

A bill for an act

relating to education finance; modifying the integration revenue program; strengthening integration revenue goals; increasing program oversight by the Department of Education; increasing integration revenue for certain districts; amending Minnesota Statutes 2006, sections 124D.11, by adding a subdivision; 124D.86, as amended; proposing coding for new law in Minnesota Statutes, chapter 124D; repealing Minnesota Rules, part 3535.0100.

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

Section 1. Minnesota Statutes 2006, section 124D.11, is amended by adding a subdivision to read:

Subd. 10. **Integration revenue.** A charter school that must adopt an integration plan is eligible for integration revenue equal to \$92 times its adjusted pupil units for that year.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2010.

Sec. 2. **[124D.855] INTEGRATION REVENUE PROGRAM.**

Minnesota's integration program:

(1) recognizes that public education must give all students opportunities to achieve academic success, partly by increasing the racial and cultural understanding and cultural competency of all students and teachers;

(2) reaffirms Minnesota's commitment to integrating its public schools;

(3) recognizes that many factors, including the lack of access to housing, jobs, and transportation, affect school districts' ability to effect racial balance in schools;

(4) recognizes the importance of allowing parents to choose where their children attend school;

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(5) recognizes parents' belief that integrated schools are essential to their children's education;

(6) prevents segregation, as defined in Minnesota Rules, part 3535.0110, subpart 9, in public schools;

(7) encourages districts to give students chances to attend racially balanced schools within the district;

(8) identifies racially isolated districts and encourages adjoining districts to work cooperatively to effect interdistrict integration and give parents and students meaningful educational choices in the classroom, school, and community; and

(9) applies rules, including the graduation standards under Minnesota Rules, chapter 3501, and inclusive education under Minnesota Rules, part 3500.0550, that increase the academic achievement levels, the attainment of needed skills, and the employability of classes of protected students by providing equitable access to educational resources.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2010.

Sec. 3. Minnesota Statutes 2006, section 124D.86, as amended by Laws 2007, chapter 146, article 1, section 25, is amended to read:

124D.86 INTEGRATION REVENUE.

Subdivision 1. **Use of revenue.** Integration revenue under this section must be used for programs established under a desegregation plan filed with the Department of Education according to Minnesota Rules, parts 3535.0100 to 3535.0180, or under court order. The revenue must be used to create or enhance learning opportunities ~~which are designed to provide opportunities for students to have increased interracial contacts~~ through classroom experiences, staff initiatives, and other ~~educationally related~~ education-related programs that increase students' interracial contacts.

Subd. 1a. **Budget approval process.** (a) Each year before a district receives any revenue under subdivision 3, clause (4), (5), or (6), the district must submit to the Department of Education, for its review and approval a list of desegregation/integration plan goals and a budget detailing that details the costs of the desegregation/integration plan filed under Minnesota Rules, parts 3535.0100 to 3535.0180, and specifically links program goals to the cost of each budget activity detailed in the plan. Notwithstanding chapter 14, the department may develop criteria for approving the budget approval. The department shall consult with the Desegregation Advisory Board ~~in developing when it develops~~ these criteria. The criteria ~~developed by the department~~ should address, at a minimum, ~~the following:~~

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(1) allow approval only of those budget items ~~cannot be approved unless they that~~
are part of ~~any~~ an overall desegregation plan approved by the district for isolated sites or
by the Multidistrict Collaboration Council ~~and~~ with participation by individual members;

(2) have the budget ~~must~~ indicate how revenue expenditures ~~will be used~~ specifically
~~to support increased opportunities for~~ increase interracial contact;

(3) include those budget components of the budget to be determined and considered
by the department, including staffing, curriculum, transportation, facilities, materials, and
equipment and reasonable planning costs, ~~as determined by the department~~; and

(4) if plans are proposed to enhance existing programs, include the total budget
~~being~~ appropriated to the program ~~must be included, indicating and indicate~~ what part is
~~to be~~ funded using integration revenue and what part is ~~to be~~ funded using other revenues.

Subd. 1b. **Plan components.** (a) District plans submitted by each district under
Minnesota Rules, parts 3535.0160 and 3535.0170, must be approved by the district's board
each year before integration revenue ~~will be~~ is awarded. If a district ~~is applying that is~~
part of a multidistrict council applies for revenue for a plan ~~that is part of a multidistrict~~
~~council~~, the individual district shall not receive revenue unless it ratifies the plan adopted
by its multidistrict council or approves a modified plan with a written explanation of ~~any~~
the modifications. Each plan shall ~~contain~~:

(1) ~~an identification of~~ identify the integration issues at the sites or districts covered
by Minnesota Rules, parts 3535.0100 to 3535.0180;

(2) ~~a description of~~ describe the community outreach that preceded the integration
plan, ~~such~~ so that the commissioner can determine whether the membership of the
planning councils complied with the requirements of Minnesota Rules, parts 3535.0100
to 3535.0180; and

(3) include the specific goals of the integration plan.

By June 30 of the subsequent fiscal year, each district shall report to the commissioner in
writing about the extent to which the integration goals identified in the plan were met.

(b) The commissioner annually must submit a report to the education committees of
the legislature by January 15th describing the commissioner's activities under Minnesota
Rules, part 3535.0170, subpart 4.

Subd. 1c. **Charter school participation.** A charter school having a percentage of
protected students that differs by more than 20 percent from the school district where the
charter school is located must develop and implement a charter school integration plan in
collaboration with at least one other school district or charter school. The commissioner
must approve all the integration partners of a charter school.

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Subd. 1d. **Isolated school.** If a school district creates a magnet school, or otherwise creates a school site having a percentage of protected students that differs by more than 20 percent from the district's percent of protected students, then the district must submit a special integration plan for that school site to the commissioner of education under Minnesota Rules, part 3535.0160.

Subd. 2. **Separate account.** Integration revenue shall be maintained in a separate account to identify expenditures for salaries and programs related to this revenue. School districts must not use integration revenue to:

(1) reduce class sizes;

(2) purchase computers; or

(3) purchase general curricular textbooks.

Subd. 3. **Integration revenue.** Integration revenue equals the following amounts:

(1) for Independent School District No. 709, Duluth, \$206 times the adjusted pupil units for the school year;

(2) for Independent School District No. 625, St. Paul, \$445 times the adjusted pupil units for the school year;

(3) for Special School District No. 1, Minneapolis, the sum of \$445 times the adjusted pupil units for the school year and an additional \$35 times the adjusted pupil units for the school year that is provided entirely through a local levy;

(4) for a district not listed in clause (1), (2), or (3), that must implement a plan under Minnesota Rules, parts 3535.0100 to 3535.0180, where the district's enrollment of protected students, as defined under Minnesota Rules, part 3535.0110, exceeds 15 percent, the lesser of (i) the actual cost of implementing the plan during the fiscal year minus the aid received under subdivision 6, or (ii) \$129 times the adjusted pupil units for the school year times the ratio of the district's percent enrollment of protected students to 15 percent, but not to exceed \$445 times the adjusted pupil units for the school year;

(5) for a district not listed in clause (1), (2), (3), or (4), that is required to implement a plan according to the requirements of Minnesota Rules, parts 3535.0100 to 3535.0180, the lesser of

(i) the actual cost of implementing the plan during the fiscal year minus the aid received under subdivision 6, or

(ii) \$92 times the adjusted pupil units for the school year.

Any money ~~received by~~ districts receive in clauses (1) to (3) ~~which that~~ exceeds the amount received in fiscal year 2000 ~~shall be~~ is subject to the budget requirements in subdivision 1a; and

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(6) for a member district of a multidistrict integration collaborative that ~~files a plan with the commissioner, but~~ is not contiguous to a racially isolated district, integration revenue equals the lesser of the amount approved by the commissioner or the amount defined in clause (5).

Subd. 4. **Integration levy.** A district may levy an amount equal to ~~37 percent for fiscal year 2003, 23 percent for fiscal year 2004, and 30 percent for fiscal year 2005 and thereafter~~ of the district's integration revenue as defined in subdivision 3.

Subd. 5. **Integration aid.** A district's integration aid equals the difference between the district's integration revenue and its integration levy.

Subd. 6. **Alternative attendance programs.** (a) The integration aid under subdivision 5 must be adjusted for each pupil residing in a district eligible for integration revenue under subdivision 3, clause (1), (2), or (3), and attending a nonresident district under sections 123A.05 to 123A.08, 124D.03, and 124D.08, that is not eligible for integration revenue under subdivision 3, clause (1), (2), or (3), and has implemented a plan under Minnesota Rules, parts 3535.0100 to 3535.0180, if the enrollment of the pupil in the nonresident district contributes to desegregation or integration purposes. The adjustments must be made according to this subdivision.

(b) Aid paid to a district serving nonresidents must be increased by an amount equal to the revenue per pupil unit of the resident district under subdivision 3, clause (1), (2), or (3), minus the revenue attributable to the pupil in the nonresident district under subdivision 3, clause (4), (5), or (6), for the time the pupil is enrolled in the nonresident district.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2010.

Sec. 4. **REPEALER.**

Minnesota Rules, part 3535.0100, is repealed July 1, 2009.