

SENATE
STATE OF MINNESOTA
EIGHTY-EIGHTH LEGISLATURE

S.F. No. 453

(SENATE AUTHORS: WIGER)

DATE	D-PG	OFFICIAL STATUS
02/14/2013	230	Introduction and first reading Referred to Finance
02/18/2013	286	Joint rule 2.03, referred to Rules and Administration
02/21/2013	314	Comm report: Re-referred to Finance
04/17/2013		Comm report: To pass as amended and re-refer to Taxes Rule 21, referred to Rules and Administration Comm report: Adopt previous comm report

A bill for an act

1.1 relating to education; providing funding for early childhood and family,
1.2 prekindergarten through grade 12, and adult education, including general
1.3 education, education excellence, special programs, facilities and technology,
1.4 nutrition, accounting, libraries, early childhood education, prevention,
1.5 self-sufficiency and lifelong learning, and state agencies; appropriating money;
1.6 amending Minnesota Statutes 2012, sections 120A.20, subdivision 1; 123A.73,
1.7 subdivisions 3, 4, 5; 123B.42, subdivision 3; 123B.54; 123B.57, subdivision
1.8 4; 123B.59, subdivision 6; 123B.591, subdivisions 2, 3; 123B.75, subdivision
1.9 5; 123B.92, subdivisions 1, 9; 124D.02, subdivision 1; 124D.10, subdivisions
1.10 15, 17; 124D.11, subdivisions 1, 2, 4, 5; 124D.119; 124D.128, subdivision 2;
1.11 124D.4531, subdivision 1; 124D.59, subdivision 2; 124D.65, subdivision 5;
1.12 124D.86; 124D.98; 125A.11, subdivision 1; 125A.76, subdivisions 1, 4a, 8, by
1.13 adding subdivisions; 125A.78, subdivision 2; 125A.79, subdivisions 1, 5, 8;
1.14 125B.26, subdivision 4; 126C.05, subdivisions 1, 5, 6; 126C.10, subdivisions
1.15 1, 2, 2c, 3, 7, 8, 13, 13a, 17, 18, 24, 27, 29, 31, 32, 35, by adding subdivisions;
1.16 126C.12, subdivision 1; 126C.13, subdivisions 4, 5; 126C.15, subdivision 2;
1.17 126C.17; 126C.20; 126C.40, subdivisions 1, 6; 126C.44; 127A.441; 127A.45,
1.18 subdivisions 2, 13; 127A.47, subdivisions 7, 8; 127A.51; Laws 2011, First
1.19 Special Session chapter 11, article 2, section 51; proposing coding for new
1.20 law in Minnesota Statutes, chapters 121A; 123A; 124D; repealing Minnesota
1.21 Statutes 2012, sections 120B.08; 120B.09; 124D.454, subdivisions 3, 10, 11;
1.22 124D.86, subdivision 6; 124D.98, subdivision 2; 125A.76, subdivisions 2, 4, 5,
1.23 7; 125A.79, subdivisions 6, 7; 126C.10, subdivisions 2a, 2b, 25, 26, 28, 31a, 31b,
1.24 31c; 126C.17, subdivision 13; 127A.50, subdivisions 1, 5.

1.25
1.26 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

ARTICLE 1

GENERAL EDUCATION

1.27
1.28
1.29 Section 1. Minnesota Statutes 2012, section 120A.20, subdivision 1, is amended to read:

1.30 Subdivision 1. **Age limitations; pupils.** (a) All schools supported in whole or
1.31 in part by state funds are public schools. Admission to a public school is free to any
1.32 person who: (1) resides within the district that operates the school; (2) is under 21 years of

2.1 age or who meets the requirements of paragraph (c); and (3) satisfies the minimum age
 2.2 requirements imposed by this section. Notwithstanding the provisions of any law to the
 2.3 contrary, the conduct of all students under 21 years of age attending a public secondary
 2.4 school is governed by a single set of reasonable rules and regulations promulgated by the
 2.5 school board.

2.6 (b) A person shall not be admitted to a public school (1) as a kindergarten pupil,
 2.7 unless the pupil is at least five years of age on September 1 of the calendar year in which
 2.8 the school year for which the pupil seeks admission commences; or (2) as a 1st grade
 2.9 student, unless the pupil is at least six years of age on September 1 of the calendar year in
 2.10 which the school year for which the pupil seeks admission commences or has completed
 2.11 kindergarten; except that any school board may establish a policy for admission of
 2.12 selected pupils at an earlier age under section 124D.02.

2.13 (c) A pupil who becomes age 21 after enrollment is eligible for continued free public
 2.14 school enrollment until at least one of the following occurs: (1) the first September 1 after
 2.15 the pupil's 21st birthday; (2) the pupil's completion of the graduation requirements; (3)
 2.16 the pupil's withdrawal with no subsequent enrollment within 21 calendar days; or (4)
 2.17 the end of the school year.

2.18 Sec. 2. Minnesota Statutes 2012, section 123A.73, subdivision 3, is amended to read:

2.19 Subd. 3. **Voluntary dissolution; referendum revenue.** As of the effective date of
 2.20 the voluntary dissolution of a district and its attachment to one or more existing districts
 2.21 pursuant to section 123A.46, the authorization for all referendum revenues previously
 2.22 approved by the voters of all affected districts for those districts pursuant to section
 2.23 126C.17, subdivision 9, or its predecessor provision, is canceled. However, if all of the
 2.24 territory of any independent district is included in the enlarged district, and if the adjusted
 2.25 net tax capacity of taxable property in that territory comprises 90 percent or more of
 2.26 the adjusted net tax capacity of all taxable property in an enlarged district, the enlarged
 2.27 district's referendum revenue shall be determined as follows:

2.28 The referendum revenue shall be the revenue per ~~resident marginal cost~~ adjusted
 2.29 pupil unit times the number of ~~resident marginal cost~~ adjusted pupil units in the enlarged
 2.30 district. Any new referendum revenue shall be authorized only after approval is granted
 2.31 by the voters of the entire enlarged district in an election pursuant to section 126C.17,
 2.32 subdivision 9.

2.33 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 2.34 and later.

3.1 Sec. 3. Minnesota Statutes 2012, section 123A.73, subdivision 4, is amended to read:

3.2 Subd. 4. **Consolidation; maximum authorized referendum revenues.** (a) As
3.3 of the effective date of a consolidation pursuant to section 123A.48, if the plan for
3.4 consolidation so provides, or if the plan for consolidation makes no provision concerning
3.5 referendum revenues, the authorization for all referendum revenues previously approved
3.6 by the voters of all affected districts for those districts pursuant to section 126C.17,
3.7 subdivision 9, or its predecessor provision shall be recalculated as provided in this
3.8 subdivision. The referendum revenue authorization for the newly created district shall
3.9 be the revenue per ~~resident marginal cost~~ adjusted pupil unit that would raise an amount
3.10 equal to the combined dollar amount of the referendum revenues authorized by each of
3.11 the component districts for the year preceding the consolidation, unless the referendum
3.12 revenue authorization of the newly created district is subsequently modified pursuant to
3.13 section 126C.17, subdivision 9.

3.14 (b) The referendum allowance for a consolidated district in the years following
3.15 consolidation equals the average of the consolidating districts' existing authorities for those
3.16 years, weighted by the districts' ~~resident marginal cost~~ adjusted pupil units in the year
3.17 preceding consolidation. For purposes of this calculation, the referendum authorities used
3.18 for individual districts shall not decrease from year to year until such time as all existing
3.19 authorities for all the consolidating districts have fully expired, but shall increase if they
3.20 were originally approved with consumer price index-based or other annual increases.

3.21 (c) The referendum revenue authorization for the newly created district shall continue
3.22 for a period of time equal to the longest period authorized for any component district.

3.23 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
3.24 and later.

3.25 Sec. 4. Minnesota Statutes 2012, section 123A.73, subdivision 5, is amended to read:

3.26 Subd. 5. **Alternative method.** (a) As of the effective date of a consolidation
3.27 pursuant to section 123A.48, if the plan for consolidation so provides, the authorization
3.28 for all referendum revenues previously approved by the voters of all affected districts for
3.29 those districts pursuant to section 126C.17, subdivision 9, or its predecessor provision
3.30 shall be combined as provided in this subdivision. The referendum revenue authorization
3.31 for the newly created district may be any allowance per ~~resident marginal cost~~ adjusted
3.32 pupil unit provided in the plan for consolidation, but may not exceed the allowance
3.33 per ~~resident marginal cost~~ adjusted pupil unit that would raise an amount equal to the
3.34 combined dollar amount of the referendum revenues authorized by each of the component
3.35 districts for the year preceding the consolidation.

4.1 (b) The referendum allowance for a consolidated district in the years following
4.2 consolidation equals the average of the consolidating districts' existing authorities for those
4.3 years, weighted by the districts' ~~resident marginal cost~~ adjusted pupil units in the year
4.4 preceding consolidation. For purposes of this calculation, the referendum authorities used
4.5 for individual districts shall not decrease from year to year until such time as all existing
4.6 authorities for all the consolidating districts have fully expired, but shall increase if they
4.7 were originally approved with consumer price index-based or other annual increases.

4.8 (c) The referendum revenue authorization for the newly created district shall
4.9 continue for a period of time equal to the longest period authorized for any component
4.10 district. The referendum revenue authorization for the newly created district may be
4.11 modified pursuant to section 126C.17, subdivision 9.

4.12 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
4.13 and later.

4.14 Sec. 5. Minnesota Statutes 2012, section 123B.42, subdivision 3, is amended to read:

4.15 Subd. 3. **Cost; limitation.** (a) The cost per pupil of the textbooks, individualized
4.16 instructional or cooperative learning materials, software or other educational technology,
4.17 and standardized tests provided for in this section for each school year must not exceed the
4.18 statewide average expenditure per pupil, adjusted pursuant to clause (b), by the Minnesota
4.19 public elementary and secondary schools for textbooks, individualized instructional
4.20 materials and standardized tests as computed and established by the department by February
4.21 1 of the preceding school year from the most recent public school year data then available.

4.22 (b) The cost computed in clause (a) shall be increased by an inflation adjustment
4.23 equal to the percent of increase in the formula allowance, pursuant to section 126C.10,
4.24 subdivision 2, from the second preceding school year to the current school year.

4.25 Notwithstanding the amount of the formula allowance for fiscal years 2015 and 2016 in
4.26 section 126C.10, subdivision 2, the commissioner shall use the amount of the formula
4.27 allowance for the current year minus \$424 in determining the inflation adjustment for
4.28 fiscal years 2015 and 2016.

4.29 (c) The commissioner shall allot to the districts or intermediary service areas the
4.30 total cost for each school year of providing or loaning the textbooks, individualized
4.31 instructional or cooperative learning materials, software or other educational technology,
4.32 and standardized tests for the pupils in each nonpublic school. The allotment shall not
4.33 exceed the product of the statewide average expenditure per pupil, according to clause
4.34 (a), adjusted pursuant to clause (b), multiplied by the number of nonpublic school pupils

5.1 who make requests pursuant to this section and who are enrolled as of September 15 of
5.2 the current school year.

5.3 Sec. 6. Minnesota Statutes 2012, section 123B.92, subdivision 9, is amended to read:

5.4 Subd. 9. **Nonpublic pupil transportation aid.** (a) A district's nonpublic pupil
5.5 transportation aid for the 1996-1997 and later school years for transportation services for
5.6 nonpublic school pupils according to sections 123B.88, 123B.84 to 123B.86, and this
5.7 section, equals the sum of the amounts computed in paragraphs (b) and (c). This aid does
5.8 not limit the obligation to transport pupils under sections 123B.84 to 123B.87.

5.9 (b) For regular and excess transportation according to subdivision 1, paragraph (b),
5.10 clauses (1) and (2), an amount equal to the product of:

5.11 (1) the district's actual expenditure per pupil transported in the regular and excess
5.12 transportation categories during the second preceding school year; times

5.13 (2) the number of nonpublic school pupils residing in the district who receive regular
5.14 or excess transportation service or reimbursement for the current school year; times

5.15 (3) the ratio of the formula allowance pursuant to section 126C.10, subdivision 2, for
5.16 the current school year to the formula allowance pursuant to section 126C.10, subdivision
5.17 2, for the second preceding school year.

5.18 (c) For nonpublic nonregular transportation according to subdivision 1, paragraph
5.19 (b), clause (5), an amount equal to the product of:

5.20 (1) the district's actual expenditure for nonpublic nonregular transportation during
5.21 the second preceding school year; times

5.22 (2) the ratio of the formula allowance pursuant to section 126C.10, subdivision 2, for
5.23 the current school year to the formula allowance pursuant to section 126C.10, subdivision
5.24 2, for the second preceding school year.

5.25 (d) Notwithstanding the amount of the formula allowance for fiscal year ~~2004~~
5.26 years 2015 and 2016 in section 126C.10, subdivision 2, the commissioner shall use the
5.27 amount of the formula allowance for the current year minus ~~\$415~~ \$424 in determining
5.28 the nonpublic pupil transportation revenue in paragraphs (b) and (c) for fiscal year ~~2004~~
5.29 years 2015 and 2016.

5.30 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
5.31 and later.

5.32 Sec. 7. Minnesota Statutes 2012, section 124D.02, subdivision 1, is amended to read:

5.33 Subdivision 1. **Kindergarten instruction.** The board may establish and maintain
5.34 one or more kindergartens for the instruction of children and after July 1, 1974, shall

6.1 provide kindergarten instruction for all eligible children, either in the district or in
 6.2 another district. All children to be eligible for kindergarten must be at least five years
 6.3 of age on September 1 of the calendar year in which the school year commences. In
 6.4 addition all children selected under an early admissions policy established by the school
 6.5 board may be admitted. If established, a board-adopted early admissions policy must
 6.6 describe the process and procedures for comprehensive evaluation in cognitive, social,
 6.7 and emotional developmental domains to help determine the child's ability to meet
 6.8 kindergarten grade expectations and progress to first grade in the subsequent year. The
 6.9 comprehensive evaluation must use valid and reliable instrumentation, be aligned with
 6.10 state kindergarten expectations, and include a parent report and teacher observations of
 6.11 the child's knowledge, skills, and abilities. The early admissions policy must be made
 6.12 available to parents in an accessible format and is subject to review by the commissioner
 6.13 of education. The evaluation is subject to section 127A.41. Nothing in this section
 6.14 shall prohibit a school district from establishing Head Start, prekindergarten, or nursery
 6.15 school classes for children below kindergarten age. Any school board with evidence that
 6.16 providing kindergarten will cause an extraordinary hardship on the school district may
 6.17 apply to the commissioner of education for an exception.

6.18 Sec. 8. Minnesota Statutes 2012, section 126C.05, subdivision 1, is amended to read:

6.19 Subdivision 1. **Pupil unit.** Pupil units for each Minnesota resident pupil under the
 6.20 age of 21 or who meets the requirements of section 120A.20, subdivision 1, paragraph (c),
 6.21 in average daily membership enrolled in the district of residence, in another district under
 6.22 sections 123A.05 to 123A.08, 124D.03, 124D.08, or 124D.68; in a charter school under
 6.23 section 124D.10; or for whom the resident district pays tuition under section 123A.18,
 6.24 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04,
 6.25 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, shall be counted according to this
 6.26 subdivision.

6.27 (a) A prekindergarten pupil with a disability who is enrolled in a program approved
 6.28 by the commissioner and has an individualized education program is counted as the ratio
 6.29 of the number of hours of assessment and education service to 825 times ~~1.25~~ 1.0 with a
 6.30 minimum average daily membership of 0.28, but not more than ~~1.25~~ 1.0 pupil units.

6.31 (b) A prekindergarten pupil who is assessed but determined not to be disabled is
 6.32 counted as the ratio of the number of hours of assessment service to 825 times ~~1.25~~ 1.0.

6.33 (c) A kindergarten pupil with a disability who is enrolled in a program approved
 6.34 by the commissioner is counted as the ratio of the number of hours of assessment and

7.1 education services required in the fiscal year by the pupil's individualized education
7.2 program to 875, but not more than one.

7.3 ~~(d) A kindergarten pupil who is not included in paragraph (e) is counted as .612~~
7.4 ~~pupil units~~ A kindergarten pupil who is not included in paragraph (c) is counted as .7 pupil
7.5 units if the pupil is enrolled in a free all-day, every day kindergarten program available
7.6 to all kindergarten pupils at the pupil's school, or is counted as .55 pupil units, if the
7.7 pupil is not enrolled in a free all-day, every day kindergarten program available to all
7.8 kindergarten pupils at the pupil's school.

7.9 ~~(e) A pupil who is in any of grades 1 to 3 6 is counted as 1.115 1.0 pupil units for~~
7.10 ~~fiscal year 2000 and thereafter.~~

7.11 ~~(f) A pupil who is any of grades 4 to 6 is counted as 1.06 pupil units for fiscal~~
7.12 ~~year 1995 and thereafter.~~

7.13 ~~(g)~~ (g) A pupil who is in any of grades 7 to 12 is counted as ~~1.3~~ 1.2 pupil units.

7.14 ~~(h)~~ (g) A pupil who is in the postsecondary enrollment options program is counted
7.15 as ~~1.3~~ 1.2 pupil units.

7.16 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
7.17 and later.

7.18 Sec. 9. Minnesota Statutes 2012, section 126C.05, subdivision 5, is amended to read:

7.19 Subd. 5. **Adjusted pupil units.** ~~(a)~~ Adjusted pupil units for a district or charter
7.20 school means the sum of:

7.21 (1) the number of pupil units served, according to subdivision 7, plus

7.22 (2) pupil units according to subdivision 1 for whom the district or charter school pays
7.23 tuition under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88,
7.24 subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, minus

7.25 (3) pupil units according to subdivision 1 for whom the district or charter school
7.26 receives tuition under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488,
7.27 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65.

7.28 ~~(b) Adjusted marginal cost pupil units means the greater of:~~

7.29 ~~(1) the sum of .77 times the pupil units defined in paragraph (a) for the current school~~
7.30 ~~year and .23 times the pupil units defined in paragraph (a) for the previous school year; or~~

7.31 ~~(2) the number of adjusted pupil units defined in paragraph (a) for the current school~~
7.32 ~~year.~~

7.33 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
7.34 and later.

8.1 Sec. 10. Minnesota Statutes 2012, section 126C.05, subdivision 6, is amended to read:

8.2 Subd. 6. **Resident pupil units.** (a) Resident pupil units for a district means the
8.3 number of pupil units according to subdivision 1 residing in the district.

8.4 ~~(b) Resident marginal cost pupil units means the greater of:~~

8.5 ~~(1) the sum of .77 times the pupil units defined in paragraph (a) for the current year~~
8.6 ~~and .23 times the pupil units defined in paragraph (a) for the previous school year; or~~

8.7 ~~(2) the number of resident pupil units defined in paragraph (a) for the current school~~
8.8 ~~year.~~

8.9 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
8.10 and later.

8.11 Sec. 11. Minnesota Statutes 2012, section 126C.10, subdivision 1, is amended to read:

8.12 Subdivision 1. **General education revenue.** For fiscal year 2014, the general
8.13 education revenue for each district equals the sum of the district's basic revenue, extended
8.14 time revenue, gifted and talented revenue, small schools revenue, basic skills revenue,
8.15 training and experience revenue, secondary sparsity revenue, elementary sparsity revenue,
8.16 transportation sparsity revenue, total operating capital revenue, equity revenue, alternative
8.17 teacher compensation revenue, and transition revenue. For fiscal year 2015 and later, the
8.18 general education revenue for each district equals the sum of the district's basic revenue,
8.19 declining enrollment revenue, small schools revenue, basic skills revenue, secondary
8.20 sparsity revenue, elementary sparsity revenue, transportation sparsity revenue, total
8.21 operating capital revenue, alternative teacher compensation revenue, teacher development
8.22 and evaluation revenue, pension adjustment revenue, safe schools revenue, and transition
8.23 revenue.

8.24 Sec. 12. Minnesota Statutes 2012, section 126C.10, subdivision 2, is amended to read:

8.25 Subd. 2. **Basic revenue.** For fiscal year 2014, the basic revenue for each district
8.26 equals the formula allowance times the adjusted marginal cost pupil units for the school
8.27 year. The formula allowance for fiscal year 2011 is \$5,124. The formula allowance for
8.28 fiscal year 2012 is \$5,174. For fiscal year 2015 and later, the basic revenue for each district
8.29 equals the formula allowance times the adjusted pupil units for the school year. The formula
8.30 allowance for fiscal year 2013 and subsequent years is \$5,224. The formula allowance for
8.31 fiscal year 2014 is \$5,276. The formula allowance for fiscal year 2015 and later is \$5,700.

8.32 Sec. 13. Minnesota Statutes 2012, section 126C.10, subdivision 2c, is amended to read:

9.1 Subd. 2c. **Small schools revenue.** A school district, not including a charter school,
 9.2 is eligible for small schools revenue equal to the product of:
 9.3 (1) ~~\$5,224~~ \$540;
 9.4 (2) the district's adjusted ~~marginal~~ cost pupil units for that year; and
 9.5 (3) the greater of zero or the ratio of (i) ~~1,000~~ 960 less the district's adjusted ~~marginal~~
 9.6 ~~cost~~ pupil units for that year, to (ii) ~~1,000~~; and 960.
 9.7 ~~(4) 0.10.~~

9.8 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 9.9 and later.

9.10 Sec. 14. Minnesota Statutes 2012, section 126C.10, is amended by adding a
 9.11 subdivision to read:

9.12 Subd. 2d. **Declining enrollment revenue.** A school district's declining enrollment
 9.13 revenue equals the greater of zero or the product of: (1) 28 percent of the formula
 9.14 allowance for that year and (2) the difference between the adjusted pupil units for the
 9.15 preceding year and the adjusted pupil units for the current year.

9.16 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 9.17 and later.

9.18 Sec. 15. Minnesota Statutes 2012, section 126C.10, subdivision 3, is amended to read:

9.19 Subd. 3. **Compensatory education revenue.** (a) For fiscal year 2014, the
 9.20 compensatory education revenue for each building in the district equals the formula
 9.21 allowance minus \$415 times the compensation revenue pupil units computed according
 9.22 to section 126C.05, subdivision 3. For fiscal year 2015 and later, the compensatory
 9.23 education revenue for each building in the district equals the formula allowance minus
 9.24 \$132 times the compensation revenue pupil units computed according to section 126C.05,
 9.25 subdivision 3. Revenue shall be paid to the district and must be allocated according to
 9.26 section 126C.15, subdivision 2.

9.27 (b) When the district contracting with an alternative program under section 124D.69
 9.28 changes prior to the start of a school year, the compensatory revenue generated by pupils
 9.29 attending the program shall be paid to the district contracting with the alternative program
 9.30 for the current school year, and shall not be paid to the district contracting with the
 9.31 alternative program for the prior school year.

10.1 (c) When the fiscal agent district for an area learning center changes prior to the start
10.2 of a school year, the compensatory revenue shall be paid to the fiscal agent district for the
10.3 current school year, and shall not be paid to the fiscal agent district for the prior school year.

10.4 Sec. 16. Minnesota Statutes 2012, section 126C.10, subdivision 7, is amended to read:

10.5 Subd. 7. **Secondary sparsity revenue.** (a) A district's secondary sparsity revenue
10.6 for a school year equals the sum of the results of the following calculation for each
10.7 qualifying high school in the district:

10.8 (1) the formula allowance for the school year minus \$424, multiplied by

10.9 (2) the secondary average daily membership of pupils served in the high school,
10.10 multiplied by

10.11 (3) the quotient obtained by dividing 400 minus the secondary average daily
10.12 membership by 400 plus the secondary daily membership, multiplied by

10.13 (4) the lesser of 1.5 or the quotient obtained by dividing the isolation index minus
10.14 23 by ten.

10.15 (b) A newly formed district that is the result of districts combining under the
10.16 cooperation and combination program or consolidating under section 123A.48 must
10.17 receive secondary sparsity revenue equal to the greater of: (1) the amount calculated
10.18 under paragraph (a) for the combined district; or (2) the sum of the amounts of secondary
10.19 sparsity revenue the former districts had in the year prior to consolidation, increased for
10.20 any subsequent changes in the secondary sparsity formula.

10.21 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
10.22 and later.

10.23 Sec. 17. Minnesota Statutes 2012, section 126C.10, subdivision 8, is amended to read:

10.24 Subd. 8. **Elementary sparsity revenue.** A district's elementary sparsity revenue
10.25 equals the sum of the following amounts for each qualifying elementary school in the
10.26 district:

10.27 (1) the formula allowance for the year minus \$424, multiplied by

10.28 (2) the elementary average daily membership of pupils served in the school,
10.29 multiplied by

10.30 (3) the quotient obtained by dividing 140 minus the elementary average daily
10.31 membership by 140 plus the average daily membership.

10.32 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
10.33 and later.

11.1 Sec. 18. Minnesota Statutes 2012, section 126C.10, subdivision 13, is amended to read:

11.2 Subd. 13. **Total operating capital revenue.** (a) Total operating capital revenue for
11.3 a district equals the amount determined under paragraph (b) or (c), plus ~~\$73~~ \$79 times the
11.4 adjusted ~~marginal-cost~~ pupil units for the school year. The revenue must be placed in a
11.5 reserved account in the general fund and may only be used according to subdivision 14.

11.6 (b) Capital revenue for a district equals ~~\$100~~ \$108 times the district's maintenance
11.7 cost index times its adjusted ~~marginal-cost~~ pupil units for the school year.

11.8 (c) ~~The revenue for a district that operates a program under section 124D.128, is~~
11.9 ~~increased by an amount equal to \$30 times the number of marginal-cost pupil units served~~
11.10 ~~at the site where the program is implemented.~~

11.11 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
11.12 and later.

11.13 Sec. 19. Minnesota Statutes 2012, section 126C.10, subdivision 13a, is amended to read:

11.14 Subd. 13a. **Operating capital levy.** To obtain operating capital revenue for fiscal
11.15 year ~~2007~~ 2015 and later, a district may levy an amount not more than the product of its
11.16 operating capital revenue for the fiscal year times the lesser of one or the ratio of its
11.17 adjusted net tax capacity per adjusted ~~marginal-cost~~ pupil unit to ~~the operating capital~~
11.18 ~~equalizing factor.~~ ~~The operating capital equalizing factor equals \$10,194~~ \$10,780.

11.19 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
11.20 and later.

11.21 Sec. 20. Minnesota Statutes 2012, section 126C.10, subdivision 17, is amended to read:

11.22 Subd. 17. **Transportation sparsity definitions.** The definitions in this subdivision
11.23 apply to subdivisions 18 and 19.

11.24 (a) "Sparsity index" for a district means the greater of .2 or the ratio of the square
11.25 mile area of the district to the ~~resident~~ adjusted pupil units of the district.

11.26 (b) "Density index" for a district means the ratio of the square mile area of the
11.27 district to the ~~resident~~ adjusted pupil units of the district. However, the density index for a
11.28 district cannot be greater than .2 or less than .005.

11.29 **EFFECTIVE DATE.** This section is effective for fiscal year 2015 and later.

11.30 Sec. 21. Minnesota Statutes 2012, section 126C.10, subdivision 18, is amended to read:

12.1 Subd. 18. **Transportation sparsity revenue allowance.** (a) A district's
 12.2 transportation sparsity allowance equals the greater of zero or the result of the following
 12.3 computation:

12.4 (i) Multiply the formula allowance according to subdivision 2, by ~~.1469~~ .141.

12.5 (ii) Multiply the result in clause (i) by the district's sparsity index raised to the
 12.6 26/100 power.

12.7 (iii) Multiply the result in clause (ii) by the district's density index raised to the
 12.8 13/100 power.

12.9 (iv) Multiply the formula allowance according to subdivision 2, by ~~.0485~~ .0465.

12.10 (v) Subtract the result in clause (iv) from the result in clause (iii).

12.11 (b) Transportation sparsity revenue is equal to the transportation sparsity allowance
 12.12 times the adjusted ~~marginal cost~~ pupil units.

12.13 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 12.14 and later.

12.15 Sec. 22. Minnesota Statutes 2012, section 126C.10, subdivision 24, is amended to read:

12.16 Subd. 24. **Equity revenue.** (a) ~~A school district qualifies for equity revenue if:~~

12.17 ~~(1) the school district's adjusted marginal cost pupil unit amount of basic revenue,~~
 12.18 ~~transition revenue, and referendum revenue is less than the value of the school district at~~
 12.19 ~~or immediately above the 95th percentile of school districts in its equity region for those~~
 12.20 ~~revenue categories; and~~

12.21 ~~(2) the school district's administrative offices are not located in a city of the first~~
 12.22 ~~class on July 1, 1999.~~

12.23 ~~(b) A school district's equity revenue for a qualifying district that receives~~
 12.24 ~~referendum revenue under section 126C.17, subdivision 4, equals the product of (1) the~~
 12.25 ~~district's adjusted marginal cost pupil units for that year; times (2) the sum of (i) \$13~~ \$56,
 12.26 ~~plus (ii) \$75~~ \$100, times the school district's equity index computed under subdivision 27.

12.27 ~~(c) Equity revenue for a qualifying district that does not receive referendum revenue~~
 12.28 ~~under section 126C.17, subdivision 4, equals the product of the district's adjusted marginal~~
 12.29 ~~cost pupil units for that year times \$13.~~

12.30 ~~(d) A school district's equity revenue is increased by the greater of zero or an amount~~
 12.31 ~~equal to the district's resident marginal cost pupil units times the difference between ten~~
 12.32 ~~percent of the statewide average amount of referendum revenue per resident marginal cost~~
 12.33 ~~pupil unit for that year and the district's referendum revenue per resident marginal cost~~
 12.34 ~~pupil unit. A school district's revenue under this paragraph must not exceed \$100,000 for~~
 12.35 ~~that year.~~

13.1 (e) A school district's equity revenue for a school district located in the metro equity
13.2 region equals the amount computed in paragraphs (b), (c), and (d) multiplied by 1.25.

13.3 (f) For fiscal year 2007 and later, notwithstanding paragraph (a), clause (2), a school
13.4 district that has per pupil referendum revenue below the 95th percentile qualifies for
13.5 additional equity revenue equal to \$46 times its adjusted marginal cost pupil units.

13.6 (g) A district that does not qualify for revenue under paragraph (f) qualifies for
13.7 equity revenue equal to \$46 times its adjusted marginal cost pupil units.

13.8 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
13.9 and later.

13.10 Sec. 23. Minnesota Statutes 2012, section 126C.10, subdivision 27, is amended to read:

13.11 Subd. 27. **District equity index.** (a) A district's equity index equals the greater
13.12 of zero or the ratio of the sum of the district equity gap amount to the regional equity
13.13 gap amount \$2,000 minus the district's referendum revenue under section 126C.17,
13.14 subdivision 4, per adjusted pupil unit to \$2,000.

13.15 (b) A charter school's equity index equals the greater of zero or the ratio of \$2,000
13.16 minus the school's general education revenue attributable to referendum equalization aid
13.17 under section 124D.11, subdivision 1, per adjusted pupil unit to \$2,000.

13.18 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
13.19 and later.

13.20 Sec. 24. Minnesota Statutes 2012, section 126C.10, subdivision 29, is amended to read:

13.21 Subd. 29. **Equity levy.** To obtain equity revenue for fiscal year ~~2005~~ 2015 and later,
13.22 a district may levy an amount not more than the product of its equity revenue for the
13.23 fiscal year times the lesser of one or the ratio of its referendum market value per resident
13.24 ~~marginal cost pupil unit to \$476,000~~ \$518,830.

13.25 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
13.26 and later.

13.27 Sec. 25. Minnesota Statutes 2012, section 126C.10, subdivision 31, is amended to read:

13.28 Subd. 31. **Transition revenue.** (a) A district's transition allowance equals the
13.29 sum of the transition revenue the district would have received for fiscal year 2015 under
13.30 Minnesota Statutes 2012, section 126C.10, subdivision 31, and the greater of zero or the
13.31 product of the ratio of the number of adjusted marginal cost pupil units the district would

14.1 ~~have counted for fiscal year 2004 under Minnesota Statutes 2002 to the district's adjusted~~
 14.2 ~~marginal cost pupil units for fiscal year 2004, times the difference between:~~

14.3 (1) the lesser sum of:

14.4 (i) the district's general education revenue per adjusted marginal cost pupil unit
 14.5 for fiscal year 2003 or the amount of general education revenue the district would have
 14.6 received per adjusted marginal cost pupil unit for fiscal year 2004 2015 according to
 14.7 Minnesota Statutes 2002, 2012, section 126C.10;

14.8 (ii) the safe school levy the district certified for fiscal year 2014 under Minnesota
 14.9 Statutes 2012, section 126C.44;

14.10 (iii) 70 percent of the integration revenue the district received for fiscal year 2013
 14.11 under Minnesota Statutes 2012, section 124D.86;

14.12 (iv) the pension adjustment the district would have received for fiscal year 2015
 14.13 under Minnesota Statutes 2012, section 127A.50;

14.14 (v) the literacy incentive aid the district would have received for fiscal year 2015
 14.15 under Minnesota Statutes 2012, section 124D.98;

14.16 (vi) the special education aid the district would have received for fiscal year 2015
 14.17 under Minnesota Statutes 2012, section 124D.11;

14.18 (vii) the special education excess cost aid the district would have received for fiscal
 14.19 year 2015 under Minnesota Statutes 2012, section 125A.79; and

14.20 (viii) the charter school lease aid the district would have received under Minnesota
 14.21 Statutes 2012, section 124D.11; and

14.22 (2) the sum of district's:

14.23 (i) general education revenue for fiscal year 2004 2015 excluding transition revenue
 14.24 under section 126C.10;

14.25 (ii) integration revenue for fiscal year 2015 under section 124D.861;

14.26 (iii) literacy incentive aid for fiscal year 2015 under section 124D.98;

14.27 (iv) special education aid for fiscal year 2015 under section 125A.76; and

14.28 (v) the charter school lease aid for fiscal year 2015 under section 124D.11;

14.29 ~~divided by the number of adjusted marginal cost pupil units the district would have~~
 14.30 ~~counted for fiscal year 2004 under Minnesota Statutes 2002 2015.~~

14.31 (b) ~~A district's transition revenue for fiscal years 2006 through 2009 equals the sum of~~
 14.32 ~~the product of the district's transition allowance times the district's adjusted marginal cost~~
 14.33 ~~pupil units plus the district's transition for prekindergarten revenue under subdivision 31a.~~

14.34 (e) (b) A district's transition revenue for fiscal year 2010 2015 and later equals the
 14.35 ~~sum of the product of the district's transition allowance times the district's adjusted marginal~~

15.1 ~~cost pupil units plus the district's transition for prekindergarten revenue under subdivision~~
 15.2 ~~31a plus the district's transition for tuition reciprocity revenue under subdivision 31e.~~

15.3 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 15.4 and later.

15.5 Sec. 26. Minnesota Statutes 2012, section 126C.10, subdivision 32, is amended to read:

15.6 Subd. 32. **Transition levy.** To obtain transition revenue for fiscal year ~~2005~~ 2015
 15.7 and later, a district may levy an amount not more than the product of its transition revenue
 15.8 for the fiscal year times the lesser of one or the ratio of its referendum market value per
 15.9 resident ~~marginal-cost~~ pupil unit to ~~\$476,000~~ \$518,830.

15.10 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 15.11 and later.

15.12 Sec. 27. Minnesota Statutes 2012, section 126C.10, subdivision 35, is amended to read:

15.13 Subd. 35. **Alternative teacher compensation levy.** For fiscal year ~~2007~~ 2015 and
 15.14 later, the alternative teacher compensation levy for a district receiving basic alternative
 15.15 teacher compensation aid equals the product of (1) the difference between the district's
 15.16 alternative teacher compensation revenue and the district's basic alternative teacher
 15.17 compensation aid times (2) the lesser of one or the ratio of the district's adjusted net tax
 15.18 capacity per adjusted pupil unit to ~~\$5,634~~ \$6,742.

15.19 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 15.20 and later.

15.21 Sec. 28. Minnesota Statutes 2012, section 126C.10, is amended by adding a
 15.22 subdivision to read:

15.23 Subd. 37. **Teacher development and evaluation revenue.** (a) Teacher development
 15.24 and evaluation revenue for an eligible school district or site equals \$22 times the number
 15.25 of pupils enrolled at the district or site on October 1 of the previous fiscal year.

15.26 (b) A district or site is eligible for teacher development and evaluation revenue if it
 15.27 does not qualify for alternative compensation revenue under section 122A.415, subdivision
 15.28 1, and a school board and exclusive representative of the teachers have reached a joint
 15.29 agreement under section 122A.40, subdivision 8, paragraph (c), or 122A.41, subdivision 5,
 15.30 paragraph (c). A charter school is eligible for teacher development and evaluation revenue
 15.31 if it does not qualify for alternative compensation revenue under section 122A.415,

16.1 subdivision 1, and has implemented a process for development, evaluation, and peer
 16.2 coaching of teachers meeting the criteria in section 122A.40, subdivision 8, paragraph (b).

16.3 (c) For school districts, teacher development and evaluation revenue must be
 16.4 reserved and used to implement plans under section 122A.40, subdivision 8, or 122A.41,
 16.5 subdivision 5.

16.6 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 16.7 and later.

16.8 Sec. 29. Minnesota Statutes 2012, section 126C.10, is amended by adding a
 16.9 subdivision to read:

16.10 Subd. 38. **Pension adjustment revenue.** A school district's pension adjustment
 16.11 revenue equals the greater of zero or the product of:

16.12 (1) the difference between the district's adjustment under Minnesota Statutes 2012,
 16.13 section 127A.50, subdivision 1, for fiscal year 2014 per adjusted pupil unit and the state
 16.14 average adjustment under Minnesota Statutes 2012, section 127A.50, subdivision 1, for
 16.15 fiscal year 2014 per adjusted pupil unit; and

16.16 (2) the district's adjusted pupil units for the fiscal year.

16.17 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 16.18 and later.

16.19 Sec. 30. Minnesota Statutes 2012, section 126C.10, is amended by adding a
 16.20 subdivision to read:

16.21 Subd. 39. **Safe schools revenue.** (a) A school district's safe schools revenue equals
 16.22 the product of \$32 times the district's adjusted pupil units for the school year.

16.23 (b) To obtain safe schools revenue, a district may levy an amount not more than its
 16.24 safe schools revenue under paragraph (a).

16.25 (c) Safe schools revenue must be reserved and used for directly funding the
 16.26 following purposes or for reimbursing the cities and counties who contract with the
 16.27 district for the following purposes:

16.28 (1) to pay the costs incurred for the salaries, benefits, and transportation costs of
 16.29 peace officers and sheriffs for liaison in services in the district's schools;

16.30 (2) to pay the costs for a drug abuse prevention program as defined in section
 16.31 609.101, subdivision 3, paragraph (e), in the elementary schools;

16.32 (3) to pay the costs for a gang resistance education training curriculum in the
 16.33 district's schools;

17.1 (4) to pay the costs for security in the district's schools and on school property;
 17.2 (5) to pay the costs for other crime prevention, drug abuse, student and staff safety,
 17.3 voluntary opt-in suicide prevention tools, and violence prevention measures taken by
 17.4 the school district; or

17.5 (6) to pay costs for licensed school counselors, licensed school nurses, licensed
 17.6 school social workers, licensed school psychologists, and licensed alcohol and chemical
 17.7 dependency counselors to help provide early responses to problems.

17.8 (d) For expenditures under paragraph (c), clause (1), the district must initially
 17.9 attempt to contract for services to be provided by peace officers or sheriffs with the police
 17.10 department of each city or the sheriff's department of the county containing the school
 17.11 receiving the services. If a local police department or a county sheriff's department does
 17.12 not wish to provide the necessary services, the district may contract for these services with
 17.13 any other police or sheriff's department located entirely or partially within the school
 17.14 district's boundaries.

17.15 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 17.16 and later.

17.17 Sec. 31. Minnesota Statutes 2012, section 126C.12, subdivision 1, is amended to read:

17.18 Subdivision 1. **Revenue.** Of a district's general education revenue for fiscal year
 17.19 ~~2000~~ 2015 and thereafter each school district shall reserve an amount equal to the formula
 17.20 allowance multiplied by the following calculation:

17.21 ~~(1) the sum of adjusted marginal cost pupils in average daily membership, according~~
 17.22 ~~to section 126C.05, subdivision 5, in kindergarten times .057~~ \$299; plus

17.23 ~~(2) the sum of adjusted marginal cost pupils in average daily membership, according~~
 17.24 ~~to section 126C.05, subdivision 5, in grades 1 to 3~~ 6 times ~~.115~~; plus \$459.

17.25 ~~(3) the sum of adjusted marginal cost pupils in average daily membership, according~~
 17.26 ~~to section 126C.05, subdivision 5, in grades 4 to 6 times .06.~~

17.27 **EFFECTIVE DATE.** This section is effective for fiscal year 2015 and later.

17.28 Sec. 32. Minnesota Statutes 2012, section 126C.13, subdivision 4, is amended to read:

17.29 Subd. 4. **General education aid.** For fiscal years ~~2007~~ year 2015 and later, a
 17.30 district's general education aid is the sum of the following amounts:

17.31 (1) general education revenue, excluding safe schools revenue, equity revenue,
 17.32 total operating capital revenue, alternative teacher compensation revenue, and transition
 17.33 revenue;

- 18.1 (2) operating capital aid under section 126C.10, subdivision 13b;
- 18.2 (3) equity aid under section 126C.10, subdivision 30;
- 18.3 (4) alternative teacher compensation aid under section 126C.10, subdivision 36;
- 18.4 (5) transition aid under section 126C.10, subdivision 33;
- 18.5 (6) shared time aid under section 126C.01, subdivision 7;
- 18.6 (7) referendum aid under section 126C.17, subdivisions 7 and 7a; and
- 18.7 (8) online learning aid according to section 124D.096.

18.8 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
18.9 and later.

18.10 Sec. 33. Minnesota Statutes 2012, section 126C.13, subdivision 5, is amended to read:

18.11 Subd. 5. **Uses of revenue.** Except as provided in sections 126C.10, ~~subdivision~~
18.12 subdivisions 14 and 39; 126C.12; and 126C.15, general education revenue may be used
18.13 during the regular school year and the summer for general and special school purposes.

18.14 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
18.15 and later.

18.16 Sec. 34. Minnesota Statutes 2012, section 126C.15, subdivision 2, is amended to read:

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

18.23 (b) Notwithstanding paragraph (a), a district or cooperative may allocate up to
18.24 ~~five~~ 15 percent of the amount of compensatory revenue that the district receives to
18.25 school sites according to a plan adopted by the school board. The money reallocated
18.26 under this paragraph must be spent for the purposes listed in subdivision 1, but may be
18.27 spent on students in any grade, including students attending school readiness or other
18.28 prekindergarten programs.

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

18.31 (d) Notwithstanding section 123A.26, subdivision 1, compensatory revenue
18.32 generated by students served at a cooperative unit shall be paid to the cooperative unit.

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

19.8 Sec. 35. Minnesota Statutes 2012, section 126C.17, is amended to read:

19.9 **126C.17 REFERENDUM REVENUE.**

19.10 Subdivision 1. **Referendum allowance.** ~~(a) For fiscal year 2003 and later, a district's~~
 19.11 ~~initial referendum revenue allowance equals the sum of the allowance under section~~
 19.12 ~~126C.16, subdivision 2, plus any additional allowance per resident marginal cost pupil~~
 19.13 ~~unit authorized under subdivision 9 before May 1, 2001, for fiscal year 2002 and later,~~
 19.14 ~~plus the referendum conversion allowance approved under subdivision 13, minus \$415.~~
 19.15 ~~For districts with more than one referendum authority, the reduction must be computed~~
 19.16 ~~separately for each authority. The reduction must be applied first to the referendum~~
 19.17 ~~conversion allowance and next to the authority with the earliest expiration date. A~~
 19.18 ~~district's initial referendum revenue allowance may not be less than zero.~~

19.19 ~~(b) For fiscal year 2003, a district's referendum revenue allowance equals the initial~~
 19.20 ~~referendum allowance plus any additional allowance per resident marginal cost pupil unit~~
 19.21 ~~authorized under subdivision 9 between April 30, 2001, and December 30, 2001, for~~
 19.22 ~~fiscal year 2003 and later.~~

19.23 ~~(c) For fiscal year 2004 and later, a district's referendum revenue allowance equals~~
 19.24 ~~the sum of:~~

19.25 ~~(1) the product of (i) the ratio of the resident marginal cost pupil units the district~~
 19.26 ~~would have counted for fiscal year 2004 under Minnesota Statutes 2002, section 126C.05,~~
 19.27 ~~to the district's resident marginal cost pupil units for fiscal year 2004, times (ii) the initial~~
 19.28 ~~referendum allowance plus any additional allowance per resident marginal cost pupil unit~~
 19.29 ~~authorized under subdivision 9 between April 30, 2001, and May 30, 2003, for fiscal~~
 19.30 ~~year 2003 and later, plus~~

19.31 ~~(2) any additional allowance per resident marginal cost pupil unit authorized under~~
 19.32 ~~subdivision 9 after May 30, 2003, for fiscal year 2005 and later.~~

19.33 (a) A district's initial referendum allowance for fiscal year 2015 equals the result of
 19.34 the following calculations:

20.1 (1) multiply the referendum allowance the district would have received for fiscal
 20.2 year 2015 under Minnesota Statutes 2012, section 126C.17, subdivision 1, based on
 20.3 elections held before July 1, 2013, by the resident marginal cost pupil units the district
 20.4 would have counted for fiscal year 2015 under Minnesota Statutes 2012, section 126C.05;

20.5 (2) add to the result of clause (1) the adjustment the district would have received
 20.6 under Minnesota Statutes 2012, section 127A.47, subdivision 7, paragraphs (a), (b), and
 20.7 (c), based on elections held before July 1, 2013;

20.8 (3) divide the result of clause (2) by the district's adjusted pupil units for fiscal
 20.9 year 2015; and

20.10 (4) if the result of clause (3) is less than zero, set the allowance to zero.

20.11 (b) A district's referendum allowance equals the sum of the district's initial
 20.12 referendum allowance for fiscal year 2015, plus any additional referendum allowance per
 20.13 adjusted pupil unit authorized after June 30, 2013, minus any allowances expiring in
 20.14 fiscal year 2016 or later.

20.15 **Subd. 2. Referendum allowance limit.** (a) Notwithstanding subdivision 1, for fiscal
 20.16 year ~~2007~~ 2015 and later, a district's referendum allowance must not exceed ~~the greater of:~~

20.17 ~~(1) the sum of: (i) a district's referendum allowance for fiscal year 1994 times 1.177~~
 20.18 ~~times the annual inflationary increase as calculated under paragraph (b) plus (ii) its~~
 20.19 ~~referendum conversion allowance for fiscal year 2003, minus (iii) \$215;~~

20.20 ~~(2) the greater of (i): 26 percent of the formula allowance or (ii) \$1,294 times the~~
 20.21 ~~annual inflationary increase as calculated under paragraph (b); or times the greatest of:~~

20.22 (1) \$1,845;

20.23 (2) the sum of the referendum revenue the district would have received for fiscal
 20.24 year 2015 under Minnesota Statutes 2012, section 126C.17, subdivision 4, based on
 20.25 elections held before July 1, 2013, and the adjustment the district would have received
 20.26 under Minnesota Statutes 2012, section 127A.47, subdivision 7, paragraphs (a), (b), and
 20.27 (c), based on elections held before July 1, 2013, divided by the district's adjusted pupil
 20.28 units for fiscal year 2015; or

20.29 (3) the product of the referendum allowance limit the district would have received
 20.30 for fiscal year 2015 under Minnesota Statutes 2012, section 126C.17, subdivision 2, and
 20.31 the resident marginal cost pupil units the district would have received for fiscal year 2015
 20.32 under Minnesota Statutes 2012, section 126C.05, subdivision 6, plus the adjustment the
 20.33 district would have received under Minnesota Statutes 2012, section 127A.47, subdivision
 20.34 7, paragraphs (a), (b), and (c), based on elections held before July 1, 2013, divided by
 20.35 the district's adjusted pupil units for fiscal year 2015; or

21.1 ~~(3)~~ (4) for a newly reorganized district created after July 1, ~~2006~~ 2013, the referendum
 21.2 revenue authority for each reorganizing district in the year preceding reorganization divided
 21.3 by its ~~resident marginal cost~~ adjusted pupil units for the year preceding reorganization.

21.4 (b) For purposes of this subdivision, for fiscal year ~~2005~~ 2016 and later, "inflationary
 21.5 increase" means one plus the percentage change in the Consumer Price Index for urban
 21.6 consumers, as prepared by the United States Bureau of Labor Standards, for the current
 21.7 fiscal year to fiscal year ~~2004~~ 2015. For fiscal years ~~2009~~ year 2016 and later, for purposes
 21.8 of paragraph (a), clause ~~(1)~~ (3), the inflationary increase equals ~~the inflationary increase~~
 21.9 ~~for fiscal year 2008~~ plus one-fourth of the percentage increase in the formula allowance
 21.10 for that year compared with the formula allowance for fiscal year ~~2008~~ 2015.

21.11 Subd. 3. **Sparsity exception.** A district that qualifies for sparsity revenue under
 21.12 section 126C.10 is not subject to a referendum allowance limit.

21.13 Subd. 4. **Total referendum revenue.** The total referendum revenue for each district
 21.14 equals the district's referendum allowance times the ~~resident marginal cost~~ adjusted pupil
 21.15 units for the school year.

21.16 Subd. 5. **Referendum equalization revenue.** (a) For fiscal year ~~2003~~ and later,
 21.17 A district's referendum equalization revenue equals the sum of the first tier referendum
 21.18 equalization revenue and the second tier referendum equalization revenue.

21.19 (b) A district's first tier referendum equalization revenue equals the district's first
 21.20 tier referendum equalization allowance times the district's ~~resident marginal cost~~ adjusted
 21.21 pupil units for that year.

21.22 (c) For fiscal year ~~2006~~, a district's first tier referendum equalization allowance
 21.23 equals the lesser of the district's referendum allowance under subdivision 1 or \$500. For
 21.24 fiscal year ~~2007~~, a district's first tier referendum equalization allowance equals the lesser
 21.25 of the district's referendum allowance under subdivision 1 or \$600.

21.26 For fiscal year ~~2008~~ and later, A district's first tier referendum equalization allowance
 21.27 equals the lesser of the district's referendum allowance under subdivision 1 or \$700.

21.28 (d) A district's second tier referendum equalization revenue equals the district's
 21.29 second tier referendum equalization allowance times the district's ~~resident marginal cost~~
 21.30 adjusted pupil units for that year.

21.31 (e) For fiscal year ~~2006~~, a district's second tier referendum equalization allowance
 21.32 equals the lesser of the district's referendum allowance under subdivision 1 or 18.6 percent
 21.33 of the formula allowance, minus the district's first tier referendum equalization allowance.
 21.34 For fiscal year ~~2007~~ and later, A district's second tier referendum equalization allowance
 21.35 equals the lesser of the district's referendum allowance under subdivision 1 or ~~26~~ 25 percent
 21.36 of the formula allowance, minus the district's first tier referendum equalization allowance.

22.1 (f) Notwithstanding paragraph (e), the second tier referendum allowance for a
 22.2 district qualifying for secondary sparsity revenue under section 126C.10, subdivision 7, or
 22.3 elementary sparsity revenue under section 126C.10, subdivision 8, equals the district's
 22.4 referendum allowance under subdivision 1 minus the district's first tier referendum
 22.5 equalization allowance.

22.6 Subd. 6. **Referendum equalization levy.** (a) For fiscal year 2003 and later,
 22.7 a district's referendum equalization levy equals the sum of the first tier referendum
 22.8 equalization levy and the second tier referendum equalization levy.

22.9 (b) A district's first tier referendum equalization levy equals the district's first tier
 22.10 referendum equalization revenue times the lesser of one or the ratio of the district's
 22.11 referendum market value per resident ~~marginal-cost~~ pupil unit to ~~\$476,000~~ \$518,830.

22.12 (c) A district's second tier referendum equalization levy equals the district's second
 22.13 tier referendum equalization revenue times the lesser of one or the ratio of the district's
 22.14 referendum market value per resident ~~marginal-cost~~ pupil unit to ~~\$270,000~~ \$259,415.

22.15 Subd. 7. **Referendum equalization aid.** (a) A district's referendum equalization aid
 22.16 equals the difference between its referendum equalization revenue and levy.

22.17 (b) If a district's actual levy for first or second tier referendum equalization revenue
 22.18 is less than its maximum levy limit for that tier, aid shall be proportionately reduced.

22.19 (c) Notwithstanding paragraph (a), the referendum equalization aid for a district,
 22.20 where the referendum equalization aid under paragraph (a) exceeds 90 percent of the
 22.21 referendum revenue, must not exceed ~~26~~ 25 percent of the formula allowance times the
 22.22 district's ~~resident marginal-cost~~ adjusted pupil units. A district's referendum levy is
 22.23 increased by the amount of any reduction in referendum aid under this paragraph.

22.24 Subd. 7a. **Referendum tax base replacement aid.** For each school district that
 22.25 had a referendum allowance for fiscal year 2002 exceeding \$415, for each separately
 22.26 authorized referendum levy, the commissioner of revenue, in consultation with the
 22.27 commissioner of education, shall certify the amount of the referendum levy in taxes
 22.28 payable year 2001 attributable to the portion of the referendum allowance exceeding \$415
 22.29 levied against property classified as class 2, noncommercial 4c(1), or 4c(4), under section
 22.30 273.13, excluding the portion of the tax paid by the portion of class 2a property consisting
 22.31 of the house, garage, and surrounding one acre of land. The resulting amount must be
 22.32 used to reduce the district's referendum levy amount otherwise determined, and must be
 22.33 paid to the district each year that the referendum authority remains in effect, is renewed,
 22.34 or new referendum authority is approved. The aid payable under this subdivision must
 22.35 be subtracted from the district's referendum equalization aid under subdivision 7. The
 22.36 referendum equalization aid after the subtraction must not be less than zero.

23.1 Subd. 7b. Referendum aid guarantee. (a) Notwithstanding subdivision 7, a
23.2 district's referendum equalization aid for fiscal year 2015 must not be less than the sum
23.3 of the referendum equalization aid the district would have received for fiscal year 2015
23.4 under Minnesota Statutes 2012, section 126C.17, subdivision 7, and the adjustment the
23.5 district would have received under Minnesota Statutes 2012, section 127A.47, subdivision
23.6 7, paragraphs (a), (b), and (c).

23.7 (b) Notwithstanding subdivision 7, a district's referendum equalization aid for fiscal
23.8 year 2016 and later must not be less than the product of (1) the district's referendum
23.9 equalization aid for fiscal year 2015, times (2) the lesser of one or the ratio of the district's
23.10 referendum revenue for that school year to the district's referendum revenue for fiscal year
23.11 2015, times (3) the lesser of one or the ratio of the district's referendum market value used
23.12 for fiscal year 2015 referendum equalization calculations to the district's referendum
23.13 market value used for that year's referendum equalization calculations.

23.14 **Subd. 8. Unequalized referendum levy.** Each year, a district may levy an amount
23.15 equal to the difference between its total referendum revenue according to subdivision 4
23.16 and its referendum equalization revenue according to subdivision 5.

23.17 **Subd. 9. Referendum revenue.** (a) The revenue authorized by section 126C.10,
23.18 subdivision 1, may be increased in the amount approved by the voters of the district
23.19 at a referendum called for the purpose. The referendum may be called by the board.
23.20 The referendum must be conducted one or two calendar years before the increased levy
23.21 authority, if approved, first becomes payable. Only one election to approve an increase
23.22 may be held in a calendar year. Unless the referendum is conducted by mail under
23.23 subdivision 11, paragraph (a), the referendum must be held on the first Tuesday after the
23.24 first Monday in November. The ballot must state the maximum amount of the increased
23.25 revenue per ~~resident marginal cost~~ adjusted pupil unit. The ballot may state a schedule,
23.26 determined by the board, of increased revenue per ~~resident marginal cost~~ adjusted pupil
23.27 unit that differs from year to year over the number of years for which the increased revenue
23.28 is authorized or may state that the amount shall increase annually by the rate of inflation.
23.29 For this purpose, the rate of inflation shall be the annual inflationary increase calculated
23.30 under subdivision 2, paragraph (b). The ballot may state that existing referendum levy
23.31 authority is expiring. In this case, the ballot may also compare the proposed levy authority
23.32 to the existing expiring levy authority, and express the proposed increase as the amount, if
23.33 any, over the expiring referendum levy authority. The ballot must designate the specific
23.34 number of years, not to exceed ten, for which the referendum authorization applies. The
23.35 ballot, including a ballot on the question to revoke or reduce the increased revenue amount
23.36 under paragraph (c), must abbreviate the term "per ~~resident marginal cost~~ adjusted pupil

24.1 unit" as "per pupil." The notice required under section 275.60 may be modified to read, in
24.2 cases of renewing existing levies at the same amount per pupil as in the previous year:

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

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

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

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

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

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

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

24.35 (c) A referendum on the question of revoking or reducing the increased revenue
24.36 amount authorized pursuant to paragraph (a) may be called by the board. A referendum to

25.1 revoke or reduce the revenue amount must state the amount per resident marginal cost
25.2 pupil unit by which the authority is to be reduced. Revenue authority approved by the
25.3 voters of the district pursuant to paragraph (a) must be available to the school district at
25.4 least once before it is subject to a referendum on its revocation or reduction for subsequent
25.5 years. Only one revocation or reduction referendum may be held to revoke or reduce
25.6 referendum revenue for any specific year and for years thereafter.

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

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

25.15 Subd. 10. **School referendum levy; market value.** A school referendum levy must
25.16 be levied against the referendum market value of all taxable property as defined in section
25.17 126C.01, subdivision 3. Any referendum levy amount subject to the requirements of this
25.18 subdivision must be certified separately to the county auditor under section 275.07.

25.19 Subd. 11. **Referendum date.** (a) Except for a referendum held under paragraph (b),
25.20 any referendum under this section held on a day other than the first Tuesday after the first
25.21 Monday in November must be conducted by mail in accordance with section 204B.46.
25.22 Notwithstanding subdivision 9, paragraph (b), to the contrary, in the case of a referendum
25.23 conducted by mail under this paragraph, the notice required by subdivision 9, paragraph (b),
25.24 must be prepared and delivered by first-class mail at least 20 days before the referendum.

25.25 (b) In addition to the referenda allowed in subdivision 9, clause (a), the commissioner
25.26 may grant authority to a district to hold a referendum on a different day if the district is in
25.27 statutory operating debt and has an approved plan or has received an extension from the
25.28 department to file a plan to eliminate the statutory operating debt.

25.29 (c) The commissioner must approve, deny, or modify each district's request for a
25.30 referendum levy on a different day within 60 days of receiving the request from a district.

25.31 Subd. 13. **Referendum conversion allowance.** A school district that received
25.32 supplemental or transition revenue in fiscal year 2002 may convert its supplemental
25.33 revenue conversion allowance and transition revenue conversion allowance to additional
25.34 referendum allowance under subdivision 1 for fiscal year 2003 and thereafter. A majority
25.35 of the school board must approve the conversion at a public meeting before November 1,
25.36 2001. For a district with other referendum authority, the referendum conversion allowance

26.1 approved by the board continues until the portion of the district's other referendum
 26.2 authority with the earliest expiration date after June 30, 2006, expires. For a district
 26.3 with no other referendum authority, the referendum conversion allowance approved by
 26.4 the board continues until June 30, 2012.

26.5 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 26.6 and later.

26.7 Sec. 36. Minnesota Statutes 2012, section 126C.20, is amended to read:

26.8 **126C.20 ANNUAL GENERAL EDUCATION AID APPROPRIATION.**

26.9 There is annually appropriated from the general fund to the department the
 26.10 amount necessary for general education aid under section 126C.13, ~~the early graduation~~
 26.11 ~~achievement scholarship program under section 120B.08, and the early graduation~~
 26.12 ~~military service award program under section 120B.09.~~ This amount must be reduced by
 26.13 the amount of any money specifically appropriated for the same purpose in any year
 26.14 from any state fund.

26.15 **EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2014 and
 26.16 later.

26.17 Sec. 37. Minnesota Statutes 2012, section 126C.40, subdivision 1, is amended to read:

26.18 Subdivision 1. **To lease building or land.** (a) When an independent or a special
 26.19 school district or a group of independent or special school districts finds it economically
 26.20 advantageous to rent or lease a building or land for any instructional purposes or for
 26.21 school storage or furniture repair, and it determines that the operating capital revenue
 26.22 authorized under section 126C.10, subdivision 13, is insufficient for this purpose, it may
 26.23 apply to the commissioner for permission to make an additional capital expenditure levy
 26.24 for this purpose. An application for permission to levy under this subdivision must contain
 26.25 financial justification for the proposed levy, the terms and conditions of the proposed
 26.26 lease, and a description of the space to be leased and its proposed use.

26.27 (b) The criteria for approval of applications to levy under this subdivision must
 26.28 include: the reasonableness of the price, the appropriateness of the space to the proposed
 26.29 activity, the feasibility of transporting pupils to the leased building or land, conformity
 26.30 of the lease to the laws and rules of the state of Minnesota, and the appropriateness of
 26.31 the proposed lease to the space needs and the financial condition of the district. The
 26.32 commissioner must not authorize a levy under this subdivision in an amount greater than
 26.33 the cost to the district of renting or leasing a building or land for approved purposes.

27.1 The proceeds of this levy must not be used for custodial or other maintenance services.
27.2 A district may not levy under this subdivision for the purpose of leasing or renting a
27.3 district-owned building or site to itself.

27.4 (c) For agreements finalized after July 1, 1997, a district may not levy under this
27.5 subdivision for the purpose of leasing: (1) a newly constructed building used primarily
27.6 for regular kindergarten, elementary, or secondary instruction; or (2) a newly constructed
27.7 building addition or additions used primarily for regular kindergarten, elementary, or
27.8 secondary instruction that contains more than 20 percent of the square footage of the
27.9 previously existing building.

27.10 (d) Notwithstanding paragraph (b), a district may levy under this subdivision for the
27.11 purpose of leasing or renting a district-owned building or site to itself only if the amount
27.12 is needed by the district to make payments required by a lease purchase agreement,
27.13 installment purchase agreement, or other deferred payments agreement authorized by law,
27.14 and the levy meets the requirements of paragraph (c). A levy authorized for a district by
27.15 the commissioner under this paragraph may be in the amount needed by the district to
27.16 make payments required by a lease purchase agreement, installment purchase agreement,
27.17 or other deferred payments agreement authorized by law, provided that any agreement
27.18 include a provision giving the school districts the right to terminate the agreement
27.19 annually without penalty.

27.20 (e) The total levy under this subdivision for a district for any year must not exceed
27.21 ~~\$150~~ \$162 times the ~~resident~~ adjusted pupil units for the fiscal year to which the levy
27.22 is attributable.

27.23 (f) For agreements for which a review and comment have been submitted to the
27.24 Department of Education after April 1, 1998, the term "instructional purpose" as used in
27.25 this subdivision excludes expenditures on stadiums.

27.26 (g) The commissioner of education may authorize a school district to exceed the
27.27 limit in paragraph (e) if the school district petitions the commissioner for approval. The
27.28 commissioner shall grant approval to a school district to exceed the limit in paragraph (e)
27.29 for not more than five years if the district meets the following criteria:

27.30 (1) the school district has been experiencing pupil enrollment growth in the
27.31 preceding five years;

27.32 (2) the purpose of the increased levy is in the long-term public interest;

27.33 (3) the purpose of the increased levy promotes colocation of government services; and

27.34 (4) the purpose of the increased levy is in the long-term interest of the district by
27.35 avoiding over construction of school facilities.

28.1 (h) A school district that is a member of an intermediate school district may include
 28.2 in its authority under this section the costs associated with leases of administrative and
 28.3 classroom space for intermediate school district programs. This authority must not
 28.4 exceed ~~\$43~~ \$46 times the adjusted ~~marginal cost~~ pupil units of the member districts. This
 28.5 authority is in addition to any other authority authorized under this section.

28.6 (i) In addition to the allowable capital levies in paragraph (a), for taxes payable in
 28.7 2012 to 2023, a district that is a member of the "Technology and Information Education
 28.8 Systems" data processing joint board, that finds it economically advantageous to enter into
 28.9 a lease agreement to finance improvements to a building and land for a group of school
 28.10 districts or special school districts for staff development purposes, may levy for its portion
 28.11 of lease costs attributed to the district within the total levy limit in paragraph (e). The total
 28.12 levy authority under this paragraph shall not exceed \$632,000.

28.13 (j) Notwithstanding paragraph (a), a district may levy under this subdivision for the
 28.14 purpose of leasing administrative space if the district can demonstrate to the satisfaction of
 28.15 the commissioner that the lease cost for the administrative space is no greater than the
 28.16 lease cost for instructional space that the district would otherwise lease. The commissioner
 28.17 must deny this levy authority unless the district passes a resolution stating its intent to
 28.18 lease instructional space under this section if the commissioner does not grant authority
 28.19 under this paragraph. The resolution must also certify that the lease cost for administrative
 28.20 space under this paragraph is no greater than the lease cost for the district's proposed
 28.21 instructional lease.

28.22 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 28.23 and later.

28.24 Sec. 38. Minnesota Statutes 2012, section 126C.40, subdivision 6, is amended to read:

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

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

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

28.34 (b) The obligation created by the installment contract or the lease purchase
 28.35 agreement must not be included in the calculation of net debt for purposes of section

29.1 475.53, and does not constitute debt under other law. An election is not required in
 29.2 connection with the execution of the installment contract or the lease purchase agreement.

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

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

29.6 (1) ~~a school district which is eligible for revenue under section 124D.86, subdivision~~
 29.7 ~~3, clause (1), (2), or (3), and whose~~ Special School District No. 1, Minneapolis,
 29.8 Independent School District No. 625, St. Paul, Independent School District No. 709,
 29.9 Duluth, or Independent School District No. 535, Rochester, if the district's desegregation
 29.10 plan has been determined by the commissioner to be in compliance with Department of
 29.11 Education rules relating to equality of educational opportunity and school desegregation
 29.12 ~~and, for a district eligible for revenue under section 124D.86, subdivision 3, clause (4)~~
 29.13 ~~or (5), where the acquisition of property under this subdivision is determined by the~~
 29.14 ~~commissioner to contribute to the implementation of the desegregation plan; or~~

29.15 (2) ~~a school district that participates in a joint program for interdistrict desegregation~~
 29.16 ~~with a district defined in clause (1) other districts eligible for revenue under section~~
 29.17 124D.861 if the facility acquired under this subdivision is to be primarily used for the a
 29.18 joint program for interdistrict desegregation and the commissioner determines that the
 29.19 joint programs are being undertaken to implement the districts' desegregation plan.

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

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

29.25 Sec. 39. Minnesota Statutes 2012, section 126C.44, is amended to read:

29.26 **126C.44 SAFE SCHOOLS LEVY.**

29.27 (a) ~~Each district may make a levy on all taxable property located within the district~~
 29.28 ~~for the purposes specified in this section. The maximum amount which may be levied~~
 29.29 ~~for all costs under this section shall be equal to \$30 multiplied by the district's adjusted~~
 29.30 ~~marginal cost pupil units for the school year. The proceeds of the levy must be reserved and~~
 29.31 ~~used for directly funding the following purposes or for reimbursing the cities and counties~~
 29.32 ~~who contract with the district for the following purposes: (1) to pay the costs incurred for~~
 29.33 ~~the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison in~~
 29.34 ~~services in the district's schools; (2) to pay the costs for a drug abuse prevention program~~
 29.35 ~~as defined in section 609.101, subdivision 3, paragraph (c), in the elementary schools;~~

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

30.14 (b) A school district that is a member of an intermediate school district may include
 30.15 in its authority under this section levy for the costs associated with safe schools activities
 30.16 authorized under ~~paragraph (a)~~ section 126C.10, subdivision 39, paragraph (c), for
 30.17 intermediate school district programs. This authority must not exceed \$10 \$11 times the
 30.18 adjusted marginal cost pupil units of the member districts. This authority is in addition to
 30.19 ~~any other authority authorized under this section.~~ Revenue raised under this paragraph
 30.20 must be transferred to the intermediate school district.

30.21 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 30.22 and later.

30.23 Sec. 40. Minnesota Statutes 2012, section 127A.47, subdivision 7, is amended to read:

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

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

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

31.1 ~~lesser of 1.0, or the difference between the district's ratio of open enrollment pupil units~~
 31.2 ~~served to its resident pupil units for that year and 0.2. This clause does not apply to a~~
 31.3 ~~school district where more than 50 percent of the open enrollment students are enrolled~~
 31.4 ~~solely in online learning courses.~~

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

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

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

32.1 capital expenditures, and pupil transportation, minus (3) special education aid attributable
 32.2 to that pupil, that is received by the district providing special instruction and services.
 32.3 For purposes of this paragraph, general education revenue and referendum equalization
 32.4 aid attributable to a pupil must be calculated using the serving district's average general
 32.5 education revenue and referendum equalization aid per adjusted pupil unit.

32.6 (c) For fiscal year 2015 and later, special education aid paid to a resident district
 32.7 must be reduced by an amount equal to 90 percent of the unreimbursed cost of providing
 32.8 special education and services.

32.9 (d) Notwithstanding paragraph (c), special education aid paid to a resident district
 32.10 must be reduced by an amount equal to 100 percent of the unreimbursed cost of special
 32.11 education and services provided to students at an intermediate district, cooperative, or
 32.12 charter school where the percent of students eligible for special education services is at
 32.13 least 70 percent of the charter school's total enrollment.

32.14 (e) Special education aid paid to the district or cooperative providing special
 32.15 instruction and services for the pupil, or to the fiscal agent district for a cooperative,
 32.16 must be increased by the amount of the reduction in the aid paid to the resident district
 32.17 under paragraphs (c) and (d). If the resident district's special education aid is insufficient
 32.18 to make the full adjustment, the remaining adjustment shall be made to other state aids
 32.19 due to the district.

32.20 (f) A district or cooperative serving students in an extended time program shall be
 32.21 paid general education aid equal to the product of \$4,430 and the learning year pupil
 32.22 units generated by the students served according to section 126C.05, subdivision 15. The
 32.23 general education aid reduction must be allocated among districts in proportion to the
 32.24 adjusted pupil units generated by each district for the student.

32.25 ~~(f)~~ (g) An area learning center operated by a service cooperative, intermediate
 32.26 district, education district, or a joint powers cooperative may elect through the action of
 32.27 the constituent boards to charge the resident district tuition for pupils rather than to have
 32.28 the general education revenue paid to a fiscal agent school district. Except as provided
 32.29 in paragraph ~~(d)~~ (e) or ~~(e)~~ (f), the district of residence must pay tuition equal to at least
 32.30 90 percent of the lesser of (1) the cost of providing instruction excluding membership
 32.31 hours generating learning year pupil units and (2) the difference between the general
 32.32 education revenue generated by the pupil for the district, computed based on the district
 32.33 average general education revenue per pupil unit minus an amount equal to the product of
 32.34 the formula allowance according to section 126C.10, subdivision 2, times ~~.0485~~ .0465,
 32.35 calculated without compensatory revenue and transportation sparsity revenue, times the

33.1 ~~number of pupil units for pupils attending the area learning center and the amount of the~~
 33.2 ~~adjustment under paragraph (f).~~

33.3 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 33.4 and later.

33.5 Sec. 41. Minnesota Statutes 2012, section 127A.47, subdivision 8, is amended to read:

33.6 Subd. 8. **Charter schools.** (a) The general education aid for districts must be
 33.7 adjusted for each pupil attending a charter school under section 124D.10. The adjustments
 33.8 must be made according to this subdivision.

33.9 (b) General education aid paid to a district in which a charter school not providing
 33.10 transportation according to section 124D.10, subdivision 16, is located must be increased
 33.11 by an amount equal to the sum of:

33.12 ~~(1)~~ the product of: (i) the sum of an amount equal to the product of the formula
 33.13 allowance according to section 126C.10, subdivision 2, times ~~.0485~~ .0465, plus the
 33.14 transportation sparsity allowance for the district; times (ii) the adjusted ~~marginal cost~~
 33.15 pupil units attributable to the pupil; ~~plus~~ .

33.16 ~~(2) the product of \$223 and the extended time marginal cost pupil units attributable~~
 33.17 ~~to the pupil.~~

33.18 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 33.19 and later.

33.20 Sec. 42. Minnesota Statutes 2012, section 127A.51, is amended to read:

33.21 **127A.51 STATEWIDE AVERAGE REVENUE.**

33.22 By October 1 of each year the commissioner must estimate the statewide average
 33.23 adjusted general revenue per adjusted ~~marginal cost~~ pupil unit and the disparity in adjusted
 33.24 general revenue among pupils and districts by computing the ratio of the 95th percentile
 33.25 to the fifth percentile of adjusted general revenue. The commissioner must provide that
 33.26 information to all districts.

33.27 If the disparity in adjusted general revenue as measured by the ratio of the 95th
 33.28 percentile to the fifth percentile increases in any year, the commissioner shall recommend
 33.29 to the legislature options for change in the general education formula that will limit the
 33.30 disparity in adjusted general revenue to no more than the disparity for the previous
 33.31 school year. The commissioner must submit the recommended options to the education
 33.32 committees of the legislature by January 15.

33.33 For purposes of this section and section 126C.10, adjusted general revenue means:

34.1 ~~(1) for fiscal year 2002, the sum of basic revenue under section 126C.10, subdivision~~
 34.2 ~~2; supplemental revenue under section 126C.10, subdivisions 9 and 12; transition revenue~~
 34.3 ~~under section 126C.10, subdivision 20; referendum revenue under section 126C.17; and~~
 34.4 ~~equity revenue under section 126C.10, subdivisions 24a and 24b; and~~

34.5 (2) for fiscal year 2003 and later, the sum of basic revenue under section 126C.10,
 34.6 subdivision 2; referendum revenue under section 126C.17; and equity revenue under
 34.7 section 126C.10, subdivisions 24a and 24b subdivision 24.

34.8 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 34.9 and later.

34.10 Sec. 43. **APPROPRIATIONS.**

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

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

34.16	\$	<u>6,034,195,000</u>	.....	<u>2014</u>
34.17	\$	<u>6,194,393,000</u>	.....	<u>2015</u>

34.18 The 2014 appropriation includes \$1,012,061,000 for 2013 and \$5,022,134,000
 34.19 for 2014.

34.20 The 2015 appropriation includes \$1,039,836,000 for 2014 and \$5,154,557,000
 34.21 for 2015.

34.22 \$683,000 in fiscal year 2014 is for grants to school districts to participate in the
 34.23 teacher development and evaluation pilot grant program.

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

34.27	\$	<u>44,000</u>	.....	<u>2014</u>
34.28	\$	<u>48,000</u>	.....	<u>2015</u>

34.29 Subd. 4. Abatement revenue. For abatement aid under Minnesota Statutes, section
 34.30 127A.49:

34.31	\$	<u>3,015,000</u>	.....	<u>2014</u>
34.32	\$	<u>3,252,000</u>	.....	<u>2015</u>

34.33 The 2014 appropriation includes \$387,000 for 2013 and \$2,628,000 for 2014.

35.1 The 2015 appropriation includes \$557,000 for 2014 and \$2,695,000 for 2015.

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

35.4 \$ 469,000 2014

35.5 \$ 484,000 2015

35.6 The 2014 appropriation includes \$52,000 for 2013 and \$417,000 for 2014.

35.7 The 2015 appropriation includes \$88,000 for 2014 and \$396,000 for 2015.

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

35.10 \$ 15,775,000 2014

35.11 \$ 16,092,000 2015

35.12 The 2014 appropriation includes \$2,718,000 for 2013 and \$13,057,000 for 2014.

35.13 The 2015 appropriation includes \$2,769,000 for 2014 and \$13,323,000 for 2015.

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

35.16 \$ 19,516,000 2014

35.17 \$ 19,712,000 2015

35.18 The 2014 appropriation includes \$3,376,000 for 2013 and \$16,140,000 for 2014.

35.19 The 2015 appropriation includes \$3,423,000 for 2014 and \$16,289,000 for 2015.

35.20 Subd. 8. **One-room schoolhouse.** For a grant to Independent School District No.
 35.21 690, Warroad, to operate the Angle Inlet School:

35.22 \$ 65,000 2014

35.23 \$ 65,000 2015

35.24 Subd. 9. **Compensatory revenue pilot program.** For grants for participation in the
 35.25 compensatory revenue pilot program under Laws 2005, First Special Session chapter 5,
 35.26 article 1, section 50:

35.27 \$ 2,325,000 2014

35.28 \$ 2,325,000 2015

35.29 Of this amount, \$1,500,000 each year is for a grant to Independent School District
 35.30 No. 11, Anoka-Hennepin; \$75,000 each year is for a grant to Independent School District
 35.31 No. 286, Brooklyn Center; \$210,000 each year is for a grant to Independent School
 35.32 District No. 279, Osseo; \$160,000 each year is for a grant to Independent School District
 35.33 No. 281, Robbinsdale; \$165,000 each year is for a grant to Independent School District

36.1 No. 535, Rochester; \$65,000 each year is for a grant to Independent School District No.
 36.2 833, South Washington; and \$150,000 each year is for a grant to Independent School
 36.3 District No. 241, Albert Lea.

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

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

36.7 Sec. 44. **REPEALER.**

36.8 (a) Minnesota Statutes 2012, sections 120B.08; and 120B.09, are repealed for fiscal
 36.9 year 2014 and later.

36.10 (b) Minnesota Statutes 2012, sections 126C.10, subdivisions 2a, 2b, 25, 26, 28, 31a,
 36.11 31b, and 31c; 126C.17, subdivision 13; and 127A.50, subdivisions 1 and 5, are repealed
 36.12 for fiscal year 2015 and later.

36.13 **ARTICLE 2**

36.14 **EDUCATION EXCELLENCE**

36.15 Section 1. **[123A.215] REGIONAL CENTERS OF EXCELLENCE.**

36.16 Subdivision 1. **Establishment and purpose.** Regional centers of excellence are
 36.17 established to provide support for the implementation of research-based interventions and
 36.18 practices to increase the student achievement for students within the region. Centers
 36.19 shall develop local and regional partnerships between service cooperatives, institutions
 36.20 of higher learning, integrated school districts, the Department of Education, and other
 36.21 partners. Centers shall work with these partners to develop a cohesive and consistent
 36.22 regional delivery system that provides services to all schools equitably.

36.23 Subd. 2. **Service development and delivery.** Regional centers of excellence
 36.24 shall assist schools in implementing common principles of effective practice, including
 36.25 defined and measurable goals, evidence-based practices, data-driven decision making,
 36.26 multitiered levels of support, culturally responsive teaching and learning, alignment with
 36.27 state and local standards, and parent, community, and youth engagement. Centers shall
 36.28 work with school leadership teams to build capacity to implement programs that close the
 36.29 achievement gap and increase graduation rates.

36.30 Subd. 3. **Department of Education support.** The Department of Education shall
 36.31 assist in the establishment, development, and support of regional centers of excellence.
 36.32 The department shall assist centers to fulfill their staff, facility, and technical needs, along
 36.33 with providing other programmatic support. Through the centers, the Department of
 36.34 Education shall create a statewide infrastructure to support a common, coherent system

37.1 providing consulting, training, and technical assistance in statewide initiatives required
 37.2 under state or federal law.

37.3 Sec. 2. Minnesota Statutes 2012, section 124D.10, subdivision 15, is amended to read:

37.4 Subd. 15. **Review and comment.** (a) The authorizer shall provide a formal written
 37.5 evaluation of the school's performance before the authorizer renews the charter contract.
 37.6 The department must review and comment on the authorizer's evaluation process at the
 37.7 time the authorizer submits its application for approval and each time the authorizer
 37.8 undergoes its five-year review under subdivision 3, paragraph (i).

37.9 (b) An authorizer shall monitor and evaluate the fiscal, operational, and student
 37.10 performance of the school, and may for this purpose annually assess a charter school
 37.11 a fee according to paragraph (c). The agreed-upon fee structure must be stated in the
 37.12 charter school contract.

37.13 (c) The fee that each charter school pays to an authorizer each year is the greater of:

37.14 (1) the basic formula allowance for that year; or

37.15 (2) the lesser of:

37.16 (i) the maximum fee factor times the basic formula allowance for that year; or

37.17 (ii) the fee factor times the basic formula allowance for that year times the charter
 37.18 school's adjusted ~~marginal-cost~~ pupil units for that year. The fee factor equals ~~.005 in fiscal~~
 37.19 ~~year 2010, .01 in fiscal year 2011, .013 in fiscal year 2012, and .015 in fiscal years 2013~~
 37.20 year 2015 and later. The maximum fee factor equals ~~1.5 in fiscal year 2010, 2.0 in fiscal~~
 37.21 ~~year 2011, 3.0 in fiscal year 2012, and 4.0 in fiscal years 2013~~ year 2015 and later.

37.22 (d) An authorizer may not assess a fee for any required services other than as
 37.23 provided in this subdivision.

37.24 (e) For the preoperational planning period, the authorizer may assess a charter school
 37.25 a fee equal to the basic formula allowance.

37.26 (f) By September 30 of each year, an authorizer shall submit to the commissioner
 37.27 a statement of expenditures related to chartering activities during the previous school
 37.28 year ending June 30. A copy of the statement shall be given to all schools chartered by
 37.29 the authorizer.

37.30 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 37.31 and later.

37.32 Sec. 3. Minnesota Statutes 2012, section 124D.10, subdivision 17, is amended to read:

37.33 Subd. 17. **Leased space.** A charter school may lease space from an independent
 37.34 or special school board eligible to be an authorizer, other public organization, private,

38.1 nonprofit nonsectarian organization, private property owner, or a sectarian organization
 38.2 if the leased space is constructed as a school facility. The department must review and
 38.3 approve or disapprove leases, including modifications and renewals prior to execution of
 38.4 the lease by the lessee and lessor, in a timely manner. Leases for a school year must be
 38.5 submitted to the department no later than July 1 before that school year. The commissioner
 38.6 may waive this date based on an appeal by a charter school when circumstances beyond
 38.7 the control of the charter school do not allow a lease agreement to be written prior to that
 38.8 date. The commissioner shall not approve a facility lease that does not have (1) a sum
 38.9 certain annual cost and (2) an escape clause that may be exercised by the charter school in
 38.10 the event of nonrenewal or termination of the charter school contract.

38.11 Sec. 4. Minnesota Statutes 2012, section 124D.11, subdivision 1, is amended to read:

38.12 Subdivision 1. **General education revenue.** ~~(a)~~ General education revenue must
 38.13 be paid to a charter school as though it were a district. The general education revenue
 38.14 for each adjusted ~~marginal cost~~ pupil unit is the state average general education revenue
 38.15 per pupil unit, ~~plus the referendum equalization aid allowance in the pupil's district of~~
 38.16 ~~residence,~~ minus an amount equal to the product of the formula allowance according to
 38.17 section 126C.10, subdivision 2, times ~~.0485~~ .0465, calculated without basic skills revenue,
 38.18 ~~extended time revenue,~~ equity revenue, alternative teacher compensation revenue, teacher
 38.19 development and evaluation revenue, pension adjustment revenue, safe schools revenue,
 38.20 transition revenue, and transportation sparsity revenue, plus basic skills revenue, ~~extended~~
 38.21 ~~time revenue,~~ equity revenue, basic alternative teacher compensation aid according to
 38.22 section 126C.10, subdivision 34, teacher development and evaluation revenue, pension
 38.23 adjustment revenue, safe schools revenue, and transition revenue as though the school
 38.24 were a school district. ~~The general education revenue for each extended time marginal~~
 38.25 ~~cost pupil unit equals \$4,378.~~

38.26 ~~(b) Notwithstanding paragraph (a), for charter schools in the first year of operation,~~
 38.27 ~~general education revenue shall be computed using the number of adjusted pupil units~~
 38.28 ~~in the current fiscal year.~~

38.29 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 38.30 and later.

38.31 Sec. 5. Minnesota Statutes 2012, section 124D.11, subdivision 2, is amended to read:

38.32 Subd. 2. **Transportation revenue.** Transportation revenue must be paid to a charter
 38.33 school that provides transportation services according to section 124D.10, subdivision 16,
 38.34 according to this subdivision. Transportation aid shall equal transportation revenue.

39.1 In addition to the revenue under subdivision 1, a charter school providing
 39.2 transportation services must receive general education aid equal to the sum of the product
 39.3 of (i) an amount equal to the product of the formula allowance according to section
 39.4 126C.10, subdivision 2, times ~~.0485~~ .0465, plus the transportation sparsity allowance for
 39.5 the school district in which the charter school is located times (ii) the adjusted ~~marginal~~
 39.6 ~~cost pupil units, plus the product of \$223 times the extended time marginal cost pupil units.~~

39.7 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 39.8 and later.

39.9 Sec. 6. Minnesota Statutes 2012, section 124D.11, subdivision 4, is amended to read:

39.10 Subd. 4. **Building lease aid.** (a) When a charter school finds it economically
 39.11 advantageous to rent or lease a building or land for any instructional purposes and it
 39.12 determines that the total operating capital revenue under section 126C.10, subdivision
 39.13 13, is insufficient for this purpose, it may apply to the commissioner for building lease
 39.14 aid for this purpose. The commissioner must review the lease as provided in section
 39.15 124D.10, subdivision 17, and either approve or deny a lease aid application using the
 39.16 following criteria:

- 39.17 (1) the reasonableness of the price based on current market values;
 39.18 (2) the extent to which the lease conforms to applicable state laws and rules; and
 39.19 (3) the appropriateness of the proposed lease in the context of the space needs and
 39.20 financial circumstances of the charter school.

39.21 A charter school must not use the building lease aid it receives for custodial, maintenance
 39.22 service, utility, or other operating costs.

39.23 (b) The amount of annual building lease aid per pupil unit served for a charter school
 39.24 for any year leasing a building from any private, nonprofit, nonsectarian organization, any
 39.25 private property owner, or any sectarian organization, or an affiliated building corporation,
 39.26 school district, or other governmental entity on which debt or capital lease obligations
 39.27 remain based on original issuance for building purchase, construction, or renovation shall
 39.28 not exceed the lesser of (a) (1) 90 percent of the approved cost or (b) (2) the product of the
 39.29 pupil units served for the current school year times \$1,200 \$1,314.

39.30 (c) The amount of annual building lease aid for a charter school leasing from a
 39.31 related nonprofit organization or parent company, an affiliated building corporation, school
 39.32 district, or other governmental entity on which the original debt or capital lease obligations
 39.33 related to the original purchase have been retired shall be based on the lesser of (1) \$3 per
 39.34 square foot; or (2) the product of pupil units served for the current school year times \$200.

40.1 **EFFECTIVE DATE.** This section is effective July 1, 2013, except that the
40.2 amendment changing "\$1,200" to "\$1,314" is effective for fiscal year 2015 and later.

40.3 Sec. 7. Minnesota Statutes 2012, section 124D.128, subdivision 2, is amended to read:

40.4 Subd. 2. **Commissioner designation.** (a) A state-approved alternative program
40.5 designated by the state must be a site. A state-approved alternative program must provide
40.6 services to students who meet the criteria in section 124D.68 and who are enrolled in:

40.7 (1) a district that is served by the state-approved alternative program; or

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

40.10 ~~(b) A school district or charter school may be approved biennially by the state to~~
40.11 ~~provide additional instructional programming that results in grade level acceleration. The~~
40.12 ~~program must be designed so that students make grade progress during the school year~~
40.13 ~~and graduate prior to the students' peers.~~

40.14 ~~(e) (b)~~ To be designated, a ~~district, charter school, or~~ state-approved alternative
40.15 program must demonstrate to the commissioner that it will:

40.16 (1) provide a program of instruction that permits pupils to receive instruction
40.17 throughout the entire year; and

40.18 (2) develop and maintain a separate record system that, for purposes of section
40.19 126C.05, permits identification of membership attributable to pupils participating in the
40.20 program. The record system and identification must ensure that the program will not have
40.21 the effect of increasing the total average daily membership attributable to an individual
40.22 pupil as a result of a learning year program. The record system must include the date the
40.23 pupil originally enrolled in a learning year program, the pupil's grade level, the date of
40.24 each grade promotion, the average daily membership generated in each grade level, the
40.25 number of credits or standards earned, and the number needed to graduate.

40.26 ~~(d) (c)~~ A student who has not completed a school district's graduation requirements
40.27 may continue to enroll in courses the student must complete in order to graduate until
40.28 the student satisfies the district's graduation requirements or the student is 21 years old,
40.29 whichever comes first.

40.30 Sec. 8. Minnesota Statutes 2012, section 124D.4531, subdivision 1, is amended to read:

40.31 Subdivision 1. **Career and technical levy.** (a) A district with a career and technical
40.32 program approved under this section for the fiscal year in which the levy is certified
40.33 may levy an amount equal to 35 percent of approved expenditures in the fiscal year in
40.34 which the levy is certified for the following:

41.1 (1) salaries paid to essential, licensed personnel providing direct instructional
 41.2 services to students in that fiscal year, including extended contracts, for services rendered
 41.3 in the district's approved career and technical education programs, excluding salaries
 41.4 reimbursed by another school district under clause (2);

41.5 (2) amounts paid to another Minnesota school district for salaries of essential,
 41.6 licensed personnel providing direct instructional services to students in that fiscal year for
 41.7 services rendered in the district's approved career and technical education programs;

41.8 ~~(2)~~ (3) contracted services provided by a public or private agency other than a
 41.9 Minnesota school district or cooperative center under subdivision 7;

41.10 ~~(3)~~ (4) necessary travel between instructional sites by licensed career and technical
 41.11 education personnel;

41.12 ~~(4)~~ (5) necessary travel by licensed career and technical education personnel for
 41.13 vocational student organization activities held within the state for instructional purposes;

41.14 ~~(5)~~ (6) curriculum development activities that are part of a five-year plan for
 41.15 improvement based on program assessment;

41.16 ~~(6)~~ (7) necessary travel by licensed career and technical education personnel for
 41.17 noncollegiate credit-bearing professional development; and

41.18 ~~(7)~~ (8) specialized vocational instructional supplies.

41.19 (b) Up to ten percent of a district's career and technical levy may be spent on
 41.20 equipment purchases. Districts using the career and technical levy for equipment
 41.21 purchases must report to the department on the improved learning opportunities for
 41.22 students that result from the investment in equipment.

41.23 (c) The district must recognize the full amount of this levy as revenue for the fiscal
 41.24 year in which it is certified.

41.25 (d) The amount of the levy certified under this subdivision may not exceed
 41.26 \$17,850,000 for taxes payable in 2012, \$15,520,000 for taxes payable in 2013, and
 41.27 \$15,393,000 for taxes payable in 2014.

41.28 (e) If the estimated levy exceeds the amount in paragraph (d), the commissioner
 41.29 must reduce the percentage in paragraph (a), clause (2), until the estimated levy no longer
 41.30 exceeds the limit in paragraph (d).

41.31 Sec. 9. Minnesota Statutes 2012, section 124D.59, subdivision 2, is amended to read:

41.32 Subd. 2. **English learner.** (a) "English learner" means a pupil in kindergarten
 41.33 through grade 12 who meets the following requirements:

42.1 (1) the pupil, as declared by a parent or guardian first learned a language other than
 42.2 English, comes from a home where the language usually spoken is other than English, or
 42.3 usually speaks a language other than English; and

42.4 (2) the pupil is determined by developmentally appropriate measures, which might
 42.5 include observations, teacher judgment, parent recommendations, or developmentally
 42.6 appropriate assessment instruments, to lack the necessary English skills to participate
 42.7 fully in classes taught in English.

42.8 (b) Notwithstanding paragraph (a), a pupil in grades 4 through 12 who was enrolled
 42.9 in a Minnesota public school on the dates during the previous school year when a
 42.10 commissioner provided assessment that measures the pupil's emerging academic English
 42.11 was administered, shall not be counted as an English learner in calculating English learner
 42.12 pupil units under section 126C.05, subdivision 17, and shall not generate state English
 42.13 learner aid under section 124D.65, subdivision 5, unless the pupil scored below the state
 42.14 cutoff score or is otherwise counted as a nonproficient participant on an assessment
 42.15 measuring emerging academic English provided by the commissioner during the previous
 42.16 school year.

42.17 (c) Notwithstanding paragraphs (a) and (b), a pupil in kindergarten through grade
 42.18 12 shall not be counted as an English learner in calculating English learner pupil units
 42.19 under section 126C.05, subdivision 17, and shall not generate state English learner aid
 42.20 under section 124D.65, subdivision 5, if:

42.21 (1) the pupil is not enrolled during the current fiscal year in an educational program
 42.22 for English learners in accordance with sections 124D.58 to 124D.64; or

42.23 (2) the pupil has generated ~~five~~ seven or more years of average daily membership in
 42.24 Minnesota public schools ~~since July 1, 1996~~.

42.25 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 42.26 and later.

42.27 Sec. 10. Minnesota Statutes 2012, section 124D.65, subdivision 5, is amended to read:

42.28 Subd. 5. **School district EL revenue.** (a) A district's English learner programs
 42.29 revenue equals the product of (1) ~~\$700 in fiscal year 2004 and later~~ \$705 times (2) the
 42.30 greater of 20 or the adjusted ~~marginal cost~~ average daily membership of eligible English
 42.31 learners enrolled in the district during the current fiscal year.

42.32 (b) A pupil ceases to generate state English learner aid in the school year following
 42.33 the school year in which the pupil attains the state cutoff score on a commissioner-provided
 42.34 assessment that measures the pupil's emerging academic English.

43.1 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 43.2 and later.

43.3 Sec. 11. Minnesota Statutes 2012, section 124D.86, is amended to read:

43.4 **124D.86 INTEGRATION REVENUE.**

43.5 Subdivision 1. **Use of revenue.** Districts must use integration revenue under this
 43.6 section for programs established under a desegregation plan filed with the Department of
 43.7 Education according to Minnesota Rules, parts 3535.0100 to 3535.0180, or under court
 43.8 order. The revenue must be used for students to have increased and sustained interracial
 43.9 contacts and improved educational opportunities and outcomes designed to close the
 43.10 academic achievement gap between white students and protected students as defined
 43.11 in Minnesota Rules, part 3535.0110, subpart 4, ~~through classroom experiences, staff~~
 43.12 ~~initiatives, and other educationally related programs,~~ consistent with subdivision 1b.

43.13 Subd. 1a. ~~Budget approval process~~ **Integration planning and development.**

43.14 ~~Each year before~~ A district ~~receives any~~ entitled to receive revenue under subdivision 3;
 43.15 ~~the district by March 15~~ must submit to the Department of Education, for its review and
 43.16 approval by May 15 a budget detailing the costs of the desegregation/integration plan filed
 43.17 under Minnesota Rules, parts 3535.0100 to 3535.0180. ~~Notwithstanding chapter 14,~~
 43.18 ~~the department may develop criteria for budget approval, consistent with subdivision~~
 43.19 ~~1b. The department shall consult with the Desegregation Advisory Board in developing~~
 43.20 ~~these criteria. The criteria developed by the department must address, at a minimum, the~~
 43.21 ~~following:~~ an integration and achievement plan with the following items for each use
 43.22 of revenue categorized in subdivision 1b:

43.23 (1) ~~budget items cannot be approved unless they are part of any overall desegregation~~
 43.24 ~~plan approved by the district for isolated sites or by the Multidistrict Collaboration~~
 43.25 ~~Council and participating individual members;~~

43.26 (2) ~~the budget must indicate how revenue expenditures will be used specifically~~
 43.27 ~~to support increased and sustained interracial contacts and improved educational~~
 43.28 ~~opportunities and outcomes designed to close the academic achievement gap between~~
 43.29 ~~white students and protected students as defined in Minnesota Rules, part 3535.0110,~~
 43.30 ~~subpart 4, consistent with subdivision 1b;~~

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

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

44.4 (1) measurable goals related to increasing and sustaining interracial contacts and
 44.5 outcomes designed to close the academic achievement gap between enrolled protected
 44.6 class students, American Indian students, and white students within the district;

44.7 (2) a budget detailing the use of revenue and aligning the use of integration revenue
 44.8 with each of the goals;

44.9 (3) specific criteria with valid and reliable measures outlining how the district will
 44.10 measure whether it has met its plan goals; and

44.11 (4) a process to evaluate the success of its plan using specific student data with
 44.12 results reported to the Department of Education and shared on the district's Web site.

44.13 Subd. 1b. ~~**Plan components**~~ Use of revenue. Each year a district's board must
 44.14 approve the plans submitted by each district under Minnesota Rules, parts 3535.0160 and
 44.15 3535.0170, before integration revenue is awarded. If a district is applying for revenue for
 44.16 a plan that is part of a multidistrict council, the individual district shall not receive revenue
 44.17 unless it ratifies the plan adopted by its multidistrict council or approves a modified plan
 44.18 with a written explanation of any modifications. Each plan shall:

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

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

44.24 ~~(3) identify specific goals of the integration plan that is premised on valid and~~
 44.25 ~~reliable measures, effective and efficient use of resources, and continuous adaptation of~~
 44.26 ~~best practices;~~

44.27 ~~(4) provide for implementing innovative and practical strategies and programs such~~
 44.28 ~~as magnet schools, transportation, research-based programs to improve the performance of~~
 44.29 ~~protected students with lower measured achievement on state or local assessments, staff~~
 44.30 ~~development for teachers in cultural competency, formative assessments, and increased~~
 44.31 ~~numbers of teachers of color that enable the district to achieve annual progress in realizing~~
 44.32 ~~the goals in its plan; and~~

44.33 ~~(5) establish valid and reliable longitudinal measures for the district to use in~~
 44.34 ~~demonstrating to the commissioner the amount of progress it has achieved in realizing~~
 44.35 ~~the goals in its plan.~~

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

45.3 (a) Each district may use revenue for the following purposes aligned with the
45.4 district's strategic plan:

45.5 (1) innovative and integrated learning environments, including magnet schools that:

45.6 (i) are designed to promote and sustain interracial contact within the district or
45.7 across the district's integration achievement zone;

45.8 (ii) use innovative and research-based instructional approaches;

45.9 (iii) use interventions to increase achievement; or

45.10 (iv) provide options for student choice and opportunities for rigorous courses;

45.11 (2) family engagement that promotes involvement in the academic life and success
45.12 of students and to bridge cultural understanding;

45.13 (3) professional development for staff that focuses on:

45.14 (i) increasing the achievement of students of color;

45.15 (ii) presenting multiple perspectives and understanding about culture, cultural
45.16 competency, and racial diversity; or

45.17 (iii) ways to differentiate instruction to meet the needs of all students;

45.18 (4) access to opportunity through programming that is proven to increase rigor and
45.19 that focuses on the college and career readiness of underserved populations; or

45.20 (5) increases the diversity of teachers, administrators, and other school staff.

45.21 (b) A district's proposed expenditures of integration revenue shall be presented in
45.22 public hearings held before a school board approves its general budget for the subsequent
45.23 fiscal year. No more than ten percent of the annual total integration revenue budget may
45.24 be used for administrative or indirect costs. Actual expenditures of a district's integration
45.25 revenue shall be available for review on a district's Web site and shall be included in the
45.26 district's annual uniform financial accounting and reporting standards report.

45.27 (c) The Department of Education shall provide technical assistance and support to
45.28 districts on allowable or effective uses of revenue and shall review and monitor districts'
45.29 uniform financial accounting and reporting standards submissions detailing their use of
45.30 integration revenue.

45.31 (d) Consistent with paragraph (a), districts may use revenue under this section to
45.32 develop a collaborative achievement zone district through an existing or new joint powers
45.33 agreement under section 471.59.

45.34 Subd. 1c. **Timeline and implementation.** Plans must be approved by the local
45.35 board and submitted to the Department of Education no later than May 15. If a district is
45.36 applying for revenue for a plan that is part of a multidistrict council, the individual district

46.1 shall not receive revenue unless it ratifies the plan adopted by its multidistrict council.

46.2 Each plan shall be in place for a duration of three years

46.3 Subd. 2. **Separate account.** Integration revenue shall be maintained in a separate
46.4 account to identify expenditures for salaries and programs related to this revenue.

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

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

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

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

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

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

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

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

46.24 ~~Any money received by districts in clauses (1) to (3) which exceeds the amount~~
46.25 ~~received in fiscal year 2000 shall be subject to the budget requirements in subdivision~~
46.26 ~~1a; and~~

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

46.30 (a) For fiscal year 2014, integration revenue for an eligible district equals the lesser of
46.31 the district's expenditure for the fiscal year under its budget according to subdivision 1a or
46.32 the greater of: (1) 90 percent of the district's integration revenue for fiscal year 2013 under
46.33 Minnesota Statutes 2012, section 124D.86, or (2) the sum of: (i) \$315 times the district's
46.34 adjusted pupil units for the prior fiscal year computed using the pupil unit weights effective
46.35 under section 126C.05 for fiscal year 2015 and later, times the district's enrollment of
46.36 protected students as a percent of its total enrollment on October 1 of the prior fiscal year,

47.1 plus (ii) \$100 times the district's adjusted pupil units for the prior fiscal year computed
47.2 using the pupil unit weights effective under section 126C.05 for fiscal year 2015 and later
47.3 times the district's enrollment of protected students as a percent of its total enrollment on
47.4 October 1 of the prior fiscal year times the district's focus rating for the prior fiscal year
47.5 under Minnesota's 2012 Elementary and Secondary Education Act flexibility request.

47.6 (b) For fiscal year 2015 and later, integration revenue for an eligible district equals
47.7 the lesser of the district's expenditure for the fiscal year under its budget according to
47.8 subdivision 1a or the greater of: (1) 63 percent of the district's integration revenue for
47.9 fiscal year 2013 under Minnesota Statutes 2012, section 124D.86, or (2) the sum of: (i)
47.10 \$221.50 times the district's adjusted pupil units for the prior fiscal year computed using the
47.11 pupil unit weights effective under section 126C.05 for fiscal year 2015 and later, times the
47.12 district's enrollment of protected students as a percent of its total enrollment on October
47.13 1 of the prior fiscal year, plus (ii) \$70 times the district's adjusted pupil units for the
47.14 prior fiscal year computed using the pupil unit weights effective under section 126C.05
47.15 for fiscal year 2015 and later, times the district's enrollment of protected students as a
47.16 percent of its total enrollment on October 1 of the prior fiscal year times the district's
47.17 focus rating for the prior fiscal year under Minnesota's 2012 Elementary and Secondary
47.18 Education Act flexibility request.

47.19 Subd. 4. **Integration levy.** A district may levy an amount equal to 37 percent for
47.20 fiscal year 2003, 23 percent for fiscal year 2004, and 30 percent for fiscal year 2005 and
47.21 thereafter of the district's integration revenue as defined in subdivision 3. For fiscal year
47.22 2014 only, a district may levy an amount equal to 30 percent of the district's integration
47.23 revenue as defined in subdivision 3. The Department of Education must adjust the levy for
47.24 taxes payable in 2014 by the difference between the integration levy under this section
47.25 and the amount levied by the district under Laws 2011, First Special Session chapter 11,
47.26 article 2, section 49, paragraph (f).

47.27 Subd. 5. **Integration aid.** A district's integration aid for fiscal year 2014 equals the
47.28 difference between the district's integration revenue and its integration levy. A district's
47.29 integration aid for fiscal year 2015 and later equals the district's integration revenue.

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

48.1 nonresident district contributes to desegregation or integration purposes. The adjustments
48.2 must be made according to this subdivision.

48.3 (b) Aid paid to a district serving nonresidents must be increased by an amount equal
48.4 to the revenue per pupil unit of the resident district under subdivision 3, clause (1), (2), or
48.5 (3), minus the revenue attributable to the pupil in the nonresident district under subdivision
48.6 3, clause (4), (5), or (6), for the time the pupil is enrolled in the nonresident district.

48.7 Sec. 12. Minnesota Statutes 2012, section 124D.98, is amended to read:

48.8 **124D.98 LITERACY INCENTIVE AID.**

48.9 Subdivision 1. **Literacy incentive aid.** In fiscal year ~~2013 and later~~ 2014, a district's
48.10 literacy incentive aid equals the sum of the proficiency aid under subdivision 2, and the
48.11 growth aid under subdivision 3. For fiscal year 2015 and later, a district's literacy incentive
48.12 aid equals the sum of the growth aid under subdivision 3 and the high school graduation
48.13 aid under subdivision 4.

48.14 Subd. 2. **Proficiency aid.** In fiscal year ~~2013 and later~~ 2014, the proficiency aid for
48.15 each school is equal to the product of the school's proficiency allowance times the number
48.16 of third grade pupils at the school on October 1 of the previous fiscal year. A school's
48.17 proficiency allowance is equal to the percentage of students in each building that meet
48.18 or exceed proficiency on the third grade reading Minnesota Comprehensive Assessment,
48.19 averaged across the previous three test administrations, times \$530.

48.20 Subd. 3. **Growth aid.** ~~In fiscal year 2013 and later,~~ The growth aid for each school
48.21 is equal to the product of the school's growth allowance times the number of fourth grade
48.22 pupils enrolled at the school on October 1 of the previous fiscal year. A school's growth
48.23 allowance is equal to the percentage of students at that school making medium or high
48.24 growth, under section 120B.299, on the fourth grade reading Minnesota Comprehensive
48.25 Assessment, averaged across the previous three test administrations, times \$530 for fiscal
48.26 year 2014 and \$710 for fiscal year 2015 and later.

48.27 Subd. 4. **High school graduation aid.** In fiscal year 2015 and later, the high
48.28 school graduation aid for each district is equal to the product of the district's high school
48.29 graduation allowance times the number of pupils enrolled in grades 9 through 12 on
48.30 October 1 of the previous fiscal year. A district's high school graduation allowance equals
48.31 \$70 times the ratio of the district's actual four-year high school graduation rate, averaged
48.32 across the previous three years, to the high school graduation rate the district would have if
48.33 the district's students graduated at the state average for students of their race and ethnicity,
48.34 English learner status, and special education status.

49.1 Sec. 13. Laws 2011, First Special Session chapter 11, article 2, section 51, is amended
49.2 to read:

49.3 Sec. 51. **REPEALER.**

49.4 (a) Minnesota Statutes 2010, sections 124D.871; and 124D.88, are repealed effective
49.5 for fiscal year 2012 and later.

49.6 (b) Minnesota Statutes 2010, sections 123B.05; and 124D.38, subdivisions 4, 5,
49.7 and 6, are repealed.

49.8 (c) Minnesota Statutes 2010, section 124D.11, subdivision 8, is repealed effective
49.9 for fiscal year 2013 and later.

49.10 (d) ~~Minnesota Statutes 2010, section 124D.86, is repealed effective for revenue~~
49.11 ~~for fiscal year 2014.~~

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

49.13 Sec. 14. **APPROPRIATIONS.**

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

49.16 Subd. 2. Charter school building lease aid. For building lease aid under Minnesota
49.17 Statutes, section 124D.11, subdivision 4:

49.18 \$ 53,220,000 2014

49.19 \$ 57,942,000 2015

49.20 The 2014 appropriation includes \$8,789,000 for 2013 and \$44,431,000 for 2014.

49.21 The 2015 appropriation includes \$9,424,000 for 2014 and \$48,518,000 for 2015.

49.22 Subd. 3. Integration aid. For integration aid under Minnesota Statutes, section
49.23 124D.86:

49.24 \$ 73,015,000 2014

49.25 \$ 65,839,000 2015

49.26 The 2014 appropriation includes \$19,724,000 for 2013 and \$53,219,000 for 2014.

49.27 The 2015 appropriation includes \$11,304,000 for 2014 and \$54,535,000 for 2015.

49.28 Subd. 4. Literacy incentive aid. For literacy incentive aid under Minnesota
49.29 Statutes, section 124D.98:

49.30 \$ 52,359,000 2014

49.31 \$ 53,794,000 2015

49.32 The 2014 appropriation includes \$8,502,000 for 2013 and \$43,857,000 for 2014.

49.33 The 2015 appropriation includes \$9,303,000 for 2014 and \$44,491,000 for 2015.

50.1 Subd. 5. **Interdistrict desegregation or integration transportation grants.** For
 50.2 interdistrict desegregation or integration transportation grants under Minnesota Statutes,
 50.3 section 124D.87:

50.4 \$ 14,705,000 2014

50.5 \$ 15,483,000 2015

50.6 Subd. 6. **Success for the future.** For American Indian success for the future grants
 50.7 under Minnesota Statutes, section 124D.81:

50.8 \$ 2,137,000 2014

50.9 \$ 2,137,000 2015

50.10 The 2014 appropriation includes \$373,000 for 2013 and \$1,764,000 for 2014.

50.11 The 2015 appropriation includes \$373,000 for 2014 and \$1,764,000 for 2015.

50.12 Subd. 7. **American Indian teacher preparation grants.** For joint grants to assist
 50.13 American Indian people to become teachers under Minnesota Statutes, section 122A.63:

50.14 \$ 190,000 2014

50.15 \$ 190,000 2015

50.16 Subd. 8. **Tribal contract schools.** For tribal contract school aid under Minnesota
 50.17 Statutes, section 124D.83:

50.18 \$ 2,047,000 2014

50.19 \$ 2,162,000 2015

50.20 The 2014 appropriation includes \$342,000 for 2013 and \$1,705,000 for 2014.

50.21 The 2015 appropriation includes \$361,000 for 2014 and \$1,801,000 for 2015.

50.22 Subd. 9. **Early childhood programs at tribal schools.** For early childhood family
 50.23 education programs at tribal contract schools under Minnesota Statutes, section 124D.83,
 50.24 subdivision 4:

50.25 \$ 68,000 2014

50.26 \$ 68,000 2015

50.27 Subd. 10. **Statewide testing and reporting system.** For the statewide testing and
 50.28 reporting system under Minnesota Statutes, section 120B.30:

50.29 \$ 15,150,000 2014

50.30 \$ 15,150,000 2015

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

51.1 Subd. 11. Examination fees; teacher training and support programs. (a) For
 51.2 students' advanced placement and international baccalaureate examination fees under
 51.3 Minnesota Statutes, section 120B.13, subdivision 3, and the training and related costs
 51.4 for teachers and other interested educators under Minnesota Statutes, section 120B.13,
 51.5 subdivision 1:

51.6 \$ 4,500,000 2014

51.7 \$ 4,500,000 2015

51.8 (b) The advanced placement program shall receive 75 percent of the appropriation
 51.9 each year and the international baccalaureate program shall receive 25 percent of the
 51.10 appropriation each year. The department, in consultation with representatives of the
 51.11 advanced placement and international baccalaureate programs selected by the Advanced
 51.12 Placement Advisory Council and the Minnesota Association of IB World Schools,
 51.13 respectively, shall determine the amounts of the expenditures each year for examination
 51.14 fees and training and support programs for each program.

51.15 (c) Notwithstanding Minnesota Statutes, section 120B.13, subdivision 1, at least
 51.16 \$500,000 each year is for teachers to attend subject matter summer training programs
 51.17 and follow-up support workshops approved by the advanced placement or international
 51.18 baccalaureate programs. The amount of the subsidy for each teacher attending an
 51.19 advanced placement or international baccalaureate summer training program or workshop
 51.20 shall be the same. The commissioner shall determine the payment process and the amount
 51.21 of the subsidy.

51.22 (d) The commissioner shall pay all examination fees for all students of low-income
 51.23 families under Minnesota Statutes, section 120B.13, subdivision 3, and to the extent
 51.24 of available appropriations shall also pay examination fees for students sitting for an
 51.25 advanced placement examination, international baccalaureate examination, or both.

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

51.27 Subd. 12. Concurrent enrollment program. For concurrent enrollment programs
 51.28 under Minnesota Statutes, section 124D.091:

51.29 \$ 2,000,000 2014

51.30 \$ 2,000,000 2015

51.31 If the appropriation is insufficient, the commissioner must proportionately reduce
 51.32 the aid payment to each district.

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

51.34 Subd. 13. Collaborative urban educator. For the collaborative urban educator
 51.35 grant program:

52.1 \$ 528,000 2014

52.2 \$ 528,000 2015

52.3 \$200,000 each year is for the Southeast Asian teacher program at Concordia
 52.4 University, St. Paul; \$164,000 each year is for the collaborative educator program at
 52.5 the University of St. Thomas; and \$164,000 each year is for the Center for Excellence
 52.6 in Urban Teaching at Hamline University.

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

52.8 Each institution shall prepare for the legislature, by January 15 of each year, a
 52.9 detailed report regarding the funds used. The report must include the number of teachers
 52.10 prepared as well as the diversity for each cohort of teachers produced.

52.11 Subd. 14. **ServeMinnesota program.** For funding ServeMinnesota programs under
 52.12 Minnesota Statutes, sections 124D.37 to 124D.45:

52.13 \$ 900,000 2014

52.14 \$ 900,000 2015

52.15 A grantee organization may provide health and child care coverage to the dependents
 52.16 of each participant enrolled in a full-time ServeMinnesota program to the extent such
 52.17 coverage is not otherwise available.

52.18 Subd. 15. **Student organizations.** For student organizations:

52.19 \$ 725,000 2014

52.20 \$ 725,000 2015

52.21 \$45,695 each year is for student organizations serving health occupations (HOSA).

52.22 \$42,830 each year is for student organizations serving service occupations (HERO).

52.23 \$100,130 each year is for student organizations serving trade and industry
 52.24 occupations (Skills USA, secondary and postsecondary).

52.25 \$95,355 each year is for student organizations serving business occupations (BPA,
 52.26 secondary and postsecondary).

52.27 \$149,790 each year is for student organizations serving agriculture occupations
 52.28 (FFA, PAS).

52.29 \$142,150 each year is for student organizations serving family and consumer science
 52.30 occupations (FCCLA).

52.31 \$108,725 each year is for student organizations serving marketing occupations
 52.32 (DECA and DECA collegiate).

52.33 \$40,325 each year is for the Minnesota Foundation for Student Organizations.

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

53.1 Subd. 16. **Early childhood literacy programs.** For early childhood literacy
 53.2 programs under Minnesota Statutes, section 119A.50, subdivision 3:

53.3 \$ 4,125,000 2014

53.4 \$ 4,125,000 2015

53.5 Up to \$4,125,000 each year is for leveraging federal and private funding to support
 53.6 AmeriCorps members serving in the Minnesota Reading Corps program established by
 53.7 ServeMinnesota, including costs associated with the training and teaching of early literacy
 53.8 skills to children age three to grade 3 and the evaluation of the impact of the program
 53.9 under Minnesota Statutes, sections 124D.38, subdivision 2, and 124D.42, subdivision 6.

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

53.11 Subd. 17. **Educational planning and assessment system (EPAS) program.** For
 53.12 the educational planning and assessment system program under Minnesota Statutes,
 53.13 section 120B.128:

53.14 \$ 829,000 2014

53.15 \$ 829,000 2015

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

53.17 **Sec. 15. REPEALER.**

53.18 (a) Minnesota Statutes 2012, section 124D.86, subdivision 6, is repealed for fiscal
 53.19 year 2014 and later.

53.20 (b) Minnesota Statutes 2012, section 124D.98, subdivision 2, is repealed for fiscal
 53.21 year 2015 and later.

53.22 **ARTICLE 3**

53.23 **SPECIAL PROGRAMS**

53.24 Section 1. Minnesota Statutes 2012, section 123B.92, subdivision 1, is amended to read:

53.25 Subdivision 1. **Definitions.** For purposes of this section and section 125A.76, the
 53.26 terms defined in this subdivision have the meanings given to them.

53.27 (a) "Actual expenditure per pupil transported in the regular and excess transportation
 53.28 categories" means the quotient obtained by dividing:

53.29 (1) the sum of:

53.30 (i) all expenditures for transportation in the regular category, as defined in paragraph
 53.31 (b), clause (1), and the excess category, as defined in paragraph (b), clause (2), plus

53.32 (ii) an amount equal to one year's depreciation on the district's school bus fleet
 53.33 and mobile units computed on a straight line basis at the rate of 15 percent per year for

54.1 districts operating a program under section 124D.128 for grades 1 to 12 for all students in
54.2 the district and 12-1/2 percent per year for other districts of the cost of the fleet, plus

54.3 (iii) an amount equal to one year's depreciation on the district's type III vehicles, as
54.4 defined in section 169.011, subdivision 71, which must be used a majority of the time for
54.5 pupil transportation purposes, computed on a straight line basis at the rate of 20 percent
54.6 per year of the cost of the type three school buses by:

54.7 (2) the number of pupils eligible for transportation in the regular category, as defined
54.8 in paragraph (b), clause (1), and the excess category, as defined in paragraph (b), clause (2).

54.9 (b) "Transportation category" means a category of transportation service provided to
54.10 pupils as follows:

54.11 (1) Regular transportation is:

54.12 (i) transportation to and from school during the regular school year for resident
54.13 elementary pupils residing one mile or more from the public or nonpublic school they
54.14 attend, and resident secondary pupils residing two miles or more from the public
54.15 or nonpublic school they attend, excluding desegregation transportation and noon
54.16 kindergarten transportation; but with respect to transportation of pupils to and from
54.17 nonpublic schools, only to the extent permitted by sections 123B.84 to 123B.87;

54.18 (ii) transportation of resident pupils to and from language immersion programs;

54.19 (iii) transportation of a pupil who is a custodial parent and that pupil's child between
54.20 the pupil's home and the child care provider and between the provider and the school, if
54.21 the home and provider are within the attendance area of the school;

54.22 (iv) transportation to and from or board and lodging in another district, of resident
54.23 pupils of a district without a secondary school; and

54.24 (v) transportation to and from school during the regular school year required under
54.25 subdivision 3 for nonresident elementary pupils when the distance from the attendance
54.26 area border to the public school is one mile or more, and for nonresident secondary pupils
54.27 when the distance from the attendance area border to the public school is two miles or
54.28 more, excluding desegregation transportation and noon kindergarten transportation.

54.29 For the purposes of this paragraph, a district may designate a licensed day care facility,
54.30 school day care facility, respite care facility, the residence of a relative, or the residence
54.31 of a person or other location chosen by the pupil's parent or guardian, or an after-school
54.32 program for children operated by a political subdivision of the state, as the home of a pupil
54.33 for part or all of the day, if requested by the pupil's parent or guardian, and if that facility,
54.34 residence, or program is within the attendance area of the school the pupil attends.

54.35 (2) Excess transportation is:

55.1 (i) transportation to and from school during the regular school year for resident
55.2 secondary pupils residing at least one mile but less than two miles from the public or
55.3 nonpublic school they attend, and transportation to and from school for resident pupils
55.4 residing less than one mile from school who are transported because of full-service school
55.5 zones, extraordinary traffic, drug, or crime hazards; and

55.6 (ii) transportation to and from school during the regular school year required under
55.7 subdivision 3 for nonresident secondary pupils when the distance from the attendance area
55.8 border to the school is at least one mile but less than two miles from the public school
55.9 they attend, and for nonresident pupils when the distance from the attendance area border
55.10 to the school is less than one mile from the school and who are transported because of
55.11 full-service school zones, extraordinary traffic, drug, or crime hazards.

55.12 (3) Desegregation transportation is transportation within and outside of the district
55.13 during the regular school year of pupils to and from schools located outside their normal
55.14 attendance areas under a plan for desegregation mandated by the commissioner or under
55.15 court order.

55.16 (4) "Transportation services for pupils with disabilities" is:

55.17 (i) transportation of pupils with disabilities who cannot be transported on a regular
55.18 school bus between home or a respite care facility and school;

55.19 (ii) necessary transportation of pupils with disabilities from home or from school to
55.20 other buildings, including centers such as developmental achievement centers, hospitals,
55.21 and treatment centers where special instruction or services required by sections 125A.03
55.22 to 125A.24, 125A.26 to 125A.48, and 125A.65 are provided, within or outside the district
55.23 where services are provided;

55.24 (iii) necessary transportation for resident pupils with disabilities required by sections
55.25 125A.12, and 125A.26 to 125A.48;

55.26 (iv) board and lodging for pupils with disabilities in a district maintaining special
55.27 classes;

55.28 (v) transportation from one educational facility to another within the district for
55.29 resident pupils enrolled on a shared-time basis in educational programs, and necessary
55.30 transportation required by sections 125A.18, and 125A.26 to 125A.48, for resident pupils
55.31 with disabilities who are provided special instruction and services on a shared-time basis
55.32 or if resident pupils are not transported, the costs of necessary travel between public
55.33 and private schools or neutral instructional sites by essential personnel employed by the
55.34 district's program for children with a disability;

55.35 (vi) transportation for resident pupils with disabilities to and from board and lodging
55.36 facilities when the pupil is boarded and lodged for educational purposes;

56.1 (vii) transportation of pupils for a curricular field trip activity on a school bus
 56.2 equipped with a power lift when the power lift is required by a student's disability or
 56.3 section 504 plan; and

56.4 (viii) services described in clauses (i) to (vii), when provided for pupils with
 56.5 disabilities in conjunction with a summer instructional program that relates to the
 56.6 pupil's individualized education program or in conjunction with a learning year program
 56.7 established under section 124D.128.

56.8 For purposes of computing special education initial aid under section 125A.76,
 56.9 subdivision 2 2a, the cost of providing transportation for children with disabilities includes
 56.10 (A) the additional cost of transporting a homeless student from a temporary nonshelter
 56.11 home in another district to the school of origin, or a formerly homeless student from a
 56.12 permanent home in another district to the school of origin but only through the end of the
 56.13 academic year; and (B) depreciation on district-owned school buses purchased after July 1,
 56.14 2005, and used primarily for transportation of pupils with disabilities, calculated according
 56.15 to paragraph (a), clauses (ii) and (iii). Depreciation costs included in the disabled
 56.16 transportation category must be excluded in calculating the actual expenditure per pupil
 56.17 transported in the regular and excess transportation categories according to paragraph (a).

56.18 (5) "Nonpublic nonregular transportation" is:

56.19 (i) transportation from one educational facility to another within the district for
 56.20 resident pupils enrolled on a shared-time basis in educational programs, excluding
 56.21 transportation for nonpublic pupils with disabilities under clause (4);

56.22 (ii) transportation within district boundaries between a nonpublic school and a
 56.23 public school or a neutral site for nonpublic school pupils who are provided pupil support
 56.24 services pursuant to section 123B.44; and

56.25 (iii) late transportation home from school or between schools within a district for
 56.26 nonpublic school pupils involved in after-school activities.

56.27 (c) "Mobile unit" means a vehicle or trailer designed to provide facilities for
 56.28 educational programs and services, including diagnostic testing, guidance and counseling
 56.29 services, and health services. A mobile unit located off nonpublic school premises is a
 56.30 neutral site as defined in section 123B.41, subdivision 13.

56.31 **EFFECTIVE DATE.** This section is effective for fiscal year 2015 and later.

56.32 Sec. 2. Minnesota Statutes 2012, section 124D.11, subdivision 5, is amended to read:

56.33 Subd. 5. **Special education aid.** (a) Except as provided in subdivision 2, special
 56.34 education aid must be paid to a charter school according to section 125A.76, as though
 56.35 it were a school district.

57.1 ~~(b) For fiscal year 2006, the charter school may charge tuition to the district of~~
 57.2 ~~residence as follows:~~

57.3 ~~(1) if the charter school does not receive general education revenue on behalf of~~
 57.4 ~~the student according to subdivision 1, tuition shall be charged as provided in section~~
 57.5 ~~125A.11; or~~

57.6 ~~(2) if the charter school receives general education revenue on behalf of the student~~
 57.7 ~~according to subdivision 1, tuition shall be charged as provided in section 127A.47,~~
 57.8 ~~subdivision 7, paragraph (d).~~

57.9 ~~(e) (b) For fiscal year 2007 2015 and later, the special education aid paid to the~~
 57.10 ~~charter school shall be adjusted as follows:~~

57.11 ~~(1) if the charter school does not receive general education revenue on behalf of~~
 57.12 ~~the student according to subdivision 1, the aid shall be adjusted as provided in section~~
 57.13 ~~125A.11; or~~

57.14 ~~(2) if the charter school receives general education revenue on behalf of the student~~
 57.15 ~~according to subdivision 1, the aid shall be adjusted as provided in section 127A.47,~~
 57.16 ~~subdivision 7, paragraph paragraphs (b) to (d).~~

57.17 **EFFECTIVE DATE.** This section is effective for fiscal year 2015 and later.

57.18 Sec. 3. Minnesota Statutes 2012, section 125A.11, subdivision 1, is amended to read:

57.19 Subdivision 1. **Nonresident tuition rate; other costs.** ~~(a) For fiscal year 2006,~~
 57.20 ~~when a school district provides instruction and services outside the district of residence,~~
 57.21 ~~board and lodging, and any tuition to be paid, shall be paid by the district of residence.~~
 57.22 ~~The tuition rate to be charged for any child with a disability, excluding a pupil for whom~~
 57.23 ~~tuition is calculated according to section 127A.47, subdivision 7, paragraph (d), must be~~
 57.24 ~~the sum of (1) the actual cost of providing special instruction and services to the child~~
 57.25 ~~including a proportionate amount for special transportation and unreimbursed building~~
 57.26 ~~lease and debt service costs for facilities used primarily for special education, plus (2)~~
 57.27 ~~the amount of general education revenue and referendum aid attributable to the pupil,~~
 57.28 ~~minus (3) the amount of special education aid for children with a disability received~~
 57.29 ~~on behalf of that child, minus (4) if the pupil receives special instruction and services~~
 57.30 ~~outside the regular classroom for more than 60 percent of the school day, the amount of~~
 57.31 ~~general education revenue and referendum aid, excluding portions attributable to district~~
 57.32 ~~and school administration, district support services, operations and maintenance, capital~~
 57.33 ~~expenditures, and pupil transportation, attributable to that pupil for the portion of time~~
 57.34 ~~the pupil receives special instruction and services outside of the regular classroom. If~~
 57.35 ~~the boards involved do not agree upon the tuition rate, either board may apply to the~~

58.1 ~~commissioner to fix the rate. Notwithstanding chapter 14, the commissioner must then set~~
58.2 ~~a date for a hearing or request a written statement from each board, giving each board~~
58.3 ~~at least ten days' notice, and after the hearing or review of the written statements the~~
58.4 ~~commissioner must make an order fixing the tuition rate, which is binding on both school~~
58.5 ~~districts. General education revenue and referendum equalization aid attributable to a~~
58.6 ~~pupil must be calculated using the resident district's average general education revenue~~
58.7 ~~and referendum equalization aid per adjusted pupil unit.~~

58.8 **(b) (a)** For fiscal year ~~2007~~ 2015 and later, when a school district provides special
58.9 instruction and services for a pupil with a disability as defined in section 125A.02 outside
58.10 the district of residence, excluding a pupil for whom an adjustment to special education aid
58.11 is calculated according to section 127A.47, subdivision 7, ~~paragraph (e)~~ paragraphs (b) to
58.12 (d), special education aid paid to the resident district must be reduced by an amount equal
58.13 to (1) the actual cost of providing special instruction and services to the pupil, including
58.14 a proportionate amount for special transportation and unreimbursed building lease and
58.15 debt service costs for facilities used primarily for special education, plus (2) the amount
58.16 of general education revenue and referendum equalization aid attributable to that pupil,
58.17 calculated using the resident district's average general education revenue and referendum
58.18 equalization aid per adjusted pupil unit excluding basic skills revenue, elementary sparsity
58.19 revenue and secondary sparsity revenue, minus (3) the amount of special education aid for
58.20 children with a disability received on behalf of that child, minus (4) if the pupil receives
58.21 special instruction and services outside the regular classroom for more than 60 percent
58.22 of the school day, the amount of general education revenue and referendum equalization
58.23 aid, excluding portions attributable to district and school administration, district support
58.24 services, operations and maintenance, capital expenditures, and pupil transportation,
58.25 attributable to that pupil for the portion of time the pupil receives special instruction
58.26 and services outside of the regular classroom, calculated using the resident district's
58.27 average general education revenue and referendum equalization aid per adjusted pupil unit
58.28 excluding basic skills revenue, elementary sparsity revenue and secondary sparsity revenue
58.29 and the serving district's basic skills revenue, elementary sparsity revenue and secondary
58.30 sparsity revenue per adjusted pupil unit. Notwithstanding clauses (1) and (4), for pupils
58.31 served by a cooperative unit without a fiscal agent school district, the general education
58.32 revenue and referendum equalization aid attributable to a pupil must be calculated using
58.33 the resident district's average general education revenue and referendum equalization aid
58.34 excluding compensatory revenue, elementary sparsity revenue, and secondary sparsity
58.35 revenue. Special education aid paid to the district or cooperative providing special
58.36 instruction and services for the pupil must be increased by the amount of the reduction in

59.1 the aid paid to the resident district. Amounts paid to cooperatives under this subdivision
 59.2 and section 127A.47, subdivision 7, shall be recognized and reported as revenues and
 59.3 expenditures on the resident school district's books of account under sections 123B.75
 59.4 and 123B.76. If the resident district's special education aid is insufficient to make the full
 59.5 adjustment, the remaining adjustment shall be made to other state aid due to the district.

59.6 ~~(e)~~ (b) Notwithstanding ~~paragraphs~~ paragraph (a) and (b) and section 127A.47,
 59.7 subdivision 7, paragraphs (b) to (d) ~~and (e)~~, a charter school where more than 30 percent
 59.8 of enrolled students receive special education and related services, a site approved under
 59.9 section 125A.515, an intermediate district, a special education cooperative, or a school
 59.10 district that served as the applicant agency for a group of school districts for federal
 59.11 special education aids for fiscal year 2006 may apply to the commissioner for authority to
 59.12 charge the resident district an additional amount to recover any remaining unreimbursed
 59.13 costs of serving pupils with a disability. The application must include a description of the
 59.14 costs and the calculations used to determine the unreimbursed portion to be charged to the
 59.15 resident district. Amounts approved by the commissioner under this paragraph must be
 59.16 included in the tuition billings or aid adjustments under paragraph (a) ~~or (b)~~, or section
 59.17 127A.47, subdivision 7, ~~paragraph (d) or (e)~~ paragraphs (b) to (d), as applicable.

59.18 ~~(d)~~ (c) For purposes of this subdivision and section 127A.47, subdivision 7,
 59.19 paragraphs (d) and (e), "general education revenue and referendum equalization aid"
 59.20 means the sum of the general education revenue according to section 126C.10, subdivision
 59.21 1, excluding alternative teacher compensation revenue and teacher development and
 59.22 evaluation revenue, plus the referendum equalization aid according to section 126C.17,
 59.23 subdivision 7, ~~as adjusted according to section 127A.47, subdivision 7, paragraphs (a)~~
 59.24 ~~to (e)~~.

59.25 **EFFECTIVE DATE.** This section is effective for fiscal year 2015 and later.

59.26 Sec. 4. Minnesota Statutes 2012, section 125A.76, subdivision 1, is amended to read:

59.27 Subdivision 1. **Definitions.** (a) For the purposes of this section, the definitions
 59.28 in this subdivision apply.

59.29 ~~(a) "Basic revenue" has the meaning given it in section 126C.10, subdivision 2.~~
 59.30 ~~For the purposes of computing basic revenue pursuant to this section, each child with a~~
 59.31 ~~disability shall be counted as prescribed in section 126C.05, subdivision 1.~~

59.32 ~~(b) "Essential personnel" means teachers, cultural liaisons, related services, and~~
 59.33 ~~support services staff providing services to students. Essential personnel may also include~~
 59.34 ~~special education paraprofessionals or clericals providing support to teachers and students~~
 59.35 ~~by preparing paperwork and making arrangements related to special education compliance~~

60.1 requirements, including parent meetings and individualized education programs. Essential
 60.2 personnel does not include administrators and supervisors.

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

60.4 (d) "Program growth factor" means 1.046 for fiscal year 2012 and later.

60.5 (b) "Annual inflationary increase" means one plus the percentage change in the
 60.6 Consumer Price Index for urban consumers, as prepared by the United States Bureau of
 60.7 Labor Standards, for the prior fiscal year to fiscal year 2014.

60.8 (c) "Nonfederal special education expenditure" means all direct expenditures that
 60.9 are necessary and essential to meet the district's obligation to provide special instruction
 60.10 and services to children with a disability pursuant to sections 124D.454, 125A.03 to
 60.11 125A.24, 125A.259 to 125A.48, and 125A.65 as submitted by the district and approved by
 60.12 the department under section 125A.75, subdivision 4, excluding expenditures:

60.13 (1) reimbursed with federal funds;

60.14 (2) reimbursed with other state aids under this chapter;

60.15 (3) for general education costs of serving students with a disability;

60.16 (4) for facilities;

60.17 (5) for pupil transportation; and

60.18 (6) for postemployment benefits.

60.19 For the Minnesota State Academy for the Deaf and the Minnesota State Academy
 60.20 for the Blind, expenditures are limited to the salary and fringe benefits of one-to-one
 60.21 instructional and behavior management aides assigned to a child attending the academy, if
 60.22 the aides are required by the child's individualized education program.

60.23 **EFFECTIVE DATE.** This section is effective for fiscal year 2015 and later.

60.24 Sec. 5. Minnesota Statutes 2012, section 125A.76, is amended by adding a subdivision
 60.25 to read:

60.26 Subd. 2a. **Special education initial aid.** For fiscal year 2015 and later, a district's
 60.27 special education initial aid equals the sum of:

60.28 (1) the lesser of 70 percent of the district's nonfederal special education expenditures
 60.29 for the prior fiscal year or 50 percent of the product of the sum of the following amounts,
 60.30 computed using prior fiscal year data, and the annual inflationary increase:

60.31 (i) the product of the district's average daily membership served and the sum of:

60.32 (A) \$438; plus

60.33 (B) \$305 times the ratio of the sum of the number of pupils enrolled on October 1
 60.34 who are eligible to receive free lunch plus one-half of the pupils enrolled on October 1
 60.35 who are eligible to receive reduced-price lunch to the total October 1 enrollment; plus

61.1 (C) .00436 times the district's average daily membership served; plus
 61.2 (ii) \$10,236 times the December 1 child count for the primary disability areas of
 61.3 autism spectrum disorders, developmental delay, and severely multiply impaired; plus
 61.4 (iii) \$17,736 times the December 1 child count for the primary disability areas of
 61.5 deaf and hard-of-hearing and emotional or behavioral disorders; plus
 61.6 (iv) \$26,180 times the December 1 child count for the primary disability areas of
 61.7 developmentally cognitive mild-moderate, developmentally cognitive severe-profound,
 61.8 physically impaired, visually impaired, and deafblind; plus
 61.9 (2) the cost of providing transportation services for children with disabilities under
 61.10 section 123B.92, subdivision 1, paragraph (b), clause (4).

61.11 **EFFECTIVE DATE.** This section is effective for fiscal year 2015 and later.

61.12 Sec. 6. Minnesota Statutes 2012, section 125A.76, is amended by adding a subdivision
 61.13 to read:

61.14 Subd. 2b. **Special education aid.** For fiscal year 2015 and later, a district's special
 61.15 education aid equals the sum of the district's special education initial aid under subdivision
 61.16 2a and the district's excess cost aid under section 125A.79, subdivision 5.

61.17 **EFFECTIVE DATE.** This section is effective for fiscal year 2015 and later.

61.18 Sec. 7. Minnesota Statutes 2012, section 125A.76, is amended by adding a subdivision
 61.19 to read:

61.20 Subd. 2c. **Statewide average expenditure.** By January 15 of each year, the
 61.21 department must calculate the statewide average special education expenditure per
 61.22 December 1 child count for the prior fiscal year by primary disability area and provide that
 61.23 information to all districts. By January 15 of each odd-numbered year, the commissioner
 61.24 must identify options for aligning the assignment of disability areas to the categories and
 61.25 the rates for each category in subdivision 2a, clause (1), with the latest expenditure data and
 61.26 submit these options to the legislative committees with jurisdiction over education finance.

61.27 Sec. 8. Minnesota Statutes 2012, section 125A.76, subdivision 4a, is amended to read:

61.28 **Subd. 4a. Adjustments for tuition reciprocity with adjoining states.** (a) If an
 61.29 agreement is reached between the state of Minnesota and an adjoining state pursuant to
 61.30 section 124D.041 that requires a special education tuition payment from the state of
 61.31 Minnesota to the adjoining state, the tuition payment shall be made from the special

62.1 education aid appropriation for that year, ~~and the state total special education aid under~~
 62.2 ~~subdivision 4 shall be reduced by the amount of the payment.~~

62.3 ~~(b) If an agreement is reached between the state of Minnesota and an adjoining state~~
 62.4 ~~pursuant to section 124D.041 that requires a special education tuition payment from~~
 62.5 ~~an adjoining state to the state of Minnesota, the special education aid appropriation for~~
 62.6 ~~that year and the state total special education aid under subdivision 4 shall be increased~~
 62.7 ~~by the amount of the payment.~~

62.8 ~~(e)~~ (b) If an agreement is reached between the state of Minnesota and an adjoining
 62.9 state pursuant to section 124D.041 that requires special education tuition payments to
 62.10 be made between the two states and not between districts in the two states, the special
 62.11 education aid for a Minnesota school district serving a student with a disability from the
 62.12 adjoining state shall be calculated according to section 127A.47, subdivision 7, except that
 62.13 no reduction shall be made in the special education aid paid to the resident district.

62.14 **EFFECTIVE DATE.** This section is effective for fiscal year 2015 and later.

62.15 Sec. 9. Minnesota Statutes 2012, section 125A.76, subdivision 8, is amended to read:

62.16 Subd. 8. **Special education forecast maintenance of effort.** (a) If, on the basis of
 62.17 a forecast of general fund revenues and expenditures under section 16A.103, the state's
 62.18 expenditures for special education and related services for children with disabilities from
 62.19 nonfederal sources for a fiscal year, including special education aid under ~~section 125A.76;~~
 62.20 ~~special education excess cost aid under section 125A.76, subdivision 7~~ subdivision 2b;
 62.21 travel for home-based services under section 125A.75, subdivision 1; aid for students with
 62.22 disabilities under section 125A.75, subdivision 3; court-placed special education under
 62.23 section 125A.79, subdivision 4; out-of-state tuition under section 125A.79, subdivision 8;
 62.24 and direct expenditures by state agencies are projected to be less than the amount required
 62.25 to meet federal special education maintenance of effort, the reimbursement percentage for
 62.26 excess cost aid under section 125A.79, subdivision 5, must be increased as required to
 62.27 ensure that the additional amount required to meet federal special education maintenance of
 62.28 effort is added to the state total special education aid in ~~section 125A.76, subdivision 4~~ 2b.

62.29 (b) If, on the basis of a forecast of general fund revenues and expenditures under
 62.30 section 16A.103, expenditures in the programs in paragraph (a) are projected to be greater
 62.31 than previously forecast for an enacted budget, and an addition to state total special
 62.32 education aid has been made under paragraph (a), the state total special education aid
 62.33 must be reduced by the lesser of the amount of the expenditure increase or the amount
 62.34 previously added to state total special education aid in ~~section 125A.76, subdivision 4~~ 2b.

63.1 (c) For the purpose of this section, "previously forecast for an enacted budget" means
 63.2 the allocation of funding for these programs in the most recent forecast of general fund
 63.3 revenues and expenditures or the act appropriating money for these programs, whichever
 63.4 occurred most recently. It does not include planning estimates for a future biennium.

63.5 (d) If the amount of special education aid is adjusted in accordance with this
 63.6 subdivision, the commissioner of education shall notify the chairs of the legislative
 63.7 committees having jurisdiction over kindergarten through grade 12 education regarding
 63.8 the amount of the adjustment and provide an explanation of the federal maintenance of
 63.9 effort requirements.

63.10 **EFFECTIVE DATE.** This section is effective for fiscal year 2015 and later.

63.11 Sec. 10. Minnesota Statutes 2012, section 125A.78, subdivision 2, is amended to read:

63.12 Subd. 2. **Initial aid adjustment.** For the fiscal year after approval of a district's
 63.13 application, and thereafter, the special education ~~initial~~ aid under section 125A.76;
 63.14 ~~subdivision 1~~, must be computed based on activities defined as reimbursable under
 63.15 Department of Education rules for special education and nonspecial education students,
 63.16 and additional activities as detailed and approved by the commissioner.

63.17 **EFFECTIVE DATE.** This section is effective for fiscal year 2015 and later.

63.18 Sec. 11. Minnesota Statutes 2012, section 125A.79, subdivision 1, is amended to read:

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

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

63.22 (1) expenditures for ~~teachers' salaries, contracted services, supplies, equipment,~~
 63.23 nonfederal special education expenditures and transportation services eligible for revenue
 63.24 under section 125A.76, subdivision 2a; ~~plus~~ minus

63.25 (2) ~~expenditures for tuition bills received under sections 125A.03 to 125A.24 and~~
 63.26 ~~125A.65 for services eligible for revenue under section 125A.76, subdivision 2; minus~~

63.27 (3) ~~revenue for teachers' salaries, contracted services, supplies, equipment, and~~
 63.28 ~~transportation services~~ (2) special education initial aid under section 125A.76; ~~minus,~~
 63.29 subdivision 2a.

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

63.32 (b) "General revenue" for a school district means the sum of the general education
 63.33 revenue according to section 126C.10, subdivision 1, excluding alternative teacher

64.1 compensation revenue and teacher development and evaluation revenue, minus
 64.2 transportation sparsity revenue minus total operating capital revenue. "General revenue"
 64.3 for a charter school means the sum of the general education revenue according to section
 64.4 124D.11, subdivision 1, and transportation revenue according to section 124D.11,
 64.5 subdivision 2, excluding alternative teacher compensation revenue, minus referendum
 64.6 equalization aid minus transportation sparsity revenue minus operating capital revenue.

64.7 (e) ~~"Average daily membership" has the meaning given it in section 126C.05.~~

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

64.9 **EFFECTIVE DATE.** This section is effective for fiscal year 2015 and later.

64.10 Sec. 12. Minnesota Statutes 2012, section 125A.79, subdivision 5, is amended to read:

64.11 Subd. 5. **Initial excess cost aid.** For fiscal years ~~2008~~ 2015 and later, a district's
 64.12 initial excess cost aid equals the greater of:

64.13 (1) 75 percent of the difference between (i) the district's unreimbursed special
 64.14 education cost and (ii) ~~4.36~~ 4.88 percent of the district's general revenue; or

64.15 (2) zero.

64.16 **EFFECTIVE DATE.** This section is effective for fiscal year 2015 and later.

64.17 Sec. 13. Minnesota Statutes 2012, section 125A.79, subdivision 8, is amended to read:

64.18 Subd. 8. **Out-of-state tuition.** For children who are residents of the state, receive
 64.19 services under section 125A.76, subdivisions 1 and 2, and are placed in a care and
 64.20 treatment facility by court action in a state that does not have a reciprocity agreement
 64.21 with the commissioner under section 125A.155, the resident school district shall submit
 64.22 the balance of the tuition bills, minus the general education revenue, excluding basic
 64.23 skills revenue ~~and~~, alternative teacher compensation revenue, and teacher development
 64.24 and evaluation revenue, and referendum equalization aid attributable to the pupil,
 64.25 calculated using the resident district's average general education revenue and referendum
 64.26 equalization aid per adjusted pupil unit minus the special education contracted services
 64.27 initial revenue attributable to the pupil.

64.28 **EFFECTIVE DATE.** This section is effective for fiscal year 2015 and later.

64.29 Sec. 14. **APPROPRIATIONS.**

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

65.4 Subd. 2. **Special education; regular.** For special education aid under Minnesota
 65.5 Statutes, section 125A.75:

65.6 \$ 908,820,000 2014

65.7 \$ 1,157,386,000 2015

65.8 The 2014 appropriation includes \$152,262,000 for 2013 and \$756,558,000 for 2014.

65.9 The 2015 appropriation includes \$160,481,000 for 2014 and \$996,905,000 for 2015.

65.10 Subd. 3. **Aid for children with disabilities.** For aid under Minnesota Statutes,
 65.11 section 125A.75, subdivision 3, for children with disabilities placed in residential facilities
 65.12 within the district boundaries for whom no district of residence can be determined:

65.13 \$ 1,655,000 2014

65.14 \$ 1,752,000 2015

65.15 If the appropriation for either year is insufficient, the appropriation for the other
 65.16 year is available.

65.17 Subd. 4. **Travel for home-based services.** For aid for teacher travel for home-based
 65.18 services under Minnesota Statutes, section 125A.75, subdivision 1:

65.19 \$ 326,000 2014

65.20 \$ 334,000 2015

65.21 The 2014 appropriation includes \$56,000 for 2013 and \$270,000 for 2014.

65.22 The 2015 appropriation includes \$57,000 for 2014 and \$277,000 for 2015.

65.23 Subd. 5. **Special education; excess costs.** For excess cost aid under Minnesota
 65.24 Statutes, section 125A.79, subdivision 7:

65.25 \$ 118,619,000 2014

65.26 \$ 46,693,000 2015

65.27 The 2014 appropriation includes \$45,431,000 for 2013 and \$73,188,000 for 2014.

65.28 The 2015 appropriation includes \$46,693,000 for 2014 and \$0 for 2015.

65.29 Subd. 6. **Court-placed special education revenue.** For reimbursing serving school
 65.30 districts for unreimbursed eligible expenditures attributable to children placed in the serving
 65.31 school district by court action under Minnesota Statutes, section 125A.79, subdivision 4:

65.32 \$ 54,000 2014

65.33 \$ 55,000 2015

67.1 of the district's annual levy amount, or one-sixth of the amount of levy that it certified
67.2 for that purpose for taxes payable in 1998.

67.3 (b) A district's alternative facilities aid for fiscal year 2015 and later equals the
67.4 sum of the district's initial alternative facilities aid under paragraph (c) and the district's
67.5 alternative facilities aid adjustment under paragraph (c).

67.6 (c) For fiscal year 2015 and later, for districts with a decrease in general education
67.7 levies according to chapter 126C for fiscal year 2015 resulting from legislation enacted in
67.8 2013, the initial alternative facilities aid according to paragraph (a) shall be reduced by an
67.9 amount not to exceed the decrease in general education levies for fiscal year 2015 and
67.10 reallocated to districts qualifying for alternative facilities aid with an increase in general
67.11 education levies according to chapter 126C for fiscal year 2015 resulting from legislation
67.12 enacted in 2013 to proportionately reduce the increase for those districts.

67.13 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
67.14 and later.

67.15 Sec. 4. Minnesota Statutes 2012, section 123B.591, subdivision 2, is amended to read:

67.16 Subd. 2. **Deferred maintenance revenue.** The deferred maintenance revenue for
67.17 an eligible school district equals the product of ~~\$60~~ \$66 times the adjusted ~~marginal-cost~~
67.18 pupil units for the school year times the lesser of one or the ratio of the district's average
67.19 age of building space to 35 years.

67.20 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
67.21 and later.

67.22 Sec. 5. Minnesota Statutes 2012, section 123B.591, subdivision 3, is amended to read:

67.23 Subd. 3. **Deferred maintenance levy.** To obtain deferred maintenance revenue ~~for~~
67.24 ~~fiscal year 2008 and later~~, a district may levy an amount not more than the product of its
67.25 deferred maintenance revenue for the fiscal year times the lesser of one or the ratio of its
67.26 adjusted net tax capacity per adjusted ~~marginal-cost~~ pupil unit to ~~\$5,621~~ \$6,362.

67.27 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
67.28 and later.

67.29 Sec. 6. Minnesota Statutes 2012, section 125B.26, subdivision 4, is amended to read:

67.30 Subd. 4. **District aid.** For fiscal year 2006 and later, a district, charter school,
67.31 or intermediate school district's Internet access equity aid equals the district, charter
67.32 school, or intermediate school district's approved cost for the previous fiscal year

68.1 according to subdivision 1 exceeding ~~\$15~~ \$16 times the district's adjusted ~~marginal~~
 68.2 ~~cost~~ pupil units for the previous fiscal year or no reduction if the district is part of an
 68.3 organized telecommunications access cluster. Equity aid must be distributed to the
 68.4 telecommunications access cluster for districts, charter schools, or intermediate school
 68.5 districts that are members of the cluster or to individual districts, charter schools, or
 68.6 intermediate school districts not part of a telecommunications access cluster.

68.7 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 68.8 and later.

68.9 Sec. 7. **APPROPRIATIONS.**

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

68.13 Subd. 2. **Health and safety revenue.** For health and safety aid according to
 68.14 Minnesota Statutes, section 123B.57, subdivision 5:

68.15 \$ 450,000 2014
 68.16 \$ 437,000 2015

68.17 The 2014 appropriation includes \$33,000 for 2013 and \$417,000 for 2014.
 68.18 The 2015 appropriation includes \$88,000 for 2014 and \$349,000 for 2015.

68.19 Subd. 3. **Debt service equalization.** For debt service aid according to Minnesota
 68.20 Statutes, section 123B.53, subdivision 6:

68.21 \$ 19,539,000 2014
 68.22 \$ 24,668,000 2015

68.23 The 2014 appropriation includes \$3,084,000 for 2013 and \$16,455,000 for 2014.
 68.24 The 2015 appropriation includes \$3,490,000 for 2014 and \$21,178,000 for 2015.

68.25 Subd. 4. **Alternative facilities bonding aid.** For alternative facilities bonding aid,
 68.26 according to Minnesota Statutes, section 123B.59, subdivision 1:

68.27 \$ 19,287,000 2014
 68.28 \$ 19,287,000 2015

68.29 The 2014 appropriation includes \$3,375,000 for 2013 and \$15,912,000 for 2014.
 68.30 The 2015 appropriation includes \$3,375,000 for 2014 and \$15,912,000 for 2015.

68.31 Subd. 5. **Equity in telecommunications access.** For equity in telecommunications
 68.32 access:

70.1 Subd. 2. **School lunch.** For school lunch aid according to Minnesota Statutes,
 70.2 section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

70.3 \$ 12,506,000 2014

70.4 \$ 12,756,000 2015

70.5 Subd. 3. **School breakfast.** For traditional school breakfast aid under Minnesota
 70.6 Statutes, section 124D.1158:

70.7 \$ 5,735,000 2014

70.8 \$ 6,057,000 2015

70.9 Subd. 4. **Kindergarten milk.** For kindergarten milk aid under Minnesota Statutes,
 70.10 section 124D.118:

70.11 \$ 1,019,000 2014

70.12 \$ 1,029,000 2015

70.13 Subd. 5. **Summer school service replacement aid.** For summer food service
 70.14 replacement aid under Minnesota Statutes, section 124D.119:

70.15 \$ 150,000 2014

70.16 \$ 150,000 2015

70.17 **ARTICLE 6**

70.18 **ACCOUNTING**

70.19 Section 1. Minnesota Statutes 2012, section 123B.75, subdivision 5, is amended to read:

70.20 ~~Subd. 5. **Levy recognition.** (a) For fiscal years 2009 and 2010, in June of each~~
 70.21 ~~year, the school district must recognize as revenue, in the fund for which the levy was~~
 70.22 ~~made, the lesser of:~~

70.23 ~~(1) the sum of May, June, and July school district tax settlement revenue received in~~
 70.24 ~~that calendar year, plus general education aid according to section 126C.13, subdivision~~
 70.25 ~~4, received in July and August of that calendar year; or~~

70.26 ~~(2) the sum of:~~

70.27 ~~(i) 31 percent of the referendum levy certified according to section 126C.17, in~~
 70.28 ~~calendar year 2000; and~~

70.29 ~~(ii) the entire amount of the levy certified in the prior calendar year according to~~
 70.30 ~~section 124D.86, subdivision 4, for school districts receiving revenue under sections~~
 70.31 ~~124D.86, subdivision 3, clauses (1), (2), and (3); 126C.41, subdivisions 1, 2, paragraph (a),~~
 70.32 ~~and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2; and 126C.48, subdivision 6; plus~~

71.1 ~~(iii) zero percent of the amount of the levy certified in the prior calendar year for the~~
 71.2 ~~school district's general and community service funds, plus or minus auditor's adjustments,~~
 71.3 ~~not including the levy portions that are assumed by the state, that remains after subtracting~~
 71.4 ~~the referendum levy certified according to section 126C.17 and the amount recognized~~
 71.5 ~~according to item (ii).~~

71.6 ~~(b)~~ (a) For fiscal year ~~2011 and later years~~ 2011 through 2016, in June of each
 71.7 year, the school district must recognize as revenue, in the fund for which the levy was
 71.8 made, the lesser of:

71.9 (1) the sum of May, June, and July school district tax settlement revenue received in
 71.10 that calendar year, plus general education aid according to section 126C.13, subdivision
 71.11 4, received in July and August of that calendar year; or

71.12 (2) the sum of:

71.13 (i) the greater of 48.6 percent of the referendum levy certified according to section
 71.14 126C.17 in the prior calendar year, or 31 percent of the referendum levy certified
 71.15 according to section 126C.17 in calendar year 2000; plus

71.16 (ii) the entire amount of the levy certified in the prior calendar year according to
 71.17 section 124D.4531, 124D.86, subdivision 4, for ~~school districts receiving revenue under~~
 71.18 ~~sections 124D.86, subdivision 3, clauses (1), (2), and (3)~~ Special School District No. 1,
 71.19 Minneapolis, Independent School District No. 625, St. Paul, and Independent School
 71.20 District No. 709, Duluth; 126C.41, subdivisions 1, 2, paragraph (a), and 3, paragraphs (b),
 71.21 (c), and (d); 126C.43, subdivision 2; and 126C.48, subdivision 6; plus

71.22 (iii) 48.6 percent of the amount of the levy certified in the prior calendar year for the
 71.23 school district's general and community service funds, plus or minus auditor's adjustments,
 71.24 that remains after subtracting the referendum levy certified according to section 126C.17
 71.25 and the amount recognized according to item (ii).

71.26 (b) For fiscal year 2017 and later, in June of each year, the school district must
 71.27 recognize as revenue, in the fund for which the levy was made, the lesser of:

71.28 (1) the sum of May, June, and July school district tax settlement revenue received in
 71.29 that calendar year, plus general education aid according to section 126C.13, subdivision
 71.30 4, received in July and August of that calendar year; or

71.31 (2) the sum of:

71.32 (i) 31 percent of the referendum levy certified according to section 126C.17, in
 71.33 calendar year 2000; and

71.34 (ii) the entire amount of the levy certified in the prior calendar year according
 71.35 to section 124D.86, subdivision 4, for Special School District No. 1, Minneapolis,
 71.36 Independent School District No. 625, St. Paul, and Independent School District No. 709,

72.1 Duluth; 126C.41, subdivisions 1, 2, paragraph (a), and 3, paragraphs (b), (c), and (d);
 72.2 126C.43, subdivision 2; and 126C.48, subdivision 6; plus

72.3 (iii) zero percent of the amount of the levy certified in the prior calendar year for the
 72.4 school district's general and community service funds, plus or minus auditor's adjustments,
 72.5 not including the levy portions that are assumed by the state, that remains after subtracting
 72.6 the referendum levy certified according to section 126C.17 and the amount recognized
 72.7 according to item (ii).

72.8 Sec. 2. Minnesota Statutes 2012, section 127A.441, is amended to read:

72.9 **127A.441 AID REDUCTION; LEVY REVENUE RECOGNITION CHANGE.**

72.10 (a) Each year, the state aids payable to any school district for that fiscal year that are
 72.11 recognized as revenue in the school district's general and community service funds shall
 72.12 be adjusted by an amount equal to (1) the amount the district recognized as revenue for the
 72.13 prior fiscal year pursuant to section 123B.75, subdivision 5, paragraph (a) or (b), minus (2)
 72.14 the amount the district recognized as revenue for the current fiscal year pursuant to section
 72.15 123B.75, subdivision 5, paragraph (a) or (b). For purposes of making the aid adjustments
 72.16 under this section, the amount the district recognizes as revenue for either the prior fiscal
 72.17 year or the current fiscal year pursuant to section 123B.75, subdivision 5, paragraph (b),
 72.18 shall not include any amount levied pursuant to section 124D.86, subdivision 4, for ~~school~~
 72.19 ~~districts receiving revenue under sections 124D.86, subdivision 3, clauses (1), (2), and~~
 72.20 ~~(3) Special School District No. 1, Minneapolis, Independent School District No. 625, St.~~
 72.21 Paul, and Independent School District No. 709, Duluth; 126C.41, subdivisions 1, 2, and 3,
 72.22 paragraphs (b), (c), and (d); 126C.43, subdivision 2; and 126C.48, subdivision 6. Payment
 72.23 from the permanent school fund shall not be adjusted pursuant to this section.

72.24 (b) The commissioner shall schedule the timing of the adjustments under paragraph
 72.25 (a) as close to the end of the fiscal year as possible.

72.26 The school district shall be notified of the amount of the adjustment made to each
 72.27 payment pursuant to this section.

72.28 Sec. 3. Minnesota Statutes 2012, section 127A.45, subdivision 2, is amended to read:

72.29 Subd. 2. **Definitions.** (a) "Other district receipts" means payments by county
 72.30 treasurers pursuant to section 276.10, apportionments from the school endowment fund
 72.31 pursuant to section 127A.33, apportionments by the county auditor pursuant to section
 72.32 127A.34, subdivision 2, and payments to school districts by the commissioner of revenue
 72.33 pursuant to chapter 298.

72.34 (b) "Cumulative amount guaranteed" means the product of

- 73.1 (1) the cumulative disbursement percentage shown in subdivision 3; times
- 73.2 (2) the sum of
- 73.3 (i) the current year aid payment percentage of the estimated aid and credit
- 73.4 entitlements paid according to subdivision 13; plus
- 73.5 (ii) 100 percent of the entitlements paid according to subdivisions 11 and 12; plus
- 73.6 (iii) the other district receipts.
- 73.7 (c) "Payment date" means the date on which state payments to districts are made
- 73.8 by the electronic funds transfer method. If a payment date falls on a Saturday, a Sunday,
- 73.9 or a weekday which is a legal holiday, the payment shall be made on the immediately
- 73.10 preceding business day. The commissioner may make payments on dates other than
- 73.11 those listed in subdivision 3, but only for portions of payments from any preceding
- 73.12 payment dates which could not be processed by the electronic funds transfer method due
- 73.13 to documented extenuating circumstances.
- 73.14 (d) The current year aid payment percentage equals ~~73 in fiscal year 2010 and 70 in~~
- 73.15 ~~fiscal year 2011, and 60~~ 82.5 in fiscal years 2012 2013 through 2015, 88.5 in fiscal year
- 73.16 2016, and 90 in fiscal year 2017 and later.

73.17 Sec. 4. Minnesota Statutes 2012, section 127A.45, subdivision 13, is amended to read:

73.18 Subd. 13. **Aid payment percentage.** Except as provided in subdivisions 11, 12, 12a,

73.19 and 14, each fiscal year, all education aids and credits in this chapter and chapters 120A,

73.20 120B, 121A, 122A, 123A, 123B, 124D, 125A, 125B, 126C, 134, and section 273.1392,

73.21 shall be paid at the current year aid payment percentage of the estimated entitlement during

73.22 the fiscal year of the entitlement. For the purposes of this subdivision, a district's estimated

73.23 entitlement for special education excess cost aid under section 125A.79 for fiscal year

73.24 ~~2006 and later 2014~~ equals 74.0 percent of the district's entitlement for the current fiscal

73.25 year. For the purposes of this subdivision, a district's estimated entitlement for special

73.26 education aid under section 125A.76 for fiscal year 2015 and later equals 97.4 percent

73.27 of the district's entitlement for the current fiscal year. The final adjustment payment,

73.28 according to subdivision 9, must be the amount of the actual entitlement, after adjustment

73.29 for actual data, minus the payments made during the fiscal year of the entitlement.

73.30 ARTICLE 7

73.31 LIBRARIES

73.32 Section 1. DEPARTMENT OF EDUCATION; LIBRARY APPROPRIATIONS.

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

74.4 Subd. 2. **Basic system support.** For basic system support grants under Minnesota
 74.5 Statutes, section 134.355:

74.6 \$ 13,570,000 2014

74.7 \$ 13,570,000 2015

74.8 The 2014 appropriation includes \$2,374,000 for 2013 and \$11,196,000 for 2014.

74.9 The 2015 appropriation includes \$2,374,000 for 2014 and \$11,196,000 for 2015.

74.10 Subd. 3. **Multicounty, multitype library systems.** For grants under Minnesota
 74.11 Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

74.12 \$ 1,300,000 2014

74.13 \$ 1,300,000 2015

74.14 The 2014 appropriation includes \$227,000 for 2013 and \$1,073,000 for 2014.

74.15 The 2015 appropriation includes \$227,000 for 2014 and \$1,073,000 for 2015.

74.16 Subd. 4. **Electronic library for Minnesota.** For statewide licenses to online
 74.17 databases selected in cooperation with the Minnesota Office of Higher Education for
 74.18 school media centers, public libraries, state government agency libraries, and public
 74.19 or private college or university libraries:

74.20 \$ 900,000 2014

74.21 \$ 900,000 2015

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

74.23 Subd. 5. **Regional library telecommunications aid.** For regional library
 74.24 telecommunications aid under Minnesota Statutes, section 134.355:

74.25 \$ 2,300,000 2014

74.26 \$ 2,300,000 2015

74.27 The 2014 appropriation includes \$402,000 for 2013 and \$1,898,000 for 2014.

74.28 The 2015 appropriation includes \$402,000 for 2014 and \$1,898,000 for 2015.

74.29 **ARTICLE 8**

74.30 **EARLY CHILDHOOD EDUCATION**

74.31 Section 1. **[124D.165] EARLY CHILDHOOD EDUCATION SCHOLARSHIPS.**

75.1 Subdivision 1. **Establishment; purpose.** There is established early childhood
75.2 education scholarships in order to increase access to high-quality early childhood
75.3 preschool or prekindergarten programs for children ages three to five.

75.4 Subd. 2. **Family eligibility.** (a) For a family to receive an early childhood education
75.5 scholarship, parents or legal guardians must meet the following eligibility requirements:

75.6 (1) has a child three or four years of age on September 1 of the current year, who has
75.7 not yet started kindergarten; and

75.8 (2) has income equal to or less than 47 percent of the state median income in the
75.9 current calendar year, or can document their child's current participation in the Free and
75.10 Reduced Price Lunch Program, Child and Adult Care Food Program, National School
75.11 Lunch Act, United States Code, title 42, section 1751, part 210; Head Start under the
75.12 federal Improving Head Start for School Readiness Act of 2007; Minnesota family
75.13 investment program under chapter 256J; child care assistance programs under chapter
75.14 119B, the Supplemental Nutrition Assistance Program under section 256D.0523; or
75.15 placement in foster care under section 260C.212.

75.16 (b) Once a family is awarded a scholarship, the family may use the scholarship for
75.17 up to 12 months from the date the child is awarded a scholarship or when the child is
75.18 eligible to enter kindergarten, whichever comes first. A family may not be awarded more
75.19 than one scholarship in a 12-month period per eligible child.

75.20 (c) Scholarships may be awarded up to \$4,000 for each eligible child per year.

75.21 (d) Early childhood scholarships may not be counted as earned income for the
75.22 purposes of medical assistance under chapter 256B, MinnesotaCare under chapter 256L,
75.23 Minnesota family investment program under chapter 256J, child care assistance programs
75.24 under chapter 119B, or Head Start under the federal Improving Head Start for School
75.25 Readiness Act of 2007.

75.26 Subd. 3. **Administration.** Each year, if the appropriation to this program is
75.27 insufficient to provide early childhood education scholarships to all eligible children,
75.28 the scholarships shall be made available in the form and manner prescribed by the
75.29 commissioner of education. The commissioner must consider geographic distribution and
75.30 communities and school districts with the highest needs in distribution of funds.

75.31 Subd. 4. **Early childhood preschool and prekindergarten program eligibility.** (a)
75.32 In order to be eligible to accept an early childhood education scholarship, a program must:

75.33 (1) participate in the quality rating and improvement system under section
75.34 124D.142; and

75.35 (2) beginning July 1, 2014, have a 3- or 4-star rating in the quality rating and
75.36 improvement system.

76.1 (b) Any program accepting scholarships must use the revenue to supplement and not
 76.2 supplant state, local, and federal funding.

76.3 **Sec. 2. APPROPRIATIONS.**

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

76.7 Subd. 2. **School readiness.** For revenue for school readiness programs under
 76.8 Minnesota Statutes, sections 124D.15 and 124D.16:

76.9 \$ 10,095,000 2014

76.10 \$ 10,157,000 2015

76.11 The 2014 appropriation includes \$1,766,000 for 2013 and \$8,329,000 for 2014.

76.12 The 2015 appropriation includes \$1,766,000 for 2014 and \$8,391,000 for 2015.

76.13 Subd. 3. **Early childhood family education aid.** For early childhood family
 76.14 education aid under Minnesota Statutes, section 124D.135:

76.15 \$ 22,509,000 2014

76.16 \$ 22,932,000 2015

76.17 The 2014 appropriation includes \$3,885,000 for 2013 and \$18,624,000 for 2014.

76.18 The 2015 appropriation includes \$3,950,000 for 2014 and \$18,982,000 for 2015.

76.19 Subd. 4. **Health and developmental screening aid.** For health and developmental
 76.20 screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

76.21 \$ 3,377,000 2014

76.22 \$ 3,323,000 2015

76.23 The 2014 appropriation includes \$602,000 for 2013 and \$2,775,000 for 2014.

76.24 The 2015 appropriation includes \$588,000 for 2014 and \$2,735,000 for 2015.

76.25 Subd. 5. **Head Start program.** For Head Start programs under Minnesota Statutes,
 76.26 section 119A.52:

76.27 \$ 20,100,000 2014

76.28 \$ 20,100,000 2015

76.29 Subd. 6. **Educate parents partnership.** For the educate parents partnership under
 76.30 Minnesota Statutes, section 124D.129:

76.31 \$ 49,000 2014

76.32 \$ 49,000 2015

77.1 Subd. 7. **Kindergarten entrance assessment initiative and intervention**
 77.2 **program.** For the kindergarten entrance assessment initiative and intervention program
 77.3 under Minnesota Statutes, section 124D.162:

77.4 \$ 281,000 2014

77.5 \$ 281,000 2015

77.6 Subd. 8. **Early childhood education scholarships.** For early childhood education
 77.7 scholarships under Minnesota Statutes, section 124D.165:

77.8 \$ 25,000,000 2014

77.9 \$ 25,000,000 2015

77.10 Up to \$950,000 each year is for department administration of this program.

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

77.12 The base for this program is \$25,000,000 each year.

77.13 **ARTICLE 9**

77.14 **PREVENTION**

77.15 Section 1. **APPROPRIATIONS.**

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

77.19 Subd. 2. **Community education aid.** For community education aid under
 77.20 Minnesota Statutes, section 124D.20:

77.21 \$ 930,000 2014

77.22 \$ 1,047,000 2015

77.23 The 2014 appropriation includes \$155,000 for 2013 and \$775,000 for 2014.

77.24 The 2015 appropriation includes \$164,000 for 2014 and \$883,000 for 2015.

77.25 Subd. 3. **Adults with disabilities program aid.** For adults with disabilities
 77.26 programs under Minnesota Statutes, section 124D.56:

77.27 \$ 710,000 2014

77.28 \$ 710,000 2015

77.29 The 2014 appropriation includes \$124,000 for 2013 and \$586,000 for 2014.

77.30 The 2015 appropriation includes \$124,000 for 2014 and \$586,000 for 2015.

77.31 Subd. 4. **Hearing-impaired adults.** For programs for hearing-impaired adults
 77.32 under Minnesota Statutes, section 124D.57:

79.1 are provided with safe and welcoming learning environments in order to maximize each
 79.2 student's learning potential.

79.3 (b) The council shall consist of:

79.4 (1) the commissioners or their designees from the Departments of Education,
 79.5 Health, Human Rights, Human Services, Public Safety, and Corrections and the Office of
 79.6 Higher Education;

79.7 (2) one representative each from the Board of Teaching, Board of School
 79.8 Administrators, Minnesota School Boards Association, Elementary School Principals
 79.9 Association, Association of Secondary School Principals, and Education Minnesota as
 79.10 selected by each organization;

79.11 (3) two representatives each for student support personnel, parents, and students as
 79.12 selected by the commissioner of education;

79.13 (4) two representatives of local law enforcement as selected by the commissioner of
 79.14 public safety; and

79.15 (5) two representatives of the judicial branch as selected by the chief justice of
 79.16 the Supreme Court.

79.17 Subd. 2. **Duties.** The council must provide leadership for the following activities:

79.18 (1) establishment of norms and standards for prevention, intervention, and support
 79.19 around issues of bullying, harassment, and intimidation;

79.20 (2) advancement of evidence-based policy and best practices to improve school
 79.21 climate and promote school safety; and

79.22 (3) development and dissemination of resources and training for schools and
 79.23 communities about issues of bullying, harassment, and intimidation and other school
 79.24 safety-related issues.

79.25 Sec. 2. **[121A.08] SCHOOL CLIMATE CENTER.**

79.26 A school climate center within the Department of Education established to provide
 79.27 information and guidance to schools, parents, students, and communities on creating and
 79.28 sustaining safe learning environments for students. The center shall:

79.29 (1) provide policy guidance to schools on improving learning environments to assure
 79.30 safety and support of students;

79.31 (2) disseminate information and provide technical assistance to schools on restorative
 79.32 practices and teaching strategies that decrease social-emotional impediments to learning
 79.33 and support student success, including information on exemplary Minnesota school models;

79.34 (3) provide site-specific, culturally appropriate technical assistance and coaching to
 79.35 schools and school districts to assist in improving school climate;

80.1 (4) serve as a contact point for schools, parents, and students seeking assistance
 80.2 and guidance on information, research, laws, regulations, and state and local resources
 80.3 regarding bullying, harassment, and intimidation;

80.4 (5) develop and disseminate web-based training that schools can use for staff
 80.5 development;

80.6 (6) collect, interpret, and disseminate data, quantitative and qualitative, related to
 80.7 school climate and student engagement; and

80.8 (7) sponsor a biennial statewide conference on school climate and safety issues.

80.9 **Sec. 3. SCHOOL CLIMATE CENTER FIRST-YEAR PRIORITIES.**

80.10 (a) During the first year of operation of the school climate center under Minnesota
 80.11 Statutes, section 121A.08, the center shall focus its efforts on the following priorities:

80.12 (1) work in partnership with the Department of Public Safety school safety center
 80.13 and other appropriate entities to establish and staff the school climate council under
 80.14 Minnesota Statutes, section 121A.07;

80.15 (2) develop and disseminate a model bullying and intimidation prevention policy
 80.16 document for schools;

80.17 (3) provide regional training and technical assistance to schools on best practices
 80.18 related to ensuring a positive school climate;

80.19 (4) collaborate with other entities to establish and make accessible baseline data
 80.20 related to informing and guiding the development of school climate improvement efforts;
 80.21 and

80.22 (5) develop a toolkit, available through the Department of Education Web site, of
 80.23 current research-based practices that promote positive learning environments and help
 80.24 repair learning environments when harm occurs, including materials appropriate for use
 80.25 with diverse and special needs populations.

80.26 (b) When appropriate, and consistent with federal and state data privacy laws,
 80.27 data under paragraph (a), clause (4), shall be made available for analysis at population
 80.28 subgroup, school site, and district, regional, and statewide levels.

80.29 **Sec. 4. APPROPRIATIONS; DEPARTMENT OF EDUCATION.**

80.30 Subdivision 1. **Department of Education.** Unless otherwise indicated, the sums
 80.31 indicated in this section are appropriated from the general fund to the Department of
 80.32 Education for the fiscal years designated.

80.33 Subd. 2. **Department.** (a) For the Department of Education:

81.1 \$ 23,108,000 2014

81.2 \$ 22,621,000 2015

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

81.4 (b) \$260,000 each year is for the Minnesota Children's Museum.

81.5 (c) \$41,000 each year is for the Minnesota Academy of Science.

81.6 (d) \$50,000 each year is for the Duluth Children's Museum.

81.7 (e) \$618,000 each year is for the Board of Teaching. Any balance in the first year
81.8 does not cancel but is available in the second year.

81.9 (f) \$167,000 each year is for the Board of School Administrators. Any balance in
81.10 the first year does not cancel but is available in the second year.

81.11 (g) \$750,000 in fiscal year 2014 is appropriated to the Department of Education
81.12 for transfer to the Office of Enterprise Technology to develop model Individuals with
81.13 Disabilities Education Act (IDEA) online-available paperwork for special needs students.
81.14 This is a onetime appropriation and is available for spending until June 30, 2015. Any
81.15 ongoing information technology support or costs for online IDEA paperwork will be
81.16 incorporated into the service-level agreement and will be paid to the Office of Enterprise
81.17 Technology by the department under the rates and mechanisms specified in that agreement.
81.18 Any balance in the first year does not cancel but is available in the second year.

81.19 (h) \$1,500,000 in fiscal year 2014 and \$3,000,000 in fiscal year 2015 are for regional
81.20 centers of excellence under Minnesota Statutes, section 123A.215. The base for the
81.21 regional centers of excellence in fiscal years 2016 and 2017 is \$4,500,000 each year.

81.22 (i) The expenditures of federal grants and aids as shown in the biennial budget
81.23 document and its supplements are approved and appropriated and shall be spent as
81.24 indicated.

81.25 (j) None of the amounts appropriated under this subdivision may be used for
81.26 Minnesota's Washington, D.C. office.

81.27 Subd. 3. **Board of Teaching; licensure by portfolio.** For the Board of Teaching
81.28 for licensure by portfolio:

81.29 \$ 30,000 2014

81.30 \$ 30,000 2015

81.31 This appropriation is from the educator licensure portfolio account of the special
81.32 revenue fund.

81.33 Sec. 5. **APPROPRIATIONS; MINNESOTA STATE ACADEMIES.**

82.1 The sums indicated in this section are appropriated from the general fund to the
 82.2 Minnesota State Academies for the Deaf and the Blind for the fiscal years designated:

82.3 \$ 11,717,000 2014

82.4 \$ 11,717,000 2015

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

82.6 **Sec. 6. APPROPRIATIONS; PERPICH CENTER FOR ARTS EDUCATION.**

82.7 The sums in this section are appropriated from the general fund to the Perpich
 82.8 Center for Arts Education for the fiscal years designated:

82.9 \$ 7,928,000 2014

82.10 \$ 6,728,000 2015

82.11 \$1,200,000 in fiscal year 2014 is appropriated to the Perpich Center for Arts
 82.12 Education for immediate transfer to the Office of Enterprise Technology to change the
 82.13 school's technology infrastructure from an Apple to a Windows network. This is a onetime
 82.14 appropriation and is available for spending until June 30, 2015. Any ongoing information
 82.15 technology support or costs will be incorporated into the service-level agreement and will
 82.16 be paid to the Office of Enterprise Technology by the Perpich Center for Arts Education
 82.17 under the rates and mechanisms specified in that agreement.

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

APPENDIX
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120B.08 EARLY GRADUATION ACHIEVEMENT SCHOLARSHIP PROGRAM.

Subdivision 1. **Participation.** A student who qualifies for early graduation under section 120B.07, who meets the criteria in subdivision 1a, and who has not participated in the early graduation military service award program under section 120B.09 is eligible to participate in the early graduation achievement scholarship program.

Subd. 1a. **Eligible student.** For purposes of this section, an eligible student is a secondary student enrolled in a Minnesota public school who, at the time of graduation, generated Minnesota general education revenue and who graduates prior to the end of the fourth school year after first enrolling in ninth grade.

Subd. 2. **Scholarship amounts.** A student who participates in the early graduation achievement scholarship program is eligible for a scholarship of \$2,500 if the student graduates one semester or two trimesters early, \$5,000 if the student graduates two semesters or three or four trimesters early, or \$7,500 if the student graduates three or more semesters or five or more trimesters early. Participation in the optional summer term, extended day sessions, and intersessions of a state-approved learning year program under section 124D.128 are considered a quarter for purposes of computing scholarship amounts.

Subd. 3. **Scholarship uses.** An early graduation achievement scholarship may be used at any institution of higher education accredited by an accrediting agency recognized by the United States Department of Education.

Subd. 4. **Application.** A qualifying student may apply to the commissioner of education for an early graduation achievement scholarship. The application must be in the form and manner specified by the commissioner and must be received at the department within two calendar years of the date of graduation. Upon verification of the qualifying student's course completion necessary for graduation, the department must issue the student a certificate showing the student's scholarship amount.

Subd. 5. **Enrollment verification.** A student who qualifies under this section and enrolls in an accredited higher education institution must submit a form to the commissioner verifying the student's enrollment in the higher education institution and the tuition charges for that semester. Within 45 days of receipt of a student's enrollment and tuition verification form, the commissioner must issue a scholarship check to the higher education institution in the lesser of the tuition amount for that semester or the maximum amount of the student's early graduation achievement scholarship. A student may continue to submit enrollment verification forms to the commissioner until the student has used the full amount of the student's graduation achievement scholarship or six years from the date of the student's graduation, whichever occurs first. The scholarship cannot be renewed.

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

120B.09 EARLY GRADUATION MILITARY SERVICE AWARD PROGRAM.

Subdivision 1. **Eligibility.** For purposes of this section, "eligible person" means a secondary student enrolled in any Minnesota public school who, at the time of graduation, generated Minnesota general education revenue, who qualifies for early graduation under section 120B.07, who graduated prior to the end of the fourth school year after first enrolling in ninth grade, who has not participated in the early graduation achievement scholarship program under section 120B.08, and who, before the end of the calendar year of the student's graduation, enters into active service in either the active or reserve component of the United States armed forces and deploys for 60 days or longer to a military base or installation outside Minnesota for the purpose of attending basic military training or military school and, if required by the military, performing other military duty. The active service may be in accordance with United States Code, title 10 or title 32.

Subd. 2. **Application.** An eligible person may apply to the commissioner of education for an early graduation military service bonus. The application must be in the form and manner specified by the commissioner and must be received at the department within two calendar years of the date of graduation.

Subd. 3. **Verification and award.** The request for payment must be received at the department by the end of the second fiscal year following the fiscal year in which the student graduated. Upon verification of the qualifying student's course completion necessary for graduation and eligibility for the military service bonus, the commissioner must issue payment to

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that person. Payment amounts must be determined according to section 120B.08, subdivision 2. Once the original amount of the award has been paid, it cannot be renewed.

124D.454 ACCESS TO MINNESOTA'S TRANSITION SYSTEM FOR CHILDREN WITH A DISABILITY.

Subd. 3. **Initial aid.** The transition-disabled program initial aid equals the sum of the following amounts computed using current year data:

(1) 68 percent of the salary of each essential licensed person or approved paraprofessional who provides direct instructional services to students employed during that fiscal year for services rendered in that district's transition program for children with a disability;

(2) 47 percent of the costs of necessary equipment for transition programs for children with a disability;

(3) 47 percent of the costs of necessary travel between instructional sites by transition program teachers of children with a disability but not including travel to and from local, regional, district, state, or national career and technical student organization meetings;

(4) 47 percent of the costs of necessary supplies for transition programs for children with a disability but not to exceed an average of \$47 in any one school year for each child with a disability receiving these services;

(5) for transition programs for children with disabilities provided by a contract approved by the commissioner with public, private, or voluntary agencies other than a Minnesota school district or cooperative center, in place of programs provided by the district, 52 percent of the difference between the amount of the contract and the basic revenue of the district for that pupil for the fraction of the school day the pupil receives services under the contract;

(6) for transition programs for children with disabilities provided by a contract approved by the commissioner with public, private, or voluntary agencies other than a Minnesota school district or cooperative center, that are supplementary to a full educational program provided by the school district, 52 percent of the amount of the contract; and

(7) for a contract approved by the commissioner with another Minnesota school district or cooperative center for vocational evaluation services for children with a disability for children that are not yet enrolled in grade 12, 52 percent of the amount of the contract.

Subd. 10. **Exclusion.** A district shall not receive aid pursuant to section 125A.76 for salaries, supplies, travel or equipment for which the district receives aid pursuant to this section.

Subd. 11. **Revenue allocation from cooperative centers and intermediate districts.** For purposes of this section, a cooperative center or an intermediate district must allocate its approved expenditures for transition programs for children with a disability among participating school districts. Aid for transition programs for children with a disability for services provided by a cooperative or intermediate district shall be paid to the participating districts.

124D.86 INTEGRATION REVENUE.

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

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

124D.98 LITERACY INCENTIVE AID.

Subd. 2. **Proficiency aid.** In fiscal year 2013 and later, the proficiency aid for each school is equal to the product of the school's proficiency allowance times the number of third grade pupils at the school on October 1 of the previous fiscal year. A school's proficiency allowance is equal to the percentage of students in each building that meet or exceed proficiency on the third

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grade reading Minnesota Comprehensive Assessment, averaged across the previous three test administrations, times \$530.

125A.76 SPECIAL EDUCATION REVENUE.

Subd. 2. **Special education initial aid.** The special education initial aid equals the sum of the following amounts computed using current year data:

(1) 68 percent of the salary of each essential person employed in the district's program for children with a disability during the fiscal year, whether the person is employed by one or more districts or a Minnesota correctional facility operating on a fee-for-service basis;

(2) for the Minnesota State Academy for the Deaf or the Minnesota State Academy for the Blind, 68 percent of the salary of each one to one instructional and behavior management aide assigned to a child attending the academy, if the aides are required by the child's individualized education program;

(3) for special instruction and services provided to any pupil by contracting with public, private, or voluntary agencies other than school districts, in place of special instruction and services provided by the district, 52 percent of the difference between the amount of the contract and the general education revenue, excluding basic skills revenue and alternative teacher compensation revenue, and referendum equalization aid attributable to a pupil, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit for the fraction of the school day the pupil receives services under the contract. This includes children who are residents of the state, receive services under this subdivision and subdivision 1, and are placed in a care and treatment facility by court action in a state that does not have a reciprocity agreement with the commissioner under section 125A.155 as provided for in section 125A.79, subdivision 8;

(4) for special instruction and services provided to any pupil by contracting for services with public, private, or voluntary agencies other than school districts, that are supplementary to a full educational program provided by the school district, 52 percent of the amount of the contract for that pupil;

(5) for supplies and equipment purchased or rented for use in the instruction of children with a disability, an amount equal to 47 percent of the sum actually expended by the district, or a Minnesota correctional facility operating on a fee-for-service basis, but not to exceed an average of \$47 in any one school year for each child with a disability receiving instruction;

(6) for fiscal years 1997 and later, special education base revenue shall include amounts under clauses (1) to (5) for special education summer programs provided during the base year for that fiscal year;

(7) the cost of providing transportation services for children with disabilities under section 123B.92, subdivision 1, paragraph (b), clause (4); and

(8) the district's transition-disabled program initial aid according to section 124D.454, subdivision 3.

The department shall establish procedures through the uniform financial accounting and reporting system to identify and track all revenues generated from third-party billings as special education revenue at the school district level; include revenue generated from third-party billings as special education revenue in the annual cross-subsidy report; and exclude third-party revenue from calculation of excess cost aid to the districts.

Subd. 4. **State total special education aid.** The state total special education aid equals \$529,247,000 for fiscal year 2007, \$694,063,000 for fiscal year 2008, \$719,470,000 for fiscal year 2009, \$735,693,000 for fiscal year 2010, and \$786,586,000 for fiscal year 2011. The state total special education aid for later fiscal years equals:

(1) the state total special education aid for the preceding fiscal year; times

(2) the program growth factor; times

(3) the greater of one, or the ratio of the state total average daily membership for the current fiscal year to the state total average daily membership for the preceding fiscal year.

Subd. 5. **School district special education aid.** A school district's special education aid for fiscal year 2008 and later equals the state total special education aid times the ratio of the district's initial special education aid to the state total initial special education aid.

Subd. 7. **Revenue allocation from cooperative centers and intermediates.** For the purposes of this section, a special education cooperative, a service cooperative, an education

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district, or an intermediate district must allocate its approved expenditures for special education programs among participating school districts.

125A.79 SPECIAL EDUCATION EXCESS COST AID.

Subd. 6. **State total special education excess cost aid.** The state total special education excess cost aid equals \$104,700,000 for fiscal year 2007, \$110,641,000 for fiscal year 2008, \$110,918,000 for fiscal year 2009, \$110,847,000 for fiscal year 2010, and \$110,892,000 for fiscal year 2011. The state total special education excess cost aid for later fiscal years equals:

- (1) the state total special education excess cost aid for the preceding fiscal year; times
- (2) the program growth factor; times
- (3) the greater of one, or the ratio of the state total average daily membership for the current fiscal year to the state total average daily membership for the preceding fiscal year.

Subd. 7. **District special education excess cost aid.** A district's special education excess cost aid for fiscal year 2002 and later equals the state total special education excess cost aid times the ratio of the district's initial excess cost aid to the state total initial excess cost aid.

126C.10 GENERAL EDUCATION REVENUE.

Subd. 2a. **Extended time revenue.** (a) A school district's extended time revenue is equal to 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.

Subd. 2b. **Gifted and talented revenue.** Gifted and talented revenue for each district equals the district's adjusted marginal cost pupil units for that school year times \$12 for fiscal year 2008 and later. A school district must reserve gifted and talented revenue and, consistent with section 120B.15, must spend the revenue only to:

- (1) identify gifted and talented students;
- (2) provide education programs for gifted and talented students; or
- (3) provide staff development to prepare teachers to best meet the unique needs of gifted and talented students.

Subd. 25. **Regional equity gap.** The regional equity gap equals the difference between the value of the school district at or immediately above the fifth percentile of adjusted general revenue per adjusted marginal cost pupil unit and the value of the school district at or immediately above the 95th percentile of adjusted general revenue per adjusted marginal cost pupil unit.

Subd. 26. **District equity gap.** A district's equity gap equals the greater of zero or the difference between the district's adjusted general revenue and the value of the school district at or immediately above the regional 95th percentile of adjusted general revenue per adjusted marginal cost pupil unit.

Subd. 28. **Equity region.** For the purposes of computing equity revenue under subdivision 24, a district with its administrative office located in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington County on January 1, 2012, is part of the metro equity region. All other districts are part of the rural equity region.

Subd. 31a. **Transition for prekindergarten revenue.** For fiscal year 2007 and later, a school district's transition for prekindergarten revenue equals the sum of (1) the amount of referendum revenue under section 126C.17 and general education revenue, excluding transition revenue, for fiscal year 2004 attributable to pupils four or five years of age on September 1, 2003, enrolled in a prekindergarten program implemented by the district before July 1, 2003, and reported as kindergarten pupils under section 126C.05, subdivision 1, for fiscal year 2004, plus (2) the amount of compensatory education revenue under subdivision 3 for fiscal year 2005 attributable to pupils four years of age on September 1, 2003, enrolled in a prekindergarten program implemented by the district before July 1, 2003, and reported as kindergarten pupils under section 126C.05, subdivision 1, for fiscal year 2004 multiplied by .04.

Subd. 31b. **Uses of transition for prekindergarten revenue.** A school district that receives revenue under subdivision 31a must reserve that revenue for prekindergarten programs serving students who turn age four by September 1 and who will enter kindergarten the following year.

Subd. 31c. **Transition for tuition reciprocity revenue.** For the first year that a tuition reciprocity agreement with an adjoining state is in effect under section 124D.041 and later, a school district's transition for tuition reciprocity revenue equals the greater of zero or the

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difference between the sum of the general education revenue and net tuition revenue the district would have received for pupils enrolled under section 124D.041 for the first year the agreement is in effect if the agreement had not been in effect, and the sum of the district's general education revenue and net tuition revenue for the first year the agreement is in effect.

126C.17 REFERENDUM REVENUE.

Subd. 13. **Referendum conversion allowance.** A school district that received supplemental or transition revenue in fiscal year 2002 may convert its supplemental revenue conversion allowance and transition revenue conversion allowance to additional referendum allowance under subdivision 1 for fiscal year 2003 and thereafter. A majority of the school board must approve the conversion at a public meeting before November 1, 2001. For a district with other referendum authority, the referendum conversion allowance approved by the board continues until the portion of the district's other referendum authority with the earliest expiration date after June 30, 2006, expires. For a district with no other referendum authority, the referendum conversion allowance approved by the board continues until June 30, 2012.

127A.50 AID ADJUSTMENTS DUE TO CHANGES IN EMPLOYER RETIREMENT CONTRIBUTION RATES.

Subdivision 1. **Aid adjustment.** Beginning in fiscal year 1998 and each year thereafter, the commissioner of education shall adjust state aid payments to school operating funds for Independent School District No. 625 and Independent School District No. 709 by the net amount of clauses (1) and (2), for Special School District No. 1 by the net amount of clauses (1), (2), and (4), and for all other districts, including charter schools, but excluding any education organizations that are prohibited from receiving direct state aids under section 123A.26 or 125A.75, subdivision 7, by the net amount of clauses (1), (2), (3), and (4):

(1) a decrease equal to each district's share of the fiscal year 1997 adjustment effected under Minnesota Statutes 1996, section 124.2139;

(2) an increase equal to one percent of the salaries paid to members of the general plan of the Public Employees Retirement Association in fiscal year 1997, multiplied by 0.35 for fiscal year 1998 and 0.70 each year thereafter;

(3) a decrease equal to 2.34 percent of the salaries paid to members of the Teachers Retirement Association in fiscal year 1997; and

(4) an increase equal to 0.5 percent of the salaries paid to members of the Teachers Retirement Association in fiscal year 2007.

Subd. 5. **Adjustment termination.** All adjustments under this section terminate on June 30, 2020.