

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	1874a	Comm report: To pass as amended and re-refer to Taxes Rule 21, referred to Rules and Administration
	1967	Comm report: Adopt previous comm report
04/19/2013	2495	Comm report: To pass
	2496	Second reading
04/24/2013	2689	HF substituted on General Orders HF630

A bill for an act

1.1 relating to education finance; providing for early childhood through grade
1.2 12 education, including general education, student accountability, education
1.3 excellence, charter schools, special programs, facilities and technology, nutrition,
1.4 libraries and accounting, early childhood education, self-sufficiency and lifelong
1.5 learning, state agencies, and forecast adjustments; appropriating money;
1.6 requiring reports; amending Minnesota Statutes 2012, sections 13.319, by adding
1.7 a subdivision; 120A.20, subdivision 1; 120A.22, subdivisions 5, 8, 11; 120A.24,
1.8 subdivision 1; 120A.41; 120B.02; 120B.125; 120B.128; 120B.30, subdivisions
1.9 1, 1a; 120B.36, subdivision 1; 122A.415, by adding subdivisions; 123A.73,
1.10 subdivisions 3, 4, 5; 123B.41, subdivision 7; 123B.42, subdivision 3; 123B.53,
1.11 subdivision 5; 123B.54; 123B.57, subdivision 4; 123B.591, subdivisions 2,
1.12 3; 123B.75, subdivision 5; 123B.92, subdivision 9; 124D.02, subdivision 1;
1.13 124D.03, subdivision 12; 124D.10, subdivisions 14, 23a; 124D.11, subdivisions
1.14 1, 2, 4, 5; 124D.111, subdivision 1, by adding a subdivision; 124D.119;
1.15 124D.128, subdivision 2; 124D.42; 124D.4531; 124D.531, subdivision 1;
1.16 124D.65, subdivision 5; 125A.11, subdivision 1; 125A.76, subdivision 4;
1.17 125A.79, subdivisions 1, 8; 125B.26, subdivision 4; 126C.05, subdivisions 1, 5,
1.18 6, 15; 126C.10, subdivisions 1, 2, 2a, 2c, 3, 7, 8, 13, 13a, 13b, 17, 18, 24, 27, 29,
1.19 31, 32, 34, 35, 36, by adding subdivisions; 126C.12, subdivisions 1, 5; 126C.126;
1.20 126C.13, subdivisions 4, 5, by adding subdivisions; 126C.15, subdivision 1;
1.21 126C.17; 126C.20; 126C.40, subdivisions 1, 6; 126C.44; 127A.45, subdivision
1.22 2; 127A.47, subdivisions 7, 8; 127A.51; 128D.11, subdivision 3; 260C.007,
1.23 subdivision 19; Laws 2007, chapter 146, article 4, section 12; Laws 2011, First
1.24 Special Session chapter 11, article 1, section 36, subdivisions 2, as amended, 3,
1.25 as amended, 4, as amended, 5, as amended, 6, as amended, 7, as amended, 10, as
1.26 amended; article 2, sections 13; 14; 18; 19; 50, subdivisions 2, as amended, 4, as
1.27 amended, 5, as amended, 6, as amended, 7, as amended, 9, as amended; article
1.28 3, section 11, subdivisions 2, as amended, 3, as amended, 4, as amended, 5, as
1.29 amended; article 4, section 10, subdivisions 2, as amended, 3, as amended, 4,
1.30 as amended, 6, as amended; article 5, section 12, subdivisions 2, as amended,
1.31 3, as amended, 4, as amended; article 6, section 2, subdivisions 2, as amended,
1.32 3, as amended, 5, as amended; article 7, section 2, subdivisions 2, as amended,
1.33 3, as amended, 4, as amended; article 8, section 2, subdivisions 2, as amended,
1.34 3, as amended; article 9, section 3, subdivision 2, as amended; proposing
1.35 coding for new law in Minnesota Statutes, chapters 124D; 126C; repealing
1.36 Minnesota Statutes 2012, sections 120B.08; 120B.09; 124D.454, subdivisions
1.37 10, 11; 125A.76, subdivision 7; 126C.10, subdivisions 13a, 13b, 25, 26, 28,
1.38 31a, 31b, 31c, 34, 35, 36; 126C.17, subdivision 13; 127A.50, subdivisions 1,
1.39

2.1 5; Minnesota Rules, parts 3501.0010; 3501.0020; 3501.0030, subparts 1, 2,
 2.2 3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, 16; 3501.0040; 3501.0050; 3501.0060;
 2.3 3501.0090; 3501.0100; 3501.0110; 3501.0120; 3501.0130; 3501.0140;
 2.4 3501.0150; 3501.0160; 3501.0170; 3501.0180; 3501.0200; 3501.0210;
 2.5 3501.0220; 3501.0230; 3501.0240; 3501.0250; 3501.0270; 3501.0280, subparts
 2.6 1, 2; 3501.0290; 3501.1000; 3501.1020; 3501.1030; 3501.1040; 3501.1050;
 2.7 3501.1110; 3501.1120; 3501.1130; 3501.1140; 3501.1150; 3501.1160;
 2.8 3501.1170; 3501.1180; 3501.1190.

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

2.10 **ARTICLE 1**

2.11 **GENERAL EDUCATION**

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

2.13 Subdivision 1. **Age limitations; pupils.** (a) All schools supported in whole or
 2.14 in part by state funds are public schools. Admission to a public school is free to any
 2.15 person who: (1) resides within the district that operates the school; (2) is under 21 years of
 2.16 age or who meets the requirements of paragraph (c); and (3) satisfies the minimum age
 2.17 requirements imposed by this section. Notwithstanding the provisions of any law to the
 2.18 contrary, the conduct of all students under 21 years of age attending a public secondary
 2.19 school is governed by a single set of reasonable rules and regulations promulgated by the
 2.20 school board.

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

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

2.33 Sec. 2. Minnesota Statutes 2012, section 120A.41, is amended to read:

2.34 **120A.41 LENGTH OF SCHOOL YEAR; HOURS OF INSTRUCTION.**

2.35 A school board's annual school calendar must include at least 425 hours of
 2.36 instruction for a kindergarten student without a disability, 935 hours of instruction for a

3.1 student in grades 1 through 6, and 1,020 hours of instruction for a student in grades 7
3.2 through 12, not including summer school. The school calendar for all-day kindergarten
3.3 must include at least 850 hours of instruction for the school year. Nothing in this section
3.4 permits a school district to adopt a four-day week schedule unless approved by the
3.5 commissioner under section 124D.126.

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

3.7 Subd. 3. **Voluntary dissolution; referendum revenue.** As of the effective date of
3.8 the voluntary dissolution of a district and its attachment to one or more existing districts
3.9 pursuant to section 123A.46, the authorization for all referendum revenues previously
3.10 approved by the voters of all affected districts for those districts pursuant to section
3.11 126C.17, subdivision 9, or its predecessor provision, is canceled. However, if all of the
3.12 territory of any independent district is included in the enlarged district, and if the adjusted
3.13 net tax capacity of taxable property in that territory comprises 90 percent or more of
3.14 the adjusted net tax capacity of all taxable property in an enlarged district, the enlarged
3.15 district's referendum revenue shall be determined as follows:

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

3.21 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
3.22 and later.

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

3.24 Subd. 4. **Consolidation; maximum authorized referendum revenues.** (a) As
3.25 of the effective date of a consolidation pursuant to section 123A.48, if the plan for
3.26 consolidation so provides, or if the plan for consolidation makes no provision concerning
3.27 referendum revenues, the authorization for all referendum revenues previously approved
3.28 by the voters of all affected districts for those districts pursuant to section 126C.17,
3.29 subdivision 9, or its predecessor provision shall be recalculated as provided in this
3.30 subdivision. The referendum revenue authorization for the newly created district shall
3.31 be the revenue per ~~resident marginal cost~~ adjusted pupil unit that would raise an amount
3.32 equal to the combined dollar amount of the referendum revenues authorized by each of
3.33 the component districts for the year preceding the consolidation, unless the referendum

4.1 revenue authorization of the newly created district is subsequently modified pursuant to
4.2 section 126C.17, subdivision 9.

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

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

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 123A.73, subdivision 5, is amended to read:

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

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

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

5.1 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
5.2 and later.

5.3 Sec. 6. Minnesota Statutes 2012, section 123B.41, subdivision 7, is amended to read:

5.4 Subd. 7. **Elementary pupils.** "Elementary pupils" means pupils in grades
5.5 kindergarten through 6; provided, each kindergarten pupil in a half-day program shall be
5.6 counted as one-half pupil for all computations pursuant to sections 123B.40 to 123B.42,
5.7 and 123B.44 to 123B.48.

5.8 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015.

5.9 Sec. 7. Minnesota Statutes 2012, section 123B.42, subdivision 3, is amended to read:

5.10 Subd. 3. **Cost; limitation.** (a) The cost per pupil of the textbooks, individualized
5.11 instructional or cooperative learning materials, software or other educational technology,
5.12 and standardized tests provided for in this section for each school year must not exceed the
5.13 statewide average expenditure per pupil, adjusted pursuant to clause (b), by the Minnesota
5.14 public elementary and secondary schools for textbooks, individualized instructional
5.15 materials and standardized tests as computed and established by the department by February
5.16 1 of the preceding school year from the most recent public school year data then available.

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

5.20 Notwithstanding the amount of the formula allowance for fiscal years 2015 and 2016 in
5.21 section 126C.10, subdivision 2, the commissioner shall use the amount of the formula
5.22 allowance for the current year minus \$411 in determining the inflation adjustment for
5.23 fiscal years 2015 and 2016.

5.24 (c) The commissioner shall allot to the districts or intermediary service areas the
5.25 total cost for each school year of providing or loaning the textbooks, individualized
5.26 instructional or cooperative learning materials, software or other educational technology,
5.27 and standardized tests for the pupils in each nonpublic school. The allotment shall not
5.28 exceed the product of the statewide average expenditure per pupil, according to clause
5.29 (a), adjusted pursuant to clause (b), multiplied by the number of nonpublic school pupils
5.30 who make requests pursuant to this section and who are enrolled as of September 15 of
5.31 the current school year.

5.32 Sec. 8. Minnesota Statutes 2012, section 123B.92, subdivision 9, is amended to read:

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

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

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

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

6.12 (3) the ratio of the formula allowance pursuant to section 126C.10, subdivision 2, for
 6.13 the current school year to the formula allowance pursuant to section 126C.10, subdivision
 6.14 2, for the second preceding school year.

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

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

6.19 (2) the ratio of the formula allowance pursuant to section 126C.10, subdivision 2, for
 6.20 the current school year to the formula allowance pursuant to section 126C.10, subdivision
 6.21 2, for the second preceding school year.

6.22 (d) Notwithstanding the amount of the formula allowance for fiscal ~~year 2004~~
 6.23 years 2015 and 2016 in section 126C.10, subdivision 2, the commissioner shall use the
 6.24 amount of the formula allowance for the current year minus ~~\$415~~ \$411 in determining
 6.25 the nonpublic pupil transportation revenue in paragraphs (b) and (c) for fiscal ~~year 2004~~
 6.26 years 2015 and 2016.

6.27 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 6.28 and later.

6.29 Sec. 9. Minnesota Statutes 2012, section 124D.02, subdivision 1, is amended to read:

6.30 Subdivision 1. **Kindergarten instruction.** The board may establish and maintain
 6.31 one or more kindergartens for the instruction of children and after July 1, 1974, shall
 6.32 provide kindergarten instruction for all eligible children, either in the district or in
 6.33 another district. All children to be eligible for kindergarten must be at least five years
 6.34 of age on September 1 of the calendar year in which the school year commences. In
 6.35 addition all children selected under an early admissions policy established by the school

7.1 board may be admitted. If established, a board-adopted early admissions policy must
 7.2 describe the process and procedures for comprehensive evaluation in cognitive, social,
 7.3 and emotional developmental domains to help determine the child's ability to meet
 7.4 kindergarten grade expectations and progress to first grade in the subsequent year. The
 7.5 comprehensive evaluation must use valid and reliable instrumentation, be aligned with
 7.6 state kindergarten expectations, and include a parent report and teacher observations of
 7.7 the child's knowledge, skills, and abilities. The early admissions policy must be made
 7.8 available to parents in an accessible format and is subject to review by the commissioner
 7.9 of education. The evaluation is subject to section 127A.41. Nothing in this section
 7.10 shall prohibit a school district from establishing Head Start, prekindergarten, or nursery
 7.11 school classes for children below kindergarten age. Any school board with evidence that
 7.12 providing kindergarten will cause an extraordinary hardship on the school district may
 7.13 apply to the commissioner of education for an exception.

7.14 Sec. 10. Minnesota Statutes 2012, section 126C.05, subdivision 1, is amended to read:

7.15 Subdivision 1. **Pupil unit.** Pupil units for each Minnesota resident pupil under the
 7.16 age of 21 or who meets the requirements of section 120A.20, subdivision 1, paragraph (c),
 7.17 in average daily membership enrolled in the district of residence, in another district under
 7.18 sections 123A.05 to 123A.08, 124D.03, 124D.08, or 124D.68; in a charter school under
 7.19 section 124D.10; or for whom the resident district pays tuition under section 123A.18,
 7.20 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04,
 7.21 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, shall be counted according to this
 7.22 subdivision.

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

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

7.29 (c) A kindergarten pupil with a disability who is enrolled in a program approved
 7.30 by the commissioner is counted as the ratio of the number of hours of assessment and
 7.31 education services required in the fiscal year by the pupil's individualized education
 7.32 program to 875, but not more than one.

7.33 (d) ~~A kindergarten pupil who is not included in paragraph (c) is counted as .612 pupil~~
 7.34 ~~units~~ A kindergarten pupil who is not included in paragraph (c) is counted as 1.0 pupil
 7.35 units if the pupil is enrolled in a free all-day, every day kindergarten program available to

8.1 all kindergarten pupils at the pupil's school that meets the minimum hours requirement in
 8.2 section 120A.41, or is counted as .55 pupil units, if the pupil is not enrolled in a free all-day,
 8.3 every day kindergarten program available to all kindergarten pupils at the pupil's school.

8.4 (e) A pupil who is in any of grades 1 to 3 6 is counted as ~~1.15~~ 1.0 pupil units for
 8.5 fiscal year 2000 and thereafter.

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

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

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

8.11 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 8.12 and later.

8.13 Sec. 11. Minnesota Statutes 2012, section 126C.05, subdivision 5, is amended to read:

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

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

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

8.20 (3) pupil units according to subdivision 1 for whom the district or charter school
 8.21 receives tuition under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488,
 8.22 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65.

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

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

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

8.28 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 8.29 and later.

8.30 Sec. 12. Minnesota Statutes 2012, section 126C.05, subdivision 6, is amended to read:

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

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

9.1 (1) ~~the sum of .77 times the pupil units defined in paragraph (a) for the current year~~
 9.2 ~~and .23 times the pupil units defined in paragraph (a) for the previous school year; or~~
 9.3 (2) ~~the number of resident pupil units defined in paragraph (a) for the current school~~
 9.4 ~~year.~~

9.5 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 9.6 and later.

9.7 Sec. 13. Minnesota Statutes 2012, section 126C.05, subdivision 15, is amended to read:

9.8 Subd. 15. **Learning year pupil units.** (a) When a pupil is enrolled in a learning
 9.9 year program under section 124D.128, an area learning center or an alternative learning
 9.10 program approved by the commissioner under sections 123A.05 and 123A.06, or a
 9.11 contract alternative program under section 124D.68, subdivision 3, paragraph (d), or
 9.12 subdivision 3a, for more than 1,020 hours in a school year for a secondary student, more
 9.13 than 935 hours in a school year for an elementary student, more than 850 hours in a school
 9.14 year for a kindergarten student without a disability in a full-day kindergarten program,
 9.15 or more than 425 hours in a school year for a half-day kindergarten student without a
 9.16 disability, that pupil may be counted as more than one pupil in average daily membership
 9.17 for purposes of section 126C.10, subdivision 2a. The amount in excess of one pupil must
 9.18 be determined by the ratio of the number of hours of instruction provided to that pupil in
 9.19 excess of: (i) the greater of 1,020 hours or the number of hours required for a full-time
 9.20 secondary pupil in the district to 1,020 for a secondary pupil; (ii) the greater of 935 hours
 9.21 or the number of hours required for a full-time elementary pupil in the district to 935 for
 9.22 an elementary pupil in grades 1 through 6; ~~and~~ (iii) the greater of 425 hours or the number
 9.23 of hours required for a full-time kindergarten student without a disability in the district to
 9.24 425 for a kindergarten student without a disability; and (iv) the greater of 425 hours or the
 9.25 number of hours required for a half-time kindergarten student without a disability in the
 9.26 district to 425 for a half-day kindergarten student without a disability. Hours that occur
 9.27 after the close of the instructional year in June shall be attributable to the following fiscal
 9.28 year. ~~A kindergarten student must not be counted as more than 1.2 pupils in average daily~~
 9.29 ~~membership under this subdivision.~~ A student in kindergarten or grades 1 through 12 must
 9.30 not be counted as more than 1.2 pupils in average daily membership under this subdivision.
 9.31 (b)(i) To receive general education revenue for a pupil in an area learning center
 9.32 or alternative learning program that has an independent study component, a district
 9.33 must meet the requirements in this paragraph. The district must develop, for the pupil,
 9.34 a continual learning plan consistent with section 124D.128, subdivision 3. Each school
 9.35 district that has an area learning center or alternative learning program must reserve

10.1 revenue in an amount equal to at least 90 percent of the district average general education
 10.2 revenue per pupil unit, minus an amount equal to the product of the formula allowance
 10.3 according to section 126C.10, subdivision 2, times ~~.0485~~ .0465, calculated without basic
 10.4 skills and transportation sparsity revenue, times the number of pupil units generated by
 10.5 students attending an area learning center or alternative learning program. The amount of
 10.6 reserved revenue available under this subdivision may only be spent for program costs
 10.7 associated with the area learning center or alternative learning program. Basic skills
 10.8 revenue generated according to section 126C.10, subdivision 4, by pupils attending the
 10.9 eligible program must be allocated to the program.

10.10 (ii) General education revenue for a pupil in a state-approved alternative program
 10.11 without an independent study component must be prorated for a pupil participating for less
 10.12 than a full year, or its equivalent. The district must develop a continual learning plan for the
 10.13 pupil, consistent with section 124D.128, subdivision 3. Each school district that has an area
 10.14 learning center or alternative learning program must reserve revenue in an amount equal to
 10.15 at least 90 percent of the district average general education revenue per pupil unit, minus
 10.16 an amount equal to the product of the formula allowance according to section 126C.10,
 10.17 subdivision 2, times ~~.0485~~ .0465, calculated without basic skills and transportation sparsity
 10.18 revenue, times the number of pupil units generated by students attending an area learning
 10.19 center or alternative learning program. The amount of reserved revenue available under this
 10.20 subdivision may only be spent for program costs associated with the area learning center or
 10.21 alternative learning program. Basic skills revenue generated according to section 126C.10,
 10.22 subdivision 4, by pupils attending the eligible program must be allocated to the program.

10.23 (iii) General education revenue for a pupil in a state-approved alternative program
 10.24 that has an independent study component must be paid for each hour of teacher contact
 10.25 time and each hour of independent study time completed toward a credit or graduation
 10.26 standards necessary for graduation. Average daily membership for a pupil shall equal the
 10.27 number of hours of teacher contact time and independent study time divided by 1,020.

10.28 (iv) For a state-approved alternative program having an independent study
 10.29 component, the commissioner shall require a description of the courses in the program, the
 10.30 kinds of independent study involved, the expected learning outcomes of the courses, and
 10.31 the means of measuring student performance against the expected outcomes.

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

10.33 Sec. 14. Minnesota Statutes 2012, section 126C.10, subdivision 1, is amended to read:

10.34 Subdivision 1. **General education revenue.** (a) For fiscal years 2013 and 2014, the
 10.35 general education revenue for each district equals the sum of the district's basic revenue,

11.1 extended time revenue, gifted and talented revenue, small schools revenue, basic skills
 11.2 revenue, training and experience revenue, secondary sparsity revenue, elementary sparsity
 11.3 revenue, transportation sparsity revenue, total operating capital revenue, equity revenue,
 11.4 alternative teacher compensation revenue, and transition revenue.

11.5 (b) For fiscal year 2015 and later, the general education revenue for each district
 11.6 equals the sum of the district's basic revenue, extended time revenue, gifted and talented
 11.7 revenue, declining enrollment revenue, small schools revenue, basic supplemental
 11.8 revenue, basic skills revenue, secondary sparsity revenue, elementary sparsity revenue,
 11.9 transportation sparsity revenue, total operating capital revenue, equity revenue, pension
 11.10 adjustment revenue, safe schools revenue, and transition revenue.

11.11 Sec. 15. Minnesota Statutes 2012, section 126C.10, subdivision 2, is amended to read:

11.12 Subd. 2. **Basic revenue.** For fiscal year 2014, the basic revenue for each district
 11.13 equals the formula allowance times the adjusted marginal cost pupil units for the school
 11.14 year. ~~The formula allowance for fiscal year 2011 is \$5,124. The formula allowance for~~
 11.15 ~~fiscal year 2012 is \$5,174.~~ For fiscal year 2015 and later, the basic revenue for each district
 11.16 equals the formula allowance times the adjusted pupil units for the school year. The formula
 11.17 allowance for fiscal year 2013 ~~and subsequent years~~ is \$5,224. The formula allowance for
 11.18 fiscal year 2014 is \$5,276. The formula allowance for fiscal year 2015 and later is \$5,687.

11.19 Sec. 16. Minnesota Statutes 2012, section 126C.10, subdivision 2a, is amended to read:

11.20 Subd. 2a. **Extended time revenue.** (a) A school district's extended time revenue
 11.21 is equal to the product of ~~\$4,601~~ \$4,945 and the sum of the adjusted ~~marginal cost~~ pupil
 11.22 units of the district for each pupil in average daily membership in excess of 1.0 and less
 11.23 than 1.2 according to section 126C.05, subdivision 8.

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

11.27 Sec. 17. Minnesota Statutes 2012, section 126C.10, subdivision 2c, is amended to read:

11.28 Subd. 2c. **Small schools revenue.** A school district, not including a charter school,
 11.29 is eligible for small schools revenue equal to the product of:

11.30 (1) ~~\$5,224~~ \$540;

11.31 (2) the district's adjusted ~~marginal cost~~ pupil units for that year; and

11.32 (3) the greater of zero or the ratio of (i) ~~1,000~~ 960 less the district's adjusted ~~marginal~~
 11.33 ~~cost~~ pupil units for that year, to (ii) ~~1,000~~; and 960.

12.1 ~~(4) 0.10.~~

12.2 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 12.3 and later.

12.4 Sec. 18. Minnesota Statutes 2012, section 126C.10, is amended by adding a
 12.5 subdivision to read:

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

12.10 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 12.11 and later.

12.12 Sec. 19. Minnesota Statutes 2012, section 126C.10, is amended by adding a
 12.13 subdivision to read:

12.14 Subd. 2e. **Basic supplemental revenue.** The basic supplemental revenue for each
 12.15 district equals the supplemental allowance times the adjusted pupil units for the school
 12.16 year. The supplemental allowance for fiscal year 2015 and later years is \$56.

12.17 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 12.18 and later.

12.19 Sec. 20. Minnesota Statutes 2012, section 126C.10, is amended by adding a
 12.20 subdivision to read:

12.21 Subd. 2f. **Safe schools revenue.** The safe schools revenue for each district, including
 12.22 charter schools, equals the safe schools allowance times the district's adjusted pupil units
 12.23 for the school year. The safe schools allowance for fiscal year 2015 and later years is \$34.

12.24 Sec. 21. Minnesota Statutes 2012, section 126C.10, is amended by adding a
 12.25 subdivision to read:

12.26 Subd. 2g. **Uses of safe schools revenue.** (a) Safe schools revenue, under subdivision
 12.27 2f, must be reserved and used for directly funding the following purposes or for reimbursing
 12.28 the cities and counties who contract with the district for the following purposes:

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

13.1 (2) to pay the costs for a drug abuse prevention program as defined in section
 13.2 609.101, subdivision 3, paragraph (e), in the elementary schools;

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

13.5 (4) to pay the costs for security in the district's schools and on school property;

13.6 (5) to pay the costs for other crime prevention, drug abuse, student and staff safety,
 13.7 voluntary opt-in suicide prevention tools, and violence prevention measures taken by
 13.8 the school district;

13.9 (6) to pay the costs for licensed school counselors, licensed school nurses, licensed
 13.10 school social workers, licensed school psychologists, and licensed alcohol and chemical
 13.11 dependency counselors to help provide early responses to problems; or

13.12 (7) to pay the costs for colocating and collaborating with mental health professionals
 13.13 who are not district employees or contractors.

13.14 For expenditures under clause (1), the district must initially attempt to contract for
 13.15 services to be provided by peace officers or sheriffs with the police department of each
 13.16 city or the sheriff's department of the county within the district containing the school
 13.17 receiving the services. If a local police department or a county sheriff's department does
 13.18 not wish to provide the necessary services, the district may contract for these services with
 13.19 any other police or sheriff's department located entirely or partially within the school
 13.20 district's boundaries.

13.21 (b) A school district may reserve up to \$2 per adjusted pupil unit of safe schools
 13.22 revenue for laminated glass for security in the district's schools.

13.23 Sec. 22. Minnesota Statutes 2012, section 126C.10, subdivision 3, is amended to read:

13.24 Subd. 3. **Compensatory education revenue.** (a) For fiscal year 2014, the
 13.25 compensatory education revenue for each building in the district equals the formula
 13.26 allowance minus \$415 times the compensation revenue pupil units computed according
 13.27 to section 126C.05, subdivision 3. For fiscal year 2015 and later, the compensatory
 13.28 education revenue for each building in the district equals the formula allowance minus
 13.29 \$826 times the compensation revenue pupil units computed according to section 126C.05,
 13.30 subdivision 3. Revenue shall be paid to the district and must be allocated according to
 13.31 section 126C.15, subdivision 2.

13.32 (b) When the district contracting with an alternative program under section 124D.69
 13.33 changes prior to the start of a school year, the compensatory revenue generated by pupils
 13.34 attending the program shall be paid to the district contracting with the alternative program

14.1 for the current school year, and shall not be paid to the district contracting with the
 14.2 alternative program for the prior school year.

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

14.6 Sec. 23. Minnesota Statutes 2012, section 126C.10, subdivision 7, is amended to read:

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

14.10 (1) the formula allowance for the school year minus \$411, multiplied by

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

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

14.15 (4) the lesser of 1.5 or the quotient obtained by dividing the isolation index minus
 14.16 23 by ten.

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

14.23 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 14.24 and later.

14.25 Sec. 24. Minnesota Statutes 2012, section 126C.10, subdivision 8, is amended to read:

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

14.29 (1) the formula allowance for the year minus \$411, multiplied by

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

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

15.1 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 15.2 and later.

15.3 Sec. 25. Minnesota Statutes 2012, section 126C.10, subdivision 13, is amended to read:

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

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

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

15.13 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 15.14 and later.

15.15 Sec. 26. Minnesota Statutes 2012, section 126C.10, subdivision 13a, is amended to read:

15.16 Subd. 13a. **Operating capital levy.** To obtain operating capital revenue for fiscal
 15.17 ~~year 2007~~ years 2013 and later 2014 only, a district may levy an amount not more than the
 15.18 product of its operating capital revenue for the fiscal year times the lesser of one or the
 15.19 ratio of its adjusted net tax capacity per adjusted marginal cost pupil unit to the operating
 15.20 capital equalizing factor. The operating capital equalizing factor equals \$10,194.

15.21 Sec. 27. Minnesota Statutes 2012, section 126C.10, subdivision 13b, is amended to read:

15.22 Subd. 13b. **Operating capital aid.** For fiscal years 2013 and 2014 only, a district's
 15.23 operating capital aid equals its operating capital revenue minus its operating capital levy
 15.24 times the ratio of the actual amount levied to the permitted levy.

15.25 Sec. 28. Minnesota Statutes 2012, section 126C.10, subdivision 17, is amended to read:

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

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

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

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

16.2 Sec. 29. Minnesota Statutes 2012, section 126C.10, subdivision 18, is amended to read:

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

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

16.7 (ii) Multiply the result in clause (i) by the district's sparsity index raised to the
16.8 26/100 power.

16.9 (iii) Multiply the result in clause (ii) by the district's density index raised to the
16.10 13/100 power.

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

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

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

16.15 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
16.16 and later.

16.17 Sec. 30. Minnesota Statutes 2012, section 126C.10, subdivision 24, is amended to read:

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

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

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

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

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

16.32 ~~(d) A school district's equity revenue is increased by the greater of zero or an amount~~
16.33 ~~equal to the district's resident marginal cost pupil units times the difference between ten~~
16.34 ~~percent of the statewide average amount of referendum revenue per resident marginal cost~~

17.1 pupil unit for that year and the district's referendum revenue per resident marginal cost
 17.2 pupil unit. A school district's revenue under this paragraph must not exceed \$100,000 for
 17.3 that year.

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

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

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

17.11 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 17.12 and later.

17.13 Sec. 31. Minnesota Statutes 2012, section 126C.10, subdivision 27, is amended to read:

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

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

17.21 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 17.22 and later.

17.23 Sec. 32. Minnesota Statutes 2012, section 126C.10, subdivision 29, is amended to read:

17.24 Subd. 29. **Equity levy.** To obtain equity revenue for fiscal year ~~2005~~ 2015 and later,
 17.25 a district may levy an amount not more than the product of its equity revenue for the
 17.26 fiscal year times the lesser of one or the ratio of its referendum market value per resident
 17.27 ~~marginal cost~~ pupil unit to ~~\$476,000~~ \$538,200.

17.28 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 17.29 and later.

17.30 Sec. 33. Minnesota Statutes 2012, section 126C.10, subdivision 31, is amended to read:

17.31 Subd. 31. **Transition revenue.** (a) A district's transition allowance equals the sum of
 17.32 the transition revenue the district would have received for fiscal year 2015 under Minnesota

18.1 Statutes 2012, section 126C.10, subdivisions 31, 31a, and 31c, and the greater of zero or
 18.2 the product of the ratio of the number of adjusted marginal cost pupil units the district
 18.3 would have counted for fiscal year 2004 under Minnesota Statutes 2002 to the district's
 18.4 adjusted marginal cost pupil units for fiscal year 2004, times the difference between:

18.5 (1) the lesser sum of:

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

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

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

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

18.16 (v) the special education aid the district would have received for fiscal year 2015
 18.17 under Minnesota Statutes 2012, section 125A.65; and

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

18.20 (2) the sum of the district's:

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

18.23 (ii) integration revenue for fiscal year 2015 under section 124D.862; and

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

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

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

18.30 (e) (b) A district's transition revenue for fiscal year 2010 2015 and later equals the
 18.31 sum of the product of the district's transition allowance times the district's adjusted marginal
 18.32 cost pupil units plus the district's transition for prekindergarten revenue under subdivision
 18.33 31a plus the district's transition for tuition reciprocity revenue under subdivision 31e.

18.34 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 18.35 and later.

19.1 Sec. 34. Minnesota Statutes 2012, section 126C.10, subdivision 32, is amended to read:

19.2 Subd. 32. **Transition levy.** To obtain transition revenue for fiscal year ~~2005~~ 2015
 19.3 and later, a district may levy an amount not more than the product of its transition revenue
 19.4 for the fiscal year times the lesser of one or the ratio of its referendum market value per
 19.5 resident ~~marginal-cost~~ pupil unit to ~~\$476,000~~ \$538,200.

19.6 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 19.7 and later.

19.8 Sec. 35. Minnesota Statutes 2012, section 126C.10, subdivision 34, is amended to read:

19.9 Subd. 34. **Basic alternative teacher compensation aid.** (a) ~~For fiscal years 2007,~~
 19.10 ~~2008, and 2009, the basic alternative teacher compensation aid for a school district~~
 19.11 ~~with a plan approved under section 122A.414, subdivision 2b, equals 73.1 percent of~~
 19.12 ~~the alternative teacher compensation revenue under section 122A.415, subdivision 1.~~
 19.13 ~~The basic alternative teacher compensation aid for an intermediate school district or~~
 19.14 ~~charter school with a plan approved under section 122A.414, subdivisions 2a and 2b, if~~
 19.15 ~~the recipient is a charter school, equals \$260 times the number of pupils enrolled in the~~
 19.16 ~~school on October 1 of the previous fiscal year, or on October 1 of the current fiscal~~
 19.17 ~~year for a charter school in the first year of operation, times the ratio of the sum of the~~
 19.18 ~~alternative teacher compensation aid and alternative teacher compensation levy for all~~
 19.19 ~~participating school districts to the maximum alternative teacher compensation revenue~~
 19.20 ~~for those districts under section 122A.415, subdivision 1.~~

19.21 (b) For fiscal years ~~2010 and later~~ 2013 and 2014 only, the basic alternative
 19.22 teacher compensation aid for a school with a plan approved under section 122A.414,
 19.23 subdivision 2b, equals 65 percent of the alternative teacher compensation revenue under
 19.24 section 122A.415, subdivision 1. The basic alternative teacher compensation aid for
 19.25 an intermediate school district or charter school with a plan approved under section
 19.26 122A.414, subdivisions 2a and 2b, if the recipient is a charter school, equals \$260 times
 19.27 the number of pupils enrolled in the school on October 1 of the previous year, or on
 19.28 October 1 of the current year for a charter school in the first year of operation, times
 19.29 the ratio of the sum of the alternative teacher compensation aid and alternative teacher
 19.30 compensation levy for all participating school districts to the maximum alternative teacher
 19.31 compensation revenue for those districts under section 122A.415, subdivision 1.

19.32 (c) ~~(b)~~ Notwithstanding ~~paragraphs~~ paragraph (a) ~~and (b)~~ and section 122A.415,
 19.33 subdivision 1, the state total basic alternative teacher compensation aid entitlement must
 19.34 not exceed \$75,636,000 for fiscal year 2007 and later. The commissioner must limit the

20.1 amount of alternative teacher compensation aid approved under section 122A.415 so as
20.2 not to exceed these limits.

20.3 Sec. 36. Minnesota Statutes 2012, section 126C.10, subdivision 35, is amended to read:

20.4 Subd. 35. **Alternative teacher compensation levy.** For fiscal ~~year 2007~~ years 2013
20.5 and later 2014 only, the alternative teacher compensation levy for a district receiving basic
20.6 alternative teacher compensation aid equals the product of (1) the difference between the
20.7 district's alternative teacher compensation revenue and the district's basic alternative
20.8 teacher compensation aid times (2) the lesser of one or the ratio of the district's adjusted
20.9 net tax capacity per adjusted pupil unit to \$5,634.

20.10 Sec. 37. Minnesota Statutes 2012, section 126C.10, subdivision 36, is amended to read:

20.11 Subd. 36. **Alternative teacher compensation aid.** (a) For fiscal ~~year 2007~~ years
20.12 2013 and later 2014 only, a district's alternative teacher compensation equalization aid
20.13 equals the district's alternative teacher compensation revenue minus the district's basic
20.14 alternative teacher compensation aid minus the district's alternative teacher compensation
20.15 levy. If a district does not levy the entire amount permitted, the alternative teacher
20.16 compensation equalization aid must be reduced in proportion to the actual amount levied.

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

20.20 Sec. 38. Minnesota Statutes 2012, section 126C.10, is amended by adding a
20.21 subdivision to read:

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

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

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

20.29 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
20.30 and later.

20.31 Sec. 39. Minnesota Statutes 2012, section 126C.12, subdivision 1, is amended to read:

21.1 Subdivision 1. **Revenue.** Of a district's general education revenue for fiscal year
 21.2 ~~2000~~ 2015 and thereafter each school district shall reserve an amount equal to the formula
 21.3 ~~allowance multiplied by the following calculation:~~

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

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

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

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

21.11 Sec. 40. Minnesota Statutes 2012, section 126C.12, subdivision 5, is amended to read:

21.12 Subd. 5. **Additional revenue use.** If the board of a district determines that the
 21.13 district has achieved and is maintaining the class sizes specified in subdivision 4, the board
 21.14 may use the revenue to reduce class size in grades 4, 5, and 6, ~~provide all-day, everyday~~
 21.15 ~~kindergarten~~, prepare and use individualized learning plans, improve program offerings,
 21.16 purchase instructional material, services, or technology, or provide staff development
 21.17 needed for reduced class sizes.

21.18 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015.

21.19 Sec. 41. Minnesota Statutes 2012, section 126C.126, is amended to read:

21.20 **126C.126 USE OF GENERAL EDUCATION REVENUE FOR ALL-DAY**
 21.21 **KINDERGARTEN AND PREKINDERGARTEN.**

21.22 A school district may spend general education revenue on extended time
 21.23 kindergarten and prekindergarten programs. At the school board's discretion, the district
 21.24 may use revenue generated by the full-day kindergarten pupil count under section
 21.25 126C.05, subdivision 1, paragraph (d), to meet the needs of three- and four-year-olds in the
 21.26 district. A school district may not use these funds on programs for three- and four-year-old
 21.27 children while maintaining a fee-based full-day kindergarten program.

21.28 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 21.29 and later.

21.30 Sec. 42. Minnesota Statutes 2012, section 126C.13, is amended by adding a
 21.31 subdivision to read:

22.1 Subd. 3a. **General education rate.** The commissioner must establish the general
22.2 education rate by July 1 of each year for levies payable in the following year. The general
22.3 education rate must be a rate, rounded up to the nearest hundredth of a percent, that, when
22.4 applied to the adjusted net tax capacity for all districts, raises the amount specified in this
22.5 subdivision. The general education rate must be the rate that raises \$19,520,000 for fiscal
22.6 year 2015; \$26,219,000 for fiscal year 2016; and \$30,004,000 for fiscal year 2017 and
22.7 later years. The general education rate may not be changed due to changes or corrections
22.8 made to a district's adjusted net tax capacity after the rate has been established.

22.9 Sec. 43. Minnesota Statutes 2012, section 126C.13, is amended by adding a
22.10 subdivision to read:

22.11 Subd. 3b. **General education levy.** To obtain general education revenue, a district
22.12 may levy an amount not to exceed the general education rate times the adjusted net tax
22.13 capacity of the district for the preceding year. If the amount of the general education
22.14 levy would exceed the general education revenue, the general education levy must be
22.15 determined according to subdivision 3c.

22.16 Sec. 44. Minnesota Statutes 2012, section 126C.13, is amended by adding a
22.17 subdivision to read:

22.18 Subd. 3c. **General education levy; districts off the formula.** (a) If the sum of the
22.19 amount of the general education levy and equity levy for a district exceeds the district's
22.20 general education revenue, the amount of the general education levy must be limited to
22.21 the following:

22.22 (1) the district's general education revenue minus its equity levy; minus
22.23 (2) payments made for the same school year according to section 126C.21,
22.24 subdivision 3.

22.25 (b) A levy made according to this subdivision shall also be construed to be the levy
22.26 made according to subdivision 3b.

22.27 Sec. 45. Minnesota Statutes 2012, section 126C.13, subdivision 4, is amended to read:

22.28 Subd. 4. **General education aid.** (a) For fiscal years ~~2007~~ 2013 and later 2014 only,
22.29 a district's general education aid is the sum of the following amounts:

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

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

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

- 23.1 (4) alternative teacher compensation aid under section 126C.10, subdivision 36;
 23.2 (5) transition aid under section 126C.10, subdivision 33;
 23.3 (6) shared time aid under section 126C.01, subdivision 7;
 23.4 (7) referendum aid under section 126C.17, subdivisions 7 and 7a; and
 23.5 (8) online learning aid according to section 124D.096.
 23.6 (b) For fiscal year 2015 and later, a district's general education aid equals:
 23.7 (1) general education revenue, excluding equity revenue and transition revenue,
 23.8 minus the general education levy, multiplied times the ratio of the actual amount of general
 23.9 education levied to the permitted general education levy; plus
 23.10 (2) equity aid under section 126C.10, subdivision 30; plus
 23.11 (3) transition aid under section 126C.10, subdivision 33; plus
 23.12 (4) shared time aid under section 126C.10, subdivision 7; plus
 23.13 (5) referendum aid under section 126C.17, subdivisions 7 and 7a; plus
 23.14 (6) online learning aid under section 124D.096.

23.15 Sec. 46. Minnesota Statutes 2012, section 126C.13, subdivision 5, is amended to read:

23.16 Subd. 5. **Uses of revenue.** Except as provided in sections 126C.10, ~~subdivision~~
 23.17 subdivisions 2g and 14; 126C.12; and 126C.15, general education revenue may be used
 23.18 during the regular school year and the summer for general and special school purposes.

23.19 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 23.20 and later.

23.21 Sec. 47. Minnesota Statutes 2012, section 126C.15, subdivision 1, is amended to read:

23.22 Subdivision 1. **Use of revenue.** The basic skills revenue under section 126C.10,
 23.23 subdivision 4, must be reserved and used to meet the educational needs of pupils who
 23.24 enroll under-prepared to learn and whose progress toward meeting state or local content
 23.25 or performance standards is below the level that is appropriate for learners of their age.
 23.26 Basic skills revenue may also be used for programs designed to prepare children and their
 23.27 families for kindergarten, provided such programming is cost-effective, research-based,
 23.28 and includes an evaluation component to measure, record, and publicly report its level of
 23.29 effectiveness. Any of the following may be provided to meet these learners' needs:

23.30 (1) direct instructional services under the assurance of mastery program according
 23.31 to section 124D.66;

23.32 (2) remedial instruction in reading, language arts, mathematics, other content areas,
 23.33 or study skills to improve the achievement level of these learners;

24.1 (3) additional teachers and teacher aides to provide more individualized instruction
 24.2 to these learners through individual tutoring, lower instructor-to-learner ratios, or team
 24.3 teaching;

24.4 (4) a longer school day or week during the regular school year or through a summer
 24.5 program that may be offered directly by the site or under a performance-based contract
 24.6 with a community-based organization;

24.7 (5) comprehensive and ongoing staff development consistent with district and site
 24.8 plans according to section 122A.60, for teachers, teacher aides, principals, and other
 24.9 personnel to improve their ability to identify the needs of these learners and provide
 24.10 appropriate remediation, intervention, accommodations, or modifications;

24.11 (6) instructional materials, digital learning, and technology appropriate for meeting
 24.12 the individual needs of these learners;

24.13 (7) programs to reduce truancy, encourage completion of high school, enhance
 24.14 self-concept, provide health services, provide nutrition services, provide a safe and secure
 24.15 learning environment, provide coordination for pupils receiving services from other
 24.16 governmental agencies, provide psychological services to determine the level of social,
 24.17 emotional, cognitive, and intellectual development, and provide counseling services,
 24.18 guidance services, and social work services;

24.19 (8) bilingual programs, bicultural programs, and programs for English learners;

24.20 (9) all day kindergarten;

24.21 (10) early education programs, parent-training programs, school readiness programs,
 24.22 kindergarten programs for four-year-olds, and other outreach efforts designed to prepare
 24.23 children for kindergarten;

24.24 (11) extended school day and extended school year programs; and

24.25 ~~(11)~~ (12) substantial parent involvement in developing and implementing remedial
 24.26 education or intervention plans for a learner, including learning contracts between the
 24.27 school, the learner, and the parent that establish achievement goals and responsibilities of
 24.28 the learner and the learner's parent or guardian.

24.29 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
 24.30 and later.

24.31 Sec. 48. Minnesota Statutes 2012, section 126C.17, is amended to read:

24.32 **126C.17 REFERENDUM REVENUE.**

24.33 Subdivision 1. **Referendum allowance.** ~~(a) For fiscal year 2003 and later, a district's~~
 24.34 ~~initial referendum revenue allowance equals the sum of the allowance under section~~

25.1 ~~126C.16, subdivision 2, plus any additional allowance per resident marginal cost pupil~~
 25.2 ~~unit authorized under subdivision 9 before May 1, 2001, for fiscal year 2002 and later,~~
 25.3 ~~plus the referendum conversion allowance approved under subdivision 13, minus \$415.~~
 25.4 ~~For districts with more than one referendum authority, the reduction must be computed~~
 25.5 ~~separately for each authority. The reduction must be applied first to the referendum~~
 25.6 ~~conversion allowance and next to the authority with the earliest expiration date. A~~
 25.7 ~~district's initial referendum revenue allowance may not be less than zero.~~

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

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

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

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

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

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

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

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

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

25.34 (b) A district's referendum allowance equals the sum of the district's initial
 25.35 referendum allowance for fiscal year 2015, plus any additional referendum allowance per
 25.36 adjusted pupil unit authorized after June 30, 2013, minus any allowances expiring in fiscal

26.1 year 2016 or later. For a district with more than one referendum allowance for fiscal year
 26.2 2015 under Minnesota Statutes 2012, section 126C.17, the allowance calculated under
 26.3 paragraph (a) must be divided into components such that the same percentage of the
 26.4 district's allowance expires at the same time as the old allowances would have expired
 26.5 under Minnesota Statutes 2012, section 126C.17.

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

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

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

26.13 (1) \$1,845;

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

26.20 (3) the product of the referendum allowance limit the district would have received
 26.21 for fiscal year 2015 under Minnesota Statutes 2012, section 126C.17, subdivision 2, and
 26.22 the resident marginal cost pupil units the district would have received for fiscal year 2015
 26.23 under Minnesota Statutes 2012, section 126C.05, subdivision 6, plus the adjustment the
 26.24 district would have received under Minnesota Statutes 2012, section 127A.47, subdivision
 26.25 7, paragraphs (a), (b), and (c), based on elections held before July 1, 2013, divided by
 26.26 the district's adjusted pupil units for fiscal year 2015; or

26.27 ~~(3)~~ (4) for a newly reorganized district created after July 1, ~~2006~~ 2013, the referendum
 26.28 revenue authority for each reorganizing district in the year preceding reorganization divided
 26.29 by its ~~resident marginal cost~~ adjusted pupil units for the year preceding reorganization.

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

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

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

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

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

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

27.16 ~~For fiscal year 2008 and later,~~ A district's first tier referendum equalization allowance
27.17 equals the lesser of the district's referendum allowance under subdivision 1 or ~~\$700~~ \$775.

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

27.21 (e) ~~For fiscal year 2006, a district's second tier referendum equalization allowance~~
27.22 ~~equals the lesser of the district's referendum allowance under subdivision 1 or 18.6 percent~~
27.23 ~~of the formula allowance, minus the district's first tier referendum equalization allowance.~~
27.24 ~~For fiscal year 2007 and later,~~ A district's second tier referendum equalization allowance
27.25 equals the lesser of the district's referendum allowance under subdivision 1 or ~~26~~ 25 percent
27.26 of the formula allowance, minus the district's first tier referendum equalization allowance.

27.27 (f) Notwithstanding paragraph (e), the second tier referendum allowance for a
27.28 district qualifying for secondary sparsity revenue under section 126C.10, subdivision 7, or
27.29 elementary sparsity revenue under section 126C.10, subdivision 8, equals the district's
27.30 referendum allowance under subdivision 1 minus the district's first tier referendum
27.31 equalization allowance.

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

28.1 (b) A district's first tier referendum equalization levy equals the district's first tier
 28.2 referendum equalization revenue times the lesser of one or the ratio of the district's
 28.3 referendum market value per resident ~~marginal-cost~~ pupil unit to ~~\$476,000~~ \$538,200.

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

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

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

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

28.16 Subd. 7a. **Referendum tax base replacement aid.** For each school district that
 28.17 had a referendum allowance for fiscal year 2002 exceeding \$415, for each separately
 28.18 authorized referendum levy, the commissioner of revenue, in consultation with the
 28.19 commissioner of education, shall certify the amount of the referendum levy in taxes
 28.20 payable year 2001 attributable to the portion of the referendum allowance exceeding \$415
 28.21 levied against property classified as class 2, noncommercial 4c(1), or 4c(4), under section
 28.22 273.13, excluding the portion of the tax paid by the portion of class 2a property consisting
 28.23 of the house, garage, and surrounding one acre of land. The resulting amount must be
 28.24 used to reduce the district's referendum levy amount otherwise determined, and must be
 28.25 paid to the district each year that the referendum authority remains in effect, is renewed,
 28.26 or new referendum authority is approved. The aid payable under this subdivision must
 28.27 be subtracted from the district's referendum equalization aid under subdivision 7. The
 28.28 referendum equalization aid after the subtraction must not be less than zero.

28.29 Subd. 7b. **Referendum aid guarantee.** (a) Notwithstanding subdivision 7, a
 28.30 district's referendum equalization aid for fiscal year 2015 must not be less than the sum
 28.31 of the referendum equalization aid the district would have received for fiscal year 2015
 28.32 under Minnesota Statutes 2012, section 126C.17, subdivision 7, and the adjustment the
 28.33 district would have received under Minnesota Statutes 2012, section 127A.47, subdivision
 28.34 7, paragraphs (a), (b), and (c).

28.35 (b) Notwithstanding subdivision 7, referendum equalization aid for fiscal year 2016
 28.36 and later, for a district qualifying for additional aid under paragraph (a) for fiscal year

29.1 2015, must not be less than the product of (1) the district's referendum equalization aid
 29.2 for fiscal year 2015, times (2) the lesser of one or the ratio of the district's referendum
 29.3 revenue for that school year to the district's referendum revenue for fiscal year 2015, times
 29.4 (3) the lesser of one or the ratio of the district's referendum market value used for fiscal
 29.5 year 2015 referendum equalization calculations to the district's referendum market value
 29.6 used for that year's referendum equalization calculations.

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

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

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

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

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

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

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

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

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

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

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

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

31.9 Subd. 9a. **Board-approved extension.** (a) Notwithstanding subdivision 9, a school
31.10 district with any of its area located within the seven-county metropolitan area that, in one
31.11 or more elections, has approved a referendum allowance of at least \$400 for at least ten
31.12 years, may reauthorize any expiring referendum authority equal to a total of \$400 or less
31.13 by a board vote. The board may reauthorize this authority for up to five years and may
31.14 subsequently reauthorize that authority in increments of five years.

31.15 (b) Notwithstanding subdivision 9, a school district with any of its area located
31.16 within the seven-county metropolitan area that, in one or more elections, has approved
31.17 a referendum allowance of less than \$400 for at least ten years, may reauthorize the
31.18 value of any expiring referendum authority by a board vote. The board may reauthorize
31.19 this authority for up to five years and may subsequently reauthorize that authority in
31.20 increments of five years.

31.21 (c) Notwithstanding subdivision 9, a school district with none of its area located
31.22 within the seven-county metropolitan area with more than 2,000 pupils in adjusted average
31.23 daily membership that, in one or more elections, has approved a referendum allowance of
31.24 at least \$200 for at least ten years, may reauthorize any expiring referendum authority equal
31.25 to a total of \$200 or less by a board vote. The board may reauthorize this authority for up
31.26 to five years and may subsequently reauthorize that authority in increments of five years.

31.27 (d) Notwithstanding subdivision 9, a school district with none of its area located
31.28 within the seven-county metropolitan area with more than 2,000 pupils in adjusted average
31.29 daily membership that, in one or more elections, has approved a referendum allowance of
31.30 less than \$200 for at least ten years, may reauthorize the value of any expiring referendum
31.31 authority by a board vote. The board may reauthorize this authority for up to five years
31.32 and may subsequently reauthorize that authority in increments of five years.

31.33 **Subd. 10. School referendum levy; market value.** A school referendum levy must
31.34 be levied against the referendum market value of all taxable property as defined in section
31.35 126C.01, subdivision 3. Any referendum levy amount subject to the requirements of this
31.36 subdivision must be certified separately to the county auditor under section 275.07.

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

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

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

32.13 Subd. 13. **Referendum conversion allowance.** A school district that received
 32.14 supplemental or transition revenue in fiscal year 2002 may convert its supplemental
 32.15 revenue conversion allowance and transition revenue conversion allowance to additional
 32.16 referendum allowance under subdivision 1 for fiscal year 2003 and thereafter. A majority
 32.17 of the school board must approve the conversion at a public meeting before November 1,
 32.18 2001. For a district with other referendum authority, the referendum conversion allowance
 32.19 approved by the board continues until the portion of the district's other referendum
 32.20 authority with the earliest expiration date after June 30, 2006, expires. For a district
 32.21 with no other referendum authority, the referendum conversion allowance approved by
 32.22 the board continues until June 30, 2012.

32.23 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 32.24 and later.

32.25 Sec. 49. **[126C.195] COMPENSATORY SUPPLEMENTAL FORMULA AID.**

32.26 A district that has an adjusted pupil unit count that is in the top 20 largest adjusted
 32.27 pupil unit counts in the prior school year is eligible for the greater of zero or \$1,400 times
 32.28 the sum of the district's pupils eligible for free lunch and one-half of the district's pupils who
 32.29 are eligible for reduced lunch in the prior school year, minus the amount of compensatory
 32.30 education revenue received by the district under section 126C.10, subdivision 3, times .35.

32.31 Sec. 50. Minnesota Statutes 2012, section 126C.20, is amended to read:

32.32 **126C.20 ANNUAL GENERAL EDUCATION AID APPROPRIATION.**

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

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

33.9 Sec. 51. Minnesota Statutes 2012, section 126C.40, subdivision 1, is amended to read:

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

33.19 (b) The criteria for approval of applications to levy under this subdivision must
 33.20 include: the reasonableness of the price, the appropriateness of the space to the proposed
 33.21 activity, the feasibility of transporting pupils to the leased building or land, conformity
 33.22 of the lease to the laws and rules of the state of Minnesota, and the appropriateness of
 33.23 the proposed lease to the space needs and the financial condition of the district. The
 33.24 commissioner must not authorize a levy under this subdivision in an amount greater than
 33.25 the cost to the district of renting or leasing a building or land for approved purposes.
 33.26 The proceeds of this levy must not be used for custodial or other maintenance services.
 33.27 A district may not levy under this subdivision for the purpose of leasing or renting a
 33.28 district-owned building or site to itself.

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

34.1 (d) Notwithstanding paragraph (b), a district may levy under this subdivision for the
34.2 purpose of leasing or renting a district-owned building or site to itself only if the amount
34.3 is needed by the district to make payments required by a lease purchase agreement,
34.4 installment purchase agreement, or other deferred payments agreement authorized by law,
34.5 and the levy meets the requirements of paragraph (c). A levy authorized for a district by
34.6 the commissioner under this paragraph may be in the amount needed by the district to
34.7 make payments required by a lease purchase agreement, installment purchase agreement,
34.8 or other deferred payments agreement authorized by law, provided that any agreement
34.9 include a provision giving the school districts the right to terminate the agreement
34.10 annually without penalty.

34.11 (e) The total levy under this subdivision for a district for any year must not exceed
34.12 ~~\$150~~ \$162 times the ~~resident~~ adjusted pupil units for the fiscal year to which the levy
34.13 is attributable.

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

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

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

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

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

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

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

34.32 (i) In addition to the allowable capital levies in paragraph (a), for taxes payable in
34.33 2012 to 2023, a district that is a member of the "Technology and Information Education
34.34 Systems" data processing joint board, that finds it economically advantageous to enter into
34.35 a lease agreement to finance improvements to a building and land for a group of school
34.36 districts or special school districts for staff development purposes, may levy for its portion

35.1 of lease costs attributed to the district within the total levy limit in paragraph (e). The total
 35.2 levy authority under this paragraph shall not exceed \$632,000.

35.3 (j) Notwithstanding paragraph (a), a district may levy under this subdivision for the
 35.4 purpose of leasing administrative space if the district can demonstrate to the satisfaction of
 35.5 the commissioner that the lease cost for the administrative space is no greater than the
 35.6 lease cost for instructional space that the district would otherwise lease. The commissioner
 35.7 must deny this levy authority unless the district passes a resolution stating its intent to
 35.8 lease instructional space under this section if the commissioner does not grant authority
 35.9 under this paragraph. The resolution must also certify that the lease cost for administrative
 35.10 space under this paragraph is no greater than the lease cost for the district's proposed
 35.11 instructional lease.

35.12 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 35.13 and later.

35.14 Sec. 52. Minnesota Statutes 2012, section 126C.40, subdivision 6, is amended to read:

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

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

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

35.24 (b) The obligation created by the installment contract or the lease purchase
 35.25 agreement must not be included in the calculation of net debt for purposes of section
 35.26 475.53, and does not constitute debt under other law. An election is not required in
 35.27 connection with the execution of the installment contract or the lease purchase agreement.

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

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

35.31 (1) ~~a school district which is eligible for revenue under section 124D.86, subdivision~~
 35.32 ~~3, clause (1), (2), or (3), and whose~~ Special School District No. 1, Minneapolis,
 35.33 Independent School District No. 625, St. Paul, Independent School District No. 709,
 35.34 Duluth, or Independent School District No. 535, Rochester, if the district's desegregation
 35.35 plan has been determined by the commissioner to be in compliance with Department of

36.1 Education rules relating to equality of educational opportunity and school desegregation
 36.2 and, for a district eligible for revenue under section 124D.86, subdivision 3, clause (4)
 36.3 or (5), where the acquisition of property under this subdivision is determined by the
 36.4 commissioner to contribute to the implementation of the desegregation plan; or

36.5 (2) a school district that participates in a joint program for interdistrict desegregation
 36.6 with a district defined in clause (1) other districts eligible for revenue under section
 36.7 124D.862 if the facility acquired under this subdivision is to be primarily used for the a
 36.8 joint program for interdistrict desegregation and the commissioner determines that the
 36.9 joint programs are being undertaken to implement the districts' desegregation plan.

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

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

36.15 Sec. 53. Minnesota Statutes 2012, section 126C.44, is amended to read:

36.16 **126C.44 SAFE SCHOOLS SUPPLEMENTAL LEVY; INTERMEDIATE**
 36.17 **SCHOOL DISTRICTS.**

36.18 (a) ~~Each district may make a levy on all taxable property located within the district~~
 36.19 ~~for the purposes specified in this section. The maximum amount which may be levied~~
 36.20 ~~for all costs under this section shall be equal to \$30 multiplied by the district's adjusted~~
 36.21 ~~marginal cost pupil units for the school year. The proceeds of the levy must be reserved and~~
 36.22 ~~used for directly funding the following purposes or for reimbursing the cities and counties~~
 36.23 ~~who contract with the district for the following purposes: (1) to pay the costs incurred for~~
 36.24 ~~the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison in~~
 36.25 ~~services in the district's schools; (2) to pay the costs for a drug abuse prevention program~~
 36.26 ~~as defined in section 609.101, subdivision 3, paragraph (c), in the elementary schools;~~
 36.27 ~~(3) to pay the costs for a gang resistance education training curriculum in the district's~~
 36.28 ~~schools; (4) to pay the costs for security in the district's schools and on school property; (5)~~
 36.29 ~~to pay the costs for other crime prevention, drug abuse, student and staff safety, voluntary~~
 36.30 ~~opt-in suicide prevention tools, and violence prevention measures taken by the school~~
 36.31 ~~district; or (6) to pay costs for licensed school counselors, licensed school nurses, licensed~~
 36.32 ~~school social workers, licensed school psychologists, and licensed alcohol and chemical~~
 36.33 ~~dependency counselors to help provide early responses to problems. For expenditures~~
 36.34 ~~under clause (1), the district must initially attempt to contract for services to be provided~~
 36.35 ~~by peace officers or sheriffs with the police department of each city or the sheriff's~~

37.1 ~~department of the county within the district containing the school receiving the services. If~~
 37.2 ~~a local police department or a county sheriff's department does not wish to provide the~~
 37.3 ~~necessary services, the district may contract for these services with any other police or~~
 37.4 ~~sheriff's department located entirely or partially within the school district's boundaries.~~

37.5 (b) A school district that is a member of an intermediate school district may ~~include~~
 37.6 ~~in its authority under this section~~ make a levy on all taxable property located within the
 37.7 district for the costs associated with safe schools activities authorized under paragraph
 37.8 (a) for intermediate school district programs section 126C.10, subdivision 2g, at an
 37.9 intermediate school district. This authority must not exceed \$10 \$11 times the adjusted
 37.10 marginal-cost pupil units of the member districts. ~~This authority is in addition to any other~~
 37.11 ~~authority authorized under this section.~~ Revenue raised under this ~~paragraph~~ section must
 37.12 be transferred to the intermediate school district.

37.13 Sec. 54. Minnesota Statutes 2012, section 127A.47, subdivision 7, is amended to read:

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

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

37.20 (b) ~~General education aid paid to a district serving a pupil in programs listed in this~~
 37.21 ~~subdivision must be increased by an amount equal to the greater of (1) the referendum~~
 37.22 ~~equalization aid attributable to the pupil in the nonresident district; or (2) the product of~~
 37.23 ~~the district's open enrollment concentration index, the maximum amount of referendum~~
 37.24 ~~revenue in the first tier, and the district's net open enrollment pupil units for that year. A~~
 37.25 ~~district's open enrollment concentration index equals the greater of: (i) zero, or (ii) the~~
 37.26 ~~lesser of 1.0, or the difference between the district's ratio of open enrollment pupil units~~
 37.27 ~~served to its resident pupil units for that year and 0.2. This clause does not apply to a~~
 37.28 ~~school district where more than 50 percent of the open enrollment students are enrolled~~
 37.29 ~~solely in online learning courses.~~

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

37.33 (d) ~~For fiscal year 2006, the district of residence must pay tuition to a district or an~~
 37.34 ~~area learning center, operated according to paragraph (f), providing special instruction and~~
 37.35 ~~services to a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in~~

38.1 ~~section 125A.51, who is enrolled in a program listed in this subdivision. The tuition must~~
38.2 ~~be equal to (1) the actual cost of providing special instruction and services to the pupil,~~
38.3 ~~including a proportionate amount for special transportation and unreimbursed building~~
38.4 ~~lease and debt service costs for facilities used primarily for special education, minus (2)~~
38.5 ~~if the pupil receives special instruction and services outside the regular classroom for~~
38.6 ~~more than 60 percent of the school day, the amount of general education revenue and~~
38.7 ~~referendum aid attributable to that pupil for the portion of time the pupil receives special~~
38.8 ~~instruction and services outside of the regular classroom, excluding portions attributable to~~
38.9 ~~district and school administration, district support services, operations and maintenance,~~
38.10 ~~capital expenditures, and pupil transportation, minus (3) special education aid attributable~~
38.11 ~~to that pupil, that is received by the district providing special instruction and services.~~
38.12 ~~For purposes of this paragraph, general education revenue and referendum equalization~~
38.13 ~~aid attributable to a pupil must be calculated using the serving district's average general~~
38.14 ~~education revenue and referendum equalization aid per adjusted pupil unit.~~

38.15 ~~(e) For fiscal year 2007 and later, special education aid paid to a resident district must~~
38.16 ~~be reduced by an amount equal to~~ (b) For purposes of this subdivision, the "unreimbursed
38.17 cost of providing special education and services" means the difference between: (1) the
38.18 actual cost of providing special instruction and services, including special transportation
38.19 and unreimbursed building lease and debt service costs for facilities used primarily for
38.20 special education, for a pupil with a disability, as defined in section 125A.02, or a pupil, as
38.21 defined in section 125A.51, who is enrolled in a program listed in this subdivision, minus
38.22 (2) if the pupil receives special instruction and services outside the regular classroom for
38.23 more than 60 percent of the school day, the amount of general education revenue and
38.24 referendum equalization aid attributable to that pupil for the portion of time the pupil
38.25 receives special instruction and services outside of the regular classroom, excluding
38.26 portions attributable to district and school administration, district support services,
38.27 operations and maintenance, capital expenditures, and pupil transportation, minus (3)
38.28 special education aid under section 125A.76 attributable to that pupil, that is received by
38.29 the district providing special instruction and services. For purposes of this paragraph,
38.30 general education revenue and referendum equalization aid attributable to a pupil must be
38.31 calculated using the serving district's average general education revenue and referendum
38.32 equalization aid per adjusted pupil unit.

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

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

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

39.12 (f) An area learning center operated by a service cooperative, intermediate district,
 39.13 education district, or a joint powers cooperative may elect through the action of the
 39.14 constituent boards to charge the resident district tuition for pupils rather than to have the
 39.15 general education revenue paid to a fiscal agent school district. Except as provided in
 39.16 paragraph ~~(d)~~ or (e), the district of residence must pay tuition equal to at least 90 percent
 39.17 of the district average general education revenue per pupil unit minus an amount equal
 39.18 to the product of the formula allowance according to section 126C.10, subdivision 2,
 39.19 times ~~.0485~~ .0465, calculated without compensatory revenue and transportation sparsity
 39.20 revenue, times the number of pupil units for pupils attending the area learning center.

39.21 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 39.22 and later.

39.23 Sec. 55. Minnesota Statutes 2012, section 127A.47, subdivision 8, is amended to read:

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

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

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

39.34 (2) the product of \$223 and the extended time marginal cost pupil units attributable
 39.35 to the pupil.

40.1 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 40.2 and later.

40.3 Sec. 56. Minnesota Statutes 2012, section 127A.51, is amended to read:

40.4 **127A.51 STATEWIDE AVERAGE REVENUE.**

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

40.10 If the disparity in adjusted general revenue as measured by the ratio of the 95th
 40.11 percentile to the fifth percentile increases in any year, the commissioner shall recommend
 40.12 to the legislature options for change in the general education formula that will limit the
 40.13 disparity in adjusted general revenue to no more than the disparity for the previous
 40.14 school year. The commissioner must submit the recommended options to the education
 40.15 committees of the legislature by January 15.

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

40.17 ~~(1) for fiscal year 2002, the sum of basic revenue under section 126C.10, subdivision~~
 40.18 ~~2; supplemental revenue under section 126C.10, subdivisions 9 and 12; transition revenue~~
 40.19 ~~under section 126C.10, subdivision 20; referendum revenue under section 126C.17; and~~
 40.20 ~~equity revenue under section 126C.10, subdivisions 24a and 24b; and~~

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

40.24 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 40.25 and later.

40.26 Sec. 57. Minnesota Statutes 2012, section 128D.11, subdivision 3, is amended to read:

40.27 Subd. 3. **No election.** Subject to the provisions of subdivisions 7 to 10, the school
 40.28 district may also by a two-thirds majority vote of all the members of its board of education
 40.29 and without any election by the voters of the district, issue and sell in each calendar year
 40.30 general obligation bonds of the district in an amount not to exceed 5-1/10 per cent of the
 40.31 net tax capacity of the taxable property in the district (plus, for calendar years 1990 to
 40.32 2003, an amount not to exceed \$7,500,000, and for calendar years 2004 to ~~2016~~ 2026,
 40.33 an amount not to exceed \$15,000,000; with an additional provision that any amount of

41.1 bonds so authorized for sale in a specific year and not sold can be carried forward and
 41.2 sold in the year immediately following).

41.3 **EFFECTIVE DATE.** This section is effective July 1, 2013.

41.4 Sec. 58. Laws 2007, chapter 146, article 4, section 12, is amended to read:

41.5 Sec. 12. **BONDING AUTHORIZATION.**

41.6 To provide funds for the acquisition or betterment of school facilities, Independent
 41.7 School District No. 625, St. Paul, may by two-thirds majority vote of all the members of
 41.8 the board of directors issue general obligation bonds in one or more series for calendar
 41.9 years 2008 ~~through 2016~~ to 2026, as provided in this section. The aggregate principal
 41.10 amount of any bonds issued under this section for each calendar year must not exceed
 41.11 \$15,000,000. Issuance of the bonds is not subject to Minnesota Statutes, section 475.58 or
 41.12 475.59. The bonds must otherwise be issued as provided in Minnesota Statutes, chapter
 41.13 475. The authority to issue bonds under this section is in addition to any bonding authority
 41.14 authorized by Minnesota Statutes, chapter 123B, or other law. The amount of bonding
 41.15 authority authorized under this section must be disregarded in calculating the bonding
 41.16 limit of Minnesota Statutes, chapter 123B, or any other law other than Minnesota Statutes,
 41.17 section 475.53, subdivision 4.

41.18 **EFFECTIVE DATE.** This section is effective July 1, 2013.

41.19 Sec. 59. **SCHOOL DISTRICT LEVY ADJUSTMENTS.**

41.20 Subdivision 1. Tax rate adjustment. The commissioner of education must adjust
 41.21 each school district tax rate established under Minnesota Statutes, chapters 120B to 127A,
 41.22 by multiplying the rate by the ratio of the statewide total tax capacity for assessment year
 41.23 2012 as it existed prior to the passage of Regular Session 2013 House File No. 677, or
 41.24 a similarly styled bill passed in a special session, to the statewide total tax capacity for
 41.25 assessment year 2012.

41.26 Subd. 2. Equalizing factors. The commissioner of education must adjust each
 41.27 school district equalizing factor established under Minnesota Statutes, chapters 120B to
 41.28 127A, by dividing the equalizing factor by the ratio of the statewide total tax capacity for
 41.29 assessment year 2012 as it existed prior to the passage of Regular Session 2013 House
 41.30 File No. 677, or a similarly styled bill passed in a special session, to the statewide total tax
 41.31 capacity for assessment year 2012.

41.32 Sec. 60. **APPROPRIATIONS.**

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

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

42.6 \$ 6,045,457,000 2014

42.7 \$ 6,351,602,000 2015

42.8 The 2014 appropriation includes \$781,842,000 for 2013 and \$5,263,615,000 for
 42.9 2014.

42.10 The 2015 appropriation includes \$857,828,000 for 2014 and \$5,493,774,000 for
 42.11 2015.

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

42.15 \$ 44,000 2014

42.16 \$ 48,000 2015

42.17 Subd. 4. **Abatement revenue.** For abatement aid under Minnesota Statutes, section
 42.18 127A.49:

42.19 \$ 2,722,000 2014

42.20 \$ 3,133,000 2015

42.21 The 2014 appropriation includes \$301,000 for 2013 and \$2,421,000 for 2014.

42.22 The 2015 appropriation includes \$410,000 for 2014 and \$2,723,000 for 2015.

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

42.25 \$ 468,000 2014

42.26 \$ 479,000 2015

42.27 The 2014 appropriation includes \$40,000 for 2013 and \$428,000 for 2014.

42.28 The 2015 appropriation includes \$72,000 for 2014 and \$407,000 for 2015.

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

42.31 \$ 15,376,000 2014

42.32 \$ 15,879,000 2015

42.33 The 2014 appropriation includes \$2,099,000 for 2013 and \$13,277,000 for 2014.

43.1 The 2015 appropriation includes \$2,251,000 for 2014 and \$13,628,000 for 2015.

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

43.4 \$ 18,322,000 2014

43.5 \$ 18,607,000 2015

43.6 The 2014 appropriation includes \$2,668,000 for 2013 and \$15,654,000 for 2014.

43.7 The 2015 appropriation includes \$2,654,000 for 2014 and \$15,953,000 for 2015.

43.8 Subd. 8. **One-room schoolhouse.** For a grant to Independent School District No.
 43.9 690, Warroad, to operate the Angle Inlet School:

43.10 \$ 65,000 2014

43.11 \$ 65,000 2015

43.12 Subd. 9. **Compensatory supplemental formula aid.** For grants for compensatory
 43.13 pilot project formula aid as calculated under Minnesota Statutes, section 126C.195:

43.14 \$ 6,278,000 2014

43.15 \$ 4,924,000 2015

43.16 The 2014 appropriation includes \$2,109,000 for 2013 and \$4,169,000 for 2014.

43.17 The 2015 appropriation includes \$706,000 for 2014 and \$4,218,000 for 2015.

43.18 Subd. 10. **Compensatory revenue pilot project.** For grants for participation in the
 43.19 compensatory revenue pilot program under Laws 2005, First Special Session chapter 5,
 43.20 article 1, section 50, as amended by Laws 2007, chapter 146, article 1, section 21:

43.21 \$ 2,325,000 2014

43.22 \$ 2,325,000 2015

43.23 Of this amount, \$1,500,000 in each year is for a grant to Independent School District
 43.24 No. 11, Anoka-Hennepin; \$75,000 in each year is for a grant to Independent School District
 43.25 No. 286, Brooklyn Center; \$210,000 in each year is for a grant to Independent School
 43.26 District No. 279, Osseo; \$160,000 in each year is for a grant to Independent School District
 43.27 No. 281, Robbinsdale; \$165,000 in each year is for a grant to Independent School District
 43.28 No. 535, Rochester; \$65,000 in each year is for a grant to Independent School District No.
 43.29 833, South Washington; and \$150,000 in each year is for a grant to Independent School
 43.30 District No. 241, Albert Lea. If a grant to a specific school district is not awarded, the
 43.31 commissioner may increase the aid amounts to any of the remaining participating school
 43.32 districts. This appropriation is part of the base budget for subsequent fiscal years.

43.33 Sec. 61. **REPEALER.**

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

44.3 (b) Minnesota Statutes 2012, sections 126C.10, subdivisions 13a, 13b, 25, 26, 28,
 44.4 31a, 31b, 31c, 34, 35, and 36; 126C.17, subdivision 13; and 127A.50, subdivisions 1 and
 44.5 5, are repealed for fiscal year 2015 and later.

44.6 ARTICLE 2

44.7 STUDENT ACCOUNTABILITY

44.8 Section 1. Minnesota Statutes 2012, section 120B.02, is amended to read:

44.9 **120B.02 EDUCATIONAL EXPECTATIONS AND GRADUATION** 44.10 **REQUIREMENTS FOR MINNESOTA'S STUDENTS.**

44.11 Subdivision 1. **Educational expectations.** (a) The legislature is committed to
 44.12 establishing rigorous academic standards for Minnesota's public school students. To
 44.13 that end, the commissioner shall adopt in rule statewide academic standards. The
 44.14 commissioner shall not prescribe in rule or otherwise the delivery system, classroom
 44.15 assessments, or form of instruction that school sites must use. ~~For purposes of this chapter,~~
 44.16 ~~a school site is a separate facility, or a separate program within a facility that a local school~~
 44.17 ~~board recognizes as a school site for funding purposes.~~

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

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

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

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

44.27 ~~(e) When fully implemented, the requirements for high school graduation in~~
 44.28 ~~Minnesota must require students to satisfactorily complete, as determined by the school~~
 44.29 ~~district, the course credit requirements under section 120B.024, all state academic~~
 44.30 ~~standards or local academic standards where state standards do not apply, and successfully~~
 44.31 ~~pass graduation examinations as required under section 120B.30.~~

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

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

45.3 Subd. 2. **Graduation requirements.** To graduate from high school, students must
 45.4 demonstrate to their enrolling school district or school their satisfactory completion of the
 45.5 credit requirements under section 120B.024 and their attainment of academic standards
 45.6 and career and college readiness benchmarks on a nationally normed college entrance
 45.7 exam under section 120B.30. A school district must adopt graduation requirements that
 45.8 meet or exceed state graduation requirements established in law or rule.

45.9 **EFFECTIVE DATE.** This section is effective August 1, 2013, and applies to
 45.10 students entering grade 8 in the 2013-2014 school year and later.

45.11 Sec. 2. Minnesota Statutes 2012, section 120B.125, is amended to read:

45.12 **120B.125 PLANNING FOR STUDENTS' SUCCESSFUL TRANSITION**
 45.13 **TO POSTSECONDARY EDUCATION AND EMPLOYMENT; INVOLUNTARY**
 45.14 **CAREER TRACKING PROHIBITED.**

45.15 (a) Consistent with sections 120B.128, 120B.13, 120B.131, 120B.132, 120B.14,
 45.16 120B.15, 120B.30, subdivision 1, paragraph (c), 125A.08, and other related sections,
 45.17 school districts are strongly encouraged to, beginning in the 2013-2014 school year, must
 45.18 assist all students by no later than grade 9 to explore their college and career interests and
 45.19 aspirations and develop a plan for a smooth and successful transition to postsecondary
 45.20 education or employment. All students' plans must be designed to:

45.21 (1) provide a comprehensive academic plan for completing a college and
 45.22 career-ready curriculum premised on meeting state and local academic standards and
 45.23 developing 21st century skills such as team work, collaboration, and good work habits;

45.24 (2) emphasize academic rigor and high expectations;

45.25 (3) help students identify personal learning styles that may affect their postsecondary
 45.26 education and employment choices;

45.27 (4) help students ~~succeed at~~ gaining gain access to postsecondary education and
 45.28 career options;

45.29 (5) integrate strong academic content into career-focused courses and integrate
 45.30 relevant career-focused courses into strong academic content;

45.31 (6) help students and families identify and gain access to appropriate counseling
 45.32 and other supports and assistance that enable students to complete required coursework,
 45.33 prepare for postsecondary education and careers, and obtain information about
 45.34 postsecondary education costs and eligibility for financial aid and scholarship;

46.1 (7) help students and families identify collaborative partnerships of kindergarten
 46.2 through grade 12 schools, postsecondary institutions, economic development agencies, and
 46.3 employers that support students' transition to postsecondary education and employment
 46.4 and provide students with experiential learning opportunities; and

46.5 (8) be reviewed and revised at least annually by the student, the student's parent or
 46.6 guardian, and the school or district to ensure that the student's course-taking schedule
 46.7 keeps the student "~~on track~~" making adequate progress to meet state and local high school
 46.8 graduation requirements and with a reasonable chance to succeed with employment or
 46.9 postsecondary education without the need to first complete remedial course work.

46.10 (b) A school district may develop grade-level curricula or provide instruction that
 46.11 introduces students to various careers, but must not require any curriculum, instruction,
 46.12 or employment-related activity that obligates an elementary or secondary student to
 46.13 involuntarily select a career, career interest, employment goals, or related job training.

46.14 ~~(e) School districts are encouraged to seek and use revenue and in-kind contributions~~
 46.15 ~~from nonstate sources and to seek administrative cost savings through innovative local~~
 46.16 ~~funding arrangements, such as the Collaboration Among Rochester Educators (CARE)~~
 46.17 ~~model for funding postsecondary enrollment options, among other sources, for purposes~~
 46.18 ~~of implementing this section.~~

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

46.20 Sec. 3. Minnesota Statutes 2012, section 120B.128, is amended to read:

46.21 **120B.128 EDUCATIONAL PLANNING AND ASSESSMENT SYSTEM**
 46.22 **(EPAS) PROGRAM.**

46.23 (a) School districts and charter schools may elect to participate in the Educational
 46.24 Planning and Assessment System (EPAS) program offered by ACT, Inc. to provide a
 46.25 longitudinal, systematic approach to student educational and career planning, assessment,
 46.26 instructional support, and evaluation. The EPAS achievement tests include English,
 46.27 reading, mathematics, science, and components on planning for high school and
 46.28 postsecondary education, interest inventory, needs assessments, and student education
 46.29 plans. These tests are linked to the ACT assessment for college admission and allow
 46.30 students, parents, teachers, and schools to determine the student's college readiness before
 46.31 grades 11 and 12.

46.32 (b) The commissioner of education shall provide ACT Explore tests for students
 46.33 in grade 8 and the ACT Plan test for students in grade 10 to assess individual student

47.1 academic strengths and weaknesses, academic achievement and progress, higher order
47.2 thinking skills, and college readiness.

47.3 (c) Students enrolled in grade 8 through the 2012-2013 school year who have
47.4 not yet demonstrated proficiency on the Minnesota comprehensive assessments, the
47.5 graduation-required assessments for diploma, or the basic skills testing requirements
47.6 prior to high school graduation may satisfy state high school graduation requirements for
47.7 assessments in reading, mathematics, and writing by taking the WorkKeys job skills
47.8 assessment, a computer-adaptive college placement test, or the ACT assessment for
47.9 college admission.

47.10 (d) The state shall pay the test costs for school districts and charter schools that
47.11 choose to participate in the EPAS program public school students to participate in the
47.12 assessments under this section. The commissioner shall establish an application procedure
47.13 and a process for state payment of costs.

47.14 **EFFECTIVE DATE.** This section is effective the day following final enactment
47.15 and applies through the 2013-2014 school year.

47.16 Sec. 4. Minnesota Statutes 2012, section 120B.30, subdivision 1, is amended to read:

47.17 Subdivision 1. **Statewide testing.** (a) The commissioner, with advice from experts
47.18 with appropriate technical qualifications and experience and stakeholders, consistent
47.19 with subdivision 1a, shall include in the comprehensive assessment system, for each
47.20 grade level to be tested, state-constructed tests developed ~~from~~ and as computer-adaptive
47.21 reading and mathematics assessments for students that are aligned with the state's required
47.22 academic standards under section 120B.021, include multiple choice questions, and be
47.23 are administered annually to all students in grades 3 through 8 ~~7~~. State-developed high
47.24 school tests aligned with the state's required academic standards under section 120B.021
47.25 and administered to all high school students in a subject other than writing must include
47.26 multiple choice questions. The commissioner shall establish one or more months during
47.27 which schools shall administer the tests to students each school year. ~~For students enrolled~~
47.28 ~~in grade 8 before the 2005-2006 school year, Minnesota basic skills tests in reading,~~
47.29 ~~mathematics, and writing shall fulfill students' basic skills testing requirements for a passing~~
47.30 ~~state notation. The passing scores of basic skills tests in reading and mathematics are the~~
47.31 ~~equivalent of 75 percent correct for students entering grade 9 based on the first uniform test~~
47.32 ~~administered in February 1998. Students who have not successfully passed a Minnesota~~
47.33 ~~basic skills test by the end of the 2011-2012 school year must pass the graduation-required~~
47.34 ~~assessments for diploma under paragraph (c), except that for the 2012-2013 and 2013-2014~~
47.35 ~~school years only, these students may satisfy the state's graduation test requirement for~~

48.1 ~~math by complying with paragraph (d), clauses (1) and (3)~~ For students enrolled in grade 8
 48.2 in the 2005-2006 through 2012-2013 school years, students' state graduation requirements
 48.3 include the requirements under: (i) section 120B.128, paragraph (c); or (ii) paragraph (c).

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

48.6 (1) mathematics;

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

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

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

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

48.13 (c) For students enrolled in grade 8 in the ~~2005-2006~~ 2013-2014 school year and
 48.14 later, ~~only the following options shall fulfill~~ students' state graduation test requirements,
 48.15 based on a longitudinal, systematic approach to student education and career planning,
 48.16 assessment, instructional support, and evaluation, include the following:

48.17 (1) ~~for reading and mathematics:~~

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

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

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

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

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

49.4 ~~(2) for writing:~~

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

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

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

49.12 ~~(iv) achieving an individual passing score on the state-identified alternate assessment~~
 49.13 ~~or assessments as determined by appropriate state guidelines for students with an~~
 49.14 ~~individualized education program.~~

49.15 (1) attainment of required academic standards and career and college readiness
 49.16 benchmarks under section 120B.023 as demonstrated on a nationally normed college
 49.17 entrance exam;

49.18 (2) achievement and career and college readiness tests in mathematics, reading, and
 49.19 writing, consistent with paragraph (e) and, to the extent available, to monitor students'
 49.20 continuous development of and growth in requisite knowledge and skills; analyze
 49.21 students' progress and performance levels, identifying students' academic strengths and
 49.22 diagnosing areas where students require curriculum or instructional adjustments, targeted
 49.23 interventions, or remediation; and, based on analysis of students' progress and performance
 49.24 data, determine students' learning and instructional needs and the instructional tools and
 49.25 best practices that support academic rigor for the student; and

49.26 (3) consistent with this paragraph and section 120B.125, age-appropriate exploration
 49.27 and planning activities and career assessments to encourage students to identify personally
 49.28 relevant career interests and aptitudes and help students and their families develop a
 49.29 regularly reexamined transition plan for postsecondary education or employment without
 49.30 need for postsecondary remediation.

49.31 Based on appropriate state guidelines, students with an individualized education program
 49.32 may satisfy state graduation requirements by achieving an individual score on the
 49.33 state-identified alternative assessments.

49.34 Expectations of schools, districts, and the state for career or college readiness under
 49.35 this subdivision must be comparable in rigor, clarity of purpose, and rates of student
 49.36 completion. A student under clause (2) must receive targeted, relevant, academically

50.1 rigorous, and resourced instruction, which may include a targeted instruction and
 50.2 intervention plan focused on improving the student's knowledge and skills in core subjects
 50.3 so that the student has a reasonable chance to succeed in a career or college without need
 50.4 for postsecondary remediation. Consistent with sections 120B.13, 124D.09, 124D.091,
 50.5 124D.49, and related sections, an enrolling school or district must actively encourage a
 50.6 student in grade 11 or 12 who is identified as academically ready for a career or college
 50.7 to participate in courses and programs awarding college credit to high school students.
 50.8 Students are not required to achieve a specified score or level of proficiency on an
 50.9 assessment under this subdivision to graduate from high school.

50.10 ~~(d) Students enrolled in grade 8 in any school year from the 2005-2006 school~~
 50.11 ~~year to the 2009-2010 school year who do not pass the mathematics graduation-required~~
 50.12 ~~assessment for diploma under paragraph (c) are eligible to receive a high school diploma~~
 50.13 ~~if they:~~

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

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

50.17 ~~(3) fully participate in at least two retests of the mathematics GRAD test or until~~
 50.18 ~~they pass the mathematics GRAD test, whichever comes first. To improve the secondary~~
 50.19 and postsecondary outcomes of all students, the alignment between secondary and
 50.20 postsecondary education programs and Minnesota's workforce needs, and the efficiency
 50.21 and cost-effectiveness of secondary and postsecondary programs, the commissioner, after
 50.22 consulting with the chancellor of the Minnesota State Colleges and Universities and using
 50.23 a request for proposal process, shall contract for a series of assessments that are consistent
 50.24 with this subdivision, aligned with state academic standards, and include career and
 50.25 college readiness benchmarks. Mathematics, reading, and writing assessments for students
 50.26 in grades 8 and 10 must be predictive of and aligned with a nationally normed assessment
 50.27 for career and college readiness. This nationally recognized assessment must be a college
 50.28 entrance exam and given to students in grade 11 or 12. This series of assessments must
 50.29 include a college placement diagnostic exam and contain career exploration elements. The
 50.30 commissioner and the chancellor of the Minnesota State Colleges and Universities must
 50.31 collaborate in aligning instruction and assessments for adult basic education students to
 50.32 provide the students with diagnostic information about any targeted interventions they
 50.33 need so that they may seek postsecondary education or employment without need for
 50.34 postsecondary remediation.

50.35 (1) Districts and schools, on an annual basis, must use the career exploration
 50.36 elements in these assessments to help students, beginning no later than grade 9, and their

51.1 families explore and plan for postsecondary education or careers based on the students'
51.2 interests, aptitudes, and aspirations. Districts and schools must use timely regional labor
51.3 market information and partnerships, among other resources, to help students and their
51.4 families successfully develop, pursue, review, and revise an individualized plan for
51.5 postsecondary education or a career. This process must help increase students' engagement
51.6 in and connection to school, improve students' knowledge and skills, and deepen students'
51.7 understanding of career pathways as a sequence of academic and career courses that lead
51.8 to an industry-recognized credential, an associate's degree, or a bachelor's degree and are
51.9 available to all students, whatever their interests and career goals.

51.10 (2) Students who, based on their growth in academic achievement between grades 8
51.11 and 10, show adequate progress toward meeting state career and college readiness must be
51.12 given the college entrance exam part of these assessments in grade 11. A student under
51.13 this clause who demonstrates attainment of required state academic standards, which
51.14 include career and college readiness benchmarks, on these assessments is academically
51.15 ready for a career or college and is encouraged to participate in courses and programs
51.16 awarding college credit to high school students. Such courses and programs may include
51.17 sequential courses of study within broad career areas and technical skill assessments
51.18 that extend beyond course grades.

51.19 (3) All students in grade 11 not subject to clause (2) must be given the college
51.20 placement diagnostic exam so that the students, their families, the school, and the district
51.21 can use the results to diagnose areas for targeted instruction, intervention, or remediation
51.22 and improve students' knowledge and skills in core subjects sufficient for the student
51.23 to graduate and have a reasonable chance to succeed in a career or college without
51.24 remediation. These students must be given the college entrance exam part of these
51.25 assessments in grade 12.

51.26 (4) A student in clause (3) who demonstrates: (i) attainment of required state
51.27 academic standards, which include career and college readiness benchmarks, on these
51.28 assessments; (ii) attainment of career and college readiness benchmarks on the college
51.29 placement diagnostic part of these assessments; and, where applicable, (iii) successfully
51.30 completes targeted instruction, intervention, or remediation approved by the commissioner
51.31 and the chancellor of the Minnesota State Colleges and Universities after consulting with
51.32 local school officials and educators, is academically ready for a career or college and is
51.33 encouraged to participate in courses and programs awarding college credit to high school
51.34 students. Such courses and programs may include sequential courses of study within
51.35 broad career areas and technical skill assessments that extend beyond course grades.

52.1 (5) A study to determine the alignment between these assessments and state
 52.2 academic standards under this chapter must be conducted. Where alignment exists, the
 52.3 commissioner must seek federal approval to, and immediately upon receiving approval,
 52.4 replace the federally required assessments referenced under subdivision 1a and section
 52.5 120B.35, subdivision 2, with assessments under this paragraph.

52.6 (e) In developing, supporting, and improving students' academic readiness for a
 52.7 career or college, schools, districts, and the state must have a continuum of empirically
 52.8 derived, clearly defined benchmarks focused on students' attainment of knowledge and
 52.9 skills so that students, their parents, and teachers know how well students must perform to
 52.10 have a reasonable chance to succeed in a career or college without need for postsecondary
 52.11 remediation. The commissioner and Minnesota's public postsecondary institutions must
 52.12 ensure that the foundational knowledge and skills for students' successful performance
 52.13 in postsecondary employment or education and an articulated series of possible targeted
 52.14 interventions are clearly identified and satisfy Minnesota's postsecondary admissions
 52.15 requirements.

52.16 (f) A school, district, or charter school must place record on the high school
 52.17 transcript a student's current pass status for each subject that has a required graduation
 52.18 assessment progress toward career and college readiness.

52.19 ~~In addition,~~ (g) The school board granting the students their diplomas may formally
 52.20 decide to include a notation of high achievement on the high school diplomas of those
 52.21 graduating seniors who, according to established school board criteria, demonstrate
 52.22 exemplary academic achievement during high school.

52.23 ~~(e)~~ (h) The 3rd through 8th 7th grade computer-adaptive assessment results and
 52.24 high school test results shall be available to districts for diagnostic purposes affecting
 52.25 student learning and district instruction and curriculum, and for establishing educational
 52.26 accountability. The commissioner must establish empirically derived benchmarks on
 52.27 adaptive assessments in grades 3 through 7 that reveal a trajectory toward career and
 52.28 college readiness. The commissioner must disseminate to the public the computer-adaptive
 52.29 assessments and high school test results upon receiving those results.

52.30 ~~(f)~~ (i) The 3rd through 8th grade grades 3 through 7 computer-adaptive assessments
 52.31 and high school tests must be aligned with state academic standards. The commissioner
 52.32 shall determine the testing process and the order of administration. The statewide results
 52.33 shall be aggregated at the site and district level, consistent with subdivision 1a.

52.34 ~~(g) In addition to the testing and reporting requirements under this section,~~ (j) The
 52.35 commissioner shall include the following components in the statewide public reporting
 52.36 system:

53.1 (1) uniform statewide ~~testing~~ computer-adaptive assessments of all students in
 53.2 grades 3 through ~~8~~ 7 and testing at the high school level that provides appropriate,
 53.3 technically sound accommodations ~~or alternate assessments~~;

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

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

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

53.12 **EFFECTIVE DATE.** This section is effective the day following final enactment
 53.13 and applies to the 2013-2014 school year and later, except that paragraph (a) applies
 53.14 the day following final enactment and the requirements for using computer-adaptive
 53.15 mathematics and reading assessments for grades 3 through 7 apply in the 2015-2016
 53.16 school year and later.

53.17 Sec. 5. Minnesota Statutes 2012, section 120B.30, subdivision 1a, is amended to read:

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

53.20 (1) "Computer-adaptive assessments" means fully adaptive assessments.

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

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

53.25 (4) "Above-grade level" test items contain subject area content that is above the
 53.26 grade level of the student taking the assessment and is considered aligned with state
 53.27 academic standards to the extent it is aligned with content represented in state academic
 53.28 standards above the grade level of the student taking the assessment. Notwithstanding
 53.29 the student's grade level, administering above-grade level test items to a student does not
 53.30 violate the requirement that state assessments must be aligned with state standards.

53.31 (5) "Below-grade level" test items contain subject area content that is below the
 53.32 grade level of the student taking the test and is considered aligned with state academic
 53.33 standards to the extent it is aligned with content represented in state academic standards
 53.34 below the student's current grade level. Notwithstanding the student's grade level,

54.1 administering below-grade level test items to a student does not violate the requirement
 54.2 that state assessments must be aligned with state standards.

54.3 (b) The commissioner must use fully adaptive mathematics and reading assessments
 54.4 for grades 3 through 7 beginning in the 2015-2016 school year and later.

54.5 (c) For purposes of conforming with existing federal educational accountability
 54.6 requirements, the commissioner must develop and implement computer-adaptive reading
 54.7 and mathematics assessments for grades 3 through 8 7, state-developed high school
 54.8 reading and mathematics tests aligned with state academic standards, and science
 54.9 assessments under clause (2) that districts and sites must use to monitor student growth
 54.10 toward achieving those standards. The commissioner must not develop statewide
 54.11 assessments for academic standards in social studies, health and physical education, and
 54.12 the arts. The commissioner must require:

54.13 (1) annual computer-adaptive reading and mathematics assessments in grades 3
 54.14 through 8 7, and high school reading and mathematics tests; and

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

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

54.20 (1) individual student performance data and achievement reports are available within
 54.21 three school days of when students take an assessment;

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

54.24 (3) parents, teachers, and school administrators are able to use elementary and
 54.25 middle school student performance data to project students' secondary and postsecondary
 54.26 achievement; and

54.27 (4) useful diagnostic information about areas of students' academic strengths and
 54.28 weaknesses is available to teachers and school administrators for improving student
 54.29 instruction and indicating the specific skills and concepts that should be introduced and
 54.30 developed for students at given performance levels, organized by strands within subject
 54.31 areas, and aligned to state academic standards.

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

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

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

55.3 (2) include a value-added growth indicator of student achievement under section
55.4 120B.35, subdivision 3, paragraph (b); and

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

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

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

55.13 (e) ~~(h)~~ A school, school district, and charter school must administer statewide
55.14 assessments under this section, as the assessments become available, to evaluate student
55.15 ~~proficiency~~ progress toward career and college readiness in the context of the state's ~~grade~~
55.16 ~~level~~ academic standards. ~~If a state assessment is not available, a school, school district,~~
55.17 ~~and charter school must determine locally if a student has met the required academic~~
55.18 ~~standards.~~ A school, school district, or charter school may use a student's performance
55.19 on a statewide assessment as one of multiple criteria to determine grade promotion or
55.20 retention. A school, school district, or charter school may use a high school student's
55.21 performance on a statewide assessment as a percentage of the student's final grade in a
55.22 course, or place a student's assessment score on the student's transcript.

55.23 **EFFECTIVE DATE.** This section is effective for the 2013-2014 school year and
55.24 later except the requirements for using computer-adaptive mathematics and reading
55.25 assessments for grades 3 through 7 apply in the 2015-2016 school year and later.

55.26 Sec. 6. Minnesota Statutes 2012, section 120B.36, subdivision 1, is amended to read:

55.27 Subdivision 1. **School performance ~~report cards~~ reports.** (a) The commissioner
55.28 shall report student academic performance under section 120B.35, subdivision 2; the
55.29 percentages of students showing low, medium, and high growth under section 120B.35,
55.30 subdivision 3, paragraph (b); school safety and student engagement and connection
55.31 under section 120B.35, subdivision 3, paragraph (d); rigorous coursework under section
55.32 120B.35, subdivision 3, paragraph (c); the percentage of students whose progress and
55.33 performance levels are meeting career and college readiness benchmarks under section
55.34 120B.30, subdivision 1; two separate student-to-teacher ratios that clearly indicate the
55.35 definition of teacher consistent with sections 122A.06 and 122A.15 for purposes of

56.1 determining these ratios; staff characteristics excluding salaries; student enrollment
 56.2 demographics; district mobility; and extracurricular activities. The report also must
 56.3 indicate a school's adequate yearly progress status under applicable federal law, and must
 56.4 not set any designations applicable to high- and low-performing schools due solely to
 56.5 adequate yearly progress status.

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

56.8 (c) The commissioner must make available performance ~~report cards~~ reports by the
 56.9 beginning of each school year.

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

56.13 (e) School performance ~~report card~~ data are nonpublic data under section 13.02,
 56.14 subdivision 9, until the commissioner publicly releases the data. The commissioner shall
 56.15 annually post school performance ~~report cards~~ reports to the department's public Web
 56.16 site no later than September 1, except that in years when the ~~report card reflects~~ reports
 56.17 reflect new performance standards, the commissioner shall post the school performance
 56.18 ~~report cards~~ reports no later than October 1.

56.19 **EFFECTIVE DATE.** This section is effective for the 2013-2014 school year and
 56.20 later.

56.21 **Sec. 7. STATEWIDE ASSESSMENT AND ACCOUNTABILITY; TRANSITION.**

56.22 Notwithstanding other law to the contrary, students enrolled in grade 8 in the
 56.23 2005-2006 through 2012-2013 school years are eligible to be assessed under the amended
 56.24 provisions of Minnesota Statutes, section 120B.30, subdivision 1, to the extent such
 56.25 assessments are available or under Minnesota Statutes, section 120B.128, paragraph (c).
 56.26 Other measures of statewide accountability, including student performance, preparation,
 56.27 rigorous course taking, engagement and connection, and transition into postsecondary
 56.28 education or the workforce remain in effect.

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

56.30 **Sec. 8. CAREER PATHWAYS ADVISORY TASK FORCE.**

56.31 **Subdivision 1. Recommendations.** (a) A career pathways advisory task force
 56.32 is established to recommend to the Minnesota legislature, consistent with Minnesota

57.1 Statutes, sections 120B.30, subdivision 1, and 120B.35, subdivision 3, how to structurally
57.2 redesign secondary and postsecondary education to:

57.3 (1) improve secondary and postsecondary outcomes for students and adult learners;

57.4 (2) align secondary and postsecondary education programs serving students and
57.5 adult learners;

57.6 (3) align secondary and postsecondary education programs and Minnesota's
57.7 workforce needs; and

57.8 (4) measure and evaluate the combined efficacy of Minnesota's public kindergarten
57.9 through grade 12 and postsecondary education programs.

57.10 (b) Advisory task force members, in preparing these recommendations, must
57.11 seek the advice of education providers, employers, policy makers, and other interested
57.12 stakeholders and must at least consider how to:

57.13 (1) better inform students about career options, occupational trends, and educational
57.14 paths leading to viable and rewarding careers and reduce the gap between the demand for
57.15 and preparation of a skilled Minnesota workforce;

57.16 (2) in consultation with a student's family, develop and periodically adapt, as
57.17 needed, an education and work plan for each student aligned with the student's personal
57.18 and professional interests, abilities, skills, and aspirations;

57.19 (3) improve monitoring of high school students' progress with targeted interventions
57.20 and support and remove the need for remedial instruction;

57.21 (4) increase and accelerate opportunities for secondary school students to earn
57.22 postsecondary credits leading to a certificate, industry license, or degree;

57.23 (5) better align high school courses and expectations and postsecondary
57.24 credit-bearing courses;

57.25 (6) better align high school standards and assessments, postsecondary readiness
57.26 measures and entrance requirements, and the expectations of Minnesota employers;

57.27 (7) increase the rates at which students complete a postsecondary certificate,
57.28 industry license, or degree; and

57.29 (8) provide graduates of two-year and four-year postsecondary institutions with the
57.30 foundational skills needed for civic engagement, ongoing employment, and continuous
57.31 learning.

57.32 Subd. 2. **Membership.** The Career Pathways Advisory Task Force shall have 15
57.33 members appointed by July 15, 2013, as follows:

57.34 (1) one member appointed by the Minnesota Association of Career and Technical
57.35 Administrators;

58.1 (2) one member appointed by the Minnesota Association for Career and Technical
58.2 Education;

58.3 (3) one member appointed by the University of Minnesota who is a faculty member
58.4 working to develop career and technical educators in Minnesota;

58.5 (4) one member appointed by the Minnesota State Colleges and Universities who is
58.6 a faculty member working to develop career and technical educators in Minnesota;

58.7 (5) one member appointed by the National Research Center for Career and Technical
58.8 Education;

58.9 (6) one member appointed by the Minnesota Department of Education;

58.10 (7) one member appointed by the Minnesota Board of Teaching;

58.11 (8) one member appointed by the Minnesota Association of Colleges for Teacher
58.12 Education;

58.13 (9) one member appointed by the Minnesota State Colleges and Universities from
58.14 faculty for foundational skills and general education; and

58.15 (10) six members appointed by the commissioner of education who have expertise in
58.16 any of the areas with which the task force has been charged in subdivision 1.

58.17 Subd. 3. **Terms.** Each member shall serve until the task force sunsets, unless
58.18 replaced by their appointing authority.

58.19 Subd. 4. **First meeting; acting chair; chair.** The commissioner of education shall
58.20 convene the first meeting by August 15, 2013, and shall act as chair until the task force
58.21 elects a chair from among its members at the first meeting.

58.22 Subd. 5. **Compensation.** The task force members shall not be compensated and
58.23 their expenses shall not be reimbursed.

58.24 Subd. 6. **Staff; technical assistance.** The commissioner of education, on request
58.25 by the task force, will provide technical assistance and provide staff assistance sufficient
58.26 for the task force to carry out its duties.

58.27 Subd. 7. **Report.** By February 15, 2014, the task force shall submit a written
58.28 report describing its recommendations to the chairs and ranking minority members of the
58.29 legislative committees and divisions with primary jurisdiction over kindergarten through
58.30 grade 12 education.

58.31 Subd. 8. **Sunset.** The task force expires the day after the task force reports to the
58.32 legislature, or February 15, 2014, whichever is earlier.

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

58.34 Sec. 9. **APPROPRIATIONS.**

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

59.4 Subd. 2. **Statewide testing and reporting system.** For the statewide testing and
 59.5 reporting system under Minnesota Statutes, section 120B.30:

59.6 \$ 16,518,000 2014

59.7 \$ 19,198,000 2015

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

59.9 **Sec. 10. REPEALER.**

59.10 Minnesota Rules, parts 3501.0010; 3501.0020; 3501.0030, subparts 1, 2, 3, 4, 5,
 59.11 6, 7, 9, 10, 11, 12, 13, 14, 15, and 16; 3501.0040; 3501.0050; 3501.0060; 3501.0090;
 59.12 3501.0100; 3501.0110; 3501.0120; 3501.0130; 3501.0140; 3501.0150; 3501.0160;
 59.13 3501.0170; 3501.0180; 3501.0200; 3501.0210; 3501.0220; 3501.0230; 3501.0240;
 59.14 3501.0250; 3501.0270; 3501.0280, subparts 1 and 2; 3501.0290; 3501.1000; 3501.1020;
 59.15 3501.1030; 3501.1040; 3501.1050; 3501.1110; 3501.1120; 3501.1130; 3501.1140;
 59.16 3501.1150; 3501.1160; 3501.1170; 3501.1180; and 3501.1190, are repealed effective the
 59.17 day following final enactment.

59.18 **ARTICLE 3**

59.19 **EDUCATION EXCELLENCE**

59.20 Section 1. Minnesota Statutes 2012, section 120A.22, subdivision 5, is amended to read:

59.21 **Subd. 5. Ages and terms.** (a) Every child between seven and ~~16~~ 17 years of age must
 59.22 receive instruction unless the child has graduated. Every child under the age of seven who
 59.23 is enrolled in a half-day kindergarten, or a full-day kindergarten program on alternate days,
 59.24 or other kindergarten programs shall receive instruction. Except as provided in subdivision
 59.25 6, a parent may withdraw a child under the age of seven from enrollment at any time.

59.26 (b) A school district by annual board action may require children subject to this
 59.27 subdivision to receive instruction in summer school. A district that acts to require children
 59.28 to receive instruction in summer school shall establish at the time of its action the criteria
 59.29 for determining which children must receive instruction.

59.30 (c) A pupil 16 years of age or older who meets the criteria of section 124D.68,
 59.31 subdivision 2, may be assigned to an area learning center. Such assignment may be made
 59.32 only after consultation with the principal, area learning center director, and parent or
 59.33 guardian.

60.1 **EFFECTIVE DATE.** This section is effective for the 2014-2015 school year and
60.2 later.

60.3 Sec. 2. Minnesota Statutes 2012, section 120A.22, subdivision 8, is amended to read:

60.4 Subd. 8. **Withdrawal from school.** Any student ~~between 16 and 18~~ who is 17 years
60.5 old who seeks to withdraw from school, and the student's parent or guardian must:

60.6 (1) attend a meeting with school personnel to discuss the educational opportunities
60.7 available to the student, including alternative educational opportunities; and

60.8 (2) sign a written election to withdraw from school.

60.9 Sec. 3. Minnesota Statutes 2012, section 120A.22, subdivision 11, is amended to read:

60.10 Subd. 11. **Assessment of performance.** (a) Each year the performance of every
60.11 child ages seven through 16 and every child ages 16 through 17 for which an initial
60.12 report was filed pursuant to section 120A.24, subdivision 1, after the child is 16 and who
60.13 is not enrolled in a public school must be assessed using a nationally norm-referenced
60.14 standardized achievement examination. The superintendent of the district in which the
60.15 child receives instruction and the person in charge of the child's instruction must agree about
60.16 the specific examination to be used and the administration and location of the examination.

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

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

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

60.29 **EFFECTIVE DATE.** This section is effective for the 2014-2015 school year and
60.30 later.

60.31 Sec. 4. Minnesota Statutes 2012, section 120A.24, subdivision 1, is amended to read:

60.32 Subdivision 1. **Reports to superintendent.** (a) The person or nonpublic school in
60.33 charge of providing instruction to a child must submit to the superintendent of the district

61.1 in which the child resides the name, birth date, and address of the child; the annual tests
 61.2 intended to be used under section 120A.22, subdivision 11, if required; the name of each
 61.3 instructor; and evidence of compliance with one of the requirements specified in section
 61.4 120A.22, subdivision 10:

61.5 (1) by October 1 of the first school year the child receives instruction after reaching
 61.6 the age of seven;

61.7 (2) within 15 days of when a parent withdraws a child from public school after
 61.8 age seven to provide instruction in a nonpublic school that is not accredited by a
 61.9 state-recognized accredited agency;

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

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

61.12 (b) The person or nonpublic school in charge of providing instruction to a child
 61.13 between the ages of seven and 16 and every child ages 16 through 17 for which an
 61.14 initial report was filed pursuant to this subdivision after the child is 16 must submit, by
 61.15 October 1 of each school year, a letter of intent to continue to provide instruction under
 61.16 this section for all students under the person's or school's supervision and any changes to
 61.17 the information required in paragraph (a) for each student.

61.18 (c) The superintendent may collect the required information under this section
 61.19 through an electronic or Web-based format, but must not require electronic submission of
 61.20 information under this section from the person in charge of reporting under this subdivision.

61.21 **EFFECTIVE DATE.** This section is effective for the 2014-2015 school year and
 61.22 later.

61.23 Sec. 5. Minnesota Statutes 2012, section 122A.415, is amended by adding a
 61.24 subdivision to read:

61.25 **Subd. 4. Basic alternative teacher compensation aid.** (a) For fiscal year 2015
 61.26 and later, the basic alternative teacher compensation aid for a school with a plan approved
 61.27 under section 122A.414, subdivision 2b, equals 65 percent of the alternative teacher
 61.28 compensation revenue under subdivision 1. The basic alternative teacher compensation
 61.29 aid for an intermediate school district or charter school with a plan approved under section
 61.30 122A.414, subdivisions 2a and 2b, if the recipient is a charter school, equals \$260 times
 61.31 the number of pupils enrolled in the school on October 1 of the previous year, or on
 61.32 October 1 of the current year for a charter school in the first year of operation, times
 61.33 the ratio of the sum of the alternative teacher compensation aid and alternative teacher
 61.34 compensation levy for all participating school districts to the maximum alternative teacher
 61.35 compensation revenue for those districts under subdivision 1.

62.1 (b) Notwithstanding paragraph (a) and subdivision 1, the state total basic alternative
 62.2 teacher compensation aid entitlement must not exceed \$75,636,000 for fiscal year 2015
 62.3 and later. The commissioner must limit the amount of alternative teacher compensation
 62.4 aid approved under this section so as not to exceed these limits.

62.5 **EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2015 and
 62.6 later.

62.7 Sec. 6. Minnesota Statutes 2012, section 122A.415, is amended by adding a
 62.8 subdivision to read:

62.9 Subd. 5. **Alternative teacher compensation levy.** For fiscal year 2015 and later,
 62.10 the alternative teacher compensation levy for a district receiving basic alternative teacher
 62.11 compensation aid equals the product of (1) the difference between the district's alternative
 62.12 teacher compensation revenue and the district's basic alternative teacher compensation
 62.13 aid, times (2) the lesser of one or the ratio of the district's adjusted net tax capacity per
 62.14 adjusted pupil unit to \$6,742.

62.15 **EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2015 and
 62.16 later.

62.17 Sec. 7. Minnesota Statutes 2012, section 122A.415, is amended by adding a
 62.18 subdivision to read:

62.19 Subd. 6. **Alternative teacher compensation equalization aid.** (a) For fiscal year
 62.20 2015 and later, a district's alternative teacher compensation equalization aid equals the
 62.21 district's alternative teacher compensation revenue minus the district's basic alternative
 62.22 teacher compensation aid minus the district's alternative teacher compensation levy. If a
 62.23 district does not levy the entire amount permitted, the alternative teacher compensation
 62.24 equalization aid must be reduced in proportion to the actual amount levied.

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

62.28 **EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2015 and
 62.29 later.

62.30 Sec. 8. Minnesota Statutes 2012, section 124D.03, subdivision 12, is amended to read:

62.31 Subd. 12. **Termination of enrollment.** A district may terminate the enrollment
 62.32 of a nonresident student enrolled under this section or section 124D.08 at the end of a

63.1 school year if the student meets the definition of a habitual truant under section 260C.007,
 63.2 subdivision 19, the student has been provided appropriate services under chapter 260A,
 63.3 and the student's case has been referred to juvenile court. A district may also terminate the
 63.4 enrollment of a nonresident student over the age of ~~16~~ 17 enrolled under this section if the
 63.5 student is absent without lawful excuse for one or more periods on 15 school days and has
 63.6 not lawfully withdrawn from school under section 120A.22, subdivision 8.

63.7 **EFFECTIVE DATE.** This section is effective for the 2014-2015 school year and
 63.8 later.

63.9 Sec. 9. Minnesota Statutes 2012, section 124D.128, subdivision 2, is amended to read:

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

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

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

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

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

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

63.24 (2) develop and maintain a separate record system that, for purposes of section
 63.25 126C.05, permits identification of membership attributable to pupils participating in the
 63.26 program. The record system and identification must ensure that the program will not have
 63.27 the effect of increasing the total average daily membership attributable to an individual
 63.28 pupil as a result of a learning year program. The record system must include the date the
 63.29 pupil originally enrolled in a learning year program, the pupil's grade level, the date of
 63.30 each grade promotion, the average daily membership generated in each grade level, the
 63.31 number of credits or standards earned, and the number needed to graduate.

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

64.1 Sec. 10. Minnesota Statutes 2012, section 124D.42, is amended to read:

64.2 **124D.42 READING AND MATH CORPS.**

64.3 Subd. 6. **Program training.** The commission must, within available resources:

64.4 (1) orient each grantee organization in the nature, philosophy, and purpose of the
64.5 program;

64.6 (2) build an ethic of community service through general community service training;
64.7 and

64.8 (3) provide guidance on integrating programmatic-based measurement into program
64.9 models.

64.10 Subd. 8. **Minnesota reading corps program.** (a) A Minnesota reading corps
64.11 program is established to provide ServeMinnesota ~~Innovation~~ AmeriCorps members with
64.12 a data-based problem-solving model of literacy instruction to use in helping to train local
64.13 Head Start program providers, other prekindergarten program providers, and staff in
64.14 schools with students in kindergarten through grade 3 to evaluate and teach early literacy
64.15 skills, including comprehensive, scientifically based reading instruction under section
64.16 122A.06, subdivision 4, to children age 3 to grade 3.

64.17 (b) Literacy programs under this subdivision must comply with the provisions
64.18 governing literacy program goals and data use under section 119A.50, subdivision 3,
64.19 paragraph (b).

64.20 (c) The commission must submit a biennial report to the committees of the
64.21 legislature with jurisdiction over kindergarten through grade 12 education that records and
64.22 evaluates program data to determine the efficacy of the programs under this subdivision.

64.23 **Subd. 9. Minnesota math corps program.** (a) A Minnesota math corps program is
64.24 established to give ServeMinnesota AmeriCorps members a data-based problem-solving
64.25 model of mathematics instruction useful for providing elementary and middle school
64.26 students and their teachers with instructional support to meet state academic standards in
64.27 mathematics.

64.28 (b) The commission must submit a biennial report to the committees of the
64.29 legislature with jurisdiction over kindergarten through grade 12 education that records and
64.30 evaluates program data to determine the efficacy of the programs under this subdivision.

64.31 **EFFECTIVE DATE.** This section is effective July 1, 2013.

64.32 Sec. 11. Minnesota Statutes 2012, section 124D.4531, is amended to read:

64.33 **124D.4531 CAREER AND TECHNICAL ~~LEVY~~ REVENUE.**

65.1 Subdivision 1. **Career and technical levy revenue.** (a) A district with a career and
 65.2 technical program approved under this section for the fiscal year in which the levy is
 65.3 certified ~~may levy an amount~~ is eligible for career and technical revenue equal to 35 percent
 65.4 of approved expenditures in the fiscal year in which the levy is certified for the following:

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

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

65.12 ~~(2)~~ (3) contracted services provided by a public or private agency other than a
 65.13 Minnesota school district or cooperative center under subdivision 7;

65.14 ~~(3)~~ (4) necessary travel between instructional sites by licensed career and technical
 65.15 education personnel;

65.16 ~~(4)~~ (5) necessary travel by licensed career and technical education personnel for
 65.17 vocational student organization activities held within the state for instructional purposes;

65.18 ~~(5)~~ (6) curriculum development activities that are part of a five-year plan for
 65.19 improvement based on program assessment;

65.20 ~~(6)~~ (7) necessary travel by licensed career and technical education personnel for
 65.21 noncollegiate credit-bearing professional development; and

65.22 ~~(7)~~ (8) specialized vocational instructional supplies.

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

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

65.29 (d) The amount of the ~~levy certified~~ revenue calculated under this subdivision may
 65.30 not exceed \$17,850,000 for taxes payable in 2012, \$15,520,000 for taxes payable in 2013,
 65.31 and ~~\$15,393,000~~ \$24,224,000 for taxes payable in 2014.

65.32 (e) If the estimated levy revenue exceeds the amount in paragraph (d), the
 65.33 commissioner must reduce the percentage in paragraph (a), clause (2), until the estimated
 65.34 levy revenue no longer exceeds the limit in paragraph (d).

65.35 Subd. 1a. Career and technical levy. (a) For fiscal year 2014 only, a district may
 65.36 levy an amount not more than the product of its career and technical revenue times the

66.1 lesser of one or the ratio of its adjusted net tax capacity per adjusted marginal cost pupil
 66.2 unit in the fiscal year in which the levy is certified to the career and technical revenue
 66.3 equalizing factor. The career and technical revenue equalizing factor for fiscal year 2014
 66.4 equals \$9,497.

66.5 (b) For fiscal year 2015 and later, a district may levy an amount not more than
 66.6 the product of its career and technical revenue times the lesser of one or the ratio of its
 66.7 adjusted net tax capacity per adjusted pupil unit in the fiscal year in which the levy is
 66.8 certified to the career and technical revenue equalizing factor. The career and technical
 66.9 revenue equalizing factor for fiscal year 2015 and later equals \$10,058.

66.10 Subd. 1b. **Career and technical aid.** For fiscal year 2014 and later, a district's
 66.11 career and technical aid equals its career and technical revenue less its career and technical
 66.12 levy. If the district levy is less than the permitted levy, the district's career and technical
 66.13 aid shall be reduced proportionately.

66.14 Subd. 2. **Allocation from cooperative centers and intermediate districts.** For
 66.15 purposes of this section, a cooperative center or an intermediate district must allocate its
 66.16 approved expenditures for career and technical education programs among participating
 66.17 districts.

66.18 Subd. 3. **Levy Revenue guarantee.** Notwithstanding subdivision 1, paragraph (a),
 66.19 the career and technical education levy revenue for a district is not less than the lesser of:

66.20 (1) the district's career and technical education levy authority revenue for the
 66.21 previous fiscal year; or

66.22 (2) 100 percent of the approved expenditures for career and technical programs
 66.23 included in subdivision 1, paragraph (b), for the fiscal year in which the levy is certified.

66.24 Subd. 3a. **Levy, pay 2012-2014 Revenue adjustments.** Notwithstanding
 66.25 subdivisions 1, 1a, and 3, for taxes payable in 2012 to 2014 only, the department must
 66.26 calculate the career and technical levy authority revenue for each district according to
 66.27 Minnesota Statutes 2010, section 124D.4531, and adjust the levy authority revenue for
 66.28 each district proportionately to meet the statewide levy revenue target under subdivision 1,
 66.29 paragraph (d). For purposes of calculating the levy revenue guarantee under subdivision
 66.30 3, the career and technical education levy authority revenue for the previous fiscal year
 66.31 is the levy authority revenue according to Minnesota Statutes 2010, section 124D.4531,
 66.32 before adjustments to meet the statewide levy revenue target.

66.33 Subd. 4. **District reports.** Each district or cooperative center must report data to the
 66.34 department for all career and technical education programs as required by the department
 66.35 to implement the career and technical levy revenue formula.

67.1 Subd. 5. **Allocation from districts participating in agreements for secondary**
 67.2 **education or interdistrict cooperation.** For purposes of this section, a district with a
 67.3 career and technical program approved under this section that participates in an agreement
 67.4 under section 123A.30 or 123A.32 must allocate its levy revenue authority under this
 67.5 section among participating districts.

67.6 **EFFECTIVE DATE.** This section is effective for fiscal year 2014 and later.

67.7 Sec. 12. Minnesota Statutes 2012, section 124D.65, subdivision 5, is amended to read:

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

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

67.15 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 67.16 and later.

67.17 Sec. 13. **[124D.861] ACHIEVEMENT AND INTEGRATION FOR MINNESOTA.**

67.18 **Subdivision 1. Program to close the academic achievement and opportunity**
 67.19 **gap.** The "Achievement and Integration for Minnesota" program is established to
 67.20 promote diversity, pursue racial and economic integration, and increase student academic
 67.21 achievement and equitable educational opportunities in Minnesota public schools. The
 67.22 program must serve students of varying racial, ethnic, and economic backgrounds, taking
 67.23 into account unique geographic and demographic particularities affecting students,
 67.24 schools, and districts including race, neighborhood locations and characteristics, grades,
 67.25 socioeconomic status, academic performance, and language barriers. Eligible districts
 67.26 must use the revenue under section 124D.862 to pursue racial and economic integration in
 67.27 schools through: (1) in-school educational practices and integrated learning environments
 67.28 created to prepare all students to be effective citizens, enhance social cohesion, and
 67.29 reinforce democratic values; and (2) corresponding and meaningful policies and curricula
 67.30 and trained instructors, administrators, school counselors, and other advocates who support
 67.31 and enhance in-school practices and integrated learning environments under this section.
 67.32 In-school practices and integrated learning environments must promote increased student

68.1 academic achievement, cultural fluency, cross-cultural interactivities, communication and
68.2 pedagogy, graduation and educational attainment rates, and parent involvement.

68.3 Subd. 2. **Plan components.** (a) The school board of each eligible district must
68.4 formally develop and implement a long-term comprehensive plan that identifies the
68.5 collaborative structures and systems, in-school strategies, inclusive best educational
68.6 practices, and partnerships with higher education institutions and industries required
68.7 to effect this section and increase the academic achievement of all students. Plan
68.8 components may include: innovative and integrated prekindergarten through grade 12
68.9 learning environments that offer students school enrollment choices; family engagement
68.10 initiatives that involve families in their students' academic life and success; professional
68.11 development opportunities for teachers and administrators focused on improving the
68.12 academic achievement of all students; increased programmatic opportunities focused
68.13 on rigor and college and career readiness for underserved students, including students
68.14 enrolled in alternative learning centers under section 123A.05, public alternative programs
68.15 under section 126C.05, subdivision 15, or contract alternative programs under section
68.16 124D.69, among other underserved students; or recruitment and retention of teachers and
68.17 administrators with diverse backgrounds. The plan must specify district and school goals
68.18 for reducing the disparity in academic achievement among all racial and ethnic categories of
68.19 students and promoting racial and economic integration in schools and districts over time.

68.20 (b) Among other requirements, an eligible district must implement a cost-effective,
68.21 research-based intervention that includes formative assessment practices to reduce the
68.22 disparity in student academic achievement between the highest and lowest performing
68.23 racial and ethnic categories of students as measured by student demonstration of
68.24 proficiency on state reading and math assessments.

68.25 (c) Eligible districts must collaborate in creating efficiencies and eliminating the
68.26 duplication of programs and services under this section, which may include forming a
68.27 single, seven-county metropolitan areawide partnership of eligible districts for this purpose.

68.28 Subd. 3. **Biennial progress; budget process.** (a) To receive revenue under section
68.29 124D.862, the school board of an eligible district must hold at least one formal hearing by
68.30 March 1 in the year preceding the current biennium to report to the public its progress in
68.31 realizing the goals identified in its plan. At the hearing, the board must provide the public
68.32 with longitudinal data demonstrating district and school progress in reducing the disparity
68.33 in student academic achievement among all racial and ethnic categories of students and
68.34 realizing racial and economic integration, consistent with its plan and the measures in
68.35 paragraph (b). The district also must submit to the commissioner by March 1 in the year
68.36 preceding the current biennium a detailed biennial budget for continuing to implement

69.1 its plan and the commissioner must review and approve or disapprove the budget by
 69.2 June 1 of that year.

69.3 (b) The longitudinal data required under paragraph (a) must be based on student
 69.4 growth and progress toward proficiency in reading, mathematics, and writing, as defined
 69.5 under section 120B.299, and one or more of the following measures:

69.6 (1) the number of world language proficiency or high achievement certificates
 69.7 awarded under section 120B.022, subdivision 1, paragraphs (b) and (c);

69.8 (2) adequate yearly progress under section 120B.35, subdivision 2;

69.9 (3) preparation for postsecondary academic and career opportunities under section
 69.10 120B.35, subdivision 3, paragraph (c), clause (1);

69.11 (4) rigorous coursework completed under section 120B.35, subdivision 3, paragraph
 69.12 (c), clause (2); or

69.13 (5) school safety and students' engagement and connection at school under section
 69.14 120B.35, subdivision 3, paragraph (d).

69.15 Subd. 4. **Evaluation.** The commissioner must evaluate the efficacy of district
 69.16 plans in reducing the disparity in student academic achievement among all racial and
 69.17 ethnic categories of students and realizing racial and economic integration and report the
 69.18 commissioner's findings to the kindergarten through grade 12 education committees of the
 69.19 legislature by February 1 every fourth year beginning February 1, 2017.

69.20 **EFFECTIVE DATE.** This section is effective for fiscal year 2014 and later.

69.21 Sec. 14. **[124D.862] ACHIEVEMENT AND INTEGRATION REVENUE.**

69.22 Subdivision 1. **Eligibility.** A school district is eligible for achievement and
 69.23 integration revenue under this section if the district has a biennial achievement and
 69.24 integration plan approved by the department under section 124D.861. Priority for funding
 69.25 must be given to eligible school districts that include methods that have been effective in
 69.26 reducing disparities in student achievement in the district's biennial plan.

69.27 Subd. 2. **Achievement and integration revenue.** (a) For fiscal year 2014, initial
 69.28 achievement and integration revenue for an eligible district equals the lesser of the
 69.29 district's expenditure for the fiscal year under its budget according to subdivision 1a or the
 69.30 greater of: (1) 90 percent of the district's integration revenue for fiscal year 2013 under
 69.31 Minnesota Statutes 2012, section 124D.86, or (2) the sum of: (i) \$327 times the district's
 69.32 adjusted pupil units for the prior fiscal year computed using the pupil unit weights effective
 69.33 under section 126C.05 for fiscal year 2015 and later, times the district's enrollment of
 69.34 protected students as a percent of its total enrollment on October 1 of the prior fiscal year,
 69.35 plus (ii) \$100 times the district's adjusted pupil units for the prior fiscal year computed

70.1 using the pupil unit weights effective under section 126C.05 for fiscal year 2015 and later
70.2 times the district's enrollment of protected students as a percent of its total enrollment on
70.3 October 1 of the prior fiscal year times the district's focus rating for the prior fiscal year
70.4 under Minnesota's 2012 Elementary and Secondary Education Act flexibility request.

70.5 (b) For fiscal year 2015 and later, initial achievement and integration revenue for
70.6 an eligible district equals the lesser of the district's expenditure for the fiscal year under
70.7 its budget according to subdivision 1a or the greater of: (1) 63 percent of the district's
70.8 integration revenue for fiscal year 2013 under Minnesota Statutes 2012, section 124D.86,
70.9 or (2) the sum of: (i) \$229 times the district's adjusted pupil units for the prior fiscal year
70.10 computed using the pupil unit weights effective under section 126C.05 for fiscal year 2015
70.11 and later, times the district's enrollment of protected students as a percent of its total
70.12 enrollment on October 1 of the prior fiscal year, plus (ii) \$70 times the district's adjusted
70.13 pupil units for the prior fiscal year computed using the pupil unit weights effective under
70.14 section 126C.05 for fiscal year 2015 and later, times the district's enrollment of protected
70.15 students as a percent of its total enrollment on October 1 of the prior fiscal year times the
70.16 district's focus rating for the prior fiscal year under Minnesota's 2012 Elementary and
70.17 Secondary Education Act flexibility request.

70.18 (c) In each year, .02 percent of each district's initial achievement and integration
70.19 revenue is transferred to the Department of Education for the oversight and accountability
70.20 activities required under this section and section 124D.861.

70.21 (d) A district that did not meet its achievement goals established in section 124D.861
70.22 for the previous biennium must report to the commissioner the reasons why the goals were
70.23 not met. The district must submit a two-year improvement plan to achieve the unmet goals
70.24 from its achievement and integration plan. A district that does not meet its goals in the
70.25 improvement plan must have its initial achievement and integration revenue reduced by
70.26 20 percent for the current year.

70.27 (e) Any revenue saved by the reductions in paragraph (d) must be proportionately
70.28 reallocated on a per adjusted pupil unit basis to all districts that met their achievement
70.29 goals in the previous biennium.

70.30 Subd. 3. **Achievement and integration aid.** A district's achievement and
70.31 integration aid for fiscal year 2014 equals the difference between the district's achievement
70.32 and integration revenue and its achievement and integration levy. A district's achievement
70.33 and integration aid for fiscal year 2015 and later equals the district's achievement and
70.34 integration revenue.

70.35 Subd. 4. **Achievement and integration levy.** For fiscal year 2014 only, a district
70.36 may levy an amount equal to 30 percent of the district's achievement and integration

71.1 revenue as defined in subdivision 2. The Department of Education must adjust the levy
 71.2 for taxes payable in 2014 by the difference between the levy under this section and the
 71.3 amount levied by the district under Laws 2011, First Special Session chapter 11, article 2,
 71.4 section 49, paragraph (f).

71.5 Subd. 5. **Revenue reserved.** Integration revenue received under this section must
 71.6 be reserved and used only for the programs authorized in subdivision 6.

71.7 Subd. 6. **Revenue uses.** At least 80 percent of a district's achievement and
 71.8 integration revenue received under this section must be used for innovative and integrated
 71.9 learning environments, family engagement activities, and other approved programs
 71.10 providing direct services to students. Up to 20 percent of the revenue may be used for
 71.11 professional development and staff development activities, and not more than ten percent
 71.12 of this share of the revenue may be used for administrative expenditures.

71.13 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
 71.14 and later.

71.15 Sec. 15. Minnesota Statutes 2012, section 260C.007, subdivision 19, is amended to read:

71.16 Subd. 19. **Habitual truant.** "Habitual truant" means a child under the age of ~~16~~ 17
 71.17 years who is absent from attendance at school without lawful excuse for seven school days
 71.18 per school year if the child is in elementary school or for one or more class periods on
 71.19 seven school days per school year if the child is in middle school, junior high school, or
 71.20 high school; or a child who is ~~16 or~~ 17 years of age who is absent from attendance at school
 71.21 without lawful excuse for one or more class periods on seven school days per school year
 71.22 and who has not lawfully withdrawn from school under section 120A.22, subdivision 8.

71.23 **EFFECTIVE DATE.** This section is effective for the 2014-2015 school year and
 71.24 later.

71.25 Sec. 16. Laws 2011, First Special Session chapter 11, article 2, section 13, the effective
 71.26 date, is amended to read:

71.27 **EFFECTIVE DATE.** This section is effective the day following final enactment
 71.28 and applies beginning in the ~~2014-2015~~ 2015-2016 school year and later.

71.29 Sec. 17. Laws 2011, First Special Session chapter 11, article 2, section 14, the effective
 71.30 date, is amended to read:

72.1 **EFFECTIVE DATE.** This section is effective the day following final enactment
72.2 and applies beginning in the ~~2014-2015~~ 2015-2016 school year and later.

72.3 Sec. 18. Laws 2011, First Special Session chapter 11, article 2, section 18, the effective
72.4 date, is amended to read:

72.5 **EFFECTIVE DATE.** This section is effective the day following final enactment
72.6 and applies beginning in the ~~2014-2015~~ 2015-2016 school year and later.

72.7 Sec. 19. Laws 2011, First Special Session chapter 11, article 2, section 19, the effective
72.8 date, is amended to read:

72.9 **EFFECTIVE DATE.** This section is effective the day following final enactment
72.10 and applies beginning in the ~~2014-2015~~ 2015-2016 school year and later.

72.11 Sec. 20. **APPROPRIATIONS.**

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

72.15 Subd. 2. **Integration aid.** For integration aid under Minnesota Statutes, section
72.16 124D.86, and Minnesota Statutes, section 124D.862:

72.17 \$ 75,495,000 2014

72.18 \$ 68,617,000 2015

72.19 The 2014 appropriation includes \$17,197,000 for 2013 and \$58,298,000 for 2014.

72.20 The 2015 appropriation includes \$9,886,000 for 2014 and \$58,731,000 for 2015.

72.21 Subd. 3. **Literacy incentive aid.** For literacy incentive aid under Minnesota
72.22 Statutes, section 124D.98:

72.23 \$ 52,035,000 2014

72.24 \$ 53,812,000 2015

72.25 The 2014 appropriation includes \$6,607,000 for 2013 and \$45,428,000 for 2014.

72.26 The 2015 appropriation includes \$7,704,000 for 2014 and \$46,108,000 for 2015.

72.27 Subd. 4. **Interdistrict desegregation or integration transportation grants.** For
72.28 interdistrict desegregation or integration transportation grants under Minnesota Statutes,
72.29 section 124D.87:

73.1 \$ 13,968,000 2014

73.2 \$ 14,712,000 2015

73.3 Subd. 5. **Success for the future.** For American Indian success for the future grants
73.4 under Minnesota Statutes, section 124D.81:

73.5 \$ 2,118,000 2014

73.6 \$ 2,137,000 2015

73.7 The 2014 appropriation includes \$290,000 for 2013 and \$1,828,000 for 2014.

73.8 The 2015 appropriation includes \$309,000 for 2014 and \$1,828,000 for 2015.

73.9 Subd. 6. **American Indian teacher preparation grants.** For joint grants to assist
73.10 American Indian people to become teachers under Minnesota Statutes, section 122A.63:

73.11 \$ 190,000 2014

73.12 \$ 190,000 2015

73.13 Subd. 7. **Tribal contract schools.** For tribal contract school aid under Minnesota
73.14 Statutes, section 124D.83:

73.15 \$ 2,052,000 2014

73.16 \$ 2,190,000 2015

73.17 The 2014 appropriation includes \$266,000 for 2013 and \$1,786,000 for 2014.

73.18 The 2015 appropriation includes \$303,000 for 2014 and \$1,887,000 for 2015.

73.19 Subd. 8. **Early childhood programs at tribal schools.** For early childhood family
73.20 education programs at tribal contract schools under Minnesota Statutes, section 124D.83,
73.21 subdivision 4:

73.22 \$ 68,000 2014

73.23 \$ 68,000 2015

73.24 Subd. 9. **Examination fees; teacher training and support programs.** (a) For
73.25 students' advanced placement and international baccalaureate examination fees under
73.26 Minnesota Statutes, section 120B.13, subdivision 3, and the training and related costs
73.27 for teachers and other interested educators under Minnesota Statutes, section 120B.13,
73.28 subdivision 1:

73.29 \$ 4,500,000 2014

73.30 \$ 4,500,000 2015

73.31 (b) The advanced placement program shall receive 75 percent of the appropriation
73.32 each year and the international baccalaureate program shall receive 25 percent of the
73.33 appropriation each year. The department, in consultation with representatives of the

74.1 advanced placement and international baccalaureate programs selected by the Advanced
 74.2 Placement Advisory Council and the Minnesota Association of IB World Schools,
 74.3 respectively, shall determine the amounts of the expenditures each year for examination
 74.4 fees and training and support programs for each program.

74.5 (c) Notwithstanding Minnesota Statutes, section 120B.13, subdivision 1, at least
 74.6 \$500,000 each year is for teachers to attend subject matter summer training programs
 74.7 and follow-up support workshops approved by the advanced placement or international
 74.8 baccalaureate programs. The amount of the subsidy for each teacher attending an
 74.9 advanced placement or international baccalaureate summer training program or workshop
 74.10 shall be the same. The commissioner shall determine the payment process and the amount
 74.11 of the subsidy.

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

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

74.17 Subd. 10. **Concurrent enrollment program.** For concurrent enrollment programs
 74.18 under Minnesota Statutes, section 124D.091:

74.19 \$ 2,000,000 2014

74.20 \$ 2,000,000 2015

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

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

74.24 Subd. 11. **Collaborative urban educator.** For the collaborative urban educator
 74.25 grant program:

74.26 \$ 528,000 2014

74.27 \$ 528,000 2015

74.28 \$200,000 each year is for the Southeast Asian teacher program at Concordia
 74.29 University, St. Paul; \$164,000 each year is for the collaborative educator program at
 74.30 the University of St. Thomas; and \$164,000 each year is for the Center for Excellence
 74.31 in Urban Teaching at Hamline University.

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

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

75.1 Subd. 12. **ServeMinnesota program.** For funding ServeMinnesota programs under
 75.2 Minnesota Statutes, sections 124D.37 to 124D.45:

75.3 \$ 900,000 2014

75.4 \$ 900,000 2015

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

75.8 Subd. 13. **Student organizations.** For student organizations:

75.9 \$ 725,000 2014

75.10 \$ 725,000 2015

75.11 \$46,000 each year is for student organizations serving health occupations (HOSA).

75.12 \$43,000 each year is for student organizations serving service occupations (HERO).

75.13 \$100,000 each year is for student organizations serving trade and industry

75.14 occupations (Skills USA, secondary and postsecondary).

75.15 \$95,000 each year is for student organizations serving business occupations (BPA,

75.16 secondary and postsecondary).

75.17 \$150,000 each year is for student organizations serving agriculture occupations

75.18 (FFA, PAS).

75.19 \$142,000 each year is for student organizations serving family and consumer science

75.20 occupations (FCCLA).

75.21 \$109,000 each year is for student organizations serving marketing occupations

75.22 (DECA and DECA collegiate).

75.23 \$40,000 each year is for the Minnesota Foundation for Student Organizations.

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

75.25 Subd. 14. **Early childhood literacy programs.** For early childhood literacy

75.26 programs under Minnesota Statutes, section 119A.50, subdivision 3:

75.27 \$ 4,875,000 2014

75.28 \$ 4,875,000 2015

75.29 Up to \$4,875,000 each year is for leveraging federal and private funding to support

75.30 AmeriCorps members serving in the Minnesota Reading Corps program established by

75.31 ServeMinnesota, including costs associated with the training and teaching of early literacy

75.32 skills to children age three to grade 3 and the evaluation of the impact of the program

75.33 under Minnesota Statutes, sections 124D.38, subdivision 2, and 124D.42, subdivision 6.

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

76.1 Subd. 15. **Minnesota math corps program.** For the Minnesota math corps program
 76.2 under Minnesota Statutes, section 124D.42, subdivision 9.

76.3 \$ 750,000 2014

76.4 \$ 750,000 2015

76.5 Any unexpended balance in the first year does not cancel but is available in the
 76.6 second year.

76.7 Subd. 16. **Alternative compensation.** For alternative teacher compensation aid
 76.8 under Minnesota Statutes, section 122A.415, subdivision 4:

76.9 \$ 59,711,000 2015

76.10 The 2015 appropriation includes \$0 for 2014 and \$59,711,000 for 2015.

76.11 Subd. 17. **Teacher development and evaluation pilot grant program.** For
 76.12 grants to school districts to participate in the teacher development and evaluation pilot
 76.13 grant program:

76.14 \$ 683,000 2014

76.15 This is a onetime appropriation.

76.16 Subd. 18. **Career and technical aid.** For career and technical aid under Minnesota
 76.17 Statutes, section 124D.4531, subdivision 1b:

76.18 \$ 7,551,000 2014

76.19 \$ 8,798,000 2015

76.20 The 2014 appropriation includes \$0 for 2014 and \$7,551,000 for 2015.

76.21 The 2015 appropriation includes \$1,280,000 for 2014 and \$7,518,000 for 2015.

76.22 **ARTICLE 4**

76.23 **CHARTER SCHOOLS**

76.24 Section 1. Minnesota Statutes 2012, section 124D.10, subdivision 14, is amended to
 76.25 read:

76.26 Subd. 14. **Annual public reports.** (a) A charter school must publish an annual report
 76.27 approved by the board of directors. The annual report must at least include information
 76.28 on school enrollment, student attrition, governance and management, staffing, finances,
 76.29 academic performance, operational performance, innovative practices and implementation,
 76.30 and future plans. A charter school must distribute the annual report by publication, mail,
 76.31 or electronic means to the commissioner, authorizer, school employees, and parents and

77.1 legal guardians of students enrolled in the charter school and must also post the report on
77.2 the charter school's official Web site. The reports are public data under chapter 13.

77.3 (b) An authorizer must annually compile the individual reports of all schools it
77.4 charters and that are published in accordance with paragraph (a), and submit a portfolio
77.5 report to the commissioner in the form and manner determined by the commissioner and
77.6 to the public. An authorizer's annual portfolio report must include:

77.7 (1) the academic and financial performance of all operating charter schools overseen
77.8 by the authorizer;

77.9 (2) the status of the authorizer's charter school portfolio, identifying all charter
77.10 schools in each of the following categories: approved, but not open; open and operating;
77.11 and closed, including the year closed and reason for closure;

77.12 (3) the authorizing function provided by the authorizer to the charter schools within
77.13 its portfolio, including the authorizer's financial plan that is submitted to the commissioner
77.14 under this section; and

77.15 (4) the process for overseeing and evaluating all charter schools it authorizes to
77.16 ensure compliance with all statutory and contractual obligations to increase students'
77.17 academic performance and achievement.

77.18 Sec. 2. Minnesota Statutes 2012, section 124D.10, subdivision 23a, is amended to read:

77.19 Subd. 23a. **Related party lease costs.** (a) A charter school is prohibited from
77.20 entering a lease of real property with a related party unless the lessor is a school district, a
77.21 nonprofit corporation under chapter 317A or a cooperative under chapter 308A, and the
77.22 lease cost is reasonable under section 124D.11, subdivision 4, clause (1).

77.23 (b) For purposes of this section and section 124D.11:

77.24 (1) "related party" means an affiliate or immediate relative of the other party in
77.25 question, an affiliate of an immediate relative, or an immediate relative of an affiliate;

77.26 (2) "affiliate" means a person that directly or indirectly, through one or more
77.27 intermediaries, controls, is controlled by, or is under common control with another person;

77.28 (3) "immediate family" means an individual whose relationship by blood, marriage,
77.29 adoption, or partnering is no more remote than first cousin;

77.30 (4) "person" means an individual or entity of any kind; and

77.31 (5) "control" means the ability to affect the management, operations, or policy
77.32 actions or decisions of a person, whether through ownership of voting securities, by
77.33 contract, or otherwise.

78.1 (c) A lease of real property to be used for a charter school, not excluded in paragraph
 78.2 (a), must contain the following statement: "This lease is subject to Minnesota Statutes,
 78.3 section 124D.10, subdivision 23a."

78.4 (d) If a charter school enters into as lessee a lease with a related party and the
 78.5 charter school subsequently closes, the commissioner has the right to recover from the
 78.6 lessor any lease payments in excess of those that are reasonable under section 124D.11,
 78.7 subdivision 4, clause (1).

78.8 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2013
 78.9 and later.

78.10 Sec. 3. Minnesota Statutes 2012, section 124D.11, subdivision 1, is amended to read:

78.11 Subdivision 1. **General education revenue.** ~~(a)~~ General education revenue must
 78.12 be paid to a charter school as though it were a district. The general education revenue
 78.13 for each adjusted ~~marginal-cost~~ pupil unit is the state average general education revenue
 78.14 per pupil unit, plus the referendum equalization aid allowance in the pupil's district of
 78.15 residence, minus an amount equal to the product of the formula allowance according to
 78.16 section 126C.10, subdivision 2, times ~~.0485~~ .0465, calculated without basic skills revenue,
 78.17 extended time revenue, ~~alternative teacher compensation revenue,~~ equity revenue, teacher
 78.18 development and evaluation revenue, pension adjustment revenue, transition revenue, and
 78.19 transportation sparsity revenue, plus basic skills revenue, extended time revenue, ~~basic~~
 78.20 ~~alternative teacher compensation aid according to section 126C.10, subdivision 34,~~ equity
 78.21 revenue, pension adjustment revenue, and transition revenue as though the school were a
 78.22 school district. The general education revenue for each extended time ~~marginal-cost~~
 78.23 pupil unit equals ~~\$4,378~~ \$4,722.

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

78.27 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 78.28 and later.

78.29 Sec. 4. Minnesota Statutes 2012, section 124D.11, subdivision 2, is amended to read:

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

79.1 In addition to the revenue under subdivision 1, a charter school providing
 79.2 transportation services must receive general education aid equal to the sum of the product
 79.3 of (i) an amount equal to the product of the formula allowance according to section
 79.4 126C.10, subdivision 2, times ~~.0485~~ .0465, plus the transportation sparsity allowance for
 79.5 the school district in which the charter school is located times (ii) the adjusted ~~marginal~~
 79.6 ~~cost~~ pupil units, plus the product of \$223 times the extended time ~~marginal-cost~~ pupil units.

79.7 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 79.8 and later.

79.9 Sec. 5. Minnesota Statutes 2012, section 124D.11, subdivision 4, is amended to read:

79.10 Subd. 4. **Building lease aid.** (a) When a charter school finds it economically
 79.11 advantageous to rent or lease a building or land for any instructional purposes and it
 79.12 determines that the total operating capital revenue under section 126C.10, subdivision
 79.13 13, is insufficient for this purpose, it may apply to the commissioner for building lease
 79.14 aid for this purpose. The commissioner must review the lease as provided in section
 79.15 124D.10, subdivision 17, and either approve or deny a lease aid application using the
 79.16 following criteria:

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

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

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

79.30 (c) The annual building lease contract amount for a charter school leasing from a
 79.31 related nonprofit organization, a parent company, an affiliated building corporation, a
 79.32 school district, a charter school, or other governmental entity on which the original debt
 79.33 or capital lease obligations related to the original building purchase, construction, or
 79.34 renovation have been retired shall be no greater than the lesser of (1) \$3 per square foot;

80.1 or (2) the product of pupil units served for the current school year times \$200. Lease
 80.2 aid is calculated as 90 percent of the lesser of (i) \$3 per square foot, or (ii) the product
 80.3 of pupil units served times \$200.

80.4 (d) The annual lease contract and lease aid for a site with ownership as provided in
 80.5 paragraph (c) occupied by a charter school, where the building is expanded, improved, or
 80.6 sold, may be subject to the provisions of paragraph (c).

80.7 **EFFECTIVE DATE.** This section is effective July 1, 2014.

80.8 Sec. 6. **APPROPRIATIONS.**

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

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

80.14 \$ 54,384,000 2014

80.15 \$ 58,020,000 2015

80.16 The 2014 appropriation includes \$6,819,000 for 2013 and \$47,565,000 for 2014.

80.17 The 2015 appropriation includes \$8,066,000 for 2014 and \$49,954,000 for 2015.

80.18 **ARTICLE 5**

80.19 **SPECIAL PROGRAMS**

80.20 Section 1. Minnesota Statutes 2012, section 124D.11, subdivision 5, is amended to read:

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

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

80.26 (1) if the charter school does not receive general education revenue on behalf of
 80.27 the student according to subdivision 1, tuition shall be charged as provided in section
 80.28 125A.11; or

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

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

81.3 (1) if the charter school does not receive general education revenue on behalf of
 81.4 the student according to subdivision 1, the aid shall be adjusted as provided in section
 81.5 125A.11; or

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

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

81.10 Sec. 2. Minnesota Statutes 2012, section 125A.11, subdivision 1, is amended to read:

81.11 Subdivision 1. **Nonresident tuition rate; other costs.** ~~(a) For fiscal year 2006,~~
 81.12 ~~when a school district provides instruction and services outside the district of residence,~~
 81.13 ~~board and lodging, and any tuition to be paid, shall be paid by the district of residence.~~
 81.14 ~~The tuition rate to be charged for any child with a disability, excluding a pupil for whom~~
 81.15 ~~tuition is calculated according to section 127A.47, subdivision 7, paragraph (d), must be~~
 81.16 ~~the sum of (1) the actual cost of providing special instruction and services to the child~~
 81.17 ~~including a proportionate amount for special transportation and unreimbursed building~~
 81.18 ~~lease and debt service costs for facilities used primarily for special education, plus (2)~~
 81.19 ~~the amount of general education revenue and referendum aid attributable to the pupil,~~
 81.20 ~~minus (3) the amount of special education aid for children with a disability received~~
 81.21 ~~on behalf of that child, minus (4) if the pupil receives special instruction and services~~
 81.22 ~~outside the regular classroom for more than 60 percent of the school day, the amount of~~
 81.23 ~~general education revenue and referendum aid, excluding portions attributable to district~~
 81.24 ~~and school administration, district support services, operations and maintenance, capital~~
 81.25 ~~expenditures, and pupil transportation, attributable to that pupil for the portion of time~~
 81.26 ~~the pupil receives special instruction and services outside of the regular classroom. If~~
 81.27 ~~the boards involved do not agree upon the tuition rate, either board may apply to the~~
 81.28 ~~commissioner to fix the rate. Notwithstanding chapter 14, the commissioner must then set~~
 81.29 ~~a date for a hearing or request a written statement from each board, giving each board~~
 81.30 ~~at least ten days' notice, and after the hearing or review of the written statements the~~
 81.31 ~~commissioner must make an order fixing the tuition rate, which is binding on both school~~
 81.32 ~~districts. General education revenue and referendum equalization aid attributable to a~~
 81.33 ~~pupil must be calculated using the resident district's average general education revenue~~
 81.34 ~~and referendum equalization aid per adjusted pupil unit.~~

82.1 ~~(b)~~ (a) For fiscal year ~~2007~~ 2015 and later, when a school district provides special
82.2 instruction and services for a pupil with a disability as defined in section 125A.02 outside
82.3 the district of residence, excluding a pupil for whom an adjustment to special education
82.4 aid is calculated according to section 127A.47, subdivision 7, ~~paragraph (e)~~ paragraphs (b)
82.5 to (d), special education aid paid to the resident district must be reduced by an amount
82.6 equal to (1) the actual cost of providing special instruction and services to the pupil,
82.7 including a proportionate amount for special transportation and unreimbursed building
82.8 lease and debt service costs for facilities used primarily for special education, plus (2)
82.9 the amount of general education revenue and referendum equalization aid attributable
82.10 to that pupil, calculated using the resident district's average general education revenue
82.11 and referendum equalization aid per adjusted pupil unit excluding basic skills revenue,
82.12 elementary sparsity revenue and secondary sparsity revenue, minus (3) the amount of
82.13 special education aid for children with a disability under section 125A.76 received on
82.14 behalf of that child, minus (4) if the pupil receives special instruction and services outside
82.15 the regular classroom for more than 60 percent of the school day, the amount of general
82.16 education revenue and referendum equalization aid, excluding portions attributable to
82.17 district and school administration, district support services, operations and maintenance,
82.18 capital expenditures, and pupil transportation, attributable to that pupil for the portion of
82.19 time the pupil receives special instruction and services outside of the regular classroom,
82.20 calculated using the resident district's average general education revenue and referendum
82.21 equalization aid per adjusted pupil unit excluding basic skills revenue, elementary sparsity
82.22 revenue and secondary sparsity revenue and the serving district's basic skills revenue,
82.23 elementary sparsity revenue and secondary sparsity revenue per adjusted pupil unit.
82.24 Notwithstanding clauses (1) and (4), for pupils served by a cooperative unit without a
82.25 fiscal agent school district, the general education revenue and referendum equalization
82.26 aid attributable to a pupil must be calculated using the resident district's average general
82.27 education revenue and referendum equalization aid excluding compensatory revenue,
82.28 elementary sparsity revenue, and secondary sparsity revenue. Special education aid paid
82.29 to the district or cooperative providing special instruction and services for the pupil
82.30 must be increased by the amount of the reduction in the aid paid to the resident district.
82.31 Amounts paid to cooperatives under this subdivision and section 127A.47, subdivision
82.32 7, shall be recognized and reported as revenues and expenditures on the resident school
82.33 district's books of account under sections 123B.75 and 123B.76. If the resident district's
82.34 special education aid is insufficient to make the full adjustment, the remaining adjustment
82.35 shall be made to other state aid due to the district.

83.1 ~~(e)~~ (b) Notwithstanding ~~paragraphs paragraph~~ paragraph (a) and (b) and section 127A.47,
 83.2 subdivision 7, paragraphs (b) to (d) ~~and (e)~~, a charter school where more than 30 percent
 83.3 of enrolled students receive special education and related services, a site approved under
 83.4 section 125A.515, an intermediate district, a special education cooperative, or a school
 83.5 district that served as the applicant agency for a group of school districts for federal
 83.6 special education aids for fiscal year 2006 may apply to the commissioner for authority to
 83.7 charge the resident district an additional amount to recover any remaining unreimbursed
 83.8 costs of serving pupils with a disability. The application must include a description of the
 83.9 costs and the calculations used to determine the unreimbursed portion to be charged to the
 83.10 resident district. Amounts approved by the commissioner under this paragraph must be
 83.11 included in the tuition billings or aid adjustments under paragraph (a) ~~or (b)~~, or section
 83.12 127A.47, subdivision 7, ~~paragraph (d) or (e)~~ paragraphs (b) to (d), as applicable.

83.13 ~~(d)~~ (c) For purposes of this subdivision and section 127A.47, subdivision 7,
 83.14 paragraphs (d) and (e), "general education revenue and referendum equalization aid"
 83.15 means the sum of the general education revenue according to section 126C.10, subdivision
 83.16 1, ~~excluding alternative teacher compensation revenue~~, plus the referendum equalization
 83.17 aid according to section 126C.17, subdivision 7, ~~as adjusted according to section 127A.47,~~
 83.18 ~~subdivision 7, paragraphs (a) to (e)~~.

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

83.20 Sec. 3. Minnesota Statutes 2012, section 125A.76, subdivision 4, is amended to read:

83.21 Subd. 4. **State total special education aid.** The state total special education aid
 83.22 equals ~~\$529,247,000 for fiscal year 2007, \$694,063,000 for fiscal year 2008, \$719,470,000~~
 83.23 ~~for fiscal year 2009, \$735,693,000 for fiscal year 2010, and \$786,586,000 for fiscal year~~
 83.24 ~~2011~~ \$869,357,000 for fiscal year 2013, \$916,575,000 for fiscal year 2014, \$976,895,000
 83.25 for fiscal year 2015, \$1,037,655,000 for fiscal year 2016, and \$1,100,577,000 for fiscal
 83.26 year 2017. The state total special education aid for later fiscal years equals:

- 83.27 (1) the state total special education aid for the preceding fiscal year; times
 83.28 (2) the program growth factor; times
 83.29 (3) the greater of one, or the ratio of the state total average daily membership for the
 83.30 current fiscal year to the state total average daily membership for the preceding fiscal year.

83.31 Sec. 4. Minnesota Statutes 2012, section 125A.79, subdivision 1, is amended to read:

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

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

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

84.3 (2) expenditures for tuition bills received under sections 125A.03 to 125A.24 and
84.4 125A.65 for services eligible for revenue under section 125A.76, subdivision 2; minus

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

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

84.9 (b) "General revenue" for a school district means the sum of the general education
84.10 revenue according to section 126C.10, subdivision 1, ~~excluding alternative teacher~~
84.11 ~~compensation revenue~~, minus transportation sparsity revenue minus total operating
84.12 capital revenue. "General revenue" for a charter school means the sum of the general
84.13 education revenue according to section 124D.11, subdivision 1, and transportation revenue
84.14 according to section 124D.11, subdivision 2, ~~excluding alternative teacher compensation~~
84.15 ~~revenue~~, minus referendum equalization aid minus transportation sparsity revenue minus
84.16 operating capital revenue.

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

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

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

84.20 Sec. 5. Minnesota Statutes 2012, section 125A.79, subdivision 8, is amended to read:

84.21 Subd. 8. **Out-of-state tuition.** For children who are residents of the state, receive
84.22 services under section 125A.76, subdivisions 1 and 2, and are placed in a care and
84.23 treatment facility by court action in a state that does not have a reciprocity agreement with
84.24 the commissioner under section 125A.155, the resident school district shall submit the
84.25 balance of the tuition bills, minus the general education revenue, excluding basic skills
84.26 revenue ~~and alternative teacher compensation revenue~~, and referendum equalization aid
84.27 attributable to the pupil, calculated using the resident district's average general education
84.28 revenue and referendum equalization aid per adjusted pupil unit minus the special
84.29 education contracted services initial revenue attributable to the pupil.

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

84.31 Sec. 6. **APPROPRIATIONS.**

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

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

85.6 \$ 901,904,000 2014

85.7 \$ 968,149,000 2015

85.8 The 2014 appropriation includes \$118,232,000 for 2013 and \$783,672,000 for 2014.

85.9 The 2015 appropriation includes \$132,903,000 for 2014 and \$835,246,000 for 2015.

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

85.13 \$ 1,655,000 2014

85.14 \$ 1,752,000 2015

85.15 If the appropriation for either year is insufficient, the appropriation for the other
 85.16 year is available.

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

85.19 \$ 342,000 2014

85.20 \$ 355,000 2015

85.21 The 2014 appropriation includes \$45,000 for 2013 and \$297,000 for 2014.

85.22 The 2015 appropriation includes \$50,000 for 2014 and \$305,000 for 2015.

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

85.25 \$ 117,841,000 2014

85.26 \$ 121,897,000 2015

85.27 The 2014 appropriation includes \$42,030,000 for 2013 and \$75,811,000 for 2014.

85.28 The 2015 appropriation includes \$44,009,000 for 2014 and \$77,888,000 for 2015.

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

85.32 \$ 54,000 2014

85.33 \$ 55,000 2015

86.1 Subd. 7. **Special education out-of-state tuition.** For special education out-of-state
 86.2 tuition according to Minnesota Statutes, section 125A.79, subdivision 8:

86.3 \$ 250,000 2014

86.4 \$ 250,000 2015

86.5 Sec. 7. **REPEALER.**

86.6 Minnesota Statutes 2012, sections 124D.454, subdivisions 10 and 11; and 125A.76,
 86.7 subdivision 7, are repealed.

86.8 **ARTICLE 6**

86.9 **FACILITIES AND TECHNOLOGY**

86.10 Section 1. Minnesota Statutes 2012, section 123B.53, subdivision 5, is amended to read:

86.11 Subd. 5. **Equalized debt service levy.** (a) The equalized debt service levy of a
 86.12 district equals the sum of the first tier equalized debt service levy and the second tier
 86.13 equalized debt service levy.

86.14 (b) A district's first tier equalized debt service levy equals the district's first tier debt
 86.15 service equalization revenue times the lesser of one or the ratio of:

86.16 (1) the quotient derived by dividing the adjusted net tax capacity of the district for
 86.17 the year before the year the levy is certified by the adjusted pupil units in the district for
 86.18 the school year ending in the year prior to the year the levy is certified; to

86.19 (2) ~~\$3,049~~ \$3,550.

86.20 (c) A district's second tier equalized debt service levy equals the district's second tier
 86.21 debt service equalization revenue times the lesser of one or the ratio of:

86.22 (1) the quotient derived by dividing the adjusted net tax capacity of the district for
 86.23 the year before the year the levy is certified by the adjusted pupil units in the district for
 86.24 the school year ending in the year prior to the year the levy is certified; to

86.25 (2) ~~\$7,622~~ \$7,900.

86.26 **EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2015 and
 86.27 later.

86.28 Sec. 2. Minnesota Statutes 2012, section 123B.54, is amended to read:

86.29 **123B.54 DEBT SERVICE APPROPRIATION.**

86.30 (a) ~~\$21,727,000~~ \$25,191,000 in fiscal year ~~2014~~ 2016 and ~~\$24,201,000~~ \$22,773,000
 86.31 in fiscal year ~~2015~~ 2017 and later are appropriated from the general fund to the

87.1 commissioner of education for payment of debt service equalization aid under section
87.2 123B.53.

87.3 (b) The appropriations in paragraph (a) must be reduced by the amount of any
87.4 money specifically appropriated for the same purpose in any year from any state fund.

87.5 **EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2015 and
87.6 later.

87.7 Sec. 3. Minnesota Statutes 2012, section 123B.57, subdivision 4, is amended to read:

87.8 Subd. 4. **Health and safety levy.** To receive health and safety revenue, a district
87.9 may levy an amount equal to the district's health and safety revenue as defined in
87.10 subdivision 3 multiplied by the lesser of one, or the ratio of the quotient derived by
87.11 dividing the adjusted net tax capacity of the district for the year preceding the year the
87.12 levy is certified by the adjusted ~~marginal-cost~~ pupil units in the district for the school year
87.13 to which the levy is attributable, to ~~\$2,796~~ \$3,165.

87.14 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
87.15 and later.

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

87.17 Subd. 2. **Deferred maintenance revenue.** The deferred maintenance revenue for
87.18 an eligible school district equals the product of ~~\$60~~ \$64 times the adjusted ~~marginal-cost~~
87.19 pupil units for the school year times the lesser of one or the ratio of the district's average
87.20 age of building space to 35 years.

87.21 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
87.22 and later.

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

87.24 Subd. 3. **Deferred maintenance levy.** To obtain deferred maintenance revenue for
87.25 ~~fiscal year 2008 and later~~, a district may levy an amount not more than the product of its
87.26 deferred maintenance revenue for the fiscal year times the lesser of one or the ratio of its
87.27 adjusted net tax capacity per adjusted ~~marginal-cost~~ pupil unit to ~~\$5,621~~ \$5,965.

87.28 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
87.29 and later.

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

88.1 Subd. 4. **District aid.** For fiscal year 2006 and later, a district, charter school,
 88.2 or intermediate school district's Internet access equity aid equals the district, charter
 88.3 school, or intermediate school district's approved cost for the previous fiscal year
 88.4 according to subdivision 1 exceeding \$15 \$16 times the district's adjusted ~~marginal~~
 88.5 cost pupil units for the previous fiscal year or no reduction if the district is part of an
 88.6 organized telecommunications access cluster. Equity aid must be distributed to the
 88.7 telecommunications access cluster for districts, charter schools, or intermediate school
 88.8 districts that are members of the cluster or to individual districts, charter schools, or
 88.9 intermediate school districts not part of a telecommunications access cluster.

88.10 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
 88.11 and later.

88.12 Sec. 7. **DISABLED ACCESS LEVY AUTHORITY; TRACY.**

88.13 Notwithstanding the time limit in Minnesota Statutes, section 123B.58, subdivision
 88.14 3, Independent School District No. 2904, Tracy, may levy its remaining disabled access
 88.15 levy authority over two years, beginning with taxes payable in 2015.

88.16 **EFFECTIVE DATE.** This section is effective for levies certified in 2014 and later.

88.17 Sec. 8. **ELEVATOR REPAIR LEVY; NORMAN COUNTY WEST SCHOOL**
 88.18 **DISTRICT.**

88.19 For taxes payable in 2015 and 2016, Independent School District No. 2527,
 88.20 Norman County West, may levy for an amount not to exceed \$27,500 in each year. The
 88.21 proceeds of this levy must be used to refurbish an existing elevator with new electrical and
 88.22 mechanical components.

88.23 **EFFECTIVE DATE.** This section is effective for taxes payable in 2015 and 2016.

88.24 Sec. 9. **APPROPRIATIONS.**

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

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

88.30	\$	<u>458,000</u>	<u>.....</u>	<u>2014</u>
88.31	\$	<u>435,000</u>	<u>.....</u>	<u>2015</u>

89.1 The 2014 appropriation includes \$26,000 for 2013 and \$432,000 for 2014.

89.2 The 2015 appropriation includes \$73,000 for 2014 and \$362,000 for 2015.

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

89.5 \$ 18,909,000 2014

89.6 \$ 24,986,000 2015

89.7 The 2014 appropriation includes \$2,397,000 for 2013 and \$16,512,000 for 2014.

89.8 The 2015 appropriation includes \$2,800,000 for 2014 and \$22,186,000 for 2015.

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

89.11 \$ 19,114,000 2014

89.12 \$ 19,287,000 2015

89.13 The 2014 appropriation includes \$2,623,000 for 2013 and \$16,491,000 for 2014.

89.14 The 2015 appropriation includes \$2,796,000 for 2014 and \$16,491,000 for 2015.

89.15 Subd. 5. **Equity in telecommunications access.** For equity in telecommunications
 89.16 access:

89.17 \$ 3,750,000 2014

89.18 \$ 3,750,000 2015

89.19 If the appropriation amount is insufficient, the commissioner shall reduce the
 89.20 reimbursement rate in Minnesota Statutes, section 125B.26, subdivisions 4 and 5, and the
 89.21 revenue for fiscal years 2014 and 2015 shall be prorated.

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

89.23 Subd. 6. **Deferred maintenance aid.** For deferred maintenance aid, according to
 89.24 Minnesota Statutes, section 123B.591, subdivision 4:

89.25 \$ 3,532,000 2014

89.26 \$ 3,729,000 2015

89.27 The 2014 appropriation includes \$456,000 for 2013 and \$3,076,000 for 2014.

89.28 The 2015 appropriation includes \$521,000 for 2014 and \$3,208,000 for 2015.

89.29 **ARTICLE 7**

89.30 **NUTRITION, LIBRARIES, AND ACCOUNTING**

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

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

90.4 ~~(1) the sum of May, June, and July school district tax settlement revenue received in~~
 90.5 ~~that calendar year, plus general education aid according to section 126C.13, subdivision~~
 90.6 ~~4, received in July and August of that calendar year; or~~

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

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

90.10 ~~(ii) the entire amount of the levy certified in the prior calendar year according to~~
 90.11 ~~section 124D.86, subdivision 4, for school districts receiving revenue under sections~~
 90.12 ~~124D.86, subdivision 3, clauses (1), (2), and (3); 126C.41, subdivisions 1, 2, paragraph (a),~~
 90.13 ~~and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2; and 126C.48, subdivision 6; plus~~

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

90.19 ~~(b) For fiscal year 2011 and later years, in June of each year, the school district must~~
 90.20 ~~recognize as revenue, in the fund for which the levy was made, the lesser of:~~

90.21 ~~(1) the sum of May, June, and July school district tax settlement revenue received in~~
 90.22 ~~that calendar year, plus general education aid according to section 126C.13, subdivision~~
 90.23 ~~4, received in July and August of that calendar year; or~~

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

90.25 ~~(i) the greater of 48.6 percent of the referendum levy certified according to section~~
 90.26 ~~126C.17 in the prior calendar year, or 31 percent of the referendum levy certified~~
 90.27 ~~according to section 126C.17 in calendar year 2000; plus~~

90.28 ~~(ii) the entire amount of the levy certified in the prior calendar year according to~~
 90.29 ~~section 124D.4531, 124D.86, subdivision 4, for school districts receiving revenue under~~
 90.30 ~~sections 124D.86, subdivision 3, clauses (1), (2), and (3); 124D.862, subdivision 4, for~~
 90.31 ~~Special School District No. 1, Minneapolis, Independent School District No. 625, St.~~
 90.32 ~~Paul, and Independent School District No. 709, Duluth; 126C.41, subdivisions 1, 2,~~
 90.33 ~~paragraph (a), and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2; and 126C.48,~~
 90.34 ~~subdivision 6; plus~~

90.35 ~~(iii) 48.6 percent of the amount of the levy certified in the prior calendar year for the~~
 90.36 ~~school district's general and community service funds, plus or minus auditor's adjustments,~~

91.1 that remains after subtracting the referendum levy certified according to section 126C.17
 91.2 and the amount recognized according to item (ii).

91.3 Sec. 2. Minnesota Statutes 2012, section 124D.111, subdivision 1, is amended to read:

91.4 Subdivision 1. **School lunch aid computation.** Each school year, the state must pay
 91.5 participants in the national school lunch program the amount of ~~12~~ 14 cents for each full
 91.6 paid, ~~reduced~~ reduced-price, and free student lunch served to students.

91.7 **EFFECTIVE DATE.** This section is effective July 1, 2013.

91.8 Sec. 3. Minnesota Statutes 2012, section 124D.111, is amended by adding a
 91.9 subdivision to read:

91.10 Subd. 4. **Inability to pay.** A school that provides meals under this section must not
 91.11 deny a child lunch or provide that child with an alternative meal if that child qualifies for a
 91.12 reduced-price meal and that child or that child's parent or guardian provides notice to the
 91.13 school that the family does not have sufficient funds to pay for the lunch.

91.14 Sec. 4. Minnesota Statutes 2012, section 124D.119, is amended to read:

91.15 **124D.119 SUMMER FOOD SERVICE REPLACEMENT AID.**

91.16 States funds are available to compensate department-approved summer food
 91.17 program sponsors for ~~reduced federal operating reimbursement rates under Public Law~~
 91.18 ~~104-193, the federal summer food service program. A sponsor is eligible for summer food~~
 91.19 ~~service replacement aid equal to the sum of the following amounts:~~ Reimbursement shall
 91.20 be made on December 15 based on total meals served by each sponsor from the end of the
 91.21 school year to the beginning of the next school year on a pro rata basis.

91.22 ~~(1) for breakfast service, up to four cents per breakfast served by the sponsor during~~
 91.23 ~~the current program year;~~

91.24 ~~(2) for lunch or supper service, up to 14 cents per lunch or supper served by the~~
 91.25 ~~sponsor during the current program year; and~~

91.26 ~~(3) for supplement service, up to ten cents per supplement served by the sponsor~~
 91.27 ~~during the current program year.~~

91.28 Sec. 5. Minnesota Statutes 2012, section 127A.45, subdivision 2, is amended to read:

91.29 Subd. 2. **Definitions.** (a) "Other district receipts" means payments by county
 91.30 treasurers pursuant to section 276.10, apportionments from the school endowment fund
 91.31 pursuant to section 127A.33, apportionments by the county auditor pursuant to section

92.1 127A.34, subdivision 2, and payments to school districts by the commissioner of revenue
 92.2 pursuant to chapter 298.

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

92.4 (1) the cumulative disbursement percentage shown in subdivision 3; times

92.5 (2) the sum of

92.6 (i) the current year aid payment percentage of the estimated aid and credit
 92.7 entitlements paid according to subdivision 13; plus

92.8 (ii) 100 percent of the entitlements paid according to subdivisions 11 and 12; plus

92.9 (iii) the other district receipts.

92.10 (c) "Payment date" means the date on which state payments to districts are made
 92.11 by the electronic funds transfer method. If a payment date falls on a Saturday, a Sunday,
 92.12 or a weekday which is a legal holiday, the payment shall be made on the immediately
 92.13 preceding business day. The commissioner may make payments on dates other than
 92.14 those listed in subdivision 3, but only for portions of payments from any preceding
 92.15 payment dates which could not be processed by the electronic funds transfer method due
 92.16 to documented extenuating circumstances.

92.17 (d) The current year aid payment percentage equals ~~73 in fiscal year 2010 and 70 in~~
 92.18 ~~fiscal year 2011, and 60 in fiscal years 2012 and later~~ 85.5 in fiscal year 2014 and later.

92.19 **Sec. 6. CYRUS AND MORRIS SCHOOL DISTRICT CONSOLIDATION.**

92.20 **Subdivision 1. Purpose.** The legislature finds that an orderly, voluntary
 92.21 consolidation of Independent School Districts Nos. 611, Cyrus, and 769, Morris, promotes
 92.22 the well-being of the students and increases educational efficiency in those school districts.

92.23 **Subd. 2. Remediation costs.** Independent School District No. 611, Cyrus, may
 92.24 identify all health and safety remediation costs related to the demolition of the Cyrus
 92.25 school building and submit those amounts to the commissioner of education for approval.
 92.26 Any approved costs may be included either in the district's health and safety plan or in the
 92.27 bonding authority authorized under subdivision 3.

92.28 **Subd. 3. Facility bonds.** Independent School District No. 611, Cyrus, may issue
 92.29 general obligation bonds without an election under Minnesota Statutes, chapter 475, after
 92.30 a public meeting of the school board with notice given by mail according to Minnesota
 92.31 Statutes, section 123B.09, subdivision 11, in an amount not to exceed \$1,000,000
 92.32 approved by the commissioner of education for the costs associated with demolishing the
 92.33 Cyrus school building. The bonds must be repaid within ten years of issuance. Any excess
 92.34 bond proceeds after bonds are repaid must be credited back to the taxpayers of the former
 92.35 Independent School District No. 611, Cyrus.

93.1 Subd. 4. **Reorganization operating debt determined.** Independent School District
 93.2 No. 611, Cyrus, must estimate its reorganization operating debt according to Minnesota
 93.3 Statutes, section 123B.82, and submit that amount to the commissioner of education
 93.4 for approval.

93.5 Subd. 5. **Reorganization operating debt bonds.** Independent School District No.
 93.6 611, Cyrus, may issue general obligation bonds without an election under Minnesota
 93.7 Statutes, chapter 475, after a public meeting of the school board with notice given by mail
 93.8 according to Minnesota Statutes, section 123B.09, subdivision 11, in an amount not to
 93.9 exceed the reorganization operating debt approved by the commissioner of education
 93.10 under subdivision 4. The bonds must be repaid within six years of issuance.

93.11 Subd. 6. **Repayment.** The bonded debt issued under this section remains payable
 93.12 by the taxable property located within the boundaries of former Independent School
 93.13 District No. 611, Cyrus.

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

93.15 Sec. 7. **RECIPROCITY AGREEMENT EXEMPTION; HENDRICKS.**

93.16 Notwithstanding Minnesota Statutes, sections 124D.04, subdivision 6, paragraph
 93.17 (b); 124D.041, subdivision 3, paragraph (b); and 124D.05, subdivision 2a, the provisions
 93.18 of Minnesota Statutes, section 124D.041, and the agreement shall not apply to Independent
 93.19 School District No. 402, Hendricks.

93.20 **EFFECTIVE DATE.** This section is effective for the 2013-2014 school year and
 93.21 later.

93.22 Sec. 8. **APPROPRIATIONS.**

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

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

93.28 § 14,596,000 2014

93.29 § 14,888,000 2015

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

94.1 \$ 5,711,000 2014

94.2 \$ 6,022,000 2015

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

94.5 \$ 1,039,000 2014

94.6 \$ 1,049,000 2015

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

94.9 \$ 150,000 2014

94.10 \$ 150,000 2015

94.11 Subd. 6. **Basic system support.** For basic system support grants under Minnesota
94.12 Statutes, section 134.355:

94.13 \$ 13,448,000 2014

94.14 \$ 13,570,000 2015

94.15 The 2014 appropriation includes \$1,845,000 for 2013 and \$11,603,000 for 2014.

94.16 The 2015 appropriation includes \$1,967,000 for 2014 and \$11,603,000 for 2015.

94.17 Subd. 7. **Multicounty, multitype library systems.** For grants under Minnesota
94.18 Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

94.19 \$ 1,288,000 2014

94.20 \$ 1,300,000 2015

94.21 The 2014 appropriation includes \$176,000 for 2013 and \$1,112,000 for 2014.

94.22 The 2015 appropriation includes \$188,000 for 2014 and \$1,112,000 for 2015.

94.23 Subd. 8. **Electronic library for Minnesota.** For statewide licenses to online
94.24 databases selected in cooperation with the Minnesota Office of Higher Education for
94.25 school media centers, public libraries, state government agency libraries, and public
94.26 or private college or university libraries:

94.27 \$ 900,000 2014

94.28 \$ 900,000 2015

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

94.30 Subd. 9. **Regional library telecommunications aid.** For regional library
94.31 telecommunications aid under Minnesota Statutes, section 134.355:

95.1 \$ 2,279,000 2014

95.2 \$ 2,300,000 2015

95.3 The 2014 appropriation includes \$312,000 for 2013 and \$1,967,000 for 2014.

95.4 The 2015 appropriation includes \$333,000 for 2014 and \$1,967,000 for 2015.

95.5 ARTICLE 8

95.6 EARLY CHILDHOOD EDUCATION, SELF-SUFFICIENCY, AND 95.7 LIFELONG LEARNING

95.8 Section 1. Minnesota Statutes 2012, section 13.319, is amended by adding a
95.9 subdivision to read:

95.10 Subd. 9. **Early learning scholarships.** Section 124D.143 governs data under the
95.11 early learning scholarship program.

95.12 Sec. 2. **[124D.143] EARLY LEARNING SCHOLARSHIPS.**

95.13 Subdivision 1. **Early learning scholarships established.** The Office of Early
95.14 Learning must oversee the early learning scholarship program in consultation with the
95.15 Minnesota Departments of Education, Human Services, and Health.

95.16 Subd. 2. **Duties.** The Office of Early Learning shall administer the early learning
95.17 scholarship program, establish participation standards for children and their families,
95.18 develop criteria for qualifying providers based on section 124D.142, and contract for
95.19 administrative services as necessary with a resource and referral organization under
95.20 section 119B.19, or other nonprofit or public entity.

95.21 Subd. 3. **Definitions.** (a) The terms defined in the subdivision apply to this section.

95.22 (b) "Director" means the director of the Office of Early Learning.

95.23 (c) "Eligible program" means a Head Start program under section 119A.50, school
95.24 readiness program under section 124D.15, or other school district child-based program
95.25 designed to provide early education services to children not yet in kindergarten, licensed
95.26 center-based child care program under chapter 245A, or licensed family child care
95.27 program under chapter 245A or other program providing early learning opportunities.

95.28 (d) "Income" has the meaning given in section 119B.011, subdivision 15.

95.29 (e) "Parent" means the parent or legal guardian of a child.

95.30 (f) "Prospective program" means an eligible program that makes a commitment to
95.31 enhance its quality of education and care and demonstrates to the director's satisfaction that
95.32 the program is pursuing a program rating. For fiscal years 2016 and later, a prospective
95.33 program must cite a hardship or demonstrate a special circumstance as to why the program
95.34 is not yet ready to enter the rating process before the director may grant it eligibility.

96.1 (g) "Rated program" means an eligible program that receives one, two, three, or four
96.2 stars under the quality rating and improvement system established in section 124D.142.

96.3 Subd. 4. **Participant eligibility.** The parent of a child who will be at least three
96.4 years of age as of September 1 of the year of application, is eligible to apply for an early
96.5 learning scholarship if the family's income is at or below 185 percent of the federal
96.6 poverty level. The director of the Office of Early Learning may specify the form and
96.7 manner of the application for a scholarship. The director may establish a method to
96.8 determine family income but a parent meets this requirement by documenting their child's
96.9 identification through another public funding eligibility process, including the free and
96.10 reduced-price lunch program, National School Lunch Act, United States Code, title
96.11 42, section 1751, part 210; Head Start under federal Improving Head Start for School
96.12 Readiness Act of 2007; Minnesota family investment program under chapter 256J; the
96.13 Federal Supplemental Nutrition Assistance Program; and child care assistance programs
96.14 under chapter 119B, and no further information to verify income is required. A parent
96.15 under age 21 who is pursuing a high school or general education equivalency diploma is
96.16 eligible for an early learning scholarship if the parent has a child age zero to five years old
96.17 and meets the income eligibility requirements in this subdivision.

96.18 Subd. 5. **Scholarship amount.** (a) The director annually shall determine the
96.19 maximum scholarship amounts based on the results of the rate survey conducted under
96.20 section 119B.13, subdivision 1, paragraph (b), and may establish a range of scholarship
96.21 amounts taking into account the child's level of need and geographic location. The
96.22 director shall establish a scholarship amount schedule according to the eligible program's
96.23 rating under subdivision 3, paragraph (g), and prospective programs under subdivision
96.24 3, paragraph (f). The scholarship amounts may be designed to be layered around other
96.25 assistance programs available to that child. The director shall not consider local funds
96.26 allocated to support an early learning program when layering scholarships around other
96.27 assistance programs. Eligible providers must be notified of the scholarship allocations
96.28 available in their geographic location.

96.29 (b) The director shall try to maintain a statewide annual average scholarship amount
96.30 of \$6,000 per scholarship recipient and report annually to the legislature the actual average
96.31 statewide scholarship amount per scholarship recipient.

96.32 Subd. 6. **Award of scholarships.** (a) The director shall establish application
96.33 timelines and determine the schedule for awarding scholarships that meet operational
96.34 needs of eligible programs. The director may prioritize applications on factors including
96.35 family income, geographic location, and needs of the child. By March 15, eligible
96.36 programs may notify the director of the number of scholarship-eligible children who are

97.1 eligible under subdivision 4 and who have applied for enrollment in that program. To
97.2 facilitate enrollment planning, by April 15, the director shall notify eligible programs that
97.3 have provided enrollment information under this paragraph of the scholarship status of
97.4 each applicant. To the extent practicable and taking into account family mobility, the
97.5 scholarships must be awarded to eligible recipients beginning April 15 of each year for a
97.6 child's participation in a program starting in July, August, or September of that year. Any
97.7 siblings of a child who has been awarded a scholarship under this section must be awarded
97.8 a scholarship upon request provided the sibling attends the same program. A child who
97.9 has received a scholarship under this section must continue to receive a scholarship until
97.10 that child enrolls in kindergarten or turns six years of age.

97.11 (b) A three- or four-star rated program that has a waiting list of children eligible for
97.12 scholarships may notify the director of the program's desire to serve additional children in
97.13 order to accommodate scholarship recipients. The director may designate a predetermined
97.14 number of scholarship slots for that program and notify the program of that number.

97.15 (c) A scholarship recipient may choose any available program and is not required to
97.16 enroll in a program with a predetermined number of slots.

97.17 (d) A child who receives a scholarship who has not completed development
97.18 screening under sections 121A.16 to 121A.19 must complete that screening within 45
97.19 days of first attending an eligible program.

97.20 (e) The director shall report annually to the legislature on a summary of the
97.21 geographic distribution of scholarships throughout the state.

97.22 Subd. 7. **Scholarship recipient choice of programs.** A scholarship recipient may
97.23 choose to apply to any rated program or prospective program for acceptance. If the
97.24 scholarship recipient has not been accepted and subsequently enrolled in a rated program
97.25 within ten months of receipt of the scholarship, the scholarship cancels and the recipient
97.26 must reapply in order to be eligible for another scholarship.

97.27 Subd. 8. **Building quality.** For fiscal years 2014 and 2015 only, the director must
97.28 develop a streamlined process to encourage eligible programs to enter the rating program.
97.29 As a part of building quality in the system of providers, the director may grant a parent
97.30 authority to use a scholarship at a prospective program.

97.31 Subd. 9. **Provider reimbursement.** The director may determine the form and
97.32 method of payment to the fiscal agent for each program serving a scholarship recipient.
97.33 The director may make quarterly payments on behalf of the scholarship recipient in
97.34 advance of the services provided to the child, or arrange other payment methods for
97.35 providers. The director may request information as necessary from providers to verify
97.36 scholarship payments.

98.1 Subd. 10. **Earned income calculation.** Scholarships paid to providers on behalf
98.2 of eligible parents must not be counted as earned income for the purposes of medical
98.3 assistance, MinnesotaCare, Minnesota family investment program, diversionary work
98.4 program, child care assistance, or Head Start programs. Scholarships paid to providers on
98.5 behalf of eligible parents must not be considered child care funds for the purposes of the
98.6 child care assistance program under chapter 119B.

98.7 Subd. 11. **Student identification number.** The director shall collect from
98.8 participating programs data including, but not limited to, demographic, socioeconomic,
98.9 participation, and assessment information related to scholarship recipients. Data on
98.10 scholarship recipients are private data on individuals as defined in section 13.02,
98.11 subdivision 12.

98.12 Subd. 12. **Report required.** The director, in consultation with the children's
98.13 cabinet, shall develop and implement a plan to publicize and increase parent awareness of
98.14 early learning scholarships. The director must report the results of the outreach efforts to
98.15 the legislature by January 15 of each year.

98.16 Sec. 3. Minnesota Statutes 2012, section 124D.531, subdivision 1, is amended to read:

98.17 Subdivision 1. **State total adult basic education aid.** (a) The state total adult basic
98.18 education aid for fiscal year 2011 equals \$44,419,000, plus any amount that is not paid
98.19 during the previous fiscal year as a result of adjustments under subdivision 4, paragraph
98.20 (a), or section 124D.52, subdivision 3. The state total adult basic education aid for later
98.21 fiscal years equals:

98.22 (1) the state total adult basic education aid for the preceding fiscal year plus any
98.23 amount that is not paid for during the previous fiscal year, as a result of adjustments under
98.24 subdivision 4, paragraph (a), or section 124D.52, subdivision 3; times

98.25 (2) the lesser of:

98.26 (i) ~~1.02~~ 1.03; or

98.27 (ii) the average growth in state total contact hours over the prior ten program years.

98.28 Beginning in fiscal year 2002, two percent of the state total adult basic education
98.29 aid must be set aside for adult basic education supplemental service grants under section
98.30 124D.522.

98.31 (b) The state total adult basic education aid, excluding basic population aid, equals
98.32 the difference between the amount computed in paragraph (a), and the state total basic
98.33 population aid under subdivision 2.

98.34 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
98.35 and later.

99.1 Sec. 4. **EARLY LEARNING SCHOLARSHIPS; FISCAL YEAR 2014 ONLY.**

99.2 Notwithstanding the timelines in Minnesota Statutes, section 124D.143, for fiscal
 99.3 year 2014 only, the director shall establish an expedited process to award scholarships
 99.4 to eligible recipients attending three- or four-star rated programs to accommodate those
 99.5 eligible programs with fall enrollment deadlines.

99.6 Sec. 5. **APPROPRIATIONS.**

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

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

99.12 \$ 10,004,000 2014

99.13 \$ 10,159,000 2015

99.14 The 2014 appropriation includes \$1,372,000 for 2013 and \$8,632,000 for 2014.

99.15 The 2015 appropriation includes \$1,463,000 for 2014 and \$8,696,000 for 2015.

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

99.18 \$ 21,879,000 2014

99.19 \$ 22,422,000 2015

99.20 The 2014 appropriation includes \$3,008,000 for 2013 and \$18,871,000 for 2014.

99.21 The 2015 appropriation includes \$3,200,000 for 2014 and \$19,222,000 for 2015.

99.22 Subd. 4. **Early childhood education scholarships.** For early childhood education
 99.23 scholarships under Minnesota Statutes, section 124D.143:

99.24 \$ 25,000,000 2014

99.25 \$ 25,000,000 2015

99.26 The 2014 appropriation includes \$950,000 for administrative costs to run the
 99.27 program.

99.28 The 2015 appropriation includes \$950,000 for administrative costs to run the
 99.29 program.

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

99.31 Subd. 5. **Parent-child home program.** For a grant to the parent-child home
 99.32 program:

100.1 \$ 250,000 2014

100.2 \$ 250,000 2015

100.3 The grant must be used for an evidence-based and research-validated early childhood
 100.4 literacy and school readiness program for children ages 16 months to four years at its
 100.5 existing suburban program location. The program must expand to one additional urban
 100.6 and one additional rural program location for fiscal years 2014 and 2015.

100.7 Subd. 6. **Health and developmental screening aid.** For health and developmental
 100.8 screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

100.9 \$ 3,390,000 2014

100.10 \$ 3,345,000 2015

100.11 The 2014 appropriation includes \$474,000 for 2013 and \$2,916,000 for 2014.

100.12 The 2015 appropriation includes \$494,000 for 2014 and \$2,851,000 for 2015.

100.13 Subd. 7. **Head Start program.** For Head Start programs under Minnesota Statutes,
 100.14 section 119A.52:

100.15 \$ 20,100,000 2014

100.16 \$ 20,100,000 2015

100.17 Subd. 8. **Educate parents partnership.** For the educate parents partnership under
 100.18 Minnesota Statutes, section 124D.129:

100.19 \$ 49,000 2014

100.20 \$ 49,000 2015

100.21 Subd. 9. **Kindergarten entrance assessment initiative and intervention**
 100.22 program. For the kindergarten entrance assessment initiative and intervention program
 100.23 under Minnesota Statutes, section 124D.162:

100.24 \$ 281,000 2014

100.25 \$ 281,000 2015

100.26 Subd. 10. **Community education aid.** For community education aid under
 100.27 Minnesota Statutes, section 124D.20:

100.28 \$ 926,000 2014

100.29 \$ 1,056,000 2015

100.30 The 2014 appropriation includes \$118,000 for 2013 and \$808,000 for 2014.

100.31 The 2015 appropriation includes \$137,000 for 2014 and \$919,000 for 2015.

101.1 Subd. 11. **Adults with disabilities program aid.** For adults with disabilities
 101.2 programs under Minnesota Statutes, section 124D.56:

101.3 \$ 704,000 2014

101.4 \$ 710,000 2015

101.5 The 2014 appropriation includes \$96,000 for 2013 and \$608,000 for 2014.

101.6 The 2015 appropriation includes \$102,000 for 2014 and \$608,000 for 2015.

101.7 Subd. 12. **Hearing-impaired adults.** For programs for hearing-impaired adults
 101.8 under Minnesota Statutes, section 124D.57:

101.9 \$ 70,000 2014

101.10 \$ 70,000 2015

101.11 Subd. 13. **School-age care revenue.** For extended day aid under Minnesota
 101.12 Statutes, section 124D.22:

101.13 \$ 1,000 2014

101.14 \$ 1,000 2015

101.15 The 2014 appropriation includes \$0 for 2013 and \$1,000 for 2014.

101.16 The 2015 appropriation includes \$0 for 2014 and \$1,000 for 2015.

101.17 Subd. 14. **Adult basic education aid.** For adult basic education aid under
 101.18 Minnesota Statutes, section 124D.531:

101.19 \$ 46,978,000 2014

101.20 \$ 48,816,000 2015

101.21 The 2014 appropriation includes \$6,284,000 for 2013 and \$40,694,000 for 2014.

101.22 The 2015 appropriation includes \$6,901,000 for 2014 and \$41,915,000 for 2015.

101.23 Subd. 15. **GED tests.** For payment of 60 percent of the costs of GED tests under
 101.24 Minnesota Statutes, section 124D.55:

101.25 \$ 125,000 2014

101.26 \$ 125,000 2015

101.27 **ARTICLE 9**

101.28 **STATE AGENCIES**

101.29 **Section 1. DEPARTMENT OF EDUCATION.**

101.30 Subdivision 1. **Department of Education.** Unless otherwise indicated, the sums
 101.31 indicated in this section are appropriated from the general fund to the Department of
 101.32 Education for the fiscal years designated.

- 102.1 Subd. 2. Department. (a) For the Department of Education:
- 102.2 \$ 22,283,000 2014
- 102.3 \$ 19,996,000 2015
- 102.4 Any balance in the first year does not cancel but is available in the second year.
- 102.5 (b) \$260,000 each year is for the Minnesota Children's Museum.
- 102.6 (c) \$41,000 each year is for the Minnesota Academy of Science.
- 102.7 (d) \$50,000 each year is for the Duluth Children's Museum.
- 102.8 (e) \$618,000 each year is for the Board of Teaching. Any balance in the first year
- 102.9 does not cancel but is available in the second year.
- 102.10 (f) \$167,000 each year is for the Board of School Administrators. Any balance in
- 102.11 the first year does not cancel but is available in the second year.
- 102.12 (g) \$1,500,000 in fiscal year 2014 and \$263,000 in fiscal year 2015 only is for
- 102.13 transfers to the Office of Enterprise Technology to develop model Individuals with
- 102.14 Disabilities Education Act (IDEA) online-available paperwork for special needs students.
- 102.15 Any ongoing information technology support or costs for online IDEA paperwork will be
- 102.16 incorporated into the service-level agreement and will be paid to the Office of Enterprise
- 102.17 Technology by the department under the rates and mechanisms specified in that agreement.
- 102.18 Any balance in the first year does not cancel but is available in the second year.
- 102.19 (h) \$250,000 each year is for the School Finance Division to enhance financial
- 102.20 data analysis.
- 102.21 (i) \$300,000 in fiscal year 2014 only is for a grant to the Northeast Service
- 102.22 Cooperative for a pilot project related to energy conservation programs in Northeast
- 102.23 Service Cooperative member school districts.
- 102.24 (j) \$500,000 each year is to assist school districts in implementing an antibullying
- 102.25 policy.
- 102.26 (k) \$125,000 each year is appropriated to the Minnesota Humanities Commission
- 102.27 for civics education.
- 102.28 (l) \$35,000 each year is for a transfer to the governor's office.
- 102.29 (m) \$750,000 in fiscal year 2014 only is for departmental costs associated with
- 102.30 teacher development and evaluation.
- 102.31 (n) The expenditures of federal grants and aids as shown in the biennial budget
- 102.32 document and its supplements are approved and appropriated and shall be spent as
- 102.33 indicated.
- 102.34 (o) None of the amounts appropriated under this subdivision may be used for
- 102.35 Minnesota's Washington, D.C. office.
- 102.36 (p) The base in fiscal year 2016 and later is \$19,733,000.

103.1 Subd. 3. **Board of Teaching; licensure by portfolio.** For the Board of Teaching
 103.2 for licensure by portfolio:

103.3 \$ 30,000 2014

103.4 \$ 30,000 2015

103.5 This appropriation is from the educator licensure portfolio account of the special
 103.6 revenue fund.

103.7 Sec. 2. **APPROPRIATIONS; MINNESOTA STATE ACADEMIES.**

103.8 The sums indicated in this section are appropriated from the general fund to the
 103.9 Minnesota State Academies for the Deaf and the Blind for the fiscal years designated:

103.10 \$ 11,591,000 2014

103.11 \$ 11,591,000 2015

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

103.13 Sec. 3. **APPROPRIATIONS; PERPICH CENTER FOR ARTS EDUCATION.**

103.14 The sums in this section are appropriated from the general fund to the Perpich
 103.15 Center for Arts Education for the fiscal years designated:

103.16 \$ 7,478,000 2014

103.17 \$ 7,478,000 2015

103.18 \$750,000 each year is to develop an arts curriculum.

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

103.20 **ARTICLE 10**

103.21 **FORECAST ADJUSTMENTS**

103.22 **A. GENERAL EDUCATION**

103.23 Section 1. Laws 2011, First Special Session chapter 11, article 1, section 36, subdivision
 103.24 2, as amended by Laws 2012, chapter 292, article 2, section 1, is amended to read:

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

103.27 \$ 5,379,068,000 2012

103.28 5,844,995,000

103.29 \$ 7,153,701,000 2013

103.30 The 2012 appropriation includes \$1,660,922,000 for 2011 and \$3,718,146,000
 103.31 for 2012.

104.1 The 2013 appropriation includes \$2,038,568,000 for 2012 and ~~\$3,806,427,000~~
 104.2 \$5,115,133,000 for 2013.

104.3 Sec. 2. Laws 2011, First Special Session chapter 11, article 1, section 36, subdivision
 104.4 3, as amended by Laws 2012, chapter 292, article 2, section 2, is amended to read:

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

104.8	\$	42,000	.....	2012
104.9		46,000		
104.10	\$	<u>40,000</u>	.....	2013

104.11 Sec. 3. Laws 2011, First Special Session chapter 11, article 1, section 36, subdivision
 104.12 4, as amended by Laws 2012, chapter 292, article 2, section 3, is amended to read:

104.13 Subd. 4. **Abatement revenue.** For abatement aid under Minnesota Statutes, section
 104.14 127A.49:

104.15	\$	1,406,000	.....	2012
104.16		2,072,000		
104.17	\$	<u>2,503,000</u>	.....	2013

104.18 The 2012 appropriation includes \$346,000 for 2011 and \$1,060,000 for 2012.

104.19 The 2013 appropriation includes \$588,000 for 2012 and ~~\$1,484,000~~ \$1,915,000
 104.20 for 2013.

104.21 Sec. 4. Laws 2011, First Special Session chapter 11, article 1, section 36, subdivision
 104.22 5, as amended by Laws 2012, chapter 292, article 2, section 4, is amended to read:

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

104.25	\$	145,000	.....	2012
104.26		193,000		
104.27	\$	<u>260,000</u>	.....	2013

104.28 The 2012 appropriation includes \$145,000 for 2011 and \$0 for 2012.

104.29 The 2013 appropriation includes \$0 for 2012 and ~~\$193,000~~ \$260,000 for 2013.

104.30 Sec. 5. Laws 2011, First Special Session chapter 11, article 1, section 36, subdivision
 104.31 6, as amended by Laws 2012, chapter 292, article 2, section 5, is amended to read:

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

106.1 \$ 42,806,000 2012

106.2 ~~48,978,000~~

106.3 \$ 60,067,000 2013

106.4 The 2012 appropriation includes \$12,642,000 for 2011 and \$30,164,000 for 2012.

106.5 The 2013 appropriation includes \$16,746,000 for 2012 and ~~\$32,232,000~~ \$43,321,000

106.6 for 2013.

106.7 Sec. 9. Laws 2011, First Special Session chapter 11, article 2, section 50, subdivision

106.8 4, as amended by Laws 2012, chapter 292, article 2, section 10, is amended to read:

106.9 Subd. 4. **Integration aid.** For integration aid under Minnesota Statutes, section

106.10 124D.86:

106.11 \$ 61,181,000 2012

106.12 ~~65,498,000~~

106.13 \$ 79,329,000 2013

106.14 The 2012 appropriation includes \$19,272,000 for 2011 and \$41,909,000 for 2012.

106.15 The 2013 appropriation includes \$23,268,000 for 2012 and ~~\$42,230,000~~ \$56,061,000

106.16 for 2013.

106.17 The base for the final payment in fiscal year 2014 for fiscal year 2013 is ~~\$31,668,000~~

106.18 \$17,197,000.

106.19 Sec. 10. Laws 2011, First Special Session chapter 11, article 2, section 50, subdivision

106.20 5, as amended by Laws 2012, chapter 292, article 2, section 11, is amended to read:

106.21 Subd. 5. **Literacy incentive aid.** For literacy incentive aid under Minnesota

106.22 Statutes, section 124D.98:

106.23 ~~31,241,000~~

106.24 \$ 41,978,000 2013

106.25 The 2013 appropriation includes \$0 for 2012 and ~~\$31,241,000~~ \$41,978,000 for 2013.

106.26 Sec. 11. Laws 2011, First Special Session chapter 11, article 2, section 50, subdivision

106.27 6, as amended by Laws 2012, chapter 292, article 2, section 12, is amended to read:

106.28 Subd. 6. **Interdistrict desegregation or integration transportation grants.** For

106.29 interdistrict desegregation or integration transportation grants under Minnesota Statutes,

106.30 section 124D.87:

106.31 \$ 13,262,000 2012

106.32 ~~13,966,000~~

106.33 \$ 13,260,000 2013

107.1 Sec. 12. Laws 2011, First Special Session chapter 11, article 2, section 50, subdivision
107.2 7, as amended by Laws 2012, chapter 292, article 2, section 13, is amended to read:

107.3 Subd. 7. **Success for the future.** For American Indian success for the future grants
107.4 under Minnesota Statutes, section 124D.81:

107.5 \$ 2,013,000 2012

107.6 ~~2,137,000~~

107.7 \$ 2,609,000 2013

107.8 The 2012 appropriation includes \$638,000 for 2011 and \$1,375,000 for 2012.

107.9 The 2013 appropriation includes \$762,000 for 2012 and ~~\$1,375,000~~ \$1,847,000
107.10 for 2013.

107.11 Sec. 13. Laws 2011, First Special Session chapter 11, article 2, section 50, subdivision
107.12 9, as amended by Laws 2012, chapter 292, article 2, section 14, is amended to read:

107.13 Subd. 9. **Tribal contract schools.** For tribal contract school aid under Minnesota
107.14 Statutes, section 124D.83:

107.15 \$ 1,791,000 2012

107.16 ~~1,969,000~~

107.17 \$ 2,353,000 2013

107.18 The 2012 appropriation includes \$600,000 for 2011 and \$1,191,000 for 2012.

107.19 The 2013 appropriation includes \$660,000 for 2012 and ~~\$1,309,000~~ \$1,693,000
107.20 for 2013.

107.21 C. SPECIAL EDUCATION

107.22 Sec. 14. Laws 2011, First Special Session chapter 11, article 3, section 11, subdivision
107.23 2, as amended by Laws 2012, chapter 292, article 2, section 15, is amended to read:

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

107.26 \$ 767,845,000 2012

107.27 ~~856,386,000~~

107.28 \$ 1,046,423,000 2013

107.29 The 2012 appropriation includes \$235,975,000 for 2011 and \$531,870,000 for 2012.

107.30 The 2013 appropriation includes \$295,299,000 for 2012 and ~~\$561,087,000~~
107.31 \$751,124,000 for 2013.

107.32 Sec. 15. Laws 2011, First Special Session chapter 11, article 3, section 11, subdivision
107.33 3, as amended by Laws 2012, chapter 292, article 2, section 16, is amended to read:

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

108.4 \$ 1,508,000 2012

108.5 ~~1,593,000~~

108.6 \$ 1,570,000 2013

108.7 If the appropriation for either year is insufficient, the appropriation for the other
 108.8 year is available.

108.9 Sec. 16. Laws 2011, First Special Session chapter 11, article 3, section 11, subdivision
 108.10 4, as amended by Laws 2012, chapter 292, article 2, section 17, is amended to read:

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

108.13 \$ 314,000 2012

108.14 ~~321,000~~

108.15 \$ 407,000 2013

108.16 The 2012 appropriation includes \$107,000 for 2011 and \$207,000 for 2012.

108.17 The 2013 appropriation includes \$114,000 for 2012 and ~~\$207,000~~ \$293,000 for 2013.

108.18 Sec. 17. Laws 2011, First Special Session chapter 11, article 3, section 11, subdivision
 108.19 5, as amended by Laws 2012, chapter 292, article 2, section 18, is amended to read:

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

108.22 \$ 107,557,000 2012

108.23 ~~115,269,000~~

108.24 \$ 134,121,000 2013

108.25 The 2012 appropriation includes \$53,449,000 for 2011 and \$54,108,000 for 2012.

108.26 The 2013 appropriation includes \$59,607,000 for 2012 and ~~\$55,662,000~~ \$74,514,000
 108.27 for 2013.

108.28 D. FACILITIES AND TECHNOLOGY

108.29 Sec. 18. Laws 2011, First Special Session chapter 11, article 4, section 10, subdivision
 108.30 2, as amended by Laws 2012, chapter 292, article 2, section 19, is amended to read:

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

109.1 \$ 98,000 2012

109.2 ~~157,000~~

109.3 \$ 200,000 2013

109.4 The 2012 appropriation includes \$39,000 for 2011 and \$59,000 for 2012.

109.5 The 2013 appropriation includes \$32,000 for 2012 and ~~\$125,000~~ \$168,000 for 2013.

109.6 Sec. 19. Laws 2011, First Special Session chapter 11, article 4, section 10, subdivision
109.7 3, as amended by Laws 2012, chapter 292, article 2, section 20, is amended to read:

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

109.10 \$ 11,625,000 2012

109.11 ~~16,342,000~~

109.12 \$ 20,237,000 2013

109.13 The 2012 appropriation includes \$2,604,000 for 2011 and \$9,021,000 for 2012.

109.14 The 2013 appropriation includes \$5,008,000 for 2012 and ~~\$11,334,000~~ \$15,229,000
109.15 for 2013.

109.16 Sec. 20. Laws 2011, First Special Session chapter 11, article 4, section 10, subdivision
109.17 4, as amended by Laws 2012, chapter 292, article 2, section 21, is amended to read:

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

109.20 \$ 18,187,000 2012

109.21 ~~19,287,000~~

109.22 \$ 23,549,000 2013

109.23 The 2012 appropriation includes \$5,785,000 for 2011 and \$12,402,000 for 2012.

109.24 The 2013 appropriation includes \$6,885,000 for 2012 and ~~\$12,402,000~~ \$16,664,000
109.25 for 2013.

109.26 Sec. 21. Laws 2011, First Special Session chapter 11, article 4, section 10, subdivision
109.27 6, as amended by Laws 2012, chapter 292, article 2, section 22, is amended to read:

109.28 Subd. 6. **Deferred maintenance aid.** For deferred maintenance aid, according to
109.29 Minnesota Statutes, section 123B.591, subdivision 4:

109.30 \$ 2,331,000 2012

109.31 ~~3,141,000~~

109.32 \$ 3,817,000 2013

109.33 The 2012 appropriation includes \$676,000 for 2011 and \$1,655,000 for 2012.

110.1 The 2013 appropriation includes \$918,000 for 2012 and ~~\$2,223,000~~ \$2,899,000
 110.2 for 2013.

110.3 **E. NUTRITION AND LIBRARIES**

110.4 Sec. 22. Laws 2011, First Special Session chapter 11, article 5, section 12, subdivision
 110.5 2, as amended by Laws 2012, chapter 292, article 2, section 23, is amended to read:

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

110.8	\$	12,285,000	.....	2012
110.9		12,524,000		
110.10	\$	<u>12,266,000</u>	.....	2013

110.11 Sec. 23. Laws 2011, First Special Session chapter 11, article 5, section 12, subdivision
 110.12 3, as amended by Laws 2012, chapter 292, article 2, section 24, is amended to read:

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

110.15	\$	5,247,000	.....	2012
110.16		5,560,000		
110.17	\$	<u>5,417,000</u>	.....	2013

110.18 Sec. 24. Laws 2011, First Special Session chapter 11, article 5, section 12, subdivision
 110.19 4, as amended by Laws 2012, chapter 292, article 2, section 25, is amended to read:

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

110.22	\$	1,025,000	.....	2012
110.23		1,035,000		
110.24	\$	<u>1,019,000</u>	.....	2013

110.25 Sec. 25. Laws 2011, First Special Session chapter 11, article 6, section 2, subdivision
 110.26 2, as amended by Laws 2012, chapter 292, article 2, section 26, is amended to read:

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

110.29	\$	12,797,000	.....	2012
110.30		13,570,000		
110.31	\$	<u>16,569,000</u>	.....	2013

110.32 The 2012 appropriation includes \$4,071,000 for 2011 and \$8,726,000 for 2012.

111.1 The 2013 appropriation includes \$4,844,000 for 2012 and ~~\$8,726,000~~ \$11,725,000
 111.2 for 2013.

111.3 Sec. 26. Laws 2011, First Special Session chapter 11, article 6, section 2, subdivision
 111.4 3, as amended by Laws 2012, chapter 292, article 2, section 27, is amended to read:

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

111.7 \$ 1,226,000 2012

111.8 ~~1,300,000~~

111.9 \$ 1,588,000 2013

111.10 The 2012 appropriation includes \$390,000 for 2011 and \$836,000 for 2012.

111.11 The 2013 appropriation includes \$464,000 for 2012 and ~~\$836,000~~ \$1,124,000 for
 111.12 2013.

111.13 Sec. 27. Laws 2011, First Special Session chapter 11, article 6, section 2, subdivision
 111.14 5, as amended by Laws 2012, chapter 292, article 2, section 28, is amended to read:

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

111.17 \$ 2,169,000 2012

111.18 ~~2,300,000~~

111.19 \$ 2,809,000 2013

111.20 The 2012 appropriation includes \$690,000 for 2011 and \$1,479,000 for 2012.

111.21 The 2013 appropriation includes \$821,000 for 2012 and ~~\$1,479,000~~ \$1,988,000
 111.22 for 2013.

111.23 **F. EARLY CHILDHOOD EDUCATION, PREVENTION, AND**
 111.24 **LIFELONG LEARNING**

111.25 Sec. 28. Laws 2011, First Special Session chapter 11, article 7, section 2, subdivision
 111.26 2, as amended by Laws 2012, chapter 292, article 2, section 29, is amended to read:

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

111.29 \$ 9,444,000 2012

111.30 ~~10,095,000~~

111.31 \$ 12,326,000 2013

111.32 The 2012 appropriation includes \$2,952,000 for 2011 and \$6,492,000 for 2012.

112.1 The 2013 appropriation includes \$3,603,000 for 2012 and ~~\$6,492,000~~ \$8,723,000
 112.2 for 2013.

112.3 Sec. 29. Laws 2011, First Special Session chapter 11, article 7, section 2, subdivision
 112.4 3, as amended by Laws 2012, chapter 292, article 2, section 30, is amended to read:

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

112.7 \$ 21,099,000 2012

112.8 ~~22,358,000~~

112.9 \$ 27,197,000 2013

112.10 The 2012 appropriation includes \$6,542,000 for 2011 and \$14,557,000 for 2012.

112.11 The 2013 appropriation includes \$8,082,000 for 2012 and ~~\$14,276,000~~ \$19,115,000
 112.12 for 2013.

112.13 Sec. 30. Laws 2011, First Special Session chapter 11, article 7, section 2, subdivision
 112.14 4, as amended by Laws 2012, chapter 292, article 2, section 31, is amended to read:

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

112.17 \$ 3,359,000 2012

112.18 ~~3,543,000~~

112.19 \$ 4,287,000 2013

112.20 The 2012 appropriation includes \$1,066,000 for 2011 and \$2,293,000 for 2012.

112.21 The 2013 appropriation includes \$1,273,000 for 2012 and ~~\$2,270,000~~ \$3,014,000
 112.22 for 2013.

112.23 Sec. 31. Laws 2011, First Special Session chapter 11, article 8, section 2, subdivision
 112.24 2, as amended by Laws 2012, chapter 292, article 2, section 32, is amended to read:

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

112.27 \$ 442,000 2012

112.28 ~~746,000~~

112.29 \$ 926,000 2013

112.30 The 2012 appropriation includes \$134,000 for 2011 and \$308,000 for 2012.

112.31 The 2013 appropriation includes \$170,000 for 2012 and ~~\$576,000~~ \$756,000 for 2013.

112.32 Sec. 32. Laws 2011, First Special Session chapter 11, article 8, section 2, subdivision
 112.33 3, as amended by Laws 2012, chapter 292, article 2, section 33, is amended to read:

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

113.3 \$ 654,000 2012

113.4 ~~710,000~~

113.5 \$ 867,000 2013

113.6 The 2012 appropriation includes \$197,000 for 2011 and \$457,000 for 2012.

113.7 The 2013 appropriation includes \$253,000 for 2012 and ~~\$457,000~~ \$614,000 for 2013.

113.8 Sec. 33. Laws 2011, First Special Session chapter 11, article 9, section 3, subdivision
 113.9 2, as amended by Laws 2012, chapter 292, article 2, section 34, is amended to read:

113.10 Subd. 2. **Adult basic education aid.** For adult basic education aid under Minnesota
 113.11 Statutes, section 124D.531:

113.12 \$ 42,526,000 2012

113.13 ~~45,901,000~~

113.14 \$ 56,113,000 2013

113.15 The 2012 appropriation includes \$13,364,000 for 2011 and \$29,162,000 for 2012.

113.16 The 2013 appropriation includes \$16,190,000 for 2012 and ~~\$29,711,000~~ \$39,923,000
 113.17 for 2013.

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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. 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.

125A.76 SPECIAL EDUCATION REVENUE.

Subd. 7. **Revenue allocation from cooperative centers and intermediates.** For the purposes of this section, a special education cooperative, a service cooperative, an education district, or an intermediate district must allocate its approved expenditures for special education programs among participating school districts.

126C.10 GENERAL EDUCATION REVENUE.

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

Subd. 13b. **Operating capital aid.** A district's operating capital aid equals its operating capital revenue minus its operating capital levy times the ratio of the actual amount levied to the permitted levy.

Subd. 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 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.

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Subd. 34. **Basic alternative teacher compensation aid.** (a) For fiscal years 2007, 2008, and 2009, the basic alternative teacher compensation aid for a school district with a plan approved under section 122A.414, subdivision 2b, equals 73.1 percent of the alternative teacher compensation revenue under section 122A.415, subdivision 1. The basic alternative teacher compensation aid for an intermediate school district or charter school with a plan approved under section 122A.414, subdivisions 2a and 2b, if the recipient is a charter school, equals \$260 times the number of pupils enrolled in the school on October 1 of the previous fiscal year, or on October 1 of the current fiscal year for a charter school in the first year of operation, times the ratio of the sum of the alternative teacher compensation aid and alternative teacher compensation levy for all participating school districts to the maximum alternative teacher compensation revenue for those districts under section 122A.415, subdivision 1.

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

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

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

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

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

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):

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(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.

3501.0010 PURPOSE.

The purpose of parts 3501.0010 to 3501.0180 is to establish statewide standards that define what a Minnesota public high school graduate should know and be able to do to function effectively as a purposeful thinker, effective communicator, self-directed learner, productive group participant, and responsible citizen.

3501.0020 SCOPE.

Parts 3501.0010 to 3501.0180 govern the graduation standards that Minnesota public schools must require for a high school diploma for all students who enter ninth grade in 1996 or a subsequent year.

3501.0030 DEFINITIONS.

Subpart 1. **Scope.** The terms used in parts 3501.0010 to 3501.0180 have the meanings given them in this part.

3501.0030 DEFINITIONS.

Subp. 2. **Accommodation.** "Accommodation" means an adjustment in a testing condition, such as the setting for or scheduling of the test, or a change in the method of administering a test. An accommodation does not compromise the security or the confidentiality of the test, does not alter the meaning of the score, or render the student's score incomparable to the scores of those students who took the test under standard conditions. Among accommodations is providing a student with the same test in a large-print version.

3501.0030 DEFINITIONS.

Subp. 3. **Degrees of Reading Power Index of Readability or DRP.** The "Degrees of Reading Power Index of Readability" or "DRP" means the Degrees of Reading Power Index of Readability described in the DRP Teacher's Manual: Primary and Standard Test Forms issued by Touchstone Applied Science Associates (TASA), Inc. (Brewster, New York, 1989). This document is incorporated by reference and is available through the Minitex interlibrary loan system. This index is not subject to frequent change.

3501.0030 DEFINITIONS.

Subp. 4. **Department.** "Department" means the Department of Education.

3501.0030 DEFINITIONS.

Subp. 5. **District.** "District" means a school district.

3501.0030 DEFINITIONS.

Subp. 6. **Exemption.** "Exemption" means a temporary or permanent waiver of the requirement that a student take a test in the basic requirements.

3501.0030 DEFINITIONS.

Subp. 7. **Individualized education program or IEP.** "Individualized education program" or "IEP" means a written statement developed for a student eligible for special education and services pursuant to Minnesota Statutes, sections 125A.03 to 125A.24, and Public Law 101-476, the Individuals with Disabilities Education Act.

3501.0030 DEFINITIONS.

Subp. 9. **Modification.** "Modification" means an adjustment of a test that results in changing the standard for a particular student. Among adjustments are: a modification of only part of a test, a change in test questions, and a change in the performance standard.

3501.0030 DEFINITIONS.

Subp. 10. **Parent.** "Parent" means, for a student under age 18, the mother, father, guardian, person acting as the parent of the child, conservator, or surrogate parent who has been appointed in accordance with parts 3525.2435 to 3525.2455. For a pupil age 18 or over, parent or parents also includes the pupil unless a guardian or conservator has been appointed, in which case it means the guardian or conservator. When the parents are separated or divorced, it means the

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parent who has the legal right, by court decree or agreement, to determine the pupil's education, even though the pupil may be living with the other parent.

3501.0030 DEFINITIONS.

Subp. 11. **Public schools.** "Public schools" means all public schools as defined in Minnesota Statutes, section 120A.05, and includes, but is not limited to, public school districts, charter schools, the state academies for the deaf and the blind, and the Center for Arts Education.

3501.0030 DEFINITIONS.

Subp. 12. **Section 504 accommodation plan.** "Section 504 accommodation plan" means the defined appropriate accommodations or modifications that must be made in the school environment to address the needs of an individual student with disabilities. This section of the federal Rehabilitation Act of 1973, Public Law 91-230 as amended in Public Law 101-476, extends protection to a much broader student population than just those students with IEPs.

3501.0030 DEFINITIONS.

Subp. 13. **State test.** "State test" means a test of a basic requirement that has been developed using the specifications created for a statewide standard in reading or mathematics. The test shall be designated by the department as the official state test.

3501.0030 DEFINITIONS.

Subp. 14. **Statewide standards.** "Statewide standards" means statements of what a student should know and be able to do. Statewide standards are concerned with the knowledge that a student should acquire, the concepts and processes a student should master, and the minimum level of competency a student should develop in the course of the student's prekindergarten through grade 12 experience.

3501.0030 DEFINITIONS.

Subp. 15. **Student.** "Student" means a person admitted to a public school as defined in Minnesota Statutes, section 120A.05, in accordance with Minnesota Statutes, section 120A.20.

3501.0030 DEFINITIONS.

Subp. 16. **Test specifications.** "Test specifications" means statements of the basic requirements that tests must include and how tests are designed. The specifications define the required content, format, level of difficulty, types of items, and length of the tests.

3501.0040 STATEWIDE GRADUATION STANDARDS.

Subpart 1. **Basic requirements.** The basic requirements for mathematics and reading are established in this chapter. The statewide standards for mathematics are specified in subpart 2 and the statewide standards for reading are specified in subpart 3.

To qualify for a high school diploma, a student shall demonstrate competency in the statewide standards for mathematics and reading through a state test except for decisions consistent with parts 3501.0090 and 3501.0100. School districts may require higher standards in mathematics and reading than the statewide standards.

Subp. 2. **Statewide standard in mathematics.** To meet the basic requirement in mathematics, a student shall demonstrate the ability to solve mathematical problems derived from situations commonly encountered in adult life. Among common situations is the estimation of distance traveled when the elapsed time and average rate are known.

Subp. 3. **Statewide standard in reading.** To meet the basic requirement in reading, a student shall demonstrate the ability to read and comprehend English passages representative of widely circulated material commonly encountered in adult life. Among widely circulated material is a newspaper feature article.

3501.0050 TESTING FOR STATEWIDE STANDARDS IN BASIC REQUIREMENTS.

Subpart 1. **School district testing.** A school district shall test for competency in the statewide standards in basic requirements by using the state basic skills tests:

- A. a state test;
- B. one of the state-approved nationally normed, commercially published tests; or
- C. a local test.

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Subp. 2. **Offering tests in basic requirements.** A district shall not offer the test of a basic requirement before grade 8. Once the test has first been offered to a group of students, the district shall continue to offer the test of that basic requirement to that group of students at least once a year.

Subp. 3. **Additional testing opportunities.** A district shall establish a process for additional testing of students, who by April 1 of their anticipated graduation year have not passed one or more of the basic requirement tests.

The process shall include:

- A. how a parent, student, or both can request:
 - (1) an additional opportunity to take basic requirement tests; and
 - (2) testing accommodations;
- B. the procedure that a district shall use to act on a request in item A; and
- C. how a parent, student, or both can appeal the district's action under item B.

In addition to the regularly scheduled annual availability of the state tests, the state tests shall also be made available by the department at a district's request for one additional retesting of seniors.

Subp. 4. **Transfer students.** A student transferring into a district shall not be required to take a test of a basic requirement if the student's former school record verifies that the student has already passed a test of that basic requirement consistent with this part. This subpart applies even if the student transfers into a district that has higher standards than the statewide standard in the basic requirement.

3501.0060 STATE TEST.

Subpart 1. District use of state test.

- A. The department shall establish and maintain state tests in the basic requirements.
- B. When a district uses a state test, it shall:
 - (1) accept as final and conclusive the department's determination on the content of the test, the scoring of the answers, and the determination of the minimum passing score;
 - (2) administer the state test according to the standard conditions for administration that shall be provided to the district with each state test of basic requirements;
 - (3) return the administered state test to the state for scoring; and
 - (4) adopt a passing score no lower than the passing score given in part 3501.0180 for that basic requirement test.

Subp. 2. **Specifications for state test of mathematics.** The state test of mathematics shall assess the statewide standard in mathematics by including the topics described in items A to H:

- A. problems involving whole numbers, fractions, decimals, and integers; for example, finding the change from a \$20 bill after purchasing two items of known cost;
- B. problems involving percents, rate, ratios, and proportions; for example, determining which size of a grocery item represents the best buy;
- C. problems using concepts of number sense, place value, and number relationships to compare, order, and determine equivalence of whole numbers, fractions, decimals, percents, and integers; for example, determining which of two numbers is larger if one is in fraction form and one in decimal form;
- D. problems using estimation; for example, estimating the approximate distance traveled when the elapsed time and average rate are known;
- E. problems applying measurement concepts; for example, using a ruler to determine the length of the side of a figure;
- F. problems in reading, interpreting, and using one- and two-dimensional graphic forms to analyze data, identify patterns, and make predictions; for example, using a table to determine in which month a show had the highest attendance;
- G. problems using elementary concepts of probability and statistics; for example, finding the average of five bowling scores; and
- H. problems applying geometric and spatial relationships; for example, finding the total number of boxes stacked in a display.

A student shall be permitted to use a calculator on the state test of mathematics.

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Subp. 3. **Specifications for state test of reading.** The state test shall assess the statewide standard in reading. The test shall be written according to items A to D.

A. Test questions shall test reading comprehension as an integrated skill, with no testing of subskills or strategies.

B. The test shall be composed of passages of English nonfiction prose that are either narrative or expository.

C. Passages shall be selected from published readings commonly used by adults as sources of information.

D. Passages shall have a level of difficulty measured by the Degrees of Reading Power Index of Readability. The total test shall have an average difficulty of at least 64 DRP units.

3501.0090 STUDENTS WITH INDIVIDUALIZED EDUCATION PROGRAMS OR SECTION 504 ACCOMMODATION PLANS.

Subpart 1. **Considerations for students with IEPs or section 504 accommodation plans.**

A. The IEP or section 504 accommodation plan for a student with a disability shall identify one of the following decisions for each of the basic requirements:

(1) the student is expected to achieve the statewide standard with or without testing accommodations;

(2) the student is expected to achieve the statewide standard at an individually modified level of difficulty; or

(3) the student is exempt from the statewide standard.

An exemption from the statewide standard shall be granted to a special needs student when the student cannot demonstrate the required degree of learning with appropriate accommodations or modifications if:

(a) the student's IEP or section 504 accommodation plan does not and never has included the requirements on which the tests are based; or

(b) the student is enrolled in special education classes for the subject matter included in the test, but the student's IEP or section 504 accommodation plan does not include a majority of concepts tested.

B. Adoption of modifications or exemptions for a student as stated in item A, shall occur concurrently with the adoption of transition goals and objectives as required in Minnesota Statutes, section 125A.08, paragraph (a), clause (1).

Subp. 2. **Testing students with IEPs or section 504 accommodation plans.**

A. All students shall be tested under standard conditions as specified by the developer of the test except those students whose IEPs specify other decisions consistent with subpart 1, item A.

B. Decisions regarding appropriate testing conditions including a decision to provide accommodations for a student with special needs shall be made by the local school district through the IEP process or the section 504 accommodation plan process and shall be reviewed annually.

C. Where subpart 1, item A, subitem (2), applies, the student's IEP or section 504 accommodation plan shall define an appropriate assessment of the statewide standard at a modified level of difficulty. Achievement of the individually modified standard shall be certified only through documented student performance of the defined assessment.

3501.0100 TESTING CONSIDERATIONS FOR ENGLISH LEARNERS (EL).

Subpart 1. **Scope.** This part applies to individuals whose first language is not English and whose test performance may be negatively impacted by lack of English language proficiency.

Subp. 2. **District process.** Each district shall establish a process for determining whether individual students whose first language is not English shall take basic requirements tests under standard test conditions, with language accommodations, with language translation of the mathematics test, or be temporarily exempted from testing. Parents of English learners, teachers of English learners, and district personnel responsible for testing shall be involved in establishing this process.

Subp. 3. **Temporary exemption.** A student may be temporarily exempted from participation in testing if the student has been enrolled for three or fewer years in a school in which the primary language of instruction is English. If the student is temporarily exempted, the exemption shall be reviewed annually according to the process in subpart 2.

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Subp. 4. **Test of reading.** Language accommodations and language translations to basic requirements tests shall not be applied to the testing of reading. Students shall demonstrate English language competence in the testing of reading.

Subp. 5. **Language translations.** A district may translate the mathematics test into a language other than English.

Subp. 6. **Learning opportunities.** Part 3501.0110 applies to students granted considerations under this part.

3501.0110 OPPORTUNITIES TO LEARN AND REMEDIATION.

A school district's curriculum shall include opportunities for all students to learn the basic requirements. At least two years before the anticipated date of the student's graduation, the district shall develop a plan for remediation for students who have not passed one or more basic requirements tests except for exempt students under part 3501.0090, subpart 1, item A, subitem (3).

3501.0120 REQUIRED NOTIFICATION TO PARENTS AND STUDENTS.

Subpart 1. **Written notice.** A school district shall establish and maintain a system to provide written notice to parents and students about graduation requirements.

Subp. 2. **Notice of graduation requirements.** No later than 30 working days after the date of the entrance into the 9th grade or transfer of a student into the district during or after 9th grade, the school district shall provide to the parents and the student written notice of:

- A. the graduation requirements; and
- B. the grade in which the student shall have the first opportunity to take a test in basic requirements.

Subp. 3. **Notice of test results and remediation opportunities.** The school district shall provide no later than 90 days after a student takes a test of basic requirements, written notice to parents and the student of:

- A. basic requirement test results; and
- B. consistent with part 3501.0050, subpart 3, if the student is in the graduating year:
 - (1) the process by which a parent or student can request additional testing and testing accommodations after April 1; and
 - (2) how a parent or student can appeal the district's decision in subitem (1).

3501.0130 STUDENT RECORD KEEPING.

Subpart 1. **Test results.** The district shall keep a record on each student that includes:

- A. the basic requirement tests taken; and
- B. the results of the most recent basic requirement tests given.

Subp. 2. **Student progress.** Individual student progress shall be reported on a student record as described in items A to D.

A. "Pass-state level" shall be noted on the record of a student who passes a basic requirement test under standard conditions or with an accommodation. The records for students passing with an accommodation shall not be different from the records of students passing the test under standard conditions.

B. "Pass-individual level" shall be noted on the record of a student who passes a basic requirement test with a modification established in the IEP or section 504 accommodation plan in accordance with part 3501.0090.

C. "Pass-translation" shall be noted on the record of a student who passes a basic requirement test that has been translated into a language other than English and has not been validated by the state as a state test with a set passing score.

D. "Exempt" shall be noted on the record of a student who has been exempted from a basic requirement test.

3501.0140 TEST ADMINISTRATION.

Subpart 1. **Testing conditions.** The school district shall administer the test of a basic requirement under standard testing conditions defined by the developer of the particular test using the directions provided with the test. Test administration with accommodations or modifications

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to standard testing conditions shall occur only in accordance with part 3501.0050, subpart 3, or 3501.0090.

Subp. 2. **District testing plan.** The district board shall annually adopt and publish a basic requirement test administration plan. The plan shall be filed with the department and delivered to all households in the district by October 15 of each year. At a minimum, the plan shall include:

- A. the graduation requirements;
- B. how many opportunities a student shall have to retake tests of basic requirements during each year;
- C. the opportunities for remediation for a student who has not passed tests of the basic requirements;
- D. the process for requesting an additional testing opportunity and accommodations for a senior who has met all other graduation requirements but has not passed one or more basic requirements;
- E. the process for appealing the district's response to requests in item D; and
- F. how to report breaches in test security procedures to the district and the department.

3501.0150 TEST SECURITY.

Subpart 1. **Security requirements.** When administering tests for the basic requirements, the district shall observe the following test security measures:

- A. all test booklets, answer sheets, and test materials shall be placed in locked storage before and after the test administration;
- B. the tests, testing materials, and answer sheets are nonpublic data under Minnesota Statutes, section 13.34;
- C. no copies of test booklets or answer sheets shall be made; and
- D. school districts shall report any known violations of test security to the department. The department shall receive reports of violations of test security from anyone with knowledge of such an incident.

Subp. 2. **Security violations.** The department shall investigate any reported incidents of breaches in test security. The consequences of a violation in test security may include:

- A. the invalidation of test scores if a violation is found to justify serious questions about the integrity of the results of the test administration; or
- B. other reasonable sanctions that are necessary to preserve the security and confidentiality of future tests and test administrations.

3501.0160 DISTRICT REPORTING REQUIREMENTS.

A. The district shall report the information in item C to the department annually by October 15 in a format to be determined by the department.

B. The district shall prepare and disseminate annually by October 15 a public report of the information in item C, through the newspaper officially designated for school district notices or through publication sent to all households in the district.

C. The reports required in items A and B shall include:

- (1) the number of students enrolled at each grade level 9 through 12 according to the end of the year Minnesota Automated Reporting Student System (MARSS) report;
- (2) the number of students at each grade level 9 through 12 passing each basic requirement at the state standard level;
- (3) the number of students at each grade level 9 through 12 passing each basic requirement at an individualized level under an IEP and a section 504 accommodation plan;
- (4) the number of students at each grade level 9 through 12 passing tests in each basic requirement that has been translated into a language other than English;
- (5) the number of students at each grade level 9 through 12 exempt from testing in each basic requirement; and
- (6) for grade 12 of the previous year only, the number of students currently denied a high school diploma because of not passing the state standard for a basic requirement when all other graduation requirements have been met.

3501.0170 REQUIRED DOCUMENTATION FOR PROGRAM AUDIT.

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The school district shall maintain records necessary for program audits conducted by the department. The records must include documentation that:

- A. required notifications to parents and students meet the requirements of part 3501.0120;
- B. required student records meet the requirements of part 3501.0130;
- C. the district's process for additional testing of students meets the requirements of part 3501.0050;
- D. test security procedures comply with part 3501.0150;
- E. local district decisions regarding testing accommodations, modifications, and granting exemptions are in compliance with parts 3501.0090 and 3501.0100;
- F. the school district's curriculum and instruction provides appropriate learning opportunities in the basic requirements in compliance with part 3501.0110;
- G. remediation plans for students are on file consistent with part 3501.0110;
- H. the basic requirement test administration plan complies with part 3501.0140, subpart 2;
- I. the documentation for students granted accommodations or exempted from testing complies with part 3501.0090;
- J. the assessments and documentation of performance for students granted modifications of statewide standards comply with part 3501.0090, subpart 2, item C; and
- K. the district's process for testing considerations for English learners complies with part 3501.0100.

3501.0180 PASSING SCORES FOR STATE TESTS OF BASIC REQUIREMENTS.

Subpart 1. **Setting scores.** The scores in this part are established for each grade 9 class beginning with the class entering in 1996. Once set, the basic requirements passing scores shall not change for a particular group of entering grade 9 students.

Subp. 2. **Mathematics.** The passing score for the state test of mathematics is 70 percent for students entering grade 9 in 1996; and is 75 percent for students entering grade 9 in 1997 and thereafter.

Subp. 3. **Reading.** The passing score for the state test of reading is 70 percent for students entering grade 9 in 1996; and is 75 percent for students entering grade 9 in 1997 and thereafter.

3501.0200 PURPOSE.

The purpose of parts 3501.0200 to 3501.0290 is to establish a statewide standard that describes what a Minnesota public high school student must demonstrate in written composition to be eligible for a high school diploma.

3501.0210 SCOPE.

Parts 3501.0200 to 3501.0290 govern the written composition standard for a high school diploma that Minnesota public schools must require of all students who enter ninth grade in 1997 or a subsequent year.

3501.0220 DEFINITIONS.

Subpart 1. **Scope.** For the purposes of parts 3501.0200 to 3501.0290, the terms defined in part 3501.0030 have the same meaning unless otherwise clearly indicated.

Subp. 2. **Definitions for basic requirement in written composition testing.** For the purposes of parts 3501.0200 to 3501.0290, the following terms have the meanings given them.

A. "Prompt" means a statement of a writing task for which the student is to create a written composition for a specified adult reader.

B. "Scoring criteria" means the five writing characteristics in part 3501.0230, subpart 2, to be used by trained raters in determining to what degree a written response to a prompt does or does not meet the statewide standard for written composition.

C. "Written composition" or "composition" means the composite acts of formulating and preparing, in English, a clearly focused, organized, developed, coherent, and clearly expressed message to be communicated to an adult reader in a written format.

3501.0230 STATEWIDE GRADUATION STANDARD FOR WRITTEN COMPOSITION.

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Subpart 1. **Basic requirements.** The basic graduation requirement for written composition is established in parts 3501.0210 to 3501.0290. The statewide standard for written composition is specified in subpart 2.

Except for decisions consistent with parts 3501.0090 and 3501.0100, to qualify for a high school diploma, a student shall demonstrate competency in the statewide standard for written composition through one of the testing options in part 3501.0250, subpart 1. Districts may require higher standards, additional demonstrations, or both of competency in written composition beyond the statewide standards.

Subp. 2. **Statewide standard in written composition.** A student shall demonstrate the ability to create, in English, a written composition. An adequate written composition must show:

A. clarity of central ideas such that the composition responds directly and specifically to the task presented in the prompt;

B. coherent focus such that the supporting ideas expressed in the composition relate clearly to the central idea and that there is a clear connection among ideas. Coherent focus may be accomplished through transitions, parallel structure, or other unifying devices;

C. organization such that the ideas are expressed in an order which is logical and clear and the composition contains a beginning, middle, and end. The student may choose one of a variety of organizational strategies such as cause/effect, problem/solution, chronological sequence, topical order, or spatial organization;

D. detailed support or elaboration of ideas. The composition must include any or all of the following: information; verbal illustrations; explanations; and examples, which sufficiently clarify and expand the student's central idea for the reader. These details must be logically connected to the central idea; and

E. language conventions such that the composition includes features of language that are acceptable in standard written discourse. Language conventions are important to ensure that the meaning of the written composition is not impaired. The writer shall apply rules of sentence formation, language choice and order, and language mechanics including punctuation, capitalization, and spelling, of standard written English.

Subp. 3. **Scoring.** When scoring written compositions, there shall be a no minimum length requirement. Ratings shall be based on the overall quality of the written response relative to the scoring criteria. The general guidelines for score scale points in part 3501.0240 shall be used to evaluate adequate demonstration of the characteristics in subpart 2.

Handwriting must be decipherable. While students should be encouraged to write as neatly as they can, there shall be no penalty for poor handwriting, except that only compositions that are legible shall be scored.

3501.0240 GENERAL GUIDELINES FOR SCORE SCALE POINTS.

Subpart 1. **Scoring criteria.** Trained raters shall apply the scoring criteria under part 3501.0230, subpart 2, for the basic requirement in written composition to assign score scale points according to subparts 2 to 6.

Subp. 2. **Four-point rating.** A more than adequate student response in composition shall receive four points. A student response is more than adequate if the composition:

A. is related to the prompt;

B. has a central idea that is clearly expressed;

C. is well developed with supporting details;

D. has a beginning, middle, and end; and

E. demonstrates excellent control of the language that enhances the overall quality of the response.

Subp. 3. **Three-point rating.** An adequate student response in composition shall receive three points. A student response is adequate if the composition:

A. is related to the prompt;

B. has a central idea that is clearly expressed;

C. is developed with supporting details but may present minor obstacles to the reader in moving from one idea to another;

D. has a beginning, middle, and end; and

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E. demonstrates adequate control of the language in that the composition may have minor errors in sentence formation, usage, or mechanics, but these do not substantially detract from the overall quality of the composition.

Subp. 4. **Two-point rating.** A less than adequate student response in composition shall receive two points. A student response is less than adequate if the composition:

- A. is related to the prompt; but
- B. is not well focused;
- C. presents obstacles to the reader in moving from idea to idea;
- D. lacks a beginning, middle, or end; or

E. contains errors in sentence formation, word usage, and mechanics that are frequent enough to detract from the overall quality of the composition.

Subp. 5. **One-point rating.** A very inadequate student response shall receive one point. A student response is very inadequate if the composition:

- A. is related to the prompt; but
- B. lacks a central idea or coherent focus;
- C. is difficult to follow;
- D. is not clearly organized; or

E. contains errors in sentence formation, word usage, and mechanics that are frequent enough to detract from the overall quality of the composition.

Subp. 6. **Not scorable (N).** A student response that cannot be evaluated shall receive an N. A student response shall be designated not scorable when a rater and the scoring leader agree that the composition:

- A. is not related to the prompt;
- B. is not readable because it is illegible or incoherent;
- C. is written in a language other than English;
- D. contains an insufficient amount of writing to evaluate; or
- E. is blank in that no response is given.

3501.0250 TESTING FOR STATEWIDE STANDARDS IN THE BASIC REQUIREMENT OF WRITTEN COMPOSITION.

Subpart 1. **District testing.** A school district shall test for competency in the statewide standard in the basic requirement of written composition by using the state basic skills test of written composition.

Subp. 2. **Offering tests in basic requirements.** A district shall first offer the test of the basic requirement in written composition to students in grade 10. Nonpassing students shall be given the opportunity to retake the test of the basic requirement in written composition at least annually.

Subp. 3. **Additional testing opportunities.** A district shall establish a process for additional testing of students who by April 1 of their anticipated graduation year have not passed a test in the basic requirement in written composition.

The process shall include:

- A. how the parent, student, or both can request:
 - (1) an additional testing opportunity to take the basic requirement in written composition test; and
 - (2) testing accommodations;
- B. the procedure that the district shall use to act on a request in item A; and
- C. how a parent, student, or both can appeal the district's action under item B.

In addition to the regularly scheduled annual availability of a new form of the state test, an additional statewide administration of the state test shall be made available by the department for one additional retesting of seniors.

Subp. 4. **Transfer students.** A student transferring into a district shall not be required to take a test of the basic requirement for written composition if the student's record from the former school verifies that the student has already passed a test of that basic requirement consistent with this part. This subpart applies even if the student transfers into a district that has higher standards than the statewide standard for the basic requirement in written composition.

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Subp. 5. **Specifications for state test in written composition.** The state test shall assess the statewide standard for the basic requirement in written composition. The state test shall be written, administered, and scored according to subparts 6 to 8.

Subp. 6. **Test contents.** The state test shall require a student to compose a single composition in response to one prompt. The prompt shall:

- A. require no prior preparation for response;
- B. indicate that the response should be written for a specific adult reader;
- C. accommodate a variety of writing strategies and instruction;
- D. contain a topic that is unknown to students, their parents, teachers, or test proctors before the actual testing session; and
- E. elicit demonstration of the general scoring criteria of the statewide standard for the basic requirement in written composition.

Subp. 7. **Test administration.** The state test shall be administered according to standard conditions for administration that shall be provided to the district with the test.

A. The state test shall be untimed but must be completed in an unbroken block of time. Once the student is excused for lunch, another class, activity, or to go home, the testing session has been concluded.

B. The state test shall require that the student's response be written directly in the test booklets without the use of word processors or writing tools other than pencils and pens, except when the district determines that a student has a physical condition that prevents the student writing by hand or as provided for under part 3501.0090.

C. A student shall not use a dictionary, thesaurus, or other published or prepared reference or preparation material of any type during testing.

Subp. 8. **Test scoring.** Tests shall be scored independently by members of a state-approved, trained scoring panel using the scoring criteria and the scoring process specified by the state. The state scoring process for the test of the basic requirement in written composition shall be according to items A to E.

A. The state shall contract with an independent vendor chosen for its experience and reliability in training and conducting the scoring of tests of written composition.

B. The contracted vendor shall train each rater on the prompt to be scored and each rater shall satisfactorily complete a qualifying assessment prior to scoring actual student responses. The contractor shall provide periodic reports of interrater agreement as scoring progresses and summary data on interrater agreement when scoring has been completed. The contractor shall also periodically recheck the accuracy of each rater. To qualify for scoring student responses, an individual rater shall demonstrate at least a 90 percent rate of agreement with scores assigned by scoring leaders.

C. A rubric, which is the scoring criteria applied to example compositions unique to a specific prompt, shall be developed as part of the rater training process for rating a specific prompt.

D. Each composition shall be rated independently by two raters. Raters shall assign ratings on a scale of one to four (1-4) or assign a designation of not scorable according to the general scoring criteria in part 3501.0240 and the rubric developed for the specific prompt being scored. When a rater assigns N, the scoring leader shall either determine that the final score is N or declare the test scorable. A test, declared scorable through this procedure, shall be returned to begin the rating process again. Raters may assign only whole number ratings. Except as provided in item E, the written composition score for each student shall be the average of the two assigned ratings. An average score of at least 3.0 shall be required to pass the written composition test.

E. A student composition shall be evaluated by a third rater who is a scoring leader when the composition receives two ratings that:

- (1) differ by more than one point; or
- (2) consist of one 2 and one 3 rating.

The scoring leader shall independently assign a third rating to the composition. The final score shall be calculated by averaging the two ratings that are on the same side of the pass/not pass line. Final scores that are possible under this item are: 1, 1.5, 2, 3, 3.5, and 4. An assigned score of at least 3.0 shall be required to pass the written composition test.

Subp. 9. **Test review.** All written compositions shall be returned to districts after scoring is completed so that schools, teachers, and students have the opportunity to review them for diagnosis of student writing proficiency and identification of needs for further instruction.

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Districts may request, in advance of scoring, that compositions with failing scores be returned with analytic scoring to provide additional assistance in preparing the student for retesting.

3501.0270 SCHOOL DISTRICT RESPONSIBILITIES.

For the purposes of parts 3501.0200 to 3501.0290, parts 3501.0090 to 3501.0170 apply.

3501.0280 TEST OF WRITTEN COMPOSITION; ENGLISH LEARNERS (EL).

Subpart 1. **Testing considerations.** For the purposes of parts 3501.0200 to 3501.0290, part 3501.0100 applies when testing English learners (EL).

3501.0280 TEST OF WRITTEN COMPOSITION; ENGLISH LEARNERS (EL).

Subp. 2. **Test prompts.** A district may translate into another language test prompts for tests of written composition.

3501.0290 PASSING SCORE FOR STATE TESTS OF WRITTEN COMPOSITION.

The passing score for the state test of written composition is a rating of 3, consistent with part 3501.0250, subpart 8, items D and E.

3501.1000 PURPOSE.

The purpose of parts 3501.1000 to 3501.1190 is to establish statewide graduation test standards and rules for administration and implementation of the graduation-required assessment for diploma (GRAD).

3501.1020 SCOPE.

Parts 3501.1000 to 3501.1190 govern the graduation standards that Minnesota public schools must require for a high school diploma for all students enrolled in grade 8 in the 2005-2006 school year and later.

3501.1030 DEFINITIONS.

Subpart 1. **Scope.** The terms used in parts 3501.1000 to 3501.1190 have the meanings given them in this part.

Subp. 2. **Accommodation.** "Accommodation" means an adjustment in a testing condition, such as the setting for or scheduling of the test, or a change in the method of administering a test. An accommodation does not compromise the security or the confidentiality of the test, does not alter the meaning of the score, or render the student's score incomparable to the scores of those students who took the test under standard conditions.

Subp. 3. **Department.** "Department" means the Department of Education.

Subp. 4. **District.** "District" means a school district.

Subp. 5. **Graduation-required assessment for diploma (GRAD).** "Graduation-required assessment for diploma" or "GRAD" means the assessment that measures the reading, writing, and mathematics proficiency of high school students.

Subp. 6. **Individualized education program or IEP.** "Individualized education program" or "IEP" means a written statement developed for a student eligible for special education and services pursuant to Minnesota Statutes, sections 125A.03 to 125A.24, and the Individuals with Disabilities Education Act, as amended in 2004, Public Law 108-446.

Subp. 7. **Modification.** "Modification" means an adjustment of a test that results in changing the standard for a particular student.

Subp. 8. **Parent.** "Parent" means, for a student under age 18, the mother, father, guardian, person acting as the parent of the student, conservator, or surrogate parent who has been appointed according to parts 3525.2435 to 3525.2455. For a student age 18 or over, parent also includes the student unless a guardian or conservator has been appointed, in which case it means the guardian or conservator. When the parents are separated or divorced, it means the parent who has the legal right, by court decree or agreement, to determine the student's education, even though the student may be living with the other parent.

Subp. 9. **Public schools.** "Public schools" means all public schools as defined in Minnesota Statutes, section 120A.05, and includes, but is not limited to, public school districts, charter schools, the state academies for the deaf and the blind, and the Center for Arts Education.

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Subp. 10. **Section 504 accommodation plan.** "Section 504 accommodation plan" means the defined appropriate accommodations or modifications that must be made in the school environment to address the needs of an individual student with disabilities. This section of the federal Rehabilitation Act of 1973, Public Law 91-230, as amended in Public Law 101-476, extends protection to a much broader student population than just those students with IEPs.

Subp. 11. **Statewide graduation standards.** "Statewide graduation standards" means statements of what a student should know and be able to do as described by Minnesota Statutes, sections 120B.02 and 120B.021.

Subp. 12. **Student.** "Student" means a person admitted to a public school as defined in Minnesota Statutes, section 120A.05, in accordance with Minnesota Statutes, section 120A.20.

Subp. 13. **Test design.** "Test design" means statements of the requirements that tests must include and how tests are designed. These design documents define the required content, format, level of difficulty, types of items, and length of the tests.

3501.1040 GRAD REQUIREMENTS.

The GRAD requirements for reading, mathematics, and writing are established in this chapter.

To qualify for a high school diploma, a student must demonstrate competency in the statewide standards for reading, mathematics, and writing by fulfilling the graduation test requirements established by Minnesota Statutes, sections 120B.02 and 120B.30.

3501.1050 TESTING FOR STATEWIDE GRAD STANDARDS.

Subpart 1. **District testing.** A district must test for proficiency in statewide graduation standards by using the graduation-required assessment for diploma.

Subp. 2. **Offering GRAD.** A district must not offer the GRAD before the grade of its first census administration. Once the test has first been offered to a group of students, the district must continue to offer the GRAD to that group of students at least once a year.

3501.1110 OPPORTUNITIES TO LEARN AND REMEDIATION.

A district's curriculum must include opportunities for all students to learn the GRAD requirements and subject matter. The district must develop a plan for remediation for a student who, after two retest opportunities, has not passed a specific GRAD.

3501.1120 REQUIRED NOTIFICATION TO PARENTS AND STUDENTS.

Subpart 1. **Written notice.** A district must establish and maintain a system to provide written notice to parents and students about graduation requirements.

Subp. 2. **Notice of graduation requirements.** Beginning in the 2008-2009 school year and each subsequent year the district must provide to parents and students written notice of:

- A. the graduation requirements; and
- B. the grade in which the student will have the first opportunity to take a GRAD.

Subp. 3. **Notice of test results and remediation opportunities.** The district must provide written notice to parents and the student of GRAD results no later than 60 days after the district receives the results of a GRAD. After the date of receiving test results, students must have a minimum of six weeks for remediation before the next testing opportunity.

3501.1130 STUDENT RECORD KEEPING.

Subpart 1. **Test results.** The district must keep a record on each student that includes:

- A. the GRAD taken; and
- B. the results of the most recent GRAD given.

Subp. 2. **Student progress.** Individual student progress must be reported on a student record as described in this part.

"Pass" or "p" must be noted on the record of a student who passes a GRAD under standard conditions or with an accommodation.

"Pass" or "p" must also be noted on the record of a student who passes a GRAD with a modification established in the IEP or section 504 accommodation plan in accordance with part 3501.1190. This notation is also used as a GRAD notation for any other modified or alternate assessment used for accountability purposes for students with disabilities. The records for students passing with an accommodation or a modification or who pass an alternate assessment must not differ from the records of students passing the test under standard conditions.

3501.1140 TEST ADMINISTRATION.

The district must administer the GRAD under standard testing conditions defined by the developer of the particular test. The district must use the directions provided with the test. Test administration with accommodations or modifications to standard testing conditions must occur only in accordance with part 3501.1190.

3501.1150 TEST SECURITY.

Subpart 1. **Security requirements.** When administering GRAD, the district must observe the following test security measures:

A. all test materials must be secured, either physically or electronically, before and after the test administration;

B. all testing materials are nonpublic data under Minnesota Statutes, section 13.34;

C. a student is required to present a valid photo ID before being admitted to the testing site if:

(1) the student is not enrolled in the testing district; or

(2) the student is unknown to the test proctor when testing in the enrolled district; and

D. districts must report any known violations of test security to the department. The department must accept reports of violations of test security from anyone with knowledge of such an incident.

Subp. 2. **Security violations.** The department must investigate any reported incidents of breaches in test security. The consequences of a violation in test security may include:

A. the invalidation of test scores if a violation is found to justify serious questions about the integrity of the results of the test administration; or

B. other reasonable sanctions that are necessary to preserve the security and confidentiality of future tests and test administrations.

3501.1160 REQUIRED DOCUMENTATION FOR PROGRAM AUDIT.

The district must maintain records necessary for program audits conducted by the department. The records must include documentation that:

A. remediation plans for students are developed consistent with part 3501.1110;

B. the district's curriculum and instruction provides appropriate learning opportunities in the state graduation requirements in compliance with part 3501.1110;

C. notifications to parents and students meet the requirements of part 3501.1120;

D. student records meet the requirements of part 3501.1130;

E. the GRAD administration plan complies with part 3501.1140;

F. test security procedures comply with part 3501.1150;

G. the district's process for testing considerations for English learners complies with part 3501.1180;

H. the documentation for students granted accommodations for testing complies with part 3501.1190; and

I. the assessments and documentation of performance for students granted modifications of statewide standards comply with part 3501.1190.

3501.1170 PASSING SCORES FOR GRAD.

Subpart 1. **Passing scores.** Passing scores for purposes of this part reflect an achievement level equivalent to or greater than the level determined through a standard setting process.

Subp. 2. **Reading and mathematics.** The passing scores for the GRAD in reading and mathematics are as provided by Minnesota Statutes, section 120B.30, subdivision 1, for students enrolled in grade 8 in the 2005-2006 school year and later.

Subp. 3. **Writing.** The passing score for the GRAD in writing is as provided by Minnesota Statutes, section 120B.30, subdivision 2, for students enrolled in grade 8 in the 2005-2006 school year and later.

3501.1180 STUDENTS IN UNIQUE SITUATIONS.

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Subpart 1. **Dual enrolled students.** Dual enrolled students are public school students. To graduate from a Minnesota public high school, a dual enrolled student must fulfill the graduation test requirements in reading, mathematics, and writing established by Minnesota Statutes, sections 120B.02 and 120B.30.

Subp. 2. **English learners (EL).** English learners (EL) who are public school students and are designated in the Minnesota Automated Reporting Student System (MARSS) as English learners (EL) are required to pass the GRAD if they have been enrolled in any Minnesota school for at least four consecutive years. An EL student who first enrolls in a Minnesota school in grade 9 or above and who completes the course work and any other state and district requirements to graduate within a four-year period is not required to pass the GRAD.

Subp. 3. **Foreign exchange students.** To graduate from a Minnesota public high school, a foreign exchange student must fulfill the graduation test requirements in reading, mathematics, and writing established by Minnesota Statutes, sections 120B.02 and 120B.30. If a foreign exchange student will not receive a diploma from a Minnesota public high school, the student is not required to fulfill the graduation test requirements.

Subp. 4. **Home school students.** Home school students are not public school students and passing the GRAD is not required. To graduate from a Minnesota public high school, a home school student must fulfill the graduation test requirements in reading, mathematics, and writing established by Minnesota Statutes, sections 120B.02 and 120B.30.

Subp. 5. **Open enrollment students.** Open enrollment students are public school students. To graduate from a Minnesota public high school, an open enrollment student must fulfill the graduation test requirements in reading, mathematics, and writing established by Minnesota Statutes, sections 120B.02 and 120B.30.

Subp. 6. **Postsecondary enrollment option (PSEO) students.** Postsecondary enrollment option (PSEO) students are public school students. To graduate from a Minnesota public high school, a PSEO student must fulfill the graduation test requirements in reading, mathematics, and writing established by Minnesota Statutes, sections 120B.02 and 120B.30.

A PSEO student who is present on the day of testing should participate in the current series Minnesota Comprehensive Assessments (MCA). A PSEO student who is not present for the current series MCA must take the GRAD at a later date.

Subp. 7. **Shared-time students.** Shared-time students are private school students attending a public school class; these students are not public school students and passing the GRAD is not required. To graduate from a Minnesota public high school, a shared-time student must fulfill the graduation test requirements in reading, mathematics, and writing established by Minnesota Statutes, sections 120B.02 and 120B.30.

Subp. 8. **Transfer students who passed a graduation examination in another state.** A district may submit a passing score report for a transfer student and the department will request test design documents from the other state for review. As graduation examinations from other states are received, the department will maintain a list of states with acceptable substitute graduation examinations. The department will seek reciprocity for the GRAD in other states when it accepts their assessments.

Subp. 9. **District-placed students and students attending school under a tuition agreement.** District-placed students and students attending school under a tuition agreement are public school students. To graduate from a Minnesota public high school, district-placed students and students attending school under a tuition agreement must fulfill the graduation test requirements in reading, mathematics, and writing established by Minnesota Statutes, sections 120B.02 and 120B.30.

Subp. 10. **Care and treatment; correctional facility students.** To graduate from a Minnesota public high school, a student placed for care and treatment or a student in a correctional facility must fulfill the graduation test requirements in reading, mathematics, and writing established by Minnesota Statutes, sections 120B.02 and 120B.30, unless the student has an IEP or a section 504 accommodation plan, in which case part 3501.1190 applies.

3501.1190 STUDENTS WITH IEP PLANS OR SECTION 504 ACCOMMODATION PLANS.

Subpart 1. **Considerations for students with IEPs or section 504 accommodation plans.** The individualized education program or section 504 accommodation plan for a student with a disability must identify one of the following decisions for each subject area of the GRAD:

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A. the student is expected to achieve the statewide standard with or without testing accommodations, resulting in a "pass" or "p" notation on the record when achieving a passing score; or

B. the student is expected to achieve the statewide standard at an individually modified level of difficulty, resulting in a "pass" or "p" notation on the record when achieving the modified level. A Minnesota alternate assessment must be used when an IEP team chooses to replace the GRAD. Adoption of modifications for a student must occur concurrently with the adoption of transition goals and objectives as required by Minnesota Statutes, section 125A.08, paragraph (a), clause (1).

Subp. 2. **Testing students with IEPs or section 504 accommodation plans.** All students must be tested under standard conditions as specified by the developer of the test except those students whose IEPs or section 504 accommodation plans specify other decisions consistent with subpart 1.

A. Decisions regarding appropriate testing conditions, including a decision to provide accommodations for a student, must be made by the IEP team or through the section 504 accommodation plan process and must be reviewed annually.

B. Where subpart 1, item B, applies, the student's IEP or section 504 accommodation plan must define an appropriate assessment of the statewide standard at a modified level of difficulty. Achievement of the individually modified standard shall be certified only through documented student performance of the defined assessment.