotient obtained by dividing the building's compensation revenue~~
118.12 concentration percentage ~~by 80.0.~~

118.13 (c) The compensation revenue pupil units for a ~~building district~~ equals the product of:

118.14 (1) ~~the sum of the number of pupils enrolled in the building district eligible to receive~~
118.15 ~~free lunch and one-half of the pupils eligible to receive reduced priced or reduced-price~~
118.16 lunch on October 1 of the previous fiscal year; times

118.17 (2) the compensation revenue pupil weighting factor for the ~~building; times~~

118.18 ~~(3) 60 district.~~

118.19 (d) Notwithstanding paragraphs (a) to (c), for charter schools and contracted
118.20 alternative programs in the first year of operation, compensation revenue pupil units shall
118.21 be computed using data for the current fiscal year. If the charter school or contracted
118.22 alternative program begins operation after October 1, compensatory revenue pupil units
118.23 shall be computed based on pupils enrolled on an alternate date determined by the
118.24 commissioner, and the compensation revenue pupil units shall be prorated based on the
118.25 ratio of the number of days of student instruction to 170 days.

118.26 (e) The percentages in this subdivision must be based on the count of individual
118.27 pupils and not on a building average or minimum.

118.28 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
118.29 and later.

118.30 Sec. 13. Minnesota Statutes 2008, section 126C.05, subdivision 5, is amended to read:

118.31 Subd. 5. **Adjusted pupil units.** ~~(a)~~ Adjusted pupil units for a district or charter
118.32 school means the sum of:

118.33 (1) the number of pupil units served, according to subdivision 7, plus

118.34 (2) pupil units according to subdivision 1 for whom the district or charter school
118.35 pays tuition under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488,

119.1 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65,
119.2 minus

119.3 (3) pupil units according to subdivision 1 for whom the district or charter school
119.4 receives tuition under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488,
119.5 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65.

119.6 ~~(b) Adjusted marginal cost pupil units means the greater of:~~

119.7 ~~(1) the sum of .77 times the pupil units defined in paragraph (a) for the current school~~
119.8 ~~year and .23 times the pupil units defined in paragraph (a) for the previous school year; or~~

119.9 ~~(2) the number of adjusted pupil units defined in paragraph (a) for the current school~~
119.10 ~~year.~~

119.11 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
119.12 and later.

119.13 Sec. 14. Minnesota Statutes 2008, section 126C.05, subdivision 6, is amended to read:

119.14 Subd. 6. **Resident pupil units.** ~~(a)~~ Resident pupil units for a district means the
119.15 number of pupil units according to subdivision 1 residing in the district.

119.16 ~~(b) Resident marginal cost pupil units means the greater of:~~

119.17 ~~(1) the sum of .77 times the pupil units defined in paragraph (a) for the current year~~
119.18 ~~and .23 times the pupil units defined in paragraph (a) for the previous school year; or~~

119.19 ~~(2) the number of resident pupil units defined in paragraph (a) for the current school~~
119.20 ~~year.~~

119.21 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
119.22 and later.

119.23 Sec. 15. Minnesota Statutes 2008, section 126C.05, subdivision 8, is amended to read:

119.24 Subd. 8. **Average daily membership.** (a) Membership for pupils in grades
119.25 kindergarten through 12 and for prekindergarten pupils with disabilities shall mean the
119.26 number of pupils on the current roll of the school, counted from the date of entry until
119.27 withdrawal. The date of withdrawal shall mean the day the pupil permanently leaves
119.28 the school or the date it is officially known that the pupil has left or has been legally
119.29 excused. However, a pupil, regardless of age, who has been absent from school for 15
119.30 consecutive school days during the regular school year or for five consecutive school days
119.31 during summer school or intersession classes of flexible school year programs without
119.32 receiving instruction in the home or hospital shall be dropped from the roll and classified
119.33 as withdrawn. Nothing in this section shall be construed as waiving the compulsory

120.1 attendance provisions cited in section 120A.22. Average daily membership equals the
120.2 sum for all pupils of the number of days of the school year each pupil is enrolled in the
120.3 district's schools divided by the number of days the schools are in session. Days of
120.4 summer school or intersession classes of flexible school year programs are only included
120.5 in the computation of membership for pupils with a disability not appropriately served
120.6 primarily in the regular classroom. A student must not be counted as more than 1.2 pupils
120.7 in average daily membership under this section. When the initial total average daily
120.8 membership exceeds 1.2 for a pupil enrolled in more than one school district during the
120.9 fiscal year, each district's average daily membership must be reduced proportionately.

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

120.12 (c) For purposes of section 126C.10, subdivision 2a, only, a pupil's average daily
120.13 membership is counted as 1.0 once a kindergarten or elementary pupil has received 960
120.14 hours of instruction during the school year and as 1.0 once a secondary student has
120.15 received 1,050 hours of instruction during the school year.

120.16 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
120.17 and later.

120.18 Sec. 16. Minnesota Statutes 2008, section 126C.05, subdivision 16, is amended to read:

120.19 Subd. 16. **Free and reduced-price lunches.** The commissioner shall determine the
120.20 number of children eligible to receive either a free or reduced-price lunch on October 1
120.21 each year. Children enrolled ~~in a building~~ on October 1 and determined to be eligible to
120.22 receive free or reduced-price lunch by December 15 of that school year shall be counted
120.23 as eligible on October 1 for purposes of subdivision 3. The commissioner may use
120.24 federal definitions for these purposes and may adjust these definitions as appropriate.
120.25 The commissioner may adopt reporting guidelines to assure accuracy of data counts and
120.26 eligibility. Districts shall use any guidelines adopted by the commissioner.

120.27 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
120.28 and later.

120.29 Sec. 17. Minnesota Statutes 2008, section 126C.05, subdivision 17, is amended to read:

120.30 Subd. 17. **LEP pupil units.** (a) Limited English proficiency pupil units ~~for fiscal~~
120.31 ~~year 2004 and thereafter shall be determined according to this subdivision.~~

120.32 (b) ~~The limited English proficiency concentration percentage for a district equals the~~
120.33 ~~product of 100 times the ratio of:~~

121.1 ~~(1)~~ means the number of eligible pupils of limited English proficiency in average
121.2 daily membership enrolled in the district during the current fiscal year; ~~to~~

121.3 ~~(2) the number of pupils in average daily membership enrolled in the district.~~

121.4 ~~(c) The limited English proficiency pupil units for each eligible pupil of limited~~
121.5 ~~English proficiency in average daily membership equals the lesser of one or the quotient~~
121.6 ~~obtained by dividing the limited English proficiency concentration percentage for the~~
121.7 ~~pupil's district of enrollment by 11.5.~~

121.8 ~~(d)~~ (b) Limited English proficiency pupil units shall be counted by the district of
121.9 enrollment.

121.10 ~~(e)~~ (c) Notwithstanding paragraph ~~(d)~~ (b), for the purposes of this subdivision,
121.11 pupils enrolled in a cooperative or intermediate school district shall be counted by the
121.12 district of residence.

121.13 ~~(f)~~ (d) For the purposes of this subdivision, the terms defined in section 124D.59
121.14 have the same meaning.

121.15 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
121.16 and later.

121.17 Sec. 18. **[126C.09] EDUCATION FUNDING FRAMEWORK.**

121.18 **Subdivision 1. Basic formula framework; general classroom funding.** The
121.19 general classroom funding for each school district equals the sum of the district's general
121.20 education basic revenue, extended time revenue, compensatory revenue, LEP revenue,
121.21 referendum replacement revenue, and special education revenue.

121.22 **Subd. 2. District instructional services.** A school district's instructional services
121.23 revenue equals the sum of its operating sparsity revenue, location equity revenue, and
121.24 declining enrollment revenue.

121.25 **Subd. 3. District support services.** A school district's support services revenue
121.26 equals the sum of its operating capital revenue, alternative facilities revenue, integration
121.27 revenue, and transportation revenue.

121.28 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
121.29 and later.

121.30 Sec. 19. Minnesota Statutes 2008, section 126C.10, subdivision 1, is amended to read:

121.31 Subdivision 1. **General education revenue.** (a) For fiscal year 2006 ~~and later~~
121.32 through 2013, the general education revenue for each district equals the sum of the
121.33 district's basic revenue, extended time revenue, gifted and talented revenue, basic skills

122.1 revenue, training and experience revenue, secondary sparsity revenue, elementary sparsity
122.2 revenue, transportation sparsity revenue, total operating capital revenue, equity revenue,
122.3 alternative teacher compensation revenue, and transition revenue.

122.4 (b) For fiscal years 2014 and later, a school district's general education revenue
122.5 equals the sum of its basic revenue, extended time revenue, declining enrollment revenue,
122.6 basic skills revenue, location equity revenue, referendum replacement revenue, secondary
122.7 sparsity revenue, elementary sparsity revenue, transportation revenue, and total operating
122.8 capital revenue.

122.9 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
122.10 and later.

122.11 Sec. 20. Minnesota Statutes 2008, section 126C.10, subdivision 2, is amended to read:

122.12 Subd. 2. **Basic revenue.** (a) The basic revenue for each district equals the formula
122.13 allowance times the adjusted ~~marginal cost~~ pupil units for the school year.

122.14 (b) The formula allowance for fiscal year 2007 is \$4,974. The formula allowance for
122.15 fiscal year 2008 is \$5,074 and the formula allowance for fiscal year 2009 ~~and subsequent~~
122.16 ~~years~~ is \$5,124.

122.17 (c) The formula allowance for fiscal year 2014 is \$7,500. The formula allowance
122.18 for fiscal year 2015 and later equals the formula allowance for the previous year times
122.19 the sum of 1.0 and the greater of zero or the ratio of implicit price deflator, as defined in
122.20 section 275.70, subdivision 2, for the most recent year to the implicit price deflator for
122.21 the previous year.

122.22 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
122.23 and later.

122.24 Sec. 21. Minnesota Statutes 2008, section 126C.10, subdivision 2a, is amended to read:

122.25 Subd. 2a. **Extended time revenue.** (a) A school district's extended time revenue
122.26 is equal to the product of ~~\$4,601~~ the formula allowance for that year and the sum of
122.27 the adjusted ~~marginal cost~~ pupil units of the district for each pupil in average daily
122.28 membership in excess of 1.0 and less than 1.2 according to section 126C.05, subdivision 8.

122.29 (b) A school district's extended time revenue may be used for extended day
122.30 programs, extended week programs, summer school, and other programming authorized
122.31 under the learning year program.

122.32 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
122.33 and later.

123.1 Sec. 22. Minnesota Statutes 2008, section 126C.10, is amended by adding a
123.2 subdivision to read:

123.3 Subd. 2c. **Declining enrollment revenue.** A school district's declining enrollment
123.4 revenue equals the greater of zero or the product of: (1) the basic formula allowance for
123.5 that year; and (2) the difference between the mean average adjusted pupil units for the
123.6 three preceding years and the adjusted pupil units for the current year.

123.7 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
123.8 and later.

123.9 Sec. 23. Minnesota Statutes 2008, section 126C.10, is amended by adding a
123.10 subdivision to read:

123.11 Subd. 2d. **Location equity revenue.** A school district's location equity revenue
123.12 equals the product of:

123.13 (1) .50;

123.14 (2) the basic formula allowance for that year;

123.15 (3) the district's adjusted pupil units for that year; and

123.16 (4) the district's location equity index minus .9.

123.17 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
123.18 and later.

123.19 Sec. 24. Minnesota Statutes 2008, section 126C.10, is amended by adding a
123.20 subdivision to read:

123.21 Subd. 2e. **Referendum replacement revenue.** A school district's referendum
123.22 replacement revenue equals \$500 times the district's adjusted pupil units for that year.

123.23 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
123.24 and later.

123.25 Sec. 25. Minnesota Statutes 2008, section 126C.10, subdivision 3, is amended to read:

123.26 Subd. 3. **Compensatory education revenue.** (a) The compensatory education
123.27 revenue for each ~~building in the~~ district equals the greater of: (1) \$2,500 times the district's
123.28 enrollment of students eligible for free or reduced-price meals under section 126C.05,
123.29 subdivision 3, paragraph (a), clause (1); or (2) 40 percent of the formula allowance ~~minus~~
123.30 ~~\$415~~ times the compensation revenue pupil units computed according to section 126C.05,
123.31 subdivision 3. Revenue shall be paid to the district and must be allocated according to
123.32 section 126C.15, subdivision 2.

124.1 (b) When the district contracting with an alternative program under section 124D.69
124.2 changes prior to the start of a school year, the compensatory revenue generated by pupils
124.3 attending the program shall be paid to the district contracting with the alternative program
124.4 for the current school year, and shall not be paid to the district contracting with the
124.5 alternative program for the prior school year.

124.6 (c) When the fiscal agent district for an area learning center changes prior to the start
124.7 of a school year, the compensatory revenue shall be paid to the fiscal agent district for the
124.8 current school year, and shall not be paid to the fiscal agent district for the prior school year.

124.9 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
124.10 and later.

124.11 Sec. 26. Minnesota Statutes 2008, section 126C.10, subdivision 4, is amended to read:

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

124.14 (1) compensatory revenue under subdivision 3; plus

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

124.16 ~~(3) \$250 times the limited English proficiency pupil units under section 126C.05,~~
124.17 ~~subdivision 17.~~

124.18 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
124.19 and later.

124.20 Sec. 27. Minnesota Statutes 2008, section 126C.10, subdivision 6, is amended to read:

124.21 Subd. 6. **Definitions.** The definitions in this subdivision apply only to subdivisions
124.22 7 and 8.

124.23 (a) "High school" means a public secondary school, except a charter school under
124.24 section 124D.10, that has pupils enrolled in at least the 10th, 11th, and 12th grades. If
124.25 there is no high school in the district and the school is at least ~~19~~ 15 miles from the next
124.26 nearest school, the commissioner must designate one school in the district as a high school
124.27 for the purposes of this section.

124.28 (b) "Secondary average daily membership" means, for a district that has only one
124.29 high school, the average daily membership of pupils served in grades 7 through 12. For a
124.30 district that has more than one high school, "secondary average daily membership" for
124.31 each high school means the product of the average daily membership of pupils served in
124.32 grades 7 through 12 in the high school, times the ratio of six to the number of grades
124.33 in the high school.

125.1 (c) "Attendance area" means the total surface area of the district, in square miles,
125.2 divided by the number of high schools in the district. For a district that does not operate
125.3 a high school and is less than ~~19~~ 15 miles from the nearest operating high school, the
125.4 attendance area equals zero.

125.5 (d) "Isolation index" for a high school means the square root of 55 percent of the
125.6 attendance area plus the distance in miles, according to the usually traveled routes,
125.7 between the high school and the nearest high school. For a district in which there is located
125.8 land defined in section 84A.01, 84A.20, or 84A.31, the distance in miles is the sum of:

125.9 (1) the square root of one-half of the attendance area; and

125.10 (2) the distance from the border of the district to the nearest high school.

125.11 (e) "Qualifying high school" means a high school that has an isolation index greater
125.12 than 23 and that has secondary average daily membership of less than 400.

125.13 (f) "Qualifying elementary school" means a public elementary school, except a
125.14 charter school under section 124D.10, that is located ~~19~~ 15 miles or more from the nearest
125.15 elementary school or from the nearest elementary school within the district and, in either
125.16 case, has an elementary average daily membership of an average of 20 or fewer per grade.

125.17 (g) "Elementary average daily membership" means, for a district that has only
125.18 one elementary school, the average daily membership of pupils served in kindergarten
125.19 through grade 6. For a district that has more than one elementary school, "average daily
125.20 membership" for each school means the average daily membership of pupils served in
125.21 kindergarten through grade 6 multiplied by the ratio of seven to the number of grades
125.22 in the elementary school.

125.23 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
125.24 and later.

125.25 Sec. 28. Minnesota Statutes 2008, section 126C.10, subdivision 13, is amended to read:

125.26 Subd. 13. **Total operating capital and technology revenue.** (a) Total operating
125.27 capital revenue for a district equals: (1) \$50 times the adjusted pupil units for the school
125.28 year for technology purposes; (2) for any district not participating in the alternative
125.29 facilities program under section 123B.59, \$600 times the adjusted pupil units for deferred
125.30 maintenance and health and safety purposes under sections 123B.57 and 123B.59; (3) the
125.31 amount determined under paragraph (b) or (c), ~~plus \$73;~~ and (4) \$100 times the adjusted
125.32 marginal-cost pupil units for the school year. The revenue must be placed in a reserved
125.33 account in the general fund and may only be used according to subdivision 14.

125.34 (b) Capital revenue for a district equals \$100 times the district's maintenance cost
125.35 index times its adjusted ~~marginal-cost~~ pupil units for the school year.

126.1 (c) The revenue for a district that operates a program under section 124D.128, is
126.2 increased by an amount equal to \$30 times the number of ~~marginal cost~~ adjusted pupil
126.3 units served at the site where the program is implemented.

126.4 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
126.5 and later.

126.6 Sec. 29. Minnesota Statutes 2008, section 126C.10, subdivision 14, is amended to read:

126.7 Subd. 14. **Uses of total operating capital revenue.** Technology revenue may only
126.8 be used for purposes in clauses (18), (19), (21), (23), and (24). Total operating capital
126.9 revenue may be used only for the following purposes:

126.10 (1) to acquire land for school purposes;

126.11 (2) to acquire or construct buildings for school purposes;

126.12 (3) to rent or lease buildings, including the costs of building repair or improvement
126.13 that are part of a lease agreement;

126.14 (4) to improve and repair school sites and buildings, and equip or reequip school
126.15 buildings with permanent attached fixtures, including library media centers;

126.16 (5) for a surplus school building that is used substantially for a public nonschool
126.17 purpose;

126.18 (6) to eliminate barriers or increase access to school buildings by individuals with a
126.19 disability;

126.20 (7) to bring school buildings into compliance with the State Fire Code adopted
126.21 according to chapter 299F;

126.22 (8) to remove asbestos from school buildings, encapsulate asbestos, or make
126.23 asbestos-related repairs;

126.24 (9) to clean up and dispose of polychlorinated biphenyls found in school buildings;

126.25 (10) to clean up, remove, dispose of, and make repairs related to storing heating fuel
126.26 or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined
126.27 in section 296A.01;

126.28 (11) for energy audits for school buildings and to modify buildings if the audit
126.29 indicates the cost of the modification can be recovered within ten years;

126.30 (12) to improve buildings that are leased according to section 123B.51, subdivision 4;

126.31 (13) to pay special assessments levied against school property but not to pay
126.32 assessments for service charges;

126.33 (14) to pay principal and interest on state loans for energy conservation according to
126.34 section 216C.37 or loans made under the Douglas J. Johnson Economic Protection Trust
126.35 Fund Act according to sections 298.292 to 298.298;

- 127.1 (15) to purchase or lease interactive telecommunications equipment;
- 127.2 (16) by board resolution, to transfer money into the debt redemption fund to: (i)
- 127.3 pay the amounts needed to meet, when due, principal and interest payments on certain
- 127.4 obligations issued according to chapter 475; or (ii) pay principal and interest on debt
- 127.5 service loans or capital loans according to section 126C.70;
- 127.6 (17) to pay operating capital-related assessments of any entity formed under a
- 127.7 cooperative agreement between two or more districts;
- 127.8 (18) to purchase or lease computers and related materials, copying machines,
- 127.9 telecommunications equipment, and other noninstructional equipment;
- 127.10 (19) to purchase or lease assistive technology or equipment for instructional
- 127.11 programs;
- 127.12 (20) to purchase textbooks;
- 127.13 (21) to purchase new and replacement library media resources or technology;
- 127.14 (22) to purchase vehicles;
- 127.15 (23) to purchase or lease telecommunications equipment, computers, and related
- 127.16 equipment for integrated information management systems for:
- 127.17 (i) managing and reporting learner outcome information for all students under a
- 127.18 results-oriented graduation rule;
- 127.19 (ii) managing student assessment, services, and achievement information required
- 127.20 for students with individual education plans; and
- 127.21 (iii) other classroom information management needs; and
- 127.22 (24) to pay personnel costs directly related to the acquisition, operation, and
- 127.23 maintenance of telecommunications systems, computers, related equipment, and network
- 127.24 and applications software.

127.25 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014.

127.26 Sec. 30. Minnesota Statutes 2008, section 126C.10, subdivision 18, is amended to read:

127.27 Subd. 18. **Transportation sparsity revenue allowance.** ~~(a)~~ A district's

127.28 transportation sparsity allowance equals the greater of zero or the result of the following

127.29 computation:

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

127.31 (ii) Multiply the result in clause (i) by the district's sparsity index raised to the

127.32 $26/100$ power.

127.33 (iii) Multiply the result in clause (ii) by the district's density index raised to the

127.34 $13/100$ power.

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

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

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

128.4 **EFFECTIVE DATE.** This section is effective for fiscal year 2014 and later.

128.5 Sec. 31. Minnesota Statutes 2008, section 126C.10, is amended by adding a
128.6 subdivision to read:

128.7 Subd. 18a. **Transportation revenue.** (a) A school district's transportation revenue
128.8 equals the sum of its transportation sparsity revenue, hazardous transportation revenue,
128.9 and bus purchase revenue.

128.10 (b) A school district's transportation sparsity revenue equals its transportation
128.11 sparsity allowance times its adjusted pupil units for that year.

128.12 (c) A school district's hazardous transportation aid equals the amount necessary to
128.13 provide transportation services to students facing hazardous transportation conditions. A
128.14 district's hazardous transportation aid must not exceed 20 percent of the district's total
128.15 regular to and from school transportation costs for that year. For any year, a school
128.16 district may receive aid under this paragraph only after the school board has considered
128.17 the comprehensive plan for hazardous transportation submitted by the district's pupil
128.18 transportation safety committee at a regularly scheduled meeting of the school board. The
128.19 comprehensive plan may not be adopted until after the board has allowed the public
128.20 reasonable time to testify on the plan.

128.21 (d) A school district's bus purchase revenue equals five percent of the district's
128.22 spending on transportation services for the previous fiscal year.

128.23 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
128.24 and later.

128.25 Sec. 32. **[126C.115] INNOVATION REVENUE.**

128.26 (a) A school district must use its innovation revenue to implement evidence-based
128.27 innovation premised on research-based curriculum and instruction and other education
128.28 programs and practices, including best teaching practices, that are known to improve
128.29 academic performance for diverse groups of students. If a school district demonstrates
128.30 low growth and needs to improve students' current achievement and educational growth,
128.31 as measured by a growth-based value-added system under section 120B.35, the school
128.32 district must submit a plan to the commissioner, developed in consultation with interested
128.33 parents, that describes how the district proposes to use its innovation revenue to

129.1 supplement state reading requirements under section 120B.12, subdivision 1, and state
129.2 math and science requirements under section 120B.023, subdivision 2, paragraphs (b) and
129.3 (d), and improve student outcomes. The plan must:

129.4 (1) identify specific education goals, consistent with this section, and the indicators
129.5 to demonstrate progress toward achieving those goals, which may include a value-added
129.6 assessment model under sections 120B.35 and 120B.362;

129.7 (2) supplement current district initiatives that may transform district programs,
129.8 practices, and processes sufficient to significantly improve student outcomes, which
129.9 may include, among other initiatives, an organizational assessment and performance
129.10 improvement process under section 120B.3625; and

129.11 (3) demonstrate how innovation revenue helps narrow and eliminate differences in
129.12 student academic achievement in reading, math, and science based on student measures of
129.13 mobility, attendance, race and ethnicity, gender, English language learner status, eligibility
129.14 for free or reduced price lunch, and special education, among other outcomes.

129.15 (b) After transmitting its plan to the commissioner, a district must spend its
129.16 innovation revenue effectively and efficiently, consistent with its plan. A school district
129.17 that submits an innovation revenue plan under paragraph (a) must report annually by June
129.18 30 to the commissioner and post on the district's official Web site reliable and accessible
129.19 information and supporting longitudinal data showing the amount of progress the district
129.20 made in the immediately preceding school year and previous school years in realizing its
129.21 innovation revenue goals. The commissioner must analyze the data from the annual
129.22 district reports and post the analysis on the department's official Web site.

129.23 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
129.24 and later.

129.25 Sec. 33. Minnesota Statutes 2008, section 126C.13, subdivision 4, is amended to read:

129.26 Subd. 4. **General education aid.** ~~For fiscal years 2007 and later,~~ A district's general
129.27 education aid ~~is the sum of the following amounts~~ equals its:

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

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

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

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

129.33 ~~(5) transition aid under section 126C.10, subdivision 33 for that year;~~

129.34 ~~(6)~~ (2) shared time aid under section 126C.01, subdivision 7;

129.35 ~~(7)~~ (3) referendum aid under section 126C.17, subdivisions 7 and 7a; and

130.1 ~~(8)~~ (4) online learning aid according to section 124D.096.

130.2 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
130.3 and later.

130.4 Sec. 34. Minnesota Statutes 2008, section 126C.13, subdivision 5, is amended to read:

130.5 Subd. 5. **Uses of revenue.** ~~Except as provided in sections 126C.10, subdivision~~
130.6 ~~14; 126C.12; and 126C.15,~~ (a) General education revenue may be used during the
130.7 regular school year and the summer for general and special school purposes and for
130.8 prekindergarten programs except as limited by paragraph (b).

130.9 (b) General education revenue set-asides include:

130.10 (1) 1.0 percent of basic revenue must be used only for gifted and talented activities
130.11 consistent with section 120B.15;

130.12 (2) 5.0 percent of basic revenue must be used only to implement a district's
130.13 innovative revenue program activities under section 126C.115;

130.14 (3) basic skills revenue must be used according to section 126C.15; and

130.15 (4) operating capital revenue must be spent according to section 126C.10,
130.16 subdivision 14.

130.17 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
130.18 and later.

130.19 Sec. 35. Minnesota Statutes 2008, section 126C.17, subdivision 1, is amended to read:

130.20 Subdivision 1. **Referendum allowance.** ~~(a) For fiscal year 2003 and later, a district's~~
130.21 ~~initial referendum revenue allowance equals the sum of the allowance under section~~
130.22 ~~126C.16, subdivision 2, plus any additional allowance per resident marginal cost pupil~~
130.23 ~~unit authorized under subdivision 9 before May 1, 2001, for fiscal year 2002 and later,~~
130.24 ~~plus the referendum conversion allowance approved under subdivision 13, minus \$415.~~
130.25 ~~For districts with more than one referendum authority, the reduction must be computed~~
130.26 ~~separately for each authority. The reduction must be applied first to the referendum~~
130.27 ~~conversion allowance and next to the authority with the earliest expiration date. A~~
130.28 ~~district's initial referendum revenue allowance may not be less than zero.~~

130.29 ~~(b) For fiscal year 2003, a district's referendum revenue allowance equals the initial~~
130.30 ~~referendum allowance plus any additional allowance per resident marginal cost pupil unit~~
130.31 ~~authorized under subdivision 9 between April 30, 2001, and December 30, 2001, for~~
130.32 ~~fiscal year 2003 and later.~~

131.1 ~~(e) For fiscal year 2004 and later,~~ A district's referendum revenue allowance equals
131.2 the sum of:

131.3 (1) ~~the product of (i) the ratio of the resident marginal cost pupil units the district~~
131.4 ~~would have counted for fiscal year 2004 under Minnesota Statutes 2002, section 126C.05,~~
131.5 ~~to the district's resident marginal cost pupil units for fiscal year 2004, times (ii) the greater~~
131.6 ~~of zero or the district's initial referendum allowance plus any additional allowance per~~
131.7 ~~resident marginal cost pupil unit authorized under subdivision 9 between April 30, 2001,~~
131.8 ~~and May 30, 2003, for fiscal year 2003 and later~~ 2014 less \$500, plus

131.9 (2) any additional allowance per resident ~~marginal cost~~ pupil unit authorized under
131.10 subdivision 9 after May 30, ~~2003~~ 2012, for fiscal year ~~2005~~ 2014 and later.

131.11 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
131.12 and later.

131.13 Sec. 36. Minnesota Statutes 2008, section 126C.17, subdivision 5, is amended to read:

131.14 Subd. 5. **Referendum equalization revenue.** (a) ~~For fiscal year 2003 and later,~~
131.15 A district's referendum equalization revenue equals the sum of the first tier referendum
131.16 equalization revenue and the second tier referendum equalization revenue.

131.17 ~~(b) A district's first tier referendum equalization revenue equals the district's first~~
131.18 ~~tier referendum equalization allowance times the district's resident marginal cost pupil~~
131.19 ~~units for that year.~~

131.20 ~~(c) For fiscal year 2006, a district's first tier referendum equalization allowance~~
131.21 ~~equals the lesser of the district's referendum allowance under subdivision 1 or \$500. For~~
131.22 ~~fiscal year 2007, a district's first tier referendum equalization allowance equals the lesser~~
131.23 ~~of the district's referendum allowance under subdivision 1 or \$600.~~

131.24 ~~For fiscal year 2008 and later,~~ (b) A district's first tier referendum equalization
131.25 allowance equals the lesser of the district's referendum allowance under subdivision 1
131.26 or \$700.

131.27 ~~(d)~~ (c) A district's second tier referendum equalization revenue equals the district's
131.28 second tier referendum equalization allowance times the district's resident marginal cost
131.29 pupil units for that year.

131.30 ~~(e) For fiscal year 2006, a district's second tier referendum equalization allowance~~
131.31 ~~equals the lesser of the district's referendum allowance under subdivision 1 or 18.6 percent~~
131.32 ~~of the formula allowance, minus the district's first tier referendum equalization allowance.~~

131.33 ~~For fiscal year 2007 and later,~~ (d) A district's second tier referendum equalization
131.34 allowance equals the lesser of the district's referendum allowance under subdivision 1 or

132.1 26 percent of the formula allowance, minus the district's first tier referendum equalization
132.2 allowance.

132.3 ~~(f)~~(e) Notwithstanding paragraph ~~(e)~~(d), the second tier referendum allowance for a
132.4 district qualifying for secondary sparsity revenue under section 126C.10, subdivision 7, or
132.5 elementary sparsity revenue under section 126C.10, subdivision 8, equals the district's
132.6 referendum allowance under subdivision 1 minus the district's first tier referendum
132.7 equalization allowance.

132.8 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014.

132.9 Sec. 37. Minnesota Statutes 2008, section 126C.17, subdivision 6, is amended to read:

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

132.13 (b) A district's first tier referendum equalization levy equals the district's first tier
132.14 referendum equalization revenue times the lesser of one or the ratio of the district's
132.15 referendum market value per resident marginal cost pupil unit to ~~\$476,000~~ 100 percent of
132.16 the statewide referendum market value equalizing factor.

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

132.21 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014.

132.22 Sec. 38. Minnesota Statutes 2008, section 126C.20, is amended to read:

132.23 **126C.20 ANNUAL GENERAL EDUCATION AID APPROPRIATION.**

132.24 There is annually appropriated from the general fund to the department the ~~amount~~
132.25 amounts necessary for: (1) general education aid; (2) special education aid; (3) debt
132.26 service aid; and (4) the school bond agricultural credit. ~~This amount~~ These amounts must
132.27 be reduced by the amount of any money specifically appropriated for the same purpose
132.28 in any year from any state fund.

132.29 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
132.30 and later.

132.31 Sec. 39. Minnesota Statutes 2008, section 126C.40, subdivision 1, is amended to read:

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

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

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

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

134.1 (e) The total levy under this subdivision for a district for any year must not exceed
134.2 \$150 times the resident pupil units for the fiscal year to which the levy is attributable.

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

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

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

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

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

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

134.17 (h) A school district that is a member of an intermediate school district may include
134.18 in its authority under this section the costs associated with leases of administrative and
134.19 classroom space for intermediate school district programs. This authority must not
134.20 exceed ~~\$43~~ \$50 times the adjusted marginal cost pupil units of the member districts. This
134.21 authority is in addition to any other authority authorized under this section.

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

134.28 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
134.29 and later.

134.30 Sec. 40. Minnesota Statutes 2008, section 127A.51, is amended to read:

134.31 **127A.51 STATEWIDE AVERAGE REVENUE.**

134.32 By October 1 of each year the commissioner must estimate the statewide average
134.33 adjusted general revenue per adjusted marginal cost pupil unit and the disparity in adjusted
134.34 general revenue among pupils and districts by computing the ratio of the 95th percentile

135.1 to the fifth percentile of adjusted general revenue. The commissioner must provide that
135.2 information to all districts.

135.3 If the disparity in adjusted general revenue as measured by the ratio of the 95th
135.4 percentile to the fifth percentile increases in any year, the commissioner shall recommend
135.5 to the legislature options for change in the general education formula that will limit the
135.6 disparity in adjusted general revenue to no more than the disparity for the previous
135.7 school year. The commissioner must submit the recommended options to the education
135.8 committees of the legislature by January 15.

135.9 For purposes of this section and section 126C.10, adjusted general revenue means:

135.10 (1) for fiscal year 2002, the sum of basic revenue under section 126C.10, subdivision
135.11 2; supplemental revenue under section 126C.10, subdivisions 9 and 12; transition revenue
135.12 under section 126C.10, subdivision 20; referendum revenue under section 126C.17; and
135.13 equity revenue under section 126C.10, subdivisions 24a and 24b; ~~and~~

135.14 (2) for fiscal year 2003 ~~and later~~ through 2013, the sum of basic revenue under
135.15 section 126C.10, subdivision 2; referendum revenue under section 126C.17; and equity
135.16 revenue under section 126C.10, subdivisions 24a and 24b; and

135.17 (3) for fiscal year 2014 and later, the sum of basic revenue under section 126C.10,
135.18 subdivision 2, and referendum revenue under section 126C.17.

135.19 **EFFECTIVE DATE.** This section is effective for fiscal year 2014 and later.

135.20 Sec. 41. **PHASE-IN.**

135.21 **Subdivision 1. Baseline revenue.** A school district's baseline revenue equals the
135.22 revenue amounts for the aid appropriations calculated under Minnesota Statutes, section
135.23 126C.20, calculated using the current year's data and the revenue formulas in place in
135.24 Minnesota Statutes 2008.

135.25 **Subd. 2. New revenue.** A school district's new revenue equals the revenue amounts
135.26 for the aid appropriations calculated under Minnesota Statutes, section 126C.20, calculated
135.27 using the current year's data and the revenue formulas in place under this act.

135.28 **Subd. 3. Phase-in schedule.** A school district's revenue amounts for the revenue
135.29 formulas listed in subdivisions 1 and 2 equals the district's baseline revenue plus the
135.30 percent of the difference specified in subdivision 6 multiplied by the number of years
135.31 of the phase in specified in subdivision 7.

135.32 **Subd. 4. Aid.** A school district's aid entitlement for the formulas listed under
135.33 this act equals the district's baseline aid plus the phase-in percentage times the new aid
135.34 amounts calculated under this act.

136.1 Subd. 5. Levy. A school district levy for the formulas listed in this act equals the
136.2 levy for the same formulas calculated under Minnesota Statutes 2008, and the phase-in
136.3 percentage times the new revenue amounts for the levy calculated under this act.

136.4 Subd. 6. Percentage. The phase-in percentage equals 25 percent.

136.5 Subd. 7. Years of phase-in. The new revenue under this section is phased in over
136.6 four years.

136.7 EFFECTIVE DATE. This section is effective July 1, 2013.

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

136.9 In the year 2014 and subsequent editions of Minnesota Statutes, the revisor of statutes
136.10 shall change all references to "adjusted marginal cost pupil units" to "adjusted pupil units"
136.11 and all references to "resident marginal cost pupil units" to "resident pupil units."

136.12 EFFECTIVE DATE. This section is effective July 1, 2013.

136.13 Sec. 43. **REPEALER.**

136.14 Minnesota Statutes 2008, sections 123B.54; 123B.57, subdivisions 3, 4, and 5;
136.15 123B.591; 125A.76, subdivision 4; 125A.79, subdivision 6; 126C.10, subdivisions 2b,
136.16 13a, 13b, 24, 25, 26, 27, 28, 29, 30, 31, 31a, 31b, 32, 33, 34, 35, and 36; 126C.12;
136.17 126C.126; and 127A.50, are repealed.

136.18 EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014.

136.19 **ARTICLE 9**

136.20 **FORECAST ADJUSTMENTS**

136.21 Section 1. Minnesota Statutes 2009 Supplement, section 123B.54, is amended to read:

136.22 **123B.54 DEBT SERVICE APPROPRIATION.**

136.23 (a) ~~\$9,109,000 in fiscal year 2009, \$7,948,000~~ \$6,608,000 in fiscal year 2010,
136.24 ~~\$9,275,000~~ \$8,465,000 in fiscal year 2011, ~~\$9,574,000~~ \$16,900,000 in fiscal year 2012,
136.25 and ~~\$8,904,000~~ \$19,175,000 in fiscal year 2013 and later are appropriated from the
136.26 general fund to the commissioner of education for payment of debt service equalization
136.27 aid under section 123B.53.

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

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

137.1 Sec. 2. Laws 2009, chapter 96, article 4, section 12, subdivision 3, is amended to read:

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

137.4		7,948,000		
137.5	\$	<u>6,608,000</u>	2010
137.6		9,275,000		
137.7	\$	<u>8,465,000</u>	2011

137.8 The 2010 appropriation includes \$851,000 for 2009 and ~~\$7,097,000~~ \$5,757,000
137.9 for 2010.

137.10 The 2011 appropriation includes ~~\$788,000~~ \$2,128,000 for 2010 and ~~\$8,487,000~~
137.11 \$6,337,000 for 2011.

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

137.13 Sec. 3. Laws 2009, chapter 96, article 5, section 13, subdivision 4, is amended to read:

137.14 Subd. 4. **Kindergarten milk.** For kindergarten milk aid under Minnesota Statutes,
137.15 section 124D.118:

137.16		1,098,000		
137.17	\$	<u>1,104,000</u>	2010
137.18		1,120,000		
137.19	\$	<u>1,126,000</u>	2011