A bill for an act

relating to education; providing for policy and funding for early childhood, family, adult, and prekindergarten through grade 12 education, including general education; education excellence; special programs; facilities and technology; nutrition; libraries and accounting; early education, prevention, self-sufficiency, and lifelong learning; state agencies; and forecast adjustments; creating a consolidated levy; modifying charter school provisions; reducing mandates; allocating prekindergarten allowances; appropriating money; amending Minnesota Statutes 2008, sections 16A.06, subdivision 11; 119A.52; 120A.22, subdivisions 11, 12; 120A.24; 120A.40; 120A.41; 120B.02; 120B.021, subdivision 1; 120B.023, subdivision 2; 120B.024; 120B.11, subdivision 5; 120B.30, subdivisions 1, 1a, 2, by adding a subdivision; 120B.31, subdivisions 1, 3, 4; 120B.35; 120B.36; 121A.035, subdivision 2; 121A.037; 121A.15, subdivision 8; 121A.41, subdivisions 7, 10; 121A.43; 122A.06, subdivision 4; 122A.07, subdivisions 2, 3; 122A.09, subdivision 7; 122A.18, subdivisions 2, 2a, by adding a subdivision; 122A.31, subdivision 4; 122A.413, subdivision 2; 122A.414, subdivision 2b, by adding a subdivision; 122A.415, by adding subdivisions; 122A.60, subdivision 1a; 122A.61, subdivision 1; 123A.05; 123A.06; 123A.08; 123B.03, subdivision 1; 123B.10, subdivision 1; 123B.14, subdivision 7; 123B.143, subdivision 1; 123B.42, subdivision 1; 123B.44, subdivision 1; 123B.51, by adding a subdivision; 123B.54; 123B.59, subdivisions 6, 7; 123B.70, subdivision 1; 123B.71, subdivisions 1, 8, 9, 12; 123B.77, subdivision 3; 123B.81, subdivisions 3, 4, 5; 123B.83, subdivision 3; 124D.095, subdivisions 3, 4, 7, 10; 124D.10, subdivisions 1, 2a, 3, 4, 4a, 5, 6, 6a, 7, 8, 9, 11, 13, 14, 15, 17, 20, 23, 23a, 25, by adding subdivisions; 124D.11, subdivision 9, by adding a subdivision; 124D.128, subdivisions 2, 3; 124D.13, subdivision 13; 124D.135, subdivision 3; 124D.15, subdivision 3; 124D.19, subdivisions 3, 10, 14; 124D.42, subdivision 6, by adding a subdivision; 124D.522; 124D.60, subdivision 1; 124D.68, subdivisions 2, 3, 4, 5; 124D.83, subdivision 4; 124D.86, subdivision 3; 125A.01; 125A.02; 125A.07; 125A.08; 125A.091, subdivisions 7, 10, 12, 13, 14, 16, 18, 19, 20, 24, 25, 27, 28, by adding a subdivision; 125A.11, subdivision 1; 125A.15; 125A.28; 125A.51; 125A.57, subdivision 2; 125A.61, subdivision 1; 125A.62, subdivision 8; 125A.63, subdivisions 2, 4; 125A.744, subdivision 3; 125A.76, subdivision 1; 125B.26, subdivisions 1, 2, 3, 4; 126C.05, subdivisions 2, 15, 20; 126C.10, subdivisions 2a, 13a, 13b, 29, 30, 32, 33, 34, 35, 36; 126C.13, subdivision 4, by adding subdivisions; 126C.15, subdivisions 2, 4; 126C.17, subdivision 9; 126C.21, subdivision 3, by adding a subdivision; 126C.40, subdivision 6; 126C.44; 127A.08, by adding a subdivision; 127A.47, subdivisions 5, 7; 127A.49, subdivisions 2, 3; 134.31, subdivision 4a, by

adding a subdivision; 134.34, subdivisions 1, 4; 171.05, subdivision 2; 171.17, subdivision 1; 171.22, subdivision 1; 181A.05, subdivision 1; 299A.297; 299F.30, subdivision 1; 299F.47, subdivision 4; Laws 2007, chapter 146, article 1, section 24, subdivisions 2, as amended, 4, as amended, 5, as amended, 6, as amended, 7, as amended, 8, as amended; article 2, section 46, subdivisions 2, as amended, 3, as amended, 4, as amended, 6, as amended, 9, as amended; article 3, section 24, subdivisions 3, as amended, 4, as amended, 7; article 4, section 16, subdivisions 2, as amended, 6, as amended, 8, as amended; article 5, section 13, subdivisions 2, as amended, 3, as amended; article 9, section 17, subdivisions 2, as amended, 4, as amended, 8, as amended, 9, as amended, 13, as amended; proposing coding for new law in Minnesota Statutes, chapters 1; 4; 120B; 122A; 124D; 125B; 127A; repealing Minnesota Statutes 2008, sections 120A.26, subdivisions 1, 2; 120B.11, subdivisions 6, 7, 8; 120B.362; 120B.39; 121A.06; 121A.27; 122A.24; 122A.32; 122A.628; 122A.72, subdivisions 3, 4; 122A.75; 123B.92, subdivision 5; 124D.10, subdivisions 18, 19, 26; 125A.05; 125A.091, subdivisions 1, 2, 3, 4, 22, 23; 126C.10, subdivisions 13a, 13b, 29, 30, 32, 33, 34, 35, 36; Laws 2008, chapter 363, article 2, section 48; Minnesota Rules, parts 3525.0210, subparts 34, 43; 3525.0400; 3525.2445; 3525.4220.

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

ARTICLE 1
GENERAL EDUCATION

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

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

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

120A.40 SCHOOL CALENDAR.

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

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

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

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

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

Sec. 3. Minnesota Statutes 2008, section 120A.41, is amended to read:

120A.41 LENGTH OF SCHOOL YEAR; ~~DAYS~~ HOURS OF INSTRUCTION.

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

Sec. 4. Minnesota Statutes 2008, section 123B.14, subdivision 7, is amended to read:

Subd. 7. **Clerk records.** The clerk shall keep a record of all meetings of the district and the board in books provided by the district for that purpose. The clerk shall, within three days after an election, notify all persons elected of their election. By ~~August~~ September 15 of each year the clerk shall file with the board a report of the revenues, expenditures and balances in each fund for the preceding fiscal year. The report together with vouchers and supporting documents shall subsequently be examined by a public accountant or the state auditor, either of whom shall be paid by the district, as provided in section 123B.77, subdivision 3. The board shall by resolution approve the report or require a further or amended report. By ~~August~~ September 15 of each year, the clerk shall make and transmit to the commissioner certified reports, showing:

(1) ~~The condition and value of school property;~~

~~(2)~~ the revenues and expenditures in detail, and such other financial information required by law, rule, or as may be called for by the commissioner;

~~(3)~~ (2) the length of school term and the enrollment and attendance by grades; and

~~(4)~~ (3) such other items of information as may be called for by the commissioner.

The clerk shall enter in the clerk's record book copies of all reports and of the teachers' term reports, as they appear in the registers, and of the proceedings of any meeting as furnished by the clerk pro tem, and keep an itemized account of all the expenses of the district. The clerk shall furnish to the auditor of the proper county, by ~~October 10~~ September 30 of each year, an attested copy of the clerk's record, showing the amount of ~~money~~ proposed property tax voted by the district or the board for school

purposes; draw and sign all orders upon the treasurer for the payment of money for bills allowed by the board for salaries of officers and for teachers' wages and all claims, to be countersigned by the chair. Such orders must state the consideration, payee, and the fund and the clerk shall take a receipt therefor. Teachers' wages shall have preference in the order in which they become due, and no money applicable for teachers' wages shall be used for any other purpose, nor shall teachers' wages be paid from any fund except that raised or apportioned for that purpose.

Sec. 5. Minnesota Statutes 2008, section 123B.42, subdivision 1, is amended to read:

Subdivision 1. **Providing education materials and tests.** The commissioner of education shall promulgate rules under the provisions of chapter 14 requiring that in each school year, based upon formal requests by or on behalf of nonpublic school pupils in a nonpublic school with enrollment that exceeds 15 students, the local districts or intermediary service areas must purchase or otherwise acquire textbooks, individualized instructional or cooperative learning materials, and standardized tests and loan or provide them for use by children enrolled in that nonpublic school. These textbooks, individualized instructional or cooperative learning materials, and standardized tests must be loaned or provided free to the children for the school year for which requested. The loan or provision of the textbooks, individualized instructional or cooperative learning materials, and standardized tests shall be subject to rules prescribed by the commissioner of education.

Sec. 6. Minnesota Statutes 2008, section 123B.44, subdivision 1, is amended to read:

Subdivision 1. **Provided services.** The commissioner of education shall promulgate rules under the provisions of chapter 14 requiring each district or other intermediary service area: (a) to provide each year upon formal request by a specific date by or on behalf of a nonpublic school pupil enrolled in a nonpublic school located in that district or area with a total enrollment of more than 15 pupils, the same specific health services as are provided for public school pupils by the district where the nonpublic school is located; and (b) to provide each year upon formal request by a specific date by or on behalf of a nonpublic school secondary pupil enrolled in a nonpublic school located in that district or area, the same specific guidance and counseling services as are provided for public school secondary pupils by the district where the nonpublic school is located. The district where the nonpublic school is located must provide the necessary transportation within the district boundaries between the nonpublic school and a public school or neutral site for nonpublic school pupils who are provided pupil support services under this section if the district elects to provide pupil support services at a site other than the

nonpublic school. Each request for pupil support services must set forth the guidance and counseling or health services requested by or on behalf of all eligible nonpublic school pupils enrolled in a given nonpublic school. No district or intermediary service area must not expend an amount for these pupil support services which exceeds the amount allotted to it under this section.

Sec. 7. Minnesota Statutes 2008, section 123B.77, subdivision 3, is amended to read:

Subd. 3. **Statement for comparison and correction.** (a) By November 30 of the calendar year of the submission of the unaudited financial data, the district must provide to the commissioner audited financial data for the preceding fiscal year. The audit must be conducted in compliance with generally accepted governmental auditing standards, the federal Single Audit Act, and the Minnesota legal compliance guide issued by the Office of the State Auditor. An audited financial statement prepared in a form which will allow comparison with and correction of material differences in the unaudited financial data shall be submitted to the commissioner and the state auditor by December 31. The audited financial statement must also provide a statement of assurance pertaining to uniform financial accounting and reporting standards compliance and a copy of the management letter submitted to the district by the school district's auditor.

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

Sec. 8. Minnesota Statutes 2008, section 123B.81, subdivision 3, is amended to read:

Subd. 3. **Debt verification.** The commissioner shall establish a uniform auditing or other verification procedure for districts to determine whether a statutory operating debt exists in any Minnesota school district ~~as of June 30, 1977. This procedure must identify all interfund transfers made during fiscal year 1977 from a fund included in computing statutory operating debt to a fund not included in computing statutory operating debt~~. The standards for this uniform auditing or verification procedure must be promulgated by the state board pursuant to chapter 14. If a district applies to the commissioner for a statutory operating debt verification ~~or if the unaudited financial statement for the school year ending June 30, 1977 reveals that a statutory operating debt might exist~~, the commissioner shall require a verification of the amount of the statutory operating debt which actually does exist.

Sec. 9. Minnesota Statutes 2008, section 123B.81, subdivision 4, is amended to read:

Subd. 4. **Debt elimination.** If an audit or other verification procedure conducted pursuant to subdivision 3 determines that a statutory operating debt exists, a district must follow the procedures ~~set forth~~ in ~~this~~ section 123B.83 to eliminate this statutory operating debt.

Sec. 10. Minnesota Statutes 2008, section 123B.81, subdivision 5, is amended to read:

Subd. 5. **Certification of debt.** The commissioner shall certify the amount of statutory operating debt for each district. ~~Prior to June 30, 1979, the commissioner may, on the basis of corrected figures, adjust the total amount of statutory operating debt certified for any district.~~

Sec. 11. Minnesota Statutes 2008, section 123B.83, subdivision 3, is amended to read:

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

Sec. 12. Minnesota Statutes 2008, section 124D.10, subdivision 13, is amended to read:

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

Sec. 13. Minnesota Statutes 2008, section 125A.11, subdivision 1, is amended to read:

Subdivision 1. **Nonresident tuition rate; other costs.** (a) For fiscal year 2006, when a school district provides instruction and services outside the district of residence, board and lodging, and any tuition to be paid, shall be paid by the district of residence. The tuition rate to be charged for any child with a disability, excluding a pupil for whom tuition is calculated according to section 127A.47, subdivision 7, paragraph (d), must be the sum of (1) the actual cost of providing special instruction and services to the child including a proportionate amount for special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, plus (2) the amount of general education revenue and referendum aid attributable to the pupil, minus (3) the amount of special education aid for children with a disability received on behalf of that child, minus (4) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of

general education revenue and referendum aid, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom. If the boards involved do not agree upon the tuition rate, either board may apply to the commissioner to fix the rate. Notwithstanding chapter 14, the commissioner must then set a date for a hearing or request a written statement from each board, giving each board at least ten days' notice, and after the hearing or review of the written statements the commissioner must make an order fixing the tuition rate, which is binding on both school districts. General education revenue and referendum equalization aid attributable to a pupil must be calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit.

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

revenue and referendum equalization aid attributable to a pupil must be calculated using the resident district's average general education revenue and referendum equalization aid excluding compensatory revenue, elementary sparsity revenue, and secondary sparsity revenue. Special education aid paid to the district or cooperative providing special instruction and services for the pupil must be increased by the amount of the reduction in the aid paid to the resident district. Amounts paid to cooperatives under this subdivision and section 127A.47, subdivision 7, shall be recognized and reported as revenues and expenditures on the resident school district's books of account under sections 123B.75 and 123B.76. If the resident district's special education aid is insufficient to make the full adjustment, the remaining adjustment shall be made to other state aid due to the district.

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

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

Sec. 14. Minnesota Statutes 2008, section 126C.05, subdivision 2, is amended to read:

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

Sec. 15. Minnesota Statutes 2008, section 126C.10, subdivision 2a, is amended to read:

Subd. 2a. **Extended time revenue.** (a) ~~A school district's~~ The extended time revenue ~~is equal to~~ for a school district with extended time average daily membership in the current fiscal year equals the product of $4,601 and the sum of the adjusted marginal cost pupil units of the district for each pupil in average daily membership in excess of 1.0 and less than 1.2 according to section 126C.05, subdivision 8.

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

Sec. 16. Minnesota Statutes 2008, section 126C.10, subdivision 13a, is amended to read:

Subd. 13a. **Operating capital levy.** To obtain operating capital revenue for fiscal ~~year 2007~~ years 2009 and ~~later~~ 2010, a district may levy an amount not more than the product of its operating capital revenue for the fiscal year times the lesser of one or the ratio of its adjusted net tax capacity per adjusted marginal cost pupil unit to the operating capital equalizing factor. The operating capital equalizing factor equals ~~$22,222 for fiscal year 2006, and~~ $10,700 for fiscal ~~year 2007~~ years 2009 and ~~later~~ 2010.

Sec. 17. Minnesota Statutes 2008, section 126C.10, subdivision 13b, is amended to read:

Subd. 13b. **Operating capital aid.** For fiscal years 2009 and 2010, a district's operating capital aid equals its operating capital revenue minus its operating capital levy times the ratio of the actual amount levied to the permitted levy.

Sec. 18. Minnesota Statutes 2008, section 126C.10, subdivision 29, is amended to read:

Subd. 29. **Equity levy.** To obtain equity revenue for fiscal ~~year 2005~~ years 2009 and ~~later~~ 2010, a district may levy an amount not more than the product of its equity revenue for the fiscal year times the lesser of one or the ratio of its referendum market value per resident marginal cost pupil unit to $476,000.

Sec. 19. Minnesota Statutes 2008, section 126C.10, subdivision 30, is amended to read:

Subd. 30. **Equity aid.** For fiscal years 2009 and 2010, a district's equity aid equals its equity revenue minus its equity levy times the ratio of the actual amount levied to the permitted levy.

Sec. 20. Minnesota Statutes 2008, section 126C.10, subdivision 32, is amended to read:

Subd. 32. **Transition levy.** To obtain transition revenue for fiscal ~~year 2005~~ years 2009 and ~~later~~ 2010, a district may levy an amount not more than the product of its transition revenue for the fiscal year times the lesser of one or the ratio of its referendum market value per resident marginal cost pupil unit to $476,000.

Sec. 21. Minnesota Statutes 2008, section 126C.10, subdivision 33, is amended to read:

Subd. 33. **Transition aid.** ~~(a) For fiscal year 2004, a district's transition aid equals its transition revenue.~~

~~(b)~~ For fiscal ~~year 2005~~ years 2009 and ~~later~~ 2010, a district's transition aid equals its transition revenue minus its transition levy times the ratio of the actual amount levied to the permitted levy.

Sec. 22. Minnesota Statutes 2008, section 126C.10, subdivision 34, is amended to read:

Subd. 34. **Basic alternative teacher compensation aid.** (a) For fiscal ~~years 2007 and later~~ year 2009 only, the basic alternative teacher compensation aid for a school district with a plan approved under section 122A.414, subdivision 2b, equals ~~65~~ 73.1 percent of the alternative teacher compensation revenue under section 122A.415, subdivision 1. The basic alternative teacher compensation aid for an intermediate school district or charter school with a plan approved under section 122A.414, subdivisions 2a and 2b, if the recipient is a charter school, equals $260 times the number of pupils enrolled in the school on October 1 of the previous fiscal year, or on October 1 of the current fiscal year for a charter school in the first year of operation, times the ratio of the sum of the alternative teacher compensation aid and alternative teacher compensation levy for all participating school districts to the maximum alternative teacher compensation revenue for those districts under section 122A.415, subdivision 1.

(b) For fiscal year 2010 only, the basic alternative teacher compensation aid for a school with a plan approved under section 122A.414, subdivision 2b, equals 65 percent of the alternative teacher compensation revenue under section 122A.415, subdivision 1. The basic alternative teacher compensation aid for an intermediate school district or charter school with a plan approved under section 122A.414, subdivisions 2a and 2b, if the recipient is a charter school, equals $260 times the number of pupils enrolled in the school on October 1 of the previous year, or on October 1 of the current year for a charter school in the first year of operation, times the ratio of the sum of the alternative teacher compensation aid and alternative teacher compensation levy for all participating school

districts to the maximum alternative teacher compensation revenue for those districts under section 122A.415, subdivision 1.

(c) Notwithstanding paragraphs (a) and (b) and section 122A.415, subdivision 1, the state total basic alternative teacher compensation aid entitlement must not exceed ~~$75,636,000 for fiscal year 2007 and later~~ $51,838,000 for fiscal year 2009 and $56,097,000 for fiscal year 2010. The commissioner must limit the amount of alternative teacher compensation aid approved under section 122A.415 so as not to exceed these limits.

Sec. 23. Minnesota Statutes 2008, section 126C.10, subdivision 35, is amended to read:

Subd. 35. **Alternative teacher compensation levy.** For fiscal ~~year 2007~~ years 2009 and ~~later~~ 2010, the alternative teacher compensation levy for a district receiving basic alternative teacher compensation aid equals the product of (1) the difference between the district's alternative teacher compensation revenue and the district's basic alternative teacher compensation aid times (2) the lesser of one or the ratio of the district's adjusted net tax capacity per adjusted pupil unit to $5,913.

Sec. 24. Minnesota Statutes 2008, section 126C.10, subdivision 36, is amended to read:

Subd. 36. **Alternative teacher compensation aid.** (a) For fiscal ~~year 2007~~ years 2009 and ~~later~~ 2010, a district's alternative teacher compensation equalization aid equals the district's alternative teacher compensation revenue minus the district's basic alternative teacher compensation aid minus the district's alternative teacher compensation levy. If a district does not levy the entire amount permitted, the alternative teacher compensation equalization aid must be reduced in proportion to the actual amount levied.

(b) A district's alternative teacher compensation aid equals the sum of the district's basic alternative teacher compensation aid and the district's alternative teacher compensation equalization aid.

Sec. 25. Minnesota Statutes 2008, section 126C.13, is amended by adding a subdivision to read:

Subd. 3a. **Consolidated tax rate.** The commissioner must establish the consolidated tax rate by July 1 of each year for levies payable in the following year. The consolidated tax capacity rate must be a rate rounded up to the nearest hundredth of a percent that, when applied to the adjusted net tax capacity for all districts, raises the amounts specified in this subdivision. The consolidated tax rate must be the rate that raises $227,259,000 for fiscal year 2011, $428,674,000 for fiscal year 2012, and $584,940,000 for fiscal year

2013 and later years. The consolidated tax rate may not be changed due to changes or corrections made to a district's adjusted net tax capacity after the tax rate has been established. A school district may adopt a board resolution to reduce its levy below the amount calculated in this section.

Sec. 26. Minnesota Statutes 2008, section 126C.13, is amended by adding a subdivision to read:

Subd. 3b. **Consolidated levy.** To obtain general education revenue, a district may levy an amount not to exceed the consolidated tax rate times the adjusted net tax capacity of the district for the preceding year. If the amount of the consolidated levy would exceed the general education revenue, the consolidated levy must be determined according to subdivision 3c. If a district adopts a board resolution to reduce its consolidated levy according to subdivision 3a, the district's general education aid shall be reduced proportionately.

Sec. 27. Minnesota Statutes 2008, section 126C.13, is amended by adding a subdivision to read:

Subd. 3c. **Consolidated levy; districts off the formula.** If the amount of the consolidated levy for a district exceeds the district's general education revenue, the amount of the consolidated levy must be limited to the following:

(1) the district's general education revenue; minus

(2) payments made for the same school year according to section 126C.21, subdivision 3.

For purposes of statutory cross-reference, a levy made according to this subdivision shall be construed to be the levy made according to subdivision 3b.

Sec. 28. Minnesota Statutes 2008, section 126C.13, subdivision 4, is amended to read:

Subd. 4. **General education aid.** (a) For fiscal years ~~2007~~ 2009 and ~~later~~ 2010, a district's general education aid is the sum of the following amounts:

(1) general education revenue, excluding equity revenue, total operating capital revenue, alternative teacher compensation revenue, and transition revenue;

(2) operating capital aid under section 126C.10, subdivision 13b;

(3) equity aid under section 126C.10, subdivision 30;

(4) alternative teacher compensation aid under section 126C.10, subdivision 36;

(5) transition aid under section 126C.10, subdivision 33;

(6) shared time aid under section 126C.01, subdivision 7;

(7) referendum aid under section 126C.17, subdivisions 7 and 7a; and

(8) online learning aid according to section 124D.096.

(b) For fiscal year 2011 and later, a district's general education aid is the sum of the following amounts:

(1) the product of:

(i) the difference between the general education revenue and the consolidated levy; times

(ii) the ratio of the actual amount levied to the permitted levy;

(2) shared time aid according to section 126C.01, subdivision 7;

(3) referendum aid according to section 126C.17, subdivisions 7 and 7a; and

(4) online learning aid according to section 124D.096.

Sec. 29. Minnesota Statutes 2008, section 126C.15, subdivision 2, is amended to read:

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

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

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

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

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

Sec. 30. Minnesota Statutes 2008, section 126C.15, subdivision 4, is amended to read:

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

Sec. 31. Minnesota Statutes 2008, section 126C.17, subdivision 9, is amended to read:

Subd. 9. **Referendum revenue.** (a) The revenue authorized by section 126C.10, subdivision 1, may be increased in the amount approved by the voters of the district at a referendum called for the purpose. The referendum may be called by the board ~~or shall be called by the board upon written petition of qualified voters of the district~~. The referendum must be conducted one or two calendar years before the increased levy authority, if approved, first becomes payable. Only one election to approve an increase may be held in a calendar year. Unless the referendum is conducted by mail under subdivision 11, paragraph (a), the referendum must be held on the first Tuesday after the first Monday in November. The ballot must state the maximum amount of the increased revenue per resident marginal cost pupil unit. The ballot may state a schedule, determined by the board, of increased revenue per resident marginal cost pupil unit that differs from year to year over the number of years for which the increased revenue is authorized or may state that the amount shall increase annually by the rate of inflation. For this purpose, the rate of inflation shall be the annual inflationary increase calculated under subdivision 2, paragraph (b). The ballot may state that existing referendum levy authority is expiring. In this case, the ballot may also compare the proposed levy authority to the existing expiring levy authority, and express the proposed increase as the amount, if any, over the expiring referendum levy authority. The ballot must designate the specific number of years, not to exceed ten, for which the referendum authorization applies. The ballot, including a ballot on the question to revoke or reduce the increased revenue amount under paragraph (c), must abbreviate the term "per resident marginal cost pupil unit" as "per pupil." The notice required under section 275.60 may be modified to read, in cases of renewing existing levies at the same amount per pupil as in the previous year:

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

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

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

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

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

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

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

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

(d) ~~A petition authorized by paragraph (a) or (c) is effective if signed by a number of qualified voters in excess of 15 percent of the registered voters of the district on the day~~

~~the petition is filed with the board. A referendum invoked by petition must be held on the date specified in paragraph (a).~~

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

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

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

Sec. 32. Minnesota Statutes 2008, section 126C.21, subdivision 3, is amended to read:

Subd. 3. **County apportionment deduction.** Each year the amount of money apportioned to a district for that year pursuant to sections127A.34, subdivision 2, and 272.029, subdivision 6, multiplied by the wind energy factor according to section 127A.335, must be deducted from the general education aid earned by that district for the same year or from aid earned from other state sources.

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

Sec. 33. Minnesota Statutes 2008, section 126C.21, is amended by adding a subdivision to read:

Subd. 6. **Statewide average daily membership aid adjustment.** Each year the commissioner shall reduce the general education aid earned by school districts and charter schools based on the statewide average daily membership aid adjustment. The commissioner shall apportion the statewide average daily membership aid adjustment based on each district and charter school's proportionate share of the statewide total adjusted average daily membership for that year. The statewide average daily membership aid adjustment for fiscal year 2010 is $544,003,000. The statewide average daily membership aid adjustment for fiscal year 2011 is $424,385,000. The statewide average daily membership aid adjustment for fiscal year 2012 is $271,000,000. The statewide average daily membership aid adjustment for fiscal year 2013 is $190,322,000. The statewide average daily membership aid adjustment for fiscal year 2014 and later is $100,000,000. The statewide average daily membership aid adjustment for fiscal year 2015 and later is $0.

Sec. 34. Minnesota Statutes 2008, section 126C.40, subdivision 6, is amended to read:

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

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

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

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

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

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

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

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

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

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

Sec. 35. Minnesota Statutes 2008, section 126C.44, is amended to read:

126C.44 SAFE SCHOOLS LEVY.

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

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

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

Sec. 36. **[127A.335] PERMANENT SCHOOL TRUST FUND WIND ENERGY REVENUE.**

For fiscal year 2010 and later, the commissioner shall transfer to the permanent school trust fund an amount equal to the amount of money apportioned to all school districts for that year according to section 272.029, subdivision 6, multiplied by the wind energy factor. The wind energy factor for fiscal year 2010 and later is 0.5. These funds shall be managed as principal to the permanent school trust fund.

Sec. 37. **[127A.431] REDUCTION OF AID FOR NOT PROVIDING REQUIRED HOURS OF INSTRUCTION.**

The commissioner shall reduce the state aid paid to a school district or charter school that does not provide instruction for at least the number of hours required under section 120A.41. If instruction is not provided for the required number of hours, state aid shall be reduced by the ratio that the difference between the required number of hours and the number of hours instruction is provided bears to the required number of hours, multiplied by 60 percent of the basic revenue, as defined in section 126C.10, subdivision 2, of the district or charter school for that year. However, a district or charter school not providing the required number of hours may appeal to the commissioner for a waiver of the state aid reduction if (1) the circumstances causing loss of instructional time below the required minimum number of hours are beyond the control of the board, and (2) a good faith attempt is made to make up time lost due to these circumstances.

Sec. 38. Minnesota Statutes 2008, section 127A.47, subdivision 7, is amended to read:

Subd. 7. **Alternative attendance programs.** The general education aid and special education aid for districts must be adjusted for each pupil attending a nonresident district under sections 123A.05 to 123A.08, 124D.03, 124D.08, and 124D.68. The adjustments must be made according to this subdivision.

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

(b) General education aid paid to a district serving a pupil in programs listed in this subdivision must be increased by an amount equal to the greater of (1) the referendum equalization aid attributable to the pupil in the nonresident district; or (2) the product of the district's open enrollment concentration index, the maximum amount of referendum revenue in the first tier, and the district's net open enrollment pupil units for that year. A district's open enrollment concentration index equals the greater of: (i) zero, or (ii) the lesser of 1.0, or the difference between the district's ratio of open enrollment pupil units

served to its resident pupil units for that year and 0.2. This clause does not apply to a school district where more than 50 percent of the open enrollment students are enrolled solely in online learning courses.

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

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

(e) For fiscal year 2007 and later, special education aid paid to a resident district must be reduced by an amount equal to (1) the actual cost of providing special instruction and services, including special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, for a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is enrolled in a program listed in this subdivision, minus (2) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum equalization aid attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, minus (3) special education aid attributable to that pupil, that is received by the district providing special instruction and services. For purposes of this

paragraph, general education revenue and referendum equalization aid attributable to a pupil must be calculated using the serving district's average general education revenue and referendum equalization aid per adjusted pupil unit. Special education aid paid to the district or cooperative providing special instruction and services for the pupil, or to the fiscal agent district for a cooperative, must be increased by the amount of the reduction in the aid paid to the resident district. If the resident district's special education aid is insufficient to make the full adjustment, the remaining adjustment shall be made to other state aids due to the district.

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

Sec. 39. Minnesota Statutes 2008, section 127A.49, subdivision 2, is amended to read:

Subd. 2. **Abatements.** Whenever by virtue of chapter 278, sections 270C.86, 375.192, or otherwise, the net tax capacity or referendum market value of any district for any taxable year is changed after the taxes for that year have been spread by the county auditor and the local tax rate as determined by the county auditor based upon the original net tax capacity is applied upon the changed net tax capacities, the county auditor shall, prior to February 1 of each year, certify to the commissioner of education the amount of any resulting net revenue loss that accrued to the district during the preceding year. Each year, the commissioner shall pay an abatement adjustment to the district in an amount calculated according to the provisions of this subdivision. This amount shall be deducted from the amount of the levy authorized by section 126C.46. The amount of the abatement adjustment must be the product of:

(1) the net revenue loss as certified by the county auditor, times

(2) the ratio of:

(i) the sum of the amounts of the district's certified levy in the third preceding year according to the following:

(A) section 123B.57, if the district received health and safety aid according to that section for the second preceding year;

(B) section 124D.20, if the district received aid for community education programs according to that section for the second preceding year;

(C) section 124D.135, subdivision 3, if the district received early childhood family education aid according to section 124D.135 for the second preceding year;

(D) section 126C.17, subdivision 6, if the district received referendum equalization aid according to that section for the second preceding year;

(E) section 126C.10, subdivision 13a, if the district received operating capital aid according to section 126C.10, subdivision 13b, in the second preceding year;

(F) section 126C.10, subdivision 29, if the district received equity aid according to section 126C.10, subdivision 30, in the second preceding year;

(G) section 126C.10, subdivision 32, if the district received transition aid according to section 126C.10, subdivision 33, in the second preceding year;

(H) section 123B.53, subdivision 5, if the district received debt service equalization aid according to section 123B.53, subdivision 6, in the second preceding year;

(I) section 124D.22, subdivision 3, if the district received school-age care aid according to section 124D.22, subdivision 4, in the second preceding year;

(J) section 123B.591, subdivision 3, if the district received deferred maintenance aid according to section 123B.591, subdivision 4, in the second preceding year; and

(K) section 126C.10, subdivision 35, if the district received alternative teacher compensation equalization aid according to section 126C.10, subdivision 36, paragraph (a), in the second preceding year, or section 122A.415, subdivision 5, if the district received alternative compensation equalization aid according to section 122A.415, subdivision 6, in the second preceding year; to

(ii) the total amount of the district's certified levy in the third preceding December, plus or minus auditor's adjustments.

Sec. 40. Minnesota Statutes 2008, section 127A.49, subdivision 3, is amended to read:

Subd. 3. **Excess tax increment.** (a) If a return of excess tax increment is made to a district pursuant to sections 469.176, subdivision 2, and 469.177, subdivision 9, or upon decertification of a tax increment district, the school district's aid and levy limitations must be adjusted for the fiscal year in which the excess tax increment is paid under the provisions of this subdivision.

(b) An amount must be subtracted from the district's aid for the current fiscal year equal to the product of:

(1) the amount of the payment of excess tax increment to the district, times

(2) the ratio of:

(i) the sum of the amounts of the district's certified levy for the fiscal year in which the excess tax increment is paid according to the following:

(A) section 123B.57, if the district received health and safety aid according to that section for the second preceding year;

(B) section 124D.20, if the district received aid for community education programs according to that section for the second preceding year;

(C) section 124D.135, subdivision 3, if the district received early childhood family education aid according to section 124D.135 for the second preceding year;

(D) section 126C.17, subdivision 6, if the district received referendum equalization aid according to that section for the second preceding year;

(E) section 126C.10, subdivision 13a, if the district received operating capital aid according to section 126C.10, subdivision 13b, in the second preceding year;

(F) section 126C.10, subdivision 29, if the district received equity aid according to section 126C.10, subdivision 30, in the second preceding year;

(G) section 126C.10, subdivision 32, if the district received transition aid according to section 126C.10, subdivision 33, in the second preceding year;

(H) section 123B.53, subdivision 5, if the district received debt service equalization aid according to section 123B.53, subdivision 6, in the second preceding year;

(I) section 124D.22, subdivision 3, if the district received school-age care aid according to section 124D.22, subdivision 4, in the second preceding year;

(J) section 123B.591, subdivision 3, if the district received deferred maintenance aid according to section 123B.591, subdivision 4, in the second preceding year; and

(K) section 126C.10, subdivision 35, if the district received alternative teacher compensation equalization aid according to section 126C.10, subdivision 36, paragraph (a), in the second preceding year, or section 122A.415, subdivision 5, if the district received alternative compensation equalization aid according to section 122A.415, subdivision 6, in the second preceding year; to

(ii) the total amount of the district's certified levy for the fiscal year, plus or minus auditor's adjustments.

(c) An amount must be subtracted from the school district's levy limitation for the next levy certified equal to the difference between:

(1) the amount of the distribution of excess increment; and

(2) the amount subtracted from aid pursuant to clause (a).

If the aid and levy reductions required by this subdivision cannot be made to the aid for the fiscal year specified or to the levy specified, the reductions must be made from aid for subsequent fiscal years, and from subsequent levies. The school district must use the payment of excess tax increment to replace the aid and levy revenue reduced under this subdivision.

(d) This subdivision applies only to the total amount of excess increments received by a district for a calendar year that exceeds $25,000.

Sec. 41. **ALTERNATIVE TEACHER COMPENSATION; ST. CLOUD.**

Notwithstanding Minnesota Statutes, sections 122A.413 and 122A.414, for fiscal year 2009 only, Independent School District No. 742, St. Cloud, must receive alternative teacher compensation revenue under Minnesota Statutes, sections 122A.415 and 126C.10, subdivisions 34, 35, and 36, without interruption. The school district must continue to make progress towards complying with the requirements for alternative teacher compensation under Minnesota Statutes, sections 122A.413 and 122A.414.

Sec. 42. **CONSOLIDATED LEVY ADJUSTMENT.**

(a) For taxes payable in 2010 only, a school district whose consolidated levy, as computed by the commissioner under Minnesota Statutes, section 126C.13, subdivision 3a, is greater than the sum of the district's equity, transition, and operating capital levies that the districts would have levied for taxes payable in 2010 under Minnesota Statutes 2008, section 126C.10, subdivisions 13a, 29, and 32, based on the February 2009 forecast, shall be eligible for a consolidated levy adjustment. An eligible district's consolidated levy adjustment shall be equal to the difference to the district's consolidated levy computed by the commissioner according to Minnesota Statutes, section 126C.13, subdivision 3a, minus the sum of the district's equity, transition, and operating capital levies that districts would have levied for taxes payable in 2010 under Minnesota Statutes 2008, section 126C.10, subdivisions 13a, 29, and 32, as computed according to the February 2009 forecast.

(b) Notwithstanding Minnesota Statutes, section 126C.13, subdivision 3a, for fiscal year 2011 only, the commissioner of education shall reduce an eligible district's consolidated levy by the amount of an eligible district's consolidated levy adjustment. The commissioner shall increase an eligible district's general education state aid under Minnesota Statutes, section 126C.13, subdivision 4, by the amount of the consolidated levy adjustment.

(c) The commissioner shall include the state aid under this section in the payment schedule under Minnesota Statutes, section 127A.45, as if it were general education

aid. The state aid entitlement for this section must not exceed $22,017,000. If this amount is insufficient, the commissioner shall prorate the aid and adjust property taxes proportionately among eligible school districts.

Sec. 43. **EQUALIZING FACTORS.**

The commissioner shall adjust each referendum market value equalizing factor established under Minnesota Statutes, chapter 126C, by dividing the equalizing factor by the ratio of the statewide referendum market value as calculated using the definition of referendum market value that was in effect prior to the 2009 legislative session for assessment year 2009 to the statewide referendum market value that is in effect after the 2009 legislative session for that assessment year.

EFFECTIVE DATE. This section is effective for taxes payable in 2010 and later.

Sec. 44. **LEARNING AND DEVELOPMENT REVENUE; TEMPORARY SUSPENSION.**

Notwithstanding Minnesota Statutes, section 126C.12, subdivisions 4 and 5, for fiscal years 2010 and 2011 only, a school district or charter school may use the learning and development revenue reserve under Minnesota Statutes, section 126C.12, subdivision 1, according to the requirements of general education revenue under Minnesota Statutes, section 126C.13, subdivision 5.

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

Sec. 45. **RESTORING SUPPORT FOR GENERAL EDUCATION.**

(a) Notwithstanding Minnesota Statutes, section 126C.21, subdivision 6, the statewide average daily membership aid adjustment for fiscal years 2010 only shall be reduced by $519,617,000. The commissioner must allocate federal aid appropriated under this act from the fiscal stabilization account in the federal fund to reduce the average daily membership aid adjustment under Minnesota Statutes, section 126C.21, subdivision 6, according to this section.

(b) Notwithstanding paragraph (a), the governor shall release the federal aid in paragraph (a) in two phases. The governor shall release $319,617,000 of the amount in paragraph (a) in fiscal year 2010 to reduce the statewide average daily membership aid adjustment in that year. The governor shall release $200,000,000 of the amount in paragraph (a) in fiscal year 2011 to reduce the statewide average daily membership aid adjustment in that year.

(c) The commissioner shall allocate the fiscal year 2011 aid under paragraph (b) based on a district or charter school's proportionate share of the statewide total adjusted average daily membership for fiscal year 2010.

Sec. 46. **SAFE SCHOOLS LEVY; TEMPORARY SUSPENSION.**

Notwithstanding Minnesota Statutes, section 126C.44, for fiscal years 2010 and 2011 only, a school district that receives safe school levy funds under Minnesota Statutes, section 126C.44, may use those funds according to the requirement of general education revenue under Minnesota Statutes, section 126C.13, subdivision 5.

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

Sec. 47. **TRANSITION REVENUE; BROOKLYN CENTER.**

Notwithstanding Minnesota Statutes, section 126C.10, subdivision 31, for fiscal year 2011 and later, the transition revenue allowance for Independent School District No. 286, Brooklyn Center, equals 221 plus the transition revenue allowance established under Minnesota Statutes, section 126C.10, subdivision 31.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2011 and later.

Sec. 48. **APPROPRIATIONS; STATE.**

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

Subd. 2. **General education aid.** For general education aid under Minnesota Statutes, section 126C.13, subdivision 4:

$	5,101,495,000	.....	2010
$	5,197,198,000	.....	2011

The 2010 appropriation includes $555,864,000 for 2009 and $4,545,631,000 for 2010.

The 2011 appropriation includes $505,070,000 for 2010 and $4,692,128,000 for 2011.

Subd. 3. **Enrollment options transportation.** For transportation of pupils attending postsecondary institutions under Minnesota Statutes, section 124D.09, or for transportation of pupils attending nonresident districts under Minnesota Statutes, section 124D.03:

$ 48,000 2010
$ 52,000 2011

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

$ 1,175,000 2010
$ 1,034,000 2011

The 2010 appropriation includes $140,000 for 2009 and $1,035,000 for 2010.

The 2011 appropriation includes $113,000 for 2010 and $919,000 for 2011.

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

$ 854,000 2010
$ 927,000 2011

The 2010 appropriation includes $0 for 2009 and $854,000 for 2010.

The 2011 appropriation includes $94,000 for 2010 and $833,000 for 2011.

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

$ 16,599,000 2010
$ 17,151,000 2011

The 2010 appropriation includes $1,647,000 for 2009 and $14,952,000 for 2010.

The 2011 appropriation includes $1,660,000 for 2010 and $15,491,000 for 2011.

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

$ 22,159,000 2010
$ 22,712,000 2011

The 2010 appropriation includes $2,077,000 for 2009 and $20,082,000 for 2010.

The 2011 appropriation includes $2,231,000 for 2010 and $20,481,000 for 2011.

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

$ 65,000 2010
$ 65,000 2011

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

$ 158,000 2010

The base appropriation for later fiscal years is $0.

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

$ 100,000 2010
$ 100,000 2011

The base appropriation for later fiscal years is $0.

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

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

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

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

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

Subd. 12. **Consolidated levy adjustment.** For the consolidated levy adjustment:

$ 19,816,000 2011

The 2011 appropriation includes $0 for 2010 and $19,816,000 for 2011.

Sec. 49. **APPROPRIATIONS; FEDERAL.**

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

Subd. 2. **Restoring state support for general education.** For general education aid to reduce the statewide average daily membership aid adjustment under Minnesota Statutes, section 126C.21, subdivision 6:

$ 519,617,000 2010

The base for fiscal year 2012 and later is $0.

Sec. 50. **REPEALER.**

(a) Minnesota Statutes 2008, section 126C.10, subdivisions 13a, 13b, 29, 30, 32, 33, 34, 35, and 36, are repealed for revenue for fiscal year 2011.

(b) Laws 2008, chapter 363, article 2, section 48, is repealed.

ARTICLE 2
EDUCATION EXCELLENCE

Section 1. **[1.1499] STATE SPORT.**

Ice hockey is adopted as the official sport of the state of Minnesota.

Sec. 2. Minnesota Statutes 2008, section 120A.22, subdivision 11, is amended to read:

Subd. 11. **Assessment of performance.** (a) Each year the performance of every child who is not enrolled in a public school must be assessed using a nationally norm-referenced standardized achievement examination~~. The superintendent of the district in which the child receives instruction and the person in charge of the child's instruction must agree about the specific examination to be used and the administration and location of the examination~~ or a nationally recognized college entrance exam.

~~(b) To the extent the examination in paragraph (a) does not provide assessment in all of the subject areas in subdivision 9, the parent must assess the child's performance in the applicable subject area. This requirement applies only to a parent who provides instruction and does not meet the requirements of subdivision 10, clause (1), (2), or (3).~~

~~(c) If the results of the assessments in paragraphs (a) and (b) indicate that the child's performance on the total battery score is at or below the 30th percentile or one grade level below the performance level for children of the same age, the parent must obtain additional evaluation of the child's abilities and performance for the purpose of determining whether the child has learning problems.~~

~~(d)~~ (b) A child receiving instruction from a nonpublic school, person, or institution that is accredited by an accrediting agency, recognized according to section 123B.445, or recognized by the commissioner, is exempt from the requirements of this subdivision.

Sec. 3. Minnesota Statutes 2008, section 120A.22, subdivision 12, is amended to read:

Subd. 12. **Legitimate exemptions.** A parent, guardian, or other person having control of a child may apply to a school district to have the child excused from attendance for the whole or any part of the time school is in session during any school year. Application may be made to any member of the board, a truant officer, a principal, or the superintendent. The school district may state in its school attendance policy that it may ask the student's parent or legal guardian to verify in writing the reason for the child's absence from school. A note from a physician or a licensed mental health professional stating that the child cannot attend school is a valid excuse. The board of the district in which the child resides may approve the application upon the following being demonstrated to the satisfaction of that board:

(1) that the child's ~~bodily~~ physical or mental ~~condition~~ health is such as to prevent attendance at school or application to study for the period required, which includes:

(i) child illness, medical, dental, orthodontic, or counseling appointments;

(ii) family emergencies;

(iii) the death or serious illness or funeral of an immediate family member;

(iv) active duty in any military branch of the United States; ~~or~~

(v) the child has a condition that requires ongoing treatment for a mental health diagnosis; or

(vi) other exemptions included in the district's school attendance policy;

(2) that the child has already completed state and district standards required for graduation from high school; or

(3) that it is the wish of the parent, guardian, or other person having control of the child, that the child attend for a period or periods not exceeding in the aggregate three hours in any week, a school for religious instruction conducted and maintained by some church, or association of churches, or any Sunday school association incorporated under the laws of this state, or any auxiliary thereof. This school for religious instruction must be conducted and maintained in a place other than a public school building, and it must not, in whole or in part, be conducted and maintained at public expense. However, a child may be absent from school on such days as the child attends upon instruction according to the ordinances of some church.

Sec. 4. Minnesota Statutes 2008, section 120A.24, is amended to read:

120A.24 REPORTING.

Subdivision 1. **Reports to superintendent.** The person in charge of providing instruction to a child must submit ~~the following information~~ to the superintendent of the district in which the child resides the name, birth date, and address of the child; the name

of each instructor; and evidence of compliance with one of the requirements specified in section 120A.22, subdivision 10:

(1) by October 1 of ~~each~~ the first school year~~, the name, birth date, and address of each child receiving instruction~~ the child receives instruction after reaching the age of seven;

~~(2) the name of each instructor and evidence of compliance with one of the requirements specified in section 120A.22, subdivision 10;~~

~~(3) an annual instructional calendar; and~~

~~(4) for each child instructed by a parent who meets only the requirement of section 120A.22, subdivision 10, clause (6), a quarterly report card on the achievement of the child in each subject area required in section 120A.22, subdivision 9~~

(2) within 15 days of when a parent withdraws a child from public school after age seven to homeschool;

(3) within 15 days of moving out of a district; and

(4) by October 1 after a new resident district is established.

Subd. 2. **Availability of documentation.** (a) The person in charge of providing instruction to a child must ~~make available~~ maintain documentation indicating that the subjects required in section 120A.22, subdivision 9, are being taught and proof that the tests under section 120A.22, subdivision 11, have been administered. This documentation must include class schedules, copies of materials used for instruction, and descriptions of methods used to assess student achievement.

(b) The parent of a child who enrolls full-time in public school after having been enrolled in a home school under section 120A.22, subdivision 6, must provide the enrolling public school or school district with the child's scores on any tests administered to the child under section 120A.22, subdivision 11, and other education-related documents the enrolling school or district requires to determine where the child is placed in school and what course requirements apply. This paragraph does not apply to a shared time student who does not seek a public school diploma.

Subd. 3. **Exemptions.** A nonpublic school, person, or other institution that is accredited by an accrediting agency, recognized according to section 123B.445, or recognized by the commissioner, is exempt from the requirements in ~~subdivisions 1 and~~ subdivision 2~~, except for the requirement in subdivision 1, clause (1)~~.

Subd. 4. **Reports to the state.** A superintendent must make an annual report to the commissioner of education by December 1 of the total number of nonpublic children reported as residing in the district. ~~The report must include the following information:~~

~~(1) the number of children residing in the district attending nonpublic schools or receiving instruction from persons or institutions other than a public school;~~

~~(2) the number of children in clause (1) who are in compliance with section 120A.22 and this section; and~~

~~(3) the number of children in clause (1) who the superintendent has determined are not in compliance with section 120A.22 and this section.~~

Subd. 5. **Obligations.** Nothing in this section alleviates the obligations under section 120A.22.

Sec. 5. Minnesota Statutes 2008, section 120B.02, is amended to read:

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

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

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

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

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

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

(c) When fully implemented, the requirements for high school graduation in Minnesota must require students to satisfactorily complete, as determined by the school district, the course credit requirements under section 120B.024 and~~:~~ successfully pass graduation examinations as required under section 120B.30.

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

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

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

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

Sec. 6. Minnesota Statutes 2008, section 120B.021, subdivision 1, is amended to read:

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

(1) language arts;

(2) mathematics;

(3) science;

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

(5) physical education;

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

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

(b) To satisfy this subdivision and the one-half credit physical education requirement under section 120B.024, paragraph (a), clause (6), the state physical education standard under paragraph (a) selected by a school district must be consistent with either the physical education benchmarks developed by the quality teaching network or the National Physical Education Standards developed by the National Association for Sport and Physical Education. To satisfy federal reporting requirements for continued funding under Title VII of the Physical Education for Progress Act, a school district must notify the department, if applicable, of its intent to comply with this subdivision. School districts and charter schools also must use either the physical education benchmarks or the National Physical Education Standards under this paragraph to comply with paragraph (a), clause (5), in providing physical education instruction and programs to students in kindergarten through grade 12.

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

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

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

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

EFFECTIVE DATE. This section is effective the day following final enactment and applies in the 2009-2010 school year and later, and is a requirement for graduation for students entering the 9th grade in the 2009-2010 school year and later.

Sec. 7. Minnesota Statutes 2008, section 120B.023, subdivision 2, is amended to read:

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

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

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

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

~~The commissioner also must ensure that the statewide mathematics assessments administered to students in grades 3 through 8 and 11 beginning in the 2010-2011 school year are aligned with the state academic standards in mathematics. The statewide 11th grade mathematics test administered to students under clause (2) beginning in the 2013-2014 school year must include algebra II test items that are aligned with corresponding state academic standards in mathematics.~~ The commissioner must implement a review of the academic standards and related benchmarks in mathematics beginning in the 2015-2016 school year.

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

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

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

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

(g) School districts and charter schools must revise and align local academic standards and high school graduation requirements in health, ~~physical education,~~ world

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

EFFECTIVE DATE. Paragraph (g) is effective the day following final enactment and applies in the 2009-2010 school year and later.

Sec. 8. Minnesota Statutes 2008, section 120B.024, is amended to read:

120B.024 GRADUATION REQUIREMENTS; COURSE CREDITS.

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

(1) four credits of language arts;

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

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

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

(5) one credit in the arts; ~~and~~

(6) one-half credit of physical education on a pass or fail basis; and

(7) a minimum of ~~seven~~ 6-1/2 elective course credits.

A course credit is equivalent to a student successfully completing an academic year of study or a student mastering the applicable subject matter of the state academic standards or local academic standards where state standards do not apply, as determined by the local school district.

(b) An agriculture science course may fulfill a science credit requirement in addition to the specified science credits in biology and chemistry or physics under paragraph (a), clause (3).

(c) A career and technical education course may fulfill a science, mathematics, or arts credit requirement in addition to the specified science, mathematics, or arts credits under paragraph (a), clause (2), (3), or (5).

(d) The school board, or school board designee, shall grant a waiver from the physical education requirement if the student is participating in a physical activity outside of the regular physical education course offering.

EFFECTIVE DATE. This section is effective August 1, 2012, and applies to students entering grade 9 in the 2012-2013 school year and later; except paragraph (a), clauses (6) and (7), are effective the day following final enactment and apply to students entering 9th grade in the 2009-2010 school year and later.

Sec. 9. Minnesota Statutes 2008, section 120B.11, subdivision 5, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

Sec. 10. **[120B.17] MINNESOTA VIRTUAL EDUCATION PROGRAM.**

Subdivision 1. **Program.** A state of Minnesota virtual education program is established for teachers and students to improve and enhance teacher instruction and student learning through integration of technology and online learning. The commissioner of education shall establish the program and develop a selection of online courses for students. The online student courses shall be established for grades 6 through 12.

Subd. 2. **Scope and requirements.** (a) The student courses shall be developed or approved by department staff, content experts, licensed Minnesota teachers, licensed administrators, and business representatives. The courses must be aligned to the Minnesota academic standards established in Minnesota Rules, chapter 3501. The commissioner of education, in working with qualified individuals, must establish at least ten student courses that will be available to students and teachers no later than the 2010-2011 school year. The commissioner must give priority in the development of courses to science, technology, engineering, mathematics, and advanced courses. The courses available to students must be monitored and delivered by licensed Minnesota teachers under section 122A.16.

(b) School districts and charter schools participating in the program must:

(1) submit a letter of intent to the commissioner of education;

(2) allow students to participate in the program;

(3) train teachers to monitor and deliver courses;

(4) allow students to receive graduation credit, if appropriate, for successful completion of the courses;

(5) issue grades to students enrolled in the online courses; and

(6) report progress to the department on student participation and completion rates.

Subd. 3. **Report.** The commissioner of education must submit a report to the chairs of the house of representatives and senate education committees by October 1, 2011, assessing the progress and development of the program.

Sec. 11. **[120B.191] WORLD LANGUAGE PROFICIENCY CERTIFICATES.**

(a) Any Minnesota public, charter, or nonpublic school may award Minnesota World Language Proficiency Certificates or Minnesota World Language Proficiency High Achievement Certificates.

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

standard is Intermediate-Low for listening and speaking and Novice-High for reading and writing.

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

Sec. 12. **[120B.236] CARDIOPULMONARY RESUSCITATION AND AUTOMATIC EXTERNAL DEFIBRILLATOR INSTRUCTION.**

School districts are encouraged to include cardiopulmonary resuscitation and automatic external defibrillator instruction as part of their curriculum. Schools offering cardiopulmonary resuscitation or automatic external defibrillator instruction must use cardiopulmonary resuscitation or automatic external defibrillator training that has been developed:

(1) by the American Heart Association or the American Red Cross and incorporate psychomotor skills to support the instruction; or

(2) using nationally recognized, evidence-based guidelines for cardiopulmonary resuscitation and incorporates psychomotor skills to support the instruction.

Sec. 13. **[120B.299] DEFINITIONS.**

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

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

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

Subd. 4. **Growth-based value-added.** "Growth-based value-added" is based on a student's growth score. In a growth-based value-added system, the student's first test is the baseline, and the difference between the student's first and next test scores within a defined period is the measure of value-added.

Subd. 5. **Adequate yearly progress.** A school or district makes "adequate yearly progress" if, for every student subgroup under the federal 2001 No Child Left Behind Act in the school or district, its proficiency index, based on statewide assessment scores,

meets or exceeds federal expectations. To make adequate yearly progress, the school or district also must satisfy applicable federal requirements related to student attendance, graduation, and test participation rates.

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

(b) Beginning in the 2008-2009 school year, the state growth target is benchmarked to 2006-2007 and 2007-2008 school year data until the assessment scale changes.

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

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

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

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

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

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

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

Sec. 14. Minnesota Statutes 2008, section 120B.30, subdivision 1, is amended to read:

Subdivision 1. **Statewide testing.** (a) The commissioner, with advice from experts with appropriate technical qualifications and experience and stakeholders, consistent with subdivision 1a, shall include in the comprehensive assessment system, for each grade level to be tested, state-constructed tests developed from and aligned with the state's required academic standards under section 120B.021 and administered annually to all

students in grades 3 through 8 and at the high school level in mathematics and reading. ~~A state-developed test in a subject other than writing, developed after the 2002-2003 school year, must include both machine-scoreable and constructed response questions.~~ The commissioner shall establish one or more months during which schools shall administer the tests to students each school year.

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

(1) mathematics;

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

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

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

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

(c) For students enrolled in grade 8 before the 2005-2006 school year, only Minnesota basic skills tests in reading, mathematics, and writing shall fulfill students' basic skills testing requirements for a passing state notation. The passing scores of basic skills tests in reading and mathematics are the equivalent of 75 percent correct for students entering grade 9 in 1997 and thereafter, as based on the first uniform test administration of February 1998. Students who have not successfully passed the basic skills test by the end of the 2011-2012 school year must pass the graduation assessment requirements for Minnesota students given at that time.

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

(1) for reading and mathematics:

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

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

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

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

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

(2) for writing:

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

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

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

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

~~(c)~~ (e) A student enrolled in grade 8 in the 2005-2006 school year through the 2009-2010 school year who does not pass the state graduation-required assessment for diploma in mathematics, shall receive a passing state notation if they:

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

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

(3) fully participate in at least two retest attempts in mathematics after the initial spring administration of the mathematics graduation-required assessment for diploma.

(f) For students enrolled in grade 8 in the 2010-2011 school year and later, only the following options shall fulfill students' state graduation test requirements:

(1) for reading:

(i) obtaining an achievement level equivalent to or greater than proficient as determined through a standard setting process on the Minnesota comprehensive assessments in grade 10 for reading or achieving a passing score as determined through a

standard setting process on the graduation-required assessment for diploma in grade 10 for reading or subsequent retests;

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

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

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

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

(2) for writing:

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

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

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

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

(3) for mathematics:

(i) obtaining a passing score through a standard setting process on the high school mathematics assessment or subsequent retests;

(ii) achieving a passing score as determined through a standard setting process on the high school mathematics assessment test equivalent of those assessments for students designated as English language learners;

(iii) achieving an individual passing score on the high school mathematics assessment as determined by appropriate state guidelines for students with an individual education plan or 504 plan;

(iv) obtaining a passing score as determined through a standard setting process on the mathematics alternative assessment for students with an individual education plan; or

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

(g) The 3rd through 8th grade and high school level test results shall be available to districts for diagnostic purposes affecting student learning and district instruction and curriculum, and for establishing educational accountability. The commissioner must disseminate to the public the test results ~~upon~~ within two weeks of receiving those results.

Individual high school mathematics assessment results must be reported to the student, parent or guardian, school, and district within two weeks of the student's completion on the test. The results must inform the student of college readiness.

~~(d)~~ (h) State tests must be constructed and aligned with state academic standards. The testing process and the order of administration shall be determined by the commissioner. The statewide results shall be aggregated at the site and district level, consistent with subdivision 1a.

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

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

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

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

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

EFFECTIVE DATE. This section is effective the day following final enactment with the following exceptions: paragraphs (f) and (g) are effective upon the adjournment

of the first regular session after which the commissioner, according to section 120B.30, subdivision 5, has completed the standards setting process and determined a passing score for graduation on the high school mathematics assessment that aligns to postsecondary entrance requirements.

Sec. 15. Minnesota Statutes 2008, section 120B.30, subdivision 1a, is amended to read:

Subd. 1a. **Statewide and local assessments; results.** (a) The commissioner must develop reading, mathematics, and science assessments aligned with state academic standards that districts and sites must use to monitor student growth toward achieving those standards. The commissioner must not develop statewide assessments for academic standards in social studies, health and physical education, and the arts. The commissioner must require:

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

(2) annual science assessments in one grade in the grades 3 through 5 span, the grades 6 through ~~9~~ 8 span, and ~~a life sciences assessment in the grades 10 through 12 span~~ any assessments at the high school level that must include a (i) life science and (ii) a chemistry or physics assessment for the 2007-2008 school year and later.

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

(c) Reporting of assessment results must:

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

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

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

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

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

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

(f) A school, district, or charter school must place a student's highest assessment score for each of the following assessments on the student's high school transcript: the mathematics Minnesota Comprehensive Assessment, reading Minnesota Comprehensive Assessment, and writing Graduation-Required Assessment for Diploma, and when applicable, the mathematics Graduation-Required Assessment for Diploma and reading Graduation-Required Assessment for Diploma.

Sec. 16. Minnesota Statutes 2008, section 120B.30, subdivision 2, is amended to read:

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

Sec. 17. Minnesota Statutes 2008, section 120B.30, is amended by adding a subdivision to read:

Subd. 5. **High school mathematics assessment.** (a) The commissioner, with consultation from stakeholders, must identify a high school mathematics assessment by February 15, 2010. The commissioner must align the high school mathematics assessment to the most recent revision of mathematic standards as described in section 120B.023. The commissioner must use the authority granted in paragraph (b) to prepare preliminary administrations in order to determine a passing score in the high school mathematics assessment through a standards setting process. The passing score must be aligned to postsecondary entrance requirements. The commissioner must report to the legislature upon final determination of a passing score.

(b) For the purposes of paragraph (a), schools selected for stand-alone state field testing by the department must participate as requested. Superintendents or charter school directors may appeal in writing to the commissioner of education or the commissioner's

designee for an exemption from field testing if undue hardship is demonstrated. The commissioner's decision regarding the appeal is final.

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

Sec. 18. Minnesota Statutes 2008, section 120B.31, subdivision 1, is amended to read:

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

Sec. 19. Minnesota Statutes 2008, section 120B.31, subdivision 3, is amended to read:

Subd. 3. **Educational accountability.** (a) The Independent Office of Educational Accountability, as authorized by Laws 1997, First Special Session chapter 4, article 5, section 28, subdivision 2, is established, and shall be funded through the Board of Regents of the University of Minnesota. The office shall advise the education committees of the legislature and the commissioner of education, at least on a biennial basis, on the degree to which the statewide educational accountability and reporting system includes a comprehensive assessment framework that measures school accountability for students achieving the goals described in the state's ~~results-oriented~~ high school graduation rule. The office shall determine and annually report to the legislature whether and how effectively:

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

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

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

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

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

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

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

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

Sec. 20. Minnesota Statutes 2008, section 120B.31, subdivision 4, is amended to read:

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

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

Sec. 21. Minnesota Statutes 2008, section 120B.35, is amended to read:

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

Subdivision 1. **~~Adequate yearly progress of schools and students~~ School and student indicators of growth and achievement.** The commissioner must develop and implement a system for measuring and reporting academic achievement and individual student ~~progress~~ growth, consistent with the statewide educational accountability and reporting system. The system components ~~of the system~~ must measure and separately

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

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

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

(c) The commissioner must:

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

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

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

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

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

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

(2) for all student categories with a cell size of at least 20, report and compare aggregated and disaggregated state growth data using the nine student categories identified under the federal 2001 No Child Left Behind Act and two student gender categories of male and female, respectively.

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

~~(c) If a district has an accountability plan that includes gains-based analysis or "value-added" assessment, the commissioner shall, to the extent practicable, incorporate those measures in determining whether the district or school site meets expectations. The department must coordinate with the district in evaluating school sites and continuous improvement plans, consistent with best practices.~~

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

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

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

EFFECTIVE DATE. Subdivision 3 is effective immediately and applies to students in the 2008-2009 school year. Subdivision 4 is effective for the 2011-2012 school year and later.

Sec. 22. Minnesota Statutes 2008, section 120B.36, is amended to read:

120B.36 SCHOOL ACCOUNTABILITY; APPEALS PROCESS.

Subdivision 1. **School performance report cards.** (a) The commissioner shall ~~use objective criteria based on levels of student performance to~~ report ~~at least~~ student academic performance under section 120B.35, subdivision 2, the percentages of students showing low, medium, and high growth under section 120B.35, subdivision 3, paragraph (b), school safety, two separate student-to-teacher ratios that clearly indicate the definition of teacher consistent with sections 122A.06 and 122A.15 for purposes of determining these ratios, ~~and~~ staff characteristics excluding salaries, ~~with a value-added component added no later than the 2008-2009 school year~~ student enrollment demographics, district mobility, and extracurricular activities. ~~The report must indicate a school's adequate yearly~~

~~progress status, and must not set any designations applicable to high- and low-performing schools due solely to adequate yearly progress status.~~

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

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

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

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

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

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

Sec. 23. Minnesota Statutes 2008, section 121A.035, subdivision 2, is amended to read:

Subd. 2. **School district and charter school policy.** A school board and a charter school must adopt a crisis management policy to address potential violent crisis situations in the district or charter school. The policy must be developed cooperatively with administrators, teachers, employees, students, parents, community members, law enforcement agencies, other emergency management officials, county attorney offices, social service agencies, emergency medical responders, and any other appropriate individuals or organizations. The policy must include at least ~~five~~ two school lock-down drills, ~~five~~ two school fire drills consistent with section 299F.30, ~~and~~ one tornado drill, and an expectation that students be present and participate in these drills.

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

Sec. 24. Minnesota Statutes 2008, section 121A.037, is amended to read:

121A.037 SCHOOL SAFETY DRILLS.

Private schools and educational institutions not subject to section 121A.035 must have at least ~~five~~ two school lock-down drills, ~~five~~ two school fire drills consistent with section 299F.30, ~~and~~ one tornado drill, and an expectation that students be present and participate in these drills.

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

Sec. 25. Minnesota Statutes 2008, section 121A.15, subdivision 8, is amended to read:

Subd. 8. **Report.** The administrator or other person having general control and supervision of the elementary or secondary school shall file a report with the commissioner on all persons enrolled in the school. The superintendent of each district shall file a report with the commissioner for all persons within the district receiving instruction in a home school in compliance with sections 120A.22 and 120A.24. The parent of persons receiving instruction in a home school shall submit the statements as required by subdivisions 1, 2, 3, and 4 to the superintendent of the district in which the person resides by October 1 of ~~each school year~~ the first year of their homeschooling and the 7th grade year. The school report must be prepared on forms developed jointly by the commissioner of health and the commissioner of education and be distributed to the local districts by the commissioner of health. The school report must state the number of persons attending the school, the number of persons who have not been immunized according to subdivision 1 or 2, and the number of persons who received an exemption under subdivision 3, clause (c) or (d). The school report must be filed with the commissioner of education within 60 days of the commencement of each new school term. Upon request, a district must be given a 60-day extension for filing the school report. The commissioner of education shall forward the report, or a copy thereof, to the commissioner of health who shall provide summary reports to boards of health as defined in section 145A.02, subdivision 2. The administrator or other person having general control and supervision of the child care facility shall file a report with the commissioner of human services on all persons enrolled in the child care facility. The child care facility report must be prepared on forms developed jointly by the commissioner of health and the commissioner of human services and be distributed

to child care facilities by the commissioner of health. The child care facility report must state the number of persons enrolled in the facility, the number of persons with no immunizations, the number of persons who received an exemption under subdivision 3, clause (c) or (d), and the number of persons with partial or full immunization histories. The child care facility report must be filed with the commissioner of human services by November 1 of each year. The commissioner of human services shall forward the report, or a copy thereof, to the commissioner of health who shall provide summary reports to boards of health as defined in section 145A.02, subdivision 2. The report required by this subdivision is not required of a family child care or group family child care facility, for prekindergarten children enrolled in any elementary or secondary school provided services according to sections 125A.05 and 125A.06, nor for child care facilities in which at least 75 percent of children in the facility participate on a onetime only or occasional basis to a maximum of 45 hours per child, per month.

Sec. 26. Minnesota Statutes 2008, section 122A.06, subdivision 4, is amended to read:

Subd. 4. **Comprehensive, scientifically based reading instruction.** (a) "Comprehensive, scientifically based reading instruction" includes a program or collection of instructional practices that is based on ~~reliable,~~ valid, replicated evidence showing that when these programs or practices are used, students can be expected to achieve, at a minimum, satisfactory reading progress. The program or collection of practices must include, at a minimum, instruction in five areas of reading: phonemic awareness, phonics, fluency, vocabulary development, and ~~text~~ reading comprehension.

Comprehensive, scientifically based reading instruction also includes and integrates instructional strategies for continuously assessing, evaluating, and communicating the student's reading progress and needs in order to design and implement ongoing interventions so that students of all ages and proficiency levels can read and comprehend text and apply higher level thinking skills.

(b) "Fluency" is the ability of students to be able to read text with speed, accuracy, and proper expression.

(c) "Phonemic awareness" is the ability of students to notice, think about, and manipulate the individual sounds in spoken syllables and words.

(d) "Phonics" is the understanding that there are systematic and predictable relationships between written letters and spoken words. Phonics instruction is a way of teaching reading that stresses learning how letters correspond to sounds and how to apply this knowledge in reading and spelling.

(e) "Reading comprehension" is an active process that requires intentional thinking during which meaning is constructed through interactions between text and reader. Comprehension skills are taught explicitly by demonstrating, explaining, modeling, and implementing specific cognitive strategies to help beginning readers derive meaning by intentional, problem-solving thinking processes.

(f) "Vocabulary development" is the process of teaching vocabulary both directly and indirectly, with repetition and multiple exposures to vocabulary items. Learning in rich contexts, incidental learning, and use of computer technology all enhance the acquisition of vocabulary.

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

Sec. 27. Minnesota Statutes 2008, section 122A.07, subdivision 2, is amended to read:

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

(1) six teachers who are currently teaching in a Minnesota school or who were teaching at the time of the appointment and who do not qualify under clause (2) or (3) of this subdivision, at least four of whom must be teaching in a public school;

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

(3) one school administrator; and

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

Sec. 28. Minnesota Statutes 2008, section 122A.07, subdivision 3, is amended to read:

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

Sec. 29. Minnesota Statutes 2008, section 122A.09, subdivision 7, is amended to read:

Subd. 7. **Commissioner's assistance; board money.** The commissioner shall provide all necessary materials and assistance for the transaction of the business of the Board of Teaching and all moneys received by the Board of Teaching shall be paid into the state treasury as provided by law. The expenses of administering sections 122A.01, 122A.05 to 122A.09, 122A.15, 122A.16, 122A.17, 122A.18, 122A.20, 122A.21, 122A.22, 122A.23, 122A.26, 122A.30, ~~122A.32,~~ 122A.40, 122A.41, 122A.42, 122A.45, 122A.49, 122A.52, 122A.53, 122A.54, 122A.55, 122A.56, 122A.57, and 122A.58 which are incurred by the Board of Teaching shall be paid for from appropriations made to the Board of Teaching.

Sec. 30. Minnesota Statutes 2008, section 122A.18, subdivision 2, is amended to read:

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

(b) The board must require a person to successfully complete an examination of skills in reading, writing, and mathematics before being granted an initial teaching license to provide direct instruction to pupils in prekindergarten, elementary, secondary, or special education programs. <u>In addition, the board must require a person to successfully complete an assessment of reading instruction consistent with subdivision 2c before being granted an initial teaching license to provide explicit, sequential, and systematic instruction to pupils in prekindergarten or elementary programs.</u> The board must require colleges and universities offering a board approved teacher preparation program to provide remedial assistance that includes a formal diagnostic component to persons enrolled in their institution who did not achieve a qualifying score on the skills examination <u>or an assessment of reading instruction</u>, including those for whom English is a second language. The colleges and universities must provide assistance in the specific academic areas of deficiency in which the person did not achieve a qualifying score. School districts must provide similar, appropriate, and timely remedial assistance that includes a formal diagnostic component and mentoring to those persons employed by the district who completed their teacher education program outside the state of Minnesota, received a one-year license to teach in Minnesota and did not achieve a qualifying score on the skills examination, including those persons for whom English is a second language. The Board of Teaching shall report annually to the education committees of the legislature on the total number of teacher candidates during the most recent school year taking the skills examination, the number who achieve a qualifying score on the examination, the number who do not achieve a qualifying score on the examination, the distribution of all

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

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

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

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

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

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

EFFECTIVE DATE. This section is effective January 1, 2011.

Sec. 31. Minnesota Statutes 2008, section 122A.18, subdivision 2a, is amended to read:

Subd. 2a. **Reading strategies.** (a) All colleges and universities approved by the Board of Teaching to prepare persons for classroom teacher licensure must include in their teacher preparation programs research-based best practices in reading, consistent with section 122A.06, subdivision 4, that enable the licensure candidate to know how to teach reading in the candidate's content areas and prepare the licensure candidate, where applicable, for an assessment of reading instruction.

(b) Board-approved teacher preparation programs for teachers of elementary education must require instruction in the application of comprehensive, scientifically based~~, and balanced~~ reading instruction programs that:

(1) teach students to read using foundational knowledge, practices, and strategies consistent with section 122A.06, subdivision 4, so that all students will achieve continuous progress in reading; and

(2) teach specialized instruction in reading strategies, interventions, and remediations that enable students of all ages and proficiency levels to become proficient readers.

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

Sec. 32. Minnesota Statutes 2008, section 122A.18, is amended by adding a subdivision to read:

Subd. 2c. **Assessment of reading instruction.** An assessment of reading instruction, selected by the Board of Teaching, in cooperation with the commissioner of education, must measure, at a minimum, the knowledge, skill, and ability of prekindergarten and elementary licensure candidates in comprehensive, scientifically based reading instruction as defined in section 122A.06. Test content areas must assess foundations of reading development, development of reading comprehension, reading assessment and instruction, and integration of knowledge and understanding. The Board of Teaching may incorporate the requirements of this subdivision into other teacher licensure examinations.

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

Sec. 33. **[122A.245] ALTERNATIVE TEACHER PREPARATION PROGRAM AND RESIDENT TEACHER LICENSE FOR QUALIFIED NONTRADITIONAL CANDIDATES.**

Subdivision 1. **Requirements.** (a) A teacher preparation program that is an alternative to a postsecondary teacher preparation program and to the preparation program under section 122A.24 and a two-year resident teacher license, which may be renewed one time by a resident teacher in good standing, are established as a means of acquiring a standard entrance license. Either (i) a college or university with a board-approved alternative teacher preparation program or (ii) a nonprofit corporation formed for an education-related purpose and subject to chapter 317A with a board-approved alternative preparation program leading to a standard entrance license may offer this program in any instructional field but must not restrict the program based on geography or on an oversupply of licensed teachers in any particular instructional field. The Board of

Teaching must ensure that this program serves to enhance any efforts by the state or a school district to reduce or eliminate the academic achievement gap among identified categories of students.

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

(1) have a bachelor's degree with a minimum 3.0 grade point average or, at the board's discretion, demonstrate at least ten years of relevant successful professional experience;

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

(3) obtain qualifying scores on board-approved content area and pedagogy tests.

(c) The board may waive the minimum grade point average requirement in paragraph (a), clause (i), for candidates with a grade point average of 2.75 or higher.

Subd. 2. **Characteristics.** An alternative teacher preparation program offered by an eligible college or university or nonprofit corporation under this section must include:

(1) a minimum 200-hour instructional phase that provides intensive preparation for the resident teacher before that person assumes classroom responsibilities;

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

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

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

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

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

(7) a requirement that program participants demonstrate satisfactory progress toward receiving from the Board of Teaching a standard entrance license at the time the person's resident teacher license finally expires.

Subd. 3. **Program approval.** The Board of Teaching must approve alternative teacher preparation programs under this section based on board-adopted criteria that reflect best practices for alternative teacher preparation programs, consistent with this section.

The board must permit licensure candidates to demonstrate licensure competencies in school-based settings and through other nontraditional licensure pathways.

Subd. 4. **Reissued resident teacher license; approval for standard entrance license.** A resident mentor or mentorship team under subdivision 2, clause (6), must evaluate the performance of the resident teacher and submit to the board an evaluation report recommending whether or not to reissue the person a resident teacher license or to issue the resident teacher a standard entrance license.

Subd. 5. **Standard entrance license.** The Board of Teaching must issue a standard entrance license to a resident teacher under this section who successfully performs throughout the program and is recommended for licensure under subdivision 4.

Subd. 6. **Qualified teacher.** A person with a valid resident teacher license under this section is the teacher of record and a qualified teacher within the meaning of section 122A.16.

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

Sec. 34. Minnesota Statutes 2008, section 122A.31, subdivision 4, is amended to read:

Subd. 4. **Reimbursement.** (a) For purposes of revenue under section ~~125A.78~~ 125A.76, the Department of Education must only reimburse school districts for the services of those interpreters/transliterators who satisfy the standards of competency under this section.

(b) Notwithstanding paragraph (a), a district shall be reimbursed for the services of interpreters with a nonrenewable provisional certificate, interpreters/transliterators employed to mentor the provisional certified interpreters, and persons for whom a time-limited extension has been granted under subdivision 1, paragraph (d), or subdivision 2, paragraph (c).

Sec. 35. Minnesota Statutes 2008, section 122A.413, subdivision 2, is amended to read:

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

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

(2) performance goals and benchmarks for improvement;

(3) measures of student attendance and completion rates;

(4) a rigorous professional development system, consistent with section 122A.60, that is aligned with educational improvement, designed to achieve teaching quality

improvement, instructional leadership, and consistent with clearly defined research-based standards;

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

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

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

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

Sec. 36. Minnesota Statutes 2008, section 122A.414, subdivision 2b, is amended to read:

Subd. 2b. **Approval process.** (a) Consistent with the requirements of this section and sections 122A.413 and 122A.415, the department must prepare and transmit to interested school districts, intermediate school districts, school sites, and charter schools a standard form for applying to participate in the alternative teacher professional pay system. An interested school district, intermediate school district, school site, or charter school must submit to the commissioner by February 1, May 1, or November 1 a completed application executed by the district superintendent and the exclusive bargaining representative of the teachers if the applicant is a school district, intermediate school district, or school site, or executed by the charter school board of directors if the applicant is a charter school. The application must include the proposed alternative teacher professional pay system agreement under subdivision 2. The department must ~~convene a~~ review ~~committee that at least includes teachers and administrators~~ a completed application within 30 days of receiving ~~a completed application to~~ it and recommend to the commissioner whether to approve or disapprove the application. The commissioner must approve applications on a first-come, first-served basis. The applicant's alternative teacher professional pay system agreement must be legally binding on the applicant and the collective bargaining representative before the applicant receives alternative compensation revenue. The commissioner must approve or disapprove an application based on the requirements under subdivisions 2 and 2a.

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

subdivision. Applications that are revised and then approved are considered submitted on the date the applicant initially submitted the application.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all applications submitted by the May 1, 2009, deadline and later.

Sec. 37. Minnesota Statutes 2008, section 122A.414, is amended by adding a subdivision to read:

Subd. 2c. **Cancelation timing.** If the commissioner determines that a school district that had previously qualified to participate in the alternative teacher professional pay system under this section is no longer in compliance with the program's requirements under this section and section 122A.413, the commissioner may not cancel a school district's participation in the middle of a school year. The commissioner must notify the district 30 days prior to the end of the district's school year if the commissioner intends to end a district's participation in the program for the subsequent school year. The school district must be given the opportunity to correct its compliance with this section and section 122A.413 before the district's participation in the program is ended in the subsequent school year.

Sec. 38. Minnesota Statutes 2008, section 122A.415, is amended by adding a subdivision to read:

Subd. 4. **Basic alternative teacher compensation aid.** (a) For fiscal years 2011 and later, the basic alternative teacher compensation aid for a school district with a plan approved under section 122A.414, subdivision 2b, equals 65 percent of the alternative teacher compensation revenue under subdivision 1. The basic alternative teacher compensation aid for an intermediate school district or charter school with a plan approved under section 122A.414, subdivisions 2a and 2b, if the recipient is a charter school equals $260 times the number of pupils enrolled in the school on October 1 of the previous fiscal year, or on October 1 of the current fiscal year for a charter school in the first year of operation, times the ratio of the sum of the alternative teacher compensation aid and alternative teacher compensation levy for all participating school districts to the maximum alternative teacher compensation revenue for those districts under subdivision 1.

(b) Notwithstanding subdivision 1, the state total basic alternative teacher compensation aid entitlement must not exceed $75,636,000 for fiscal year 2007 and later. The commissioner must limit the amount of alternative teacher compensation aid approved under this section so as not to exceed these limits.

Sec. 39. Minnesota Statutes 2008, section 122A.415, is amended by adding a subdivision to read:

Subd. 5. **Alternative teacher compensation levy.** For fiscal year 2011 and later, the alternative teacher compensation levy for a district receiving basic alternative teacher compensation aid equals the product of (1) the difference between the district's alternative teacher compensation revenue and the district's basic alternative teacher compensation aid times (2) the lesser of one or the ratio of the district's adjusted net tax capacity per adjusted pupil unit to $5,913.

Sec. 40. Minnesota Statutes 2008, section 122A.415, is amended by adding a subdivision to read:

Subd. 6. **Alternative teacher compensation equalization aid.** (a) For fiscal year 2011 and later, a district's alternative teacher compensation equalization aid equals the district's alternative teacher compensation revenue minus the district's basic alternative teacher compensation aid minus the district's alternative teacher compensation levy. If a district does not levy the entire amount permitted, the alternative teacher compensation equalization aid must be reduced in proportion to the actual amount levied.

(b) A district's alternative teacher compensation aid equals the sum of the district's basic alternative teacher compensation aid and the district's alternative teacher compensation equalization aid.

Sec. 41. **[122A.4155] ALTERNATIVE COMPENSATION APPLICATION GRANTS.**

Subdivision 1. **Reallocation.** By June 1, 2011, and each year thereafter, the unexpended alternative compensation aid, under sections 122.415, subdivision 4, and 126C.10, subdivision 34, from the prior fiscal year must be reallocated to eligible school districts to help districts pay for the costs associated with applying to participate in the alternative compensation program. The commissioner must reallocate the unexpended alternative compensation aid as grants by June 30, 2011, and each year thereafter. The Department of Finance and Department of Education shall continue to forecast the alternative compensation aid, under section 122A.415, subdivision 4. On November 15, 2012, and each year thereafter, the Department of Education must certify the amount of aid that is available to be reallocated to grants under this section. The Department of Education may make a reasonable estimate to prorate grants under this section to ensure that sufficient funding is available to fully fund the forecasted aid under section 122A.415, subdivision 4.

Subd. 2. **Eligibility.** School districts located in greater Minnesota that have submitted a letter of intent and begun the transitional planning year, under section 122A.414, subdivision 1a, are eligible for alternative compensation application grants. For the purposes of this section, an eligible school district is any school district located in the rural equity region, under section 126C.10, subdivision 28.

Subd. 3. **Awards.** The commissioner of education must reallocate available aid to eligible school districts to encourage participation in the alternative compensation program. The commissioner may establish criteria to select greater Minnesota school districts. School districts that receive grants under this section must be given priority for full participation in alternative compensation program in the subsequent year.

Subd. 4. **Restriction.** A school district that receives a grant under subdivision 3, must use the grant to facilitate the district's progress toward full participation in the alternative compensation program. The commissioner may establish reasonable restrictions on the use of the grant funds to encourage full participation in the alternative compensation program.

Sec. 42. Minnesota Statutes 2008, section 122A.60, subdivision 1a, is amended to read:

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

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

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

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

(4) enhance teacher content knowledge and instructional skills;

(5) align with state and local academic standards;

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

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

Staff development activities may include curriculum development and curriculum training programs, ~~and~~ activities that provide teachers and other members of site-based teams training to enhance team performance, and basic first aid, including CPR and the use of automatic external defibrillators with an option for certification. The school district also

may implement other staff development activities required by law and activities associated with professional teacher compensation models.

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

Sec. 43. Minnesota Statutes 2008, section 122A.61, subdivision 1, is amended to read:

Subdivision 1. **Staff development revenue.** A district is required to reserve an amount equal to at least two percent of the basic revenue under section 126C.10, subdivision 2, for in-service education for programs under section 120B.22, subdivision 2, for staff development plans, including plans for challenging instructional activities and experiences under section 122A.60, and for curriculum development and programs, other in-service education, teachers' workshops, teacher conferences, the cost of substitute teachers staff development purposes, preservice and in-service education for special education professionals and paraprofessionals, and other related costs for staff development efforts. A district may annually waive the requirement to reserve their basic revenue under this section if a majority vote of the licensed teachers in the district and a majority vote of the school board agree to a resolution to waive the requirement. A district in statutory operating debt is exempt from reserving basic revenue according to this section. Districts may expend an additional amount of unreserved revenue for staff development based on their needs. With the exception of amounts reserved for staff development from revenues allocated directly to school sites and any amounts spent for first aid or CPR and automatic external defibrillator training, the board must initially allocate 50 percent of the remaining reserved revenue to each school site in the district on a per teacher basis, which must be retained by the school site until used. The board may retain 25 percent to be used for district wide staff development efforts. The remaining 25 percent of the revenue must be used to make grants to school sites for best practices methods. A grant may be used for any purpose authorized under section 120B.22, subdivision 2, 122A.60, or for the costs of curriculum development and programs, other in-service education, teachers' workshops, teacher conferences, substitute teachers for staff development purposes, and other staff development efforts, and determined by the site professional development team. The site professional development team must demonstrate to the school board the extent to which staff at the site have met the outcomes

of the program. The board may withhold a portion of initial allocation of revenue if the staff development outcomes are not being met.

Sec. 44. Minnesota Statutes 2008, section 123A.05, is amended to read:

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

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

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

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

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

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

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

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

Sec. 45. Minnesota Statutes 2008, section 123A.06, is amended to read:

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

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

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

Subd. 2. **People to be served.** A ~~center~~ state-approved alternative program shall provide programs for secondary pupils and adults. A center may also provide programs and services for elementary and secondary pupils who are not attending the ~~center~~ state-approved alternative program to assist them in being successful in school. ~~A center shall use research-based best practices for serving limited English proficient students and their parents.~~ An individual education plan team may identify a ~~center~~ state-approved

alternative program as an appropriate placement to the extent a ~~center~~ state-approved alternative program can provide the student with the appropriate special education services described in the student's plan. Pupils eligible to be served are those who qualify under the graduation incentives program in section 124D.68, subdivision 2, those enrolled under section 124D.02, subdivision 2, or those pupils who are eligible to receive special education services under sections 125A.03 to 125A.24, and 125A.65.

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

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

Sec. 46. Minnesota Statutes 2008, section 123A.08, is amended to read:

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

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

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

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

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

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

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

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

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

Sec. 47. Minnesota Statutes 2008, section 123B.03, subdivision 1, is amended to read:

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

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

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

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

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

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

(c) A school hiring authority may, at its discretion, request a criminal history background check from the superintendent of the Bureau of Criminal Apprehension on any individual who seeks to enter a school or its grounds for the purpose of serving as a school volunteer or working as an independent contractor or student employee. In order for an individual to enter a school or its grounds under this paragraph when the school

hiring authority decides to request a criminal history background check on the individual, the individual first must provide an executed criminal history consent form and a money order, check, or other negotiable instrument payable to the school district in an amount equal to the actual cost to the Bureau of Criminal Apprehension and the school district of conducting the criminal history background check. Notwithstanding section 299C.62, subdivision 1, the cost of the criminal history background check under this paragraph is the responsibility of the individual. A school hiring authority may decide to pay the costs of conducting a background check under this paragraph. If the school hiring authority pays the costs, the individual who is the subject of the background check need not pay for it.

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

(e) At the beginning of each school year or when a student enrolls, a school hiring authority must notify parents and guardians about the school hiring authority's policy requiring a criminal history background check on employees and other individuals who provide services to the school, and identify those positions subject to a background check and the extent of the hiring authority's discretion in requiring a background check. The school hiring authority may include the notice in the student handbook, a school policy guide, or other similar communication. Nothing in this paragraph affects a school hiring authority's ability to request a criminal history background check on an individual under paragraph (c).

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

Sec. 48. Minnesota Statutes 2008, section 123B.10, subdivision 1, is amended to read:

Subdivision 1. **Budgets; form of notification.** (a) Every board must publish revenue and expenditure budgets for the current year and the actual revenues, expenditures, fund balances for the prior year and projected fund balances for the current year in a form prescribed by the commissioner within one week of the acceptance of the final audit by

the board, or November 30, whichever is earlier. The forms prescribed must be designed so that year to year comparisons of revenue, expenditures and fund balances can be made.

(b) A school board annually must notify the public of its revenue, expenditures, fund balances, and other relevant budget information. The board must include the budget information required by this section in the materials provided as a part of its truth in taxation hearing, post the materials in a conspicuous place on the district's official Web site, including a link to the district's school report card on the Department of Education's Web site, and publish a summary of the information in a qualified newspaper of general circulation in the district.

Sec. 49. Minnesota Statutes 2008, section 123B.143, subdivision 1, is amended to read:

Subdivision 1. **Contract; duties.** All districts maintaining a classified secondary school must employ a superintendent who shall be an ex officio nonvoting member of the school board. The authority for selection and employment of a superintendent must be vested in the board in all cases. An individual employed by a board as a superintendent shall have an initial employment contract for a period of time no longer than three years from the date of employment. Any subsequent employment contract must not exceed a period of three years. A board, at its discretion, may or may not renew an employment contract. A board must not, by action or inaction, extend the duration of an existing employment contract. Beginning 365 days prior to the expiration date of an existing employment contract, a board may negotiate and enter into a subsequent employment contract to take effect upon the expiration of the existing contract. A subsequent contract must be contingent upon the employee completing the terms of an existing contract. If a contract between a board and a superintendent is terminated prior to the date specified in the contract, the board may not enter into another superintendent contract with that same individual that has a term that extends beyond the date specified in the terminated contract. A board may terminate a superintendent during the term of an employment contract for any of the grounds specified in section 122A.40, subdivision 9 or 13. A superintendent shall not rely upon an employment contract with a board to assert any other continuing contract rights in the position of superintendent under section 122A.40. Notwithstanding the provisions of sections 122A.40, subdivision 10 or 11, 123A.32, 123A.75, or any other law to the contrary, no individual shall have a right to employment as a superintendent based on order of employment in any district. If two or more districts enter into an agreement for the purchase or sharing of the services of a superintendent, the contracting districts have the absolute right to select one of the individuals employed to serve as superintendent in one of the contracting districts and no individual has a right to employment as the

superintendent to provide all or part of the services based on order of employment in a contracting district. The superintendent of a district shall perform the following:

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

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

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

(4) make reports required by the commissioner; and

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

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

Sec. 50. Minnesota Statutes 2008, section 123B.51, is amended by adding a subdivision to read:

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

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

Sec. 51. Minnesota Statutes 2008, section 124D.095, subdivision 3, is amended to read:

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

provider of their intent to enroll in online learning within ten days of acceptance, at which time the student and parent must sign a statement of assurance that they have reviewed the online course or program and understand the expectations of online learning enrollment. The online learning provider must notify the enrolling district of the student's ~~enrollment~~ application to enroll in online learning in writing on a form provided by the department.

(b) Supplemental online learning notification to the enrolling district upon student ~~enrollment in~~ application to the online learning ~~program~~ provider will include the courses or program, credits to be awarded, and the start date of online enrollment~~,~~ ~~and confirmation that the courses will meet the student's graduation plan~~. An online learning provider must make available to the enrolling district the course syllabus in a format established by the commissioner that identifies the state standards met by the course, content outline, assessment requirements, expectations for actual teacher contact time, other student-to-teacher communication, and academic support for supplemental online courses taken by students in the enrolling district. Within 15 days after the online learning provider makes information in this paragraph available to the enrolling district, the enrolling district must either confirm or deny to the online provider that the student, parent or guardian, and enrolling district have agreed the courses meet the enrolling district's graduation requirements. An online learning course or program that meets or exceeds a graduation standard or grade progression requirements at the enrolling district as demonstrated on the online provider's syllabus must be considered to meet the corresponding graduation requirements of the student in the enrolling district. A student may enroll in supplemental online learning courses up to the midpoint of the enrolling district's term. The enrolling district may waive this requirement for special circumstances and upon acceptance by the online provider.

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

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

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

(f) The online provider must report or make available individual student progress and credit accumulation to the student, parent or guardian, and enrolling district in a manner specified by the commissioner unless another manner is agreed upon by the

enrolling district and the online provider and submitted to the commissioner. The enrolling district must designate a contact person to assist in the facilitation and monitoring of student progress and credit accumulation towards graduation status.

Sec. 52. Minnesota Statutes 2008, section 124D.095, subdivision 4, is amended to read:

Subd. 4. **Online learning parameters.** (a) An online learning student must receive academic credit for completing the requirements of an online learning course or program. Secondary credits granted to an online learning student must be counted toward the graduation and credit requirements of the enrolling district. ~~An online learning provider must make available to the enrolling district the course syllabus, standard alignment, content outline, assessment requirements, and contact information for supplemental online courses taken by students in the enrolling district.~~ The enrolling district must apply the same graduation requirements to all students, including online learning students, and must continue to provide nonacademic services to online learning students. If a student completes an online learning course or program that meets or exceeds a graduation standard or grade progression requirement at the enrolling district, that standard or requirement is met. The enrolling district must use the same criteria for accepting online learning credits or courses as it does for accepting credits or courses for transfer students under section 124D.03, subdivision 9. The enrolling district may reduce the course schedule of an online learning student in proportion to the number of online learning courses the student takes from an online learning provider that is not the enrolling district.

(b) An online learning student may:

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

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

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

(c) An online learning student has the same access to the computer hardware and education software available in a school as all other students in the enrolling district. An online learning provider must assist an online learning student whose family qualifies

for the education tax credit under section 290.0674 to acquire computer hardware and educational software for online learning purposes.

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

(e) ~~An~~ Both full-time and supplemental online learning ~~provider that is not the enrolling district is~~ providers are subject to the reporting requirements and review criteria under subdivision 7. A teacher with a Minnesota license must assemble and deliver instruction to online learning students. The delivery of instruction occurs when the student interacts with the computer or the teacher and receives ongoing assistance and assessment of learning. The instruction may include curriculum developed by persons other than a teacher with a Minnesota license. Unless the commissioner grants a waiver, a teacher providing online learning instruction must not instruct more than 40 students in any one online learning course or program.

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

Sec. 53. Minnesota Statutes 2008, section 124D.095, subdivision 7, is amended to read:

Subd. 7. **Department of Education.** (a) The department must review and certify online learning providers. The online learning courses and programs must be rigorous, aligned with state academic standards, and contribute to grade progression in a single subject. ~~Online learning providers must demonstrate to the commissioner that online learning courses have equivalent standards or instruction, curriculum, and assessment requirements as other courses offered to enrolled students. The online learning provider must also demonstrate expectations for actual teacher contact time or other student-to-teacher communication~~ The online provider must provide written

assurance that all courses meet state academic standards, and that the online learning curriculum, instruction and assessment, expectations for actual teacher contact time or other student-to-teacher communication, and academic support meet nationally recognized professional standards and are demonstrated as such in a syllabus provided according to the commissioner's requirements. Once an online learning provider is approved under this paragraph, all of its online learning course offerings are eligible for payment under this section unless a course is successfully challenged by an enrolling district or the department under paragraph (b).

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

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

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

Sec. 54. Minnesota Statutes 2008, section 124D.095, subdivision 10, is amended to read:

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

(1) quality assurance;

(2) teacher qualifications;

(3) program approval;

(4) special education;

(5) attendance;

(6) program design and requirements; and

(7) fair and equal access to programs.

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

EFFECTIVE DATE. Paragraph (b) is effective retroactively to June 30, 2008.

Sec. 55. Minnesota Statutes 2008, section 124D.10, subdivision 1, is amended to read:

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

(1) improve pupil learning and student achievement;

(2) increase learning opportunities for pupils;

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

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

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

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

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

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

Sec. 56. Minnesota Statutes 2008, section 124D.10, subdivision 2a, is amended to read:

Subd. 2a. **Charter School Advisory Council.** (a) A Charter School Advisory Council is established ~~under section 15.059 except that~~. The term for each council member shall be three years. The advisory council is composed of ~~seven~~ nine members ~~from throughout the state who have demonstrated experience with or interest in charter schools. The members of the council shall be appointed by the commissioner~~. ~~The advisory council shall bring to the attention of the commissioner any matters related to charter schools that the council deems necessary and shall:~~ The members may include charter school sponsors, charter school personnel, public K-12 teachers, school board members, parents of currently enrolled K-12 public school students, and school district representatives. The commissioner shall appoint the council members. The commissioner shall consider geographic balance when appointing council members.

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

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

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

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

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

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

The advisory council shall advise and make recommendations to the commissioner on sponsoring charter schools and other matters, including:

(1) approving, reviewing, and disciplining sponsors, consistent with this section;

(2) supporting charter school innovation, effectiveness, accountability, and fiscal soundness;

(3) providing a management training program for charter school administrators and board members;

(4) complying with auditing and other financial reporting requirements;

(5) reviewing charter school affidavits and charter school grade and program expansion applications; and

(6) identifying models to improve communication, cooperation, and the exchange of ideas between and among public charter and district schools.

(b) The advisory council shall recommend to the commissioner and the legislature, by December 1, 2009, an organizational model to give state-level leadership to new school planning, development, start-up, and successful ongoing operation in both the district and chartered sectors of public education. The council, as part of its recommendation, must suggest legislation necessary to implement this new state-level organization model.

(c) The Charter School Advisory Council under this subdivision expires June 30, ~~2007~~ 2015.

EFFECTIVE DATE. Paragraph (c) is effective retroactively to June 30, 2007.

Sec. 57. Minnesota Statutes 2008, section 124D.10, subdivision 3, is amended to read:

Subd. 3. **Sponsor.** (a) For the purposes of this section:

(1) "application" means the charter school business and operational plan a school developer submits to a sponsor for approval that documents the school developer's mission statement, school purposes, program design, financial plan, governance and management structure, and background and experience, plus any other information the sponsor requests. The application also shall include a "statement of assurance" of legal compliance as prescribed by the commissioner; and

(2) "affidavit" means a written statement the sponsor submits to the commissioner for approval under subdivision 4 attesting to its review and approval of a school charter.

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

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

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

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

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

(iii) reports an ~~end-of-year~~ ongoing fund balance of at least $2,000,000 for at least four consecutive years; and

(iv) is incorporated in the state of Minnesota;

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

~~(b)~~ (4) a nonprofit corporation subject to chapter 317A, described in section 317A.905, ~~and~~ exempt from federal income tax under ~~section~~ sections 501(c)(3) or 501(c)(6) of the Internal Revenue Code of 1986, may sponsor one or more charter schools if the charter school has operated for at least three years under a different sponsor or an organization that has previously sponsored schools under this subdivision, and if the nonprofit corporation has ~~existed~~ been incorporated in the state of Minnesota for at least ~~25~~ 20 years; or

(5) no more than two single-purpose sponsors that are charitable organizations formed under section 501(c)(3) of the Internal Revenue Code of 1986 and incorporated in the state of Minnesota whose sole purpose is to sponsor charter schools. Eligible organizations interested in being approved as a sponsor under this paragraph must submit a proposal to the commissioner that includes the provisions of paragraph (c) and a five-year financial plan.

(c) An eligible sponsor under this subdivision must apply to the commissioner for approval as a sponsor before submitting an affidavit to the commissioner to sponsor a charter school. The application for approval as a charter school sponsor must demonstrate the applicant's ability to implement the procedures and satisfy the criteria for sponsoring a charter school under this section. The commissioner must approve or disapprove an application within 60 business days of the application deadline. If the commissioner disapproves the application, the commissioner must notify the applicant of the deficiencies and the applicant then has 20 business days to address the deficiencies to the commissioner's satisfaction. Failing to address the deficiencies to the commissioner's satisfaction makes an applicant ineligible to be a sponsor. The affidavit to be submitted to and evaluated by the commissioner must include at least the following:

(1) how sponsoring schools is a way for the organization to carry out its mission;

(2) a description of the capacity of the organization to serve as a sponsor, including the personnel who will perform the sponsoring duties, their qualifications, the amount of time they will be assigned to this responsibility, and the financial resources allocated by the organization to this responsibility;

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

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

(ii) the mission, goals, program model, and student performance expectations;

(iii) an evaluation plan for the school that includes criteria for evaluating educational, organizational, and fiscal plans;

(iv) the school's governance plan;

(v) the financial management plan; and

(vi) the administration and operations plan;

(4) a description of the type of contract it will arrange with the schools it sponsors that meets the provisions of subdivision 6 and defines the rights and responsibilities of the charter school for governing its educational program, controlling its funds, and making school management decisions;

(5) the process to be used for providing ongoing oversight of the school consistent with the contract expectations specified in clause (4) that assures that the schools sponsored are complying with both the provisions of applicable law and rules, and with the contract;

(6) the process for making decisions regarding the renewal or termination of the school's charter based on evidence that demonstrates the academic, organizational, and financial competency of the school, including its success in increasing student achievement and meeting the goals of the charter school agreement; and

(7) an assurance specifying that the organization is committed to serving as a sponsor for the full five-year term.

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

(e) A sponsor that chartered a school before August 1, 2009, must apply by June 30, 2011, to the commissioner for approval, under paragraph (c), to continue as a sponsor under this section. For purposes of this paragraph, a sponsor that fails to submit a timely application is ineligible to charter a school.

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

(g) The commissioner may at any time take corrective action against a sponsor, including terminating a sponsor's ability to charter a school for:

(1) failing to demonstrate the criteria under paragraph (c) under which the commissioner approved the sponsor;

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

(3) violations by the charter school that the sponsor authorizes and that the board of directors fails to correct.

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

Sec. 58. Minnesota Statutes 2008, section 124D.10, subdivision 4, is amended to read:

Subd. 4. **Formation of school.** (a) A sponsor may authorize one or more licensed teachers under section 122A.18, subdivision 1, to operate a charter school subject to approval by the commissioner. ~~A board must vote on charter school application for sponsorship no later than 90 days after receiving the application.~~ The school must be organized and operated as a cooperative under chapter 308A or nonprofit corporation under chapter 317A and the provisions under the applicable chapter shall apply to the

school except as provided in this section. Notwithstanding sections 465.717 and 465.719, a school district may create a corporation for the purpose of creating a charter school.

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

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

(d) The operators authorized to organize and operate a school, before entering into a contract or other agreement for professional or other services, goods, or facilities, must incorporate as a cooperative under chapter 308A or as a nonprofit corporation under chapter 317A and must establish a board of directors composed of at least five members who are not related parties until a timely election for members of the ongoing charter school board of directors is held according to the school's articles and bylaws under paragraph (f). ~~A charter school board of directors must be composed of at least five members. Any~~ Staff members ~~who are~~ employed at the school, including teachers providing instruction under a contract with a cooperative, and all parents or legal guardians of children enrolled in the school ~~may participate in the election for~~ are the voters eligible to elect the members of the school's board of directors. ~~Licensed teachers employed at the school, including teachers providing instruction under a contract with a cooperative, must be a majority of the members of the board of directors before the school completes its third year of operation, unless the commissioner waives the requirement for a majority of licensed teachers on the board.~~ A charter school must notify eligible voters of the

school board election dates at least 30 days before the election. Board of director meetings must comply with chapter 13D.

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

(f) The ongoing board must be elected before the school completes its third year of operation. The charter school board of directors shall be composed of at least five members who are not related parties and shall include at least a licensed teacher employed at the school, a charter school parent or legal guardian, and an interested community member. The chief financial officer and the chief administrator are nonvoting board members. Board bylaws shall outline the process and procedures for changing the board's governance model. A board may change its governance model within the requirements of board membership in this section and only with approval from the sponsor and a voting majority of the board of directors and the licensed teachers employed at the school.

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

(h) The granting or renewal of a charter school by a sponsor must not be contingent on a requirement to contract, lease, or purchase services from the sponsor. A party to such an arrangement between a sponsor and a school must disclose the arrangement to the commissioner. The commissioner may terminate a charter school contract under this section if the commissioner determines that the arrangement is illegal or in violation of this section.

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

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

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

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

~~(3)~~ (4) the ~~sponsor supports the~~ charter school has the potential physical capacity to implement the proposed expansion; and

~~(4) the building of the additional site meets all health and safety requirements to be eligible for lease aid~~ (5) the sponsor finds that the charter school has the management capacity to implement the proposed expansion.

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

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

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

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

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

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

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

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

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

(k) A new charter school must not open in a newly consolidated district under section 123A.48 or in a district dissolved under section 123A.46 for at least 36 months after the date of consolidation or dissolution, except under subdivision 5 in this section or unless the school board of the school district in which the charter school would be located gives the sponsor written approval to do so.

(l) A new charter school must not open within a one-mile radius of a public school that has closed under section 123B.51 for at least 36 months after the date the school closed unless the commissioner determines that the new charter school applicant does not intend to reestablish the closed public school as a charter school, except under subdivision

5 in this section or unless the school board of the school district in which the charter school would be located gives the sponsor written approval to do so.

(m) A sponsor may apply to the commissioner for a waiver from paragraph (k) or paragraph (l). The commissioner must use the criteria in this section to approve or deny the waiver within 45 business days. The commissioner's decision is final.

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

Sec. 59. Minnesota Statutes 2008, section 124D.10, subdivision 4a, is amended to read:

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

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

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

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

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

(4) an organization that employs, or is about to employ any individual in clauses (1) to (3), has a financial or other interest in the entity with which the charter school is contracting. A violation of this prohibition renders the contract void.

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

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

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

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

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

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

Sec. 60. Minnesota Statutes 2008, section 124D.10, subdivision 5, is amended to read:

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

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

Sec. 61. Minnesota Statutes 2008, section 124D.10, subdivision 6, is amended to read:

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

(1) a description of ~~a~~ how the program ~~that~~ carries out ~~one or more of~~ the purposes in subdivision 1;

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

(3) a statement of admission policies and procedures;

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

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

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

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

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

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

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

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

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

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

Sec. 62. Minnesota Statutes 2008, section 124D.10, subdivision 6a, is amended to read:

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

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

(c) If the commissioner receives ~~as part of the~~ an audit report ~~a management letter~~ indicating that a material weakness exists in the financial reporting systems of a charter school, the charter school must submit a written report to the commissioner explaining how the material weakness will be resolved.

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

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

Sec. 63. Minnesota Statutes 2008, section 124D.10, subdivision 7, is amended to read:

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

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

Sec. 64. Minnesota Statutes 2008, section 124D.10, subdivision 8, is amended to read:

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

(b) A school must comply with statewide accountability requirements governing standards and assessments in chapter 120B.

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

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

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

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

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

~~(f)~~ (g) A charter school may not charge tuition.

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

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

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

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

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

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

(n) A charter school offering online courses or programs must comply with section 124D.095.

(o) A charter school and charter school board of directors are subject to chapter 181.

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

Sec. 65. Minnesota Statutes 2008, section 124D.10, is amended by adding a subdivision to read:

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

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

Sec. 66. Minnesota Statutes 2008, section 124D.10, subdivision 9, is amended to read:

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

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

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

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

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

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

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

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

EFFECTIVE DATE. This section is effective the day following final enactment and applies to the 2010-2011 school year.

Sec. 67. Minnesota Statutes 2008, section 124D.10, subdivision 11, is amended to read:

Subd. 11. **Employment and other operating matters.** (a) A charter school must employ or contract with necessary teachers, as defined by section 122A.15, subdivision 1, who hold valid licenses to perform the particular service for which they are employed in the school. The charter school's state aid may be reduced under section ~~127A.42~~ 127A.43 if the school employs a teacher who is not appropriately licensed or approved by the board of teaching. The school may employ necessary employees who are not required to hold teaching licenses to perform duties other than teaching and may contract for other services. The school may discharge teachers and nonlicensed employees. The charter school board of directors must comply with section 181.932 and a school shall not discharge, discipline, threaten or discriminate against, or penalize an employee regarding the employee's compensation, terms or conditions of work location or privileges of employment because the employee, or person acting on the employee's behalf, in good faith transmits to the department, the state of Minnesota or a local law enforcement agency information about the school's financial circumstances, educational performance, a conflict of interest, or other violation of law or school policy. The charter school board of directors must enter into a written agreement with each teacher that outlines the terms and conditions of employment.

(b) A person, without holding a valid administrator's license, may perform administrative, supervisory, or instructional leadership duties. The board of directors shall establish qualifications for persons that hold administrative, supervisory, or instructional leadership roles. The qualifications shall include at least the following areas: instruction and assessment; human resource and personnel management; financial management; legal and compliance management; effective communication; and board, sponsor, and community relationships. The board of directors shall use those qualifications as the basis for job descriptions, hiring, and performance evaluations of those who hold administrative, supervisory, or instructional leadership roles. The board of directors and an individual who does not hold a valid administrative license and who serves in an administrative, supervisory, or instructional leadership position shall develop a professional development plan. Documentation of the implementation of the professional development plan of these persons shall be included in the school's annual report.

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

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

Sec. 68. Minnesota Statutes 2008, section 124D.10, subdivision 14, is amended to read:

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

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

Sec. 69. Minnesota Statutes 2008, section 124D.10, subdivision 15, is amended to read:

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

(b) A sponsor shall monitor and evaluate the fiscal, operational, and student performance of the school, and may for this purpose annually assess a charter school~~: (1) in its first, second, or third year of operation up to $30 per student up to a maximum of $10,000; and (2) in its fourth or a subsequent year of operation up to $10 per student up to a maximum of $3,500~~ a fee according to paragraph (c). The agreed upon fee structure must be stated in the charter school contract.

(c) The fee that each charter school pays to a sponsor each year is the greater of:

(1) the basic formula allowance for that year; or

(2) the lesser of:

(i) the maximum fee factor times the basic formula allowance for that year; or

(ii) 1.0 percent of the basic formula allowance for that year times the charter school's adjusted marginal cost pupil units for that year. The maximum fee factor equals 1.5 in fiscal year 2010, 2.0 in fiscal year 2011, 3.0 in fiscal year 2012, and 4.0 in fiscal years 2013 and later.

(d) The department and any charter school it sponsors must not assess or pay a fee under paragraphs (b) and (c).

(e) For the preoperational planning period, the sponsor may assess a charter school a fee equal to the basic formula allowance.

(f) By September 30 of each year, a sponsor shall submit to the commissioner a statement of expenditures related to sponsoring activities during the previous school year ending June 30. A copy of the statement shall be given to all schools chartered by the sponsor.

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

Sec. 70. Minnesota Statutes 2008, section 124D.10, subdivision 17, is amended to read:

Subd. 17. **Leased space.** A charter school may lease space from ~~a~~ an independent or special school board eligible to be a sponsor or other public or private nonprofit nonsectarian organization. The department, in consultation with the Department of Administration, must review and approve or disapprove the lease agreement within 60 business days of receiving an application for lease aid. If a charter school is unable to lease appropriate space from an eligible board or other public or private nonprofit nonsectarian organization, the school may lease space from another nonsectarian organization if the Department of Education, in consultation with the Department of Administration, approves the lease. If the school is unable to lease appropriate space from public or private nonsectarian organizations, the school may lease space from a sectarian organization if the leased space is constructed as a school facility and the Department of Education, in consultation with the Department of Administration, approves the lease.

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

Sec. 71. Minnesota Statutes 2008, section 124D.10, is amended by adding a subdivision to read:

Subd. 17a. **Building corporation.** (a) A charter school is prohibited from organizing the nonprofit building corporation until the sponsor files a supplementary affidavit with and receives approval from the commissioner.

(b) Upon approval by the sponsor and the commissioner, a charter school that has operated for at least eight consecutive years and is not currently in statutory operating debt may form a separate affiliated nonprofit building corporation to construct or purchase a school facility. The nonprofit building corporation must elect a board of directors. Members of the building corporation board of directors must not be members of the

charter school board of directors. The state is immune from any liability as a result of the contractual arrangement and the facility. The sponsor shall submit a supplemental affidavit to the commissioner stating that the sponsor has reviewed:

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

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

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

(4) documentation that no other available existing facilities, including those that could be renovated, are available for purchase or lease.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to building purchases or expansions initiated by building corporations after July 1, 2009.

Sec. 72. Minnesota Statutes 2008, section 124D.10, subdivision 20, is amended to read:

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

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

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

Sec. 73. Minnesota Statutes 2008, section 124D.10, subdivision 23, is amended to read:

Subd. 23. **Causes for nonrenewal or termination of charter school contract.** (a) The duration of the contract with a sponsor must be for the term contained in the contract according to subdivision 6. The sponsor may or may not renew a contract at

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

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

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

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

(3) violations of law; or

(4) other good cause shown.

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

(c) If ~~at the end of a contract term, either~~ the sponsor ~~or~~ and the charter school board of directors ~~wants~~ mutually agree to ~~voluntarily~~ terminate or not renew the contract, a change in sponsors is allowed if the commissioner approves the ~~decision of~~ transfer to a different eligible sponsor to authorize the charter school. ~~The party intending to terminate the contract must notify the other party and the commissioner of its intent at least 90 days before the date on which the contract ends~~ Both parties must jointly submit their intent in writing to the commissioner to mutually terminate the contract. The sponsor that is a party to the existing contract at least must inform the approved different eligible sponsor about the fiscal and operational status and student performance of the school. Before the commissioner determines whether to approve a transfer of sponsor, the commissioner first must determine whether the charter school and prospective new sponsor can identify and

effectively resolve those circumstances causing the previous sponsor and the charter school to mutually agree to terminate the contract. If no ~~different eligible~~ transfer of sponsor is approved, the school must be dissolved according to applicable law and the terms of the contract.

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

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

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

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

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

Sec. 74. Minnesota Statutes 2008, section 124D.10, subdivision 23a, is amended to read:

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

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

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

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

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

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

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

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

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

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

Sec. 75. Minnesota Statutes 2008, section 124D.10, subdivision 25, is amended to read:

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

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

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

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

Sec. 76. Minnesota Statutes 2008, section 124D.11, is amended by adding a subdivision to read:

Subd. 4a. **State total building lease aid.** The state total building lease aid equals $37,045,000 for fiscal year 2009. The state total building lease aid for later years equals the total state building lease aid for the preceding fiscal year times 1.03. If the aid in this section is insufficient, the commissioner shall prorate the available aid among all eligible charter schools for that year.

Sec. 77. Minnesota Statutes 2008, section 124D.11, subdivision 9, is amended to read:

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

~~amount thereafter the sum of which shall equal the current year aid payment percentage multiplied by the cumulative amount guaranteed.~~

(b) Notwithstanding paragraph (a) and section 127A.45, for a charter school ceasing operation on or prior to ~~the end of a school year, the current year aid payment percentage multiplied by the amount due for the school year may be paid to the school after audit of prior fiscal year and current fiscal year pupil counts~~ June 30 of a school year, for the payment periods occurring after the school has ceased serving students, the commissioner shall withhold state aid due to the school based on estimated state aid entitlements. The charter school board of directors and sponsor must provide the commissioner with a closure plan under chapter 308A or 317A, and financial information that details the school's liabilities and assets. After receiving the closure plan, financial information, an audit of pupil counts, and documentation of lease expenditures, and monitoring special education expenditures, the commissioner may release cash withheld and may continue regular payments up to the current year payment percentages if further amounts are due. If, based on audits and monitoring, the school received state aid in excess of the amount due, the commissioner shall retain cash withheld sufficient to eliminate the aid overpayment. For a charter school ceasing operations prior to, or at the end of, a school year, notwithstanding section 127A.45, subdivision 3, preliminary final payments may be made after receiving the closure plan, audit of pupil counts, monitoring of special education expenditures, ~~and~~ documentation of lease expenditures, and school submission of Uniform Financial Accounting and Reporting Standards (UFARS) financial data for the final year of operation. Final payment may be made upon receipt of audited financial statements under section 123B.77, subdivision 3.

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

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

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

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

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

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

Sec. 78. Minnesota Statutes 2008, section 124D.128, subdivision 2, is amended to read:

Subd. 2. **Commissioner designation.** (a) ~~An area learning center~~ A state-approved alternative program designated by the state must be a site. ~~An area learning center~~ A state-approved alternative program must provide services to students who meet the criteria in section 124D.68 and who are enrolled in:

(1) a district that is served by the ~~center~~ state-approved alternative program; or

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

(b) A school district or charter school may be approved biennially by the state to provide additional instructional programming that results in grade level acceleration. The program must be designed so that students make grade progress during the school year and graduate prior to the students' peers.

(c) To be designated, a district, charter school, or ~~center~~ state-approved alternative program must demonstrate to the commissioner that it will:

(1) provide a program of instruction that permits pupils to receive instruction throughout the entire year; and

(2) develop and maintain a separate record system that, for purposes of section 126C.05, permits identification of membership attributable to pupils participating in the program. The record system and identification must ensure that the program will not have the effect of increasing the total average daily membership attributable to an individual pupil as a result of a learning year program. The record system must include the date the pupil originally enrolled in a learning year program, the pupil's grade level, the date of each grade promotion, the average daily membership generated in each grade level, the number of credits or standards earned, and the number needed to graduate.

(d) A student who has not completed a school district's graduation requirements may continue to enroll in courses the student must complete in order to graduate until the student satisfies the district's graduation requirements or the student is 21 years old, whichever comes first.

Sec. 79. Minnesota Statutes 2008, section 124D.128, subdivision 3, is amended to read:

Subd. 3. **Student planning.** A district, charter school, or ~~area learning center~~ state-approved alternative program must inform all pupils and their parents about the learning year program and that participation in the program is optional. A continual learning plan must be developed at least annually for each pupil with the participation of the pupil, parent or guardian, teachers, and other staff; each participant must sign and date the plan. The plan must specify the learning experiences that must occur during the entire fiscal year and are necessary for grade progression or, for secondary students, graduation. The plan must include:

(1) the pupil's learning objectives and experiences, including courses or credits the pupil plans to complete each year and, for a secondary pupil, the graduation requirements the student must complete;

(2) the assessment measurements used to evaluate a pupil's objectives;

(3) requirements for grade level or other appropriate progression; and

(4) for pupils generating more than one average daily membership in a given grade, an indication of which objectives were unmet.

The plan may be modified to conform to district schedule changes. The district may not modify the plan if the modification would result in delaying the student's time of graduation.

Sec. 80. Minnesota Statutes 2008, section 124D.42, subdivision 6, is amended to read:

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

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

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

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

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

Sec. 81. Minnesota Statutes 2008, section 124D.42, is amended by adding a subdivision to read:

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

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

Sec. 82. Minnesota Statutes 2008, section 124D.68, subdivision 2, is amended to read:

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

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

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

(3) is pregnant or is a parent;

(4) has been assessed as chemically dependent;

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

(6) has been appropriately referred in accordance with section 124D.68, subdivision 1, by a school district for enrollment in an eligible program or a program pursuant to section 124D.69;

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

(8) has experienced mental health problems;

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

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

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

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

Sec. 83. Minnesota Statutes 2008, section 124D.68, subdivision 3, is amended to read:

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

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

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

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

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

Sec. 84. Minnesota Statutes 2008, section 124D.68, subdivision 4, is amended to read:

Subd. 4. **Additional eligible program.** A pupil who is at least 16 years of age, who is eligible under subdivision 2, ~~clause (a),~~ and who has been enrolled only in a public school, if the pupil has been enrolled in any school, during the year immediately before transferring under this subdivision, may transfer to any nonpublic school that has contracted with the serving school district to provide nonsectarian educational services.

The school must enroll every eligible pupil who seeks to transfer to the school under this program subject to available space.

Sec. 85. Minnesota Statutes 2008, section 124D.68, subdivision 5, is amended to read:

Subd. 5. **Pupil enrollment.** (a) Any eligible pupil may apply to enroll in an eligible program. Approval of the resident district is not required for:

(1) an eligible pupil to enroll in any eligible program in a nonresident district under subdivision 3 or 4 or ~~an area learning center~~ a state-approved alternative program established under section 123A.05; or

(2) an eligible pupil under subdivision 2, to enroll in an adult basic education program approved under section 124D.52.

(b) Notwithstanding paragraph (a), a nonresident district must first approve the enrollment application of any eligible pupil who was expelled under section 121A.45 for a reason stated in section 124D.03, subdivision 1, paragraph (b).

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

Sec. 86. Minnesota Statutes 2008, section 124D.83, subdivision 4, is amended to read:

Subd. 4. **Early childhood family education revenue.** A school receiving aid under this section ~~is eligible~~ may apply annually to the commissioner to receive an early childhood family education ~~revenue~~ grant to provide early childhood family education programs for parents and children who are enrolled or eligible for enrollment in a federally recognized tribe. ~~The revenue equals 1.5 times the statewide average expenditure per participant under section 124D.135, times the number of children and parents participating full time in the program.~~ The ~~program must~~ grant must be used for programs and services that comply with section 124D.13, except that the school is not required to provide a community education program or establish a community education advisory council. The program must be designed to improve the skills of parents and promote American Indian history, language, and culture. The school must make affirmative efforts to encourage participation by fathers. Admission may not be limited to those enrolled in or eligible for enrollment in a federally recognized tribe.

Sec. 87. Minnesota Statutes 2008, section 124D.86, subdivision 3, is amended to read:

Subd. 3. **Integration revenue.** (a) Integration revenue for a school district equals the lesser of: the district's integration revenue per pupil unit for fiscal year 2009 times the adjusted pupil units for the school year or 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;

(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 in clauses (1) to (3) which exceeds the amount received in fiscal year 2000 shall be subject to the budget requirements in subdivision 1a; and

(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 amount defined in clause (5).

(b) A district that did not receive integration revenue under this subdivision for fiscal year 2009 is not eligible for integration revenue for fiscal year 2010 or later.

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

Sec. 88. **[124D.98] SUMMER OF SUCCESS.**

Subdivision 1. **Establishment.** The summer of success program is established to provide intensive intervention to students not yet proficient on the 8th grade standardized assessments in mathematics or reading. Intervention aiming to accelerate students to grade level shall be delivered to students the summer between 8th and 9th grade or in an extended day format during 9th grade.

Subd. 2. **Program administration.** Mathematics and reading instruction shall be delivered in a manner to support student success. Program components shall include, but are not limited to:

(1) duration of sufficient length and intensity, individualized based on data, to support student mastery of content that brings them to grade level and prepares them for 9th grade material;

(2) curriculum aligned to Minnesota kindergarten through grade 12 academic standards and delivered by highly qualified instructors in the content area in which instruction will be provided;

(3) connections to other support programs and opportunities offered during the traditional school year;

(4) creation of a high school transition plan, including courses supporting college and career readiness; and

(5) participation in an external program evaluation.

Subd. 3. **Program administration.** The commissioner shall administer the program through a competitive process. Applicants shall apply in the form and manner prescribed by the commissioner. The commissioner shall, to the extent possible, select sites in St. Paul, Minneapolis, the suburban metropolitan area, and greater Minnesota.

Sec. 89. Minnesota Statutes 2008, section 126C.05, subdivision 15, is amended to read:

Subd. 15. **Learning year pupil units.** (a) When a pupil is enrolled in a learning year program under section 124D.128, an area learning center or an alternative learning program approved by the commissioner under sections 123A.05 and 123A.06, ~~an alternative program approved by the commissioner,~~ or a contract alternative program under section 124D.68, subdivision 3, paragraph (d), or subdivision 3a, for more than 1,020 hours in a school year for a secondary student, more than 935 hours in a school year for an elementary student, or more than 425 hours in a school year for a kindergarten student without a disability, that pupil may be counted as more than one pupil in average daily membership for purposes of section 126C.10, subdivision 2a. The amount in excess of one pupil must be determined by the ratio of the number of hours of instruction provided to that pupil in excess of: (i) the greater of 1,020 hours or the number of hours required for a full-time secondary pupil in the district to 1,020 for a secondary pupil; (ii) the greater of 935 hours or the number of hours required for a full-time elementary pupil in the district to 935 for an elementary pupil in grades 1 through 6; and (iii) the greater of 425 hours or the number of hours required for a full-time kindergarten student without a disability in the district to 425 for a kindergarten student without a disability. Hours that

occur after the close of the instructional year in June shall be attributable to the following fiscal year. A kindergarten student must not be counted as more than 1.2 pupils in average daily membership under this subdivision. A student in grades 1 through 12 must not be counted as more than 1.2 pupils in average daily membership under this subdivision.

(b)(i) To receive general education revenue for a pupil in an area learning center or alternative learning program that has an independent study component, a district must meet the requirements in this paragraph. The district must develop, for the pupil, a continual learning plan consistent with section 124D.128, subdivision 3. Each school district that has ~~a state-approved public~~ an area learning center or alternative learning program must reserve revenue in an amount equal to at least 90 percent of the district average general education revenue per pupil unit ~~less compensatory revenue per pupil unit~~, minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485, calculated without basic skills and transportation sparsity revenue, times the number of pupil units generated by students attending ~~a state-approved public~~ an area learning center or alternative learning program. The amount of reserved revenue available under this subdivision may only be spent for program costs associated with the ~~state-approved public~~ area learning center or alternative learning program. ~~Compensatory revenue must be allocated according to section 126C.15, subdivision 2.~~ Basic skills revenue, according to section 126C.10, subdivision 4, generated by pupils attending the eligible program must be allocated to the program.

(ii) General education revenue for a pupil in ~~an approved~~ a state-approved alternative program without an independent study component must be prorated for a pupil participating for less than a full year, or its equivalent. The district must develop a continual learning plan for the pupil, consistent with section 124D.128, subdivision 3. Each school district that has ~~a state-approved public~~ an area learning center or alternative learning program must reserve revenue in an amount equal to at least 90 percent of the district average general education revenue per pupil unit ~~less compensatory revenue per pupil unit~~, minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485, calculated without basic skills and transportation sparsity revenue, times the number of pupil units generated by students attending ~~a state-approved public~~ an area learning center or alternative learning program. The amount of reserved revenue available under this subdivision may only be spent for program costs associated with the ~~state-approved public~~ area learning center or alternative learning program. ~~Compensatory revenue must be allocated according to section 126C.15, subdivision 2.~~ Basic skills revenue, according to section 126C.10, subdivision 4, generated by pupils attending the eligible program must be allocated to the program.

(iii) General education revenue for a pupil in ~~an~~ a state-approved alternative program that has an independent study component must be paid for each hour of teacher contact time and each hour of independent study time completed toward a credit or graduation standards necessary for graduation. Average daily membership for a pupil shall equal the number of hours of teacher contact time and independent study time divided by 1,020.

(iv) For ~~an~~ a state-approved alternative program having an independent study component, the commissioner shall require a description of the courses in the program, the kinds of independent study involved, the expected learning outcomes of the courses, and the means of measuring student performance against the expected outcomes.

Sec. 90. Minnesota Statutes 2008, section 126C.05, subdivision 20, is amended to read:

Subd. 20. **Project-based average daily membership.** (a) Project-based is an instructional program where students complete coursework for credit at an individual pace that is primarily student-led and may be completed on site, in the community, or online. A project-based program may be made available to all or selected students and grades in a school. To receive general education revenue for a pupil enrolled in a public school with a project-based program, a school must meet the requirements in this paragraph. The school must:

(1) ~~register with the commissioner as a project-based program by May 30 of the preceding fiscal year~~ apply and receive approval from the commissioner as a project-based program at least 90 days prior to starting the program;

(2) provide a minimum teacher contact of no less than one hour per week per project-based credit for each pupil;

(3) ensure that the program will not increase the total average daily membership generated by the student and that there will be the expectation that the students will be making typical progression towards high school graduation;

~~(3)~~ (4) maintain a record system that shows when each credit or portion thereof was reported for membership for each pupil; and

~~(4)~~ (5) report pupil membership consistent with paragraph (b).

(b) The commissioner must develop a formula for reporting pupil membership to compute average daily membership for each ~~registered~~ approved project-based ~~school~~ program. Average daily membership for a pupil in ~~a registered~~ an approved project-based program is the lesser of:

(1) 1.0; or

(2) the ratio of (i) the number of membership hours generated by project-based credits completed during the school year plus membership hours generated by credits

completed in a seat-based setting to (ii) the annual required instructional hours at that grade level. Membership hours for a partially completed project-based credit must be prorated. General education revenue for a pupil in a project-based program must be prorated for a pupil participating for less than a full year, or its equivalent.

(c) For a program that has not been approved by the commissioner for project-based learning but an auditor or other site visit deems that any portion or credits awarded by the school are project-based, student membership must be computed per paragraph (b).

Sec. 91. Minnesota Statutes 2008, section 171.05, subdivision 2, is amended to read:

Subd. 2. **Person less than 18 years of age.** (a) Notwithstanding any provision in subdivision 1 to the contrary, the department may issue an instruction permit to an applicant who is 15, 16, or 17 years of age and who:

(1) has completed a course of driver education in another state, has a previously issued valid license from another state, or is enrolled in either:

(i) a public, private, or commercial driver education program that is approved by the commissioner of public safety and that includes classroom and behind-the-wheel training; or

(ii) an approved behind-the-wheel driver education program when the student is receiving full-time instruction in a home school within the meaning of sections 120A.22 and 120A.24, the student is working toward a homeschool diploma, ~~the student's status as a homeschool student has been certified by the superintendent of the school district in which the student resides, and~~ the student is taking home-classroom driver training with classroom materials approved by the commissioner of public safety, and the student's parent has certified the student's homeschool and home-classroom driver training status on the form approved by the commissioner;

(2) has completed the classroom phase of instruction in the driver education program;

(3) has passed a test of the applicant's eyesight;

(4) has passed a department-administered test of the applicant's knowledge of traffic laws;

(5) has completed the required application, which must be approved by (i) either parent when both reside in the same household as the minor applicant or, if otherwise, then (ii) the parent or spouse of the parent having custody or, in the event there is no court order for custody, then (iii) the parent or spouse of the parent with whom the minor is living or, if items (i) to (iii) do not apply, then (iv) the guardian having custody of the minor or, in the event a person under the age of 18 has no living father, mother, or guardian, or is married or otherwise legally emancipated, then (v) the applicant's adult spouse, adult close

family member, or adult employer; provided, that the approval required by this clause contains a verification of the age of the applicant and the identity of the parent, guardian, adult spouse, adult close family member, or adult employer; and

(6) has paid the fee required in section 171.06, subdivision 2.

(b) For the purposes of determining compliance with the certification of paragraph (a), clause (1), item (ii), the commissioner may request verification of a student's homeschool status from the superintendent of the school district in which the student resides and the superintendent shall provide that verification.

(c) The instruction permit is valid for two years from the date of application and may be renewed upon payment of a fee equal to the fee for issuance of an instruction permit under section 171.06, subdivision 2.

Sec. 92. Minnesota Statutes 2008, section 171.17, subdivision 1, is amended to read:

Subdivision 1. **Offenses.** (a) The department shall immediately revoke the license of a driver upon receiving a record of the driver's conviction of:

(1) manslaughter resulting from the operation of a motor vehicle or criminal vehicular homicide or injury under section 609.21;

(2) a violation of section 169A.20 or 609.487;

(3) a felony in the commission of which a motor vehicle was used;

(4) failure to stop and disclose identity and render aid, as required under section 169.09, in the event of a motor vehicle accident, resulting in the death or personal injury of another;

(5) perjury or the making of a false affidavit or statement to the department under any law relating to the application, ownership or operation of a motor vehicle, including on the certification required under section 171.05, subdivision 2, clause (1), item (ii), to issue an instruction permit to a homeschool student;

(6) except as this section otherwise provides, three charges of violating within a period of 12 months any of the provisions of chapter 169 or of the rules or municipal ordinances enacted in conformance with chapter 169, for which the accused may be punished upon conviction by imprisonment;

(7) two or more violations, within five years, of the misdemeanor offense described in section 169.444, subdivision 2, paragraph (a);

(8) the gross misdemeanor offense described in section 169.444, subdivision 2, paragraph (b);

(9) an offense in another state that, if committed in this state, would be grounds for revoking the driver's license; or

(10) a violation of an applicable speed limit by a person driving in excess of 100 miles per hour. The person's license must be revoked for six months for a violation of this clause, or for a longer minimum period of time applicable under section 169A.53, 169A.54, or 171.174.

(b) The department shall immediately revoke the school bus endorsement of a driver upon receiving a record of the driver's conviction of the misdemeanor offense described in section 169.443, subdivision 7.

Sec. 93. Minnesota Statutes 2008, section 171.22, subdivision 1, is amended to read:

Subdivision 1. **Violations.** With regard to any driver's license, including a commercial driver's license, it shall be unlawful for any person:

(1) to display, cause or permit to be displayed, or have in possession, any fictitious or fraudulently altered driver's license or Minnesota identification card;

(2) to lend the person's driver's license or Minnesota identification card to any other person or knowingly permit the use thereof by another;

(3) to display or represent as one's own any driver's license or Minnesota identification card not issued to that person;

(4) to use a fictitious name or date of birth to any police officer or in any application for a driver's license or Minnesota identification card, or to knowingly make a false statement, or to knowingly conceal a material fact, or otherwise commit a fraud in any such application;

(5) to alter any driver's license or Minnesota identification card;

(6) to take any part of the driver's license examination for another or to permit another to take the examination for that person;

(7) to make a counterfeit driver's license or Minnesota identification card;

(8) to use the name and date of birth of another person to any police officer for the purpose of falsely identifying oneself to the police officer; ~~or~~

(9) to display as a valid driver's license any canceled, revoked, or suspended driver's license. A person whose driving privileges have been withdrawn may display a driver's license only for identification purposes; or

(10) to submit a false affidavit or statement to the department on the certification required under section 171.05, subdivision 2, clause (1), item (ii), to issue an instruction permit to a homeschool student.

Sec. 94. Minnesota Statutes 2008, section 181A.05, subdivision 1, is amended to read:

Subdivision 1. **When issued.** Any minor 14 or 15 years of age who wishes to work on school days during school hours shall first secure an employment certificate. The certificate shall be issued only by the school district superintendent, the superintendent's agent, ~~or~~ some other person designated by the Board of Education, or by the person in charge of providing instruction for students enrolled in nonpublic schools as defined in section 120A.22, subdivision 4. The employment certificate shall be issued only for a specific position with a designated employer and shall be issued only in the following circumstances:

(1) if a minor is to be employed in an occupation not prohibited by rules promulgated under section 181A.09 and as evidence thereof presents a signed statement from the prospective employer; and

(2) if the parent or guardian of the minor consents to the employment; and

(3) if the issuing officer believes the minor is physically capable of handling the job in question and further believes the best interests of the minor will be served by permitting the minor to work.

Sec. 95. Minnesota Statutes 2008, section 299F.30, subdivision 1, is amended to read:

Subdivision 1. **Duties of fire marshal.** Consistent with sections 121A.035, 121A.037, and this section, it shall be the duty of the state fire marshal, deputies and assistants, to require public and private schools and educational institutions to have at least ~~five~~ two fire drills each school year, to expect students to be present and participate in these drills, and to keep all doors and exits unlocked from the inside of the building during school hours.

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

Sec. 96. Minnesota Statutes 2008, section 299F.47, subdivision 4, is amended to read:

Subd. 4. **Local inspections.** (a) If inspections of public school buildings and charter schools were conducted by local units of government between January 1, 1987, and January 1, 1990, then inspections may continue to be provided by the local unit of government.

(b) Notwithstanding subdivision 5, Special School District No. 6, South Saint Paul, may contract with the South Metro Fire Department to conduct inspections required under this section.

Sec. 97. **ASSESSMENT OF READING INSTRUCTION.**

(a) No later than March 1, 2010, the Board of Teaching, in cooperation with the commissioner of education, shall adopt an assessment of reading instruction for all prekindergarten and elementary licensure candidates consistent with Minnesota Statutes, section 122A.18, subdivision 2c.

(b) The Board of Teaching and the commissioner shall report to the legislative committees with jurisdiction over prekindergarten through grade 12 education policy by March 15, 2010, on the assessment of reading instruction that was adopted.

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

Sec. 98. **READING INSTRUCTION RULES; LEGISLATIVE REVIEW.**

The Board of Teaching may not adopt proposed rules regarding licensure and reading instruction until the legislature has adjourned the 2009 regular session.

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

Sec. 99. **RESERVED REVENUE FOR STAFF DEVELOPMENT; TEMPORARY SUSPENSION.**

Notwithstanding Minnesota Statutes, section 122A.61, subdivision 1, for fiscal years 2010 and 2011 only, a school district or charter school may use revenue reserved for staff development under Minnesota Statutes, section 122A.61, subdivision 1, according to the requirements of general education revenue under Minnesota Statutes, section 126C.13, subdivision 5.

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

Sec. 100. **APPOINTMENTS TO CHARTER SCHOOL ADVISORY COUNCIL.**

The commissioner shall complete the appointments required under Minnesota Statutes, section 124D.10, subdivision 2a, no later than September 1, 2009. The commissioner's designee shall convene the first meeting of the council no later than October 1, 2009.

Sec. 101. **SINGLE-PURPOSE SPONSOR.**

The commissioner shall approve at least one but no more than two charitable organizations formed under section 501(c)(3) of the Internal Revenue Code of 1986 whose sole purpose is to sponsor charter schools, consistent with Minnesota Statutes, section 124D.10, subdivision 3, paragraph (b), clause (5), by June 30, 2011.

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

Sec. 102. **APPROPRIATIONS.**

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

Subd. 2. **Charter school building lease aid.** For building lease aid under Minnesota Statutes, section 124D.11, subdivision 4:

$	38,045,000	.....	2010
$	39,186,000	.....	2011

The 2010 appropriation includes $3,704,000 for 2009 and $34,341,000 for 2010.

The 2011 appropriation includes $3,815,000 for 2010 and $35,371,000 for 2011.

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

$	1,488,000	.....	2010
$	1,064,000	.....	2011

The 2010 appropriation includes $202,000 for 2009 and $1,286,000 for 2010.

The 2011 appropriation includes $142,000 for 2010 and $922,000 for 2011.

Subd. 4. **Integration aid.** For integration aid under Minnesota Statutes, section 124D.86, subdivision 5:

$	61,431,000	.....	2010
$	61,067,000	.....	2011

The 2010 appropriation includes $6,110,000 for 2009 and $55,322,000 for 2010.

The 2011 appropriation includes $6,146,000 for 2010 and $54,920,000 for 2011.

Subd. 5. **Magnet school grants.** For magnet school and program grants under Minnesota Statutes section 124D.88:

$	750,000	.....	2010
$	750,000	.....	2011

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

$	14,468,000	.....	2010
$	17,582,000	.....	2011

Subd. 7. **Success for the future.** For American Indian success for the future grants under Minnesota Statutes, section 124D.81:

$	2,137,000	.....	2010
$	2,137,000	.....	2011

The 2010 appropriation includes $213,000 for 2009 and $1,924,000 for 2010.

The 2011 appropriation includes $213,000 for 2010 and $1,924,000 for 2011.

Subd. 8. **American Indian teacher preparation grants.** For joint grants to assist American Indian people to become teachers under Minnesota Statutes, section 122A.63:

$	190,000	.....	2010
$	190,000	.....	2011

Subd. 9. **Tribal contract schools.** For tribal contract school aid under Minnesota Statutes, section 124D.83:

$	2,030,000	.....	2010
$	2,211,000	.....	2011

The 2010 appropriation includes $191,000 for 2009 and $1,839,000 for 2010.

The 2011 appropriation includes $204,000 for 2010 and $2,007,000 for 2011.

Subd. 10. **Early childhood programs at tribal schools.** For early childhood family education programs at tribal contract schools under Minnesota Statutes, section 124D.83, subdivision 4:

$	68,000	.....	2010
$	68,000	.....	2011

Subd. 11. **Statewide testing and reporting system.** For the statewide testing and reporting system under Minnesota Statutes, section 120B.30:

$	10,724,000	.....	2010
$	10,724,000	.....	2011

None of the amounts appropriated under this subdivision shall be used for contract costs associated with hand-scoring of reading or mathematics constructed response questions. Any balance in the first year does not cancel but is available in the second year.

Subd. 12. **Summer of success.** For summer of success under Minnesota Statutes, section 124D.98:

$	1,500,000	.....	2010
$	3,000,000	.....	2011

Of this amount, $100,000 in fiscal year 2010 and $175,000 in fiscal year 2011 is for evaluation, development, and administration of the program. Any balance available from the first year does not cancel but is available in the second year. This is a onetime appropriation.

Subd. 13. **Alternative compensation.** For alternative compensation aid under Minnesota Statutes, section 122A.415, subdivision 4:

$ 56,021,000 2011

The 2011 appropriation includes $0 for 2010 and $56,021,000 for 2011.

Subd. 14. **Examination fees; teacher training and support programs.** (a) For students' advanced placement and international baccalaureate examination fees under Minnesota Statutes, section 120B.13, subdivision 3, and the training and related costs for teachers and other interested educators under Minnesota Statutes, section 120B.13, subdivision 1:

$ 3,500,000 2010
$ 3,500,000 2011

(b) The advanced placement program shall receive 75 percent of the appropriation each year and the international baccalaureate program shall receive 25 percent of the appropriation each year. The department, in consultation with representatives of the advanced placement and international baccalaureate programs selected by the Advanced Placement Advisory Council and IBMN, respectively, shall determine the amounts of the expenditures each year for examination fees and training and support programs for each program.

(c) Notwithstanding Minnesota Statutes, section 120B.13, subdivision 1, at least $500,000 each year is for teachers to attend subject matter summer training programs and follow-up support workshops approved by the advanced placement or international baccalaureate programs. The commissioner shall determine the payment process and the amount of the subsidy.

(d) The commissioner shall pay all examination fees for all students of low-income families under Minnesota Statutes, section 120B.13, subdivision 3, and to the extent of available appropriations shall also pay examination fees for students sitting for an advanced placement examination, international baccalaureate examination, or both.

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

Subd. 15. **Advanced placement, preadvanced placement, international baccalaureate, and concurrent enrollment programs.** For advanced placement,

preadvanced placement, international baccalaureate programs, and concurrent enrollment programs under Minnesota Statutes, sections 120B.132 and 124D.091:

$	2,000,000	.....	2010
$	2,000,000	.....	2011

Of this amount, $1,000,000 each year is for concurrent enrollment program aid under Minnesota Statutes, section 124D.091. If the appropriation is insufficient, the commissioner must proportionately reduce the aid payment to each district.

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

Subd. 16. **Collaborative urban educator.** For the collaborative urban educator grant program:

$	328,000	.....	2010
$	328,000	.....	2011

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

Subd. 17. **Youth works program.** For funding youth works programs under Minnesota Statutes, sections 124D.37 to 124D.45:

$	900,000	.....	2010
$	900,000	.....	2011

A grantee organization may provide health and child care coverage to the dependents of each participant enrolled in a full-time youth works program to the extent such coverage is not otherwise available.

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

$	725,000	.....	2010
$	725,000	.....	2011

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

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

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

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

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

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

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

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

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

$	829,000	.....	2010
$	829,000	.....	2011

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

Subd. 20. **Early childhood literacy programs.** For early childhood literacy programs under Minnesota Statutes, section 119A.50, subdivision 3:

$	1,500,000	.....	2010
$	1,500,000	.....	2011

(a) $1,000,000 each year is for leveraging federal and private funding to support AmeriCorps members serving in the Minnesota Reading Corps program established by Serve Minnesota, including costs associated with the training and teaching of early literacy skills to children age three to grade 3 and the evaluation of the impact of the program under Minnesota Statutes, sections 124D.38, subdivision 2, and 124D.42, subdivision 6.

(b) $500,000 each year is for a grant to the St. Croix River Education District. These funds must be used to:

(1) deliver standardized research-based professional development in problem-solving, including response to intervention and scientifically based reading instruction and assessment;

(2) provide coaching targeted to districts throughout the state;

(3) deliver large-scale training throughout the state;

(4) provide ongoing technical assistance to schools;

(5) assist with implementing professional development content into higher education instruction curricula; and

(6) evaluate the effectiveness of project activities.

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

Subd. 21. **Teacher centers.** For teacher centers under Minnesota Statutes, section 122A.72:

$	1,000,000	.....	2010
$	1,000,000	.....	2011

Of this amount, $100,000 in fiscal year 2010 and $100,000 in fiscal year 2011 is for administration and evaluation of the program. Any balance in the first year does not cancel but is available in the second year. This is a onetime appropriation.

Subd. 22. **Principals' Leadership Institute.** For the Principals' Leadership Institute under Minnesota Statutes, section 122A.75:

$	400,000	.....	2010
$	400,000	.....	2011

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

Subd. 23. **Minnesota virtual education.** For the Minnesota Virtual Education program under Minnesota Statutes, section 120B.17:

$	500,000	.....	2010
$	500,000	.....	2011

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

This is a onetime appropriation.

Sec. 103. **REPEALER.**

(a) Minnesota Statutes 2008, section 122A.24, is repealed for the 2009-2010 school year and later.

(b) Minnesota Statutes 2008, sections 120A.26, subdivisions 1 and 2; 120B.11, subdivisions 6, 7, and 8; 120B.362; 120B.39; 121A.06; 122A.32; 122A.628; 122A.72, subdivisions 3 and 4; 122A.75; 123B.92, subdivision 5; and 124D.10, subdivisions 18, 19, and 26, are repealed the day following final enactment.

ARTICLE 3
SPECIAL PROGRAMS

Section 1. Minnesota Statutes 2008, section 121A.41, subdivision 7, is amended to read:

Subd. 7. **Pupil.** (a) "Pupil" means any student:

(1) without a disability under 21 years of age; or

(2) with a disability ~~until September 1 after the child with a disability becomes 22 years of age~~ under 21 years old who has not received a regular high school diploma or for a child with a disability who becomes 21 years old during the school year but has not received a regular high school diploma, until the end of that school year; and

(3) ~~and~~ who remains eligible to attend a public elementary or secondary school.

(b) A "student with a disability" or a "pupil with a disability" has the same meaning as a "child with a disability" under section 125A.02.

Sec. 2. Minnesota Statutes 2008, section 121A.41, subdivision 10, is amended to read:

Subd. 10. **Suspension.** "Suspension" means an action by the school administration, under rules promulgated by the school board, prohibiting a pupil from attending school for a period of no more than ten school days. If a suspension is longer than five days, the suspending administrator must provide the superintendent with a reason for the longer suspension. This definition does not apply to dismissal from school for one school day or less, except as provided in federal law for a student with a disability. Each suspension action may include a readmission plan. The readmission plan shall include, where appropriate, a provision for implementing alternative educational services upon readmission and may not be used to extend the current suspension. Consistent with section 125A.091, subdivision 5, the readmission plan must not obligate a parent to provide a sympathomimetic medication for the parent's child as a condition of readmission. The school administration may not impose consecutive suspensions against the same pupil for the same course of conduct, or incident of misconduct, except where the pupil will create an immediate and substantial danger to self or to surrounding persons or property, or where the district is in the process of initiating an expulsion, in which case the school administration may extend the suspension to a total of 15 school days. ~~In the case of a student with a disability, the student's individual education plan team must meet immediately but not more than ten school days after the date on which the decision to remove the student from the student's current education placement is made. The individual education plan team and other qualified personnel shall at that meeting: conduct a review of the relationship between the child's disability and the behavior subject to disciplinary action; and determine the appropriateness of the child's education plan.~~

~~The requirements of the individual education plan team meeting apply when:~~

~~(1) the parent requests a meeting;~~

~~(2) the student is removed from the student's current placement for five or more consecutive days; or~~

~~(3) the student's total days of removal from the student's placement during the school year exceed ten cumulative days in a school year. The school administration shall implement alternative educational services when the suspension exceeds five days. A separate administrative conference is required for each period of suspension.~~

Sec. 3. Minnesota Statutes 2008, section 121A.43, is amended to read:

121A.43 EXCLUSION AND EXPULSION OF PUPILS WITH A DISABILITY.

(a) Consistent with federal law governing days of removal and section 121A.46, school personnel may suspend a child with a disability. When a child with a disability has been suspended for more than five consecutive school days or 10 cumulative school

days in the same school year, and that suspension does not involve a recommendation for expulsion or exclusion or other change of placement under federal law, relevant members of the child's individualized education program team, including at least one of the child's teachers, shall meet and determine the extent the child needs services in order to continue to participate in the general education curriculum, although in another setting, and to progress toward meeting the goals in the child's individualized education program. That meeting must occur as soon as possible, but no more than 10 days after the sixth consecutive day of suspension or the tenth cumulative day of suspension has elapsed.

(b) A dismissal for one school day or less is a day of suspension if the child with a disability does not receive regular or special education instruction during that dismissal period. The notice requirements under section 121A.46 do not apply to a dismissal of one day or less.

(c) A child with a disability shall be provided alternative educational services to the extent a suspension exceeds five consecutive school days.

(d) Before initiating an expulsion or exclusion under sections 121A.40 to 121A.56, the district, relevant members of the child's individualized education program team, and the child's parent shall, consistent with federal law, determine whether the child's behavior was caused by or had a direct and substantial relationship to the child's disability and whether the child's conduct was a direct result of a failure to implement the child's individualized education program. When a ~~pupil~~ child with a disability who has an ~~individual~~ individualized education ~~plan~~ program is excluded or expelled under sections 121A.40 to 121A.56 for misbehavior that is not a manifestation of the ~~pupil's~~ child's disability, the district shall continue to provide special education and related services ~~after a period of suspension, if suspension is imposed. The district shall initiate a review of the pupil's individual education plan and conduct a review of the relationship between the pupil's disability and the behavior subject to disciplinary action and determine the appropriateness of the pupil's education plan before commencing an expulsion or exclusion~~ during the exclusion or expulsion.

Sec. 4. Minnesota Statutes 2008, section 124D.60, subdivision 1, is amended to read:

Subdivision 1. **Notice.** Within ~~ten~~ 30 days after the enrollment of any pupil in an instructional program for limited English proficient students, the district in which the pupil resides must notify the parent by mail. This notice must:

(1) be in writing in English and in the primary language of the pupil's parents;

(2) inform the parents that their child has been enrolled in an instructional program for limited English proficient students;

(3) contain a simple, nontechnical description of the purposes, method and content of the program;

(4) inform the parents that they have the right to visit the educational program for limited English proficient students in which their child is enrolled;

(5) inform the parents of the time and manner in which to request and receive a conference for the purpose of explaining the nature and purpose of the program; and

(6) inform the parents of their rights to withdraw their child from an educational program for limited English proficient students and the time and manner in which to do so.

The department shall, at the request of the district, prepare the notice in the primary language of the parent.

Sec. 5. Minnesota Statutes 2008, section 125A.01, is amended to read:

125A.01 DEFINITIONS.

Subdivision 1. **Terms defined.** For purposes of this chapter, the words defined in section 120A.05 have the same meaning.

Subd. 2. **Local education agency.** "Local education agency" means a public board of education or other public authority legally constituted within the state for either administrative control or direction of, or to perform a service function for, public elementary or secondary schools in a city, county, township, school district, or other political subdivision of the state, or for a combination of school districts in the state as an administrative agency for its public elementary and secondary schools. Local education agency includes a fiscal host. The Minnesota Department of Education must continue to recognize fiscal hosts for purposes of paying Minnesota's special education aids and calculating tuition billing amounts.

Sec. 6. Minnesota Statutes 2008, section 125A.02, is amended to read:

125A.02 CHILD WITH A DISABILITY DEFINED.

Subdivision 1. **Child with a disability.** ~~Every child who has~~ Child with a disability means a child evaluated in accordance with federal and state special education law as having a hearing impairment, blindness, visual disability, speech or language impairment, physical disability, other health impairment, mental disability, emotional/behavioral disorder, specific learning disability, autism, traumatic brain injury, multiple disabilities, or deaf/blind disability ~~and~~ who, by reason thereof, needs special ~~instruction and~~ education and related services, as determined by the ~~standards~~ rules of the commissioner, is a child with a disability. A licensed physician, an advanced practice nurse, or a licensed psychologist is qualified to make a diagnosis and determination of attention deficit

disorder or attention deficit hyperactivity disorder for purposes of identifying a child with a disability.

Subd. 1a. **Children ages three through seven experiencing developmental delays.** In addition, every child under age three, and at local district discretion from age three to age seven, who needs special instruction and services, as determined by the ~~standards~~ rules of the commissioner, because the child has a substantial delay or has an identifiable physical or mental condition known to hinder normal development is a child with a disability.

Subd. 2. **Not a child with a disability.** A child with a short-term or temporary physical or emotional illness or disability, as determined by the ~~standards~~ rules of the commissioner, is not a child with a disability.

Sec. 7. Minnesota Statutes 2008, section 125A.07, is amended to read:

125A.07 ~~RULES OF COMMISSIONER~~ RULEMAKING.

(a) ~~As defined in~~ Consistent with this ~~paragraph~~ section, the commissioner ~~must~~ shall adopt new rules and amend existing rules ~~relative to qualifications of essential personnel, courses of study, methods of instruction, pupil eligibility, size of classes, rooms, equipment, supervision, parent consultation, and other necessary rules for instruction of children with a disability. These rules must provide standards and procedures appropriate for the implementation of and within the limitations of sections 125A.08 and 125A.091. These rules must also provide standards for the discipline, control, management, and protection of children with a disability. The commissioner must not adopt rules for pupils served primarily in the regular classroom establishing either case loads or the maximum number of pupils that may be assigned to special education teachers. The commissioner, in consultation with the Departments of Health and Human Services, must adopt permanent rules for instruction and services for children under age five and their families. These rules are binding on state and local education, health, and human services agencies. The commissioner must adopt rules to determine eligibility for special education services. The rules must include procedures and standards by which to grant variances for experimental eligibility criteria. The commissioner must, according to section 14.05, subdivision 4, notify a district applying for a variance from the rules within 45 calendar days of receiving the request whether the request for the variance has been granted or denied. If a request is denied, the commissioner must specify the program standards used to evaluate the request and the reasons for denying the request~~ related to children with disabilities only under specific authority and consistent with the requirements of chapter 14 and paragraph (c).

(b) As provided in this paragraph, the state's regulatory scheme should support schools by assuring that all state special education rules adopted by the commissioner result in one or more of the following outcomes:

(1) increased time available to teachers and, where appropriate, to support staff including school nurses for educating students through direct and indirect instruction;

(2) consistent and uniform access to effective education programs for students with disabilities throughout the state;

(3) reduced inequalities and conflict, appropriate due process hearing procedures and reduced court actions related to the delivery of special education instruction and services for students with disabilities;

(4) clear expectations for service providers and for students with disabilities;

(5) increased accountability for all individuals and agencies that provide instruction and other services to students with disabilities;

(6) greater focus for the state and local resources dedicated to educating students with disabilities; and

(7) clearer standards for evaluating the effectiveness of education and support services for students with disabilities.

(c) Subject to chapter 14, the commissioner may adopt, amend, or rescind a rule related to children with disabilities if such action is specifically required by federal law.

Sec. 8. Minnesota Statutes 2008, section 125A.08, is amended to read:

125A.08 ~~SCHOOL DISTRICT OBLIGATIONS~~ INDIVIDUALIZED EDUCATION PROGRAMS.

(a) At the beginning of each school year, each school district shall have in effect, for each child with a disability, an individualized education program.

(b) As defined in this section, every district must ensure the following:

(1) all students with disabilities are provided the special instruction and services which are appropriate to their needs. Where the individual education plan team has determined appropriate goals and objectives based on the student's needs, including the extent to which the student can be included in the least restrictive environment, and where there are essentially equivalent and effective instruction, related services, or assistive technology devices available to meet the student's needs, cost to the district may be among the factors considered by the team in choosing how to provide the appropriate services, instruction, or devices that are to be made part of the student's individual education plan. The individual education plan team shall consider and may authorize services covered by medical assistance according to section 256B.0625, subdivision 26. The student's

needs and the special education instruction and services to be provided must be agreed upon through the development of an individual education plan. The plan must address the student's need to develop skills to live and work as independently as possible within the community. The individual education plan team must consider positive behavioral interventions, strategies, and supports that address behavior for children with attention deficit disorder or attention deficit hyperactivity disorder. ~~By~~ During grade 9 ~~or age 14~~, the plan must address the student's needs for transition from secondary services to postsecondary education and training, employment, community participation, recreation, and leisure and home living. In developing the plan, districts must inform parents of the full range of transitional goals and related services that should be considered. The plan must include a statement of the needed transition services, including a statement of the interagency responsibilities or linkages or both before secondary services are concluded;

(2) children with a disability under age five and their families are provided special instruction and services appropriate to the child's level of functioning and needs;

(3) children with a disability and their parents or guardians are guaranteed procedural safeguards and the right to participate in decisions involving identification, assessment including assistive technology assessment, and educational placement of children with a disability;

(4) eligibility and needs of children with a disability are determined by an initial assessment or reassessment, which may be completed using existing data under United States Code, title 20, section 33, et seq.;

(5) to the maximum extent appropriate, children with a disability, including those in public or private institutions or other care facilities, are educated with children who are not disabled, and that special classes, separate schooling, or other removal of children with a disability from the regular educational environment occurs only when and to the extent that the nature or severity of the disability is such that education in regular classes with the use of supplementary services cannot be achieved satisfactorily;

(6) in accordance with recognized professional standards, testing and evaluation materials, and procedures used for the purposes of classification and placement of children with a disability are selected and administered so as not to be racially or culturally discriminatory; and

(7) the rights of the child are protected when the parents or guardians are not known or not available, or the child is a ward of the state.

~~(b)~~ (c) For paraprofessionals employed to work in programs for students with disabilities, the school board in each district shall ensure that:

(1) before or immediately upon employment, each paraprofessional develops sufficient knowledge and skills in emergency procedures, building orientation, roles and responsibilities, confidentiality, vulnerability, and reportability, among other things, to begin meeting the needs of the students with whom the paraprofessional works;

(2) annual training opportunities are available to enable the paraprofessional to continue to further develop the knowledge and skills that are specific to the students with whom the paraprofessional works, including understanding disabilities, following lesson plans, and implementing follow-up instructional procedures and activities; and

(3) a districtwide process obligates each paraprofessional to work under the ongoing direction of a licensed teacher and, where appropriate and possible, the supervision of a school nurse.

Sec. 9. Minnesota Statutes 2008, section 125A.091, is amended by adding a subdivision to read:

Subd. 3a. **Additional requirements for prior written notice.** In addition to federal requirements, a prior written notice shall:

(1) inform the parent that except for the initial placement of a child in special education, the school district will proceed with its proposal for the child's placement or for providing special education services unless the child's parent notifies the district of an objection within 14 days of when the district sends the prior written notice to the parent; and

(2) state that a parent who objects to a proposal or refusal in the prior written notice may request a conciliation conference under subdivision 7 or another alternative dispute resolution procedure under subdivision 8 or 9.

Sec. 10. Minnesota Statutes 2008, section 125A.091, subdivision 7, is amended to read:

Subd. 7. **Conciliation conference.** A parent must have an opportunity to meet with appropriate district staff in at least one conciliation conference if the parent objects to any proposal of which the parent receives notice under subdivision ~~2~~ 3a. ~~If the parent refuses district efforts to conciliate the dispute, the conciliation requirement is satisfied. Following a conciliation conference~~ A district must hold a conciliation conference within ten calendar days from the date the district receives a parent's objection to a proposal or refusal in the prior written notice. Except as provided in this section, all discussions held during a conciliation conference are confidential and are not admissible in a due process hearing. Within five school days after the final conciliation conference, the district must prepare and provide to the parent a conciliation conference memorandum that describes

the district's final proposed offer of service. This memorandum is admissible in evidence in any subsequent proceeding.

Sec. 11. Minnesota Statutes 2008, section 125A.091, subdivision 10, is amended to read:

Subd. 10. **Mediated agreements.** ~~Mediated agreements are not admissible unless the parties agree otherwise or a party to the agreement believes the agreement is not being implemented, in which case the aggrieved party may enter the agreement into evidence at a due process hearing. The parties may request another mediation to resolve a dispute over implementing the mediated agreement. After a due process hearing is requested, a party may request mediation and the commissioner must provide a mediator who conducts a mediation session no later than the third business day after the mediation request is made to the commissioner.~~ If the parties resolve all or a portion of the dispute, or agree to use another procedure to resolve the dispute, the mediator shall ensure that the resolution or agreement is in writing, signed by the parties, and a copy is given to each party. The written resolution or agreement shall state that all discussions that occurred during mediation are confidential and may not be used as evidence in any hearing or civil proceeding. The resolution or agreement is legally binding upon the parties and is enforceable in the state or federal district court. A party may request another mediation to resolve a dispute over implementing the mediated agreement.

Sec. 12. Minnesota Statutes 2008, section 125A.091, subdivision 12, is amended to read:

Subd. 12. **Impartial due process hearing.** ~~(a)~~ A parent or a district is entitled to an impartial due process hearing conducted by the state when a dispute arises over the identification, evaluation, educational placement, manifestation determination, interim alternative educational placement, or the provision of a free appropriate public education to a child with a disability. The hearing must be held in the district responsible for ensuring that a free appropriate public education is provided according to state and federal law. The proceedings must be recorded and preserved, at state expense, pending ultimate disposition of the action. The parent and the district shall receive, at state expense, a copy of the hearing transcript or recording and the hearing officer's findings of fact, conclusion of law, and decisions.

~~(b) The due process hearing must be conducted according to the rules of the commissioner and federal law.~~

Sec. 13. Minnesota Statutes 2008, section 125A.091, subdivision 13, is amended to read:

Subd. 13. **Hearing officer qualifications.** ~~The commissioner must appoint an individual who is qualified under this subdivision to serve as a hearing officer.~~ The commissioner shall maintain a list of qualified hearing officers who are not employees of or otherwise under contract with the department or the school district except when under contract with the department as a hearing officer, and who do not have a personal or professional interest that conflicts with their objectivity when serving as hearing officers in hearings under this section. The list shall include a statement of the qualifications of each person listed. A hearing officer must know and understand state and federal special education laws, rules, and regulations, and legal interpretations by federal and state courts. A hearing officer also must have the knowledge and ability to conduct hearings and render and write decisions according to appropriate, standard legal practice. Upon receipt of a written request for a hearing, the commissioner shall appoint a hearing officer from the list. The hearing officer must:

(1) be knowledgeable and impartial;

(2) have no personal interest in or specific involvement with the student who is a party to the hearing;

(3) not have been employed as an administrator by the district that is a party to the hearing;

(4) not have been involved in selecting the district administrator who is a party to the hearing;

(5) have no personal, economic, or professional interest in the outcome of the hearing other than properly administering federal and state laws, rules, and policies;

(6) have no substantial involvement in developing state or local policies or procedures challenged in the hearing;

(7) not be a current employee or board member of a Minnesota public school district, education district, intermediate unit or regional education agency, or the department if the department is the service provider; and

(8) not be a current employee or board member of a disability advocacy organization or group.

Sec. 14. Minnesota Statutes 2008, section 125A.091, subdivision 14, is amended to read:

Subd. 14. **Request for hearing.** ~~A request for a due process hearing must:~~

~~(1) be in writing;~~

~~(2) describe the nature of the dispute about providing special education services to the student including facts relating to the dispute; and~~

~~(3) state, to the extent known, the relief sought.~~

~~Any school district administrator receiving a request for a due process hearing must immediately forward the request to the commissioner. Within two business days of receiving a request for a due process hearing, the commissioner must appoint a hearing officer. The commissioner must not deny a request for hearing because the request is incomplete. A party may disqualify a hearing officer only by affirmatively showing prejudice or bias to the commissioner or to the chief administrative law judge if the hearing officer is an administrative law judge. If a party affirmatively shows prejudice against a hearing officer, the commissioner must assign another hearing officer to hear the matter.~~ (a) A parent or a school district may file a written request for a due process hearing regarding a proposal or refusal to initiate or change that child's evaluation, individualized education program, or educational placement, or to provide a free appropriate public education.

(b) The parent shall include in the hearing request the name of the child, the address of the child's residence, the name of the school the child attends, a description of the child's problem relating to the proposed or refused initiation or change, including facts relating to the problem, and a proposed resolution of the problem to the extent known and available to the parents at the time.

(c) A parent or a school district may file a written request for a hearing under United States Code, title 20, section 1415, paragraph (k).

(d) A parent or school district filing a request for a hearing under this subdivision must provide the request to the other party and a copy of the request to the department. Upon receiving a request for a hearing, the department shall give to the child's parent a copy of the procedural safeguards notice available to a parent under federal regulations.

(e) (1) If the parent of a child with a disability files a written request for a hearing, and the school district has not previously sent a written notice to the parent under subdivision 3a, regarding the subject matter of the hearing request, the school district shall, within ten days of receiving the hearing request, send to the child's parent a written explanation of why the school district proposed or refused to take the action raised in the hearing request, a description of other options that the individualized education program team considered and the reason why those options were rejected, a description of each evaluation procedure, assessment, record, or report that the school district used as the basis for the proposed or refused action, and a description of the factors that are relevant to the school district's proposal or refusal. A response by a school district under this subdivision

does not preclude the school district from asserting that the parent's request for a hearing is insufficient under clause (2) of this paragraph; and

(2) a hearing may not occur until the party requesting the hearing files a request that meets the requirements of paragraph (b). The request under paragraph (b) is considered sufficient unless the party receiving the request notifies the hearing officer and the other party in writing within 15 days of receiving the request that the receiving party believes the request does not meet the requirements of paragraph (b). Within five days of receiving a notice under this subdivision, the hearing officer shall determine whether the request meets the requirements under paragraph (b) and notify the parties.

(f) Except as provided in paragraph (e), clause (1), the party receiving a request for a hearing shall send to the party requesting the hearing a written response that addresses the issues raised in the hearing request within ten days of receiving the request.

Sec. 15. Minnesota Statutes 2008, section 125A.091, subdivision 16, is amended to read:

Subd. 16. **Burden of proof.** The burden of proof at a due process hearing is on the ~~district to demonstrate, by a preponderance of the evidence, that it is complying with the law and offered or provided a free appropriate public education to the child in the least restrictive environment. If the district has not offered or provided a free appropriate public education in the least restrictive environment and the parent wants the district to pay for a private placement, the burden of proof is on the parent to demonstrate, by a preponderance of the evidence, that the private placement is appropriate~~ party seeking relief.

Sec. 16. Minnesota Statutes 2008, section 125A.091, subdivision 18, is amended to read:

Subd. 18. **Hearing officer authority.** (a) A hearing officer must limit an impartial due process hearing to the time sufficient for each party to present its case.

(b) A hearing officer must establish and maintain control and manage the hearing. This authority includes, but is not limited to:

(1) requiring attorneys representing parties at the hearing, after notice and an opportunity to be heard, to pay court reporting and hearing officer costs, or fines payable to the state, for failing to: (i) obey scheduling or prehearing orders, (ii) appear, (iii) be prepared, or (iv) participate in the hearing process in good faith;

(2) administering oaths and affirmations;

(3) issuing subpoenas;

(4) determining the responsible and providing districts and joining those districts, if not already notified, in the proceedings;

(5) making decisions involving identification, evaluation, educational placement, manifestation determination, interim alternative educational placement, or the provision of a free appropriate public education to a child with a disability; ~~and~~

(6) ordering an independent educational evaluation of a child at district expense; and

(7) extending the hearing decision timeline for good cause shown.

(c) Good cause includes, but is not limited to, the time required for mediation or other settlement discussions, independent educational evaluation, complexity and volume of issues, or finding or changing counsel.

Sec. 17. Minnesota Statutes 2008, section 125A.091, subdivision 19, is amended to read:

Subd. 19. **Expedited due process hearings.** Consistent with federal law, a parent ~~has the right to~~ or a school district may file a written request for an expedited due process hearing ~~when there is a dispute over a manifestation determination or a proposed or actual placement in an interim alternative educational setting. A district has the right to an expedited due process hearing when proposing or seeking to maintain placement in an interim alternative educational setting~~. A hearing officer must hold an expedited due process hearing within 20 school days of the date the expedited due process request is filed and must issue a decision within ten ~~calendar~~ school days ~~of~~ after the ~~request for a~~ hearing. ~~A hearing officer may extend by up to five additional calendar days the time for issuing a decision in an expedited due process hearing. All policies in this section apply to expedited due process hearings to the extent they do not conflict with federal law~~. A resolution meeting must occur within seven days of receiving the request for an expedited due process hearing unless the parent and the school district agree in writing either to waive the resolution meeting or use the mediation process. The expedited due process hearing may proceed unless the matter has been resolved to the satisfaction of both parties within 15 days of receiving the expedited due process hearing request.

Sec. 18. Minnesota Statutes 2008, section 125A.091, subdivision 20, is amended to read:

Subd. 20. **Hearing officer's decision; time period.** (a) The hearing officer must ~~issue a decision within 45 calendar days of the date on which the commissioner receives the request for a due process hearing~~ ensure that not later than 45 days after the 30-day period or the adjusted time periods under federal regulations expire, the hearing officer

reaches a final decision in the due process hearing and transmits a copy of the decision to each party. A hearing officer, at the request of either party, may grant specific extensions of time beyond the 45-day period under subdivision 18. The hearing officer must conduct the oral arguments in a hearing at a time and place that is reasonably convenient to the parents and child involved. A hearing officer is encouraged to accelerate the time line to 30 days for a child under the age of three whose needs change rapidly and who requires quick resolution of a dispute. ~~A hearing officer may not extend the time beyond the 45-day period unless requested by either party for good cause shown on the record. Extensions of time must not exceed a total of 30 calendar days unless both parties and the hearing officer agree or time is needed to complete an independent educational evaluation. Good cause includes, but is not limited to, the time required for mediation or other settlement discussions, independent educational evaluation, complexity and volume of issues, or finding or changing counsel.~~

(b) ~~The hearing officer's decision must:~~ Once the hearing officer has issued a final decision, the hearing officer lacks authority to amend the decision except for clerical or mathematical errors.

(c) Nothing in this subdivision precludes a hearing officer from ordering a school district to comply with federal procedural safeguards under the federal Individuals with Disabilities Education Act.

~~(1) be in writing;~~

~~(2) state the controlling and material facts upon which the decision is made in order to apprise the reader of the basis and reason for the decision; and~~

~~(3) be based on local standards, state statute, the rules of the commissioner, and federal law.~~

Sec. 19. Minnesota Statutes 2008, section 125A.091, subdivision 24, is amended to read:

Subd. 24. **Review of hearing officer decisions.** The parent or district may seek review of the hearing officer's decision in the Minnesota Court of Appeals or in the federal district court~~, consistent with federal law~~. A party must appeal to the Minnesota Court of Appeals within 60 days of receiving the hearing officer's decision and must appeal to federal district court within 90 days of receiving the hearing officer's decision.

Sec. 20. Minnesota Statutes 2008, section 125A.091, subdivision 25, is amended to read:

Subd. 25. **Enforcement of orders.** The commissioner must monitor final hearing officer decisions and ensure enforcement of hearing officer ~~orders~~ decisions.

Sec. 21. Minnesota Statutes 2008, section 125A.091, subdivision 27, is amended to read:

Subd. 27. **Hearing officer training.** A hearing officer must participate in training ~~and follow procedures established~~ offered by the commissioner.

Sec. 22. Minnesota Statutes 2008, section 125A.091, subdivision 28, is amended to read:

Subd. 28. **District liability.** A district is not liable for harmless technical violations of ~~this section or rules implementing this section~~ federal or state laws, rules, or regulations governing special education if the school district can demonstrate ~~on a case-by-case basis~~ that the violations did not harm a student's educational progress or the parent's right to notice, participation, or due process. This subdivision is applicable to due process hearings and special education complaints filed with the department.

Sec. 23. Minnesota Statutes 2008, section 125A.15, is amended to read:

125A.15 PLACEMENT IN ANOTHER DISTRICT; RESPONSIBILITY.

The responsibility for special instruction and services for a child with a disability temporarily placed in another district for care and treatment shall be determined in the following manner:

(a) The district of residence of a child shall be the district in which the child's parent resides, if living, or the child's guardian, or the district designated by the commissioner if neither parent nor guardian is living within the state.

(b) If a district other than the resident district places a pupil for care and treatment, the district placing the pupil must notify and give the resident district an opportunity to participate in the placement decision. When an immediate emergency placement of a pupil is necessary and time constraints foreclose a resident district from participating in the emergency placement decision, the district in which the pupil is temporarily placed must notify the resident district of the emergency placement within 15 days. The resident district has up to five business days after receiving notice of the emergency placement to request an opportunity to participate in the placement decision, which the placing district must then provide.

(c) When a child is temporarily placed for care and treatment in a day program located in another district and the child continues to live within the district of residence

during the care and treatment, the district of residence is responsible for providing transportation to and from the care and treatment ~~facility~~ program and an appropriate educational program for the child. The resident district may establish reasonable restrictions on transportation, except if a Minnesota court or agency orders the child placed at a day care and treatment program and the resident district receives a copy of the order, then the resident district must provide transportation to and from the program unless the court or agency orders otherwise. Transportation shall only be provided by the resident district during regular operating hours of the resident district. The resident district may provide the educational program at a school within the district of residence, at the child's residence, or in the district in which the day treatment center is located by paying tuition to that district.

~~(c)~~ (d) When a child is temporarily placed in a residential program for care and treatment, the nonresident district in which the child is placed is responsible for providing an appropriate educational program for the child and necessary transportation while the child is attending the educational program; and must bill the district of the child's residence for the actual cost of providing the program, as outlined in section 125A.11, except as provided in paragraph ~~(d)~~ (e). However, the board, lodging, and treatment costs incurred in behalf of a child with a disability placed outside of the school district of residence by the commissioner of human services or the commissioner of corrections or their agents, for reasons other than providing for the child's special educational needs must not become the responsibility of either the district providing the instruction or the district of the child's residence. For the purposes of this section, the state correctional facilities operated on a fee-for-service basis are considered to be residential programs for care and treatment.

~~(d)~~ (e) A privately owned and operated residential facility may enter into a contract to obtain appropriate educational programs for special education children and services with a joint powers entity. The entity with which the private facility contracts for special education services shall be the district responsible for providing students placed in that facility an appropriate educational program in place of the district in which the facility is located. If a privately owned and operated residential facility does not enter into a contract under this paragraph, then paragraph ~~(c)~~ (d) applies.

~~(e)~~ (f) The district of residence shall pay tuition and other program costs, not including transportation costs, to the district providing the instruction and services. The district of residence may claim general education aid for the child as provided by law. Transportation costs must be paid by the district responsible for providing the transportation and the state must pay transportation aid to that district.

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

Sec. 24. Minnesota Statutes 2008, section 125A.28, is amended to read:

125A.28 STATE INTERAGENCY COORDINATING COUNCIL.

An Interagency Coordinating Council of at least 17, but not more than 25 members is established, in compliance with Public Law 108-446, section 641. The members must be appointed by the governor. Council members must elect the council chair. The representative of the commissioner may not serve as the chair. The council must be composed of at least five parents, including persons of color, of children with disabilities under age 12, including at least three parents of a child with a disability under age seven, five representatives of public or private providers of services for children with disabilities under age five, including a special education director, county social service director, local Head Start director, and a community health services or public health nursing administrator, one member of the senate, one member of the house of representatives, one representative of teacher preparation programs in early childhood-special education or other preparation programs in early childhood intervention, at least one representative of advocacy organizations for children with disabilities under age five, one physician who cares for young children with special health care needs, one representative each from the commissioners of commerce, education, health, human services, a representative from the state agency responsible for child care, foster care, mental health, homeless coordinator of education of homeless children and youth, and a representative from Indian health services or a tribal council. Section 15.059, subdivisions 2 to 5, apply to the council. The council must meet at least quarterly.

The council must address methods of implementing the state policy of developing and implementing comprehensive, coordinated, multidisciplinary interagency programs of early intervention services for children with disabilities and their families.

The duties of the council include recommending policies to ensure a comprehensive and coordinated system of all state and local agency services for children under age five with disabilities and their families. The policies must address how to incorporate each agency's services into a unified state and local system of multidisciplinary assessment practices, individual intervention plans, comprehensive systems to find children in need of services, methods to improve public awareness, and assistance in determining the role of interagency early intervention committees.

On the date that Minnesota Part C Annual Performance Report is submitted to the federal Office of Special Education, the council must recommend to the governor and the commissioners of education, health, human services, commerce, and employment and economic development policies for a comprehensive and coordinated system.

Notwithstanding any other law to the contrary, the State Interagency Coordinating Council expires on June 30, ~~2009~~ 2014.

Sec. 25. Minnesota Statutes 2008, section 125A.51, is amended to read:

125A.51 PLACEMENT OF CHILDREN WITHOUT DISABILITIES; EDUCATION AND TRANSPORTATION.

The responsibility for providing instruction and transportation for a pupil without a disability who has a short-term or temporary physical or emotional illness or disability, as determined by the standards of the commissioner, and who is temporarily placed for care and treatment for that illness or disability, must be determined as provided in this section.

(a) The school district of residence of the pupil is the district in which the pupil's parent or guardian resides.

(b) When parental rights have been terminated by court order, the legal residence of a child placed in a residential or foster facility for care and treatment is the district in which the child resides.

(c) Before the placement of a pupil for care and treatment, the district of residence must be notified and provided an opportunity to participate in the placement decision. When an immediate emergency placement is necessary and time does not permit resident district participation in the placement decision, the district in which the pupil is temporarily placed, if different from the district of residence, must notify the district of residence of the emergency placement within 15 days of the placement. When a nonresident district makes an emergency placement without first consulting with the resident district, the resident district has up to five business days after receiving notice of the emergency placement to request an opportunity to participate in the placement decision, which the placing district must then provide.

(d) When a pupil without a disability is temporarily placed for care and treatment in a day program and the pupil continues to live within the district of residence during the care and treatment, the district of residence must provide instruction and necessary transportation to and from the care and treatment ~~facility~~ program for the pupil. The resident district may establish reasonable restrictions on transportation, except if a Minnesota court or agency orders the child placed at a day care and treatment program and the resident district receives a copy of the order, then the resident district must provide transportation to and from the program unless the court or agency orders otherwise. Transportation shall only be provided by the resident district during regular operating hours of the resident district. The resident district may provide the instruction at a school within the district of residence, at the pupil's residence, or in the case of a placement

outside of the resident district, in the district in which the day treatment program is located by paying tuition to that district. The district of placement may contract with a facility to provide instruction by teachers licensed by the state Board of Teaching.

(e) When a pupil without a disability is temporarily placed in a residential program for care and treatment, the district in which the pupil is placed must provide instruction for the pupil and necessary transportation while the pupil is receiving instruction, and in the case of a placement outside of the district of residence, the nonresident district must bill the district of residence for the actual cost of providing the instruction for the regular school year and for summer school, excluding transportation costs.

(f) Notwithstanding paragraph (e), if the pupil is homeless and placed in a public or private homeless shelter, then the district that enrolls the pupil under section 127A.47, subdivision 2, shall provide the transportation, unless the district that enrolls the pupil and the district in which the pupil is temporarily placed agree that the district in which the pupil is temporarily placed shall provide transportation. When a pupil without a disability is temporarily placed in a residential program outside the district of residence, the administrator of the court placing the pupil must send timely written notice of the placement to the district of residence. The district of placement may contract with a residential facility to provide instruction by teachers licensed by the state Board of Teaching. For purposes of this section, the state correctional facilities operated on a fee-for-service basis are considered to be residential programs for care and treatment.

(g) The district of residence must include the pupil in its residence count of pupil units and pay tuition as provided in section 123A.488 to the district providing the instruction. Transportation costs must be paid by the district providing the transportation and the state must pay transportation aid to that district. For purposes of computing state transportation aid, pupils governed by this subdivision must be included in the disabled transportation category if the pupils cannot be transported on a regular school bus route without special accommodations.

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

Sec. 26. Minnesota Statutes 2008, section 125A.57, subdivision 2, is amended to read:

Subd. 2. **Assistive technology device.** "Assistive technology device" means any item, piece of equipment, software, or product system, whether acquired commercially off the shelf, modified, or customized, that is used to increase, maintain, or improve functional capabilities of ~~children with disabilities~~ a child with a disability. It does not mean a medical device that is surgically implanted or a replacement of such a device.

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

Sec. 27. Minnesota Statutes 2008, section 125A.63, subdivision 2, is amended to read:

Subd. 2. **Programs.** The resource centers must offer summer institutes ~~and like programs~~ or other training programs throughout the state for deaf or ~~hard of hearing~~ hard-of-hearing, blind or visually impaired, and multiply disabled pupils. The resource centers must also offer workshops for teachers, and leadership development for teachers.

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

Sec. 28. Minnesota Statutes 2008, section 125A.63, subdivision 4, is amended to read:

Subd. 4. **Advisory committees.** The commissioner shall establish an advisory committee for each resource center. The advisory committees shall develop recommendations regarding the resource centers and submit an annual report to the commissioner on the form and in the manner prescribed by the commissioner. The advisory committee for the Resource Center for the Deaf and Hard-of-Hearing shall meet at least four times a year and submit an annual report to the commissioner, the legislature, and the Commission of Deaf, DeafBlind, and Hard-of-Hearing Minnesotans.

The recommendations must include:

(1) aggregate data-based education outcomes over time for deaf and hard-of-hearing children, consistent with state academic standards and assessments under chapter 120B; and

(2) a data-based plan that includes evidence-based best practices known to improve the educational outcomes of deaf and hard-of-hearing children.

Sec. 29. Minnesota Statutes 2008, section 125A.744, subdivision 3, is amended to read:

Subd. 3. **Implementation.** Consistent with section 256B.0625, subdivision 26, school districts may enroll as medical assistance providers or subcontractors and bill the Department of Human Services under the medical assistance fee for service claims processing system for special education services which are covered services under chapter 256B, which are provided in the school setting for a medical assistance recipient, and for whom the district has secured informed consent consistent with section 13.05, subdivision 4, paragraph (d), and section 256B.77, subdivision 2, paragraph (p), to bill for each type of covered service. School districts shall be reimbursed by the commissioner of human services for the federal share of individual education plan health-related services that

qualify for reimbursement by medical assistance, minus up to five percent retained by the commissioner of human services for administrative costs, not to exceed ~~$350,000~~ $370,000 per fiscal year. The commissioner may withhold up to five percent of each payment to a school district. Following the end of each fiscal year, the commissioner shall settle up with each school district in order to ensure that collections from each district for departmental administrative costs are made on a pro rata basis according to federal earnings for these services in each district. A school district is not eligible to enroll as a home care provider or a personal care provider organization for purposes of billing home care services under sections 256B.0651 and 256B.0653 to 256B.0656 until the commissioner of human services issues a bulletin instructing county public health nurses on how to assess for the needs of eligible recipients during school hours. To use private duty nursing services or personal care services at school, the recipient or responsible party must provide written authorization in the care plan identifying the chosen provider and the daily amount of services to be used at school.

Sec. 30. Minnesota Statutes 2008, section 125A.76, subdivision 1, is amended to read:

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

(a) "Basic revenue" has the meaning given it in section 126C.10, subdivision 2. For the purposes of computing basic revenue pursuant to this section, each child with a disability shall be counted as prescribed in section 126C.05, subdivision 1.

(b) "Essential personnel" means teachers, cultural liaisons, related services, and support services staff providing ~~direct~~ services to students. Essential personnel may also include special education paraprofessionals or clericals providing support to teachers and students by preparing paperwork and making arrangements related to special education compliance requirements, including parent meetings and individual education plans. Essential personnel does not include administrators and supervisors.

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

(d) "Program growth factor" means 1.046 for fiscal year 2012 and later.

Sec. 31. Minnesota Statutes 2008, section 127A.47, subdivision 5, is amended to read:

Subd. 5. **Notification of resident district.** A district educating a pupil who is a resident of another district must notify the district of residence within 60 days of the date the pupil is determined by the district to be a nonresident, but not later than August 1 following the end of the school year in which the pupil is educated. ~~If the district of residence does not receive a notification from the providing district pursuant to this~~

~~subdivision, it is not liable to that district for any tuition billing received after August 1 of the next school year.~~

Sec. 32. **APPROPRIATIONS.**

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

Subd. 2. **Special education; regular.** For special education aid under Minnesota Statutes, section 125A.75:

$	734,071,000	.....	2010
$	781,497,000	.....	2011

The 2010 appropriation includes $71,947,000 for 2009 and $662,124,000 for 2010.

The 2011 appropriation includes $73,569,000 for 2010 and $707,928,000 for 2011.

Subd. 3. **Aid for children with disabilities.** For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

$	1,717,000	.....	2010
$	1,895,000	.....	2011

If the appropriation for either year is insufficient, the appropriation for the other year is available.

Subd. 4. **Travel for home-based services.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

$	258,000	.....	2010
$	282,000	.....	2011

The 2010 appropriation includes $24,000 for 2009 and $234,000 for 2010.

The 2011 appropriation includes $26,000 for 2010 and $256,000 for 2011.

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

$	110,871,000	.....	2010
$	110,877,000	.....	2011

The 2010 appropriation includes $37,046,000 for 2009 and $73,825,000 for 2010.

The 2011 appropriation includes $37,022,000 for 2010 and $73,855,000 for 2011.

Subd. 6. **Court-placed special education revenue.** For reimbursing serving school districts for unreimbursed eligible expenditures attributable to children placed in the serving school district by court action under Minnesota Statutes, section 125A.79, subdivision 4:

$	76,000	.....	2010
$	78,000	.....	2011

Subd. 7. **Special education out-of-state tuition.** For special education out-of-state tuition according to Minnesota Statutes, section 125A.79, subdivision 8:

$	250,000	.....	2010
$	250,000	.....	2011

Sec. 33. **REPEALER.**

Minnesota Statutes 2008, sections 125A.05; and 125A.091, subdivisions 1, 2, 3, 4, 22, and 23 are repealed.

Minnesota Rules, parts 3525.0210, subparts 34 and 43; 3525.0400; 3525.2445; and 3525.4220, are repealed.

ARTICLE 4
FACILITIES AND TECHNOLOGY

Section 1. Minnesota Statutes 2008, section 123B.54, is amended to read:

123B.54 DEBT SERVICE APPROPRIATION.

(a) ~~$14,814,000 in fiscal year 2008,~~ $9,109,000 in fiscal year 2009, ~~$7,286,000~~ $7,948,000 in fiscal year 2010, ~~and $6,878,000~~ $9,275,000 in fiscal year 2011, $9,574,000 in fiscal year 2012, and $8,904,000 in fiscal year 2013 and later are appropriated from the general fund to the commissioner of education for payment of debt service equalization aid under section 123B.53.

(b) The appropriations in paragraph (a) must be reduced by the amount of any money specifically appropriated for the same purpose in any year from any state fund.

Sec. 2. Minnesota Statutes 2008, section 123B.59, subdivision 6, is amended to read:

Subd. 6. **Alternative facilities aid.** (a) A district's alternative facilities aid is the amount equal to the district's annual debt service costs, provided that the amount does not exceed the amount certified to be levied for those purposes for taxes payable in 1997, or for a district that made a levy under subdivision 5, paragraph (b), the lesser of the

district's annual levy amount, or one-sixth of the amount of levy that it certified for that purpose for taxes payable in 1998.

(b) Notwithstanding paragraph (a), for fiscal years 2010 through 2012, an independent school district that has authority to issue general obligation bonds without voter approval, other than authority according to this section or under section 475.51, is not eligible for aid under this section. In addition to levy authority granted in this section, for taxes payable in 2010 only, a school district that previously received aid under this section may levy for any aid eliminated under this paragraph in taxes payable 2010 and recognize that revenue in fiscal year 2010.

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

Sec. 3. Minnesota Statutes 2008, section 123B.59, subdivision 7, is amended to read:

Subd. 7. **Alternative facilities appropriation.** (a) An amount not to exceed ~~$19,700,000~~ $15,554,000 for fiscal year ~~2000~~ 2010, ~~and $20,000,000~~ $4,554,000 for fiscal year ~~2001 and~~ 2011, $15,554,000 for fiscal year 2012, and $19,287,000 each year thereafter is appropriated from the general fund to the commissioner of education for payment of alternative facilities aid under subdivision 6.

(b) The appropriation in paragraph (a) must be reduced by the amount of any money specifically appropriated for the same purpose in any year from any state fund.

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

Sec. 4. Minnesota Statutes 2008, section 123B.70, subdivision 1, is amended to read:

Subdivision 1. **Commissioner approval.** In determining whether to give a school facility a positive, negative, or unfavorable review and comment, the commissioner must evaluate the proposals for facilities using the information provided under section 123B.71, subdivision 9.

(a) If a school board proposes a new school, the local school board retains the authority to determine the minimum acreage needed to accommodate the school and related facilities. The commissioner may evaluate the proposals but may not issue a negative or unfavorable review and comment under this section for a school facility based solely on acreage of the proposed school site.

(b) If a school board proposes to renovate an existing school, the local school board retains the authority to choose whether to renovate an existing school or to build a new school, regardless of the acreage of the current school site or the cost of the renovation relative to the cost of building a new school. The commissioner's evaluation of whether

to replace a facility must not be based solely upon the ratio of renovation costs to the cost of replacement.

EFFECTIVE DATE. This section is effective for review and comments issued after July 1, 2009.

Sec. 5. Minnesota Statutes 2008, section 123B.71, subdivision 1, is amended to read:

Subdivision 1. **Consultation.** A school district shall consult with the commissioner of education before developing any plans and specifications to construct, remodel, or improve the building or site of an educational facility for which the estimated cost exceeds ~~$250,000~~ $500,000. This consultation shall occur before a referendum for bonds, solicitation for bids, or use of capital expenditure facilities revenue according to section 126C.10, subdivision 14, clause (2). The commissioner may require the district to participate in a management assistance plan before conducting a review and comment on the project.

Sec. 6. Minnesota Statutes 2008, section 123B.71, subdivision 8, is amended to read:

Subd. 8. **Review and comment.** A school district, a special education cooperative, or a cooperative unit of government, as defined in section 123A.24, subdivision 2, must not initiate an installment contract for purchase or a lease agreement, hold a referendum for bonds, nor solicit bids for new construction, expansion, or remodeling of an educational facility that requires an expenditure in excess of $500,000 per school site if it has a capital loan outstanding, or $1,400,000 per school site if it does not have a capital loan outstanding, prior to review and comment by the commissioner. The commissioner may exempt a facility maintenance project funded with general education aid and levy, alternative facilities bonding and levy program, or health and safety revenue from this provision after reviewing a written request from a school district describing the scope of work. A school board shall not separate portions of a single project into components to avoid the requirements of this subdivision.

Sec. 7. Minnesota Statutes 2008, section 123B.71, subdivision 9, is amended to read:

Subd. 9. **Information required.** A school board proposing to construct a facility described in subdivision 8 shall submit to the commissioner a proposal containing information including at least the following:

(1) the geographic area and population to be served, preschool through grade 12 student enrollments for the past five years, and student enrollment projections for the next five years;

(2) a list of existing facilities by year constructed, their uses, and an assessment of the extent to which alternate facilities are available within the school district boundaries and in adjacent school districts;

(3) a list of the specific deficiencies of the facility that demonstrate the need for a new or renovated facility to be provided, and a list of the specific benefits that the new or renovated facility will provide to the students, teachers, and community users served by the facility;

(4) the relationship of the project to any priorities established by the school district, educational cooperatives that provide support services, or other public bodies in the service area;

(5) a description of the pedestrian, bicycle, and transit connections between the school and nearby residential areas that make it easier for children, teachers, and parents to get to the school by walking, bicycling, and taking transit;

~~(5)~~ (6) a specification of how the project ~~will increase community use of the facility~~ maximizes the opportunity for cooperative use of existing park, recreation, and other public facilities and whether and how the project will increase collaboration with other governmental or nonprofit entities;

~~(6)~~ (7) a description of the project, including the specification of site and outdoor space acreage and square footage allocations for classrooms, laboratories, and support spaces; estimated expenditures for the major portions of the project; and the dates the project will begin and be completed;

~~(7)~~ (8) a specification of the source of financing the project; the scheduled date for a bond issue or school board action; a schedule of payments, including debt service equalization aid; and the effect of a bond issue on local property taxes by the property class and valuation;

~~(8)~~ (9) an analysis of how the proposed new or remodeled facility will affect school district operational or administrative staffing costs, and how the district's operating budget will cover any increased operational or administrative staffing costs;

~~(9)~~ (10) a description of the consultation with local or state ~~road and~~ transportation officials on multimodal school site access and safety issues, and the ways that the project will address those issues;

~~(10)~~ (11) a description of how indoor air quality issues have been considered and a certification that the architects and engineers designing the facility will have professional liability insurance;

~~(11)~~ (12) as required under section 123B.72, for buildings coming into service after July 1, 2002, a certification that the plans and designs for the extensively renovated

or new facility's heating, ventilation, and air conditioning systems will meet or exceed code standards; will provide for the monitoring of outdoor airflow and total airflow of ventilation systems; and will provide an indoor air quality filtration system that meets ASHRAE standard 52.1;

~~(12)~~ (13) a specification of any desegregation requirements that cannot be met by any other reasonable means;

~~(13)~~ (14) a specification~~, if applicable,~~ of how the facility will utilize environmentally sustainable school facility design concepts; ~~and~~

~~(14)~~ (15) a description of how the architects and engineers have considered the American National Standards Institute Acoustical Performance Criteria, Design Requirements and Guidelines for Schools of the maximum background noise level and reverberation times; and

(16) any existing information from the relevant local unit of government about the cumulative costs to provide infrastructure to serve the school, such as utilities, sewer, roads, and sidewalks.

Sec. 8. Minnesota Statutes 2008, section 123B.71, subdivision 12, is amended to read:

Subd. 12. **Publication.** (a) At least 20 days but not more than 60 days before a referendum for bonds or solicitation of bids for a project that has received a positive or unfavorable review and comment under section 123B.70, the school board shall publish a summary of the commissioner's review and comment of that project in the legal newspaper of the district. Supplementary information shall be available to the public.

(b) The publication requirement in paragraph (a) does not apply to alternative facilities projects approved under section 123B.59. Publication for alternative facilities projects shall be as specified in section 123B.59, subdivisions 3 and 3a.

Sec. 9. **[125B.015] STATE AND SCHOOL DISTRICT TECHNOLOGY GUIDELINES.**

Subdivision 1. **State technology guidelines; guideline setting.** (a) Notwithstanding other law to the contrary, the commissioner, the Minnesota Education Technology Task Force, and representatives of school districts must work together to identify for school districts the robust technology tools and systems that improve the educational achievement of all Minnesota students. These entities must establish a foundation of flexible shared services that supports state development and implementation of new and more efficient educational business practices, including the use of modern analytical tools that help schools and school districts make data-driven decisions and increase instructional time.

These entities also must anticipate the needs of school districts for effectively using emerging technologies to make the best and most cost-effective use of finite educational resources.

(b) The commissioner, the Minnesota Education Technology Task Force, representatives of school districts, and other interested and affected stakeholders must establish and then maintain, revise, and publish every four years beginning December 1, 2009, state and district technology guidelines consistent with the requirements of this section and section 120B.023, subdivision 2, paragraph (a). The state and school districts must use the technology guidelines to participate in a uniform data collection system premised on:

(1) common data definitions for all required data elements;

(2) a common course catalogue;

(3) common transcript definitions; and

(4) school district infrastructure technology guidelines.

(c) School districts, consistent with this section and other applicable law, may use financial resources in addition to state funding to provide students with the technology tools they need to succeed in an increasingly complex and information-rich environment.

Subd. 2. **District technology guidelines.** (a) The commissioner, in collaboration with the Minnesota Education Technology Task Force, must establish and then maintain, revise, and publish six categories of district technology guidelines consistent with this section. The district technology guidelines must encompass:

(1) instructional technology that includes best practices in 21st century classroom instruction and student learning;

(2) technological tools that support formative and summative online assessments, equipment, and software;

(3) shared services that facilitate network and data systems administration;

(4) data practices that include technical security, Internet safety, and data privacy;

(5) data management that facilitates efficient data transfers involving school districts and the department; and

(6) facilities infrastructure that supports multipurpose technology facilities for instruction and assessment.

(b) School districts are encouraged to align district technology expenditures with state and district technology guidelines established under this section.

(c) Beginning December 1, 2010, and each two-year period thereafter, school districts must use the district technology guidelines in this section to complete a review of the district technology environment that:

(1) examines the alignment of district technology expenditures to the technology guidelines under this section;

(2) identifies service gaps in the district technology plan; and

(3) estimates the funding needed to fill service gaps.

(d) School districts must transmit the substance of the review to the commissioner in the form and manner the commissioner determines in collaboration with the Minnesota Education Technology Task Force. The commissioner must evaluate and report the substance of the reviews to the legislature by February 15, 2011, and each two-year period thereafter.

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

Sec. 10. Minnesota Statutes 2008, section 125B.26, subdivision 1, is amended to read:

Subdivision 1. **Costs to be submitted.** (a) A district ~~or~~, charter school, or intermediate school district shall submit its actual telecommunications/Internet access costs for the previous fiscal year, adjusted for any e-rate revenue received, to the department by August 15 of each year as prescribed by the commissioner. Costs eligible for reimbursement under this program are limited to the following:

(1) ongoing or recurring telecommunications/Internet access costs associated with Internet access, data lines, and video links providing:

(i) the equivalent of one data line, video link, or integrated data/video link that relies on a transport medium that operates at a minimum speed of 1.544 megabytes per second (T1) for each elementary school, middle school, or high school under section 120A.05, subdivisions 9, 11, and 13, including the recurring telecommunications line lease costs and ongoing Internet access service fees; or

(ii) the equivalent of one data line or video circuit, or integrated data/video link that relies on a transport medium that operates at a minimum speed of 1.544 megabytes per second (T1) for each district, including recurring telecommunications line lease costs and ongoing Internet access service fees;

(2) recurring costs of contractual or vendor-provided maintenance on the school district's wide area network to the point of presence at the school building up to the router, codec, or other service delivery equipment located at the point of presence termination at the school or school district;

(3) recurring costs of cooperative, shared arrangements for regional delivery of telecommunications/Internet access between school districts, postsecondary institutions,

and public libraries including network gateways, peering points, regional network infrastructure, Internet2 access, and network support, maintenance, and coordination; and

(4) service provider installation fees for installation of new telecommunications lines or increased bandwidth.

(b) Costs not eligible for reimbursement under this program include:

(1) recurring costs of school district staff providing network infrastructure support;

(2) recurring costs associated with voice and standard telephone service;

(3) costs associated with purchase of network hardware, telephones, computers, or other peripheral equipment needed to deliver telecommunications access to the school or school district;

(4) costs associated with laying fiber for telecommunications access;

(5) costs associated with wiring school or school district buildings;

(6) costs associated with purchase, installation, or purchase and installation of Internet filtering; and

(7) costs associated with digital content, including online learning or distance learning programming, and information databases.

Sec. 11. Minnesota Statutes 2008, section 125B.26, subdivision 2, is amended to read:

Subd. 2. **E-rates.** To be eligible for aid under this section, a district ~~or~~, charter school, or intermediate school district is required to file an e-rate application either separately or through its telecommunications access cluster and have a current technology plan on file with the department. Discounts received on telecommunications expenditures shall be reflected in the costs submitted to the department for aid under this section.

Sec. 12. Minnesota Statutes 2008, section 125B.26, subdivision 3, is amended to read:

Subd. 3. **Reimbursement criteria.** The commissioner shall develop criteria for approving costs submitted by organized school districts ~~and~~, charter schools, and intermediate school districts under subdivision 1.

Sec. 13. Minnesota Statutes 2008, section 125B.26, subdivision 4, is amended to read:

Subd. 4. **District aid.** For fiscal year 2006 and later, a district ~~or~~, charter ~~school's~~ school, or intermediate school district's Internet access equity aid equals the district ~~or~~, charter ~~school's~~ school, or intermediate school district's approved cost for the previous fiscal year according to subdivision 1 exceeding $15 times the district's adjusted marginal cost pupil units for the previous fiscal year or no reduction if the district is part of an organized telecommunications access cluster. Equity aid must be distributed to the

telecommunications access cluster for districts, charter schools, or intermediate school districts that are members of the cluster or to individual districts ~~and~~, charter schools, or intermediate school districts not part of a telecommunications access cluster.

Sec. 14. **ALTERNATIVE FACILITIES AID ADJUSTMENT.**

Notwithstanding Minnesota Statutes, section 123B.59, subdivision 6, for fiscal year 2011 only, a special school district that has authority to issue general obligation bonds without voter approval, other than authority according to Minnesota Statutes, section 123B.59 or 475.51, is not eligible for aid under Minnesota Statutes, section 123B.59, subdivision 6.

Sec. 15. **APPROPRIATIONS.**

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

Subd. 2. **Health and safety revenue.** For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

$	161,000	.....	2010
$	160,000	.....	2011

The 2010 appropriation includes $10,000 for 2009 and $151,000 for 2010.

The 2011 appropriation includes $16,000 for 2010 and $144,000 for 2011.

Subd. 3. **Debt service equalization.** For debt service aid according to Minnesota Statutes, section 123B.53, subdivision 6:

$	7,948,000	.....	2010
$	9,275,000	.....	2011

The 2010 appropriation includes $851,000 for 2009 and $7,097,000 for 2010.

The 2011 appropriation includes $788,000 for 2010 and $8,487,000 for 2011.

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

$	15,927,000	.....	2010
$	5,654,000	.....	2011

The 2010 appropriation includes $1,928,000 for 2009 and $13,999,000 for 2010.

The 2011 appropriation includes $1,555,000 for 2010 and $4,099,000 for 2011.

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

$	3,750,000	.....	2010
$	3,750,000	.....	2011

If the appropriation amount is insufficient, the commissioner shall reduce the reimbursement rate in Minnesota Statutes, section 125B.26, subdivisions 4 and 5, and the revenue for fiscal years 2010 and 2011 shall be prorated.

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

Subd. 6. **Deferred maintenance aid.** For deferred maintenance aid, according to Minnesota Statutes, section 123B.591, subdivision 4:

$	2,302,000	.....	2010
$	2,073,000	.....	2011

The 2010 appropriation includes $260,000 for 2009 and $2,042,000 for 2010.

The 2011 appropriation includes $226,000 for 2010 and $1,847,000 for 2011.

ARTICLE 5
NUTRITION, LIBRARIES, AND ACCOUNTING

Section 1. Minnesota Statutes 2008, section 134.31, subdivision 4a, is amended to read:

Subd. 4a. **Services to ~~the blind and physically handicapped~~ people with visual and physical disabilities.** The Minnesota Department of Education shall provide specialized services to ~~the blind and physically handicapped~~ people with visual and physical disabilities through the Minnesota Braille and Talking Book Library ~~for the Blind and Physically Handicapped~~ under a cooperative plan with the National Library Services for the Blind and Physically Handicapped of the Library of Congress.

Sec. 2. Minnesota Statutes 2008, section 134.31, is amended by adding a subdivision to read:

Subd. 7. **Telephone or electronic meetings.** (a) Notwithstanding section 13D.01, the Advisory Committee for the Minnesota Braille and Talking Book Library may conduct a meeting of its members by telephone or other electronic means so long as the following conditions are met:

(1) all members of the committee participating in the meeting, wherever their physical locations, can hear one another and can hear all discussion and testimony;

(2) members of the public present at the regular meeting location of the committee can hear all discussion, testimony, and votes of the members of the committee;

(3) at least one member of the committee is physically present at the regular meeting location; and

(4) all votes are conducted by roll call, so each member's vote on each issue can be identified and recorded.

(b) Each member of the committee participating in a meeting by telephone or other electronic means is considered present at the meeting for purposes of determining quorum and participating in all proceedings.

(c) If telephone or other electronic means is used to conduct a meeting, to the extent practical, the committee shall allow a person to monitor the meeting electronically from a remote location. The committee may require the person making the connection to pay for the documented additional costs that the committee incurs as a result of the additional connection.

(d) If telephone or other electronic means is used to conduct a regular, special, or emergency meeting, the committee shall provide notice of the regular meeting location, the fact that some members may participate by telephone or other electronic means, and the provisions of paragraph (c). The timing and method of providing notice is governed by section 13D.04.

Sec. 3. Minnesota Statutes 2008, section 134.34, subdivision 1, is amended to read:

Subdivision 1. **Local support levels.** (a) A regional library basic system support grant shall be made to any regional public library system where there are at least three participating counties and where each participating city and county is providing for public library service support the lesser of (a) an amount equivalent to .82 percent of the average of the adjusted net tax capacity of the taxable property of that city or county, as determined by the commissioner of revenue for the second, third, and fourth year preceding that calendar year ~~in 1991 and later years~~ or (b) a per capita amount calculated under the provisions of this subdivision. The per capita amount is established for calendar year 1993 as $7.62. In succeeding calendar years, the per capita amount shall be increased by a percentage equal to one-half of the percentage by which the total state adjusted net tax capacity of property as determined by the commissioner of revenue for the second year preceding that calendar year increases over that total adjusted net tax capacity for the third year preceding that calendar year.

(b) The minimum level of support specified under this subdivision or subdivision 4 shall be certified annually to the participating cities and counties by the Department of Education. If a city or county chooses to reduce its local support in accordance with subdivision 4, paragraphs (b) or (c), it shall notify its regional public library system. The

regional public library system shall notify the Department of Education that a revised certification is required. The revised minimum level of support shall be certified to the city or county by the Department of Education.

(c) A city which is a part of a regional public library system shall not be required to provide this level of support if the property of that city is already taxable by the county for the support of that regional public library system. In no event shall the Department of Education require any city or county to provide a higher level of support than the level of support specified in this section in order for a system to qualify for a regional library basic system support grant. This section shall not be construed to prohibit a city or county from providing a higher level of support for public libraries than the level of support specified in this section.

EFFECTIVE DATE. This section is effective for calendar years 2009 and later, except that the change in paragraph (a) is effective for calendar years 2011 and later.

Sec. 4. Minnesota Statutes 2008, section 134.34, subdivision 4, is amended to read:

Subd. 4. **Limitation.** (a) For calendar year 2010 and later, a regional library basic system support grant shall not be made to a regional public library system for a participating city or county which decreases the dollar amount provided for support for operating purposes of public library service below the amount provided by it for the second, or third preceding year, whichever is less. For purposes of this subdivision and subdivision 1, any funds provided under section 473.757, subdivision 2, for extending library hours of operation shall not be considered amounts provided by a city or county for support for operating purposes of public library service. This subdivision shall not apply to participating cities or counties where the adjusted net tax capacity of that city or county has decreased, if the dollar amount of the reduction in support is not greater than the dollar amount by which support would be decreased if the reduction in support were made in direct proportion to the decrease in adjusted net tax capacity.

(b) For calendar year 2009 and later, in any calendar year in which a city's or county's aid under sections 477A.011 to 477A.014 or credits under section 273.1384 is reduced after the city or county has certified its levy payable in that year, it may reduce its local support by the lesser of:

(1) ten percent; or

(2) a percent equal to the ratio of the aid and credit reductions to the city's or county's revenue base, based on aids certified for the current calendar year. For calendar year 2009 only, the reduction under this paragraph shall be based on 2008 aid and credit reductions under the December 2008 unallotment, as well as any aid and credit reductions in calendar

year 2009. For pay 2009 only, the commissioner of revenue will calculate the reductions under this paragraph and certify them to the commissioner of education within 15 days of this provision becoming law.

(c) For taxes payable in 2010 and later, in any payable year in which the total amounts certified for city or county aids under sections 477A.011 to 477A.014 are less than the total amounts paid under those sections in the previous calendar year, a city or county may reduce its local support by the lesser of:

(1) ten percent; or

(2) a percent equal to the ratio of:

(i) the difference between (A) the sum of the aid it was paid under sections 477A.011 to 477A.014 and the credits it received under section 273.1398 in the previous calendar year and (B) the sum of the aid it is certified to be paid in the current calendar year under sections 477A.011 to 477A.014 and the credits estimated to be paid under section 273.1398; to

(ii) its revenue base for the previous year, based on aids actually paid in the previous calendar year. The commissioner of revenue shall calculate the percent aid cut for each county and city under this paragraph and certify the percentage cuts to the commissioner of education by August 1 of the year prior to the year in which the reduced aids and credits are to be paid. The percentage of reduction related to reductions to credits under section 273.1384, shall be based on the best estimation available as of July 30.

(d) Notwithstanding paragraph (a), (b), or (c), for calendar year 2010 and later, no city or county shall reduce its support for public libraries below the minimum level specified in subdivision 1.

(e) For purposes of this subdivision, "revenue base" means the sum of:

(1) its levy for taxes payable in the current calendar year, including the levy on the fiscal disparities distribution under section 276A.06, subdivision 3, paragraph (a), or 473F.08, subdivision 3, paragraph (a);

(2) its aid under sections 477A.011 to 477A.014 in the current calendar year; and

(3) its taconite aid in the current calendar year under sections 298.28 and 298.282.

EFFECTIVE DATE. This section is effective for support in calendar year 2009 and thereafter and for library grants paid in fiscal year 2010 and thereafter, except that the changes in paragraph (a) are effective for support in calendar year 2010 and thereafter.

Sec. 5. **ELEVATOR LEVY.**

Subdivision 1. **Lac Qui Parle Valley.** For taxes payable in 2010 only, Independent School District No. 2853, Lac Qui Parle Valley, may levy an amount up to $8,500 for the

costs of a replacement elevator. The district must recognize the revenue from this section in fiscal year 2010.

Subd. 2. **Richfield.** For taxes payable in 2010 only, Independent School District No. 280, Richfield, may levy an amount up to $25,000 for the costs of replacing elevators in the district. The district must recognize the revenue from this section in fiscal year 2010.

Subd. 3. **Restriction.** The levy authority provided in this section must not supplant the authority provided by the health and safety levy under Minnesota Statutes, section 123B.57.

EFFECTIVE DATE. This section is effective for taxes payable in 2010 only.

Sec. 6. **FUND TRANSFERS.**

Subdivision 1. **Capital account transfers.** Notwithstanding any law to the contrary, on June 30, 2009, a school district may transfer money from its reserved for operating capital account to its undesignated balance in the general fund. The amount transferred by any school district must not exceed $51 times the district's adjusted marginal cost pupil units for fiscal year 2008. The transfer may occur only after the school board has adopted a written resolution stating the amount of the transfer and declaring that the school district's operating capital needs are met.

Subd. 2. **Lac Qui Parle Valley.** Notwithstanding Minnesota Statutes, sections 123B.79; 123B.80; and 475.61, subdivision 4, on June 30, 2009, Independent School District No. 2853, Lac qui Parle Valley, may permanently transfer up to $221,000 from its debt redemption fund to its reserved for capital account without making a levy reduction.

Subd. 3. **Mankato.** Notwithstanding Minnesota Statutes, section 123B.79, 123B.80, or 475.61, subdivision 4, on June 30, 2009, Independent School District No. 77, Mankato, may permanently transfer up to $250,000 from its debt redemption fund to its undesignated general fund balance without making a levy reduction.

Subd. 4. **Ortonville.** Notwithstanding Minnesota Statutes, section 123B.79, 123B.80, or 475.61, subdivision 4, on June 30, 2009, Independent School District No. 62, Ortonville, may permanently transfer up to $200,000 from its debt redemption fund to its reserved for operating capital account without making a levy reduction.

Subd. 5. **St. Anthony-New Brighton.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2009, Independent School District No. 282, St. Anthony-New Brighton, may permanently transfer up to $400,000 from its reserved for operating capital account to its undesignated general fund balance without making a levy reduction.

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

Sec. 7. **APPROPRIATIONS.**

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

Subd. 2. **School lunch.** For school lunch aid according to Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

$	12,688,000	.....	2010
$	13,069,000	.....	2011

Subd. 3. **School breakfast.** For traditional school breakfast aid under Minnesota Statutes, section 124D.1158:

$	4,978,000	.....	2010
$	5,147,000	.....	2011

Subd. 4. **Kindergarten milk.** For kindergarten milk aid under Minnesota Statutes, section 124D.118:

$	1,098,000	.....	2010
$	1,120,000	.....	2011

Subd. 5. **Summer school service replacement aid.** For summer food service replacement aid under Minnesota Statutes, section 124D.119:

$	150,000	.....	2010
$	150,000	.....	2011

Subd. 6. **Basic system support.** For basic system support grants under Minnesota Statutes, section 134.355:

$	13,570,000	.....	2010
$	13,570,000	.....	2011

The 2010 appropriation includes $1,357,000 for 2009 and $12,213,000 for 2010.

The 2011 appropriation includes $1,357,000 for 2010 and $12,213,000 for 2011.

Subd. 7. **Multicounty, multitype library systems.** For grants under Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

$	1,300,000	.....	2010
$	1,300,000	.....	2011

The 2010 appropriation includes $130,000 for 2009 and $1,170,000 for 2010.

The 2011 appropriation includes $130,000 for 2010 and $1,170,000 for 2011.

Subd. 8. **Electronic library for Minnesota.** For statewide licenses to online databases selected in cooperation with the Minnesota Office of Higher Education for school media centers, public libraries, state government agency libraries, and public or private college or university libraries:

$	900,000	.....	2010
$	900,000	.....	2011

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

Subd. 9. **Regional library telecommunications aid.** For regional library telecommunications aid under Minnesota Statutes, section 134.355:

$	2,300,000	.....	2010
$	2,300,000	.....	2011

The 2010 appropriation includes $230,000 for 2009 and $2,070,000 for 2010.

The 2011 appropriation includes $230,000 for 2010 and $2,070,000 for 2011.

ARTICLE 6

EARLY CHILDHOOD EDUCATION, PREVENTION, SELF-SUFFICIENCY, AND LIFELONG LEARNING

Section 1. **[4.046] OFFICE OF EARLY LEARNING.**

(a) An Office of Early Learning is established to coordinate a high-quality early childhood system in Minnesota to make such programs more effective and to improve the educational outcomes of all children and ensure that all children are fully ready for kindergarten by 2020. The governor must appoint, subject to the advice and consent of the senate, a director who is a recognized expert in the field of early childhood care and education who will oversee prekindergarten and child care programs under the administration of the Departments of Education and Human Services.

(b) The director of the Office of Early Learning must report to the commissioners of education and human services and must coordinate Departments of Education and Human Services staff efforts to:

(1) oversee resources and public funding streams for early childhood education and child care, and ensure the accountability and coordinated development of early childhood education and child care services to children from birth to age five;

(2) work with the Departments of Education and Human Services and the Minnesota Early Learning Foundation (MELF) to create common standards for quality early childhood programming;

(3) create a seamless transition from early childhood programs to kindergarten that aligns with kindergarten through grade 3 standards;

(4) develop and oversee an effective data collection system and participate in the state's longitudinal data collection program to support the necessary functions of a coordinated system of early childhood education and child care;

(5) plan and implement a quality rating and improvement system to ensure that Minnesota's children have access to high-quality early learning and care programs in a range of settings that meet the needs of children and their families and reflects the diversity of the family values and cultural heritage represented in the community; and

(6) prior to the creation of a quality rating and improvement system, employ the Minnesota quality rating system rating tool in use in fiscal year 2008.

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

Sec. 2. Minnesota Statutes 2008, section 119A.52, is amended to read:

119A.52 DISTRIBUTION OF APPROPRIATION.

(a) The commissioner of education must distribute money appropriated for that purpose to federally designated Head Start programs to expand services and to serve additional low-income children. Migrant and Indian reservation programs must be initially allocated money based on the programs' share of federal funds. The remaining money must be initially allocated to the remaining local agencies based equally on the agencies' share of federal funds and on the proportion of eligible children in the agencies' service area who are not currently being served. A Head Start program must be funded at a per child rate equal to its contracted, federally funded base level at the start of the fiscal year. For all agencies without a federal Early Head Start rate, the state average federal cost per child for Early Head Start applies. In allocating funds under this paragraph, the commissioner of education must assure that each Head Start program in existence in 1993 is allocated no less funding in any fiscal year than was allocated to that program in fiscal year 1993. Before paying money to the programs, the commissioner must notify each program of its initial allocation~~,~~ and how the money must be used~~, and the number of low-income children to be served with the allocation based upon the federally funded per child rate~~. Each program must present a plan under section 119A.535. For any program that cannot utilize its full allocation at the beginning of the fiscal year, the commissioner

must reduce the allocation proportionately. Money available after the initial allocations are reduced must be redistributed to eligible programs.

(b) The commissioner must develop procedures to make payments to programs based upon the number of children reported to be enrolled during the required time period of program operations. Enrollment is defined by federal Head Start regulations. The procedures must include a reporting schedule, corrective action plan requirements, and financial consequences to be imposed on programs that do not meet full enrollment after the period of corrective action. Programs reporting chronic underenrollment, as defined by the commissioner, will have their subsequent program year allocation reduced proportionately. Funds made available by prorating payments and allocations to programs with reported underenrollment will be made available to the extent funds exist to fully enrolled Head Start programs through a form and manner prescribed by the department.

(c) Programs with approved innovative initiatives that target services to high-risk populations, including homeless families and families living in homeless shelters and transitional housing, are exempt from the procedures in paragraph (b). This exemption does not apply to entire programs. The exemption applies only to approved innovative initiatives that target services to high-risk populations, including homeless families and families living in homeless shelters and transitional housing.

Sec. 3. **[124D.082] PREKINDERGARTEN THROUGH GRADE 3 PROGRAM.**

Subdivision 1. **Establishment.** A school district, charter school, or collaboration of school districts and charter schools may establish a prekindergarten through grade 3 educational program that serves children three years old through grade 3.

Subd. 2. **Program components.** The program may strive to include the following:

(1) provide a minimum of 12 hours per week prekindergarten program for children three and four years old;

(2) provide a full school day of kindergarten;

(3) align curriculum and child assessment to the early childhood indicators of progress and K-12 standards within and across grades;

(4) provide a licensed teacher or the equivalent for each grade kindergarten through grade 3 and prekindergarten for children three and four years old;

(5) promote participation in ongoing intentional professional development and offer curriculum and classroom planning time;

(6) provide classroom environments that promote high-quality teacher-child interactions that are supportive of student learning;

(7) maintain student-staff ratios that are 20-to-one in prekindergarten through third grade;

(8) use observational performance-based child assessments for children ages three and four years and in kindergarten and grades 1 and 2 to inform classroom planning, curriculum, and instruction, and to inform parents of child progress;

(9) conduct a readiness assessment on entering kindergarteners that aligns with the state kindergarten readiness assessment and provide continuous observational assessment to measure student progress toward achievement of developmentally appropriate skills and knowledge;

(10) develop and identify student benchmarks aligned to state standards for students' continued progress in kindergarten and grades 1 and 2; and

(11) demonstrate commitment of and leadership by school principals to ensure the necessary tools and systems are in place to support prekindergarten through grade 3 continuum.

Subd. 3. **Financing.** School districts or charter schools that establish a program under subdivision 1 may allocate revenues attributable to students in kindergarten through grade 3 to support the program. If a school district has a provisional rating under section 124D.143, or the program has been rated at a three-star or higher quality level under the quality rating and improvement system as provided in section 124D.142, the program may accept prekindergarten allowances under section 124D.143, to support the program for children aged three and four years. The program may establish fees to support children aged three and four years.

Sec. 4. Minnesota Statutes 2008, section 124D.13, subdivision 13, is amended to read:

Subd. 13. ~~**Plan and**~~ **Program data submission requirements.** ~~(a) An early childhood family education program must submit a biennial plan addressing the requirements of subdivision 2 for approval by the commissioner. The plan must also describe how the program provides parenting education and ensures participation of families representative of the school district. A school district must submit the plan for approval by the commissioner in the form and manner prescribed by the commissioner. One-half of districts, as determined by the commissioner, must first submit a biennial plan by April 1, 2009, and the remaining districts must first submit a plan by April 1, 2010.~~

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

~~(c) Beginning with levies for fiscal year 2011, a school district must submit its annual program data to the department before it may certify a levy under section 124D.135. Districts selected by the commissioner to submit a biennial plan by April 1, 2009, must also have an approved plan on file with the commissioner before certifying a levy under section 124D.135 for fiscal year 2011. Beginning with levies for fiscal year 2012, all districts must submit annual program data and have an approved biennial plan on file with the commissioner before certifying a levy under section 124D.135.~~

Sec. 5. Minnesota Statutes 2008, section 124D.135, subdivision 3, is amended to read:

Subd. 3. **Early childhood family education levy.** (a) By September 30 of each year, the commissioner shall establish a tax rate for early childhood family education revenue that raises $22,135,000 in each fiscal year. If the amount of the early childhood family education levy would exceed the early childhood family education revenue, the early childhood family education levy must equal the early childhood family education revenue. ~~Beginning with levies for fiscal year 2011,~~ a district may not certify an early childhood family education levy unless it has met the annual program data reporting ~~and biennial plan~~ requirements under section 124D.13, subdivision 13.

(b) Notwithstanding paragraph (a), for fiscal year 2009 only, the commissioner shall establish a tax rate for early education revenue that raises $13,565,000.

Sec. 6. **[124D.142] QUALITY RATING AND IMPROVEMENT SYSTEM.**

(a) There is established a quality rating and improvement system to ensure that Minnesota's children have access to high-quality early learning and care programs in a range of settings so that they are fully ready for kindergarten by 2020. Creation of a standards-based quality rating and improvement system includes:

(1) establishing an early care and education framework that improves quality opportunities in order to improve the educational outcomes of children so that they are ready for school. The framework shall be based on the Minnesota quality rating system rating tool and a common set of child outcome standards and informed by evaluation results;

(2) using the framework as a tool to increase the number of publicly funded and regulated early learning and care services in both public and private market programs that are high quality. If a program or provider chooses to participate, the program or provider will be rated and will receive public funding associated with the rating. The state shall develop a plan to link future early learning and care state funding to the framework in a manner that complies with federal requirements; and

(3) using the framework to track progress toward statewide access to high-quality early learning and care programs, progress toward the number of low-income children whose parents can access quality programs, and progress toward increasing the number of children who are fully prepared to enter kindergarten.

(b) In planning and implementing a statewide quality rating and improvement system in paragraph (a), the state shall assess the cost of administering and staffing the system and collecting assessment and evaluation data of the early learning and care system, including ensuring children are fully ready for kindergarten. This cost assessment shall be provided to the early childhood learning education finance committees of the legislature by January 15, 2010.

(c) Prior to the creation of a statewide quality rating and improvement system in paragraph (a), the state shall employ the Minnesota quality rating system rating tool in use in fiscal year 2008 with its modification as a result of the evaluation results of the pilot project.

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

Sec. 7. **[124D.143] PREKINDERGARTEN FINANCE ALLOWANCES.**

Subdivision 1. **Early childhood allowance locations.** In fiscal year 2010 and later, the commissioners of human services and education shall continue three prekindergarten exploratory projects located in the city of St. Paul, Hennepin County, and Blue Earth County that are conducted in partnership with the Minnesota Early Learning Foundation to promote children's school readiness. In fiscal year 2011 and later, the commissioners of human services and education shall establish additional prekindergarten projects to be conducted in partnership with the Minnesota Early Learning Foundation to promote children's school readiness. In fiscal year 2011, the additional prekindergarten project sites shall be located in Otter Tail County, Itasca County, St. Louis County, and a consortium of Benton, Stearns, and Sherburne Counties.

Subd. 2. **Allowance eligibility.** Parents or legal guardians with incomes less than or equal to 46 percent of the state median income are eligible to receive allowances to pay for their children's education in a quality early education program, in an amount not to exceed $4,000 per child per year. The allowance must be used during the 12 months following receipt of the allowance by the claimant for a child who is age three or four on September 1 to pay for services designed to promote school readiness in a quality early care and education setting. A claimant may use the allowance to pay fees or charges associated with their child's education in a quality early care and education setting. A quality setting is one that meets the standards in subdivision 3.

Subd. 2a. **Automatic eligibility.** For the purpose of establishing eligibility for the prekindergarten education allowance, the commissioners of education and human services must accept children identified in other public funding eligibility processes, including, but not limited to, public school programs, Head Start, and child care assistance programs. In addition, the commissioners of education and human services must make a sample form available to providers that can be used to determine potential eligible children. The commissioner must submit a prekindergarten education allowance to an eligible child who used this automatic process.

Subd. 3. **Quality standards.** (a) Until a quality rating and improvement system is established under section 124D.142, a provider may satisfy the quality rating system requirements and be deemed eligible to receive prekindergarten education allowances if the provider has received a provisional quality rating system approval from either the Department of Human Services or the Department of Education, or has received a three-star or higher qualify rating under the Minnesota Early Learning Foundation quality rating system. An eligible participant must agree to accept a prekindergarten allowance to pay for services.

(b) A quality early care and education setting for this section is a service program that receives a three-star or higher quality rating based on the quality rating and improvement system established according to section 124D.142.

(c) For the purposes of receiving a provisional quality rating, a child care program or provider must be approved by the commissioner of human services and a school-based program or a Head Start program must be approved by the commissioner of education. Programs and providers must apply for approval in the form and manner prescribed by the commissioners. To receive approval, the commissioners must determine that applicants:

(1) use research-based curricula that are aligned with the education standards under section 120B.021, instruction, and child assessment instruments approved by the Department of Education and the Department of Human Services, in consultation with the Minnesota Early Learning Foundation;

(2) provide a program of sufficient intensity and duration to improve the school readiness of participating children;

(3) provide opportunities for parent involvement; and

(4) meet other research-based criteria determined necessary by the commissioners.

(d) Notwithstanding paragraph (b), for 2010 and 2011 only, Head Start programs meeting Head Start performance standards and accredited child care centers are granted a provisional quality rating for the purposes of receiving a prekindergarten allowance under this section.

(e) Notwithstanding paragraph (b), for fiscal years 2010 and 2011 only, school readiness programs under section 124D.15 are granted a provisional quality rating for the purposes of receiving a prekindergarten allowance under this section.

(f) Upon completion of the quality rating system pilot evaluation, the commissioner shall review the Head Start and school readiness programs that received initial provisional quality ratings to establish an appropriate star-based rating.

(g) A provider deemed eligible to receive a prekindergarten education allowance under paragraphs (a) to (c) may use the allowance to enhance services above the current quality levels, increase the duration of services provided, or expand the number of children to whom services are provided.

(h) School district-based and Head Start programs may combine prekindergarten allowances under this section with resources from other programs to offer services to more participants.

(i) For fiscal years 2010 and 2011 only, when no quality program is available, a recipient may direct the prekindergarten allowance to a provider or program for school readiness quality improvements that will make the provider or program eligible for a quality rating according the quality rating system. Allowable expenditures that will increase the capacity of the provider or program to help children be ready for school include purchase of curricula and assessment tools, training on the use of curriculum and assessment tools, purchase of materials to improve the learning environment, or other expenditures approved by the commissioner of human services for child care providers and the commissioner of education for school readiness programs.

Subd. 4. **Eligibility; applications.** Eligible families must have incomes less than or equal to 46 percent of the state median income. Allowances paid to families under this program may not be counted as earned income for the purposes of medical assistance, MinnesotaCare, MFIP, child care assistance, or Head Start programs. All children whose parents meet the income requirements are eligible to receive prekindergarten allowances under this section.

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

Sec. 8. Minnesota Statutes 2008, section 124D.15, subdivision 3, is amended to read:

Subd. 3. **Program requirements.** A school readiness program provider must:

(1) assess each child's cognitive skills with a comprehensive, culturally relevant child assessment instrument when the child enters and again before the child leaves the program to inform program planning and parents and promote kindergarten readiness;

(2) provide comprehensive program content and intentional instructional practice aligned with the state early childhood learning guidelines and kindergarten standards and based on early childhood research and professional practice that is focused on children's cognitive, social, emotional, and physical skills and development and prepares children for the transition to kindergarten, including early literacy skills;

(3) coordinate appropriate kindergarten transition with parents and kindergarten teachers;

~~(3)~~ (4) arrange for early childhood screening and appropriate referral;

~~(4)~~ (5) involve parents in program planning and decision making;

~~(5)~~ (6) coordinate with relevant community-based services; ~~and~~

~~(6)~~ (7) cooperate with adult basic education programs and other adult literacy programs;

(8) ensure staff-child ratios of one to ten and maximum group size of 20 children with the first staff required to be a teacher;

(9) serve children a minimum of 12 hours per week; and

(10) have teachers knowledgeable in early childhood curriculum content, cultural competency, assessment, and instruction.

Sec. 9. Minnesota Statutes 2008, section 124D.19, subdivision 3, is amended to read:

Subd. 3. **Community education director.** (a) Except as provided under paragraphs (b) and (c), each board shall employ a licensed community education director. The board shall submit the name of the person who is serving as director of community education under this section on the district's annual community education report to the commissioner.

(b) A board may apply to the Minnesota Board of School Administrators under Minnesota Rules, part 3512.3500, subpart 9, for authority to use an individual who is not licensed as a community education director.

(c) A board of a district with a total population of ~~2,000~~ 4,000 or less may identify an employee who holds a valid Minnesota teacher, principal, or superintendent license under Minnesota Rules, chapter 3512, to serve as director of community education. To be eligible for an exception under this paragraph, the board shall certify in writing to the commissioner that the district has not placed a licensed director of community education on unrequested leave.

Sec. 10. Minnesota Statutes 2008, section 124D.19, subdivision 10, is amended to read:

Subd. 10. **Youth service programs.** (a) A school board may offer, as part of a community education program with a youth development program, a youth service

program that provides young people with meaningful opportunities to become involved in their community, develop individual capabilities, make career connections, seek support networks and services, become active citizens, and address community needs through youth service. The board may award up to one credit, or the equivalent, toward graduation for a pupil who completes the youth service requirements of the district. The community education advisory council, after considering the results of the commissioner's study under section 124D.50, subdivision 1, must design the program in cooperation with the district planning, evaluating and reporting committee and local organizations that train volunteers or need volunteers' services.

(b) Programs must include:

(1) preliminary training for pupil volunteers conducted, when possible, by organizations experienced in such training;

(2) supervision of the pupil volunteers to ensure appropriate placement and adequate learning opportunity;

(3) sufficient opportunity, in a positive setting for human development, for pupil volunteers to develop general skills in preparation for employment, to enhance self-esteem and self-worth, and to give genuine service to their community;

(4) integration of academic learning with the service experience; and

(5) integration of youth community service with elementary and secondary curriculum.

(c) Youth service projects include, but are not limited to, the following:

(1) human services for the elderly, including home care and related services;

(2) tutoring and mentoring;

(3) training for and providing emergency services;

(4) services at extended day programs;

(5) environmental services; and

(6) service-learning programs in which schools, including postsecondary schools, and employers work together with young people to provide them with meaningful opportunities for community service and with the academic and technical skills that employers require.

(d) ~~The commissioner shall maintain a list of acceptable projects with a description of each project. A project that is not on the list must be approved by the commissioner.~~

~~(e)~~ A youth service project must have a community sponsor that may be a governmental unit or nonprofit organization. To assure that pupils provide additional services, each sponsor must assure that pupil services do not displace employees or reduce the workload of any employee.

~~(f)~~ (e) The commissioner shall assist districts in planning youth service programs, implementing programs, and developing recommendations for obtaining community sponsors.

Sec. 11. Minnesota Statutes 2008, section 124D.19, subdivision 14, is amended to read:

Subd. 14. **Community education; annual report.** Each district offering a community education program under this section must annually report to the department information regarding ~~the cost per participant and cost per contact hour for~~ each community education program, including youth after-school enrichment programs, that receives aid or levy. ~~The department must include cost per participant and cost per contact hour information by program in the community education annual report.~~

Sec. 12. Minnesota Statutes 2008, section 124D.522, is amended to read:

124D.522 ADULT BASIC EDUCATION SUPPLEMENTAL SERVICE GRANTS.

(a) The commissioner, in consultation with the policy review task force under section 124D.521, may make grants to nonprofit organizations to provide services that are not offered by a district adult basic education program or that are supplemental to either the statewide adult basic education program, or a district's adult basic education program. The commissioner may make grants for: staff development for adult basic education teachers and administrators; training for volunteer tutors; training, services, and materials for serving disabled students through adult basic education programs; statewide promotion of adult basic education services and programs; development and dissemination of instructional and administrative technology for adult basic education programs; programs which primarily serve communities of color; adult basic education distance learning projects, including television instruction programs; and other supplemental services to support the mission of adult basic education and innovative delivery of adult basic education services.

(b) The commissioner must establish eligibility criteria and grant application procedures. Grants under this section must support services throughout the state, focus on educational results for adult learners, and promote outcome-based achievement through adult basic education programs. Beginning in fiscal year 2002, the commissioner may make grants under this section from the state total adult basic education aid set aside for supplemental service grants under section 124D.531. Up to one-fourth of the appropriation for supplemental service grants must be used for grants for adult basic education programs to encourage and support innovations in adult basic education instruction and service

delivery. A grant to a single organization cannot exceed ~~$100,000~~ 20 percent of the total supplemental services aid. Nothing in this section prevents an approved adult basic education program from using state or federal aid to purchase supplemental services.

Sec. 13. Minnesota Statutes 2008, section 299A.297, is amended to read:

299A.297 OTHER DUTIES.

The commissioner of public safety, in consultation with the Chemical Abuse and Violence Prevention Council, shall:

(1) provide information and assistance upon request to school preassessment teams established under section 121A.26 ~~and school and community advisory teams established under section 121A.27~~;

(2) provide information and assistance upon request to the State Board of Pharmacy with respect to the board's enforcement of chapter 152;

(3) cooperate with and provide information and assistance upon request to the Alcohol and Other Drug Abuse Section in the Department of Human Services;

(4) coordinate the policy of the office with that of the Narcotic Enforcement Unit in the Bureau of Criminal Apprehension; and

(5) coordinate the activities of the regional drug task forces, provide assistance and information to them upon request, and assist in the formation of task forces in areas of the state in which no task force operates.

Sec. 14. **AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 FUNDS FOR EARLY EDUCATION.**

Subdivision 1. **Policy.** It is the policy of the state of Minnesota that school districts and charter schools, in partnership with local community partners, should focus the spending of available resources to ensure that Minnesota's children are fully ready for kindergarten.

Subd. 2. **Encouragement.** The state of Minnesota encourages school districts and charter schools to work with community partners to direct a portion of the increased revenue that districts and charters will receive from the American Recovery and Reinvestment Act of 2009 to ensure that Minnesota's children are fully ready for kindergarten.

Subd. 3. **Report.** Every school district and charter school that receives federal title I funding must report to the Department of Education, in a manner prescribed by the commissioner, on how it used its increased funding in fiscal years 2010 and 2011 from the American Recovery and Reinvestment Act of 2009 to ensure that Minnesota's children are

fully ready for kindergarten. The commissioner must summarize the results of the district and charter school reports under this subdivision, and report the findings to the education finance committees of the legislature by January 15, 2012.

Sec. 15. **TRANSFER OF DUTIES.**

Responsibilities of the commissioner of education for early childhood education programs and financing under Minnesota Statutes, sections 124D.082; 124D.13; 124D.135; 124D.141; 124D.142; 124D.143; 124D.15; 124D.16; and 124D.162 are transferred to the Office of Early Learning. All positions in the Department of Education related to early childhood education are transferred to the Office of Early Learning. Minnesota Statutes, section 15.039, applies to the transfer of the responsibilities in this section.

Sec. 16. **APPROPRIATIONS.**

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

Subd. 2. **School readiness.** For revenue for school readiness programs under Minnesota Statutes, sections 124D.15 and 124D.16:

$	10,095,000	.....	2010
$	10,095,000	.....	2011

The 2010 appropriation includes $1,009,000 for 2009 and $9,086,000 for 2010.

The 2011 appropriation includes $1,009,000 for 2010 and $9,086,000 for 2011.

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

$	22,955,000	.....	2010
$	22,547,000	.....	2011

The 2010 appropriation includes $3,020,000 for 2009 and $19,935,000 for 2010.

The 2011 appropriation includes $2,214,000 for 2010 and $20,333,000 for 2011.

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

$	3,694,000	.....	2010
$	3,800,000	.....	2011

The 2010 appropriation includes $367,000 for 2009 and $3,327,000 for 2010.

The 2011 appropriation includes $369,000 for 2010 and $3,431,000 for 2011.

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

$	20,100,000	.....	2010
$	20,100,000	.....	2011

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

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

$	50,000	.....	2010
$	50,000	.....	2011

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

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

$	287,000	.....	2010
$	287,000	.....	2011

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

Subd. 8. **Parent aware star rating tool.** For the parent aware star rating tool:

$	250,000	.....	2010
$	250,000	.....	2011

This appropriation must be used for the administration of the rating tool and for onsite observations. The base for subsequent years is $500,000.

Subd. 9. **Prekindergarten finance allowances.** For grants to prekindergarten finance allowances under Minnesota Statutes, section 124D.143.

$	6,000,000	.....	2010
$	8,000,000	.....	2011

Of this amount, up to ten percent of the annual appropriation is for the administration of the Office of Early Learning.

In fiscal year 2010, this appropriation is for grants to the city of St. Paul, Hennepin County, and Blue Earth County for scholarship projects in collaboration with the Minnesota Early Learning Foundation to promote children's school readiness. In fiscal year 2011 and later, this appropriation is for grants to the city of St. Paul, Hennepin County, Blue Earth County, Otter Tail County, Itasca County, St. Louis County, and a consortium of Benton, Stearns, and Sherburne Counties. The appropriation is available

until expended. This appropriation is part of the base budget for subsequent fiscal years. For fiscal year 2011 and later, strong consideration for expanded eligibility in Hennepin County must be given to participants who have completed an accredited home visiting program.

Subd. 10. **Community education aid.** For community education aid under Minnesota Statutes, section 124D.20:

$	585,000	.....	2010
$	467,000	.....	2011

The 2010 appropriation includes $73,000 for 2009 and $512,000 for 2010.

The 2011 appropriation included $56,000 for 2010 and $411,000 for 2011.

Subd. 11. **Adults with disabilities program aid.** For adults with disabilities programs under Minnesota Statutes, section 124D.56:

$	710,000	.....	2010
$	710,000	.....	2011

The 2010 appropriation includes $71,000 for 2009 and $639,000 for 2010.

The 2011 appropriation includes $71,000 for 2010 and $639,000 for 2011.

Subd. 12. **Hearing-impaired adults.** For programs for hearing-impaired adults under Minnesota Statutes, section 124D.57:

$	70,000	.....	2010
$	70,000	.....	2011

Subd. 13. **School-age care revenue.** For extended day aid under Minnesota Statutes, section 124D.22:

$	1,000	.....	2010
$	1,000	.....	2011

The 2010 appropriation includes $0 for 2009 and $1,000 for 2010.

The 2011 appropriation includes $0 for 2010 and $1,000 for 2011.

Subd. 14. **Adult basic education aid.** For adult basic education aid under Minnesota Statutes:

$	42,975,000	.....	2010
$	44,258,000	.....	2011

The 2010 appropriation includes $4,187,000 for 2009 and $38,788,000 for 2010.

The 2011 appropriation includes $4,309,000 for 2010 and $39,949,000 for 2011.

Subd. 15. **GED tests.** For payment of 60 percent of the costs of GED tests under Minnesota Statutes, section 124D.55:

$	125,000	.....	2010
$	125,000	.....	2011

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

Sec. 17. **REVISOR'S INSTRUCTION.**

In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall:

(1) substitute the term "the director" for "commissioner" and "commissioner of education" in the following: Minnesota Statutes, sections 124D.082; 124D.13; 124D.135; 124D.141; 124D.142; 124D.143; 124D.15; 124D.16; and 124D.162; and

(2) substitute the term "Office of Early Learning" for the term "Department of Education" in the following: Minnesota Statutes, sections 124D.082; 124D.13; 124D.135; 124D.141; 124D.142; 124D.143; 124D.15; 124D.16; and 124D.162.

Sec. 18. **REPEALER.**

Minnesota Statutes 2008, section 121A.27, is repealed.

ARTICLE 7
STATE AGENCIES

Section 1. Minnesota Statutes 2008, section 125A.61, subdivision 1, is amended to read:

Subdivision 1. **State schools at Faribault.** The Minnesota State Academy for the Deaf and the Minnesota State Academy for the Blind are residential schools in Faribault. They are public schools under sections 122A.15~~,~~ and 122A.16~~, and 122A.32~~ and state educational institutions.

Sec. 2. Minnesota Statutes 2008, section 125A.62, subdivision 8, is amended to read:

Subd. 8. **Grants and gifts.** The board, through the chief administrators of the academies, may apply for all competitive grants administered by agencies of the state and other government or nongovernment sources. Application may not be made for grants over which the board has discretion. Any money so received is hereby appropriated and dedicated for the purpose for which it is granted.

Sec. 3. Minnesota Statutes 2008, section 127A.08, is amended by adding a subdivision to read:

Subd. 5. **Grants and gifts.** The commissioner may apply for and receive grants and gifts administered by agencies of the state and other government or nongovernment sources. Any money received is hereby appropriated and dedicated for the purpose for which it is granted.

The commissioner must annually report by February 15 a list of all grants and gifts received and applied for under this subdivision.

Sec. 4. **APPROPRIATIONS.**

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

Subd. 2. **Department.** (a) For the Department of Education:

$	21,042,000	.....	2010
$	21,042,000	.....	2011

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

(b) $260,000 each year is for the Minnesota Children's Museum.

(c) $41,000 each year is for the Minnesota Academy of Science.

(d) $632,000 each year is for the Board of Teaching. Any balance in the first year does not cancel but is available in the second year.

(e) $171,000 each year is for the Board of School Administrators. Any balance in the first year does not cancel but is available in the second year.

(f) Unless otherwise specified in this act, the expenditures of federal grants and aids as shown in the biennial budget document and its supplements are approved and appropriated and shall be spent as indicated.

(g) $40,000 each year is for an early hearing loss intervention coordinator under Minnesota Statutes, section 125A.63, subdivision 5. If the department expends federal funds to employ a hearing loss coordinator under Minnesota Statutes, section 125.63, subdivision 5, then the appropriation under this paragraph is reallocated for purposes of employing a world languages coordinator.

(h) $50,000 each year is for the Duluth Children's Museum.

(i) None of the amounts appropriated under this subdivision may be used for Minnesota's Washington, D.C., office.

Subd. 3. **Board of Teaching; licensure by portfolio.** For the Board of Teaching for licensure by portfolio:

$	17,000	.....	2010
$	17,000	.....	2011

This appropriation is from the education licensure portfolio account of the special revenue fund.

Sec. 5. **APPROPRIATIONS; MINNESOTA STATE ACADEMIES.**

The sums indicated in this section are appropriated from the general fund to the Minnesota State Academies for the Deaf and the Blind for the fiscal years designated:

$	11,554,000	.....	2010
$	11,554,000	.....	2011

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

Sec. 6. **APPROPRIATIONS; PERPICH CENTER FOR ARTS EDUCATION.**

The sums indicated in this section are appropriated from the general fund to the Perpich Center for Arts Education for the fiscal years designated:

$	6,874,000	.....	2010
$	6,874,000	.....	2011

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

ARTICLE 8
EDUCATION FORECAST ADJUSTMENTS

A. GENERAL EDUCATION

Section 1. Laws 2007, chapter 146, article 1, section 24, subdivision 2, as amended by Laws 2008, chapter 363, article 3, section 1, is amended to read:

Subd. 2. **General education aid.** For general education aid under Minnesota Statutes, section 126C.13, subdivision 4:

$	5,600,647,000	.....	2008
$	~~5,649,098,000~~ 5,644,263,000	.....	2009

The 2008 appropriation includes $536,251,000 for 2007 and $5,064,396,000 for 2008.

The 2009 appropriation includes ~~$543,752,000~~ $533,760,000 for 2008 and ~~$5,105,346,000~~ $5,110,503,000 for 2009.

Sec. 2. Laws 2007, chapter 146, article 1, section 24, subdivision 4, as amended by Laws 2008, chapter 363, article 3, section 3, is amended to read:

Subd. 4. **Enrollment options transportation.** For transportation of pupils attending postsecondary institutions under Minnesota Statutes, section 124D.09, or for transportation of pupils attending nonresident districts under Minnesota Statutes, section 124D.03:

$	48,000	.....	2008
$	~~50,000~~ 45,000	.....	2009

Sec. 3. Laws 2007, chapter 146, article 1, section 24, subdivision 5, as amended by Laws 2008, chapter 363, article 3, section 4, is amended to read:

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

$	1,333,000	.....	2008
$	~~1,629,000~~ 1,407,000	.....	2009

The 2008 appropriation includes $76,000 for 2007 and $1,257,000 for 2008.

The 2009 appropriation includes $139,000 for 2008 and ~~$1,490,000~~ $1,268,000 for 2009.

Sec. 4. Laws 2007, chapter 146, article 1, section 24, subdivision 6, as amended by Laws 2008, chapter 363, article 3, section 5, is amended to read:

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

$	240,000	.....	2008
$	~~339,000~~ 21,000	.....	2009

The 2008 appropriation includes $43,000 for 2007 and $197,000 for 2008.

The 2009 appropriation includes $21,000 for 2008 and ~~$318,000~~ $0 for 2009.

Sec. 5. Laws 2007, chapter 146, article 1, section 24, subdivision 7, as amended by Laws 2008, chapter 363, article 3, section 6, is amended to read:

Subd. 7. **Nonpublic pupil education aid.** For nonpublic pupil education aid under Minnesota Statutes, sections 123B.40 to 123B.43, and 123B.87:

$	15,601,000	.....	2008
$	~~16,608,000~~ 16,271,000	.....	2009

The 2008 appropriation includes $1,214,000 for 2007 and $14,387,000 for 2008.

The 2009 appropriation includes ~~$1,598,000~~ $1,439,000 for 2008 and ~~$15,010,000~~ $14,832,000 for 2009.

Sec. 6. Laws 2007, chapter 146, article 1, section 24, subdivision 8, as amended by Laws 2008, chapter 363, article 3, section 7, is amended to read:

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

$	20,755,000	 2008
$	~~21,007,000~~ 20,739,000	 2009

The 2008 appropriation includes $2,124,000 for 2007 and $18,631,000 for 2008.

The 2009 appropriation includes ~~$2,070,000~~ $2,037,000 for 2008 and ~~$18,937,000~~ $18,702,000 for 2009.

B. EDUCATION EXCELLENCE

Sec. 7. Laws 2007, chapter 146, article 2, section 46, subdivision 2, as amended by Laws 2008, chapter 363, article 3, section 8, is amended to read:

Subd. 2. **Charter school building lease aid.** For building lease aid under Minnesota Statutes, section 124D.11, subdivision 4:

$	32,817,000	 2008
$	~~37,527,000~~ 36,605,000	 2009

The 2008 appropriation includes $2,814,000 for 2007 and $30,003,000 for 2008.

The 2009 appropriation includes ~~$3,333,000~~ $3,264,000 for 2008 and ~~$34,194,000~~ $33,341,000 for 2009.

Sec. 8. Laws 2007, chapter 146, article 2, section 46, subdivision 3, as amended by Laws 2008, chapter 363, article 3, section 9, is amended to read:

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

$	1,801,000	 2008
$	~~1,987,000~~ 1,982,000	 2009

The 2008 appropriation includes $239,000 for 2007 and $1,562,000 for 2008.

The 2009 appropriation includes ~~$173,000~~ $162,000 for 2008 and ~~$1,814,000~~ $1,820,000 for 2009.

Sec. 9. Laws 2007, chapter 146, article 2, section 46, subdivision 4, as amended by Laws 2008, chapter 363, article 3, section 10, is amended to read:

Subd. 4. **Integration aid.** For integration aid under Minnesota Statutes, section 124D.86, subdivision 5:

$	59,036,000	 2008
$	~~62,448,000~~ 60,826,000	 2009

The 2008 appropriation includes $5,824,000 for 2007 and $53,212,000 for 2008.

The 2009 appropriation includes ~~$5,912,000~~ $5,833,000 for 2008 and ~~$56,536,000~~ $54,993,000 for 2009.

Sec. 10. Laws 2007, chapter 146, article 2, section 46, subdivision 6, as amended by Laws 2008, chapter 363, article 3, section 11, is amended to read:

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

$	9,901,000	 2008
$	~~11,881,000~~ 11,947,000	 2009

Sec. 11. Laws 2007, chapter 146, article 2, section 46, subdivision 9, as amended by Laws 2008, chapter 363, article 3, section 12, is amended to read:

Subd. 9. **Tribal contract schools.** For tribal contract school aid under Minnesota Statutes, section 124D.83:

$	2,207,000	 2008
$	~~2,392,000~~ 1,844,000	 2009

The 2008 appropriation includes $204,000 for 2007 and $2,003,000 for 2008.

The 2009 appropriation includes ~~$222,000~~ $122,000 for 2008 and ~~$2,170,000~~ $1,722,000 for 2009.

C. SPECIAL EDUCATION

Sec. 12. Laws 2007, chapter 146, article 3, section 24, subdivision 3, as amended by Laws 2008, chapter 363, article 3, section 13, is amended to read:

Subd. 3. **Aid for children with disabilities.** For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

$	2,086,000	 2008
$	~~2,282,000~~ 1,556,000	 2009

If the appropriation for either year is insufficient, the appropriation for the other year is available.

Sec. 13. Laws 2007, chapter 146, article 3, section 24, subdivision 4, as amended by Laws 2008, chapter 363, article 3, section 14, is amended to read:

Subd. 4. **Travel for home-based services.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

$	207,000	 2008
$	~~227,000~~ 237,000	 2009

The 2008 appropriation includes $22,000 for 2007 and $185,000 for 2008.

The 2009 appropriation includes ~~$20,000~~ $21,000 for 2008 and ~~$207,000~~ $216,000 for 2009.

Sec. 14. Laws 2007, chapter 146, article 3, section 24, subdivision 7, is amended to read:

Subd. 7. **Court-placed special education revenue.** For reimbursing serving school districts for unreimbursed eligible expenditures attributable to children placed in the serving school district by court action under Minnesota Statutes, section 125A.79, subdivision 4:

$	72,000	 2008
$	74,000	 2009

D. FACILITIES AND TECHNOLOGY

Sec. 15. Laws 2007, chapter 146, article 4, section 16, subdivision 2, as amended by Laws 2008, chapter 363, article 3, section 15, is amended to read:

Subd. 2. **Health and safety revenue.** For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

$	254,000	 2008
$	~~103,000~~ 119,000	 2009

The 2008 appropriation includes $20,000 for 2007 and $234,000 for 2008.

The 2009 appropriation includes ~~$26,000~~ $23,000 for 2008 and ~~$77,000~~ $96,000 for 2009.

Sec. 16. Laws 2007, chapter 146, article 4, section 16, subdivision 6, as amended by Laws 2008, chapter 363, article 3, section 17, is amended to read:

Subd. 6. **Deferred maintenance aid.** For deferred maintenance aid, according to Minnesota Statutes, section 123B.591, subdivision 4:

$	3,232,000	 2008
$	~~2,627,000~~ 2,720,000	 2009

The 2008 appropriation includes $0 for 2007 and $3,232,000 for 2008.

The 2009 appropriation includes ~~$359,000~~ $371,000 for 2008 and ~~$2,268,000~~ $2,349,000 for 2009.

Sec. 17. Laws 2007, chapter 146, article 4, section 16, subdivision 8, as amended by Laws 2008, chapter 363, article 3, section 18, is amended to read:

Subd. 8. **School technology and operating capital aid grants.** For school technology and operating capital grants under section 11:

$	38,236,000	 2008
$	~~52,454,000~~ 52,254,000	 2009

This is a onetime appropriation.

E. NUTRITION

Sec. 18. Laws 2007, chapter 146, article 5, section 13, subdivision 2, as amended by Laws 2008, chapter 363, article 3, section 19, is amended to read:

Subd. 2. **School lunch.** For school lunch aid according to Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

$	12,094,000	 2008
$	~~12,394,000~~ 12,298,000	 2009

Sec. 19. Laws 2007, chapter 146, article 5, section 13, subdivision 3, as amended by Laws 2008, chapter 363, article 2, section 40, is amended to read:

Subd. 3. **Traditional school breakfast; kindergarten milk.** For traditional school breakfast aid and kindergarten milk under Minnesota Statutes, sections 124D.1158 and 124D.118:

$	5,583,000	 2008
$	~~6,396,000~~ 5,801,000	 2009

The 2009 appropriation includes $4,725,000 for traditional school breakfast and $1,076,000 for kindergarten milk.

F. EARLY CHILDHOOD EDUCATION

Sec. 20. Laws 2007, chapter 146, article 9, section 17, subdivision 2, as amended by Laws 2008, chapter 363, article 3, section 21, is amended to read:

Subd. 2. **Early childhood family education aid.** For early childhood family education aid under Minnesota Statutes, section 124D.135:

$	21,092,000	 2008
$	~~29,324,000~~ 29,326,000	 2009

The 2008 appropriation includes $1,796,000 for 2007 and $19,296,000 for 2008.

The 2009 appropriation includes $2,144,000 for 2008 and ~~$27,180,000~~ $27,182,000 for 2009.

Sec. 21. Laws 2007, chapter 146, article 9, section 17, subdivision 4, as amended by Laws 2008, chapter 363, article 2, section 42, is amended to read:

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

$	2,624,000	 2008
$	~~3,592,000~~ 3,552,000	 2009

The 2008 appropriation includes $288,000 for 2007 and $2,336,000 for 2008.

The 2009 appropriation includes ~~$259,000~~ $247,000 for 2008 and ~~$3,333,000~~ $3,305,000 for 2009.

G. PREVENTION

Sec. 22. Laws 2007, chapter 146, article 9, section 17, subdivision 8, as amended by Laws 2008, chapter 363, article 3, section 23, is amended to read:

Subd. 8. **Community education aid.** For community education aid under Minnesota Statutes, section 124D.20:

$	1,299,000	 2008
$	~~796,000~~ 785,000	 2009

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

The 2009 appropriation includes $122,000 for 2008 and ~~$674,000~~ $663,000 for 2009.

Sec. 23. Laws 2007, chapter 146, article 9, section 17, subdivision 9, as amended by Laws 2008, chapter 363, article 3, section 24, is amended to read:

Subd. 9. **Adults with disabilities program aid.** For adults with disabilities programs under Minnesota Statutes, section 124D.56:

$	709,000	 2008
$	710,000	 2009

The 2008 appropriation includes $70,000 for 2007 and $639,000 for 2008.

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

School districts operating existing adults with disabilities programs that are not fully funded shall receive full funding for the program beginning in fiscal year 2008 before the commissioner awards grants to other districts.

H. SELF-SUFFICIENCY AND LIFELONG LEARNING

Sec. 24. Laws 2007, chapter 146, article 9, section 17, subdivision 13, as amended by Laws 2008, chapter 363, article 3, section 25, is amended to read:

Subd. 13. **Adult basic education aid.** For adult basic education aid under Minnesota Statutes, section 124D.531:

$	40,344,000	 2008
$	~~41,712,000~~ 41,749,000	 2009

The 2008 appropriation includes $3,759,000 for 2007 and $36,585,000 for 2008.

The 2009 appropriation includes $4,065,000 for 2008 and ~~$37,647,000~~ $37,684,000 for 2009.

APPENDIX
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120A.26 ENFORCEMENT AND PROSECUTION.

Subdivision 1. **On-site visits.** A superintendent or the superintendent's designee may make an annual on-site visit, at a mutually agreed upon time, to an unaccredited nonpublic school, home, or other institution where children are receiving instruction. Upon mutual agreement between the parties, the superintendent or the superintendent's designee may also visit an accredited nonpublic school, person, or other institution providing instruction. The purpose of these visits shall be limited to monitoring compliance with the requirements of section 120A.22. If the superintendent determines that there is evidence of noncompliance with the requirements of sections 120A.22 and 120A.24, the superintendent may make additional visits during the school year.

Subd. 2. **Alternative to visits.** In lieu of the visit authorized in subdivision 1, a parent who is providing instruction may present the documentation required in section 120A.24, subdivision 2, to the superintendent.

120B.11 SCHOOL DISTRICT PROCESS FOR REVIEWING CURRICULUM, INSTRUCTION, AND STUDENT ACHIEVEMENT.

Subd. 6. **Student evaluation.** The school board annually shall provide high school graduates or GED recipients who receive a diploma or its equivalent from the school district with an opportunity to report to the board on the following:

(1) the quality of district instruction, curriculum, and services;

(2) the quality of district delivery of instruction, curriculum, and services;

(3) the utility of district facilities; and

(4) the effectiveness of district administration.

Subd. 7. **Periodic report.** Each school district shall periodically ask affected constituencies about their level of satisfaction with school. The district shall include the results of this evaluation in the report required under subdivision 5.

Subd. 8. **Biennial evaluation; assessment program.** At least once every two years, the district report shall include an evaluation of the district testing programs, according to the following:

(1) written objectives of the assessment program;

(2) names of tests and grade levels tested;

(3) use of test results; and

(4) student achievement results compared to previous years.

120B.362 VALUE-ADDED ASSESSMENT PROGRAM.

(a) The commissioner of education must implement a value-added assessment program to assist school districts, public schools, and charter schools in assessing and reporting individual students' growth in academic achievement under section 120B.30, subdivision 1a. The program must use assessments of individual students' academic achievement to make longitudinal comparisons of each student's academic growth over time. School districts, public schools, and charter schools may apply to the commissioner to participate in the initial trial program using a form and in the manner the commissioner prescribes. The commissioner must select program participants from urban, suburban, and rural areas throughout the state.

(b) The commissioner may issue a request for proposals to contract with an organization that provides a value-added assessment model that reliably estimates school and school district effects on students' academic achievement over time. The model the commissioner selects must accommodate diverse data and must use each student's test data across grades. Data on individual teachers generated under the model are personnel data under section 13.43.

(c) The contract under paragraph (b) must be consistent with the definition of "best value" under section 16C.02, subdivision 4.

120B.39 UNIFORM FORMS FOR STATE EXAMINATIONS; COMMISSIONER.

Upon the request of any superintendent of any public or private school teaching high school courses in the state, the commissioner shall designate or prepare uniform forms for state

examinations in each high school subject during the month of May of each year; the request shall be in writing and delivered to the commissioner before January 1 of that year.

121A.06 REPORTS OF DANGEROUS WEAPON INCIDENTS IN SCHOOL ZONES.

Subdivision 1. **Definitions.** As used in this section:

(1) "dangerous weapon" has the meaning given it in section 609.02, subdivision 6;

(2) "school" has the meaning given it in section 120A.22, subdivision 4; and

(3) "school zone" has the meaning given it in section 152.01, subdivision 14a, clauses (1) and (3).

Subd. 2. **Reports; content.** School districts must electronically report to the commissioner of education incidents involving the use or possession of a dangerous weapon in school zones. The form must include the following information:

(1) a description of each incident, including a description of the dangerous weapon involved in the incident;

(2) where, at what time, and under what circumstances the incident occurred;

(3) information about the offender, other than the offender's name, including the offender's age; whether the offender was a student and, if so, where the offender attended school; and whether the offender was under school expulsion or suspension at the time of the incident;

(4) information about the victim other than the victim's name, if any, including the victim's age; whether the victim was a student and, if so, where the victim attended school; and if the victim was not a student, whether the victim was employed at the school;

(5) the cost of the incident to the school and to the victim; and

(6) the action taken by the school administration to respond to the incident.

The commissioner shall provide an electronic reporting format that allows school districts to provide aggregate data.

Subd. 3. **Reports; filing requirements.** By July 31 of each year, each public school shall report incidents involving the use or possession of a dangerous weapon in school zones to the commissioner. The reports must be submitted using the electronic reporting system developed by the commissioner under subdivision 2. The commissioner shall compile the information it receives from the schools and report it annually to the commissioner of public safety and the legislature.

121A.27 SCHOOL AND COMMUNITY ADVISORY TEAM.

The superintendent, with the advice of the school board, shall establish a school and community advisory team to address chemical abuse problems in the district. The school and community advisory team must be composed of representatives from the school preassessment team established in section 121A.26, to the extent possible, law enforcement agencies, county attorney's office, social service agencies, chemical abuse treatment programs, parents, and the business community. The community advisory team shall:

(1) build awareness of the problem within the community, identify available treatment and counseling programs for students and develop good working relationships and enhance communication between the schools and other community agencies; and

(2) develop a written procedure clarifying the notification process to be used by the chemical abuse preassessment team established under section 121A.26 when a student is believed to be in possession of or under the influence of alcohol or a controlled substance. The procedure must include contact with the student, and the student's parents or guardian in the case of a minor student.

122A.24 ALTERNATIVE PREPARATION LICENSING FOR TEACHERS.

Subdivision 1. **Requirements.** (a) A preparation program that is an alternative to the postsecondary teacher preparation program as a means to acquire an entrance license is established. The program may be offered in any instructional field.

(b) To participate in the alternative preparation program, the candidate must:

(1) have a bachelor's degree;

(2) pass an examination of skills in reading, writing, and mathematics as required by section 122A.18;

(3) have been offered a job to teach in a school district, group of districts, or an education district approved by the Board of Teaching to offer an alternative preparation licensure program;

(4)(i) have a college major in the subject area to be taught; or

(ii) have five years of experience in a field related to the subject to be taught; and

(5) document successful experiences working with children.

(c) An alternative preparation license is of one year duration and is issued by the Board of Teaching to participants on admission to the alternative preparation program.

(d) The Board of Teaching must ensure that one of the purposes of this program is to enhance the school desegregation/integration policies adopted by the state.

Subd. 2. **Characteristics.** The alternative preparation program has the following characteristics:

(1) staff development conducted by a resident mentorship team made up of administrators, teachers, and postsecondary faculty members;

(2) an instruction phase involving intensive preparation of a candidate for licensure before the candidate assumes responsibility for a classroom;

(3) formal instruction and peer coaching during the school year;

(4) assessment, supervision, and evaluation of a candidate to determine the candidate's specific needs and to ensure satisfactory completion of the program;

(5) a research based and results oriented approach focused on skills teachers need to be effective;

(6) assurance of integration of education theory and classroom practices; and

(7) the shared design and delivery of staff development between school district personnel and postsecondary faculty.

Subd. 3. **Program approval.** (a) The Board of Teaching must approve alternative preparation programs based on criteria adopted by the board.

(b) The board shall permit demonstration of licensure competencies in school-based and other nontraditional pathways to teacher licensure.

Subd. 4. **Approval for standard entrance license.** The resident mentorship team must prepare for the Board of Teaching an evaluation report on the performance of the alternative preparation licensee during the school year and a positive or negative recommendation on whether the alternative preparation licensee shall receive a standard entrance license.

Subd. 5. **Standard entrance license.** The Board of Teaching must issue a standard entrance license to an alternative preparation licensee who has successfully completed the school year in the alternative preparation program and who has received a positive recommendation from the licensee's mentorship team.

Subd. 6. **Qualified teacher.** A person with a valid alternative preparation license is a qualified teacher within the meaning of section 122A.16.

122A.32 REQUIREMENTS FOR ASSESSMENT PROFESSIONALS.

When a board of a district with 10,000 pupils or more in average daily membership employs a person to administer or interpret individual aptitude, intelligence or personality tests, the person must hold a graduate level degree related to administering and interpreting psychological assessments.

122A.628 SCHOOLS MENTORING SCHOOLS REGIONAL SITES.

Subdivision 1. **Program.** The commissioner of education shall select up to four school districts, or partnerships of school districts, for the purpose of assisting other school districts in the region with the development of thorough and effective teacher mentoring programs. The commissioner shall use geographic balance and proven teacher induction programs as criteria when selecting the sites. One site must include the Brainerd teacher support system, which has been cited by the Minnesota Board of Teaching as a model program and was one of only six programs in the nation to be recognized for the 2004 NEA-Saturn/UAW partnership award. The sites shall be known as schools mentoring schools regional sites.

The sites shall provide high quality mentoring assistance programs and services to other nearby school districts for the development of effective systems of support for new teachers. The sites shall offer coaching/mentor training, in-class observation training, and train-the-teacher opportunities for teams of participating teachers. The sites shall use their recognized experience and methods to equip schools to work with their own new and beginning teachers. The commissioner shall review and report annually to the legislature on the operation of each training center.

Subd. 2. **Revenue.** A school district that is selected to participate in the schools mentoring schools program under this section may utilize its professional compensation revenue under

section 122A.414, subdivision 4, to pay regional training sites for staff development and training services.

122A.72 TEACHER CENTERS.

Subd. 3. **Policy board membership.** Representatives of exclusive representatives and representatives of the school boards shall mutually determine the composition of the policy board according to the guidelines in this subdivision. A majority of the policy board must be teachers. The number of policy board members from each participating district must be in proportion to the number of teachers in each district. The board shall be composed of elementary teachers, secondary teachers, and other teachers, parents, and representatives of school boards, postsecondary education, business, and labor. At least one teacher from each participating district shall be a member of the board.

Subd. 4. **Policy board powers and duties.** The policy board shall develop policy, designate a fiscal agent, adopt a budget, expend funds to accomplish the purposes of the center, contract for technical and other assistance, and perform other managerial or supervisory activities consistent with the rules of the commissioner of education. The policy board may employ staff or contract with consultants for services.

122A.75 ADMINISTRATORS ACADEMY.

Subdivision 1. **Services.** An Administrators Academy is established. The academy shall provide at least the following services:

(1) an administrator assessment that results in an individual professional development plan;

(2) research and development assistance that provides current research and data of interest to administrators; and

(3) brokerage assistance to provide services and resources to help administrators with needs identified in their individual professional development plan.

Subd. 2. **Governance.** The commissioner of education shall appoint a 17-member committee to govern the Administrators Academy. Eight members must be from among administrators who are receiving or have received the services of the academy. In addition, a representative of each of the following organizations: Minnesota Department of Education, Minnesota Association of School Administrators, Minnesota elementary school principals, Minnesota secondary school principals, University of Minnesota, state university system, and a representative from the private colleges must be appointed by the organization each represents. Parents and teachers shall also have representation on the governing board.

123B.92 TRANSPORTATION AID ENTITLEMENT.

Subd. 5. **District reports.** (a) Each district must report data to the department as required by the department to account for transportation expenditures.

(b) Salaries and fringe benefits of district employees whose primary duties are other than transportation, including central office administrators and staff, building administrators and staff, teachers, social workers, school nurses, and instructional aides, must not be included in a district's transportation expenditures, except that a district may include salaries and benefits according to paragraph (c) for (1) an employee designated as the district transportation director, (2) an employee providing direct support to the transportation director, or (3) an employee providing direct transportation services such as a bus driver or bus aide.

(c) Salaries and fringe benefits of the district employees listed in paragraph (b), clauses (1), (2), and (3), who work part time in transportation and part time in other areas must not be included in a district's transportation expenditures unless the district maintains documentation of the employee's time spent on pupil transportation matters in the form and manner prescribed by the department.

(d) Pupil transportation expenditures, excluding expenditures for capital outlay, leased buses, student board and lodging, crossing guards, and aides on buses, must be allocated among transportation categories based on cost-per-mile, cost-per-student, cost-per-hour, or cost-per-route, regardless of whether the transportation services are provided on district-owned or contractor-owned school buses. Expenditures for school bus driver salaries and fringe benefits may either be directly charged to the appropriate transportation category or may be allocated among transportation categories based on cost-per-mile, cost-per-student, cost-per-hour, or cost-per-route. Expenditures by private contractors or individuals who provide transportation exclusively in one transportation category must be charged directly to the appropriate transportation category. Transportation services provided by contractor-owned school bus

companies incorporated under different names but owned by the same individual or group of individuals must be treated as the same company for cost allocation purposes.

124D.10 CHARTER SCHOOLS.

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

Subd. 19. **Disseminate information.** The sponsor, the operators, and the Department of Education must disseminate information to the public on how to form and operate a charter school and how to utilize the offerings of a charter school. Particular groups to be targeted include low-income families and communities, and students of color.

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

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

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

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

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

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

125A.05 METHOD OF SPECIAL INSTRUCTION.

(a) As defined in this section, to the extent required by federal law as of July 1, 1999, special instruction and services for children with a disability must be based on the assessment and individual education plan. The instruction and services may be provided by one or more of the following methods:

(1) in connection with attending regular elementary and secondary school classes;

(2) establishment of special classes;

(3) at the home or bedside of the child;

(4) in other districts;

(5) instruction and services by special education cooperative centers established under this section, or in another member district of the cooperative center to which the resident district of the child with a disability belongs;

(6) in a state residential school or a school department of a state institution approved by the commissioner;

(7) in other states;

(8) by contracting with public, private or voluntary agencies;

(9) for children under age five and their families, programs and services established through collaborative efforts with other agencies;

(10) for children under age five and their families, programs in which children with a disability are served with children without a disability; and

(11) any other method approved by the commissioner.

(b) Preference shall be given to providing special instruction and services to children under age three and their families in the residence of the child with the parent or primary caregiver, or both, present.

(c) The primary responsibility for the education of a child with a disability must remain with the district of the child's residence regardless of which method of providing special instruction and services is used. If a district other than a child's district of residence provides special instruction and services to the child, then the district providing the special instruction and services must notify the child's district of residence before the child's individual education plan is developed and must provide the district of residence an opportunity to participate in the plan's development. The district of residence must inform the parents of the child about the methods of instruction that are available.

125A.091 ALTERNATIVE DISPUTE RESOLUTION AND DUE PROCESS HEARINGS.

Subdivision 1. **District obligation.** A school district must use the procedures in federal law and state law and rule to reach decisions about the identification, evaluation, educational placement, manifestation determination, interim alternative educational placement, or the provision of a free appropriate public education to a child with a disability.

Subd. 2. **Prior written notice.** A parent must receive prior written notice a reasonable time before the district proposes or refuses to initiate or change the identification, evaluation, educational placement, or the provision of a free appropriate public education to a child with a disability.

Subd. 3. **Content of notice.** The notice under subdivision 2 must:

(1) describe the action the district proposes or refuses;

(2) explain why the district proposes or refuses to take the action;

(3) describe any other option the district considered and the reason why it rejected the option;

(4) describe each evaluation procedure, test, record, or report the district used as a basis for the proposed or refused action;

(5) describe any other factor affecting the proposal or refusal of the district to take the action;

(6) state that the parent of a child with a disability is protected by procedural safeguards and, if this notice is not an initial referral for evaluation, how a parent can get a description of the procedural safeguards; and

(7) identify where a parent can get help in understanding this law.

Subd. 4. **Understandable notice.** (a) The written notice under subdivision 2 must be understandable to the general public and available in the parent's native language or by another communication form, unless it is clearly not feasible to do so.

(b) If the parent's native language or other communication form is not written, the district must take steps to ensure that:

(1) the notice is translated orally or by other means to the parent in the parent's native language or other communication form;

(2) the parent understands the notice; and

(3) written evidence indicates the requirements in subdivision 2 are met.

Subd. 22. **Child's educational placement during due process hearing.** (a) Until a due process hearing under this section is completed or the district and the parent agree otherwise, the child must remain in the child's current educational placement and must not be denied initial admission to school.

(b) Until an expedited due process hearing challenging an interim alternative educational placement is completed, the child must remain in the interim alternative educational setting until the decision of the hearing officer or the expiration of the 45 days permitted for an interim alternative educational setting, whichever occurs first, unless the parent and district agree otherwise.

Subd. 23. **Implementation of hearing officer order.** (a) That portion of a hearing officer's decision granting relief requested by the parent must be implemented upon issuance.

(b) Except as provided under paragraph (a) or the district and parent agree otherwise, following a hearing officer's decision granting relief requested by the district, the child must remain in the current educational placement until the time to request judicial review under subdivision 24 expires or, if judicial review is requested, at the time the Minnesota Court of Appeals or the federal district court issues its decision, whichever is later.

126C.10 GENERAL EDUCATION REVENUE.

Subd. 13a. **Operating capital levy.** To obtain operating capital revenue for fiscal year 2007 and later, a district may levy an amount not more than the product of its operating capital revenue for the fiscal year times the lesser of one or the ratio of its adjusted net tax capacity per adjusted marginal cost pupil unit to the operating capital equalizing factor. The operating capital equalizing factor equals $22,222 for fiscal year 2006, and $10,700 for fiscal year 2007 and later.

Subd. 13b. **Operating capital aid.** A district's operating capital aid equals its operating capital revenue minus its operating capital levy times the ratio of the actual amount levied to the permitted levy.

Subd. 29. **Equity levy.** To obtain equity revenue for fiscal year 2005 and later, a district may levy an amount not more than the product of its equity revenue for the fiscal year times the lesser of one or the ratio of its referendum market value per resident marginal cost pupil unit to $476,000.

Subd. 30. **Equity aid.** A district's equity aid equals its equity revenue minus its equity levy times the ratio of the actual amount levied to the permitted levy.

Subd. 32. **Transition levy.** To obtain transition revenue for fiscal year 2005 and later, a district may levy an amount not more than the product of its transition revenue for the fiscal year times the lesser of one or the ratio of its referendum market value per resident marginal cost pupil unit to $476,000.

Subd. 33. **Transition aid.** (a) For fiscal year 2004, a district's transition aid equals its transition revenue.

(b) For fiscal year 2005 and later, a district's transition aid equals its transition revenue minus its transition levy times the ratio of the actual amount levied to the permitted levy.

Subd. 34. **Basic alternative teacher compensation aid.** (a) For fiscal years 2007 and later, the basic alternative teacher compensation aid for a school district with a plan approved under section 122A.414, subdivision 2b, equals 65 percent of the alternative teacher compensation revenue under section 122A.415, subdivision 1. The basic alternative teacher compensation aid for an intermediate school district or charter school with a plan approved under section 122A.414, subdivisions 2a and 2b, if the recipient is a charter school, equals $260 times the number of pupils enrolled in the school on October 1 of the previous fiscal year, or on October 1 of the current fiscal year for a charter school in the first year of operation, times the ratio of the sum of the alternative teacher compensation aid and alternative teacher compensation levy for all participating school districts to the maximum alternative teacher compensation revenue for those districts under section 122A.415, subdivision 1.

(b) Notwithstanding paragraphs (a) and (b) and section 122A.415, subdivision 1, the state total basic alternative teacher compensation aid entitlement must not exceed $75,636,000 for fiscal year 2007 and later. The commissioner must limit the amount of alternative teacher compensation aid approved under section 122A.415 so as not to exceed these limits.

Subd. 35. **Alternative teacher compensation levy.** For fiscal year 2007 and later, the alternative teacher compensation levy for a district receiving basic alternative teacher compensation aid equals the product of (1) the difference between the district's alternative teacher compensation revenue and the district's basic alternative teacher compensation aid times (2) the lesser of one or the ratio of the district's adjusted net tax capacity per adjusted pupil unit to $5,913.

Subd. 36. **Alternative teacher compensation aid.** (a) For fiscal year 2007 and later, a district's alternative teacher compensation equalization aid equals the district's alternative teacher compensation revenue minus the district's basic alternative teacher compensation aid minus the district's alternative teacher compensation levy. If a district does not levy the entire amount permitted, the alternative teacher compensation equalization aid must be reduced in proportion to the actual amount levied.

(b) A district's alternative teacher compensation aid equals the sum of the district's basic alternative teacher compensation aid and the district's alternative teacher compensation equalization aid.

Laws 2008, chapter 363, article 2, section 48

Sec. 48. **PRIORITY FOR NEW ALTERNATIVE COMPENSATION SCHOOL DISTRICTS AND CHARTER SCHOOLS, FISCAL YEARS 2009 TO 2010.**

(a) Notwithstanding Minnesota Statutes, sections 122A.413; 122A.414; 122A.415; 122A.416; and 126C.10, subdivisions 34, 35, and 36, for fiscal years 2009 and 2010 only, for school sites, school districts, or charter schools that had not applied as of March 20, 2008, to participate in the alternative teacher pay program, the Department of Education must authorize alternative compensation funding for applicants according to paragraphs (b) and (c).

(b) For fiscal year 2009, the Department of Education shall qualify eligible school sites, school districts, and charter schools for alternative compensation revenue in the order of receipt of applications received after March 20, 2008, provided that the total alternative compensation aid entitlement authorized under this paragraph does not exceed $11,397,000.

(c) In addition to the amounts authorized in paragraph (b), for fiscal year 2010, the Department of Education shall qualify eligible school sites, school districts, and charter schools for alternative compensation revenue in the order of receipt of applications received after March 20, 2008, provided that the total alternative compensation aid entitlement authorized under this paragraph does not exceed $2,899,000.