

and training board for the fiscal year ending June 30, 1995. This appropriation is added to the appropriation in Laws 1993, chapter 146, article 2, section 2, to provide for staffing and general operating costs of the board, including legal fees.

Sec. 4. **EFFECTIVE DATE.**

This article is effective the day following final enactment.

Presented to the governor May 26, 1995

Signed by the governor June 8, 1995, 12:58 p.m.

CHAPTER 3—H.F.No. 4

An act relating to government financing; providing for education general and uniform revenue; education transportation; education special programs; community programs; education facilities; education organization and cooperation; education excellence; other education programs; miscellaneous education provisions; libraries; state agencies; education technology; technical and conforming amendments; budget reserve and cost management; education targeted needs revenue; establishing the department of children, families, and learning; providing for penalties; appropriating money; amending Minnesota Statutes 1994, sections 6.62, subdivision 1; 13.43, subdivision 2; 16A.152, subdivisions 2, 4, and by adding a subdivision; 16B.465; 43A.316, subdivision 2; 62L.08, subdivision 7a; 116J.655; 120.064; 120.101, subdivision 5c, and by adding a subdivision; 120.17, subdivisions 3a, 3b, and by adding a subdivision; 120.74, subdivision 1; 120.75, subdivision 1; 121.11, subdivision 7c; 121.15, subdivision 6; 121.207, subdivisions 2 and 3; 121.702, by adding a subdivision; 121.705; 121.706; 121.707, subdivisions 2, 3, 4, 6, and 7; 121.708; 121.709; 121.710; 121.8355, subdivision 2; 121.885, subdivisions 1 and 4; 121.904, subdivisions 4a and 4c; 121.912, subdivisions 1, 1b, and 6; 121.931; 121.932; 121.933, subdivision 1; 121.935; 122.21, subdivision 4; 122.532, subdivision 3a; 122.895, subdivisions 1, 8, and 9; 122.91, subdivisions 1, 2, and 2a; 122.92, subdivision 1; 122.93, subdivision 1; 122.94, subdivision 1; 123.34, by adding a subdivision; 123.35, subdivision 19b; 123.351, subdivisions 1, 3, 4, and 5; 123.3514, subdivisions 4d, 7, 8, and by adding a subdivision; 123.39, subdivision 1; 123.70, subdivision 8; 123.78, subdivision 1; 123.79, subdivision 1; 123.7991, subdivisions 2 and 3; 123.805, subdivisions 1 and 2; 124.06; 124.14, by adding a subdivision; 124.155, subdivision 2; 124.17, subdivisions 1, 1d, 2f, and by adding a subdivision; 124.193; 124.195, subdivision 10, and by adding subdivisions; 124.2139; 124.214, subdivisions 2 and 3; 124.223; 124.225, subdivisions 1, 3a, 7b, 7d, 7f, 8a, 8l, 8m, 9, and by adding subdivisions; 124.226, subdivisions 3, 4, 9, and by adding a subdivision; 124.243, subdivision 2; 124.244, subdivisions 1 and 4; 124.2445; 124.2455; 124.248; 124.261, subdivision 1; 124.2711, subdivision 2a; 124.2713, subdivision 6; 124.2725, subdivisions 1, 3, 4, and 15; 124.2726, subdivisions 1, 2, and 4; 124.2728, subdivision 1; 124.273, by adding subdivisions; 124.32, subdivisions 7, 10, and 12; 124.321, subdivisions 1 and 2; 124.322; 124.323, subdivisions 1, 2, and by adding a subdivision; 124.431, subdivision 2; 124.574, subdivisions 7, 9, and by adding subdivisions; 124.83, subdivision 4; 124.84, sub-

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division 3; 124.91, subdivisions 3 and 5; 124.912, subdivision 1; 124.916, subdivision 2; 124.918, subdivisions 1 and 2; 124.95, subdivisions 2, 4, and 6; 124.961; 124A.02, subdivision 16; 124A.03, subdivisions 1c, 1g, 1h, and 2; 124A.0311, subdivision 4; 124A.22, subdivisions 1, 2, 3, 4, 4a, 4b, 6, 6a, 8a, 9, and by adding subdivisions; 124A.225, subdivisions 1 and 2; 124A.23, subdivisions 1 and 4; 124A.24; 124A.29, subdivision 1; 124C.07; 124C.08, subdivision 2; 124C.45, subdivision 1; 124C.46, subdivision 2; 124C.48, subdivision 1; 124C.60, subdivision 1; 125.12, subdivision 3; 125.62, subdivisions 1 and 7; 125.623, subdivision 2; 126.031, subdivision 1; 126.15, subdivision 2; 126.22, subdivisions 2 and 3; 126.49, by adding a subdivision; 126.666, subdivision 2; 126.70; 126.78, subdivision 2; 126A.01; 126A.02, subdivision 2; 126B.01; 126B.03, subdivisions 2 and 3; 127.40; 127.41; 127.42; 128A.02, subdivisions 1, 3, 5, and by adding a subdivision; 128A.021; 128A.022, subdivisions 1 and 6; 128A.024, subdivision 4; 128A.025, subdivisions 1 and 2; 128A.026; 128A.05, subdivisions 1 and 2; 128B.08; 128B.10, subdivision 1; 134.155; 134.34, subdivision 4a; 134.351, subdivision 4; 169.01, subdivision 6; 169.21, subdivision 2; 169.444, subdivision 2; 169.4502, subdivision 4; 169.4503, by adding a subdivision; 169.451, by adding a subdivision; 169.452; 169.454, subdivision 5, and by adding a subdivision; 171.01, subdivision 21; 171.18, subdivision 1; 171.321, subdivisions 3, 4, and 5; 171.3215, subdivisions 1, 2, and 3; 237.065; 256F.13, subdivision 1; 275.065, subdivision 1; 275.60; 469.1831, subdivision 4; 631.40, subdivision 1a; Laws 1965, chapter 705, section 1, subdivisions 3 and 4; Laws 1992, chapter 499, article 11, section 9, as amended; Laws 1993, chapter 224, article 8, section 21, subdivision 1; Laws 1993, chapter 224, article 12, section 32, as amended; Laws 1993, chapter 224, article 12, sections 39 and 41; Laws 1994, chapter 587, article 3, section 19, subdivision 1; Laws 1994, chapter 647, article 1, section 36; Laws 1994, chapter 647, article 3, section 25; and Laws 1994, chapter 647, article 7, section 15; proposing coding for new law in Minnesota Statutes, chapters 120; 123; 124; 124C; 126B; 127; 134; 136D; 145; 169; 604A; proposing coding for new law as Minnesota Statutes, chapter 119A; repealing Minnesota Statutes 1994, sections 3.198; 121.702, subdivision 9; 121.703; 121.912, subdivision 8; 121.93; 121.936; 123.58; 124.17, subdivision 1b; 124.243; 124.244; 124.273, subdivisions 1b and 2c; 124.32, subdivisions 1b, 1c, 1d, 1f, 2, and 3a; 124.574, subdivisions 2b, 3, 4, and 4a; 124.912, subdivision 8; 124.962; 124A.04, subdivision 1; 124A.26; 124A.27, subdivision 11; 125.05, subdivision 7; 125.138, subdivisions 6, 7, 8, 9, 10, and 11; 125.231, subdivision 2; 126.019; 126B.02; 126B.03, subdivision 1; 126B.04; 126B.05; 128A.02, subdivisions 2 and 4; 128A.03; Laws 1991, chapter 265, article 5, section 23, as amended; Laws 1992, chapter 499, article 7, section 27; Laws 1993, First Special Session chapter 2, article 5, sections 1; and 2, as amended; and Laws 1995, chapter 207, article 1, section 9, subdivision 3.

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

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ARTICLE 1

GENERAL AND UNIFORM REVENUE

Section 1. Minnesota Statutes 1994, section 6.62, subdivision 1, is amended to read:

Subdivision 1. **LEVY OF TAX.** Counties, cities and towns are authorized, if necessary, to levy an amount sufficient to pay the expense of a postaudit by the state auditor.

~~A school district is authorized to levy an amount sufficient to pay for the expense of a postaudit by the state auditor if the audit is performed at the discretion of the state auditor pursuant to section 6.51 or if the audit has been requested through a petition by eligible voters pursuant to section 6.54. A school district is not authorized to levy these amounts if the postaudit by the state auditor is requested by the school board pursuant to section 6.55.~~

Sec. 2. Minnesota Statutes 1994, section 121.15, subdivision 6, is amended to read:

Subd. 6. **REVIEW AND COMMENT.** ~~No referendum for bonds or solicitation of bids~~ A school district must not initiate an installment contract for purchase, hold a referendum for bonds, nor solicit bids for new construction, expansion, or remodeling of an educational facility that requires an expenditure in excess of \$400,000 per school site ~~shall be initiated~~ prior to review and comment by the commissioner. A school board shall not separate portions of a single project into components to avoid the requirements of this subdivision.

Sec. 3. Minnesota Statutes 1994, section 121.904, subdivision 4a, is amended to read:

Subd. 4a. **LEVY RECOGNITION.** (a) "School district tax settlement revenue" means the current, delinquent, and manufactured home property tax receipts collected by the county and distributed to the school district, including distributions made pursuant to section 279.37, subdivision 7, and excluding the amount levied pursuant to section 124.914, subdivision 1.

(b) In June of each year, the school district shall recognize as revenue, in the fund for which the levy was made, the lesser of:

(1) the May, June, and July school district tax settlement revenue received in that calendar year; or

(2) the sum of the state aids and credits enumerated in section 124.155, subdivision 2, which are for the fiscal year payable in that fiscal year plus an amount equal to the levy recognized as revenue in June of the prior year plus ~~37.4~~ 48 percent for fiscal year ~~1994~~ 1996 and thereafter of the amount of the levy certified in the prior calendar year according to section 124A.03, subdivi-

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sion 2, plus or minus auditor's adjustments, not including levy portions that are assumed by the state; or

(3) ~~37.4~~ 48 percent for fiscal year ~~1994~~ 1996 and thereafter of the amount of the levy certified in the prior calendar year, plus or minus auditor's adjustments, not including levy portions that are assumed by the state, which remains after subtracting, by fund, the amounts levied for the following purposes:

(i) reducing or eliminating projected deficits in the reserved fund balance accounts for unemployment insurance and bus purchases;

(ii) statutory operating debt pursuant to section 124.914, subdivision 1;

(iii) retirement and severance pay pursuant to sections 122.531, subdivision 9, 124.2725, subdivision 15, 124.4945, 124.912, subdivision 1, and 124.916, subdivision 3, and Laws 1975, chapter 261, section 4;

(iv) amounts levied for bonds issued and interest thereon, amounts levied for debt service loans and capital loans, amounts levied for down payments under section 124.82, subdivision 3, and amounts levied pursuant to section 136C.411; and

(v) amounts levied under section 124.755.

(c) In July of each year, the school district shall recognize as revenue that portion of the school district tax settlement revenue received in that calendar year and not recognized as revenue for the previous fiscal year pursuant to clause (b).

(d) All other school district tax settlement revenue shall be recognized as revenue in the fiscal year of the settlement. Portions of the school district levy assumed by the state, including prior year adjustments and the amount to fund the school portion of the reimbursement made pursuant to section 273.425, shall be recognized as revenue in the fiscal year beginning in the calendar year for which the levy is payable.

Sec. 4. Minnesota Statutes 1994, section 121.904, subdivision 4c, is amended to read:

Subd. 4c. ~~PROPERTY TAX SHIFT REDUCTION CHANGE IN LEVY RECOGNITION PERCENT.~~ PROPERTY TAX SHIFT REDUCTION CHANGE IN LEVY RECOGNITION PERCENT. (a) Money appropriated under section 16A.152, subdivision 2, must be used to reduce the levy recognition percent specified in subdivision 4a, clauses (b)(2) and (b)(3), for taxes payable in the succeeding calendar year.

(b) The levy recognition percent shall equal the result of the following computation: the current levy recognition percent, times the ratio of

(1) the statewide total amount of levy recognized in June of the year in

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which the taxes are payable pursuant to subdivision 4a, clause (b), excluding those levies that are shifted for revenue recognition but are not included in the computation of the adjustment to aids under section 124.155, subdivision 1, reduced by the difference between the amount of money appropriated under section 16A.152, subdivision 2, and the amount required for the adjustment payment under clause (d), to

(2) the statewide total amount of the levy recognized in June of the year in which the taxes are payable pursuant to subdivision 4a, clause (b), excluding those levies that are shifted for revenue recognition but are not included in the computation of the adjustment to aids under section 124.155, subdivision 1.

The result shall be rounded up to the nearest one-tenth of a percent. However, in no case shall the levy recognition percent be reduced below zero or increased above the current levy recognition percent.

(c) The commissioner of finance must certify to the commissioner of education the levy recognition percent computed under this subdivision by January 5 of each year. The commissioner of education must notify school districts of a change in the levy recognition percent by January 15.

(d) For fiscal years 1994 and 1995, When the levy recognition percent is increased or decreased as provided in this subdivision, a special aid adjustment shall be made to each school district with an operating referendum levy:

(i) When the levy recognition percent is increased from the prior fiscal year, the commissioner of education shall calculate the difference between (1) the amount of the levy under section 124A.03, that is recognized as revenue for the current fiscal year according to subdivision 4a; and (2) the amount of the levy, under section 124A.03, that would have been recognized as revenue for the current fiscal year had the percentage according to subdivision 4a, not been increased. The commissioner shall reduce other aids due the district by the amount of the difference. This aid reduction shall be in addition to the aid reduction required because of the increase pursuant to this subdivision of the levy recognition percent.

(ii) When the levy recognition percent is reduced as provided in this subdivision from the prior fiscal year, a special adjustment payment shall be made to each school district with an operating referendum levy that received an aid reduction under Laws 1991, chapter 265, article 1, section 31, or Laws 1992, chapter 499, article 1, section 22 when the levy recognition percent was last increased. The special adjustment payment shall be in addition to the additional payments required because of the reduction pursuant to this subdivision of the levy recognition percent. The amount of the special adjustment payment shall be computed by the commissioner of education such that any remaining portion of the aid reduction these districts received that has not been repaid is repaid on a proportionate basis as the levy recognition percent is reduced from 50 percent to 31 percent. The special adjustment payment must be included in the state aid

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payments to school districts according to the schedule specified in section 124.195, subdivision 3. ~~An additional adjustment shall be made on June 30, 1995, for the final payment otherwise due July 1, 1995, under Minnesota Statutes 1992, section 136C.36.~~

(e) The commissioner of finance shall transfer from the general fund to the education aids appropriations specified by the commissioner of education, the amounts needed to finance the additional payments required because of the reduction pursuant to this subdivision of the levy recognition percent. Payments to a school district of additional state aids resulting from a reduction in the levy recognition percent must be included in the cash metering of payments made according to section 124.195 after January 15, and must be paid in a manner consistent with the percent specified in that section.

Sec. 5. Minnesota Statutes 1994, section 122.532, subdivision 3a, is amended to read:

Subd. 3a. **INTERIM CONTRACTUAL AGREEMENTS.** (a) Until a successor contract is executed between the new school board and the exclusive representative of the teachers of the new district, the school boards of both districts and the exclusive representatives of the teachers of both districts may agree:

(1) to comply with the contract of either district with respect to all of the teachers assigned to the new district; or

(2) that each of the contracts shall apply to the teachers previously subject to the respective contract.

(b) In the absence of an agreement according to paragraph (a), the following shall apply:

(1) if the effective date is July 1 of an even-numbered year, each of the contracts shall apply to the teachers previously subject to the respective contract and shall be binding on the new school board; or

(2) if the effective date is July 1 of an odd-numbered year, the contract of the district that previously employed the largest proportion of teachers assigned to the new district applies to all of the teachers assigned to the new district and shall be binding on the new school board. The application of this section shall not result in a reduction in a teacher's basic salary, payments for cocurricular or extracurricular assignments, district contributions toward insurance coverages or tax-sheltered annuities, leaves of absence, or severance pay until a successor contract is executed between the new school board and the exclusive representative.

Sec. 6. Minnesota Statutes 1994, section 124.06, is amended to read:

124.06 INSUFFICIENT FUNDS TO PAY ORDERS.

(a) In the event that a district or a cooperative unit defined in section

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123.35, subdivision 19b, has insufficient funds to pay its usual lawful current obligations, subject to section 471.69, the board may enter into agreements with banks or any person to take its orders at any rate of interest not to exceed six percent per annum. Any order drawn after having been presented to the treasurer for payment and not paid for want of funds shall be endorsed by the treasurer by putting on the back thereof the words "not paid for want of funds," giving the date of endorsement and signed by the treasurer. A record of such presentment, nonpayment and endorsement shall be made by the treasurer. ~~Every such order shall bear interest at the rate of not to exceed six percent per annum from the date of such presentment.~~ The treasurer shall serve a written notice upon the payee or the payee's assignee, personally, or by mail, when the treasurer is prepared to pay such orders; such notice may be directed to the payee or the payee's assignee at the address given in writing by such payee or assignee to such treasurer, at any time prior to the service of such notice. No order shall draw any interest if such address is not given when the same is unknown to the treasurer, and no order shall draw any interest after the service of such notice.

(b) A district may enter, subject to section 471.69, into a line of credit agreement with a financial institution. The amount of credit available must not exceed 95 percent of average expenditure per month of operating expenditures in the previous fiscal year. Any amount advanced must be repaid no later than 45 days after the day of advancement.

Sec. 7. Minnesota Statutes 1994, section 124.155, subdivision 2, is amended to read:

Subd. 2. **ADJUSTMENT TO AIDS.** (a) The amount specified in subdivision 1 shall be used to adjust the following state aids and credits in the order listed:

- (1) general education aid authorized in sections 124A.23 and 124B.20;
- (2) secondary vocational aid authorized in section 124.573;
- (3) special education aid authorized in section 124.32;
- (4) secondary vocational aid for children with a disability authorized in section 124.574;
- (5) aid for pupils of limited English proficiency authorized in section 124.273;
- (6) transportation aid authorized in section 124.225;
- (7) community education programs aid authorized in section 124.2713;
- (8) adult education aid authorized in section 124.26;

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- (9) early childhood family education aid authorized in section 124.2711;
- (10) capital expenditure aid authorized in sections 124.243, 124.244, and 124.83;
- (11) school district cooperation aid authorized in section 124.2727;
- (12) assurance of mastery aid according to section 124.311;
- (13) homestead and agricultural credit aid, disparity credit and aid, and changes to credits for prior year adjustments according to section 273.1398, subdivisions 2, 3, 4, and 7;
- (14) attached machinery aid authorized in section 273.138, subdivision 3;
~~and~~
- (15) alternative delivery aid authorized in section 124.322;
- (16) special education equalization aid authorized in section 124.321;
- (17) special education excess cost aid authorized in section 124.323;
- (18) learning readiness aid authorized in section 124.2615;
- (19) cooperation-combination aid authorized in section 124.2725; and
- (20) district cooperation revenue aid authorized in section 124.2727.

(b) The commissioner of education shall schedule the timing of the adjustments to state aids and credits specified in subdivision 1, as close to the end of the fiscal year as possible.

Sec. 8. Minnesota Statutes 1994, section 124.17, subdivision 1, is amended to read:

Subdivision 1. **PUPIL UNIT.** Pupil units for each resident pupil in average daily membership shall be counted according to this subdivision.

(a) ~~A prekindergarten pupil with a disability who is enrolled for the entire fiscal year in a program approved by the commissioner and has an individual education plan that requires up to 437 hours of assessment and education services in the fiscal year is counted as one-half of a pupil unit. If the plan requires more than 437 hours of assessment and education services, the pupil is counted as the ratio of the number of hours of assessment and education service to 875~~ 825 with a minimum of 0.28, but not more than one.

(b) ~~A prekindergarten pupil with a disability who is enrolled for less than the entire fiscal year in a program approved by the commissioner is counted as the greater of:~~

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(1) ~~one-half times the ratio of the number of instructional days from the date the pupil is enrolled to the date the pupil withdraws to the number of instructional days in the school year; or~~

(2) ~~the ratio of the number of hours of assessment and education service required in the fiscal year by the pupil's individual education program plan to 875, but not more than one.~~

(~~e~~) A prekindergarten pupil who is assessed but determined not to be handicapped is counted as the ratio of the number of hours of assessment service to ~~875~~ 825.

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

(~~e~~) (d) A kindergarten pupil who is not included in paragraph (~~d~~) (c) is counted as ~~.515 of a pupil unit for fiscal year 1994 and~~ .53 of a pupil unit for fiscal year 1995 and thereafter.

(~~f~~) (e) A pupil who is in any of grades 1 to 6 is counted as ~~1.03 pupil units for fiscal year 1994 and~~ 1.06 pupil units for fiscal year 1995 and thereafter.

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

(~~h~~) (g) A pupil who is in the post-secondary enrollment options program is counted as 1.3 pupil units.

Sec. 9. Minnesota Statutes 1994, section 124.17, subdivision 1d, is amended to read:

Subd. 1d. **AFDC PUPIL UNITS.** AFDC pupil units for fiscal year 1993 and thereafter must be computed according to this subdivision.

(a) The AFDC concentration percentage for a district equals the product of 100 times the ratio of:

(1) the number of pupils enrolled in the district from families receiving aid to families with dependent children according to subdivision 1e; to

(2) the number of pupils in average daily membership according to subdivision 1e enrolled in the district.

(b) The AFDC pupil weighting factor for a district equals the lesser of one or the quotient obtained by dividing the district's AFDC concentration percentage by 11.5.

(c) The AFDC pupil units for a district for fiscal year 1993 and thereafter equals the product of:

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(1) the number of pupils enrolled in the district from families receiving aid to families with dependent children according to subdivision 1e; times

(2) the AFDC pupil weighting factor for the district; times

(3) ~~.65~~ .67.

Sec. 10. Minnesota Statutes 1994, section 124.17, is amended by adding a subdivision to read:

Subd. 1g. FUND BALANCE PUPIL UNITS. Fund balance pupil units must be computed separately for kindergarten pupils, elementary pupils in grades 1 to 6, and secondary pupils in grades 7 to 12. Total fund balance pupil units means the sum of kindergarten, elementary, and secondary fund balance pupil units. Fund balance pupil units for each category means the number of resident pupil units in average daily membership, including shared time pupil units, according to section 124A.02, subdivision 20, plus

(1) pupils attending the district for which general education aid adjustments are made according to section 124A.036, subdivision 5; minus

(2) the sum of the resident pupils attending other districts for which general education aid adjustments are made according to section 124A.036, subdivision 5, plus pupils for whom payment is made according to section 126.22, subdivision 8, or 126.23.

Sec. 11. Minnesota Statutes 1994, section 124.17, subdivision 2f, is amended to read:

Subd. 2f. **PSEO PUPILS.** The average daily membership for a student pupil participating in the post-secondary enrollment options program equals the lesser of

(+) (a) 1.00, or

(+) (b) the greater of

(+) (1) .12, or

(+) (2) the ratio of (i) the sum of the number of instructional hours the student pupil is enrolled in the secondary school to the product of the number of days required in section 120.101, subdivision 5b, times the minimum length of day required in Minnesota Rules, part 3500.1500, subpart 4 during quarters, trimesters, or semesters during which the pupil participates in PSEO, and hours enrolled in the secondary school during the remainder of the school year, to (ii) the actual number of instructional days in the school year times the length of day in the school.

Sec. 12. Minnesota Statutes 1994, section 124.195, is amended by adding a subdivision to read:

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Subd. 3c. CASH FLOW WAIVER. For any district exceeding its expenditure limitations under section 121.917, and if requested by the district, the commissioner of education, in consultation with the commissioner of finance, and a school district may negotiate a cash flow payment schedule under subdivision 3 corresponding to the district's cash flow needs so as to minimize the district's short-term borrowing needs.

Sec. 13. Minnesota Statutes 1994, section 124.195, subdivision 10, is amended to read:

Subd. 10. AID PAYMENT PERCENTAGE. Except as provided in subdivisions 8, 9, and 11, each fiscal year, all education aids and credits in this chapter and chapters 121, 123, 124A, 124B, 125, 126, 134, and section 273.1392, shall be paid at 90 percent for districts operating a program under section 121.585 for grades 1 to 12 for all students in the district and 85 percent for other districts of the estimated entitlement during the fiscal year of the entitlement, unless a higher rate has been established according to section 121.904, subdivision 4d. Districts operating a program under section 121.585 for grades 1 to 12 for all students in the district shall receive 85 percent of the estimated entitlement plus an additional amount of general education aid equal to five percent of the estimated entitlement. For all districts, the final adjustment payment, according to subdivision 6, shall be the amount of the actual entitlement, after adjustment for actual data, minus the payments made during the fiscal year of the entitlement shall be paid as the final adjustment payment according to subdivision 6.

Sec. 14. Minnesota Statutes 1994, section 124.195, is amended by adding a subdivision to read:

Subd. 14. EDUCATION AIDS CASH FLOW ACCOUNT. (a) An education aids cash flow account is established in the state treasury for the purpose of ensuring the timely payment of state aids or credits to school districts as provided in this section. In the event the account balance in any appropriation from the general fund to the department of education for education aids or credits is insufficient to make the next scheduled payment or payments, the commissioner of education is authorized to transfer funds from the education aids cash flow account to the accounts that are insufficient.

(b) For purposes of this subdivision, an account may have an insufficient balance only as a result of some districts being overpaid based on revised estimates for the relevant annual aid or credit entitlements. When the overpayment amounts are recovered from the pertinent districts, the commissioner of education shall transfer those amounts to the education aids cash flow account. The commissioner shall determine when it is not feasible to recover the overpayments in a timely manner from the district's future aid payments and notify the district of the amount that is to be refunded to the state. School districts are encouraged to make such refunds promptly. The commissioner may approve a

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schedule for making a refund when a district demonstrates that its cash flow is inadequate to promptly make the refund in full.

(c) There is annually appropriated from the general fund to the education aids cash flow account the additional amount necessary to ensure the timely payment of state aids or credits to school districts as provided in this section. For any fiscal year, the appropriation authorized in this subdivision shall not exceed an amount equal to two-tenths of one percent of the total general fund appropriations in that year for education aids and credits. At the close of each fiscal year, the amount of actual transfers plus anticipated transfers required in paragraph (b) shall equal the authorized amounts transferred in paragraph (a) so that the net effect on total general fund spending for education aids and credits is zero.

Sec. 15. Minnesota Statutes 1994, section 124.2139, is amended to read:

124.2139 REDUCTION OF PAYMENTS TO SCHOOL DISTRICTS.

The commissioner of revenue shall reduce the sum of the additional transition credit, homestead and agricultural credit aid, and disparity reduction aid payments under section 273.1398 made to school districts by the product of:

(1) the district's fiscal year 1984 payroll for coordinated plan members of the public employees retirement association other than technical college employees, times

(2) the difference between the employer contribution rate in effect prior to July 1, 1984, and the total employer contribution rate in effect after June 30, 1984.

Sec. 16. Minnesota Statutes 1994, section 124.431, subdivision 2, is amended to read:

Subd. 2. **DISTRICT REQUEST FOR REVIEW AND COMMENT.** A school district or a joint powers district that intends to apply for a capital loan must submit a proposal to the commissioner for review and comment according to section 121.15 on or before July 1. The commissioner must prepare a review and comment on the proposed facility, regardless of the amount of the capital expenditure required to construct the facility. In addition to the information provided under section 121.15, subdivision 7, the commissioner shall consider the following criteria in determining whether to make a positive review and comment.

(a) To grant a positive review and comment the commissioner must determine that all of the following conditions are met:

(1) the facilities are needed for pupils for whom no adequate facilities exist or will exist;

(2) the district will serve, on average, at least 80 pupils per grade or is eligible for elementary or secondary sparsity revenue;

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(3) no form of cooperation with another district would provide the necessary facilities;

(4) the facilities are comparable in size and quality to facilities recently constructed in other districts that have similar enrollments;

(5) the facilities are comparable in size and quality to facilities recently constructed in other districts that are financed without a capital loan;

(6) the district is projected to maintain or increase its average daily membership over the next five years or is eligible for elementary or secondary sparsity revenue;

(7) the current facility poses a threat to the life, health, and safety of pupils, and cannot reasonably be brought into compliance with fire, health, or life safety codes;

(8) the district has made a good faith effort, as evidenced by its maintenance expenditures, to adequately maintain the existing facility during the previous ten years and to comply with fire, health, and life safety codes and state and federal requirements for handicapped accessibility;

(9) the district has made a good faith effort to encourage integration of social service programs within the new facility; and

(10) evaluations by school boards of adjacent districts have been received.

(b) The commissioner may grant a negative review and comment if:

(1) the state demographer has examined the population of the communities to be served by the facility and determined that the communities have not grown during the previous five years;

(2) the state demographer determines that the economic and population bases of the communities to be served by the facility are not likely to grow or to remain at a level sufficient, during the next ten years, to ensure use of the entire facility;

(3) the need for facilities could be met within the district or adjacent districts at a comparable cost by leasing, repairing, remodeling, or sharing existing facilities or by using temporary facilities;

(4) the district plans do not include cooperation and collaboration with health and human services agencies and other political subdivisions; or

(5) if the application is for new construction, an existing facility that would meet the district's needs could be purchased at a comparable cost from any other source within the area.

Sec. 17. Minnesota Statutes 1994, section 124.912, subdivision 1, is amended to read:

New language is indicated by underline, deletions by ~~strikeout~~.

Subdivision 1. **STATUTORY OBLIGATIONS.** ~~(a)~~ A school district may levy the ~~amounts necessary to pay the district's obligations under section 6.62;~~ the amount authorized for liabilities of dissolved districts pursuant to section 122.45; the amounts necessary to pay the district's obligations under section 268.06, subdivision 25; the amounts necessary to pay for job placement services offered to employees who may become eligible for benefits pursuant to section 268.08; the amounts necessary to pay the district's obligations under section 127.05; the amounts authorized by section 122.531; the amounts necessary to pay the district's obligations under section 122.533; and for severance pay required by sections 120.08, subdivision 3, and 122.535, subdivision 6.

(b) An education district that negotiates a collective bargaining agreement for teachers under section 122.937 may certify to the department of education the amount necessary to pay all of the member districts' obligations and the education district's obligations under section 268.06, subdivision 25.

The department of education must allocate the levy amount proportionately among the member districts based on adjusted net tax capacity. The member districts must levy the amount allocated.

(c) Each year, a member district of an education district that levies under this subdivision must transfer the amount of revenue certified under paragraph (b) to the education district board according to this subdivision. By June 20 and November 30 of each year, an amount must be transferred equal to:

(1) 50 percent times

(2) the amount certified in paragraph (b) minus homestead and agricultural credit aid allocated for that levy according to section 273.1398, subdivision 6.

Sec. 18. Minnesota Statutes 1994, section 124.918, subdivision 1, is amended to read:

Subdivision 1. **CERTIFY LEVY LIMITS.** By September + 8, the commissioner shall notify the school districts of their levy limits. The commissioner shall certify to the county auditors the levy limits for all school districts headquartered in the respective counties together with adjustments for errors in levies not penalized pursuant to section 124.918, subdivision 3, as well as adjustments to final pupil unit counts. A school district may require the commissioner to review the certification and to present evidence in support of modification of the certification.

The county auditor shall reduce levies for any excess of levies over levy limitations pursuant to section 275.16. Such reduction in excess levies may, at the discretion of the school district, be spread over two calendar years.

Sec. 19. Minnesota Statutes 1994, section 124.918, subdivision 2, is amended to read:

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Subd. 2. **NOTICE TO COMMISSIONER; FORMS.** By September ~~15~~ 30 of each year each district shall notify the commissioner of education of the proposed levies in compliance with the levy limitations of this chapter and chapters 124A, 124B, 136C, and 136D. By January 15 of each year each district shall notify the commissioner of education of the final levies certified. The commissioner of education shall prescribe the form of these notifications and may request any additional information necessary to compute certified levy amounts.

Sec. 20. Minnesota Statutes 1994, section 124A.03, subdivision 1c, is amended to read:

Subd. 1c. **REFERENDUM ALLOWANCE LIMIT.** Notwithstanding subdivision 1b, a district's referendum allowance must not exceed the greater of:

- (1) the district's referendum allowance for fiscal year 1994; or
- (2) 25 percent of the formula allowance minus \$300 for fiscal year ~~1995 and later 1997 and later.~~

Sec. 21. Minnesota Statutes 1994, section 124A.03, subdivision 1g, is amended to read:

Subd. 1g. **REFERENDUM EQUALIZATION LEVY.** (a) For fiscal year 1996, a district's referendum equalization levy equals the district's referendum equalization revenue times the lesser of one or the ratio of the district's adjusted net tax capacity per actual pupil unit to 100 percent of the equalizing factor as defined in section 124A.02, subdivision 8.

(b) For fiscal year 1997 and thereafter, a district's referendum equalization levy for a referendum levied against the referendum market value of all taxable property as defined in section 124A.02, subdivision 3b, equals the district's referendum equalization revenue times the lesser of one or the ratio of the district's referendum market value per actual pupil unit to \$476,000.

(c) For fiscal year 1997 and thereafter, a district's referendum equalization levy for a referendum levied against the net tax capacity of all taxable property equals the district's referendum equalization revenue times the lesser of one or the ratio of the district's adjusted net tax capacity per actual pupil unit to 100 percent of the equalizing factor for that year.

Sec. 22. Minnesota Statutes 1994, section 124A.03, subdivision 1h, is amended to read:

Subd. 1h. **REFERENDUM EQUALIZATION AID.** (a) A district's referendum equalization aid equals the difference between its referendum equalization revenue and levy.

(b) For fiscal year 1993, a district's referendum equalization aid is equal to one-third of the amount calculated in clause (a).

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(e) For fiscal year 1994, a district's referendum equalization aid is equal to two-thirds of the amount calculated in clause (a):

(d) If a district's actual levy for referendum equalization revenue is less than its maximum levy limit, aid shall be proportionately reduced.

Sec. 23. Minnesota Statutes 1994, section 124A.03, subdivision 2, is amended to read:

Subd. 2. **REFERENDUM REVENUE.** (a) The revenue authorized by section 124A.22, subdivision 1, may be increased in the amount approved by the voters of the district at a referendum called for the purpose. The referendum may be called by the school board or shall be called by the school board upon written petition of qualified voters of the district. The referendum shall be conducted ~~during the one or two~~ calendar year ~~years~~ before the increased levy authority, if approved, first becomes payable. Only one election to approve an increase may be held in a calendar year. Unless the referendum is conducted by mail under paragraph (g), the referendum must be held on the first Tuesday after the first Monday in November. The ballot shall state the maximum amount of the increased revenue per actual pupil unit, the estimated referendum tax rate as a percentage of market value in the first year it is to be levied, and that the revenue shall be used to finance school operations. The ballot may state that existing referendum levy authority is expiring. In this case, the ballot may also compare the proposed levy authority to the existing expiring levy authority, and express the proposed increase as the amount, if any, over the expiring referendum levy authority. The ballot shall designate the specific number of years, not to exceed ten, for which the referendum authorization shall apply. The notice required under section 275.60 may be modified to read, in cases of renewing existing levies:

"BY VOTING "YES" ON THIS BALLOT QUESTION, YOU
MAY BE VOTING FOR A PROPERTY TAX INCREASE."

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

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

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

(b) The school board shall prepare and deliver by first class mail at least 15 days but no more than 30 days prior to the day of the referendum to each taxpayer a notice of the referendum and the proposed revenue increase. The school

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board need not mail more than one notice to any taxpayer. For the purpose of giving mailed notice under this subdivision, owners shall be those shown to be owners on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer. Every property owner whose name does not appear on the records of the county auditor or the county treasurer shall be deemed to have waived this mailed notice unless the owner has requested in writing that the county auditor or county treasurer, as the case may be, include the name on the records for this purpose. The notice must project the anticipated amount of tax increase in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the school district.

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

The notice must include the following statement: "Passage of this referendum will result in an increase in your property taxes." However, in cases of renewing existing levies, the notice may include the following statement: "Passage of this referendum may result in an increase in your property taxes."

(c) A referendum on the question of revoking or reducing the increased revenue amount authorized pursuant to paragraph (a) may be called by the school board and shall be called by the school board upon the written petition of qualified voters of the district. A referendum to revoke or reduce the levy amount must be based upon the dollar amount, local tax rate, or amount per actual pupil unit, that was stated to be the basis for the initial authorization. Revenue approved by the voters of the district pursuant to paragraph (a) must be received at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one revocation or reduction referendum may be held to revoke or reduce referendum revenue for any specific year and for years thereafter.

(d) A petition authorized by paragraph (a) or (c) shall be effective if signed by a number of qualified voters in excess of 15 percent of the registered voters of the school district on the day the petition is filed with the school board. A referendum invoked by petition shall be held on the date specified in paragraph (a).

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

(f) At least 15 days prior to the day of the referendum, the district shall submit a copy of the notice required under paragraph (b) to the commissioner of education. Within 15 days after the results of the referendum have been certified by the school board, or in the case of a recount, the certification of the results of

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the recount by the canvassing board, the district shall notify the commissioner of education of the results of the referendum.

(g) Except for a referendum held under subdivision 2b, any referendum under this section held on a day other than the first Tuesday after the first Monday in November must be conducted by mail in accordance with section 204B.46. Notwithstanding paragraph (b) to the contrary, in the case of a referendum conducted by mail under this paragraph, the notice required by paragraph (b) shall be prepared and delivered by first class mail at least 20 days before the referendum.

Sec. 24. Minnesota Statutes 1994, section 124A.0311, subdivision 4, is amended to read:

Subd. 4. **REFERENDUM.** The school board must prepare and publish in the official legal newspaper of the school district a notice of the public meeting on the district's intent to convert any portion of its referendum levy to market value not less than 30 days before the scheduled date of the meeting. The resolution converting a portion of the district's referendum levy to referendum market value becomes final unless within 30 days after the meeting where the resolution was adopted a petition requesting an election signed by a number of ~~people residing in the district equal to 15 percent of the number of people who voted in the last general election in the school district~~ is filed with the recording officer qualified voters in excess of 15 percent of the registered voters of the school district on the day the petition is filed with the school board. If a petition is filed, then the school board resolution has no effect and the amount of referendum revenue authority specified in the resolution cancels for taxes payable in the following year and thereafter. The school board shall schedule a referendum under section 124A.03, subdivision 2.

Sec. 25. Minnesota Statutes 1994, section 124A.22, subdivision 1, is amended to read:

Subdivision 1. **GENERAL EDUCATION REVENUE.** (a) For fiscal year 1996, the general education revenue for each district equals the sum of the district's basic revenue, compensatory education revenue, training and experience revenue, secondary sparsity revenue, elementary sparsity revenue, and supplemental revenue.

(b) For fiscal year 1997 and thereafter, the general education revenue for each district equals the sum of the district's basic revenue, compensatory education revenue, secondary sparsity revenue, elementary sparsity revenue, transportation sparsity, total operating capital revenue, transition revenue, and supplemental revenue.

Sec. 26. Minnesota Statutes 1994, section 124A.22, subdivision 2, is amended to read:

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Subd. 2. **BASIC REVENUE.** The basic revenue for each district equals the formula allowance times the actual pupil units for the school year. The formula allowance for ~~fiscal years 1993 and 1994 is \$3,050. The formula allowance for fiscal year 1995 and subsequent fiscal years is \$3,150. The formula allowance for fiscal year 1996 is \$3,205. The formula allowance for fiscal year 1997 is \$3,505 and for fiscal year 1998 and subsequent fiscal years the formula allowance is \$3,430.~~

Sec. 27. Minnesota Statutes 1994, section 124A.22, subdivision 3, is amended to read:

Subd. 3. **COMPENSATORY EDUCATION REVENUE.** (a) ~~For fiscal year 1992, the compensatory education revenue for each district equals the formula allowance times the AFDC pupil units counted according to section 124.17, subdivision 1b.~~

(b) ~~For fiscal year 1993 and thereafter, The maximum compensatory education revenue for each district equals the formula allowance less \$300 times the AFDC pupil units computed according to section 124.17, subdivision 1d.~~

(c) ~~For fiscal year 1993 and thereafter, the previous formula compensatory education revenue for each district equals the formula allowance times the AFDC pupil units computed according to section 124.17, subdivision 1b.~~

(d) ~~For fiscal year 1993, the compensatory education revenue for each district equals the district's previous formula compensatory revenue plus one-fourth of the difference between the district's maximum compensatory education revenue and the district's previous formula compensatory education revenue.~~

(e) ~~For fiscal year 1994, the compensatory education revenue for each district equals the district's previous formula compensatory education revenue plus one-half of the difference between the district's maximum compensatory education revenue and the district's previous formula compensatory education revenue.~~

(f) ~~For fiscal year 1995, the compensatory education revenue for each district equals the district's previous formula compensatory education revenue plus three-fourths of the difference between the district's maximum compensatory education revenue and the district's previous formula compensatory education revenue.~~

(g) ~~For fiscal year 1996 and thereafter, the compensatory education revenue for each district equals the district's maximum compensatory education revenue.~~

Sec. 28. Minnesota Statutes 1994, section 124A.22, subdivision 4, is amended to read:

Subd. 4. **TRAINING AND EXPERIENCE REVENUE.** (a) ~~The previous formula training and experience revenue for each district equals the greater of zero or the result of the following computation:~~

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(1) ~~subtract 1.6 from the training and experience index;~~

(2) ~~multiply the result in clause (1) by the product of \$700 times the actual pupil units for the school year.~~

(b) ~~The maximum training and experience revenue for each district equals the greater of zero or the result of the following computation:~~

(1) ~~subtract .8 from the training and experience index;~~

(2) ~~multiply the result in clause (1) by the product of \$660 times the actual pupil units for the school year.~~

(c) ~~For fiscal year 1994, the training and experience revenue for each district equals the district's previous formula training and experience revenue plus one-half of the difference between the district's maximum training and experience revenue and the district's previous formula training and experience revenue.~~

(d) ~~For fiscal year 1995, the training and experience revenue for each district equals the district's previous formula training and experience revenue plus three-fourths of the difference between the district's maximum training and experience revenue and the district's previous formula training and experience revenue.~~

(e) ~~For fiscal year 1996 and thereafter, the training and experience revenue for each district equals the district's maximum training and experience revenue.~~

Sec. 29. Minnesota Statutes 1994, section 124A.22, subdivision 4a, is amended to read:

Subd. 4a. **FISCAL YEAR 1996 TRAINING AND EXPERIENCE LEVY.** A district's training and experience levy for fiscal year 1996 equals its training and experience revenue times the lesser of one or the ratio of the district's adjusted net tax capacity per actual pupil unit for the year before the year the levy is certified to the equalizing factor for the school year to which the levy is attributable.

Sec. 30. Minnesota Statutes 1994, section 124A.22, subdivision 4b, is amended to read:

Subd. 4b. **FISCAL YEAR 1996 TRAINING AND EXPERIENCE AID.** A district's training and experience aid for fiscal year 1996 equals its training and experience revenue minus its training and experience levy times the ratio of the actual amount levied to the permitted levy.

Sec. 31. Minnesota Statutes 1994, section 124A.22, subdivision 6, is amended to read:

Subd. 6. **SECONDARY SPARSITY REVENUE.** (a) A district's secondary

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sparsity revenue for a school year equals the sum of the results of the following calculation for each qualifying high school in the district:

- (1) the formula allowance for the school year less \$300, multiplied by
- (2) the secondary average daily membership of the high school, multiplied by
- (3) the quotient obtained by dividing 400 minus the secondary average daily membership by 400 plus the secondary daily membership, multiplied by
- (4) the lesser of 1.5 or the quotient obtained by dividing the isolation index minus 23 by ten.

(b) A newly formed school district that is the result of districts combining under the cooperation and combination program or consolidating under section 122.23 shall receive secondary sparsity revenue equal to the greater of: (1) the amount calculated under paragraph (a) for the combined district; or (2) the sum of the amounts of secondary sparsity revenue the former school districts had in the year prior to consolidation, increased for any subsequent changes in the secondary sparsity formula.

Sec. 32. Minnesota Statutes 1994, section 124A.22, subdivision 6a, is amended to read:

Subd. 6a. **ELEMENTARY SPARSITY REVENUE.** A district's elementary sparsity revenue equals the sum of the following amounts for each qualifying elementary school in the district:

- (1) the formula allowance for the year less \$300, multiplied by
- (2) the elementary average daily membership of the school, multiplied by
- (3) the quotient obtained by dividing 140 minus the elementary average daily membership by 140 plus the average daily membership.

Sec. 33. Minnesota Statutes 1994, section 124A.22, subdivision 8a, is amended to read:

Subd. 8a. **SUPPLEMENTAL LEVY.** To obtain supplemental revenue, a district may levy an amount not more than the product of its supplemental revenue for the school year times the lesser of one or the ratio of its general education levy to its general education revenue, excluding ~~training and experience transition~~ revenue and supplemental revenue, for the same year.

Sec. 34. Minnesota Statutes 1994, section 124A.22, subdivision 9, is amended to read:

Subd. 9. **SUPPLEMENTAL REVENUE REDUCTION.** A district's supplemental revenue allowance is reduced by the sum of:

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(1) the sum of one-fourth of the difference of:

(i) the sum of the district's training and experience revenue and compensatory revenue per actual pupil unit for ~~that~~ fiscal year 1996, and

(ii) the sum of district's training and experience revenue and compensatory revenue per actual pupil unit for fiscal year 1994; and

(2) ~~the difference between the formula allowance for the current fiscal year and \$3,050~~ \$100.

A district's supplemental revenue allowance may not be less than zero.

Sec. 35. Minnesota Statutes 1994, section 124A.22, is amended by adding a subdivision to read:

Subd. 10. TOTAL OPERATING CAPITAL REVENUE. (a) For fiscal year 1997 and thereafter, total operating capital revenue for a district equals the amount determined under paragraph (b), (c), (d), (e), or (f), plus \$68 times the actual pupil units for the school year. The revenue must be placed in a reserved account in the general fund and may only be used according to subdivision 11.

(b) For fiscal years 1996 and later, capital revenue for a district equals \$100 times the district's maintenance cost index times its actual pupil units for the school year.

(c) For 1996 and later fiscal years, the previous formula revenue for a district equals \$128 times its actual pupil units for fiscal year 1995.

(d) Notwithstanding paragraph (b), for fiscal year 1996, the revenue for each district equals 25 percent of the amount determined in paragraph (b) plus 75 percent of the previous formula revenue.

(e) Notwithstanding paragraph (b), for fiscal year 1997, the revenue for each district equals 50 percent of the amount determined in paragraph (b) plus 50 percent of the previous formula revenue.

(f) Notwithstanding paragraph (b), for fiscal year 1998, the revenue for each district equals 75 percent of the amount determined in paragraph (b) plus 25 percent of the previous formula revenue.

(g) The revenue in paragraph (b) for a district that operates a program under section 121.585, is increased by an amount equal to \$15 times the number of actual pupil units at the site where the program is implemented.

Sec. 36. Minnesota Statutes 1994, section 124A.22, is amended by adding a subdivision to read:

Subd. 11. USES OF TOTAL OPERATING CAPITAL REVENUE. Total operating capital revenue may be used only for the following purposes:

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- (1) to acquire land for school purposes;
- (2) to acquire or construct buildings for school purposes, up to \$400,000;
- (3) to rent or lease buildings, including the costs of building repair or improvement that are part of a lease agreement;
- (4) to improve and repair school sites and buildings, and equip or reequip school buildings with permanent attached fixtures;
- (5) for a surplus school building that is used substantially for a public non-school purpose;
- (6) to eliminate barriers or increase access to school buildings by individuals with a disability;
- (7) to bring school buildings into compliance with the uniform fire code adopted according to chapter 299F;
- (8) to remove asbestos from school buildings, encapsulate asbestos, or make asbestos-related repairs;
- (9) to clean up and dispose of polychlorinated biphenyls found in school buildings;
- (10) to clean up, remove, dispose of, and make repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296.01;
- (11) for energy audits for school buildings and to modify buildings if the audit indicates the cost of the modification can be recovered within ten years;
- (12) to improve buildings that are leased according to section 123.36, subdivision 10;
- (13) to pay special assessments levied against school property but not to pay assessments for service charges;
- (14) to pay principal and interest on state loans for energy conservation according to section 216C.37 or loans made under the northeast Minnesota economic protection trust fund act according to sections 298.292 to 298.298; and
- (15) to purchase or lease interactive telecommunications equipment;
- (16) by school board resolution, to transfer money into the debt redemption fund to pay the amounts needed to meet, when due, principal and interest payments on certain obligations issued according to chapter 475;
- (17) to pay capital expenditure equipment-related assessments of any entity formed under a cooperative agreement between two or more districts;

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(18) to purchase or lease computers and related materials, copying machines, telecommunications equipment, and other noninstructional equipment;

(19) to purchase or lease assistive technology or equipment for instructional programs;

(20) to purchase textbooks;

(21) to purchase new and replacement library books;

(22) to purchase vehicles;

(23) to purchase or lease telecommunications equipment, computers, and related equipment for integrated information management systems for:

(i) managing and reporting learner outcome information for all students under a results-oriented graduation rule;

(ii) managing student assessment, services, and achievement information required for students with individual education plans; and

(iii) other classroom information management needs; and

(24) to pay personnel costs directly related to the acquisition, operation, and maintenance of telecommunications systems, computers, related equipment, and network and applications software.

Sec. 37. Minnesota Statutes 1994, section 124A.22, is amended by adding a subdivision to read:

Subd. 12. MAINTENANCE COST INDEX. (a) A district's maintenance cost index is equal to the ratio of:

(1) the total weighted square footage for all eligible district-owned facilities; and

(2) the total unweighted square footage of these facilities.

(b) The department shall determine a district's maintenance cost index annually. Eligible district-owned facilities shall include only instructional or administrative square footage owned by the district. The commissioner of education may adjust the age of a building or addition for major renovation projects.

(c) The square footage weighting factor for each original building or addition equals the lesser of:

(1) one plus the ratio of the age in years to 100; or

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(2) 1.5.

(d) The weighted square footage for each original building or addition equals the product of the unweighted square footage times the square footage weighting factor.

Sec. 38. Minnesota Statutes 1994, section 124A.22, is amended by adding a subdivision to read:

Subd. 13. TRANSPORTATION SPARSITY DEFINITIONS. The definitions in this subdivision apply to subdivisions 13a and 13b.

(a) "Sparsity index" for a school district means the greater of .2 or the ratio of the square mile area of the school district to the actual pupil units of the school district.

(b) "Density index" for a school district means the ratio of the square mile area of the school district to the actual pupil units of the school district. However, the density index for a school district cannot be greater than .2 or less than .005.

(c) "Fiscal year 1996 base allowance" for a school district means the result of the following computation:

(1) sum the following amounts:

(i) the fiscal year 1996 regular transportation revenue for the school district according to section 124.225, subdivision 7d, paragraph (a), excluding the revenue attributable nonpublic school pupils and to pupils with disabilities receiving special transportation services; plus

(ii) the fiscal year 1996 nonregular transportation revenue for the school district according to section 124.225, subdivision 7d, paragraph (b), excluding the revenue for desegregation transportation according to section 124.225, subdivision 1, paragraph (c), clause (4), and the revenue attributable to nonpublic school pupils and to pupils with disabilities receiving special transportation services or board and lodging; plus

(iii) the fiscal year 1996 excess transportation levy for the school district according to section 124.226, subdivision 5, excluding the levy attributable to nonpublic school pupils; plus

(iv) the fiscal year 1996 late activity bus levy for the school district according to section 124.226, subdivision 9, excluding the levy attributable to nonpublic school pupils; plus

(v) an amount equal to one-third of the fiscal year 1996 bus depreciation for the school district according to section 124.225, subdivision 1, paragraph (b), clauses (2), (3), and (4).

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(2) divide the result in paragraph (c), clause (1), by the school districts 1995-1996 actual pupil units.

Sec. 39. Minnesota Statutes 1994, section 124A.22, is amended by adding a subdivision to read:

Subd. 13a. TRANSPORTATION SPARSITY REVENUE ALLOWANCE. (a) A district's transportation sparsity allowance equals the greater of zero or the result of the following computation:

(i) Multiply the formula allowance according to section 124A.22, subdivision 2, by .1469.

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

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

(iv) Multiply the formula allowance according to section 124A.22, subdivision 2, by .0485.

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

(b) Transportation sparsity revenue is equal to the transportation sparsity allowance times the actual pupil units.

Sec. 40. Minnesota Statutes 1994, section 124A.22, is amended by adding a subdivision to read:

Subd. 13b. TRANSITION ALLOWANCE. (a) A district's transportation transition allowance for fiscal year 1997 equals the result of the following computation:

(1) if the result in subdivision 13a, paragraph (a), clause (iii), for fiscal year 1997 is less than the fiscal year 1996 base allowance, the transportation transition allowance equals the fiscal year 1996 base allowance minus the result in section 124A.22, subdivision 13a, paragraph (a), clause (iii).

(2) if the result in subdivision 13a, paragraph (b), for fiscal year 1997 is greater than the fiscal year 1996 base allowance and less than 110 percent of the fiscal year 1996 base allowance, the transportation transition allowance equals zero.

(3) if the result in subdivision 13a, paragraph (b), for fiscal year 1997 is greater than 110 percent of the fiscal year 1996 base allowance, the transportation transition allowance equals 110 percent of the fiscal year 1996 base allowance minus the result in subdivision 13a, paragraph (a), clause (iii).

(b) For fiscal years 1997 and 1998, a district's training and experience tran-

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sition allowance is equal to the training and experience revenue the district would have received under Minnesota Statutes 1994, section 124A.22, subdivision 4, divided by the actual pupil units for fiscal year 1997 minus \$130. For fiscal year 1999 and later, a district's training and experience transition allowance equals zero.

If the training and experience transition allowance is less than zero, the reduction shall be determined according to the following schedule:

(i) for fiscal year 1997, the reduction is equal to .9 times the amount initially determined;

(ii) for fiscal year 1998, the reduction is equal to .75 times the amount initially determined;

(iii) for fiscal year 1999, the reduction is equal to .50 times the amount initially determined;

(iv) for fiscal year 2000, the reduction is equal to .25 times the amount initially determined; and

(v) for fiscal year 2001 and thereafter, the transition allowance shall not be less than zero.

(c) A district's transition allowance for fiscal year 1997 and thereafter is equal to the sum of its transportation transition allowance and its training and experience transition allowance.

Sec. 41. Minnesota Statutes 1994, section 124A.22, is amended by adding a subdivision to read:

Subd. 13c. TRANSITION REVENUE ADJUSTMENT. A district's transition revenue adjustment equals the district's transition allowance times the actual pupil units for the school year.

Sec. 42. Minnesota Statutes 1994, section 124A.22, is amended by adding a subdivision to read:

Subd. 13d. TRANSITION LEVY ADJUSTMENT. A district's general education levy shall be adjusted by an amount equal to the district's transition revenue times the lesser of 1 or the ratio of the district's general education levy to its general education revenue, excluding transition revenue and supplemental revenue.

Sec. 43. Minnesota Statutes 1994, section 124A.22, is amended by adding a subdivision to read:

Subd. 13e. TRANSITION AID ADJUSTMENT. A district's transition aid adjustment is the difference between the transition revenue and the transition levy.

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Sec. 44. Minnesota Statutes 1994, section 124A.22, is amended by adding a subdivision to read:

Subd. 13f. TRAINING AND EXPERIENCE REVENUE. Training and experience revenue for each district equals the greater of zero or the result of the following computation:

(1) subtract .8 from the training and experience index;

(2) multiply the result in clause (1) by the product of \$660 times the actual pupil units for that school year.

Sec. 45. Minnesota Statutes 1994, section 124A.225, subdivision 1, is amended to read:

Subdivision 1. **REVENUE.** Of a district's general education revenue an amount equal to the sum of the number of elementary fund balance pupils in average daily membership defined in section 124.17, subdivision 4, ~~clause (f) 1h,~~ and one-half of the number of kindergarten fund balance pupils in average daily membership as defined in section 124.17, subdivision 4, ~~clause (e) 1h,~~ times ~~.03~~ .06 for fiscal year 1994 1995 and ~~.06 for fiscal year 1995 and thereafter~~ times the formula allowance must be reserved according to this section.

Sec. 46. Minnesota Statutes 1994, section 124A.23, subdivision 1, is amended to read:

Subdivision 1. **GENERAL EDUCATION TAX RATE.** The commissioner shall establish the general education tax rate by July 1 of each year for levies payable in the following year. The general education tax capacity rate shall be a rate, rounded up to the nearest tenth of a percent, that, when applied to the adjusted net tax capacity for all districts, raises the amount specified in this subdivision. The general education tax rate shall be the rate that raises ~~\$1,044,000,000 for fiscal year 1995 and \$1,054,000,000 for fiscal year 1996 and~~ \$1,359,000,000 for fiscal year 1997 and later fiscal years. The general education tax rate may not be changed due to changes or corrections made to a district's adjusted net tax capacity after the tax rate has been established.

Sec. 47. Minnesota Statutes 1994, section 124A.23, subdivision 4, is amended to read:

Subd. 4. **GENERAL EDUCATION AID.** A district's general education aid is the sum of the following amounts:

(1) the product of (i) the difference between the general education revenue, ~~excluding training and experience transition~~ transition revenue and supplemental revenue, and the general education levy, times (ii) the ratio of the actual amount levied to the permitted levy;

(2) ~~training and experience transition~~ transition aid according to section 124A.22, subdivision ~~4b~~ 13e;

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- (3) supplemental aid according to section 124.214, subdivision 2;
- (4) (3) shared time aid according to section 124A.02, subdivision 21; and
- (5) (4) referendum aid according to section 124A.03.

Sec. 48. Minnesota Statutes 1994, section 124A.24, is amended to read:

124A.24 GENERAL EDUCATION LEVY EQUITY.

If a district's general education levy is determined according to section 124A.23, subdivision 3, an amount must be deducted from state aid authorized in this chapter and chapters 124 and 124B, receivable for the same school year, and from other state payments receivable for the same school year authorized in chapter 273. The aid in section 124.646 must not be reduced.

The amount of the deduction equals the difference between:

- (1) the general education tax rate, according to section 124A.23, times the district's adjusted net tax capacity used to determine the general education aid for the same school year; and
- (2) the district's general education revenue, excluding ~~training and experience transition~~ revenue and supplemental revenue, for the same school year, according to section 124A.22.

Sec. 49. Minnesota Statutes 1994, section 124A.29, subdivision 1, is amended to read:

Subdivision 1. **STAFF DEVELOPMENT AND PARENTAL INVOLVEMENT REVENUE.** ~~(a) Of a district's basic revenue under section 124A.22, subdivision 2, an amount equal to one percent in fiscal year 1994, two percent in fiscal year 1995, and 2.5 percent in fiscal year 1996 and thereafter times the formula allowance times the number of actual pupil units shall be reserved and may be used only~~ A district is encouraged to reserve general education revenue for in-service education for programs under section 126.77, subdivision 2, for staff development plans, including plans for challenging instructional activities and experiences under section 126.70, and for curriculum development and programs, other in-service education, teachers' workshops, teacher conferences, the cost of substitute teachers staff development purposes, and other related costs for staff development efforts. Districts may expend an additional amount of basic revenue for staff development based on their needs. The school board shall initially allocate 50 percent of the revenue to each school site in the district on a per teacher basis, which shall be retained by the school site until used. The board may retain 25 percent to be used for district wide staff development efforts. The remaining 25 percent of the revenue shall be used to make grants to school sites that demonstrate exemplary use of allocated staff development revenue. A grant may be used for any purpose authorized under section 126.70 ~~or~~, 126.77, subdivision 2, or for the costs of curriculum development and programs,

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other in-service education, teachers' workshops, teacher conferences, substitute teachers for staff development purposes, and other staff development efforts, and determined by the site decision-making team. The site decision-making team must demonstrate to the school board the extent to which staff at the site have met the outcomes of the program. The board may withhold a portion of initial allocation of revenue if the staff development outcomes are not being met.

(b) Of a district's basic revenue under section 124A.22, subdivision 2, an amount equal to \$5 times the number of actual pupil units must be reserved and may be used only to provide parental involvement programs that implement section 126.69. Parental involvement programs may include career teacher programs; programs promoting parental involvement in the PER process; coordination of volunteer services; participation in developing, implementing, or evaluating school desegregation/integration plans; and programs designed to encourage community involvement.

Sec. 50. Minnesota Statutes 1994, section 124C.60, subdivision 1, is amended to read:

Subdivision 1. **ELIGIBILITY.** Two or more districts that have consolidated under section 122.23 or combined under sections 122.241 to 122.248, are eligible for a capital facilities grant of up to ~~\$100,000~~ \$200,000 for fiscal year 1995 and \$100,000 thereafter under this section. To qualify the following criteria must be met:

(1) the proposed facility changes are part of the plan according to section 122.242, subdivision 10, or the plan adopted by the reorganized district according to section 124.243, subdivision 1;

(2) the changes proposed to a facility must be needed to accommodate changes in the educational program due to the reorganization;

(3) the utilization of the facility for educational programs is at least 85 percent of capacity; and

(4) the grant will be used only to remodel or improve existing facilities.

Sec. 51. Minnesota Statutes 1994, section 126.22, subdivision 2, is amended to read:

Subd. 2. **ELIGIBLE PUPILS.** The following pupils are eligible to participate in the high school graduation incentives program:

(a) any pupil who is between the ages of 12 and 21, or who is an elementary pupil, and in either case, who:

(1) is at least two grade levels below the performance level for pupils of the same age in a locally determined achievement test; or

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(2) is at least one year behind in satisfactorily completing coursework or obtaining credits for graduation; or

(3) is pregnant or is a parent; or

(4) has been assessed as chemically dependent; or

(5) has been excluded or expelled according to sections 127.26 to 127.39; or

(6) has been referred by a school district for enrollment in an eligible program or a program pursuant to section 126.23; or

(7) is a victim of physical or sexual abuse; or

(8) has experienced mental health problems; or

(9) has experienced homelessness sometime within six months before requesting a transfer to an eligible program; or

(10) speaks English as a second language or has limited English proficiency;
or

(b) any person who is at least 21 years of age and who:

(1) has received fewer than 14 years of public or nonpublic education, beginning at age 5;

(2) has not completed the requirements for a high school diploma; and

(3) at the time of application, (i) is eligible for reemployment insurance benefits or has exhausted the benefits, (ii) is eligible for, or is receiving income maintenance and support services, as defined in section 268.0111, subdivision 5, or (iii) is eligible for services under the displaced homemaker program, state wage-subsidy program, or any programs under the federal Jobs Training Partnership Act or its successor.

Sec. 52. Minnesota Statutes 1994, section 275.065, subdivision 1, is amended to read:

Subdivision 1. **PROPOSED LEVY.** (a) Notwithstanding any law or charter to the contrary, on or before September 15, each taxing authority, other than a school district, shall adopt a proposed budget and ~~each taxing authority~~ shall certify to the county auditor the proposed or, in the case of a town, the final property tax levy for taxes payable in the following year.

(b) On or before September 30, each school district shall certify to the county auditor the proposed property tax levy for taxes payable in the following year. The school district may certify the proposed levy as:

(1) a specific dollar amount; or

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(2) an amount equal to the maximum levy limitation certified by the commissioner of education to the county auditor according to section 124.918, subdivision 1.

(c) If the board of estimate and taxation or any similar board that establishes maximum tax levies for taxing jurisdictions within a first class city certifies the maximum property tax levies for funds under its jurisdiction by charter to the county auditor by September 15, the city shall be deemed to have certified its levies for those taxing jurisdictions.

(d) For purposes of this section, "taxing authority" includes all home rule and statutory cities, towns, counties, school districts, and special taxing districts as defined in section 275.066. Intermediate school districts that levy a tax under chapter 124 or 136D, joint powers boards established under sections 124.491 to 124.495, and common school districts No. 323, Franconia, and No. 815, Prinsburg, are also special taxing districts for purposes of this section.

Sec. 53. Minnesota Statutes 1994, section 275.60, is amended to read:

275.60 LEVY OR BOND REFERENDUM; BALLOT NOTICE.

Notwithstanding any general or special law or any charter provisions, but subject to section 124A.03, subdivision 2, any question submitted to the voters by any local governmental subdivision at a general or special election after the day of final enactment, authorizing a property tax levy or tax rate increase, including the issuance of debt obligations payable in whole or in part from property taxes, must include on the ballot the following notice in boldface type.

**"BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE
VOTING FOR A PROPERTY TAX INCREASE."**

For purposes of this section and section 275.61, "local governmental subdivision" includes counties, home rule and statutory cities, towns, school districts, and all special taxing districts. This statement is in addition to any general or special laws or any charter provisions that govern the contents of a ballot question.

This section does not apply to a school district bond election if the debt service payments are to be made entirely from transfers of revenue from the capital fund to the debt service fund.

Sec. 54. Minnesota Statutes 1994, section 469.1831, subdivision 4, is amended to read:

Subd. 4. **PROGRAM MONEY; DISTRIBUTION AND RESTRICTIONS.** (a) Neighborhood revitalization program money may only be expended in accordance with the program for a purpose listed in subdivision 3 or this subdivision. Program money may not be used in those project areas of the city where the city determines that private investment will be sufficient to provide

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for development and redevelopment of the project area without public sector assistance, except in cases where program money is being used to remove or rehabilitate structurally substandard or obsolete buildings. Revenues derived from tax increments may only be expended for the purposes otherwise permitted by law, except that notwithstanding any law to the contrary, the city must pay at least the following amount of program money, including revenues derived from tax increments: (1) 15 percent to the school district, (2) 7.5 percent to the county, and (3) 7.5 percent for social services. Payment must be made to the county and school district within 15 days after the city receives the distribution of increment revenues, provided that the payment for calendar year 1990 may be made at any time during the year. Payment to the county for social services delivery shall be paid only after approval of program and spending plans under paragraph (b). Payment to the school district for education programs and services shall be paid only after approval of program and spending plans under paragraph (b).

(b) The money distributed to the county in a calendar year must be deducted from the county's levy limit for the following calendar year. In calculating the county's levy limit base for later years, the amount deducted must be treated as a local government aid payment.

The city must notify the commissioner of education of the amount of the payment made to the school district for the year. The commissioner shall deduct from the school district's state education aid payments one-half of the amount received by the school district.

The program money paid to the school district by the city less any amount of state aid deducted by the commissioner must be expended for additional education programs and services in accordance with the program. The amounts expended by the school district may not replace existing services.

The money for social services must be paid to the county for the cost of the provision of social services under the plan, as approved by the policy board and the county board.

(c) The city must expend on housing programs and related purposes as provided by the program at least 75 percent of the program money, after deducting the payments to the school district and county.

(d) Notwithstanding any other provisions of law to the contrary, for a city of the first class qualifying under section 469.1781, paragraph (a), program money and money described in Laws 1990, chapter 604, article 7, section 29, as amended, may be expended anywhere within the city by the authority for a purpose permitted by this section for any political subdivision without compliance with section 469.175, subdivision 4, and such money shall be deemed to be expended for a purpose that is a permitted project under section 469.176 and for a purpose that is permitted under section 469.176 for the district from which the increment was received.

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Sec. 55. Laws 1994, chapter 647, article 1, section 36, is amended to read:

Sec. 36. **PEQUOT LAKES; ~~DELAY IN~~ FORGIVENESS OF AID REPAYMENT.**

The department of education must allow independent school district No. 186, Pequot Lakes, to repay over a five-year period forgive state aid overpayments of \$196,000 for fiscal years 1991 and 1992 due to the property tax revenue recognition shift attributable to independent school district No. 186, Pequot Lakes. Notwithstanding Minnesota Statutes, section 124.155, subdivision 1, aids for independent school district No. 186, Pequot Lakes, shall not be adjusted for fiscal years 1991 and 1992 for pupils transferring into the district under Minnesota Statutes, section 120.062.

Sec. 56. **SUPPLEMENTAL REVENUE REDUCTION.**

For fiscal years 1996 and 1997, if a district's ratio of 1992 adjusted net tax capacity divided by 1994-1995 actual pupil units to \$9.025 is less than or equal to .25, then the difference under Minnesota Statutes, section 124A.22, subdivision 9, clause (2), is equal to \$25 for purposes of computing the district's supplemental revenue under Minnesota Statutes, section 124A.22, subdivision 8. For purposes of computing the referendum allowance reduction under Minnesota Statutes, section 124A.03, subdivision 3b, the supplemental revenue reduction shall be computed according to Minnesota Statutes, section 124A.22, subdivision 9.

Sec. 57. **PERMANENT SCHOOL FUND EARNINGS.**

During either fiscal year 1996 or 1997, notwithstanding section 124.09, the state board of investment may invest in equities an amount of principal in excess of the principal necessary to generate \$32,500,000 with the goal of improving the long-term income from the permanent school fund.

Sec. 58. **LEVY ADJUSTMENT; LE SUEUR-HENDERSON.**

Independent school district No. 2397, Le Sueur-Henderson, must not receive a negative levy adjustment for any referendum levy made by independent school district No. 734, Henderson, that was certified for taxes payable in 1992.

Sec. 59. **NO AID REDUCTION.**

The commissioner of education shall not reduce aid to a district under Minnesota Statutes, section 124.14, subdivision 3, for the 1992-1993 school year because the district did not provide the number of instructional days provided for in Minnesota Statutes 1992, section 120.101, as long as the district provided at least the minimum instructional hours required by the rules of the state board of education during the 1992-1993 school year.

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Sec. 60. EQUALIZING FACTOR.

For fiscal year 1996 only, levies calculated under chapters 124 and 124A shall not be recomputed because of an increase in the formula allowance under Minnesota Statutes, section 124A.22, subdivision 2.

Sec. 61. FORMULA ALLOWANCE.

Notwithstanding the amount of the formula allowance for fiscal year 1997, in Minnesota Statutes, section 124A.22, subdivision 2, the commissioner shall use the amount of the formula allowance minus \$300 for fiscal year 1997 in determining the payments under Minnesota Statutes, sections 123.3514, subdivisions 6 and 8; 124A.02, subdivision 21; 126.22; and 126.23.

Sec. 62. APPROPRIATIONS.

Subdivision 1. DEPARTMENT OF EDUCATION. The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. GENERAL AND SUPPLEMENTAL EDUCATION AID. For general and supplemental education aid:

\$1,992,244,000	.....	1996
\$2,370,053,000	.....	1997

The 1996 appropriation includes \$301,965,000 for 1995 and \$1,690,280,000 for 1996.

The 1997 appropriation includes \$325,496,000 for 1996 and \$2,044,557,000 for 1997.

Sec. 63. REPEALER.

Subdivision 1. JULY 1, 1995. Minnesota Statutes 1994, sections 124.17, subdivision 1b; 124.962; 124A.04, subdivision 1; and 124A.27, subdivision 11, are repealed July 1, 1995.

Subd. 2. REVENUE FOR FISCAL YEAR 1997. Minnesota Statutes 1994, sections 121.912, subdivision 8; 124.243; 124.244; 124A.26; and 126.019, are repealed effective for revenue for fiscal year 1997.

Sec. 64. EFFECTIVE DATE.

Sections 14 and 50 are effective the day following final enactment. Sections 9, 20, 27, 31, 32, 33, 47, and 48 are effective for revenue for fiscal year 1997. Section 44 is effective for revenue for fiscal year 1999 and thereafter.

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ARTICLE 2

TRANSPORTATION

Section 1. Minnesota Statutes 1994, section 121.912, subdivision 1, is amended to read:

Subdivision 1. **LIMITATIONS.** Except as provided in this subdivision, sections 121.9121, 123.36, 124.243, 475.61, and 475.65, a school district may not permanently transfer money from (1) an operating fund to a nonoperating fund; (2) a nonoperating fund to another nonoperating fund; or (3) a nonoperating fund to an operating fund. Permanent transfers may be made from any fund to any other fund to correct for prior fiscal years' errors discovered after the books have been closed for that year. Permanent transfers may be made from the general fund to any other operating funds according to section 123.7045 or if the resources of the other fund are not adequate to finance approved expenditures from that other fund. Permanent transfers may also be made from the general fund to eliminate deficits in another fund when that other fund is being discontinued. When a district discontinues operation of a district-owned bus fleet or a substantial portion of a fleet, ~~permanent transfers must be made, on June 30 of the fiscal year that the operation is discontinued, from the fund balance account entitled "pupil transportation fund reserved for bus purchases" to the capital expenditure fund. The sum of the levies authorized pursuant to sections 124.243, 124.244, and 124.83 shall be reduced by an amount equal to the amount transferred. Any school district may transfer any amount from the undesignated fund balance account in its transportation fund to any other operating fund or to the reserved fund balance account for bus purchases in its transportation fund the balance shall cancel to the district's general fund.~~

Sec. 2. Minnesota Statutes 1994, section 123.3514, subdivision 8, is amended to read:

Subd. 8. **TRANSPORTATION.** A parent or guardian of a pupil enrolled in a course for secondary credit may apply to the pupil's district of residence for reimbursement for transporting the pupil between the secondary school in which the pupil is enrolled or the pupil's home and the post-secondary institution that the pupil attends. The commissioner shall establish guidelines for providing state aid to districts to reimburse the parent or guardian for the necessary transportation costs, which shall be based on financial need. The reimbursement may not exceed the pupil's actual cost of transportation or 15 cents per mile traveled, whichever is less. Reimbursement may not be paid for more than 250 miles per week. However, if the nearest post-secondary institution is more than 25 miles from the pupil's resident secondary school, the weekly reimbursement may not exceed the reimbursement rate per mile times the actual distance between the secondary school or the pupil's home and the nearest post-secondary institution times ten. The state shall pay aid to the district according to the guidelines established under this subdivision. Chapter 14 does not apply to the guidelines.

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Sec. 3. Minnesota Statutes 1994, section 123.39, subdivision 1, is amended to read:

Subdivision 1. The board may provide for the transportation of pupils to and from school and for any other purpose ~~for which aid is authorized under section 124.223 or for which levies are authorized under sections 124.226, 124.2716, 124.91, 124.912, 124.914, 124.916, 124.918, and 136C.411.~~ The board may also provide for the transportation of pupils to schools in other districts for grades and departments not maintained in the district, including high school, at the expense of the district, when funds are available therefor and if agreeable to the district to which it is proposed to transport the pupils, for the whole or a part of the school year, as it may deem advisable, and subject to its rules. In any school district, the board shall arrange for the attendance of all pupils living two miles or more from the school, except pupils whose transportation privileges have been revoked under section 123.805, subdivision 1, clause (6), or 123.7991, paragraph (b), through suitable provision for transportation or through the boarding and rooming of the pupils who may be more economically and conveniently provided for by that means. The board shall provide transportation to and from the home of a child with a disability not yet enrolled in kindergarten when special instruction and services under sections 120.17 and 120.1701 are provided in a location other than in the child's home. When transportation is provided, scheduling of routes, establishment of the location of bus stops, manner and method of transportation, control and discipline of school children and any other matter relating thereto shall be within the sole discretion, control, and management of the school board. The district may provide for the transportation of pupils or expend a reasonable amount for room and board of pupils whose attendance at school can more economically and conveniently be provided for by that means or who attend school in a building rented or leased by a district within the confines of an adjacent district.

Sec. 4. Minnesota Statutes 1994, section 123.78, subdivision 1, is amended to read:

Subdivision 1. **GENERAL PROVISIONS.** A district ~~eligible to receive state aid for transportation under chapter 124~~ shall provide equal transportation within the district for all school children to any school when transportation is deemed necessary by the school board because of distance or traffic condition in like manner and form as provided in sections 123.39 and 124.223, when applicable.

Sec. 5. Minnesota Statutes 1994, section 123.79, subdivision 1, is amended to read:

Subdivision 1. Such state aids as ~~may become~~ are made available or appropriated shall be ~~governed by section 124.225, be paid to the school district entitled thereto~~ for the equal benefit of all school children, and be disbursed in such manner as determined by the board.

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Sec. 6. Minnesota Statutes 1994, section 123.7991, subdivision 2, is amended to read:

Subd. 2. **STUDENT TRAINING.** (a) Each school district shall provide public school pupils enrolled in grades kindergarten through ~~4~~ 10 with age-appropriate school bus safety training. The training shall be results-oriented and shall consist of both classroom instruction and practical training using a school bus. Upon completing the training, a student shall be able to demonstrate knowledge and understanding of at least the following competencies and concepts:

- (1) transportation by school bus is a privilege and not a right;
- (2) district policies for student conduct and school bus safety;
- (3) appropriate conduct while on the school bus;
- (4) the danger zones surrounding a school bus;
- (5) procedures for safely boarding and leaving a school bus;
- (6) procedures for safe ~~vehicle lane~~ street or road crossing; and
- (7) school bus evacuation and other emergency procedures.

(b) Each nonpublic school located within the district shall provide all nonpublic school pupils enrolled in grades kindergarten through 10 who are transported by school bus at public expense and attend school within the district's boundaries with training as required in paragraph (a). The school district shall make a bus available for the practical training if the district transports the nonpublic students. Each nonpublic school shall provide the instruction.

(c) Student school bus safety training shall commence during school bus safety week. All students enrolled in grades kindergarten through 3 who are transported by school bus and are enrolled during the first or second week of school must demonstrate achievement of the school bus safety training competencies by the end of the third week of school. All students enrolled in grades 4 through 10 who are transported by school bus and are enrolled during the first or second week of school must demonstrate achievement of the competencies by the end of the sixth week of school. Students enrolled in grades kindergarten through 10 who enroll in a school after the ~~first~~ second week of school and are transported by school bus shall undergo school bus safety training and demonstrate achievement of the school bus safety competencies within ~~three~~ four weeks of the first day of attendance. The pupil transportation safety director in each district must certify to the commissioner of education annually ~~by October~~ 15 that all students transported by school bus within the district have satisfactorily demonstrated knowledge and understanding of the school bus safety competencies according to this section or provide an explanation for a student's failure to demonstrate the competencies. The principal or other chief administrator of

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each nonpublic school must certify annually to the public transportation safety director of the district in which the school is located that all of the school's students transported by school bus at public expense have received training. A school district may deny transportation to a student who fails to demonstrate the competencies, unless the student is unable to achieve the competencies due to a disability, or to a student who attends a nonpublic school that fails to provide training as required by this subdivision.

(e) (d) A school district and a nonpublic school with students transported by school bus at public expense must, to the extent possible, provide kindergarten pupils with bus safety training before the first day of school.

(e) (e) A school district and a nonpublic school with students transported by school bus at public expense must also provide student safety education for bicycling and pedestrian safety.

(f) A school district and a nonpublic school with students transported by school bus at public expense must make reasonable accommodations for the school bus, bicycle, and pedestrian safety training of pupils known to speak English as a second language and pupils with disabilities.

Sec. 7. Minnesota Statutes 1994, section 123.7991, subdivision 3, is amended to read:

Subd. 3. **MODEL TRAINING PROGRAM.** The commissioner of education shall develop a comprehensive model school bus safety training program for pupils who ride the bus that includes bus safety curriculum for both classroom and practical instruction, methods for assessing attainment of school bus safety competencies, and age-appropriate instructional materials. The program must be adaptable for use by students with disabilities.

Sec. 8. Minnesota Statutes 1994, section 123.805, subdivision 1, is amended to read:

Subdivision 1. **COMPREHENSIVE POLICY.** Each school district shall develop and implement a comprehensive, written policy governing pupil transportation safety, including transportation of nonpublic school students, when applicable. The policy shall, at minimum, contain:

(1) provisions for appropriate student bus safety training under section 123.7991;

(2) rules governing student conduct on school buses and in school bus loading and unloading areas;

(3) a statement of parent or guardian responsibilities relating to school bus safety;

(4) provisions for notifying students and parents or guardians of their responsibilities and the rules;

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(5) an intradistrict system for reporting school bus accidents or misconduct, a system for dealing with local law enforcement officials in cases of criminal conduct on a school bus, and a system for reporting accidents, crimes, incidents of misconduct, and bus driver dismissals to the department of public safety under section 169.452;

(6) a discipline policy to address violations of school bus safety rules, including procedures for revoking a student's bus riding privileges in cases of serious or repeated misconduct;

(7) a system for integrating school bus misconduct records with other discipline records;

(8) a statement of bus driver duties;

(9) planned expenditures for safety activities under section 123.799 and, where applicable, provisions governing bus monitor qualifications, training, and duties;

(10) rules governing the use and maintenance of type III vehicles, drivers of type III vehicles, qualifications to drive a type III vehicle, qualifications for a type III vehicle and the circumstances under which a student may be transported in a type III vehicle;

(11) operating rules and procedures;

(12) provisions for annual bus driver in-service training and evaluation;

(13) emergency procedures; ~~and~~

(14) a system for maintaining and inspecting equipment;

(15) requirements of the school district, if any, that exceed state law minimum requirements for school bus operations; and

(16) requirements for basic first aid training, which shall include the Heimlich maneuver and procedures for dealing with obstructed airways, shock, bleeding, and seizures.

School districts are encouraged to use the model policy developed by the Minnesota school boards association, the department of public safety, and the department of education, as well as the current edition of the "National Standards for School Buses and Operations" published by the National Safety Council, in developing safety policies. Each district shall submit a copy of its policy under this subdivision to the school bus safety advisory committee no later than August 1, 1994; ~~and review and make appropriate amendments annually by August 1.~~ Each district shall review its policy annually and make appropriate amendments, which must be submitted to the school bus safety advisory committee within one month of approval by the school board.

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Sec. 9. Minnesota Statutes 1994, section 123.805, subdivision 2, is amended to read:

Subd. 2. **SCHOOL TRANSPORTATION SAFETY DIRECTOR.** Each school board shall designate a school transportation safety director to oversee and implement pupil transportation safety policies. The director shall have day-to-day responsibility for pupil transportation safety within the district, including transportation of nonpublic school children when provided by the district.

Sec. 10. Minnesota Statutes 1994, section 124.223, is amended to read:

124.223 TRANSPORTATION AID AUTHORIZATION.

Subdivision 1. **TO AND FROM SCHOOL; BETWEEN SCHOOLS.** (a) ~~State transportation aid is authorized for School districts may provide transportation or board of resident elementary pupils who reside one mile or more from the public schools which they could attend; transportation or board of resident secondary pupils who reside two miles or more from the public schools which they could attend; transportation to and from schools the resident pupils attend according to a program approved by the commissioner of education, or between the schools the resident pupils attend for instructional classes, or to and from service learning programs; transportation of resident elementary pupils who reside one mile or more from a nonpublic school actually attended; transportation of resident secondary pupils who reside two miles or more from a nonpublic school actually attended; but with respect to transportation of pupils to nonpublic schools actually attended, only to the extent permitted by sections 123.76 to 123.79; transportation of resident pupils to and from language immersion programs; transportation of a pupil who is a custodial parent and that pupil's child between the pupil's home and the child care provider and between the provider and the school, if the home and provider are within the attendance area of the school. State transportation aid is not authorized for Late transportation home from school for pupils involved in after school activities. State transportation aid is not authorized for summer program transportation except as provided in subdivision 8.~~

(b) For the purposes of this subdivision, a district may designate a licensed day care facility, respite care facility, the residence of a relative, or the residence of a person chosen by the pupil's parent or guardian as the home of a pupil for part or all of the day, if requested by the pupil's parent or guardian and if that facility or residence is within the attendance area of the school the pupil attends.

(c) ~~State transportation aid is authorized for School districts may provide~~ transportation to and from school of an elementary pupil who moves during the school year within an area designated by the district as a mobility zone, but only for the remainder of the school year. The attendance areas of schools in a mobility zone must be contiguous. To be in a mobility zone, a school must meet both of the following requirements:

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(1) more than 50 percent of the pupils enrolled in the school are eligible for free or reduced school lunch; and

(2) the pupil withdrawal rate for the last year is more than 12 percent.

(d) A pupil withdrawal rate is determined by dividing:

(1) the sum of the number of pupils who withdraw from the school, during the school year, and the number of pupils enrolled in the school as a result of transportation provided under this paragraph, by

(2) the number of pupils enrolled in the school.

(e) The district may establish eligibility requirements for individual pupils to receive transportation in the mobility zone.

Subd. 2. **OUTSIDE DISTRICT.** ~~State transportation aid is authorized for~~ School districts may provide transportation to and from or board and lodging in another district, of resident pupils of a district without a secondary school. The pupils may attend a classified secondary school in another district and ~~shall~~ may receive board and lodging in or transportation to and from a district having a classified secondary school at the expense of the district of the pupil's residence.

Subd. 3. **SECONDARY VOCATIONAL CENTERS.** ~~State transportation aid is authorized for~~ School districts may provide transportation to and from a commissioner approved secondary vocational center for secondary vocational classes for resident pupils of any of the districts who are members of or participating in programs at that center.

Subd. 4. **PUPILS WITH DISABILITIES.** ~~State transportation aid is authorized for~~ School districts may provide transportation or board and lodging of a pupil with a disability when that pupil cannot be transported on a regular school bus, the conveying of pupils with a disability between home or a respite care facility and school and within the school plant, necessary transportation of pupils with a disability from home or from school to other buildings, including centers such as developmental achievement centers, hospitals and treatment centers where special instruction or services required by sections 120.17 and 120.1701 are provided, within or outside the district where services are provided, and necessary transportation for resident pupils with a disability required by sections 120.17, subdivision 4a, and 120.1701. Transportation of pupils with a disability between home or a respite care facility and school shall not be subject to any distance requirement for children ~~not yet enrolled in kindergarten or to the requirement in subdivision 1 that elementary pupils reside at least one mile from school and secondary pupils reside at least two miles from school in order for the transportation to qualify for aid.~~

Subd. 5. **BOARD AND LODGING; NONRESIDENTS WITH DISABILITIES.** ~~State transportation aid is authorized for~~ School districts may provide,

New language is indicated by underline, deletions by ~~strikeout~~.

when necessary, board and lodging for nonresident pupils with a disability in a district maintaining special classes.

Subd. 6. **SHARED TIME.** ~~State transportation aid is authorized for School districts may provide~~ transportation from one educational facility to another within the district for resident pupils enrolled on a shared time basis in educational programs, and necessary transportation required by sections 120.17, subdivision 9, and 120.1701 for resident pupils with a disability who are provided special instruction and services on a shared time basis.

Subd. 7. **FARIBAULT STATE ACADEMIES.** ~~State transportation aid is authorized for School districts may provide~~ transportation for ~~residents resident pupils with disabilities~~ to and from the ~~Minnesota state academy for the deaf or the Minnesota state academy for the blind~~ board and lodging facilities when the pupil is boarded and lodged for educational purposes.

Subd. 8. **SUMMER INSTRUCTIONAL PROGRAMS.** ~~State transportation aid is authorized for School districts may provide~~ services described in subdivisions 1 to 7, 9, and 10 when provided for pupils with a disability in conjunction with a summer program that meets the requirements of section 124A.27, subdivision 9. ~~State transportation aid is authorized for School districts may provide~~ services described in subdivision 1 when provided during the summer in conjunction with a learning year program established under section 121.585.

Subd. 9. **COOPERATIVE ACADEMIC AND VOCATIONAL.** ~~State transportation aid is authorized for School districts may provide~~ transportation to, from or between educational facilities located in any of two or more school districts jointly offering academic classes or secondary vocational classes not provided at a secondary vocational center for resident pupils of any of these districts.

Subd. 10. **NONPUBLIC SUPPORT SERVICES.** ~~State transportation aid is authorized for School districts may provide~~ necessary transportation within district boundaries between a nonpublic school and a public school or a neutral site for nonpublic school pupils who are provided pupil support services pursuant to section 123.935.

Subd. 11. **RULES.** The state board of education may amend rules relating to transportation aid ~~and~~ data.

Sec. 11. Minnesota Statutes 1994, section 124.225, subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** For purposes of this section, the terms defined in this subdivision have the meanings given to them.

(a) "FTE" means a full-time equivalent pupil whose transportation is authorized for aid purposes by section 124.223.

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(b) "Authorized cost for regular transportation" means the sum of:

(1) all expenditures for transportation in the regular category, as defined in paragraph (c), clause (1), for which aid is authorized in section 124.223, plus

(2) an amount equal to one year's depreciation on the district's school bus fleet and mobile units computed on a straight line basis at the rate of 15 percent per year for districts operating a program under section 121.585 for grades 1 to 12 for all students in the district and 12-1/2 percent per year for other districts of the cost of the fleet, plus

(3) an amount equal to one year's depreciation on district school buses reconditioned by the department of corrections computed on a straight line basis at the rate of 33-1/3 percent per year of the cost to the district of the recon-ditioning, plus

(4) an amount equal to one year's depreciation on the district's type three school buses, as defined in section 169.01, subdivision 6, clause (5), which must be used a majority of the time for the purposes in sections 124.223 and 124.226, subdivisions 5, 8, and 9, and were purchased after July 1, 1982, for authorized transportation of pupils, ~~with the prior approval of the commissioner,~~ computed on a straight line basis at the rate of 20 percent per year of the cost of the type three school buses.

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

(1) Regular transportation is transportation services provided during the regular school year under section 124.223, subdivisions 1 and 2, excluding the following transportation services provided under section 124.223, subdivision 1: transportation between schools; transportation to and from service learning programs; noon transportation to and from school for kindergarten pupils attending half-day sessions; transportation of pupils to and from schools located outside their normal attendance areas under the provisions of a plan for desegregation mandated by the state board of education or under court order; and transporta-tion of elementary pupils to and from school within a mobility zone.

(2) Nonregular transportation is transportation services provided under section 124.223, subdivision 1, that are excluded from the regular category and transportation services provided under section 124.223, subdivisions 3, 4, 5, 6, 7, 8, 9, and 10.

(3) Excess transportation is transportation to and from school during the regular school year for secondary pupils residing at least one mile but less than two miles from the public school they could attend or from the nonpublic school actually attended, and transportation to and from school for pupils residing less than one mile from school who are transported because of extraordinary traffic, drug, or crime hazards.

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(4) Desegregation transportation is transportation within and outside of the district during the regular school year of pupils to and from schools located outside their normal attendance areas under a plan for desegregation mandated by the state board or under court order.

(5) Handicapped transportation is transportation provided under section 124.223, subdivision 4, for pupils with a disability between home or a respite care facility and school or other buildings where special instruction required by sections 120.17 and 120.1701 is provided.

(d) "Mobile unit" means a vehicle or trailer designed to provide facilities for educational programs and services, including diagnostic testing, guidance and counseling services, and health services. A mobile unit located off nonpublic school premises is a neutral site as defined in section 123.932, subdivision 9.

(e) "Current year" means the school year for which aid will be paid.

(f) "Base year" means the second school year preceding the school year for which aid will be paid.

(g) "Base cost" means the ratio of:

(1) the sum of the authorized cost in the base year for regular transportation as defined in paragraph (b) plus the actual cost in the base year for excess transportation as defined in paragraph (c);

(2) to the sum of the number of weighted FTE's in the regular and excess categories in the base year.

(h) "Pupil weighting factor" for the excess transportation category for a school district means the lesser of one, or the result of the following computation:

(1) Divide the square mile area of the school district by the number of FTE's in the regular and excess categories in the base year.

(2) Raise the result in clause (1) to the one-fifth power.

(3) Divide four-tenths by the result in clause (2).

The pupil weighting factor for the regular transportation category is one.

(i) "Weighted FTE's" means the number of FTE's in each transportation category multiplied by the pupil weighting factor for that category.

(j) "Sparsity index" for a school district means the greater of .005 or the ratio of the square mile area of the school district to the sum of the number of weighted FTE's by the district in the regular and excess categories in the base year.

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(k) "Density index" for a school district means the greater of one or the result obtained by subtracting the product of the district's sparsity index times 20 from two.

(l) "Contract transportation index" for a school district means the greater of one or the result of the following computation:

(1) Multiply the district's sparsity index by 20.

(2) Select the lesser of one or the result in clause (1).

(3) Multiply the district's percentage of regular FTE's in the current year using vehicles that are not owned by the school district by the result in clause (2).

(m) "Adjusted predicted base cost" means the predicted base cost as computed in subdivision 3a as adjusted under subdivision 7a.

(n) "Regular transportation allowance" means the adjusted predicted base cost, inflated and adjusted under subdivision 7b.

Sec. 12. Minnesota Statutes 1994, section 124.225, subdivision 3a, is amended to read:

Subd. 3a. **PREDICTED BASE COST.** A district's predicted base cost equals the result of the following computation:

(a) Multiply the transportation formula allowance by the district's sparsity index raised to the one-fourth power. The transportation formula allowance is ~~\$447~~ \$477 for the ~~1991-1992~~ 1993-1994 base year and ~~\$463~~ for the ~~1992-1993~~ base year.

(b) Multiply the result in paragraph (a) by the district's density index raised to the ~~35/100~~ 1/2 power.

(c) Multiply the result in paragraph (b) by the district's contract transportation index raised to the 1/20 power.

Sec. 13. Minnesota Statutes 1994, section 124.225, subdivision 7b, is amended to read:

Subd. 7b. **INFLATION FACTORS.** (a) The adjusted predicted base cost determined for a district under subdivision 7a for the base year must be increased by ~~2.35~~ zero percent to determine the district's regular transportation allowance for the ~~1993-1994~~ 1995-1996 school year and by ~~3.425~~ percent to determine the district's regular transportation allowance for the ~~1994-1995~~ school year, but

(b) Notwithstanding paragraph (a), the regular transportation allowance for a district for the 1995-1996 school year cannot be less than the district's mini-

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imum regular transportation allowance according to Minnesota Statutes 1990, section 124.225, subdivision 1, paragraph (t).

Sec. 14. Minnesota Statutes 1994, section 124.225, subdivision 7d, is amended to read:

Subd. 7d. **TRANSPORTATION REVENUE.** Transportation revenue for each district equals the sum of the district's regular transportation revenue and the district's nonregular transportation revenue.

(a) The regular transportation revenue for each district equals the district's regular transportation allowance according to subdivision 7b times the sum of the number of FTE's by the district in the regular, desegregation, and handicapped categories in the current school year.

(b) For the ~~1992-1993 and later school years~~ 1995-1996 school year, the nonregular transportation revenue for each district equals the lesser of the district's actual cost in the current school year for nonregular transportation services or the product of the district's actual cost in the base year for nonregular transportation services as defined for the current year in subdivision 1, paragraph (c), times the ratio of the district's average daily membership for the current year to the district's average daily membership for the base year according to section 124.17, subdivision 2, times the nonregular transportation inflation factor for the current year, minus the amount of regular transportation revenue attributable to FTE's in the desegregation and handicapped categories in the current school year, plus the excess nonregular transportation revenue for the current year according to subdivision 7e. The nonregular transportation inflation factor is ~~1.0435~~ 1.0 for the ~~1993-1994~~ 1995-1996 school year and ~~1.03425~~ for the ~~1994-1995~~ school year.

Sec. 15. Minnesota Statutes 1994, section 124.225, subdivision 7f, is amended to read:

Subd. 7f. **RESERVED REVENUE FOR TRANSPORTATION SAFETY.** A district shall reserve an amount equal to the greater of ~~\$1,000~~ \$500 or ~~one percent of the sum of the district's regular transportation revenue according to subdivision 7d, paragraph (a), and nonregular transportation revenue according to subdivision 7d, paragraph (b)~~ \$1.50 times the number of fund balance pupil units, for that school year to provide student transportation safety programs under section 123.799. This revenue may only be used if the district complies with the reporting requirements of section 123.7991, 123.805, 169.452, 169.4582, or 171.321, subdivision 5.

Sec. 16. Minnesota Statutes 1994, section 124.225, subdivision 8a, is amended to read:

Subd. 8a. **TRANSPORTATION AID.** (a) A district's transportation aid equals the product of:

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(1) the difference between the transportation revenue and the sum of:

(i) the maximum basic transportation levy for that school year under section ~~275.125~~ 124.226, subdivision ~~5~~ 1, plus

(ii) the maximum nonregular transportation levy for that school year under section 124.226, subdivision 4, plus

(iii) the contracted services aid reduction under subdivision 8k,

(2) times the ratio of the sum of the actual amounts levied under section 124.226, subdivisions 1 and 4, to the sum of the permitted maximum levies under section 124.226, subdivisions 1 and 4.

(b) If the total appropriation for transportation aid for any fiscal year is insufficient to pay all districts the full amount of aid earned, the department of education shall reduce each district's aid in proportion to the number of resident pupils in average daily membership in the district to the state total average daily membership, and shall reduce the transportation levy of off-formula districts in the same proportion.

Sec. 17. Minnesota Statutes 1994, section 124.225, subdivision 8l, is amended to read:

Subd. 8l. **ALTERNATIVE ATTENDANCE PROGRAMS.** A district that enrolls nonresident pupils in programs under sections 120.062, 120.075, 120.0751, 120.0752, 124C.45 to 124C.48, and 126.22, ~~shall~~ may provide authorized transportation to the pupil within the attendance area for the school that the pupil attends. ~~The state shall pay transportation aid attributable to the pupil to the nonresident district according to this section.~~ The resident district need not provide or pay for transportation between the pupil's residence and the district's border.

Sec. 18. Minnesota Statutes 1994, section 124.225, subdivision 8m, is amended to read:

Subd. 8m. **TRANSPORTATION SAFETY AID.** A district's transportation safety aid equals the district's reserved revenue for transportation safety under subdivision 7f for that school year. Failure of a school district to comply with the reporting requirements of section 123.7991, 123.805, 169.452, 169.4582, or 171.321, subdivision 5, may result in a withholding of that district's transportation safety aid for that school year.

Sec. 19. Minnesota Statutes 1994, section 124.225, subdivision 9, is amended to read:

Subd. 9. **DISTRICT REPORTS.** Each district shall report data to the department as required by the department to ~~implement the transportation aid formula account for transportation expenditures.~~ implement the transportation aid formula account for transportation expenditures. ~~If a district's final transporta-~~

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tion aid payment is adjusted after the final aid payment has been made to all districts, the adjustment shall be made by increasing or decreasing the district's aid for the next fiscal year.

Sec. 20. Minnesota Statutes 1994, section 124.225, is amended by adding a subdivision to read:

Subd. 13. TARGETED NEEDS TRANSPORTATION REVENUE. A district's targeted needs transportation revenue for the 1996-1997 and later school years equals the sum of the special programs transportation revenue according to subdivision 14, the integration transportation revenue according to subdivision 15, and the nonpublic pupil transportation revenue according to subdivision 16.

Sec. 21. Minnesota Statutes 1994, section 124.225, is amended by adding a subdivision to read:

Subd. 14. SPECIAL PROGRAMS TRANSPORTATION REVENUE. A district's special programs transportation revenue for the 1996-1997 and later school years equals the sum of:

(a) the district's actual cost in the base year for transportation services for children with disabilities under section 124.223, subdivisions 4, 5, 7, and 8, times the ratio of the district's average daily membership for the current school year to the district's average daily membership for the base year; plus

(b) 80 percent of the difference between:

(1) the district's actual cost in the current year for transportation services for children with disabilities under section 124.223, subdivisions 4, 5, 7, and 8; and

(2) the amount computed in paragraph (a).

Sec. 22. Minnesota Statutes 1994, section 124.225, is amended by adding a subdivision to read:

Subd. 15. INTEGRATION TRANSPORTATION REVENUE. A district's integration transportation revenue for the 1996-1997 and later school years equals the following amounts:

(a) for independent school district No. 709, Duluth, \$4 times the actual pupil units for the school year;

(b) for independent school district No. 625, St. Paul, \$73 times the actual pupil units for the school year; and

(c) for special school district No. 1, Minneapolis, \$158 times the actual pupil units for the school year.

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Sec. 23. Minnesota Statutes 1994, section 124.225, is amended by adding a subdivision to read:

Subd. 16. NONPUBLIC PUPIL TRANSPORTATION REVENUE. (a) A district's nonpublic pupil transportation revenue for the 1996-1997 and later school years for transportation services for nonpublic school pupils according to sections 123.39, 123.76 to 123.78, 124.223, and 124.226, equals the sum of the amounts computed in paragraphs (b) and (c). This revenue does not limit the obligation to transport pupils under sections 123.76 to 123.79.

(b) For regular and excess transportation according to section 124.225, subdivision 1, paragraph (c), clauses (1) and (3), an amount equal to the product of:

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

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

(3) the ratio of the formula allowance pursuant to section 124A.22, subdivision 2, for the current school year to the formula allowance pursuant to section 124A.22, subdivision 2, for the second preceding school year.

(c) For nonregular transportation according to section 124.225, subdivision 1, paragraph (c), clause (2), and late activity transportation according to section 124.226, subdivision 9, an amount equal to the product of:

(1) the district's actual expenditure for nonregular and late activity transportation for nonpublic school pupils during the second preceding school year; times

(2) the ratio of the formula allowance pursuant to section 124A.22, subdivision 2, for the current school year to the formula allowance pursuant to section 124A.22, subdivision 2, for the second preceding school year.

Sec. 24. Minnesota Statutes 1994, section 124.225, is amended by adding a subdivision to read:

Subd. 17. TARGETED NEEDS TRANSPORTATION AID. (a) A district's targeted needs transportation aid is the difference between its targeted needs transportation revenue under subdivision 13 and its targeted needs transportation revenue under section 124.226, subdivision 10.

(b) If a district does not levy the entire amount permitted, aid must be reduced in proportion to the actual amount levied.

Sec. 25. Minnesota Statutes 1994, section 124.226, subdivision 3, is amended to read:

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Subd. 3. **OFF-FORMULA ADJUSTMENT.** In a district if the basic transportation levy under subdivision 1 attributable to that fiscal year is more than the difference between (1) the district's transportation revenue under section 124.225, subdivision 7d, and (2) the sum of the district's maximum nonregular levy under subdivision 4 and the district's contracted services aid reduction under section 124.225, subdivision 8k, and the amount of any reduction due to insufficient appropriation under section 124.225, subdivision 8a, the district's transportation levy in ~~the second year following~~ each fiscal year must be reduced by the difference between the amount of the excess and the amount of the aid reduction for the same fiscal year according to subdivision 3a.

Sec. 26. Minnesota Statutes 1994, section 124.226, subdivision 4, is amended to read:

Subd. 4. **NONREGULAR TRANSPORTATION.** A school district may also make a levy for unreimbursed nonregular transportation costs pursuant to this subdivision.

(a) For the 1995-1996 school year, the amount of the levy shall be the result of the following computation:

(~~a~~) (1) multiply

(~~+~~) (i) the amount of the district's nonregular transportation revenue under section 124.225, subdivision 7d, that is more than the product of ~~\$60~~ \$65 times the district's average daily membership, by

(~~2~~) (ii) 50 percent;

(~~b~~) (2) subtract the result in clause (~~a~~) (1) from the district's total nonregular transportation revenue;

(~~e~~) (3) multiply the result in clause (~~b~~) (2) by the lesser of one or the ratio of

(i) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the average daily membership in the district for the school year to which the levy is attributable, to

(ii) \$8,000.

Sec. 27. Minnesota Statutes 1994, section 124.226, subdivision 9, is amended to read:

Subd. 9. **LATE ACTIVITY BUSES.** (a) For taxes payable in 1996, a school district may levy an amount equal to the lesser of:

(1) the actual cost of late transportation home from school, between schools within a district, or between schools in one or more districts that have an agreement under sections 122.241 to 122.248, 122.535, 122.541, or 124.494, for

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pupils involved in after school activities for the school year beginning in the year the levy is certified; or

(2) two percent of the sum of the district's regular transportation revenue and the district's nonregular transportation revenue for that school year according to section 124.225, subdivision 7d.

(b) A district that levies under this section must provide late transportation from school for students participating in any academic-related activities provided by the district if transportation is provided for students participating in athletic activities.

(c) Notwithstanding section 121.904, 50 percent of the levy certified for taxes payable in 1994, and for each year thereafter the entire amount of this levy, shall be recognized as revenue for the fiscal year in which the levy is certified.

Sec. 28. Minnesota Statutes 1994, section 124.226, is amended by adding a subdivision to read:

Subd. 10. TARGETED NEEDS TRANSPORTATION LEVY. A school district may make a levy for targeted needs transportation costs according to this subdivision. The amount of the levy shall be the result of the following computation:

(1) For fiscal year 1997 and later, targeted needs transportation levy equalization revenue equals 28 percent of the sum of the district's special programs transportation revenue under section 124.225, subdivision 14, and the district's integration transportation revenue under section 124.225, subdivision 15.

(2) The targeted needs transportation levy equals the result in clause (1) times the lesser of one or the ratio of (i) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable, to (ii) \$3,540.

Sec. 29. Minnesota Statutes 1994, section 126.15, subdivision 2, is amended to read:

Subd. 2. **APPOINTMENT OF MEMBERS.** Unless the parents or guardian of a pupil object in writing to the school authorities to the appointment of the pupil on a school safety patrol, it is lawful for any pupil over nine years of age to be appointed and designated as a member thereof, provided that in any school in which there are no pupils who have attained such age any pupil in the highest grade therein may be so appointed and designated. School authorities may also appoint and designate nonpupil adults as members of a school safety patrol on a voluntary or for-hire basis.

Sec. 30. Minnesota Statutes 1994, section 169.01, subdivision 6, is amended to read:

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Subd. 6. **SCHOOL BUS.** "School bus" means a motor vehicle used to transport pupils to or from a school defined in section 120.101, or to or from school-related activities, by the school or a school district, or by someone under an agreement with the school or a school district. A school bus does not include a motor vehicle transporting children to or from school for which parents or guardians receive direct compensation from a school district, a motor coach operating under charter carrier authority, ~~or~~ a transit bus providing services as defined in section 174.22, subdivision 7, or a vehicle otherwise qualifying as a type III vehicle under paragraph (5), when the vehicle is properly registered and insured and being driven by an employee or agent of a school district for non-scheduled transportation. A school bus may be type A, type B, type C, or type D, or type III as follows:

(1) A "type A school bus" is a conversion or body constructed upon a van-type compact truck or a front-section vehicle, with a gross vehicle weight rating of 10,000 pounds or less, designed for carrying more than ten persons.

(2) A "type B school bus" is a conversion or body constructed and installed upon a van or front-section vehicle chassis, or stripped chassis, with a gross vehicle weight rating of more than 10,000 pounds, designed for carrying more than ten persons. Part of the engine is beneath or behind the windshield and beside the driver's seat. The entrance door is behind the front wheels.

(3) A "type C school bus" is a body installed upon a flat back cowl chassis with a gross vehicle weight rating of more than 10,000 pounds, designated for carrying more than ten persons. All of the engine is in front of the windshield and the entrance door is behind the front wheels.

(4) A "type D school bus" is a body installed upon a chassis, with the engine mounted in the front, midship or rear, with a gross vehicle weight rating of more than 10,000 pounds, designed for carrying more than ten persons. The engine may be behind the windshield and beside the driver's seat; it may be at the rear of the bus, behind the rear wheels, or midship between the front and rear axles. The entrance door is ahead of the front wheels.

(5) Type III school buses and type III Head Start buses are restricted to passenger cars, station wagons, vans, and buses having a maximum manufacturer's rated seating capacity of ten people, including the driver, and a gross vehicle weight rating of 10,000 pounds or less. In this subdivision, "gross vehicle weight rating" means the value specified by the manufacturer as the loaded weight of a single vehicle. A "type III school bus" and "type III Head Start bus" must not be outwardly equipped and identified as a type A, B, C, or D school bus or type A, B, C, or D Head Start bus.

Sec. 31. Minnesota Statutes 1994, section 169.21, subdivision 2, is amended to read:

Subd. 2. **RIGHTS IN ABSENCE OF SIGNALS.** (a) Where traffic-control

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signals are not in place or in operation the driver of a vehicle shall yield the right-of-way, slowing down or stopping if need be to so yield, to a pedestrian crossing the roadway within a crosswalk but no pedestrian shall suddenly leave a curb or other place of safety and walk or run into the path of a vehicle which is so close that it is impossible for the driver to yield. This provision shall not apply under the conditions as otherwise provided in this subdivision.

(b) When any vehicle is stopped at a marked crosswalk or at any unmarked crosswalk at an intersection to permit a pedestrian to cross the roadway, the driver of any other vehicle approaching from the rear shall not overtake and pass the stopped vehicle.

(c) It is unlawful for any person to drive a motor vehicle through a column of school children crossing a street or highway or past a member of a school safety patrol or adult crossing guard, while the member of the school safety patrol or adult crossing guard is directing the movement of children across a street or highway and while the school safety patrol member or adult crossing guard is holding an official signal in the stop position. A person who violates this paragraph is guilty of a misdemeanor. A person who violates this paragraph a second or subsequent time within one year of a previous conviction under this paragraph is guilty of a gross misdemeanor.

Sec. 32. Minnesota Statutes 1994, section 169.444, subdivision 2, is amended to read:

Subd. 2. **VIOLETIONS BY DRIVERS; PENALTIES.** (a) A person who fails to stop a vehicle or to keep it stopped, as required in subdivision 1, is guilty of a misdemeanor punishable by a fine of not less than \$300.

(b) A person is guilty of a gross misdemeanor if the person fails to stop a motor vehicle or to keep it stopped, as required in subdivision 1, and commits either or both of the following acts:

(1) passes or attempts to pass the school bus in a motor vehicle on the right-hand, passenger-door side of the bus; or

(2) passes or attempts to pass the school bus in a motor vehicle when a school child is outside of and on the street or highway used by the school bus or on the adjacent sidewalk.

Sec. 33. Minnesota Statutes 1994, section 169.4502, subdivision 4, is amended to read:

Subd. 4. **COLOR.** Fenders may be painted black. The hood may be painted nonreflective black or nonreflective yellow. The grill may be manufacturer's standard color or chrome.

Sec. 34. Minnesota Statutes 1994, section 169.4503, is amended by adding a subdivision to read:

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Subd. 10a. EMERGENCY EQUIPMENT; FIRST AID KITS. A first aid kit, and a body fluids cleanup kit is required regardless of the age of the vehicle. They must be contained in removable, moisture- and dust-proof containers mounted in an accessible place within the driver's compartment of the school bus and must be marked to indicate their identity and location.

Sec. 35. Minnesota Statutes 1994, section 169.451, is amended by adding a subdivision to read:

Subd. 5. RANDOM SPOT INSPECTIONS. In addition to the annual inspection, the Minnesota state patrol has authority to conduct random, unannounced spot inspections of any school bus or Head Start bus being operated within the state at the location where the bus is kept when not in operation to ascertain whether its construction, design, equipment, and color comply with all provisions of law, including the Minnesota school bus equipment standards in sections 169.4501 to 169.4504.

Sec. 36. [169.451] SCHOOL BUS ACCIDENTS; REINSPECTION.

Subdivision 1. POSTCRASH INSPECTION. A peace officer responding to an accident involving a school bus or Head Start bus must immediately notify the state patrol if the accident results in death or serious personal injury on the school bus, or property damage to the school bus of an apparent extent of more than \$4,400. No person shall drive or knowingly permit or cause to be driven, for the purpose of transporting students, any school bus or Head Start bus after such an accident unless the vehicle:

(1) has been inspected by the Minnesota state patrol and the state patrol has determined that the vehicle may safely be operated; or

(2) a waiver has been granted under subdivision 2.

A violation of this section is a misdemeanor.

Subd. 2. WAIVER. A state trooper or designee of the Minnesota state patrol called to the scene of an accident by a responding peace officer under subdivision 1 may waive the inspection requirement of subdivision 1 if the trooper or state patrol designee determines that a postcrash inspection is not needed or cannot be accomplished without unreasonable delay. The trooper or state patrol designee granting a waiver must provide to the driver of the school bus for which the waiver is granted a written statement that the inspection has been waived. The written statement must include the incident report number assigned to the accident by the state patrol.

Sec. 37. Minnesota Statutes 1994, section 169.452, is amended to read:

169.452 ACCIDENT AND SERIOUS INCIDENT REPORTING.

The department of public safety shall develop uniform definitions of a

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school bus accident, an incident of serious misconduct, and an incident that results in personal injury or death. The department shall determine what type of information on school bus accidents and incidents, including criminal conduct, and bus driver dismissals for cause should be collected and develop a uniform accident and incident reporting form to collect those data, including data relating to type III vehicles, statewide. In addition to the form, the department shall have an alternative method of reporting that allows school districts to use computer technology to provide the required information. School districts shall report the information required by the department using either format. A school district must not be charged for reporting forms or reporting procedures under this section. Data collected ~~with this reporting form~~ under this section shall be analyzed to help develop accident, crime, and misconduct prevention programs. This section is not subject to chapter 14.

Sec. 38. Minnesota Statutes 1994, section 169.454, subdivision 5, is amended to read:

Subd. 5. **FIRST AID KIT.** A minimum of a ten-unit first aid kit, and a body fluids cleanup kit is required. ~~The bus~~ They must have a be contained in removable, moisture- and dust-proof first aid kit containers mounted in an accessible place within the driver's compartment and must be marked to indicate ~~its~~ their identity and location.

Sec. 39. Minnesota Statutes 1994, section 169.454, is amended by adding a subdivision to read:

Subd. 13. **EXEMPTION.** When a vehicle otherwise qualifying as a type III vehicle under section 169.01, subdivision 6, paragraph (5), whether owned and operated by a school district or privately owned and operated, is used to transport school children in a nonscheduled situation, it shall be exempt from the vehicle requirements of this section and the licensing requirements of section 171.321, if the vehicle is properly registered and insured and operated by an employee or agent of a school district with a valid driver's license.

Sec. 40. Minnesota Statutes 1994, section 171.01, subdivision 21, is amended to read:

Subd. 21. **SCHOOL BUS.** "School bus" means a motor vehicle used to transport pupils to or from a school defined in section 120.101, or to or from school-related activities, by the school or a school district or by someone under an agreement with the school or a school district. A school bus does not include a motor vehicle transporting children to or from school for which parents or guardians receive direct compensation from a school district, a motor coach operating under charter carrier authority, ~~or~~ a transit bus providing services as defined in section 174.22, subdivision 7, or a vehicle otherwise qualifying as a type III vehicle under section 169.01, subdivision 6, paragraph (5), when the vehicle is properly registered and insured and being driven by an employee or agent of a school district for nonscheduled transportation.

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Sec. 41. Minnesota Statutes 1994, section 171.18, subdivision 1, is amended to read:

Subdivision 1. **OFFENSES.** The commissioner may suspend the license of a driver without preliminary hearing upon a showing by department records or other sufficient evidence that the licensee:

(1) has committed an offense for which mandatory revocation of license is required upon conviction;

(2) has been convicted by a court for violating a provision of chapter 169 or an ordinance regulating traffic and department records show that the violation contributed in causing an accident resulting in the death or personal injury of another, or serious property damage;

(3) is an habitually reckless or negligent driver of a motor vehicle;

(4) is an habitual violator of the traffic laws;

(5) is incompetent to drive a motor vehicle as determined in a judicial proceeding;

(6) has permitted an unlawful or fraudulent use of the license;

(7) has committed an offense in another state that, if committed in this state, would be grounds for suspension;

(8) has committed a violation of section 169.444, subdivision 2, paragraph (a), within five years of a prior conviction under that section;

(9) has committed a violation of section 171.22, except that the commissioner may not suspend a person's driver's license based solely on the fact that the person possessed a fictitious or fraudulently altered Minnesota identification card;

(10) has failed to appear in court as provided in section 169.92, subdivision 4; or

(11) has failed to report a medical condition that, if reported, would have resulted in cancellation of driving privileges.

However, an action taken by the commissioner under clause (2) or (5) must conform to the recommendation of the court when made in connection with the prosecution of the licensee.

Sec. 42. Minnesota Statutes 1994, section 171.321, subdivision 3, is amended to read:

Subd. 3. **STUDY OF APPLICANT.** (a) Before issuing or renewing a school bus endorsement, the commissioner shall conduct a criminal and driver's license

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records check of the applicant. The commissioner may also conduct the check at any time while a person is so licensed. The check shall consist of a criminal records check of the state criminal records repository and a check of the driver's license records system. If the applicant has resided in Minnesota for less than five years, the check shall also include a criminal records check of information from the state law enforcement agencies in the states where the person resided during the five years before moving to Minnesota, and of the national criminal records repository including the criminal justice data communications network. The applicant's failure to cooperate with the commissioner in conducting the records check is reasonable cause to deny an application or cancel a school bus endorsement. The commissioner may not release the results of the records check to any person except the applicant.

(b) The commissioner may issue to an otherwise qualified applicant a temporary school bus endorsement, effective for no more than 120 days, upon presentation of (1) an affidavit by the applicant that the applicant has not been convicted of a disqualifying offense and (2) a criminal history check from each state of residence for the previous five years. The criminal history check may be conducted and prepared by any public or private source acceptable to the commissioner.

Sec. 43. Minnesota Statutes 1994, section 171.321, subdivision 4, is amended to read:

Subd. 4. **TRAINING.** No person shall drive a class A, B, C, or D school bus when transporting school children to or from school or upon a school-related trip or activity without having demonstrated sufficient skills and knowledge to transport students in a safe and legal manner. A bus driver must have training or experience that allows the driver to meet at least the following competencies:

- (1) safely operate the type of school bus the driver will be driving;
- (2) understand student behavior, including issues relating to students with disabilities;
- (3) ensure encourage orderly conduct of students on the bus and handle incidents of misconduct appropriately;
- (4) know and understand relevant laws, rules of the road, and local school bus safety policies;
- (5) handle emergency situations; and
- (6) safely load and unload students; and
- ~~(7) demonstrate proficiency in first aid and cardiopulmonary resuscitation procedures.~~

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The commissioner of public safety, in conjunction with the commissioner of education, shall develop a comprehensive model school bus driver training program and model assessments for school bus driver training competencies, which are not subject to chapter 14. A school district may use alternative assessments for bus driver training competencies with the approval of the commissioner of public safety.

Sec. 44. Minnesota Statutes 1994, section 171.321, subdivision 5, is amended to read:

Subd. 5. **ANNUAL EVALUATION.** A school ~~district~~ district's pupil transportation safety director, the chief administrator of a nonpublic school, or a private contractor shall evaluate each bus driver certify annually to assure the commissioner of public safety that, at minimum, each school bus driver continues to meet meets the school bus driver training competencies under subdivision 4 and shall report the number of hours of in-service training completed by each driver. A school district, nonpublic school, or private contractor also shall provide ~~at least eight hours of in-service training annually to each school bus driver. As part of the annual evaluation,~~ A district, nonpublic school, or private contractor also shall check the license of each person who transports students for the district with the National Drivers Register or the department of public safety annually. A school district, nonpublic school, or private contractor shall certify annually to the commissioner of public safety that each driver has received eight hours of in-service training and has met the training competencies. The school board must approve and forward the competency certification and in-service report to the commissioner of public safety.

Sec. 45. Minnesota Statutes 1994, section 171.3215, subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** (a) As used in this section, the following terms have the meanings given them.

(b) "School bus driver" means a person possessing a school bus driver's endorsement on a valid Minnesota driver's license or a person possessing a valid Minnesota driver's license who drives a vehicle with a seating capacity of ten or less persons used as a school bus.

(c) "Disqualifying offense" includes any felony offense, any misdemeanor, gross misdemeanor, or felony violation of chapter 152, or any violation under section 609.3451, 609.746, subdivision 1, or 617.23; or while driving, operating, or being in physical control of a school bus or a Head Start bus, a fourth moving violation within a three-year period violation of section 169.121, 169.129, or a similar statute or ordinance from another state.

(d) "Head Start bus driver" means a person possessing a valid Minnesota driver's license:

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- (1) with a passenger endorsement, who drives a Head Start bus;
- (2) with a school bus driver's endorsement, who drives a Head Start bus; or
- (3) who drives a vehicle with a seating capacity of ten or fewer persons used as a Head Start bus.

Sec. 46. Minnesota Statutes 1994, section 171.3215, subdivision 2, is amended to read:

Subd. 2. **CANCELLATION FOR DISQUALIFYING OFFENSE AND OTHER OFFENSES.** Within ten days of receiving notice under section 631.40, subdivision 1a, or otherwise receiving notice for a nonresident driver, that a school bus driver has been convicted of a disqualifying offense, the commissioner shall permanently cancel the school bus driver's endorsement on the offender's driver's license and in the case of a nonresident, the driver's privilege to operate a school bus in Minnesota. A school bus driver whose endorsement or privilege to operate a school bus in Minnesota has been permanently canceled may not apply for reinstatement. Within ten days of receiving notice under section 631.40, subdivision 1a, or otherwise receiving notice for a nonresident driver, that a school bus driver has been convicted of a gross misdemeanor, or a violation of section 169.121 ~~or~~, 169.129, or a similar statute or ordinance from another state, and within ten days of revoking a school bus driver's license under section 169.123, the commissioner shall cancel the school bus driver's endorsement on the offender's driver's license or the nonresident's privilege to operate a school bus in Minnesota for five years. After five years, a school bus driver may apply to the commissioner for reinstatement. Even after five years, cancellation of a school bus driver's endorsement or a nonresident's privilege to operate a school bus in Minnesota for a conviction violation under section 169.121, 169.123, or 169.129, or a similar statute or ordinance from another state, shall remain in effect until the driver provides proof of successful completion of an alcohol or controlled substance treatment program. For a first offense, proof of completion is required only if treatment was ordered as part of a chemical use assessment. Within ten days of receiving notice under section 631.40, subdivision 1a, or otherwise receiving notice for a nonresident driver, that a school bus driver has been convicted of a fourth moving violation in the last three years, the commissioner shall cancel the school bus driver's endorsement on the offender's driver's license or the nonresident's privilege to operate a school bus in Minnesota until one year has elapsed since the last conviction. A school bus driver who has no new convictions after one year may apply for reinstatement. Upon canceling the offender's school bus driver's endorsement, the commissioner shall immediately notify the licensed offender of the cancellation in writing, by depositing in the United States post office a notice addressed to the licensed offender at the licensed offender's last known address, with postage prepaid thereon.

Sec. 47. Minnesota Statutes 1994, section 171.3215, subdivision 3, is amended to read:

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Subd. 3. **BACKGROUND CHECK.** Before issuing or renewing a driver's license with a school bus driver's endorsement, the commissioner shall conduct an investigation to determine if the applicant has been convicted of committing a disqualifying offense, four moving violations in the previous three years, a violation of section 169.121 ~~or~~, 169.129, or a similar statute or ordinance from another state, a gross misdemeanor, or if the applicant's driver's license has been revoked under section 169.123. The commissioner shall not issue a new bus driver's endorsement and shall not renew an existing bus driver's endorsement if the applicant has been convicted of committing a disqualifying offense. The commissioner shall not issue a new bus driver's endorsement and shall not renew an existing bus driver's endorsement if, within the previous five years, the applicant has been convicted of committing a violation of section 169.121 ~~or~~, 169.129, or a similar statute or ordinance from another state, a gross misdemeanor, or if the applicant's driver's license has been revoked under section 169.123, or if, within the previous three years, the applicant has been convicted of four moving violations. An applicant who has been convicted of violating section 169.121 ~~or~~, 169.129, or a similar statute or ordinance from another state, or who has had a license revocation under section 169.123 within the previous ten years must show proof of successful completion of an alcohol or controlled substance treatment program in order to receive a bus driver's endorsement. For a first offense, proof of completion is required only if treatment was ordered as part of a chemical use assessment. A school district or contractor that employs a nonresident school bus driver must conduct a background check of the employee's driving record and criminal history in both Minnesota and the driver's state of residence. Convictions for disqualifying offenses, gross misdemeanors, a fourth moving violation within the previous three years, or violations of section 169.121, 169.129, or a similar statute or ordinance in another state, must be reported to the department of public safety.

Sec. 48. [604A.015] SCHOOL BUS DRIVER IMMUNITY FROM LIABILITY.

A school bus driver who, while on duty, provides emergency care, advice, or assistance at the scene of an emergency or during transit to a location where professional medical care can be rendered, is not liable in ordinary negligence, for any civil damages as a result of acts or omissions to the person to whom assistance is rendered by the school bus driver in rendering the emergency care, advice, or assistance. For the purposes of this section, the scene of an emergency is an area outside the confines of a hospital or other institution that has hospital facilities, or an office of a person licensed to practice one or more of the healing arts under chapter 147, 148, 150A, or 153.

Sec. 49. Minnesota Statutes 1994, section 631.40, subdivision 1a, is amended to read:

Subd. 1a. **CERTIFIED COPY OF DISQUALIFYING OFFENSE CONVICTIONS SENT TO PUBLIC SAFETY AND SCHOOL DISTRICTS.** When

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a person is convicted of committing a disqualifying offense, as defined in section 171.3215, subdivision 1, a gross misdemeanor, a fourth moving violation within a three-year period, or a violation of section 169.121 or 169.129, the court shall determine whether the offender is a school bus driver as defined in section 171.3215, subdivision 1, whether the offender possesses a school bus driver's endorsement on the offender's driver's license and in what school districts the offender drives a school bus. If the offender is a school bus driver or possesses a school bus driver's endorsement, the court administrator shall send a certified copy of the conviction to the department of public safety and to the school districts in which the offender drives a school bus within ten days after the conviction.

Sec. 50. INTERDISTRICT DESEGREGATION TRANSPORTATION GRANTS.

A district that provides transportation of pupils between resident and non-resident districts for desegregation purposes may apply to the commissioner of education for a grant to cover the additional costs of transportation. The commissioner must develop the form and manner of applications, the criteria to be used to determine when transportation is for desegregation purposes, and the accounting procedure to be used to determine excess costs. In determining the grant amount, the commissioner must consider other revenue received by the district for transportation for desegregation purposes.

Sec. 51. APPROPRIATIONS.

Subdivision 1. DEPARTMENT OF EDUCATION. The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. TRANSPORTATION AID. For transportation aid according to Minnesota Statutes, section 124.225:

\$145,715,000	.....	1996
\$ 22,001,000	.....	1997

The 1996 appropriation includes \$21,038,000 for 1995 and \$124,677,000 for 1996.

The 1997 appropriation includes \$22,001,000 for 1996 and \$-0- for 1997.

Subd. 3. TRANSPORTATION SAFETY. For student transportation safety aid according to Minnesota Statutes, section 124.225, subdivision 8m:

\$1,445,000	.....	1996
\$1,290,000	1997

The 1996 appropriation includes \$368,000 for 1995 and \$1,077,000 for 1996.

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The 1997 appropriation includes \$190,000 for 1996 and \$1,110,000 for 1997.

Subd. 4. TRANSPORTATION AID FOR ENROLLMENT OPTIONS. For transportation of pupils attending post-secondary institutions according to Minnesota Statutes, section 123.3514, or for transportation of pupils attending nonresident districts according to Minnesota Statutes, section 120.062:

\$ 92,000	.....	1996
\$102,000	.....	1997

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

Subd. 5. RURAL COMPUTERIZED TRANSPORTATION ROUTING PILOT PROJECT. For a grant to independent school district No. 2148, Blue Earth Area, for equipment and software to develop a computerized school bus routing and mapping system:

\$25,000	1996
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The grantee district shall cooperate with at least two other school districts in developing and implementing the system.

Subd. 6. WIDE AREA TRANSPORTATION SERVICE PILOT PROJECT. For a wide area transportation service pilot project:

\$250,000	1996
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The purpose of the project is to pilot the use of computerized mapping and scheduling programs for school districts to jointly provide transportation services for low-incidence programs in the metropolitan area. These services include, but are not limited to, transportation for special education, nonpublic pupils, results-oriented chartered schools, enrollment options programs, area learning center programs and desegregation programs. The department shall work with representatives of the affected programs, transportation managers from both metropolitan and rural districts, and the metropolitan council. The department shall contract for services as appropriate. The project may consider the relationship of education transportation with transportation services provided by noneducation agencies. This appropriation is available until June 30, 1997.

Subd. 7. INTERDISTRICT DESEGREGATION TRANSPORTATION GRANT. For grants according to section 50:

\$300,000	.....	1996
\$630,000	.....	1997

Subd. 8. TARGETED NEEDS TRANSPORTATION AID. For aid payments for targeted needs transportation aid according to section 24:

\$60,760,000	1997
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This appropriation is based on an entitlement of \$71,482,000.

Sec. 52. **TRANSPORTATION AIDS AND LEVIES; SUSPENSION.**

Minnesota Statutes 1994, sections 124.225, subdivisions 1, 3a, 7a, 7b, 7d, 7e, 8a, 8k, 8m, and 10; and 124.226, subdivisions 1, 2, 3a, 4, 5, 6, 7, and 8, do not apply to aids payable in fiscal years 1997 and 1998 or to levies made in 1995 and 1996 for taxes payable in 1996 and 1997.

Sec. 53. **EFFECTIVE DATE.**

Sections 6 to 9 and 29 to 49 are effective the day following final enactment.

Section 12 is effective beginning with taxes payable in 1996 for fiscal year 1997.

ARTICLE 3

SPECIAL PROGRAMS

Section 1. Minnesota Statutes 1994, section 120.17, subdivision 3a, is amended to read:

Subd. 3a. **SCHOOL DISTRICT OBLIGATIONS.** Every district shall ensure that:

(1) all students with disabilities are provided the special instruction and services which are appropriate to their needs. Where the individual education plan team has determined appropriate goals and objectives based on the student's needs, including the extent to which the student can be included in the least restrictive environment, and where there are essentially equivalent and effective instruction, related services, or assistive technology devices available to meet the student's needs, cost to the school district may be among the factors considered by the team in choosing how to provide the appropriate services, instruction, or devices that are to be made part of the student's individual education plan. The student's needs and the special education instruction and services to be provided shall be agreed upon through the development of an individual education plan. The plan shall address the student's need to develop skills to live and work as independently as possible within the community. By grade 9 or age 14, the plan shall address the student's needs for transition from secondary services to post-secondary education and training, employment, community participation, recreation, and leisure and home living. The plan must include a statement of the needed transition services, including a statement of the interagency responsibilities or linkages or both before secondary services are concluded;

(2) children with a disability under age five and their families are provided

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special instruction and services appropriate to the child's level of functioning and needs;

(3) children with a disability and their parents or guardians are guaranteed procedural safeguards and the right to participate in decisions involving identification, assessment and educational placement of children with a disability;

(4) to the maximum extent appropriate, children with a disability, including those in public or private institutions or other care facilities, are educated with children who are not disabled, and that special classes, separate schooling, or other removal of children with a disability from the regular educational environment occurs only when and to the extent that the nature or severity of the disability is such that education in regular classes with the use of supplementary services cannot be achieved satisfactorily;

(5) in accordance with recognized professional standards, testing and evaluation materials, and procedures utilized for the purposes of classification and placement of children with a disability are selected and administered so as not to be racially or culturally discriminatory; and

(6) the rights of the child are protected when the parents or guardians are not known or not available, or the child is a ward of the state.

Sec. 2. Minnesota Statutes 1994, section 120.17, subdivision 3b, is amended to read:

Subd. 3b. **PROCEDURES FOR DECISIONS.** Every district shall utilize at least the following procedures for decisions involving identification, assessment, and educational placement of children with a disability:

(a) Parents and guardians shall receive prior written notice of:

(1) any proposed formal educational assessment or proposed denial of a formal educational assessment of their child;

(2) a proposed placement of their child in, transfer from or to, or denial of placement in a special education program; or

(3) the proposed provision, addition, denial or removal of special education services for their child;

(b) The district shall not proceed with the initial formal assessment of a child, the initial placement of a child in a special education program, or the initial provision of special education services for a child without the prior written consent of the child's parent or guardian. The refusal of a parent or guardian to consent may be overridden by the decision in a hearing held pursuant to clause (e) at the district's initiative;

(c) Parents and guardians shall have an opportunity to meet with appropri-

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ate district staff in at least one conciliation conference, mediation, or other method of alternative dispute resolution that the parties agree to, if they object to any proposal of which they are notified pursuant to clause (a). The conciliation process or other form of alternative dispute resolution shall not be used to deny or delay a parent or guardian's right to a due process hearing. If the parent or guardian refuses efforts by the district to conciliate the dispute with the school district, the requirement of an opportunity for conciliation or other alternative dispute resolution shall be deemed to be satisfied; Notwithstanding other law, in any proceeding following a conciliation conference, the school district must not offer a conciliation conference memorandum into evidence, except for any portions that describe the district's final proposed offer of service. Otherwise, with respect to forms of dispute resolution, mediation, or conciliation, Minnesota Rule of Evidence 408 applies. The department of education may reimburse the districts or directly pay the costs of lay advocates, not to exceed \$150 per dispute, used in conjunction with alternative dispute resolution.

(d) The commissioner shall establish a mediation process to assist parents, school districts, or other parties to resolve disputes arising out of the identification, assessment, or educational placement of children with a disability. The mediation process must be offered as an informal alternative to the due process hearing provided under clause (e), but must not be used to deny or postpone the opportunity of a parent or guardian to obtain a due process hearing.

(e) Parents, guardians, and the district shall have an opportunity to obtain an impartial due process hearing initiated and conducted by and in the school district responsible for assuring that an appropriate program is provided in accordance with state board rules, if the parent or guardian continues to object to:

(1) a proposed formal educational assessment or proposed denial of a formal educational assessment of their child;

(2) the proposed placement of their child in, or transfer of their child to a special education program;

(3) the proposed denial of placement of their child in a special education program or the transfer of their child from a special education program;

(4) the proposed provision or addition of special education services for their child; or

(5) the proposed denial or removal of special education services for their child.

At least five calendar Within five business days before after the request for a hearing, or as directed by the hearing officer, the objecting party shall provide the other party with a brief written statement of particulars of the objection and, the reasons for the objection, and the specific remedies sought. The other party

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shall provide the objecting party with a written response to the statement of objections within five business days of receipt of the statement.

The hearing shall take place before an impartial hearing officer mutually agreed to by the school board and the parent or guardian. If the school board and the parent or guardian are unable to agree on a hearing officer, the school board shall request the commissioner to appoint a hearing officer. The hearing officer shall not be a school board member or employee of the school district where the child resides or of the child's school district of residence, an employee of any other public agency involved in the education or care of the child, or any person with a personal or professional interest which would conflict with the person's objectivity at the hearing. A person who otherwise qualifies as a hearing officer is not an employee of the district solely because the person is paid by the district to serve as a hearing officer. If the hearing officer requests an independent educational assessment of a child, the cost of the assessment shall be at district expense. The proceedings shall be recorded and preserved, at the expense of the school district, pending ultimate disposition of the action.

(f) The decision of the hearing officer pursuant to clause (e) shall be rendered not more than 45 calendar days from the date of the receipt of the request for the hearing. A hearing officer may grant specific extensions of time beyond the 45-day period at the request of either party. The decision of the hearing officer shall be binding on all parties unless appealed to the hearing review officer by the parent, guardian, or the school board of the district where the child resides pursuant to clause (g).

The local decision shall:

- (1) be in writing;
- (2) state the controlling facts upon which the decision is made in sufficient detail to apprise the parties and the hearing review officer of the basis and reason for the decision;
- (3) state whether the special education program or special education services appropriate to the child's needs can be reasonably provided within the resources available to the responsible district or districts;
- (4) state the amount and source of any additional district expenditure necessary to implement the decision; and
- (5) be based on the standards set forth in subdivision 3a and the rules of the state board.

(g) Any local decision issued pursuant to clauses (e) and (f) may be appealed to the hearing review officer within 30 calendar days of receipt of that written decision, by the parent, guardian, or the school board of the district responsible for assuring that an appropriate program is provided in accordance with state board rules.

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If the decision is appealed, a written transcript of the hearing shall be made by the school district and shall be accessible to the parties involved within five calendar days of the filing of the appeal. The hearing review officer shall issue a final independent decision based on an impartial review of the local decision and the entire record within 30 calendar days after the filing of the appeal. The hearing review officer shall seek additional evidence if necessary and may afford the parties an opportunity for written or oral argument; provided any hearing held to seek additional evidence shall be an impartial due process hearing but shall be deemed not to be a contested case hearing for purposes of chapter 14. The hearing review officer may grant specific extensions of time beyond the 30-day period at the request of any party.

The final decision shall:

(1) be in writing;

(2) include findings and conclusions; and

(3) be based upon the standards set forth in subdivision 3a and in the rules of the state board.

(h) The decision of the hearing review officer shall be final unless appealed by the parent or guardian or school board to the court of appeals. The judicial review shall be in accordance with chapter 14.

(i) The commissioner of education shall select an individual who has the qualifications enumerated in this paragraph to serve as the hearing review officer:

(1) the individual must be knowledgeable and impartial;

(2) the individual must not have a personal interest in or specific involvement with the student who is a party to the hearing;

(3) the individual must not have been employed as an administrator by the district that is a party to the hearing;

(4) the individual must not have been involved in the selection of the administrators of the district that is a party to the hearing;

(5) the individual must not have a personal, economic, or professional interest in the outcome of the hearing other than the proper administration of the federal and state laws, rules, and policies;

(6) the individual must not have substantial involvement in the development of a state or local policy or procedures that are challenged in the appeal; and

(7) the individual is not a current employee or board member of a Minne-

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sota public school district, education district, intermediate unit or regional education agency, the state department of education, the state board of education, or a parent advocacy organization or group.

(j) In all appeals, the parent or guardian of the pupil with a disability or the district that is a party to the hearing may challenge the impartiality or competence of the proposed hearing review officer by applying to the ~~state board of education~~ hearing review officer.

(k) Pending the completion of proceedings pursuant to this subdivision, unless the district and the parent or guardian of the child agree otherwise, the child shall remain in the child's current educational placement and shall not be denied initial admission to school.

(l) The child's school district of residence, a resident district, and providing district shall receive notice of and may be a party to any hearings or appeals under this subdivision.

(m) A school district is not liable for harmless technical violations of this subdivision or rules implementing this subdivision if the school district can demonstrate on a case-by-case basis that the violations did not harm the student's educational progress or the parent or guardian's right to notice, participation, or due process.

(n) Within ten calendar days after appointment, the hearing officer shall schedule and hold a prehearing conference. At that conference, or later, the hearing officer may take any appropriate action that a court might take under Rule 16 of Minnesota Rules of Civil Procedure including, but not limited to, scheduling, jurisdiction, and listing witnesses including expert witnesses.

(o) A hearing officer or hearing review officer appointed under this subdivision shall be deemed to be an employee of the state under section 3.732 for the purposes of section 3.736 only.

(p) In order to be eligible for selection, hearing officers and hearing review officers shall participate in training and follow procedures as designated by the commissioner.

Sec. 3. Minnesota Statutes 1994, section 120.17, is amended by adding a subdivision to read:

Subd. 3d. INTERAGENCY SERVICES. If at the time of initial referral for an educational assessment, or a reassessment, the school district determines that a child with disabilities who is age 3 through 21 may be eligible for interagency services, the district may request that the county of residence provide a representative to the initial assessment or reassessment team meeting or the first individual education plan team meeting following the assessment or reassessment. The district may request to have a county representative attend other individual

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education plan team meetings when it is necessary to facilitate coordination between district and county provided services. Upon request from a school district, the resident county shall provide a representative to assist the individual education plan team in determining the child's eligibility for existing health, mental health, or other support services administered or provided by the county. The individual education plan team and the county representative shall develop an interagency plan of care for an eligible child and the child's family to coordinate services required under the child's individual education plan with county services. The interagency plan of care shall include appropriate family information with the consent of the family, a description of how services will be coordinated between the district and county, a description of service coordinator responsibilities and services, and a description of activities for obtaining third-party payment for eligible services, including medical assistance payments.

Sec. 4. Minnesota Statutes 1994, section 121.8355, subdivision 2, is amended to read:

Subd. 2. **DUTIES.** (a) Each collaborative shall:

(1) establish, with assistance from families and service providers, clear goals for addressing the health, developmental, educational, and family-related needs of children and youth and use outcome-based indicators to measure progress toward achieving those goals;

(2) establish a comprehensive planning process that involves all sectors of the community, identifies local needs, and surveys existing local programs;

(3) integrate service funding sources so that children and their families obtain services from providers best able to anticipate and meet their needs;

(4) coordinate families' services to avoid duplicative and overlapping assessment and intake procedures;

(5) focus primarily on family-centered services;

(6) encourage parents and volunteers to actively participate by using flexible scheduling and actively recruiting volunteers;

(7) provide services in locations that are readily accessible to children and families;

(8) use new or reallocated funds to improve or enhance services provided to children and their families;

(9) identify federal, state, and local institutional barriers to coordinating services and suggest ways to remove these barriers; and

(10) design and implement an integrated local service delivery system for children and their families that coordinates services across agencies and is client

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centered. The delivery system shall provide a continuum of services for children birth to age 18, or birth through age 21 for individuals with disabilities. The collaborative shall describe the community plan for serving pregnant women and children from birth to age six.

(b) The outcome-based indicators developed in paragraph (a), clause (1), may include the number of low birth weight babies, the infant mortality rate, the number of children who are adequately immunized and healthy, require out-of-home placement or long-term special education services, and the number of minor parents.

Sec. 5. Minnesota Statutes 1994, section 123.3514, subdivision 7, is amended to read:

Subd. 7. **FEES; TEXTBOOKS; MATERIALS.** A post-secondary institution that receives reimbursement for a pupil under subdivision 6 may not charge that pupil for fees, textbooks, materials, support services as defined in section 135A.16, or other necessary costs of the course or program in which the pupil is enrolled if the charge would be prohibited under section 120.74, except for equipment purchased by the pupil that becomes the property of the pupil. An institution may require the pupil to pay for fees, textbooks, and materials for a course taken for post-secondary credit.

Sec. 6. Minnesota Statutes 1994, section 123.3514, is amended by adding a subdivision to read:

Subd. 7b. **SUPPORT SERVICES.** The postsecondary institution shall inform the pupil of the support services available at that institution. If the student has an individual education plan that provides general education support and accommodations, the post-secondary institution shall provide the support services as described in the student's IEP and the post-secondary institution and the district shall negotiate an agreement on the rate to be charged for the services. Nothing in this section shall prevent the student from enrolling while the agreement is being developed. If the parties cannot agree on the services, on application of either party, the commissioner shall resolve the dispute in the same manner the commissioner fixes tuition rates under section 120.17, subdivision 4. The commissioner's decision is binding on both parties.

Sec. 7. Minnesota Statutes 1994, section 125.62, subdivision 1, is amended to read:

Subdivision 1. **ESTABLISHMENT.** A grant program is established to assist American Indian people to become teachers and to provide additional education for American Indian teachers. The state board may award a joint grant to each of the following:

(1) the Duluth campus of the University of Minnesota and independent school district No. 709, Duluth;

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(2) Bemidji state university and independent school district No. 38, Red Lake;

(3) Moorhead state university and one of the school districts located within the White Earth reservation; and

(4) Augsburg college, independent school district No. 625, St. Paul, and special school district No. 1, Minneapolis.

Sec. 8. Minnesota Statutes 1994, section 125.62, subdivision 7, is amended to read:

Subd. 7. **LOAN FORGIVENESS.** The loan may be forgiven if the recipient is employed as a teacher, as defined in section 125.12 or 125.17, in an eligible school or program in Minnesota. ~~One-fifth~~ One-fourth of the principal of the outstanding loan amount shall be forgiven for each year of eligible employment, or a pro rata amount for eligible employment during part of a school year, part-time employment as a substitute teacher, or other eligible part-time teaching. Loans for \$2,500 or less may be forgiven at the rate of up to \$1,250 per year. The following schools and programs are eligible for the purposes of loan forgiveness:

- (1) a school or program operated by a school district;
- (2) a tribal contract school eligible to receive aid according to section 124.86;
- (3) a head start program;
- (4) an early childhood family education program; ~~or~~
- (5) a program providing educational services to children who have not entered kindergarten; or
- (6) a program providing educational enrichment services to American Indian students in grades kindergarten through 12.

If a person has an outstanding loan obtained through this program, the duty to make payments of principal and interest may be deferred during any time period the person is enrolled at least one-half time in an advanced degree program in a field that leads to employment by a school district. To defer loan obligations, the person shall provide written notification to the state board of education and the recipients of the joint grant that originally authorized the loan. Upon approval by the state board and the joint grant recipients, payments shall be deferred.

The loan forgiveness program, loan deferral, and procedures to administer the program shall be approved by the higher education coordinating board.

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Sec. 9. Minnesota Statutes 1994, section 126.49, is amended by adding a subdivision to read:

Subd. 2a. RESOLUTION OR LETTER. All persons applying for a license under this section must submit to the board a resolution or letter of support signed by an American Indian tribal government or its designee. All persons holding a license under this section on the effective date of this section must have on file or file with the board a resolution or letter of support signed by a tribal government or its designee by January 1, 1996, or the next renewal date of the license thereafter.

Sec. 10. Laws 1994, chapter 587, article 3, section 19, subdivision 1, is amended to read:

Subdivision 1. **SPECIAL EDUCATION AID.** \$17,500,000 is appropriated in fiscal year 1994 from the general fund to the department of education for special education aid to school districts. This appropriation is available until June 30, 1995. This amount is added to the appropriations for aid for special education programs contained in Laws 1993, chapter 224, article 3, section 38, subdivisions 2, 4, 8, 11, and 14. The individual appropriations shall be increased by the commissioner of finance in the amounts determined by the commissioner of education. This amount is appropriated to eliminate the fiscal year 1993 deficiencies and eliminate or reduce the fiscal year 1995 deficiencies in the appropriations in those subdivisions. Any amount not needed for these purposes is available to eliminate or reduce the fiscal year 1994 deficiencies in the appropriations in those subdivisions. The commissioner of finance shall transfer amounts among the appropriations in those subdivisions as determined by the department of education. The department must reduce a school district's payable 1995 levy limitations by the full amount of the aid payments made to the school district according to this subdivision. This appropriation shall not be included in determining the amount of a deficiency in the special education programs for fiscal year years 1994 and 1995 for the purpose of allocating any excess appropriations to aid or grant programs with insufficient appropriations as provided in Minnesota Statutes, section 124.14, subdivision 7. Notwithstanding Minnesota Statutes, section 124.195, subdivision 10, 100 percent of this appropriation must be paid in fiscal years 1994 and 1995. This appropriation is not to be included in a base budget for future fiscal years.

Sec. 11. **OPTIONS PLUS PILOT PROGRAM.**

Subdivision 1. PURPOSE. A pilot program is established to support general education classroom teachers who teach children with specific learning disabilities. The goals of the pilot program are to:

- (1) increase participation of these children in noncategorical programming designed to encourage their maximum potential and maintain their self-esteem;
- (2) demonstrate results in measurable educational outcomes;

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(3) provide alternatives to special education that focus on children's educational progress and results, respond to the individual child, are efficient and cost-effective, and ensure the rights of eligible children and their families to due process;

(4) increase general education's ability to educate in a manner that decreases the need for pull-out programs for students with specific learning disabilities; and

(5) implement alternative approaches to conflict resolution.

Subd. 2. DEFINITIONS. For the purposes of this section the terms defined in this subdivision have the meanings given them.

(a) "Accommodation" means any technique that alters the educational setting to enable the child to reach the child's maximum potential and to demonstrate more accurately the child's knowledge and educational progress. Accommodations may include, but are not limited to; preferential seating, paraphrasing of information, instructions, practice activities and directions provided in a manner consistent with the child's learning style, opportunity for increased response time, more frequent opportunity for review, extended time to complete assignments and tests, larger print for assignments or tests, special study sheets, extended or untimed tests, oral testing and answering, and use of assistive technology within and outside the educational environment.

(b) "Assistive technology" means any item, piece of equipment, or product system, whether acquired commercially off the shelf, modified, or customized, that is used to increase, maintain, or improve functional capabilities.

(c) "Competency" means a documented and demonstrated attitude, skill, or knowledge base resulting in an ability of general education personnel to provide accommodations, modifications, and personalized instruction, according to the eligible child's individual learning styles, within general education environments.

(d) "Consistently available" means that education personnel who demonstrate competency are site-based and designated as a resource for the development and use of accommodations, modifications, and personalized instruction in general education.

(e) "Eligible children" means those children who have specific learning disabilities or conditions related to these disabilities according to recognized professional standards and documented by appropriately licensed personnel.

(f) "Learner plan" means a concise written plan that is based on the eligible child's documented specific learning disabilities and needs; includes the eligible child's strengths that may compensate for those differences and needs; provides the child, the child's parent, and all general education personnel responsible for

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direct instruction with information that results in clear understanding and subsequent use of accommodations, modifications, and personalized instruction; and includes methods of evaluating the child's progress that are consistent with learning differences, needs, strengths, modifications, and accommodations, and are at intervals identical to the student population of the school in which the child participating in Options Plus is enrolled.

(g) "Modification" means any technique that alters the school work required, makes it different from the school work required or other students in the same course, and encourages the eligible child to reach the child's maximum potential and facilitate educational success. Modifications may include, but are not limited to: copies of teacher notes and lesson plans, assisted note taking, reduced or altered assignments, increased assignments in areas of strength, alternative test formats, modified testing, peer assistance, cooperative learning, and modified grading such as documentation of progress and results.

(h) "Parent" means a parent, guardian, or person acting as a parent of a child.

(i) "Personalized instruction" means direct instruction designed with knowledge of the child's learning style, strengths, and differences, to assist the child to gain in skill areas, so the child demonstrates progress toward and outcomes necessary to become a successful citizen.

Subd. 3. APPLICATION. (a) An Options Plus applicant must be a school district or districts that cooperate for a particular purpose. To be eligible for an Options Plus pilot program grant, a district or districts must submit an application to the commissioner of education in the form and manner prescribed by the commissioner. The application must describe:

(1) how the applicant will ensure that eligible children receive accommodations, modifications, and personalized instruction;

(2) the methods to be used to develop a learner plan for each child participating in the program and to evaluate individual progress, outcomes, and cumulative results including parent satisfaction;

(3) the projected number of students participating in the program;

(4) the current and projected level of educator competency at each district site where an Options Plus program will be established;

(5) procedures for assessing and determining eligibility of students with specific learning disabilities in accordance with Minnesota Rules, parts 3525.1325 to 3525.1347;

(6) procedures for informing the parent and child, as appropriate, of all procedural safeguards and dispute resolution alternatives available under the Individuals with Disabilities Education Act (IDEA), United States Code, title 20,

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section 1400 et seq., American with Disabilities Act of 1990 (ADA), United States Code, title 42, section 12101 et seq., Rehabilitation Act of 1973, United States Code, title 29, section 794, and applicable state law;

(7) alternative dispute resolution methods to be implemented if agreed upon by the parent and are instituted in a timely manner not to exceed 30 days or in accordance with current laws; and

(8) any additional information required by the commissioner.

(b) Districts shall continue accounting procedures for documenting that federal special education funds are expended for child find, identification, and evaluation consistent with federal law. A district shall not include children participating in the Options Plus program in special education child counts or funding formulas.

Subd. 4. RIGHTS OF PARENT AND CHILD. Any child enrolled in an Options Plus pilot program may withdraw at any time upon written request of the parent or child and seek or reinstate eligibility for services under Minnesota Statutes, section 120.17. If a child who withdraws was previously served through an individual education plan under Minnesota Statutes, section 120.17, the parent shall retain the right to immediately reinstate the last agreed upon individual education plan.

Subd. 5. USE OF FUNDS. Options Plus pilot program grants shall be used to supplement staff development funding under Minnesota Statutes, section 124A.29, to train general education classroom teachers to meet the needs of children with specific learning disabilities. The training shall result in each participating teacher achieving the following competencies:

(1) understanding and communicating to the parents of the child the options available for instruction;

(2) the ability to assess the learning environment and provide the necessary accommodations, modifications, and personalized instruction necessary to meet the needs of the child; and

(3) the ability to work collaboratively and in teams with other teachers and support and related services staff.

Subd. 6. REPORT. A school district receiving an Options Plus pilot program grant shall report to the commissioner of education on the educational impact and cost-effectiveness of the Options Plus program by February 15, 1997. The commissioner shall evaluate the effectiveness of the Options Plus program and recommend to the education committees of the legislature by February 15, 1998, whether the program should be continued or expanded statewide and whether to include other disability areas.

Sec. 12. STATE VOCATIONAL SCHOOL PLANNING PROCESS.

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Subdivision 1. PLANNING COMMITTEE. A planning committee is established to develop a preliminary plan for a state-of-the-art vocational high school in Minnesota to serve the needs of students with special vocational interests and talents, and to serve as a demonstration site for vocational education. The committee shall consist of 21 members. The governor, speaker of the house of representatives, and the majority leader of the senate shall each appoint seven members. The governor's appointments must include the commissioners of education and human services or their designees. Members also must include potential students and their parents, imaginative practicing teachers, high school administrators, representatives of business and labor, and community representatives. The committee is subject to Minnesota Statutes, section 15.059.

Subd. 2. PURPOSES. The purposes of the planning committee are to:

(1) evaluate the need for a vocational high school, including the needs of Minnesota students for vocational training and the needs of private sector employers for skilled, vocationally trained employees;

(2) determine the capacity of Minnesota's secondary schools to meet this need;

(3) identify the challenges and opportunities for vocational education;

(4) develop a preliminary plan for a vocational high school to meet the identified needs;

(5) develop a learning signature for a vocational high school based on its focus, including educational goals, learning organization, anticipated learner results, and staffing and staff development;

(6) describe the anticipated partnerships of the vocational school with other secondary educational institutions, post-secondary institutions, business and labor, community organizations, and students' families;

(7) develop a technology and equipment plan for the proposed school; and

(8) develop preliminary cost estimates for a vocational school.

Subd. 3. APPOINTMENTS; MEETINGS. The planning committee must be appointed by July 1, 1995. The committee must begin meeting in July 1995. At least some of the committee meetings must be held outside the metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2.

Subd. 4. REPORT. The planning committee shall make a report of its work to the education committees of the legislature in February 1996.

Subd. 5. STAFF; OFFICE SPACE. The planning committee may appoint staff as necessary to assist in its work. The staff are members of the unclassified service of the state. The commissioner of education shall provide office space for the committee staff.

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Sec. 13. MEXICAN ORIGIN EDUCATION PILOT GRANT PROGRAM.

Subdivision 1. ESTABLISHMENT. A Mexican origin education pilot grant program is established to assist school districts and communities in meeting the educational and culturally related academic needs of students of Mexican origin.

Subd. 2. EXPECTED OUTCOMES. Grant recipients shall use the funds for programs designed to improve the school success of students of Mexican origin. Grant proceeds may be used for curriculum and staff development, tutoring, mentoring, parent involvement, and other programs that are designed to:

- (1) improve student achievement and reduce dropout rates;
- (2) increase student knowledge and understanding of Mexican history;
- (3) improve instruction by developing the cultural competence skills of teachers and other staff; and
- (4) increase parent involvement in education and the school community.

Subd. 3. GRANT ELIGIBILITY, APPLICATIONS, AND AWARDS. The commissioner of education shall prescribe the form and manner of applications and may award grants to the applicants likely to meet the outcomes in subdivision 2. The commissioner shall give preference to grant proposals that provide collaboration with community resources and a local match.

Sec. 14. COMMISSIONERS' DUTIES.

The commissioners of education, human services, and health shall review current state rules and statutes concerning the disability definitions, eligibility criteria, assessment and diagnostic practices, licensing of service providers, aversive and deprivation procedures, and case management procedures for programs and services for children with disabilities provided by the education and human services systems. The commissioners shall report to the education and health and human services committees of the legislature by February 15, 1996, on recommendations for modifying state rules and statutes and applying for necessary federal waivers to improve service delivery and promote integration and collaboration between the education and human services systems. The commissioners shall include state and local program administrators and service providers in the process for reviewing the state statutes and rules.

Sec. 15. LOCAL TRAINING PROGRAMS.

The commissioners of education, human services, and health shall jointly develop and implement a training program for local staff in school districts and county human services and social services agencies who work with children with disabilities and their families. Implementation of the training program shall begin no later than January 15, 1996. The training shall familiarize staff with the

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disability definitions, eligibility criteria, assessment and diagnostic practices, available services, and case management procedures of each of the service providing systems. The goal of the training is to enable local staff to determine if children with disabilities may be eligible for interagency services, involve staff from appropriate agencies in collaboratively developing a multiagency plan of care, reduce duplication and promote service coordination, and improve services to children with disabilities and their families.

Sec. 16. **OSSEO LEVY.**

For 1995 taxes payable in 1996 only, independent school district No. 279, Osseo, may levy a tax in an amount not to exceed \$500,000. The proceeds of this levy must be used to provide instructional services for at-risk children.

Sec. 17. **FEDERAL SPECIAL EDUCATION FUNDS.**

A school district shall not transfer a special education expenditure from a federal revenue source to a state revenue source for fiscal year 1995 after March 30, 1995.

Sec. 18. **COMPREHENSIVE EARLY INTERVENTION PROGRAM FOR STUDENTS WITH EMOTIONAL OR BEHAVIORAL DISORDERS.**

Subdivision 1. ESTABLISHMENT. A pilot program is established in independent school district No. 624, White Bear Lake, to provide comprehensive early intervention services to children with emotional or behavioral disorders. The goals of the pilot program are to:

(1) improve learner outcomes for children with emotional or behavioral disorders;

(2) reduce the need for placement of children with emotional or behavioral disorders in special education programs under Minnesota Statutes, section 120.17;

(3) reduce the number of school exclusions, expulsions, and suspensions;

(4) reduce the number of children entering the juvenile justice system; and

(5) improve the cost-effectiveness of services for children with emotional or behavioral disorders.

Subd. 2. APPLICATION; EVALUATION. (a) To participate in the pilot program, the district shall submit an application to the commissioner of education in the form and manner prescribed by the commissioner. The application shall include a plan for developing and implementing a comprehensive early intervention program that provides for the following:

(1) early identification of children who are demonstrating characteristics or

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behavior that may lead to placement in a special education program under Minnesota Statutes, section 120.17, and Minnesota Rules, part 3525.1329;

(2) flexible early intervention strategies that are performance based and may include the school, local mental health agencies, the parent, and the community;

(3) mentoring programs that may include both adult community mentors or student peer mentors;

(4) collaboration with local mental health, social services, law enforcement, and nonprofit agencies;

(5) flexible instructional delivery alternatives that may include an extended school year, flexible school days, or work-based learning programs;

(6) extensive parent involvement in developing and implementing early intervention strategies, including parent training in appropriate intervention skills; and

(7) technology-based systems for individualized instruction and student record management.

(b) The district shall contract with an independent agency for an evaluation of the effectiveness of the pilot program and report to the commissioner of education by January 15, 1997.

Sec. 19. APPROPRIATIONS.

Subdivision 1. DEPARTMENT OF EDUCATION. The sums indicated in this section are appropriated from the general fund or other named fund to the department of education for the fiscal years designated.

Subd. 2. AMERICAN INDIAN LANGUAGE AND CULTURE PROGRAMS. For grants to American Indian language and culture education programs according to Minnesota Statutes, section 126.54, subdivision 1:

<u>\$591,000</u>	<u>.....</u>	<u>1996</u>
<u>\$591,000</u>	<u>.....</u>	<u>1997</u>

The 1996 appropriation includes \$88,000 for 1995 and \$503,000 for 1996.

The 1997 appropriation includes \$88,000 for 1996 and \$503,000 for 1997.

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

Subd. 3. AMERICAN INDIAN EDUCATION. (a) For certain American Indian education programs in school districts:

<u>\$175,000</u>	<u>.....</u>	<u>1996</u>
<u>\$175,000</u>	<u>.....</u>	<u>1997</u>

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The 1996 appropriation includes \$26,000 for 1995 and \$149,000 for 1996.

The 1997 appropriation includes \$26,000 for 1996 and \$149,000 for 1997.

(b) These appropriations are available for expenditure with the approval of the commissioner of the department of education.

(c) The commissioner must not approve the payment of any amount to a school district or school under this subdivision unless that school district or school is in compliance with all applicable laws of this state.

(d) Up to the following amounts may be distributed to the following schools and school districts for each fiscal year: \$54,800, Pine Point School; \$9,800 to independent school district No. 166, Cook county; \$14,900 to independent school district No. 432, Mahnomon; \$14,200 to independent school district No. 435, Waubun; \$42,200 to independent school district No. 707, Nett Lake; and \$39,100 to independent school district No. 38, Red Lake. These amounts must be spent only for the benefit of American Indian pupils and to meet established state educational standards or statewide requirements.

(e) Before a district or school can receive money under this subdivision, the district or school must submit, to the commissioner, evidence that it has complied with the uniform financial accounting and reporting standards act, Minnesota Statutes, sections 121.904 to 121.917.

Subd. 4. AMERICAN INDIAN POST-SECONDARY PREPARATION GRANTS. For American Indian post-secondary preparation grants according to Minnesota Statutes, section 124.481:

<u>\$857,000</u>	<u>.....</u>	<u>1996</u>
<u>\$857,000</u>	<u>.....</u>	<u>1997</u>

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

Subd. 5. AMERICAN INDIAN SCHOLARSHIPS. For American Indian scholarships according to Minnesota Statutes, section 124.48:

<u>\$1,600,000</u>	<u>.....</u>	<u>1996</u>
<u>\$1,600,000</u>	<u>.....</u>	<u>1997</u>

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

Subd. 6. INDIAN TEACHER PREPARATION GRANTS. (a) For joint grants to assist Indian people to become teachers:

<u>\$190,000</u>	<u>.....</u>	<u>1996</u>
<u>\$190,000</u>	<u>.....</u>	<u>1997</u>

(b) Up to \$70,000 each year is for a joint grant to the University of Minnesota at Duluth and the Duluth school district.

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(c) Up to \$40,000 each year is for a joint grant to each of the following:

(1) Bemidji state university and the Red Lake school district;

(2) Moorhead state university and a school district located within the White Earth reservation; and

(3) Augsburg college, independent school district No. 625, St. Paul, and the Minneapolis school district.

(d) Money not used for students at one location may be transferred for use at another location.

(e) Any balance in the first year does not cancel but is available in the second year.

Subd. 7. TRIBAL CONTRACT SCHOOLS. For tribal contract school aid according to Minnesota Statutes, section 124.86:

<u>\$238,000</u>	<u>.....</u>	<u>1996</u>
<u>\$361,000</u>	<u>.....</u>	<u>1997</u>

The 1996 appropriation includes \$19,000 for 1995 and \$219,000 for 1996.

The 1997 appropriation includes \$38,000 for 1996 and \$323,000 for 1997.

Subd. 8. EARLY CHILDHOOD PROGRAMS AT TRIBAL SCHOOLS. For early childhood family education programs at tribal contract schools:

<u>\$68,000</u>	<u>.....</u>	<u>1996</u>
<u>\$68,000</u>	<u>.....</u>	<u>1997</u>

Subd. 9. PART H. For the department of education's share of the state's obligation under Part H:

<u>\$ -0-</u>	<u>.....</u>	<u>1996</u>
<u>\$400,000</u>	<u>.....</u>	<u>1997</u>

This appropriation assumes that the departments of health and human services will contribute \$1,635,000 for the state share of Part H costs.

Subd. 10. AMERICAN SIGN LANGUAGE; TEACHER EDUCATION HEARING. To assist school districts in educating teachers in American sign language:

<u>\$13,000</u>	<u>.....</u>	<u>1996</u>
<u>\$12,000</u>	<u>.....</u>	<u>1997</u>

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

Subd. 11. MEXICAN ORIGIN EDUCATION GRANTS. For grants for a Mexican origin education pilot grant program:

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<u>\$50,000</u>	<u>1996</u>
<u>\$25,000</u>	<u>1997</u>

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

Subd. 12. LAY ADVOCATES. To pay or reimburse lay advocates for their time and expense as provided in Minnesota Statutes, section 120.17:

<u>\$10,000</u>	<u>1996</u>
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This appropriation is available until June 30, 1997.

Subd. 13. OPTIONS PLUS PILOT GRANTS. For grants to school districts for options plus pilot programs:

<u>\$150,000</u>	<u>1996</u>
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Each grant shall not exceed \$50,000.

This appropriation is available until June 30, 1997.

Recipients are encouraged to use other staff development resources if available.

Subd. 14. VOCATIONAL SCHOOL PLANNING. For staff costs and related expenses for the vocational school planning committee:

<u>\$100,000</u>	<u>1996</u>
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This appropriation is available until June 30, 1997.

Subd. 15. SECONDARY VOCATIONAL EDUCATION AID. For secondary vocational education aid according to Minnesota Statutes, section 124.573:

<u>\$11,874,000</u>	.....	<u>1996</u>
<u>\$11,596,000</u>	.....	<u>1997</u>

The 1996 appropriation includes \$2,017,000 for 1995 and \$9,857,000 for 1996.

The 1997 appropriation includes \$1,739,000 for 1996 and \$9,857,000 for 1997.

Subd. 16. SCHOOL INTERPRETERS. For grants for school interpreters to upgrade their interpreting/transliterating skills and obtain certification:

<u>\$150,000</u>	.....	<u>1996</u>
<u>\$100,000</u>	.....	<u>1997</u>

Up to five percent of this amount may be used for administration of this program.

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

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Subd. 17. COMPREHENSIVE EARLY INTERVENTION PROGRAM GRANTS. For a grant to independent school district No. 624, White Bear Lake, for a comprehensive early intervention pilot program for students with emotional or behavioral disorders:

\$390,000 1996

This appropriation is available until June 30, 1997.

Sec. 20. **EFFECTIVE DATE.**

Sections 10, 12, and 17 are effective the day following final enactment.

ARTICLE 4

COMMUNITY PROGRAMS

Section 1. Minnesota Statutes 1994, section 116J.655, is amended to read:

116J.655 YOUTH ENTREPRENEURSHIP EDUCATION PROGRAM.

The commissioner of trade and economic development shall establish a youth entrepreneurship education program to improve the academic and entrepreneurial skills of students and aid in their transition from school to business creation. The program shall strengthen local economies by creating jobs that enable citizens to remain in their communities and to foster cooperation among educators, economic development professionals, business leaders, and representatives of labor. Assistance under this section shall be available to new or existing student-operated or school-operated businesses that have an educational purpose, and provide service or products for customers or clients who do not attend or work at the sponsoring school. The commissioner may require an equal local match for assistance under this section up to the maximum grant amount of \$20,000.

Sec. 2. Minnesota Statutes 1994, section 121.702, is amended by adding a subdivision to read:

Subd. 10. COUNCIL. "Council" means the governor's workforce development council.

Sec. 3. Minnesota Statutes 1994, section 121.705, is amended to read:

121.705 YOUTH WORKS GRANTS.

Subdivision 1. **APPLICATION.** An eligible organization interested in receiving a grant under sections 121.704 to 121.709 may prepare and submit to the commission, and beginning January 1, 1997, the council, an application that complies with section 121.706.

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Subd. 2. **GRANT AUTHORITY.** The commission and, beginning January 1, 1997, the council shall use any state appropriation and any available federal funds, including any grant received under federal law, to award grants to establish programs for youth works meeting the requirements of section 121.706. At least one grant each must be available for a metropolitan proposal, a rural proposal, and a statewide proposal. If a portion of the suburban metropolitan area is not included in the metropolitan grant proposal, the statewide grant proposal must incorporate at least one suburban metropolitan area. In awarding grants, the commission and, beginning January 1, 1997, the council may select at least one residential proposal and one nonresidential proposal, provided the proposals meet or exceed the criteria in section 121.706.

Sec. 4. Minnesota Statutes 1994, section 121.706, is amended to read:

121.706 GRANT APPLICATIONS.

Subdivision 1. **APPLICATIONS REQUIRED.** An organization seeking federal or state grant money under sections 121.704 to 121.709 shall prepare and submit to the commission and, beginning January 1, 1997, the council an application that meets the requirements of this section. The commission and, beginning January 1, 1997, the council shall develop, and the applying organizations shall comply with, the form and manner of the application.

Subd. 2. **APPLICATION CONTENT.** An applicant on its application shall:

(1) propose a program to provide participants the opportunity to perform community service to meet specific unmet community needs, and participate in classroom, work-based, and service learning;

(2) assess the community's unmet educational, human, environmental, and public safety needs, the resources and programs available for meeting those needs, and how young people participated in assessing community needs;

(3) describe the educational component of the program, including classroom hours per week, classroom time for participants to reflect on the program experience, and anticipated academic outcomes related to the service experience;

(4) describe the work to be performed, the ratio of youth participants to crew leaders and mentors, and the expectations and qualifications for crew leaders and mentors;

(5) describe local funds or resources available to meet the match requirements of section 121.709;

(6) describe any funds available for the program from sources other than the requested grant;

(7) describe any agreements with local businesses to provide participants with work-learning opportunities and mentors;

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(8) describe any agreement with local post-secondary educational institutions to offer participants course credits for their community service learning experience;

(9) describe any agreement with a local high school or an alternative learning center to provide remedial education, credit for community service work and work-based learning, or graduate equivalency degrees;

(10) describe any pay for service or other program delivery mechanism that will provide reimbursement for benefits conferred or recover costs of services participants perform;

(11) describe how local resources will be used to provide support and assistance for participants to encourage them to continue with the program, fulfill the terms of the contract, and remain eligible for any postservice benefit;

(12) describe the arbitration mechanism for dispute resolution required under section 121.707, subdivision 2;

(13) describe involvement of community leaders in developing broad-based support for the program;

(14) describe the consultation and sign-off process to be used with any local labor organization representing employees in the area engaged in work similar to that proposed for the program to ensure that no current employees or available employment positions will be displaced by program participants;

(15) certify to the commission and, beginning January 1, 1997, the council, and to any certified bargaining representatives representing employees of the applying organization that the project will not decrease employment opportunities that would be available without the project; will not displace current employees including any partial displacement in the form of reduced hours of work other than overtime, wages, employment benefits, or regular seasonal work; will not impair existing labor agreements; and will not result in the substitution of project funding for preexisting funds or sources of funds for ongoing work;

(16) describe the length of the required service period, which may not be less than six months or more than two years, a method to incorporate a participant's readiness to advance or need for postservice financial assistance into individual service requirements, and any opportunity for participating part time or in another program;

(17) describe a program evaluation plan that contains cost-effectiveness measures, measures of participant success including educational accomplishments, job placements, community contributions, and ongoing volunteer activities, outcome measures based on a preprogram and postprogram survey of community rates of arrest, incarceration, teenage pregnancy, and other indicators of youth in trouble, and a list of local resources dedicated to reducing these rates;

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(18) describe a three-year financial plan for maintaining the program;

(19) describe the role of local youth in developing all aspects of the grant proposal; and

(20) describe the process by which the local private industry council participated in, and reviewed the grant application.

Sec. 5. Minnesota Statutes 1994, section 121.707, subdivision 2, is amended to read:

Subd. 2. **TERMS OF SERVICE.** (a) A participant shall agree to perform community service for the period required unless the participant is unable to complete the terms of service for the reason provided in paragraph (b).

An agreement to perform community service must be in the form of a written contract between the participant and the grantee organization. Terms of the contract must include a length of service between six months and two years, the amount of the postservice benefit earned upon completion of the contracted length of service, the participant's education goals and commitment, the anticipated date of completion, dismissal for cause, including failure to fully participate in the education component, and the exclusive right to challenge a dismissal for cause through binding arbitration. The arbitrator must be chosen jointly by the grantee organization and the participant from the community or, if agreement cannot be reached, an arbitrator must be determined from a list of arbitrators provided by the American Arbitration Association. The sole remedy available to the participant through arbitration is reinstatement to the program and eligibility for postservice benefits. The parent or guardian of a minor shall consent in writing to the contract between the participant and the grantee organization.

(b) If the grantee organization releases a participant from completing a term of service in a program receiving assistance under sections 121.704 to 121.709 for compelling personal circumstances as demonstrated by the participant, or if the program in which the participant serves does not receive continued funding for any reason, the grantee organization may provide the participant with that portion of the financial assistance described in subdivision 3 that corresponds to the quantity of the service obligation completed by the individual.

If the grantee organization terminates a participant for cause or a participant resigns without demonstrating compelling personal circumstances under this section, no postservice benefit under subdivision 3 may be paid.

(c) A participant performing part-time service under sections 121.701 to 121.710 shall serve at least two weekends each month and two weeks during the year. A part-time participant shall serve at least 900 hours during a period of not more than two years, or three years if enrolled in an institution of higher education. A participant performing full-time service under sections 121.701 to

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121.710 shall serve at least 1,700 hours during a period of not less than nine months, or more than one year.

(d) Notwithstanding any other law to the contrary, for purposes of tort liability under sections 3.732 and 3.736, while participating in a program a participant is an employee of the state.

(e) Participants performing community service in a program are not public employees for purposes of chapter 43A, 179A, 197, 353, or any other law governing hiring or discharging of public employees.

Sec. 6. Minnesota Statutes 1994, section 121.707, subdivision 3, is amended to read:

Subd. 3. **POSTSERVICE BENEFIT.** (a) Each eligible organization shall agree to provide to every participant shall who fulfills the terms of a contract under section 121.707, subdivision 2, ~~receive~~ a nontransferable postservice benefit ~~upon successfully completing the program.~~ The benefit must be not less than \$4,725 per year of full-time service or prorated for part-time service or for partial service of at least 900 hours. Upon signing a contract under section 121.707, subdivision 2, each eligible organization shall deposit funds to cover the full amount of postservice benefits obligated, except for national education awards that are deposited in the national service trust fund. Funds encumbered in fiscal years 1994 and 1995 for postservice benefits shall be available until the participants for whom the funds were encumbered are no longer eligible to draw benefits.

(b) Nothing in this subdivision prevents a grantee organization from using funds from nonfederal or nonstate sources to increase the value of postservice benefits above the value described in paragraph (a).

(c) The higher education coordinating board shall establish an account for depositing funds for postservice benefits received from eligible organizations. If a participant does not complete the term of service or, upon successful completion of the program, does not use a postservice benefit according to subdivision 4 within seven years ~~after completing the program,~~ the amount of the postservice benefit shall be ~~used to provide a postservice benefit refunded to the eligible organization or, at the organization's discretion, dedicated to another eligible participant.~~ Interest earned on funds deposited in the postservice benefit account is appropriated to the higher education coordinating board for the costs of administering the postservice benefits accounts.

(d) The state shall provide an additional postservice benefit to any participant who successfully completes the program. The benefit must be a credit of five points to be added to the competitive open rating of a participant who obtains a passing grade on a civil service examination under chapter 43A. The benefit is available for five years after completing the community service.

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Sec. 7. Minnesota Statutes 1994, section 121.707, subdivision 4, is amended to read:

Subd. 4. **USES OF POSTSERVICE BENEFITS.** (a) A postservice benefit for a participant provided under subdivision 3, paragraph (a), (b), or (c), must be available for seven years after completing the program and may only be used for:

- (1) paying a student loan;
- (2) costs of attending an institution of higher education; or
- (3) expenses incurred by a student in an approved youth apprenticeship program under chapter 126B, or in a registered apprenticeship program approved by the department of labor and industry.

Financial assistance provided under this subdivision must be in the form of vendor payments whenever possible. Any postservice benefits provided by federal funds or vouchers may be used as a downpayment on, or closing costs for, purchasing a first home.

(b) Postservice benefits are to be used to develop skills required in occupations where numbers of jobs are likely to increase. The commission, in consultation with the education and employment transitions council, and beginning January 1, 1997, the workforce development council, shall determine how the benefits may be used in order to best prepare participants with skills that build on their service learning and equip them for meaningful employment.

(c) The postservice benefit shall not be included in determining financial need when establishing eligibility or award amounts for financial assistance programs under chapter 136A.

Sec. 8. Minnesota Statutes 1994, section 121.707, subdivision 6, is amended to read:

Subd. 6. **PROGRAM TRAINING.** (a) The commission and, beginning January 1, 1997, the council shall, within available resources, ensure an opportunity for each participant to have three weeks of training in a residential setting. If offered, each training session must:

- (1) orient each participant in the nature, philosophy, and purpose of the program;
- (2) build an ethic of community service through general community service training; and
- (3) provide additional training as it determines necessary.

(b) Each grantee organization shall also train participants in skills relevant to the community service opportunity.

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Sec. 9. Minnesota Statutes 1994, section 121.707, subdivision 7, is amended to read:

Subd. 7. **TRAINING AND EDUCATION REQUIREMENTS.** Each grantee organization shall assess the educational level of each entering participant. Each grantee shall work to enhance the educational skills of each participant. The commission and, beginning January 1, 1997, the council may coordinate or contract with educational institutions or other providers for educational services and evaluation. All grantees shall give priority to educating and training participants who do not have a high school diploma or its equivalent, or who cannot afford post-secondary training and education.

Sec. 10. Minnesota Statutes 1994, section 121.708, is amended to read:

121.708 PRIORITY.

The commission and, beginning January 1, 1997, the council shall give priority to an eligible organization proposing a program that meets the goals of sections 121.704 to 121.707, and that:

- (1) involves youth in a meaningful way in all stages of the program, including assessing community needs, preparing the application, and assuming postservice leadership and mentoring responsibilities;
- (2) serves a community with significant unmet needs;
- (3) provides an approach that is most likely to reduce arrest rates, incarceration rates, teenage pregnancy, and other indicators of troubled youth;
- (4) builds linkages with existing, successful programs; and
- (5) can be operational quickly.

Sec. 11. Minnesota Statutes 1994, section 121.709, is amended to read:

121.709 MATCH REQUIREMENTS.

Youth works grant funds must be used for the living allowance, cost of employer taxes under sections 3111 and 3301 of the Internal Revenue Code of 1986, workers' compensation coverage, and health benefits for each program participant. Youthworks grant funds may also be used to supplement applicant resources to fund postservice benefits for program participants. Applicant resources, from sources and in a form determined by the commission and, beginning January 1, 1997, the council, must be used to provide for all other program ~~operating~~ costs, including the portion of the applicant's obligation for postservice benefits that is not covered by state or federal grant funds and such costs as supplies, materials, transportation, and salaries and benefits of those staff directly involved in the operation, internal monitoring, and evaluation of the program. Administrative expenses must not exceed five percent of total program costs.

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Sec. 12. Minnesota Statutes 1994, section 121.710, is amended to read:

121.710 EVALUATION AND REPORTING REQUIREMENTS.

Subdivision 1. **GRANTEE ORGANIZATIONS.** Each grantee organization shall report to the commission and, beginning January 1, 1997, the council at the time and on the matters requested by the commission and, beginning January 1, 1997, the council.

Subd. 2. **INTERIM REPORT.** The commission and, beginning January 1, 1997, the council shall report semiannually to the legislature with interim recommendations to change the program.

Subd. 3. **FINAL REPORT.** The commission and, beginning January 1, 1997, the council shall present a final report to the legislature by January 1, 1998, summarizing grantee evaluations, reporting on individual participants and participating grantee organizations, and recommending any changes to improve or expand the program.

Sec. 13. Minnesota Statutes 1994, section 121.885, subdivision 1, is amended to read:

Subdivision 1. **SERVICE LEARNING SERVICE-LEARNING AND WORK-BASED LEARNING PROGRAMS STUDY.** The ~~Minnesota commission on national and community service, established in section 121.703, governor's workforce development council~~ shall assist the commissioner of education in studying how to combine community service activities and ~~service learning service-learning~~ with work-based learning programs.

Sec. 14. Minnesota Statutes 1994, section 121.885, subdivision 4, is amended to read:

Subd. 4. **PROGRAMS FOLLOWING YOUTH COMMUNITY SERVICE.** (a) The Minnesota commission on national and community service ~~established in section 121.703,~~ in cooperation with the governor's workforce development council, the commissioner and the higher education coordinating board, shall provide for those participants who successfully complete youth community service under sections ~~121.703~~ 121.704 to 121.709, the following:

(1) for those who have a high school diploma or its equivalent, an opportunity to participate in a youth apprenticeship program at a community or technical college; and

(2) for those who are post-secondary students, an opportunity to participate in an educational program that supplements post-secondary courses leading to a degree or a statewide credential of academic and occupational proficiency.

(b) Participants who successfully complete a youth community service program under sections 121.704 to 121.710 are eligible to receive an education

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voucher as provided under section 121.707, subdivision 4. The voucher recipient may apply the voucher toward the cost of the recipient's tuition and other education-related expenses at a post-secondary school under paragraph (a).

(c) ~~The Minnesota commission on national and community service governor's workforce development council~~, in cooperation with the ~~state board of technical colleges board of trustees of the Minnesota state colleges and universities~~, shall establish a mechanism to transfer credit earned in a youth apprenticeship program between the technical colleges and other post-secondary institutions offering applied associate degrees.

Sec. 15. Minnesota Statutes 1994, section 121.912, subdivision 1b, is amended to read:

Subd. 1b. **TRA AND FICA TRANSFER.** (a) Notwithstanding subdivision 1, a district ~~shall~~ may transfer money from the general fund to the community service fund for the employer contributions for teacher retirement and FICA for employees who are members of a teacher retirement association and who are paid from the community service fund.

(b) A district shall not transfer money under paragraph (a) for employees who are paid with money other than normal operating funds, as defined in section 354.05, subdivision 27.

Sec. 16. **[124.255] SCHOOL ENRICHMENT PARTNERSHIP PROGRAM.**

Subdivision 1. ESTABLISHMENT. The school enrichment partnership program is established. The purpose of the program is to encourage school districts to expand the involvement of the private sector in the delivery of academic programs. The program will provide matching state funds for those provided by the private sector.

Subd. 2. REVENUE ELIGIBILITY. A school district or group of school districts is eligible to receive state aid under this program. Districts may enter into joint agreements to provide programs or make expenditures under this section. The limitations under this subdivision shall apply to these programs or expenditures as if they were operated by a single district. A district may receive \$1 of state aid for each \$2 raised from the private sector. The private match must be in the form of cash. Specific types of noncash support may be considered for the private match. State aid is limited to the lesser of \$75,000 or \$10 per pupil unit per district.

Subd. 3. REVENUE MANAGEMENT. The use of the state and private funds provided under this section is under the general control of the school board. The board may establish, without using state funds or public employees, a separate foundation to directly manage the funds. The private funds must be used to acquire instructional or noninstructional academic materials of a capital

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nature including, but not limited to, textbooks, globes, maps, and other academic material. The funds may not be used for salaries or other employee benefits.

Subd. 4. PROCEDURES; REPORT. The Minnesota academic excellence foundation, under the direction of the commissioner of education, shall establish application forms, guidelines, procedures, and timelines for the distribution of state aid. The commissioner may require reporting necessary to evaluate the program. Measures of success will include numbers of partnerships and funds raised; numbers of school foundations formed; and demonstrated linkages of partnerships to improved instructional delivery resulting in increased student learning.

Subd. 5. RESULTS-ORIENTED CHARTER SCHOOLS. Notwithstanding section 124.248, subdivision 4, paragraph (b), a results-oriented charter school is eligible to participate in the program under this section as if it were a school district.

Sec. 17. Minnesota Statutes 1994, section 124.261, subdivision 1, is amended to read:

Subdivision 1. AID ELIGIBILITY. For fiscal year 1996, adult high school graduation aid for eligible pupils age 21 or over, equals 65 percent of the general education formula allowance times 1.30 times the average daily membership under section 124.17, subdivision 2e. For 1997 and later fiscal years, adult high school graduation aid per eligible pupil equals the amount established by the commissioner of education, in consultation with the commissioner of finance, based on the appropriation for this program. Adult high school graduation aid must be paid in addition to any other aid to the district. Pupils age 21 or over may not be counted by the district for any purpose other than adult high school graduation aid.

Sec. 18. Minnesota Statutes 1994, section 124.2711, subdivision 2a, is amended to read:

Subd. 2a. EARLY CHILDHOOD FAMILY EDUCATION LEVY. To obtain early childhood family education revenue, a district may levy an amount equal to the tax rate of ~~626~~ .609 percent times the adjusted tax capacity of the district for the year preceding the year the levy is certified. If the amount of the early childhood family education levy would exceed the early childhood family education revenue, the early childhood family education levy shall equal the early childhood family education revenue.

Sec. 19. Minnesota Statutes 1994, section 124.2713, subdivision 6, is amended to read:

Subd. 6. COMMUNITY EDUCATION LEVY. To obtain community education revenue, a district may levy the amount raised by a tax rate of ~~4.13~~ 1.1

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percent for fiscal year ~~1995 and thereafter~~, times the adjusted net tax capacity of the district. If the amount of the community education levy would exceed the community education revenue, the community education levy shall be determined according to subdivision 6a.

Sec. 20. Minnesota Statutes 1994, section 124C.45, subdivision 1, is amended to read:

Subdivision 1. **GOVERNANCE.** A school district may establish an area learning center either by itself or in cooperation with other districts, an ECSU, an intermediate school district, a local education and employment transitions partnership, public and private secondary and post-secondary institutions, public agencies, businesses, and foundations. Except for a district located in a city of the first class, a center must serve the geographic area of at least two districts.

Sec. 21. Minnesota Statutes 1994, section 124C.46, subdivision 2, is amended to read:

Subd. 2. **PEOPLE TO BE SERVED.** A center shall provide programs for secondary pupils and adults, giving priority to serving persons between 16 and 21 years of age. Secondary pupils to be served are those who are chemically dependent, not likely to graduate from high school, need assistance in vocational and basic skills, can benefit from employment experiences, and need assistance in transition from school to employment. Adults to be served are dislocated homemakers and workers and others who need basic educational and social services. In addition to offering programs, the center shall coordinate the use of other available educational services, social services, and post-secondary institutions in the community. The center may also provide programs, including work-based, service-learning, and applied learning opportunities developed in collaboration with a local education and employment transitions partnership, for elementary and secondary pupils who are not attending the center to assist them in completing high school.

Sec. 22. Minnesota Statutes 1994, section 124C.48, subdivision 1, is amended to read:

Subdivision 1. **OUTSIDE SOURCES.** A center may accept:

- (1) resources and services from post-secondary institutions serving center pupils;
- (2) resources from job training partnership act programs, including funding for jobs skills training for various groups and the percentage reserved for education;
- (3) resources from the department of human services and county welfare funding; ~~or~~
- (4) resources from a local education and employment transitions partnership; or

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

Sec. 23. Minnesota Statutes 1994, section 126B.01, is amended to read:

126B.01 PURPOSE EDUCATION AND EMPLOYMENT TRANSITIONS SYSTEM.

Subdivision 1. PURPOSE GOALS. To better prepare all learners to make transitions between education and employment, a comprehensive education and employment transitions system is established ~~to that is driven by multisector partnerships and takes a lifelong approach to workforce development.~~ The goals of the statewide education and employment transitions system are:

(1) to improve the skills learners need to achieve greater levels of self-sufficiency through education, training, and work;

(2) assist individuals in planning their futures by providing to improve work-related counseling and information about career opportunities and vocational education programs available to learners to facilitate workforce development;

(3) to integrate opportunities for work-based learning, including but not limited to occupation-specific apprenticeship programs and community service programs, service-learning, and other applied learning methods into the elementary, secondary, and post-secondary curriculum and state and local graduation standards;

(4) to increase participation in employment opportunities and demonstrate the relationship between education and employment at the elementary, secondary, and post-secondary education levels;

(5) to promote the efficient use of public and private resources by coordinating elementary, secondary, and post-secondary education with related government programs; and

(6) to expand educational options available to students all learners through collaborative efforts between secondary institutions school districts, post-secondary institutions, business, industry employers, organized labor, workers, learners, parents, community-based organizations, and other interested parties;

(7) to increase opportunities for women, minorities, individuals with a disability, and at-risk learners to fully participate in work-based learning;

(8) to establish performance standards for learners that integrate state and local graduation standards and generally recognized industry and occupational skill standards; and

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(9) to provide support systems including a unified labor market information system; a centralized quality assurance system with information on learner achievement, employer satisfaction, and measurable system outcomes; a statewide marketing system to promote the importance of lifework development; a comprehensive professional development system for public and private sector partners; and a comprehensive system for providing technical support to local partnerships for education and employment transitions.

Subd. 2. FUNDING. Work-based learning programs incorporating post-secondary instruction implemented under this chapter shall provide for student funding according to section 123.3514.

Subd. 3. GOVERNOR'S WORKFORCE DEVELOPMENT COUNCIL. The governor's workforce development council is responsible for developing, implementing, and evaluating the statewide education and employment transitions system and achieving the goals of the system.

Subd. 4. PARTNERSHIP GRANTS. The council shall award grants to implement local education and employment transition systems to local education and employment transition partnerships established under 126B.10. Grants under this section may be used for the local education and employment transitions system, youth apprenticeship and other work-based learning programs, youth employer programs, youth entrepreneurship programs, and other programs and purposes the council determines fulfill the purposes of the education and employment transitions system. The council shall evaluate grant proposals on the basis of the elements required in the local plan described in section 126B.10, subdivision 3. The council shall develop and publicize the grant application process and review and comment on the proposals submitted. Priority in awarding grants must be given to local partnerships that include multiple communities and a viable base of educational, work-based learning, and employment opportunities.

Subd. 5. ANNUAL REVIEW. The council shall review the activities of each local education and employment transitions partnership annually to ensure that the local partnership is adequately meeting the system standards under section 126B.10 and state quality assurance standards established as part of the quality assurance system developed by the council. This subdivision expires July 1, 1997.

Subd. 6. REPORT. The council shall annually publish a report summarizing the data submitted by each local education and employment transitions partnership. The report shall be published no later than September 1 of the year following the year in which the data was collected. This subdivision expires July 1, 1997.

Sec. 24. Minnesota Statutes 1994, section 126B.03, subdivision 2, is amended to read:

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Subd. 2. **ACADEMIC INSTRUCTION AND WORK-RELATED LEARNING.** (a) ~~A Comprehensive youth apprenticeship program~~ programs and other work-based learning programs under the education and employment transitions system must integrate academic instruction and work-related learning in the classroom and at the workplace. Schools, in collaboration with ~~students'~~ learners' employers, must use competency-based measures to evaluate ~~students'~~ learners' progress in the program. ~~Students~~ Learners who successfully complete the program must receive academic and occupational credentials from the participating school.

(b) The academic instruction provided as part of a comprehensive youth apprenticeship program must:

(1) meet applicable secondary and post-secondary education requirements;

(2) enable the students to attain academic proficiency in at least the areas of English, mathematics, history, science, and geography; and

(3) where appropriate, modify existing secondary and post-secondary curricula to accommodate the changing needs of the workplace.

(c) Work-based learning provided as part of the program must:

(1) supply students with knowledge, skills, and abilities based on appropriate, nationally accepted standards in the specific industries and occupations for which the students are trained;

(2) offer students structured job training at the worksite, including high quality supervised learning opportunities;

(3) foster interactive, team-based learning;

(4) encourage sound work habits and behaviors;

(5) develop workplace skills, including the ability to manage resources; work productively with others; acquire and use information; understand and master systems; and work with technologies; and

(6) where feasible, offer students the opportunity to participate in community service and service learning activities.

(d) Worksite learning and experience provided as part of the program must:

(1) help youth apprentices achieve the program's academic and work-based learning requirements;

(2) pay apprentices for their work; and

(3) assist employers to fulfill their commitment to youth apprentices.

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Sec. 25. Minnesota Statutes 1994, section 126B.03, subdivision 3, is amended to read:

Subd. 3. **PROGRAM COMPONENTS YOUTH APPRENTICESHIP PROGRAMS.** (a) A comprehensive youth apprenticeship program must require representatives of secondary and post-secondary school systems, affected local businesses, industries, occupations and labor, as well as the local community, to be actively and collaboratively involved in advising and managing the program and ensuring, in consultation-

(b) ~~The entities participating in a program must consult~~ with local private industry councils, ~~to ensure~~ that the youth apprenticeship program meets local labor market demands ~~and,~~ provides student apprentices with the high skill training necessary for career advancement, ~~within an occupation.~~

(c) ~~The program must meet~~ meets applicable state education graduation requirements and labor standards, pays apprentices for their work and provide provides support services to program participants; ~~and accommodate the integrating of work-related learning and academic instruction through flexible schedules for students and teachers and appropriately modified curriculum.~~

(d) (b) Local employers, collaborating with labor organizations where appropriate, must assist the program by analyzing workplace needs, creating work-related curriculum, employing and adequately paying youth apprentices engaged in work-related learning in the workplace, training youth apprentices to become skilled in an occupation, providing student apprentices with a workplace mentor, periodically informing the school of an apprentice's progress, and making a reasonable effort to employ youth apprentices who successfully complete the program.

(e) (c) A student participating in a comprehensive youth apprenticeship program must sign a youth apprenticeship agreement with participating entities that obligates youth apprentices, their parents or guardians, employers, and schools to meet program requirements; indicates how academic instruction, work-based learning, and worksite learning and experience will be integrated; ensures that successful youth apprentices will receive a recognized credential of academic and occupational proficiency; and establishes the wage rate and other benefits for which youth apprentices are eligible while employed during the program.

(f) (d) Secondary school principals ~~or,~~ counselors, or business mentors familiar with the ~~demonstration project~~ education to employment transitions system must inform entering secondary school students about available occupational and career opportunities and the option of entering a youth apprenticeship program or other work-based learning program to obtain post-secondary academic and occupational credentials.

Sec. 26. [126B.10] **EDUCATION AND EMPLOYMENT TRANSITIONS PARTNERSHIPS.**

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Subdivision 1. LOCAL PARTNERSHIPS; ESTABLISHMENT. Local education and employment transitions partnerships may be established to implement local education and employment transitions systems. Local partnerships shall represent multiple sectors in the community, including, at a minimum, representatives of employers, primary and secondary education, labor and professional organizations, workers, learners, parents, community-based organizations, and to the extent possible, post-secondary education.

Subd. 2. BOARD. A local education and employment transitions partnership shall establish a governing board for planning and implementing work-based and other applied learning programs. The board shall consist of at least one representative from each member of the education and employment transitions partnership. A majority of the board must consist of representatives of local or regional employers.

Subd. 3. LOCAL EDUCATION AND EMPLOYMENT TRANSITIONS SYSTEMS. A local education and employment transitions partnership shall assess the needs of employers, employees, and learners, and develop a plan for implementing and achieving the objectives of a local or regional education and employment transitions system. The plan shall provide for a comprehensive local system for assisting learners and workers in making the transition from school to work or for retraining in a new vocational area. The objectives of a local education and employment transitions system include:

(1) increasing the effectiveness of the educational programs and curriculum of elementary, secondary, and post-secondary schools and the work site in preparing students in the skills and knowledge needed to be successful in the workplace;

(2) implementing learner outcomes for students in grades kindergarten through 12 designed to introduce the world of work and to explore career opportunities, including nontraditional career opportunities;

(3) eliminating barriers to providing effective integrated applied learning, service-learning, or work-based curriculum;

(4) increasing opportunities to apply academic knowledge and skills, including skills needed in the workplace, in local settings which include the school, school-based enterprises, post-secondary institutions, the workplace, and the community;

(5) increasing applied instruction in the attitudes and skills essential for success in the workplace, including cooperative working, leadership, problem-solving, and respect for diversity;

(6) providing staff training for vocational guidance counselors, teachers, and other appropriate staff in the importance of preparing learners for the transition to work, and in methods of providing instruction that incorporate applied learning, work-based learning, and service learning experiences;

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(7) identifying and enlisting local and regional employers who can effectively provide work-based or service learning opportunities, including, but not limited to, apprenticeships, internships, and mentorships;

(8) recruiting community and workplace mentors including peers, parents, employers and employed individuals from the community, and employers of high school students;

(9) identifying current and emerging educational, training, and employment needs of the area or region, especially within industries with potential for job growth;

(10) improving the coordination and effectiveness of local vocational and job training programs, including vocational education, adult basic education, tech prep, apprenticeship, service learning, youth entrepreneur, youth training and employment programs administered by the commissioner of economic security, and local job training programs under the Job Training Partnership Act, United States Code, title 29, section 1501, et seq.;

(11) identifying and applying for federal, state, local, and private sources of funding for vocational or applied learning programs;

(12) providing students with current information and counseling about career opportunities, potential employment, educational opportunities in post-secondary institutions, workplaces, and the community, and the skills and knowledge necessary to succeed;

(13) providing educational technology, including interactive television networks and other distance learning methods, to ensure access to a broad variety of work-based learning opportunities;

(14) including students with disabilities in a district's vocational or applied learning program and ways to serve at-risk learners through collaboration with area learning centers under sections 124C.45 to 124C.49, or other alternative programs; and

(15) providing a warranty to employers, post-secondary education programs, and other post-secondary training programs, that learners successfully completing a high school work-based or applied learning program will be able to apply the knowledge and work skills included in the program outcomes or graduation requirements. The warranty shall require education and training programs to continue to work with those learners that need additional skill development until they can demonstrate achievement of the program outcomes or graduation requirements.

Subd. 4. ANNUAL REPORTS. (a) A local education and employment transitions partnership shall annually publish a report and submit information to the council as required. The report shall include information required by the

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council for the statewide system performance assessment. The report shall be available to the public in the communities served by the local education and employment transitions partnership. The report shall be published no later than September 1 of the year following the year in which the data was collected.

Sec. 27. MINNESOTA COMMISSION ON NATIONAL AND COMMUNITY SERVICE; TRANSFER OF RESPONSIBILITY.

If the governor's workforce development council meets federal requirements for the commission on national and community service, the duties of the Minnesota commission on national and community service under Minnesota Statutes, sections 121.703 to 121.710, shall transfer to the governor's workforce development council on January 1, 1997. If, by that date, the workforce development council does not meet federal requirements, the Minnesota commission on national and community service shall continue to perform the duties assigned to it.

Sec. 28. YOUTH EMPLOYER GRANT PROGRAM.

Subdivision 1. YOUTH EMPLOYER GRANTS. The governor's workforce development council shall establish a pilot program for improving the work-based learning experience of school-aged youth who are employed. An employer, in partnership with a local education and employment transitions partnership, may apply for a youth employer grant to the governor's workforce development council. The council shall determine application procedures and criteria for approving grant awards.

Subd. 2. GRANT APPLICATION. A grant application shall include a plan to meet the following goals:

(1) enhance the work experience of employed youth by integrating appropriate academic and work skills components;

(2) develop an applied learning plan for each employed youth that outlines the academic and work skills outcomes to be achieved by the work-based learning experience and describes how these outcomes apply toward attainment of high school graduation requirements;

(3) provide training and support to the employer in developing a work experience for meeting the goals of the applied learning plan and for assessing student achievement; and

(4) evaluate the effectiveness of the work-based learning program.

Subd. 3. GRANT AWARDS. The governor's workforce development council may award youth employer grants to applicants eligible under subdivision 1. Grant recipients should be geographically distributed throughout the state. Grant proceeds may be used for the costs of planning, materials, and training. The school district, school, or post-secondary education institution partner shall be the fiscal agent for the grant.

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Sec. 29. APPROPRIATIONS.

Subdivision 1. DEPARTMENT OF EDUCATION. The sums indicated in this section are appropriated from the general fund or other named fund to the department of education for the fiscal years designated.

Subd. 2. ADULT BASIC EDUCATION AID. For adult basic education aid according to Minnesota Statutes, sections 124.26 in fiscal year 1996 and 124.2601 in fiscal year 1997:

\$8,374,000	.....	1996
\$8,374,000	.....	1997

The 1996 appropriation includes \$1,256,000 for 1995 and \$7,118,000 for 1996.

The 1997 appropriation includes \$1,256,000 for 1996 and \$7,118,000 for 1997.

Up to \$199,000 each year may be used for contracts with private, nonprofit organizations for approved programs.

Subd. 3. ADULTS WITH DISABILITIES PROGRAM AID. For adults with disabilities programs according to Minnesota Statutes, section 124.2715:

\$695,000	.....	1996
\$695,000	.....	1997

Any balance in the first year does not cancel and is available for the second year.

Of these amounts, \$25,000 each year is to fund the Michael Ehrlichmann memorial for the Minnesota Statewide Direct Services Initiative, to provide training for: (1) direct service providers, including staff working in vocational and residential settings, paraprofessionals in education, and persons working in other related settings; and (2) individuals with developmental disabilities and their families. The commissioner must transmit this amount to the Governor's developmental disabilities council.

Subd. 4. ADULT GRADUATION AID. For adult graduation aid:

\$2,245,000	.....	1996
\$2,245,000	.....	1997

The 1996 appropriation includes \$336,000 for 1995 and \$1,909,000 for 1996.

The 1997 appropriation includes \$336,000 for 1996 and \$1,909,000 for 1997.

Subd. 5. ALCOHOL-IMPAIRED DRIVER. (a) For grants with funds received under Minnesota Statutes, section 171.29, subdivision 2, paragraph (b), clause (4):

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<u>\$514,000</u>	<u>1996</u>
<u>\$514,000</u>	<u>1997</u>

(b) These appropriations are from the alcohol-impaired driver account of the special revenue fund. Any funds credited for the department of education to the alcohol-impaired driver account of the special revenue fund in excess of the amounts appropriated in this subdivision are appropriated to the department of education and available in fiscal year 1996 and fiscal year 1997.

(c) Up to \$226,000 each year may be used by the department of education to contract for services to school districts stressing the dangers of driving after consuming alcohol. No more than five percent of this amount may be used for administrative costs by the contract recipients.

(d) Up to \$88,000 each year may be used for grants to support student-centered programs to discourage driving after consuming alcohol.

(e) Up to \$200,000 and any additional funds each year may be used for chemical abuse prevention grants.

Subd. 6. COMMUNITY EDUCATION AID. For community education aid according to Minnesota Statutes, section 124.2713:

<u>\$2,826,000</u>	.....	<u>1996</u>
<u>\$2,574,000</u>	.....	<u>1997</u>

The 1996 appropriation includes \$499,000 for 1995 and \$2,327,000 for 1996.

The 1997 appropriation includes \$410,000 for 1996 and \$2,164,000 for 1997.

Subd. 7. EARLY CHILDHOOD FAMILY EDUCATION AID. For early childhood family education aid according to Minnesota Statutes, section 124.2711:

<u>\$14,224,000</u>	.....	<u>1996</u>
<u>\$13,832,000</u>	.....	<u>1997</u>

The 1996 appropriation includes \$2,086,000 for 1995 and \$12,138,000 for 1996.

The 1997 appropriation includes \$2,140,000 for 1996 and \$11,692,000 for 1997.

\$10,000 each year may be spent for evaluation of early childhood family education programs.

Subd. 8. EDUCATION AND EMPLOYMENT TRANSITIONS PROGRAM GRANTS. For local education and employment transitions program grants:

New language is indicated by underline, deletions by ~~strikeout~~.

<u>\$2,500,000</u>	.....	<u>1996</u>
<u>\$2,500,000</u>	.....	<u>1997</u>

\$600,000 each year is for development of a labor-management information system to support education to employment transitions programs.

\$575,000 each year is for youth apprenticeship program grants. Youth apprenticeship program grants may only be awarded to local education and employment transitions partnerships or to a youth apprenticeship program that previously received a youth apprenticeship demonstration program grant according to Laws 1993, chapter 335, section 7.

\$1,000,000 each year is for local program grants, of which \$100,000 must be used for youth entrepreneurship grants under Minnesota Statutes, section 116J.655, and \$100,000 must be used for youth employer grants under section 28.

\$325,000 each year is for state-level activities, including the governor's workforce development council.

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

Subd. 9. EXTENDED DAY AID. For extended day aid:

<u>\$381,000</u>	.....	<u>1996</u>
<u>\$374,000</u>	.....	<u>1997</u>

The 1996 appropriation includes \$58,000 for 1995 and \$323,000 for 1996.

The 1997 appropriation includes \$56,000 for 1996 and \$318,000 for 1997.

Subd. 10. FAMILY COLLABORATIVES. For family collaboratives:

<u>\$6,000,000</u>	.....	<u>1996</u>
<u>\$6,000,000</u>	.....	<u>1997</u>

Of the appropriation, \$150,000 each year is for grants targeted to assist in providing collaborative children's library service programs. To be eligible, a family collaborative grant recipient must collaborate with at least one public library and one children's or family organization. The public library must involve the regional public library system and multitype library system to which it belongs in the planning and provide for an evaluation of the program.

No more than 2.5 percent of the appropriation is available to the state to administer and evaluate the grant program.

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

Subd. 11. GED TESTS. For payment of 60 percent of the costs of GED tests:

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<u>\$125,000</u>	<u>1996</u>
<u>\$125,000</u>	<u>1997</u>

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

Subd. 12. HEALTH AND DEVELOPMENTAL SCREENING AID. For health and developmental screening aid according to Minnesota Statutes, sections 123.702 and 123.7045:

<u>\$1,550,000</u>	.....	<u>1996</u>
<u>\$1,550,000</u>	.....	<u>1997</u>

The 1996 appropriation includes \$232,000 for 1995 and \$1,318,000 for 1996.

The 1997 appropriation includes \$232,000 for 1996 and \$1,318,000 for 1997.

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

Subd. 13. HEARING IMPAIRED ADULTS. For programs for hearing impaired adults according to Minnesota Statutes, section 121.201:

<u>\$70,000</u>	.....	<u>1996</u>
<u>\$70,000</u>	.....	<u>1997</u>

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

Subd. 14. LEARNING READINESS PROGRAM REVENUE. For revenue for learning readiness programs:

<u>\$9,506,000</u>	.....	<u>1996</u>
<u>\$9,505,000</u>	.....	<u>1997</u>

The 1996 appropriation includes \$1,424,000 for 1995 and \$8,082,000 for 1996.

The 1997 appropriation includes \$1,425,000 for 1996 and \$8,080,000 for 1997.

\$10,000 each year may be spent for evaluation of learning readiness programs.

Subd. 15. OMBUDSPERSONS. For ombudspersons:

<u>\$33,000</u>	.....	<u>1996</u>
<u>\$33,000</u>	.....	<u>1997</u>

The appropriation is made to the office of ombudspersons for families for purposes of funding the activities of the ombudsperson authorized by Minnesota

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Statutes, sections 257.0755 to 257.0768. Any balance in the first year does not cancel but is available in the second year.

Subd. 16. VIOLENCE PREVENTION EDUCATION GRANTS. For violence prevention education grants:

<u>\$1,500,000</u>	.....	<u>1996</u>
<u>\$1,500,000</u>	.....	<u>1997</u>

Of the amount each year, \$50,000 is for program administration.

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

Subd. 17. WAY TO GROW. For grants for existing way to grow programs according to Minnesota Statutes, section 121.835:

<u>\$475,000</u>	.....	<u>1996</u>
<u>\$475,000</u>	.....	<u>1997</u>

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

Subd. 18. SCHOOL ENRICHMENT PARTNERSHIP PROGRAM. For school enrichment partnership program aid:

<u>\$500,000</u>	<u>1996</u>
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Any balance remaining in the first year does not cancel but is available in the second year.

Subd. 19. YOUTHWORKS. For funding youthworks programs according to Minnesota Statutes, sections 121.70 to 121.710:

<u>\$1,813,000</u>	.....	<u>1996</u>
<u>\$1,813,000</u>	.....	<u>1997</u>

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

Subd. 20. YOUTHWORKS PROGRAM. For implementing youthworks programs:

<u>\$50,000</u>	.....	<u>1996</u>
<u>\$50,000</u>	.....	<u>1997</u>

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

Sec. 30. REVISOR INSTRUCTIONS.

In the next and subsequent editions of Minnesota Statutes, the revisor shall change the title of Minnesota Statutes, chapter 126B, from "YOUTH APPREN-

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TICESHIP SYSTEM” to “EDUCATION AND EMPLOYMENT TRANSI-
TIONS SYSTEM.”

In the next and subsequent editions of Minnesota Statutes and Minnesota Rules, the revisor shall substitute the term “workforce development council” for “governor’s job training council” wherever it appears in statutes and rules.

In the next and subsequent editions of Minnesota Statutes and Minnesota Rules, the revisor shall change the term “service learning” to “service-learning” wherever it appears in statutes and rules.

Sec. 31. **REPEALER.**

(a) Minnesota Statutes 1994, sections 121.702, subdivision 9; and 121.703, are repealed.

(b) Minnesota Statutes 1994, sections 126B.02; 126B.03, subdivision 1; 126B.04; and 126B.05, are repealed.

Sec. 32. **EFFECTIVE DATES.**

(a) Section 31, paragraph (a), is effective July 1, 1997, if the governor’s workforce development council meets all federal requirements for the commission on national and community service.

(b) Tax rate changes in sections 18 and 19 are effective beginning with taxes payable in 1996.

ARTICLE 5

FACILITIES

Section 1. Minnesota Statutes 1994, section 124.14, is amended by adding a subdivision to read:

Subd. 8. HEALTH AND SAFETY AID TRANSFER. The commissioner of education, with the approval of the commissioner of finance, annually may transfer an amount from the appropriation for health and safety aid to the appropriation for debt service aid for the same fiscal year. The amount of the transfer equals the amount necessary to fund any shortage in the debt service aid appropriation created by a data correction that occurs between November 1 and June 30 of the preceding fiscal year.

Sec. 2. Minnesota Statutes 1994, section 124.243, subdivision 2, is amended to read:

Subd. 2. **CAPITAL EXPENDITURE FACILITIES REVENUE.** (a) ~~For~~

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fiscal years 1994 and 1995, Capital expenditure facilities previous formula revenue for a district equals \$128 times its actual pupil units for the school year.

(b) For fiscal years 1996 ~~and later~~, capital expenditure facilities revenue for a district equals \$100 times the district's maintenance cost index times its actual pupil units for the school year.

(c) A district's capital expenditure facilities revenue for a school year shall be reduced if the unreserved balance in the capital expenditure facilities account on June 30 of the prior school year exceeds \$675 times the fund balance pupil units in the prior year as defined in section 124A.26, subdivision 1. If a district's capital expenditure facilities revenue is reduced, the reduction equals the lesser of (1) the amount that the unreserved balance in the capital expenditure facilities account on June 30 of the prior year exceeds \$675 times the fund balance pupil units in the prior year, or (2) the capital expenditure facilities revenue for that year.

(d) For 1996 and later fiscal years, the previous formula revenue equals the amount of revenue computed for the district according to section 124.243 for fiscal year 1995.

(e) ~~(c)~~ Notwithstanding paragraph (b), for fiscal year 1996, the revenue for each district equals 25 percent of the amount determined in paragraph (b) plus 75 percent of the previous formula revenue.

(f) ~~(d)~~ Notwithstanding paragraph (b), for fiscal year 1997, the revenue for each district equals 50 percent of the amount determined in paragraph (b) plus 50 percent of the previous formula revenue.

(g) ~~(e)~~ Notwithstanding paragraph (b), for fiscal year 1998, the revenue for each district equals 75 percent of the amount determined in paragraph (b) plus 25 percent of the previous formula revenue.

(h) ~~(f)~~ The revenue in paragraph (b) for a district that operates a program under section 121.585, is increased by an amount equal to \$15 times the number of actual pupil units at the site where the program is implemented.

Sec. 3. Minnesota Statutes 1994, section 124.244, subdivision 1, is amended to read:

Subdivision 1. **REVENUE AMOUNT.** (a) For fiscal year 1995, the capital expenditure equipment revenue for each district equals \$66 times its actual pupil units for the school year.

(b) For fiscal years year 1996 ~~and later~~, the capital expenditure equipment revenue for each district equals \$69 \$75 times its actual pupil units for the school year.

(c) Of a district's capital expenditure equipment revenue, \$3 \$8 times its

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actual pupil units for the school year shall be reserved and used according to subdivision 4, paragraph (b).

Sec. 4. Minnesota Statutes 1994, section 124.244, subdivision 4, is amended to read:

Subd. 4. **USES OF REVENUE.** (a) Capital expenditure equipment revenue may be used only for the following purposes:

(1) to pay capital expenditure equipment related assessments of any entity formed under a cooperative agreement between two or more districts;

(2) to purchase or lease computers and related materials, copying machines, telecommunications equipment, and other noninstructional equipment;

(3) to purchase or lease assistive technology or equipment for instructional programs;

(4) to purchase textbooks;

(5) to purchase new and replacement library books; and

(6) to purchase vehicles except those for which a levy is authorized under section 124.226, subdivision 6.

(b) The reserved capital expenditure equipment revenue shall only be used to purchase or lease telecommunications equipment, computers, and related equipment for integrated information management systems for:

(1) managing and reporting learner outcome information for all students under a results-oriented graduation rule;

(2) managing student assessment, services, and achievement information required for students with individual education plans; ~~and~~

(3) other classroom information management needs; and

(4) to pay personnel costs directly related to the acquisition, operation, and maintenance of telecommunications systems, computers, related equipment, and network and applications software.

(c) The equipment obtained with reserved revenue shall be utilized, to the greatest extent possible given available funding, on a per instructor or per classroom basis. A school district may supplement its reserved revenue with other capital expenditure equipment revenue, and cash and in-kind grants from public and private sources.

Sec. 5. Minnesota Statutes 1994, section 124.2445, is amended to read:

124.2445 **PURCHASE OF CERTAIN EQUIPMENT.**

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The board of a school district may issue certificates of indebtedness or capital notes subject to the school district debt limits to purchase vehicles other than school buses, computers, telephone systems, cable equipment, photocopy and office equipment, technological equipment for instruction, and other capital equipment having an expected useful life at least as long as the terms of the certificates or notes. The certificates or notes must be payable in not more than five years and must be issued on the terms and in the manner determined by the board. The certificates or notes may be issued by resolution and without the requirement for an election. The certificates or notes are general obligation bonds for purposes of section 124.755. A tax levy must be made for the payment of the principal and interest on the certificates or notes, in accordance with section 475.61, as in the case of bonds. That tax levy for each year must not exceed the amount of the district's ~~total operating capital expenditure equipment levy under section 124.244~~ revenue for the year the initial debt service levies are certified. The district's ~~capital expenditure levy under section 124.244~~ general education levy for each year must be reduced by the amount of the tax levies for debt service certified for each year for payment of the principal and interest on the certificates or notes as required by section 475.61.

Sec. 6. Minnesota Statutes 1994, section 124.2455, is amended to read:

124.2455 BONDS FOR CERTAIN CAPITAL FACILITIES.

(a) In addition to other bonding authority, with approval of the commissioner, a school district may issue general obligation bonds for certain capital projects under this section. The bonds must be used only to make capital improvements including:

- (1) under section 124.243, subdivision 6, capital expenditure facilities revenue uses specified in clauses (4), (6), (7), (8), (9), and (10);
- (2) the cost of energy modifications;
- (3) improving handicap accessibility to school buildings; and
- (4) bringing school buildings into compliance with life and safety codes and fire codes.

(b) Before a district issues bonds under this subdivision, it must publish notice of the intended projects, the amount of the bond issue, and the total amount of district indebtedness.

(c) A bond issue tentatively authorized by the board under this subdivision becomes finally authorized unless a petition signed by more than 15 percent of the registered voters of the school district is filed with the school board within 30 days of the board's adoption of a resolution stating the board's intention to issue bonds. The percentage is to be determined with reference to the number of registered voters in the school district on the last day before the petition is filed

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with the school board. The petition must call for a referendum on the question of whether to issue the bonds for the projects under this section. The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this section.

(d) The bonds may be issued in a principal amount, that when combined with interest thereon, will be paid off with not more than 50 percent of current and anticipated revenue for capital facilities under this section or a successor section for the current year plus projected revenue not greater than that of the current year for the next ten years. Once finally authorized, the district must set aside the lesser of the amount necessary to make the principal and interest payments or 50 percent of the current year's revenue for capital facilities under this section or a successor section each year in a separate account until all principal and interest on the bonds is paid. The district must annually transfer this amount from its capital fund to the debt redemption fund. The bonds must be paid off within ten years of issuance. The bonds must be issued in compliance with chapter 475, except as otherwise provided in this section.

(e) Notwithstanding paragraph (d), within the first five years following voter approval of a combination according to section 122.243, subdivision 2, bonds may be issued in a principal amount, that when combined with interest thereon, will be paid off with not more than 50 percent of current and anticipated revenue for capital facilities under this section or a successive section for the current year plus projected revenue not greater than that of the current year for the next 20 years. All the other provisions and limitation of paragraph (d) apply.

Sec. 7. Minnesota Statutes 1994, section 124.83, subdivision 4, is amended to read:

Subd. 4. **HEALTH AND SAFETY LEVY.** To receive health and safety revenue, a district may levy an amount equal to the district's health and safety revenue as defined in subdivision 3 multiplied by the lesser of one, or the ratio of the quotient derived by dividing the adjusted net tax capacity of the district for the year preceding the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable, to ~~50 percent of the equalizing factor~~ \$4,707.50.

Sec. 8. Minnesota Statutes 1994, section 124.84, subdivision 3, is amended to read:

Subd. 3. **LEVY AUTHORITY.** The district may levy up to \$300,000 under this section, as approved by the commissioner. The approved amount may be levied over ~~five~~ eight or fewer years.

Sec. 9. Minnesota Statutes 1994, section 124.91, subdivision 3, is amended to read:

Subd. 3. **POST-JUNE 1992 LEASE PURCHASE, INSTALLMENT**

New language is indicated by underline, deletions by ~~strikeout~~.

BUYS. (a) Upon application to, and approval by, the commissioner in accordance with the procedures and limits in subdivision 1, a district, as defined in this subdivision, may:

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

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

(b)(1) The obligation created by the installment contract or the lease purchase agreement must not be included in the calculation of net debt for purposes of section 475.53, and does not constitute debt under other law.

(2) An election is not required in connection with the execution of the installment contract or the lease purchase agreement.

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

(d) In this subdivision, "district" means:

(1) a school district required to have a comprehensive plan for the elimination of segregation whose plan has been determined by the commissioner to be in compliance with the state board of education rules relating to equality of educational opportunity and school desegregation; or

(2) a school district that participates in a joint program for interdistrict desegregation with a district defined in clause (1) if the facility acquired under this subdivision is to be primarily used for the joint program.

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

(f) ~~Projects may be approved under this section by the commissioner in fiscal years 1993, 1994, and 1995 only.~~

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

Sec. 10. Minnesota Statutes 1994, section 124.95, subdivision 2, is amended to read:

Subd. 2. **ELIGIBILITY.** (a) The following portions of a district's debt service levy qualify for debt service equalization:

New language is indicated by underline, deletions by ~~strikeout~~.

(1) debt service for repayment of principal and interest on bonds issued before July 2, 1992;

(2) debt service for bonds refinanced after July 1, 1992, if the bond schedule has been approved by the commissioner and, if necessary, adjusted to reflect a 20-year maturity schedule; and

(3) debt service for bonds issued after July 1, 1992, for construction projects that have received a positive review and comment according to section 121.15, if the commissioner has determined that the district has met the criteria under section 124.431, subdivision 2, and if the bond schedule has been approved by the commissioner and, if necessary, adjusted to reflect a 20-year maturity schedule.

(b) The criterion in section 124.431, subdivision 2, paragraph (a), clause (2), shall be considered to have been met if the district in the fiscal year in which the bonds are authorized at an election conducted under chapter 475:

(i) serves an average of at least 66 pupils per grade in the grades to be served by the facility; or

(ii) is eligible for elementary or secondary sparsity revenue.

(c) The criterion described in section 124.431, subdivision 2, paragraph (a), clause (9), does not apply to bonds authorized by elections held before July 1, 1992.

~~(d) Districts identified in Laws 1990, chapter 562, article 11, section 8, do not need to meet the criteria of section 124.431, subdivision 2, to qualify.~~

Sec. 11. Minnesota Statutes 1994, section 124.95, subdivision 4, is amended to read:

Subd. 4. **EQUALIZED DEBT SERVICE LEVY.** To obtain debt service equalization revenue, a district must levy an amount not to exceed the district's debt service equalization revenue times the lesser of one or the ratio of:

(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the actual pupil units in the district for the school year ending in the year prior to the year the levy is certified; to

(2) ~~50 percent of the equalizing factor as defined in section 124A.02, subdivision 8, for the year to which the levy is attributable~~ \$4,707.50.

Sec. 12. Minnesota Statutes 1994, section 124.95, subdivision 6, is amended to read:

Subd. 6. **DEBT SERVICE EQUALIZATION AID PAYMENT SCHED-**

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ULE. Debt service equalization aid must be paid as follows: ~~one-third~~ 30 percent before September 15, ~~one-third~~ 30 percent before December 15, and ~~one-third~~ 25 percent before March 15 of each year, and a final payment of 15 percent by July 15 of the subsequent fiscal year.

Sec. 13. Minnesota Statutes 1994, section 124.961, is amended to read:

124.961 DEBT SERVICE APPROPRIATION.

(a) ~~\$17,000,000 in fiscal year 1994, \$26,000,000 in fiscal year 1995, and \$31,600,000~~ \$30,054,000 in fiscal year 1996, \$27,370,000 in fiscal year 1997, and \$32,200,000 in fiscal year 1998 and each year thereafter is appropriated from the general fund to the commissioner of education for payment of debt service equalization aid under section 124.95. The ~~1994 1998~~ appropriation includes ~~\$3,000,000 for 1993 and \$14,000,000 for 1994~~ \$4,830,000 for 1997 and \$27,370,000 for 1998.

(b) The appropriations in paragraph (a) must be reduced by the amount of any money specifically appropriated for the same purpose in any year from any state fund.

Sec. 14. ASKOV CAPITAL LOAN.

The liability for the capital loan granted to independent school district No. 588, Askov, in 1982, if not repaid at the end of 30 years, is satisfied and discharged and interest on the loan ceases.

Sec. 15. ALTERNATIVE DEBT SERVICE PLAN.

Notwithstanding the procedures for dealing with outstanding debt in Minnesota Statutes, section 122.23, subdivision 16, independent school district Nos. 789, Clarissa, and 790, Eagle Bend, may develop an alternative plan for meeting debt service for bonds outstanding at the time of reorganization. That plan may provide for the obligation of paying bonds outstanding at the time of reorganization to remain with the district that originally issued the bonds except that the plan may provide for independent school district No. 790, Eagle Bend, when its outstanding debt is paid off, to continue making a debt levy and contribute the proceeds of that levy towards the outstanding debt of independent school district No. 789, Clarissa. This debt plan must be approved by the commissioner of education as in Minnesota Statutes, section 122.23, subdivision 6. Any contributions toward the debt of independent school district No. 789, Clarissa, by independent school district No. 790, Eagle Bend, under this section must not be considered in the calculation of debt equalization aid for independent school district Nos. 790, Eagle Bend, or 789, Clarissa.

Sec. 16. ELIGIBILITY FOR DEBT SERVICE AID; JANESVILLE-WALDORF-PEMBERTON.

Notwithstanding Minnesota Statutes, section 124.95, subdivision 2, inde-

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pendent school district No. 2835, Janesville-Waldorf-Pemberton, meets the criterion of Minnesota Statutes, section 124.431, subdivision 2, paragraph (a), clause (2), if the district, in the year which the bonds are authorized in an election conducted under Minnesota Statutes, chapter 475, or in the prior fiscal year, serves at least 66 pupils per grade in the grades to be served by the facility.

Sec. 17. CAPITAL FACILITIES USE.

Notwithstanding Minnesota Statutes, section 124.243, subdivision 8, for fiscal year 1996 a district may use up to one-third of its capital expenditure facilities revenue for equipment uses under Minnesota Statutes, section 124.244.

Sec. 18. LITCHFIELD LEASE LEVY.

Notwithstanding the instructional purposes limitation of Minnesota Statutes, section 124.91, subdivision 1, independent school district No. 465, Litchfield, may apply to the commissioner of education to make an additional capital levy under Minnesota Statutes, section 124.91, subdivision 1, to rent or lease a building or land for administrative purposes. The levy may not exceed the amount necessary to obtain space similar in size and quality to the office space already vacated for instructional purposes.

Sec. 19. JOINT ELEMENTARY FACILITY.

Subdivision 1. APPLICATION. This section applies to independent school district Nos. 622, North St. Paul-Maplewood-Oakdale; 833, South Washington county; and 834, Stillwater, and to the joint elementary facility to be operated by the districts.

Subd. 2. JOINT POWERS AGREEMENT. Notwithstanding Minnesota Statutes, section 123.35, subdivision 19a, the districts may obligate themselves to participate in and to provide financial support for a joint powers agreement to govern the administration, financing, and operation of the joint elementary facility during the period when the obligations issued to finance the joint elementary facility remain outstanding.

Subd. 3. LEASING LEVY. Notwithstanding any contrary provision of Minnesota Statutes, section 124.91, each district annually may levy the amount necessary to pay its proportionate share of its obligations under the lease or a lease with option to purchase agreement for the joint elementary facility during the term of that agreement. The agreement is not required to include a nonappropriation clause on the part of the districts. An election is not required in connection with the execution of the lease or lease with option to purchase agreement and the obligation created by the agreement does not constitute debt and must not be included in the calculation of net debt for any of the districts.

Subd. 4. FACILITY BELONGS TO EACH DISTRICT; ENROLLMENT. The joint elementary facility shall be considered a facility of each of the three

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districts and students attending the facility from the three districts shall be treated for all purposes as resident pupils attending a school in their home district.

Sec. 20. **APPROPRIATIONS.**

Subdivision 1. DEPARTMENT OF EDUCATION. The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. CAPITAL EXPENDITURE FACILITIES AID. For capital expenditure facilities aid according to Minnesota Statutes, section 124.243, subdivision 5:

<u>\$76,552,000</u>	<u>.....</u>	<u>1996</u>
<u>\$11,530,000</u>	<u>.....</u>	<u>1997</u>

The 1996 appropriation includes \$11,214,000 for 1995 and \$65,338,000 for 1996.

The 1997 appropriation includes \$11,530,000 for 1996 and \$-0- for 1997.

Subd. 3. EQUIPMENT AID. For equipment aid according to Minnesota Statutes, section 124.244, subdivision 3:

<u>\$44,024,000</u>	<u>.....</u>	<u>1996</u>
<u>\$ 6,748,000</u>	<u>.....</u>	<u>1997</u>

The 1996 appropriation includes \$5,782,000 for 1995 and \$38,242,000 for 1996.

The 1997 appropriation includes \$6,748,000 for 1996 and \$-0- for 1997.

Subd. 4. HEALTH AND SAFETY AID. For health and safety aid according to Minnesota Statutes, section 124.83, subdivision 5:

<u>\$14,725,000</u>	<u>.....</u>	<u>1996</u>
<u>\$11,760,000</u>	<u>.....</u>	<u>1997</u>

The 1996 appropriation includes \$2,606,000 for 1995 and \$12,119,000 for 1996.

The 1997 appropriation includes \$2,138,000 for 1996 and \$9,622,000 for 1997.

Subd. 5. DEBT SERVICE AID. For debt service aid according to Minnesota Statutes, section 124.95, subdivision 5:

<u>\$30,054,000</u>	<u>.....</u>	<u>1996</u>
<u>\$27,370,000</u>	<u>.....</u>	<u>1997</u>

The 1996 appropriation includes \$30,054,000 for 1996.

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The 1997 appropriation includes \$27,370,000 for 1997. This appropriation is 85 percent of the aid entitlement for 1997.

Subd. 6. PLANNING GRANT. For a grant to independent school district Nos. 325, Lakefield; 328, Sioux Valley; 330, Heron Lake-Okabena; 513, Brewster; and 516, Round Lake acting as a joint powers agreement:

\$40,000 1996

The grant is to cover costs associated with planning for facility needs for a combined district. The facilities must provide for the location of a significant number of noneducational student and community service programs within the facility. The joint powers group must consult with independent school district Nos. 324, Jackson; 177, Windom; and 518, Worthington, and include facility needs and availability in those districts in the group's planning.

Subd. 7. PRESTON-FOUNTAIN; HARMONY DISTRICT. For a grant to the new school district comprised of independent school district No. 233, Preston-Fountain, and independent school district No. 228, Harmony:

\$70,000 1996

This grant must be placed in the district's debt redemption fund. The department must reduce the new district debt service levy by this amount.

Subd. 8. PROGRAM START-UP AND IMPLEMENTATION GRANT. For a grant to offset extraordinary program start-up and implementation expenses incurred prior to the time the joint facility in section 19 becomes operational:

\$200,000 1996

This appropriation is available until June 30, 1997.

Sec. 21. REPEALER.

Laws 1991, chapter 265, article 5, section 23, as amended by Laws 1992, chapter 499, article 5, section 25, is repealed July 1, 1995.

ARTICLE 6

EDUCATION ORGANIZATION AND COOPERATION

Section 1. Minnesota Statutes 1994, section 121.912, subdivision 6, is amended to read:

Subd. 6. ACCOUNT TRANSFER FOR REORGANIZING DISTRICTS.
(a) A school district that has reorganized according to section 122.22, 122.23, or sections 122.241 to 122.248, or has conducted a successful referendum on the

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question of combination under section 122.243, subdivision 2, or consolidation under section 122.23, subdivision 13, or has been assigned an identification number by the commissioner under section 122.23, subdivision 14, may make permanent transfers between any of the funds in the newly created or enlarged district with the exception of the debt redemption fund, food service fund, and health and safety account of the capital expenditure fund. Fund transfers under this section may be made only for up to one year prior to the effective date of combination or consolidation and during the year following the effective date of reorganization.

~~(b) A district that has conducted a successful referendum on the question of combination under section 122.243, subdivision 2, may make permanent transfers between any of the funds in the district with the exception of the debt redemption fund, food service fund, and health and safety account of the capital expenditure fund for up to one year prior to the effective date of combination under sections 122.241 to 122.248.~~

Sec. 2. Minnesota Statutes 1994, section 122.21, subdivision 4, is amended to read:

Subd. 4. Within six months of the time when the petition was filed, the county board shall issue its order either granting or denying the petition, unless all or part of the land area described in the petition is included in a plat for consolidation or combination which has been approved by the ~~state board~~ commissioner of education in which event, no order may be issued while consolidation or combination proceedings are pending. No order shall be issued which results in attaching to a district any territory not adjoining that district, as defined in subdivision 1(a). No order shall be issued which reduces the size of any district to less than four sections unless the district is not operating a school within the district. The order may be made effective at a deferred date not later than July 1 next following its issuance. If the petition be granted, the auditor shall transmit a certified copy to the commissioner. Failure to issue an order within six months of the filing of the petition or termination of proceedings upon an approved consolidation plat, whichever is later, is a denial of the petition.

Sec. 3. Minnesota Statutes 1994, section 122.895, subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** For the purposes of this section, the terms defined in this subdivision have the meanings given them.

(a) "Teacher" means a teacher as defined in section 125.12, subdivision 1, who is employed by a district or center listed in subdivision 2, except that it does not include a superintendent.

(b) "Cooperative" means any district or center to which this section applies.

(c) "Withdrawal" means a school district's removal of its students from a

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program of instruction, counseling, or evaluation provided by a cooperative in order to provide the same educational services by other means.

(d) "Education support position" means a position not requiring a teaching license in which an employee assists a teacher by providing instructional, counseling, or evaluative support services directly to students.

(e) "Education support employee" means an employee holding an education support position.

Sec. 4. Minnesota Statutes 1994, section 122.895, subdivision 8, is amended to read:

Subd. 8. **NONLICENSED EMPLOYEES UPON DISSOLUTION.** (a) A nonlicensed employee who is terminated by a cooperative that dissolves shall be appointed by a district that is a member of the dissolved cooperative to a position that is created within ~~12~~ 36 months of the dissolution of the cooperative and is created as a result of the dissolution of the cooperative. A position shall be offered to a nonlicensed employee, who fulfills the qualifications for that position, in order of the employee's seniority within the dissolved cooperative.

(b) When an education support employee is terminated by a cooperative that dissolves, a district that is a member of the dissolved cooperative shall appoint the employee to an education support position if the position is created within 36 months of the dissolution of the cooperative as a result of the dissolution. An education support position shall be offered to an education support employee, who fulfills the qualifications for that position, in order of the employee's seniority within the dissolved cooperative.

(c) An employee appointed according to this subdivision shall receive credit for the employee's:

(1) continuous years of service with the cooperative on the appointing district's compensation schedule and seniority list; and

(2) unused sick leave accumulated while employed by the cooperative.

(d) Notwithstanding section 179A.12 or Minnesota Rules, part 5510.0510, subparts 1 to 4, a representation petition seeking the exclusive representation of a unit of education support employees employed by a district formerly a member of a dissolved cooperative may be considered by the commissioner of the bureau of mediation services at any time within 11 months of the dissolution of the cooperative.

Sec. 5. Minnesota Statutes 1994, section 122.895, subdivision 9, is amended to read:

Subd. 9. **NONLICENSED EMPLOYEES UPON WITHDRAWAL.** (a) A nonlicensed employee of a cooperative whose ~~position~~ active employment is dis-

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continued or reduced as a result of the withdrawal of a member district from the cooperative shall be appointed by the withdrawing member district to a position that is created within ~~12~~ 36 months of the withdrawal and is created as a result of the withdrawal of the member district. A position shall be offered to a nonlicensed employee, who fulfills the qualifications for that position, in order of the employee's seniority within the cooperative from which a member district withdraws.

(b) When an education support employee of a cooperative has active employment discontinued or reduced as a result of the withdrawal of a member district from the cooperative, the withdrawing member district shall appoint the employee to an education support position if the position is created within 36 months of the withdrawal as a result of the withdrawal of the member district. An education support position shall be offered to an education support employee, who meets the qualifications for that position, in order of the employee's seniority within the cooperative from which a member district withdraws.

(c) An employee appointed according to this subdivision shall receive credit for the employee's:

(1) continuous years of service with the cooperative on the appointing district's compensation schedule and seniority list; and

(2) unused sick leave accumulated while employed by the cooperative.

(d) Notwithstanding section 179A.12 or Minnesota Rules, part 5510.0510, subparts 1 to 4, a representation petition seeking the exclusive representation of a unit of education support employees employed by a member district which has withdrawn from a cooperative may be considered by the commissioner of the bureau of mediation services at any time within 11 months of the district's withdrawal from the cooperative.

Sec. 6. Minnesota Statutes 1994, section 124.2725, subdivision 1, is amended to read:

Subdivision 1. **ELIGIBILITY.** A school district is eligible for cooperation and combination revenue if it has a plan approved by the commissioner according to section 122.243 and it levied under subdivision 3 for taxes payable in 1995.

Sec. 7. Minnesota Statutes 1994, section 124.2725, subdivision 3, is amended to read:

Subd. 3. **COOPERATION AND COMBINATION LEVY.** To obtain cooperation and combination revenue, a district may levy an amount equal to the cooperation and combination revenue multiplied by the lesser of one or the following ratio:

(1) the quotient derived by dividing the adjusted net tax capacity for the

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district in the year preceding the year the levy is certified by the actual pupil units in the district for the year to which the levy is attributable, to

(2) the ~~percentage~~; amount specified in subdivision 4; ~~of the equalizing factor~~ for the school year to which the levy is attributable.

Sec. 8. Minnesota Statutes 1994, section 124.2725, subdivision 4, is amended to read:

Subd. 4. **INCREASING LEVY.** (a) For districts that did not enter into an agreement under section 122.541 at least three years before the date of a successful referendum held under section 122.243, subdivision 2, and that combine without cooperating, the ~~percentage~~ amount in subdivision 3, clause (2), shall be:

- (1) ~~50 percent~~ \$4,707.50 for the first year of combination; and
- (2) ~~25 percent~~ \$2,353.75 for the second year of combination.

(b) For districts that entered into an agreement under section 122.541 at least three years before the date of a successful referendum held under section 122.243, subdivision 2, and combine without cooperating, the percentages in subdivision 3, clause (2), shall be:

- (1) ~~100 percent~~ \$9,415 for the first year of combination;
- (2) ~~75 percent~~ \$7,061.25 for the second year of combination;
- (3) ~~50 percent~~ \$4,707.50 for the third year of combination; and
- (4) ~~25 percent~~ \$2,353.75 for the fourth year of combination.

(c) For districts that combine after one year of cooperation, the percentage in subdivision 3, clause (2), shall be:

- (1) ~~100 percent~~ \$9,415 for the first year of cooperation;
- (2) ~~75 percent~~ \$7,061.25 for the first year of combination;
- (3) ~~50 percent~~ \$4,707.50 for the second year of combination; and
- (4) ~~25 percent~~ \$2,353.75 for the third year of combination.

(d) For districts that combine after two years of cooperation, the percentage in subdivision 3, clause (2), shall be:

- (1) ~~100 percent~~ \$9,415 for the first year of cooperation;
- (2) ~~75 percent~~ \$7,061.25 for the second year of cooperation;
- (3) ~~50 percent~~ \$4,707.50 for the first year of combination; and

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(4) ~~25 percent~~ \$2,353.75 for the second year of combination.

Sec. 9. Minnesota Statutes 1994, section 124.2725, subdivision 15, is amended to read:

Subd. 15. **RETIREMENT AND SEVERANCE LEVY.** A cooperating or combined district that levied under subdivision 3 for taxes payable in 1995 may levy for severance pay or early retirement incentives for licensed and nonlicensed employees who retire early as a result of the cooperation or combination.

Sec. 10. Minnesota Statutes 1994, section 124.2726, subdivision 1, is amended to read:

Subdivision 1. **ELIGIBILITY AND USE.** A school district that has been reorganized after June 30, 1994, under section 122.23 ~~and has not received revenue under section 124.2725~~ is eligible for consolidation transition revenue. Revenue is equal to the sum of aid under subdivision 2 and levy under subdivision 3. Consolidation transition revenue may only be used according to this section. ~~Revenue must initially be used for the payment of district costs for the early retirement incentives granted by the district under section 122.23; subdivision 20. Any revenue under subdivision 2 remaining after the payment of district costs for the early retirement incentives must be used to reduce operating debt as defined in section 121.915. Any additional aid remaining after the reduction of operating debt must be deposited in the district's general fund. Revenue must be used for the following purposes and may be distributed among these purposes at the discretion of the district:~~

(1) to offer early retirement incentives as provided by section 122.23, subdivision 20;

(2) to reduce operating debt as defined in section 121.915;

(3) to enhance learning opportunities for students in the reorganized district; and

(4) for other costs incurred in the reorganization.

Revenue received and utilized under clause (3) or (4) may be expended for operating, facilities, and/or equipment. Revenue received under this section shall not be included in the determination of the reduction under section 124A.26, subdivision 1.

Sec. 11. Minnesota Statutes 1994, section 124.2726, subdivision 2, is amended to read:

Subd. 2. **AID.** (a) Consolidation transition aid is equal to \$200 times the number of actual pupil units in the newly created district in the year of consolidation and \$100 times the number of actual pupil units in the first year following the year of consolidation. The number of pupil units used to calculate aid in

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either year shall not exceed 1,000 for districts consolidating July 1, 1994, and 1,500 for districts consolidating July 1, 1995, and thereafter.

(b) If the total appropriation for consolidation transition aid for any fiscal year, plus any amount transferred under section 124.14, subdivision 7, is insufficient to pay all districts the full amount of aid earned, the department of education shall first pay the districts in the first year following the year of consolidation the full amount of aid earned and distribute any remaining funds to the newly created districts in the first year of consolidation.

Sec. 12. Minnesota Statutes 1994, section 124.2726, subdivision 4, is amended to read:

Subd. 4. **NEW DISTRICTS.** If a district consolidates with another district that has received consolidation transition aid under 124.2725 or 124.2726 within six years of the effective date of the new consolidation, only the pupil units in the district or districts not previously reorganized shall be counted for aid purposes under subdivision 2. If two or more districts consolidate and both all districts received aid under subdivision 2 within six years of the effective date of the new consolidation, only one quarter of the pupil units in the newly created district shall be used to determine aid under subdivision 2.

Sec. 13. Minnesota Statutes 1994, section 124.2728, subdivision 1, is amended to read:

Subdivision 1. **ELIGIBILITY.** A school district that reorganizes under section 122.23 or sections 122.241 to 122.248 effective on or after July 1, 1994, is eligible for special consolidation aid under this section. A district may receive aid under this section for only three years.

Sec. 14. LAC QUI PARLE VALLEY JOINT DISTRICT.

Subdivision 1. **FUND TRANSFER.** Notwithstanding Minnesota Statutes, section 121.912, or any other law to the contrary, independent school district No. 377, Madison, may transfer \$1,000,000 from its capital expenditure fund to the trust and agency fund of joint powers school district No. 6011, Lac qui Parle Valley.

Subd. 2. **BALLOT ISSUES.** Notwithstanding Minnesota Statutes, sections 122.531 and 124A.03, the referendum held in the member districts of joint school district No. 6011, Lac qui Parle Valley, may, as part of the ballot question to approve the plan to combine the districts, include a reference to the referendum revenue amount that will result in not more than \$315 per pupil unit of revenue in the combined district.

Subd. 3. **LEVY REDUCTION.** Beginning with taxes certified in 2004 payable in 2005, the tax levy on the property that was in independent school district No. 2153, Madison-Marietta-Nassau, on June 30, 1996, is reduced by \$100,000

per year for a ten-year period. In each fiscal year for which this levy that would have been attributed, the amounts necessary to make up for the levy reduction are transferred from the trust and agency fund of the successor district to joint district No. 6011, Lac qui Parle Valley, to the appropriate funds as necessary to replace the levy reduction. Any funds remaining in the trust and agency fund as a result of the transfer authorized in subdivision 1 after the ten-year period are transferred to the capital expenditure fund or its successor fund of the district.

Subd. 4. REORGANIZATION OPERATING DEBT LEVY. Independent school district No. 128, Milan, and its successor district may certify the levy for reorganization operating debt authorized in Minnesota Statutes, section 122.531, subdivision 4a, beginning in the year of a successful vote to combine. The levy must be certified according to Minnesota Statutes, section 122.531, subdivision 4a, paragraph (a), clause (1), except that the levy may be certified over less than five years. The reorganization operating debt levy is reduced by the amount of any state grant for the same purpose.

Sec. 15. LAKE PARK-AUDUBON CONSOLIDATION PROVISION.

Notwithstanding Minnesota Statutes, sections 122.23 and 205A.12, independent school district No. 21, Audubon, and independent school district No. 24, Lake Park, as part of an agreement to consolidate according to section 122.23, may agree to provide for two multimember election districts, with each district entitled to elect three members of the board of the consolidated district. This section applies until it is necessary to take action for the first election using census data from the year 2000.

Sec. 16. HACA ALLOCATION; EAST CENTRAL.

Independent school district No. 2580, East Central, may, by school board resolution, reallocate any portion of its homestead and agricultural credit aid attributable to the levies in the debt redemption fund to the debt service levies spread separately upon the tax bases of former independent school district Nos. 566, Askov, and 576, Sandstone.

Sec. 17. PILOT ENHANCED PAIRING AGREEMENT.

Subdivision 1. AGREEMENT. Notwithstanding any law to the contrary, any two or more of the boards of independent school district Nos. 648, Danube, 654, Renville, 655, Sacred Heart, and 631, Belview, may enter into an enhanced pairing agreement providing for the discontinuance of one or more grades, or portions of those grades, and for the instruction of those grades in another district that is subject to the agreement. The agreement, and all subsequent amendments, if any, shall be filed with the commissioner of education.

Subd. 2. SINGLE BOARD. The districts shall provide in the enhanced pairing agreement that the governance of the districts will be by the combined membership of the separate boards acting as a single board for purposes of quo-

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rum and passing resolutions. A quorum must include a minimum of one member from each of the separate boards. The membership of the separate boards may be reduced to five members in a manner consistent with Minnesota Statutes, section 123.33, subdivision 1. The actions reserved for the separate boards shall be ratification of amendments to the agreement, serving a notice of withdrawal from the agreement, and other items reserved for the separate boards as defined in the agreement.

Subd. 3. PERSONNEL. The districts subject to the enhanced pairing agreement must have one exclusive bargaining representative, one master contract, and a combined seniority list. The teachers and other employees of the districts will be employees of the single board established by the agreement unless specifically excluded in the agreement. If the agreement dissolves or a board withdraws from the agreement, the affected employees shall be provided for in a manner consistent with Minnesota Statutes, section 122.895.

Subd. 4. FINANCIAL. (a) Fiscal operations shall be merged under the enhanced pairing agreement, and the single board shall be the fiscal agent to meet reporting requirements. The department of education shall assign a single identification number to apply to the districts subject to the agreement. Levies shall be made jointly except for levies under Minnesota Statutes, sections 124A.03 and 124.97. Districts subject to the agreement shall be considered a single independent school district for purposes of fees or dues assessments.

(b) Title to all the unattached property and all cash reserves of any district subject to the enhanced pairing agreement shall become the property of the single board unless otherwise provided for in the agreement. All legally valid and enforceable claims and contract obligations pass to the single board. For purposes of litigation, the districts subject to the agreement may be recognized singly or jointly. If the agreement dissolves or a board withdraws from the agreement, the commissioner shall divide assets and liabilities of the single board proportionately based on the weighted average daily membership over the last three years.

Subd. 5. NOTICE AND HEARING. Prior to entering into an enhanced pairing agreement, the school board shall consult with the community at an informational meeting. The board shall publish notice of the meeting in the official newspaper of the district.

Sec. 18. APPROPRIATIONS.

Subdivision 1. DEPARTMENT OF EDUCATION. The sums indicated in this section are appropriated from the general fund or other named fund to the department of education for the fiscal years designated.

Subd. 2. CAPITAL FACILITY GRANTS FOR COOPERATION AND COMBINATION. For competitive grants under Minnesota Statutes, section 124C.60:

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\$ 408,000	1996
\$ -0-	1997

Subd. 3. SPECIAL CONSOLIDATION AID. For special consolidation aid under Minnesota Statutes, section 124.2728:

\$ 75,000	.....	1996
\$ 40,000	.....	1997

The 1996 appropriation includes \$12,000 for 1995 and \$63,000 for 1996.

The 1997 appropriation includes \$9,000 for 1996 and \$31,000 for 1997.

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

Subd. 4. MILAN REORGANIZATION OPERATING DEBT. For a grant to independent school district No. 128, Milan, to retire operating debt:

\$ 36,000	.....	1996
\$ 36,000	.....	1997

Subd. 5. CONSOLIDATION TRANSITION AID. For districts consolidating under Minnesota Statutes, section 124.2726:

\$ 991,000	.....	1996
\$1,153,000	.....	1997

The 1996 appropriation includes \$75,000 for 1995 and \$916,000 for 1996.

The 1997 appropriation includes \$162,000 for 1996 and \$991,000 for 1997.

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

Subd. 6. COOPERATION AND COMBINATION AID. For aid for districts that cooperate and combine according to Minnesota Statutes, section 124.2725:

\$3,393,000	.....	1996
\$2,044,000	.....	1997

The 1996 appropriation includes \$542,000 for 1995 and \$2,851,000 for 1996.

The 1997 appropriation includes \$503,000 for 1996 and \$1,541,000 for 1997.

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

Subd. 7. DISTRICT COOPERATION REVENUE. For district cooperation revenue aid:

New language is indicated by underline, deletions by ~~strikeout~~.

<u>\$13,485,000</u>	.....	<u>1996</u>
<u>\$12,143,000</u>	.....	<u>1997</u>

The 1996 appropriation includes \$2,115,000 for 1995 and \$11,370,000 for 1996.

The 1997 appropriation includes \$2,006,000 for 1996 and \$10,137,000 for 1997.

Sec. 19. EFFECTIVE DATE.

Sections 3 to 5, and 14, subdivision 2, are effective the day following final enactment. Section 14, subdivision 1, is effective retroactive to January 1, 1989. Section 14, subdivisions 3 and 4, and section 18, subdivision 4, are effective following the successful vote to consolidate effective July 1, 1996, by all the members of joint district No. 6011, Lac qui Parle Valley.

ARTICLE 7

EDUCATION EXCELLENCE

Section 1. Minnesota Statutes 1994, section 121.11, subdivision 7c, is amended to read:

Subd. 7c. **RESULTS-ORIENTED GRADUATION RULE.** (a) The legislature is committed to establishing a rigorous, results-oriented graduation rule for Minnesota's public school students. To that end, the state board shall use its rulemaking authority under subdivision 7b to adopt a statewide, results-oriented graduation rule to be implemented starting with students beginning ninth grade in the 1996-1997 school year. The board shall not prescribe in rule or otherwise the delivery system, form of instruction, or a single statewide form of assessment that local sites must use to meet the requirements contained in this rule.

(b) Assessments used to measure knowledge required by all students for graduation must be developed according to the most current version of professional standards for educational testing.

(c) The content of the graduation rule must differentiate between minimum competencies and rigorous standards. When fully implemented, the requirements for high school graduation in Minnesota, including both basic requirements and the required profile of learning, shall include a broad range of academic experience and accomplishment necessary to achieve the goal of preparing students to function effectively as purposeful thinkers, effective communicators, self-directed learners, productive group participants, and responsible citizens.

New language is indicated by underline, deletions by ~~strikeout~~.

(d) The state board shall periodically review and report on the assessment process and student achievement with the expectation of raising the standards and expanding high school graduation requirements.

(e) The state board shall report to the legislature annually by January 15 on its progress in developing and implementing the graduation requirements until such time as all the graduation requirements are implemented.

Sec. 2. Minnesota Statutes 1994, section 123.3514, subdivision 4d, is amended to read:

Subd. 4d. **ENROLLMENT PRIORITY.** A post-secondary institution shall give priority to its post-secondary students when enrolling 11th and 12th grade pupils in ~~its courses for secondary credit~~. A post-secondary institution may provide information about its programs to a secondary school or to a pupil or parent, but it may not advertise or otherwise recruit or solicit the participation on financial grounds, secondary pupils to enroll in its programs. An institution shall not enroll secondary pupils, for post-secondary enrollment options purposes, in remedial, developmental, or other courses that are not college level. Once a pupil has been enrolled in a post-secondary course under this section, the pupil shall not be displaced by another student.

Sec. 3. PSEO STUDY.

The legislative audit commission is asked to request that the office of the legislative auditor conduct a study of the post-secondary enrollment options program under Minnesota Statutes, section 123.3514, including an assessment of the number of students participating, their demographic characteristics, the types of courses being taken, the fiscal impact of the program, program compliance, and whether the program is responsive to parents, students, and teacher input.

Sec. 4. YEAR-ROUND SCHOOL/EXTENDED WEEK OR DAY PILOT PROGRAMS.

Subdivision 1. ESTABLISHMENT. An extended school year/week/day pilot program is established to increase student achievement, skills, and self-confidence through the flexible use of learning time by implementing multitrack year-round school or extending the standard school week or day. Year-round school/extended week or day pilot program grants shall be available to independent school district Nos. 911, Cambridge; 624, White Bear Lake; 625, St. Paul; 833, South Washington county; and two rural school districts selected by the commissioner of education.

Subd. 2. APPLICATION; EVALUATION. (a) To participate in the pilot program, a district shall submit an application to the commissioner of education in the form and manner prescribed by the commissioner. The application shall include a plan for developing and implementing multitrack year-round school or an extended learning time program that provides the following:

New language is indicated by underline, deletions by ~~strikeout~~.

- (1) more time for student learning;
- (2) more varied resources to meet student learning styles;
- (3) learning opportunities that typically are not available in the regular student day;
- (4) home, school, and community involvement, support, and communication;
- (5) preprogram and postprogram student evaluations; and
- (6) more efficient use of facilities and other resources.

Subd. 3. YEAR-ROUND SCHOOL/EXTENDED SCHOOL WEEK OR DAY PILOT PROGRAM GRANTS. Year-round school/extended week or day pilot program grants may be used for planning, flexible staffing, transportation, technology necessary to implement the multitrack year-round school or extended learning time program, or to install or improve heating, ventilation, and air conditioning systems in existing buildings to accommodate year-round use of the buildings. Grant proceeds may also be used for deferred maintenance approved by the commissioner. Funds used for capital improvements shall be deposited in the appropriate fund.

Sec. 5. APPROPRIATIONS.

Subdivision 1. DEPARTMENT OF EDUCATION. The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. ADVANCED PLACEMENT AND INTERNATIONAL BACCALAUREATE PROGRAMS. For the state advanced placement and international baccalaureate programs, including training programs, support programs, and examination fee subsidies:

\$875,000	.....	1996
\$875,000	.....	1997

Of this amount \$200,000 each year is for training and support programs under Minnesota Statutes, section 126.239, and the balance is for examination fee subsidies. Notwithstanding Minnesota Statutes, section 126.239, subdivision 3, in each year, the commissioner shall pay the fee for one advanced placement or international baccalaureate examination for the first examination each student takes. The commissioner shall pay 50 percent of the fee for each additional examination a student takes or more than 50 percent if the student meets the low-income guidelines established by the commissioner. If this amount is not adequate, the commissioner may pay less than 50 percent for the additional examinations.

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

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Subd. 3. SCHOOL RESTRUCTURING GRANTS. For school restructuring:

<u>\$300,000</u>	<u>.....</u>	<u>1996</u>
<u>\$300,000</u>	<u>.....</u>	<u>1997</u>

This appropriation is for a grant to a nonstate organization to develop systemic site decision-making models and implement systemic site decision-making in school districts.

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

Subd. 4. YEAR-ROUND SCHOOL/EXTENDED WEEK OR DAY PILOT PROGRAM GRANTS. For year-round school/extended week or day pilot program grants:

<u>\$1,800,000</u>	<u>.....</u>	<u>1996</u>
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\$500,000 is for a grant to independent school district No. 624, White Bear Lake.

\$500,000 is for a grant to independent school district No. 833, South Washington county.

\$100,000 is for a grant to independent school district No. 911, Cambridge.

\$300,000 is for a grant to independent school district No. 625, St. Paul.

\$400,000 is for grants to two rural school districts selected by the commissioner of education.

This appropriation is available until June 30, 1997.

Sec. 6. REPEALER.

Minnesota Statutes 1994, section 125.138, subdivisions 6, 7, 8, 9, 10, and 11; is repealed.

Laws 1992, chapter 499, article 7, section 27, is repealed.

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ARTICLE 8

OTHER EDUCATION PROGRAMS

Section 1. [124.177] PSEO REPLACEMENT AID.

Subdivision 1. ELIGIBILITY. A school district that meets the following criteria is eligible for PSEO replacement aid:

(1) the number of pupils or portions of pupils in average daily membership using the post-secondary enrollment options program exceeds four percent of the district's enrollment in grades 11 and 12;

(2) the enrollment in average daily membership in the district is less in the current year than it was five years previous; and

(3) the district is adjacent to at least two districts that are eligible for elementary or secondary sparsity revenue.

Subd. 2. AID AMOUNT. PSEO replacement aid equals:

(1) the number of pupils or portions of pupils in average daily membership using the post-secondary enrollment options program for the portion of time not attending the school district, minus

(2) the number of pupils in average daily membership in grades 11 and 12 in the district multiplied by four percent, multiplied by

(3) the secondary pupil weighting of 1.3, multiplied by

(4) the basic formula allowance for the fiscal year.

The PSEO replacement aid is not less than zero.

Sec. 2. Minnesota Statutes 1994, section 124.214, subdivision 2, is amended to read:

Subd. 2. **ABATEMENTS.** Whenever by virtue of chapter 278, sections 270.07, 375.192, or otherwise, the net tax capacity of any school district for any taxable year is changed after the taxes for that year have been spread by the county auditor and the local tax rate as determined by the county auditor based upon the original net tax capacity is applied upon the changed net tax capacities, the county auditor shall, prior to February 1 of each year, certify to the commissioner of education the amount of any resulting net revenue loss that accrued to the school district during the preceding year. Each year, the commissioner shall pay an abatement adjustment to the district in an amount calculated according to the provisions of this subdivision. This amount shall be deducted from the amount of the levy authorized by section 124.912, subdivision 9. The amount of the abatement adjustment shall be the product of:

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

(2) the ratio of:

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

(i) section 124A.23 if the district ~~receives~~ received general education aid according to that section for the second preceding year, ~~or section 124B.20, if the education district of which the district is a member receives general education aid according to that section;~~

(ii) section 124.226, subdivisions 1 and 4, if the district ~~receives~~ received transportation aid according to section 124.225 for the second preceding year;

(iii) section 124.243, if the district ~~receives~~ received capital expenditure facilities aid according to that section for the second preceding year;

(iv) section 124.244, if the district ~~receives~~ received capital expenditure equipment aid according to that section for the second preceding year;

(v) section 124.83, if the district ~~receives~~ received health and safety aid according to that section for the second preceding year;

(vi) sections 124.2713, 124.2714, and 124.2715, if the district ~~receives~~ received aid for community education programs according to any of those sections for the second preceding year;

(vii) section 124.2711, subdivision 2a, if the district ~~receives~~ received early childhood family education aid according to section 124.2711 for the second preceding year;

(viii) section 124.321, subdivision 3, if the district ~~receives~~ received special education levy equalization aid according to that section for the second preceding year;

(ix) section 124A.03, subdivision 1g, if the district ~~receives~~ received referendum equalization aid according to that section for the second preceding year; and

(x) section 124A.22, subdivision 4a, if the district ~~receives~~ received training and experience aid according to that section for the second preceding year;

(b) to the total amount of the district's certified levy in the preceding October, plus or minus auditor's adjustments.

Sec. 3. Minnesota Statutes 1994, section 124.214, subdivision 3, is amended to read:

Subd. 3. **EXCESS TAX INCREMENT.** If a return of excess tax increment

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is made to a school district pursuant to section 469.176, subdivision 2, or upon decertification of a tax increment district, the school district's aid and levy limitations must be adjusted for the fiscal year in which the excess tax increment is paid under the provisions of this subdivision.

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

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

(2) the ratio of:

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

(i) section 124A.23, if the district ~~receives~~ received general education aid according to that section; ~~or section 124B.20, if the education district of which the district is a member receives general education aid according to that section for the second preceding year;~~

(ii) section 124.226, subdivisions 1 and 4, if the school district ~~receives~~ received transportation aid according to section 124.225 for the second preceding year;

(iii) section 124.243, if the district ~~receives~~ received capital expenditure facilities aid according to that section for the second preceding year;

(iv) section 124.244, if the district ~~receives~~ received capital expenditure equipment aid according to that section for the second preceding year;

(v) section 124.83, if the district ~~receives~~ received health and safety aid according to that section for the second preceding year;

(vi) sections 124.2713, 124.2714, and 124.2715, if the district ~~receives~~ received aid for community education programs according to any of those sections for the second preceding year;

(vii) section 124.2711, subdivision 2a, if the district ~~receives~~ received early childhood family education aid according to section 124.2711 for the second preceding year;

(viii) section 124.321, subdivision 3, if the district ~~receives~~ received special education levy equalization aid according to that section for the second preceding year;

(ix) section 124A.03, subdivision 1g, if the district ~~receives~~ received referendum equalization aid according to that section for the second preceding year; and

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(x) section 124A.22, subdivision 4a, if the district ~~receives~~ received training and experience aid according to that section for the second preceding year;

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

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

- (1) the amount of the distribution of excess increment, and
- (2) the amount subtracted from aid pursuant to clause (a).

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

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

Sec. 4. Minnesota Statutes 1994, section 124.248, is amended to read:

124.248 REVENUE FOR AN ~~AN OUTCOME-BASED~~ A RESULTS-ORIENTED CHARTER SCHOOL.

Subdivision 1. **GENERAL EDUCATION REVENUE.** General education revenue shall be paid to ~~an outcome-based a~~ a charter school as though it were a school district. The general education revenue for each pupil unit is the state average general education revenue per pupil unit, calculated without compensatory revenue, plus compensatory revenue as though the school were a school district.

Subd. 1a. TRANSPORTATION REVENUE. Transportation revenue shall be paid to a charter school that provides transportation services according to section 120.064, subdivision 15, as though it were a school district. Transportation aid shall equal transportation revenue.

(a) For the first two years that a charter school is providing transportation services, the regular transportation allowance for the charter school shall be equal to the regular transportation allowance for the school district in which the charter school is located. For the third year of transportation services and later fiscal years, the predicted base cost for the charter school shall be equal to the predicted base cost for the school district in which the charter school is located.

(b) For the first two years that a charter school is providing transportation services, the nonregular transportation revenue equals the charter school's actual cost in the current school year for nonregular transportation services, minus the

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amount of regular transportation revenue attributable to FTE's in the handicapped category in the current school year. For the third year of transportation services and later fiscal years, the nonregular transportation revenue shall be computed according to section 124.225, subdivision 7d, paragraph (b).

Subd. 2. **CAPITAL EXPENDITURE EQUIPMENT REVENUE.** Capital expenditure equipment aid shall be paid to ~~an outcome-based~~ a charter school according to section 124.245, subdivision 6, as though it were a school district.

Capital expenditure equipment aid shall equal capital expenditure equipment revenue. Notwithstanding section 124.244, subdivision 4, ~~an outcome-based~~ a charter school may use the revenue for any purpose related to the school.

Subd. 3. **SPECIAL EDUCATION AND LIMITED ENGLISH PROFICIENCY AID.** Special education aid shall be paid to ~~an outcome-based~~ a charter school according to section 124.32 as though it were a school district. The charter school may charge tuition to the district of residence as provided in section 120.17, subdivision 4. Limited English proficiency programs aid shall be paid to a charter school according to section 124.273 as though it were a school district. The ~~outcome-based~~ charter school shall allocate its special education levy equalization revenue to the resident districts of the pupils attending the ~~outcome-based~~ charter school as though it were a cooperative, as provided in section 124.321, subdivision 2, paragraph (a), ~~clause clauses~~ (1) and (3). The districts of residence shall levy as though they were participating in a cooperative, as provided in section 124.321, subdivision 3.

Subd. 4. **OTHER AID, GRANTS, REVENUE.** (a) ~~An outcome-based~~ A charter school is eligible to receive other aids, grants, and revenue according to chapters 120 to 129, as though it were a school district except that, notwithstanding section 124.195, subdivision 3, the payments shall be of an equal amount on each of the 23 payment dates unless ~~an outcome-based~~ a charter school is in its first year of operation in which case it shall receive on its first payment date 15 percent of its cumulative amount guaranteed for the year and 22 payments of an equal amount thereafter the sum of which shall be 85 percent of the cumulative amount guaranteed. However, it may not receive aid, a grant, or revenue if a levy is required to obtain the money, except as otherwise provided in this section. Federal aid received by the state must be paid to the school, if it qualifies for the aid as though it were a school district.

(b) Any revenue received from any source, other than revenue that is specifically allowed for operational, maintenance, capital facilities revenue under paragraph (c), and capital expenditure equipment costs under this section, may be used only for the planning and operational start-up costs of ~~an outcome-based~~ a charter school. Any unexpended revenue from any source under this paragraph must be returned to that revenue source or conveyed to the sponsoring school district, at the discretion of the revenue source.

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(c) ~~An outcome-based~~ A charter school may receive money from any source for capital facilities needs. Any unexpended capital facilities revenue must be reserved and shall be expended only for future capital facilities purposes.

Subd. 5. **USE OF STATE MONEY.** Money received from the state may not be used to purchase land or buildings. The school may own land and buildings if obtained through nonstate sources.

Sec. 5. Minnesota Statutes 1994, section 124.916, subdivision 2, is amended to read:

Subd. 2. **RETIRED EMPLOYEE HEALTH BENEFITS.** For taxes payable in ~~1994 and 1995~~ 1996, 1997, 1998, and 1999 only, a school district may levy an amount up to the amount the district is required by the collective bargaining agreement in effect on March 30, 1992, to pay for health insurance or unreimbursed medical expenses for licensed and nonlicensed employees who have terminated services in the employing district and withdrawn from active teaching service or other active service, as applicable, before July 1, 1992. The total amount of the levy each year may not exceed \$300,000.

Notwithstanding section 121.904, 50 percent of the proceeds of this levy shall be recognized in the fiscal year in which it is certified.

Sec. 6. Minnesota Statutes 1994, section 125.12, subdivision 3, is amended to read:

Subd. 3. **PROBATIONARY PERIOD.** The first three consecutive years of a teacher's first teaching experience in Minnesota in a single school district shall be deemed to be a probationary period of employment, and after completion thereof, the probationary period in each school district in which the teacher is thereafter employed shall be one year. ~~The school site management team, or the school board if there is no school site management team,~~ shall adopt a plan for written evaluation of teachers during the probationary period ~~according to subdivision 3a or 3b.~~ Evaluation by the peer review committee charged with evaluating probationary teachers under subdivision 3a shall occur at least three times each year for a teacher performing services on 120 or more school days, at least two times each year for a teacher performing services on 60 to 119 school days, and at least one time each year for a teacher performing services on fewer than 60 school days. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school shall not be included in determining the number of school days on which a teacher performs services. During the probationary period any annual contract with any teacher may or may not be renewed as the school board; ~~after consulting with the peer review committee charged with evaluating probationary teachers under subdivision 3a,~~ shall see fit; provided, however, that the school board shall give any such teacher whose contract it declines to renew for the following school year written notice to that effect before June 1. If the teacher requests reasons for any nonrenewal of a teaching contract, the school

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board shall give the teacher its reason in writing, including a statement that appropriate supervision was furnished describing the nature and the extent of such supervision furnished the teacher during the employment by the board, within ten days after receiving such request. The school board may, after a hearing held upon due notice, discharge a teacher during the probationary period for cause, effective immediately, under section 123.35, subdivision 5.

Sec. 7. Minnesota Statutes 1994, section 125.623, subdivision 2, is amended to read:

Subd. 2. **GRANTS.** The commissioner of education in consultation with the ~~multicultural advisory committee established in section 126.82~~ desegregation/integration advisory board established in section 121.1601, subdivision 3, shall award grants for professional development programs to recruit and educate people of color in the field of education, including early childhood and parent education. Grant applicants must be a school district with a growing minority population working in collaboration with a state institution of higher education with an approved teacher licensure program or an approved early childhood or parent education licensure program.

Sec. 8. Minnesota Statutes 1994, section 126.22, subdivision 3, is amended to read:

Subd. 3. **ELIGIBLE PROGRAMS.** (a) A pupil who is eligible according to subdivision 2 may enroll in ~~any program approved by the state board of education under Minnesota Rules, part 3500.3500,~~ or area learning centers under sections 124C.45 to 124C.48, or according to section 121.11, subdivision 12.

(b) A pupil who is eligible according to subdivision 2 and who is between the ages of 16 and 21 may enroll in post-secondary courses under section 123.3514.

(c) A pupil who is eligible under subdivision 2, may enroll in any public elementary or secondary education program. However, a person who is eligible according to subdivision 2, clause (b), may enroll only if the school board has adopted a resolution approving the enrollment.

(d) A pupil who is eligible under subdivision 2, may enroll part time, if 16 years of age or older, or full time in any nonprofit, nonpublic, nonsectarian school that has contracted with the serving school district to provide educational services.

(e) A pupil who is between the ages of 16 and 21 may enroll in any adult basic education programs approved under section 124.26 and operated under the community education program contained in section 121.88.

Sec. 9. Minnesota Statutes 1994, section 126.70, is amended to read:

126.70 STAFF DEVELOPMENT PROGRAM.

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Subdivision 1. **STAFF DEVELOPMENT COMMITTEE.** A school board shall use the revenue authorized in section 124A.29 for in-service education for programs under section 126.77, subdivision 2, or for staff development plans under this section. The board must establish a staff development committee to develop the plan, advise a assist site decision-making team about teams in developing a site plan consistent with the goals of the plan, and evaluate staff development efforts at the site level. A majority of the advisory committee must be teachers representing various grade levels, subject areas, and special education. The advisory committee must also include nonteaching staff, parents, and administrators. Districts shall report staff development results and expenditures to the commissioner in the form and manner determined by the commissioner. The expenditure report shall include expenditures by the school board for district level activities and expenditures made by the staff. The commissioner shall report the staff development expenditure data to the education committees of the legislature by February 15 each year.

Subd. 2. **CONTENTS OF THE PLAN.** The plan must include education outcomes, the staff development outcomes under subdivision 2a, the means to achieve the outcomes, and procedures for evaluating progress at each school site toward meeting education outcomes.

Subd. 2a. **STAFF DEVELOPMENT OUTCOMES.** (a) The staff development committee shall adopt a staff development plan for improving student achievement of education outcomes. The plan must be consistent with education outcomes that the school board determines. The plan shall include activities that enhance staff skills for achieving the following outcomes. The plan shall include on-going staff development activities that contribute toward continuous improvement in achievement of the following goals:

(1) foster readiness for learning for all pupils improve student achievement of state and local education standards in all areas of the curriculum.

(2) increase pupils' educational progress by using appropriate outcomes and personal learning goals and by encouraging pupils and their parents to assume responsibility for their education effectively meet the needs of a diverse student population, including at-risk children, children with disabilities, and gifted children, within the regular classroom and other settings.

(3) meet pupils' individual needs by using alternative instructional opportunities; accommodations; modifications; after-school child care programs; and family and community resources provide an inclusive curriculum for a racially, ethnically, and culturally diverse student population that is consistent with the state education diversity rule and the district's education diversity plan.

(4) effectively meet the needs of children with disabilities within the regular classroom and other settings by improving the knowledge of school personnel about the legal and programmatic requirements affecting students with disabilities, and by improving staff ability to collaborate, consult with one another, and

resolve conflicts; and improve staff ability to collaborate and consult with one another and to resolve conflicts;

(5) provide equal educational opportunities for all students that are consistent with the school desegregation/integration and inclusive education policies adopted by school districts and approved by the state.

(b) The staff development committee is strongly encouraged to include in its plan activities for achieving the following outcomes:

(1) facilitate organizational changes by enabling a site-based team composed of pupils, parents, school personnel, representatives of children with disabilities, and community members who generally reflect the racial composition of the school to address the pupils' needs;

(2) evaluate the effectiveness of education policies, processes, and products through appropriate evaluation procedures that include multiple criteria and indicators;

(3) provide effective mentorship oversight and peer review of probationary, continuing contract, and nonprobationary teachers;

(4) assist elementary and secondary students in learning to resolve conflicts in effective, nonviolent ways;

(5) effectively teach and model violence prevention policy and curricula that address issues of sexual, racial, and religious harassment; and

(6) provide challenging instructional activities and experiences, including advanced placement and international baccalaureate programs, that recognize and cultivate students' advanced abilities and talents; effectively teach and model violence prevention policy and curriculum that address issues of harassment and teach nonviolent alternatives for conflict resolution; and

(6) provide teachers and other members of site-based management teams with appropriate management and financial management skills.

Sec. 10. Minnesota Statutes 1994, section 128B.08, is amended to read:

128B.08 REPORTS TO LEGISLATURE.

Before ~~December~~ January 15 of each odd-numbered year, the council must submit a report to the legislature on the school established by this chapter. The report must document the success or failure of the school.

Sec. 11. Minnesota Statutes 1994, section 128B.10, subdivision 1, is amended to read:

Subdivision 1. **EXTENSION.** This chapter is repealed July 1, ~~1995~~ 1997.

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Sec. 12. [145.9256] MN ENABL, MINNESOTA EDUCATION NOW AND BABIES LATER.

Subdivision 1. ESTABLISHMENT. The commissioner of the department of education, in consultation and cooperation with a representative from Minnesota planning and the commissioner of the department of health, shall continue the Minnesota education now and babies later (MN ENABL) program, targeted to adolescents ages 12 to 14, with the goal of reducing the incidence of adolescent pregnancy in the state. The program must provide a multifaceted, primary prevention, community health promotion approach to educating and supporting adolescents in the decision to postpone sexual involvement modeled after the ENABL program in California.

Subd. 1a. DEFINITION. "Community-based local contractor" or "contractor" includes boards of health under section 145A.02, nonprofit organizations, or school districts. The community-based local contractors may provide the education component of MN ENABL in a variety of settings including, but not limited to, schools, religious establishments, local community centers, and youth camps.

Subd. 2. DUTIES OF THE COMMISSIONER OF THE DEPARTMENT OF EDUCATION. The commissioner shall:

(1) manage the grant process, including awarding and monitoring grants to community-based local contractors, and may contract with community-based local contractors that can demonstrate at least a 50 percent local match and agree to participate in the four MN ENABL program components under subdivision 3;

(2) provide technical assistance to the community-based local contractors as necessary under subdivision 3;

(3) develop and implement the evaluation component, and provide central-ized coordination at the state level of the evaluation process; and

(4) explore and pursue the federal funding possibilities and specifically request funding from the United States Department of Health and Human Services to supplement the development and implementation of the program.

Subd. 3. PROGRAM COMPONENTS. The program must include the following four major components.

(a) A community organization component in which the community-based local contractors shall include:

(1) use of a postponing sexual involvement education curriculum targeted to boys and girls ages 12 to 14 in schools and/or community settings;

(2) planning and implementation of community organization strategies to

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convey and reinforce the MN ENABL message of postponing sexual involvement, including activities promoting awareness and involvement of parents and other primary caregivers/significant adults, schools, and community; and

(3) development of local media linkages.

(b) A statewide, comprehensive media and public relations campaign to promote changes in sexual attitudes and behaviors, and reinforce the message of postponing adolescent sexual involvement.

In developing the campaign, the commissioner of education shall coordinate and consult with representatives from ethnic and local communities to maximize effectiveness of the social marketing approach to health promotion among the culturally diverse population of the state. The development and implementation of the campaign is subject to input and approval by the commissioner of health.

The local community-based contractors shall collaborate and coordinate efforts with other community organizations and interested persons to provide school and community-wide promotional activities that support and reinforce the message of the MN ENABL curriculum.

(c) An evaluation component which evaluates the process and the impact of the program.

The "process evaluation" must provide information to the state on the breadth and scope of the program. The evaluation must identify program areas that might need modification and identify local MN ENABL contractor strategies and procedures which are particularly effective. Contractors must keep complete records on the demographics of clients served, number of direct education sessions delivered, and other appropriate statistics, and must document exactly how the program was implemented. The commissioner may select contractor sites for more in-depth case studies.

The "impact evaluation" must provide information to the state on the impact of the different components of the MN ENABL program and an assessment of the impact of the program on adolescent's related sexual knowledge, attitudes, and risk-taking behavior.

(d) A training component to provide comprehensive training to the local MN ENABL community-based local contractors and the direct education program staff.

The local community-based contractors may use adolescent leaders slightly older than the adolescents in the program to impart the message to postpone sexual involvement provided:

(1) the contractor follows a protocol for adult mentors/leaders and older adolescent leaders established by the commissioner of education;

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(2) the older adolescent leader is accompanied by an adult leader; and

(3) the contractor uses the curriculum as directed and required by the commissioner of the department of health to implement this part of the program. The commissioner of health shall provide technical assistance to community-based local contractors.

Sec. 13. Laws 1965, chapter 705, section 1, subdivision 3, is amended to read:

Subd. 3. **CONTRACTS FOR SERVICES.** The converted district ~~shall~~ may contract with the city of Saint Paul for ~~such~~ facilities ~~as are~~ furnished by the civil service bureau, and, unless the board and city governing body each adopt a resolution declaring that a particular function would be ~~most~~ more efficiently and effectively handled separately, the board shall contract on a pro rata cost basis with the city for ~~such~~ facilities and services ~~as are~~ provided by the purchasing department, comptroller, legal department, and election and other services supplied by the city, provided, however, that the board may contract for other legal services when the interests of the district and the city are in conflict in any legal matter, and provided further that the board may contract for architectural services for the planning and construction of new school buildings when funds have been made available for their construction of ~~such school buildings~~.

Sec. 14. Laws 1965, chapter 705, section 1, subdivision 4, is amended to read:

Subd. 4. As of July 1, 1965, the organization, operation, maintenance and conduct of the affairs of the converted district shall be governed by general laws relating to independent districts, except as otherwise provided in Extra Session Laws 1959, Chapter 71, as amended, and all special laws and charter provisions relating only to the converted district are repealed. Where an existing pension law is applicable to employees of the special district such law shall continue to be applicable in the same manner and to the same extent to employees of the converted district. General laws applicable to independent school districts wholly or partly within cities of the first class shall not be applicable to the converted district. The provision of the statutes applicable only to teachers retirement fund associations in cities of the first class, limiting the amount of annuity to be paid from public funds, limiting the taxes to be levied to carry out the plan of such associations, and limiting the amount of annuities to be paid to beneficiaries, all as contained in Minnesota Statutes, Section 135.24, shall not be applicable to such converted district, but the statutes applicable to such special district prior to the conversion shall continue to be applicable and the pension plan in operation prior to the conversion shall continue in operation until changed in accordance with law, and the teacher tenure law applicable to the special district shall continue to apply to the converted district in the same manner and to the same extent to teachers in the converted district; provided further, where existing civil service provisions of any law or charter are applicable

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to special district employees, such provision ~~shall~~ may continue to be applicable in the same manner and to the same extent to employees of the converted district, unless the board and city governing body each adopt a resolution declaring that civil service bureau (city human resources department) functions would be more efficiently and effectively administered separately in each jurisdiction. Notwithstanding any contrary provision of Extra Session Laws 1959, Chapter 71, as amended, if there was in the special district a teachers retirement fund association operating and existing under the provisions of Laws 1909, Chapter 343, and all acts amendatory thereof, then such teachers retirement fund association shall continue to exist and operate in the converted district under and to be subject to the provisions of Laws 1909, Chapter 343, and all acts amendatory thereof, to the same extent and in the same manner as before the conversion, and, without limiting the generality of the foregoing, such teachers retirement fund association shall continue, after the conversion as before the conversion, to certify to the same authorities the amount necessary to raise by taxation in order to carry out its retirement plan, and it shall continue, after the conversion as before the conversion, to be the duty of said authorities to include in the tax levy for the ensuing year a tax in addition to all other taxes sufficient to produce so much of the sums so certified as said authorities shall approve, and such teachers retirement fund association shall not be subject after the conversion to any limitation on payments to any beneficiary from public funds or on taxes to be levied to carry out the plan of such association to which it was not subject before the conversion.

Sec. 15. Laws 1993, chapter 224, article 12, section 39, is amended to read:

Sec. 39. **REPEALER.**

(a) Minnesota Rules, parts 3500.0500; 3500.0600, subparts 1 and 2; 3500.0605; 3500.0800; 3500.1090; 3500.1800; 3500.2950; 3500.3100, subparts 1 to 3; 3500.3500; 3500.3600; 3500.4400; 3510.2200; 3510.2300; 3510.2400; 3510.2500; 3510.2600; 3510.6200; 3520.0200; 3520.0300; 3520.0600; 3520.1000; 3520.1200; 3520.1300; 3520.1800; 3520.2700; 3520.3802; 3520.3900; 3520.4500; 3520.4620; 3520.4630; 3520.4640; 3520.4680; 3520.4750; 3520.4761; 3520.4811; 3520.4831; 3520.4910; 3520.5330; 3520.5340; 3520.5370; 3520.5461; 3525.2850; 3530.0300; 3530.0600; 3530.0700; 3530.0800; 3530.1100; 3530.1300; 3530.1400; 3530.1600; 3530.1700; 3530.1800; 3530.1900; 3530.2000; 3530.2100; 3530.2800; 3530.2900; 3530.3100, subparts 2 to 4; 3530.3200, subparts 1 to 5; 3530.3400, subparts 1, 2, and 4 to 7; 3530.3500; 3530.3600; 3530.3900; 3530.4000; 3530.4100; 3530.5500; 3530.5700; 3530.6100; 3535.0800; 3535.1000; 3535.1400; 3535.1600; 3535.1800; 3535.1900; 3535.2100; 3535.2200; 3535.2600; 3535.2900; 3535.3100; 3535.3500; 3535.9930; 3535.9940; 3535.9950; 3540.0600; 3540.0700; 3540.0800; 3540.0900; 3540.1000; 3540.1100; 3540.1200; 3540.1300; 3540.1700; 3540.1800; 3540.1900; 3540.2000; 3540.2100; 3540.2200; 3540.2300; 3540.2400; 3540.2800; 3540.2900; 3540.3000; 3540.3100; 3540.3200; 3540.3300; 3540.3400;

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3545.1000; 3545.1100; 3545.1200; 3545.2300; 3545.2700; 3545.3000; 3545.3002; 3545.3004; 3545.3005; 3545.3014; 3545.3022; 3545.3024; 8700.4200; 8700.6410; 8700.6800; 8700.7100; 8700.9000; 8700.9010; 8700.9020; and 8700.9030, are repealed.

(b) Minnesota Rules, parts 3520.1600; 3520.2400; 3520.2500; 3520.2600; 3520.2800; 3520.2900; 3520.3000; 3520.3100; 3520.3200; 3520.3400; 3520.3500; 3520.3680; 3520.3701; 3520.3801; 3520.4001; 3520.4100; 3520.4201; 3520.4301; 3520.4400; 3520.4510; 3520.4531; 3520.4540; 3520.4550; 3520.4560; 3520.4570; 3520.4600; 3520.4610; 3520.4650; 3520.4670; 3520.4701; 3520.4711; 3520.4720; 3520.4731; 3520.4741; 3520.4801; 3520.4840; 3520.4850; 3520.4900; 3520.4930; 3520.4980; 3520.5000; 3520.5010; 3520.5111; 3520.5120; 3520.5141; 3520.5151; 3520.5160; 3520.5171; 3520.5180; 3520.5190; 3520.5200; 3520.5220; 3520.5230; 3520.5300; 3520.5310; 3520.5361; 3520.5380; 3520.5401; 3520.5450; 3520.5471; 3520.5481; 3520.5490; 3520.5500; 3520.5510; 3520.5520; 3520.5531; 3520.5551; 3520.5560; 3520.5570; 3520.5580; 3520.5600; 3520.5611; 3520.5700; 3520.5710; 3520.5900; 3520.5910; 3520.5920; 3530.6500; 3530.6600; 3530.6700; 3530.6800; 3530.6900; 3530.7000; 3530.7100; 3530.7200; 3530.7300; 3530.7400; 3530.7500; 3530.7600; 3530.7700; and 3530.7800, are repealed.

(c) Minnesota Rules, parts 3500.1400; 3500.3700; ~~3510.0100; 3510.0200; 3510.0300; 3510.0400; 3510.0500; 3510.0600; 3510.0800; 3510.1100; 3510.1200; 3510.1300; 3510.1400; 3510.1500; 3510.1600; 3510.2800; 3510.2900; 3510.3000; 3510.3200; 3510.3400; 3510.3500; 3510.3600; 3510.3700; 3510.3800; 3510.7200; 3510.7300; 3510.7400; 3510.7500; 3510.7600; 3510.7700; 3510.7900; 3510.8000; 3510.8100; 3510.8200; 3510.8300; 3510.8400; 3510.8500; 3510.8600; 3510.8700; 3510.9000; 3510.9100;~~ chapters 3515, ~~3517.0100; 3517.0120;~~ 3517.3150; 3517.3170; 3517.3420; 3517.3450; 3517.3500; 3517.3650; ~~3517.4000; 3517.4100; 3517.4200;~~ 3517.8500; 3517.8600; and 3560, are repealed.

(d) Minnesota Rules, parts 3500.0710; 3500.1060; 3500.1075; 3500.1100; 3500.1150; 3500.1200; 3500.1500; 3500.1600; 3500.1900; 3500.2000; 3500.2020; 3500.2100; 3500.2900; 3500.5010; 3500.5020; 3500.5030; 3500.5040; 3500.5050; 3500.5060; 3500.5070; 3505.2700; 3505.2800; 3505.2900; 3505.3000; 3505.3100; 3505.3200; 3505.3300; 3505.3400; 3505.3500; 3505.3600; 3505.3700; 3505.3800; 3505.3900; 3505.4000; 3505.4100; 3505.4200; 3505.4400; 3505.4500; 3505.4600; 3505.4700; 3505.5100; 8700.2900; 8700.3000; 8700.3110; 8700.3120; 8700.3200; 8700.3300; 8700.3400; 8700.3500; 8700.3510; 8700.3600; 8700.3700; 8700.3810; 8700.3900; 8700.4000; 8700.4100; 8700.4300; 8700.4400; 8700.4500; 8700.4600; 8700.4710; 8700.4800; 8700.4901; 8700.4902; 8700.5100; 8700.5200; 8700.5300; 8700.5310; 8700.5311; 8700.5500; 8700.5501; 8700.5502; 8700.5503; 8700.5504; 8700.5505; 8700.5506; 8700.5507; 8700.5508; 8700.5509; 8700.5510; 8700.5511; 8700.5512;

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8700.5800; 8700.6310; 8700.6900; 8700.7010; 8700.7700; 8700.7710; 8700.8000; 8700.8010; 8700.8020; 8700.8030; 8700.8040; 8700.8050; 8700.8060; 8700.8070; 8700.8080; 8700.8090; 8700.8110; 8700.8120; 8700.8130; 8700.8140; 8700.8150; 8700.8160; 8700.8170; 8700.8180; 8700.8190; 8750.0200; 8750.0220; 8750.0240; 8750.0260; 8750.0300; 8750.0320; 8750.0330; 8750.0350; 8750.0370; 8750.0390; 8750.0410; 8750.0430; 8750.0460; 8750.0500; 8750.0520; 8750.0600; 8750.0620; 8750.0700; 8750.0720; 8750.0740; 8750.0760; 8750.0780; 8750.0800; 8750.0820; 8750.0840; 8750.0860; 8750.0880; 8750.0890; 8750.0900; 8750.0920; 8750.1000; 8750.1100; 8750.1120; 8750.1200; 8750.1220; 8750.1240; 8750.1260; 8750.1280; 8750.1300; 8750.1320; 8750.1340; 8750.1360; 8750.1380; 8750.1400; 8750.1420; 8750.1440; 8750.1500; 8750.1520; 8750.1540; 8750.1560; 8750.1580; 8750.1600; 8750.1700; 8750.1800; 8750.1820; 8750.1840; 8750.1860; 8750.1880; 8750.1900; 8750.1920; 8750.1930; 8750.1940; 8750.1960; 8750.1980; 8750.2000; 8750.2020; 8750.2040; 8750.2060; 8750.2080; 8750.2100; 8750.2120; 8750.2140; 8750.4000; 8750.4100; 8750.4200; 8750.9000; 8750.9100; 8750.9200; 8750.9300; 8750.9400; 8750.9500; 8750.9600; and 8750.9700, are repealed.

(e) Minnesota Rules, parts 3510.0100; 3510.0200; 3510.0400; 3510.0500; 3510.0600; 3510.0800; 3510.1100; 3510.1200; 3510.1300; 3510.1400; 3510.1500; 3510.1600; 3510.2800; 3510.2900; 3510.3000; 3510.3200; 3510.3400; 3510.3500; 3510.3600; 3510.3700; 3510.3800; 3510.7200; 3510.7300; 3510.7400; 3510.7500; 3510.7600; 3510.7700; 3510.7900; 3510.8000; 3510.8500; 3510.8600; 3510.8700; 3510.9000; 3510.9100; 3517.0100; and 3517.0120, are repealed.

Sec. 16. Laws 1993, chapter 224, article 12, section 41, is amended to read:

Sec. 41. EFFECTIVE DATE.

Sections 22 to 25 are effective July 1, 1995.

Section 32, paragraph (b), is effective July 1, 1995. Section 32, paragraph (c), is effective August 1, 1996.

Section 39, paragraph (b), is effective August 1, 1994. Section 39, paragraph (c), is effective July 1, 1995. Section 39, paragraph (d), is effective August 1, 1996. Section 39, paragraph (e), is effective July 1, 1996.

Sec. 17. Laws 1994, chapter 647, article 7, section 15, is amended to read:

Sec. 15. TEACHER PREPARATION CURRICULUM.

(a) Consistent with Laws 1993, chapter 224, article 12, section 34, the state board of teaching, with the assistance of ~~organizations representing diverse cultures; the state American Indian education committee,~~ shall decide whether or

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~~not to include in the curriculum for preparing all beginning elementary and social studies teachers a study of anthropology that encompasses a study of the indigenous people of the midwest, and a study of the history of the indigenous people that encompasses a study of the Minnesota area in precolonial times through the twentieth century, government, and culture of Minnesota based American Indian tribes.~~

(b) Consistent with Laws 1993, chapter 224, article 12, section 34, the state board of teaching shall ensure that the human relations curriculum of all teacher preparation programs includes components of American Indian language, history, government, and culture.

Sec. 18. RETIREMENT INCENTIVE.

(a) For the 1995-1996 and 1996-1997 school years only, a school board may offer early retirement incentives to licensed and nonlicensed staff of the school district who are under the age of 65. The early retirement incentive that the board may offer is the employer payment of the premiums for continued health insurance coverage under paragraph (b). This incentive may only be offered to employees who agree to terminate active employment with the school district. The board must determine the staff to whom the incentive is offered. Unilateral implementation of this section by a school board is not an unfair labor practice under Minnesota Statutes, chapter 179A.

(b) The board may offer a former employee who is at least age 50 continued employer-paid individual or dependent health insurance coverage. To be eligible for employer-paid health insurance under this section, the former employee must agree not to return to work in any capacity for the district that will provide the insurance coverage or any other district, except as a substitute teacher. Coverage may not extend beyond the age of 65 or the end of the first month in which the employee is eligible for employer-paid health insurance coverage from a new employer. For purposes of this section, "employer-paid health insurance coverage" means medical, hospitalization, or health insurance coverage provided through an insurance company that is licensed to do business in the state. The amount of the payment under this section shall be as agreed between the employee and the school board.

Sec. 19. PPST TASK FORCE.

The board of teaching shall convene a task force to consider authentic and qualitative assessments for teachers and alternative processes by which the skills examination requirement under Minnesota Statutes, section 125.05, subdivision 1a, might be met for persons who fail the examination. The board shall present their recommendations to the education committees of the legislature by February 15, 1996.

Sec. 20. SARTELL CAPITAL LOAN.

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Notwithstanding any law to the contrary, the board of independent school district No. 748, Sartell, may, by resolution, raise the level of indebtedness of the district by an amount equal to the outstanding capital loan on June 30, 1995. This indebtedness may only be used to refund the loan. This does not constitute an impairment of any obligations issued by the district prior to the enactment of this act.

Sec. 21. UNRECOVERED RAILROAD AID.

Unrecovered railroad aid payments pursuant to Laws 1984, chapter 502, article 9, section 5, shall be adjusted from the school district's aid in fiscal year 1997. If the aid reduction required by this section cannot be made to the aid for fiscal year 1997, the reduction must be made from aid for subsequent fiscal years.

Sec. 22. FUND TRANSFERS.

Subdivision 1. CONDITIONS. (a) A district that transfers revenue from a health and safety account or a disabled access account may not, at a later date, receive health and safety revenue or disabled access revenue for the same project as the project for which the transferred revenue was received. The transfer request must identify the project that generated the balance to be transferred.

(b) Disabled access revenue that is transferred according to this section is included in the district's disabled access revenue limit established in Minnesota Statutes, section 124.84, subdivision 3.

(c) Amounts transferred from the health and safety account according to this section shall be considered to be approved health and safety expenditures for the purpose of computing a district's health and safety revenue according to Minnesota Statutes, section 124.83, subdivision 3.

(d) A district that transfers funds from its bus purchase account according to this section may not certify a bus purchase levy according to Minnesota Statutes, section 124.226, subdivision 6, for the next three years following the transfer.

(e) Fund transfers authorized in this section that involve transferring funds in a disabled access account or a health and safety account may be made by the district only after the commissioner has approved the five-year facilities plan that the district is required to prepare according to Minnesota Statutes, section 124.243, subdivision 1.

Subd. 2. PELICAN RAPIDS. Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, on June 30, 1995, independent school district No. 548, Pelican Rapids, may permanently transfer an amount not to exceed \$200,000 from its general fund to its capital expenditure fund.

Subd. 3. PINE RIVER-BACKUS. Notwithstanding Minnesota Statutes, sec-

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tions 121.912 and 121.9121, on June 30, 1995, independent school district No. 2174, Pine River-Backus, may permanently transfer an amount not to exceed \$200,000 from its general fund to its capital expenditure fund.

Subd. 4. DETROIT LAKES. Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, on June 30, 1995, independent school district No. 22, Detroit Lakes, may permanently transfer an amount not to exceed \$325,000 from its general fund to its capital expenditure fund for acquiring computers and related technology needs.

Subd. 5. ST. CLOUD. Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, each year for fiscal years 1996, 1997, 1998, and 1999, independent school district No. 742, St. Cloud, may permanently transfer up to \$500,000 of referendum revenue received under Minnesota Statutes, section 124A.03, from its general fund to its capital expenditure fund for purchasing technology for instructional use.

Subd. 6. LITTLE FALLS. Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, each year for fiscal years 1996 through 2005, independent school district No. 482, Little Falls, may permanently transfer up to \$233 per actual pupil unit of referendum revenue received under Minnesota Statutes, section 124A.03, from its general fund to its capital expenditure fund.

Subd. 7. MILACA. Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, each year for fiscal years 1996 through 2005, independent school district No. 912, Milaca, may permanently transfer up to \$200 per actual pupil unit of referendum revenue received under Minnesota Statutes, section 124A.03, from its general fund to its capital expenditure fund for technology.

Subd. 8. RUSH CITY. Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, on June 30, 1995, independent school district No. 139, Rush City, may permanently transfer up to \$100,000 from its transportation fund to its capital expenditure fund.

Subd. 9. MENTOR. Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, on June 30, 1995, independent school district No. 604, Mentor, may permanently transfer up to \$160,000 from the facilities account in its capital expenditure fund to its general fund.

Subd. 10. GRANADA-HUNTLEY-EAST CHAIN. Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, on June 30, 1995, independent school district No. 2536, Granada-Huntley-East Chain, may permanently transfer up to \$100,000 from the facilities and equipment accounts in its capital expenditure fund to its general fund.

Subd. 11. CHATFIELD. Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, on June 30, 1995, independent school district No. 277, Chatfield, may permanently transfer up to \$50,000 from the facilities account to the equipment account in its capital expenditure fund.

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Subd. 12. MEDFORD. Notwithstanding Minnesota Statutes, sections 121.912, 121.9121, and 123.36, subdivision 13, independent school district No. 763, Medford, may deposit the proceeds from a sale of approximately nine acres of land adjacent to and east of its football/baseball complex in Medford into its general fund.

Subd. 13. EAST GRAND FORKS. Notwithstanding Minnesota Statutes, section 124.243, subdivision 6, clause (2), in fiscal years 1995 and 1996, independent school district No. 595, East Grand Forks, may use up to \$1,400,000 in capital expenditure facilities revenue to acquire and construct buildings for school purposes.

Subd. 14. BYRON. Notwithstanding Minnesota Statutes, section 121.912, subdivision 1, if independent school district No. 531, Byron, discontinues operation of its bus fleet, or a portion of the fleet, and transfers the account balance from the transportation fund, the district may spread the required levy reduction for capital levies according to Minnesota Statutes, sections 124.243, 124.244 and 124.83, over a five-year period beginning with 1995 levies payable in 1996.

Subd. 15. SWANVILLE. Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, on June 30, 1995, independent school district No. 486, Swanville, may permanently transfer up to \$100,000 from the bus purchase account to its general fund without making a levy reduction.

Subd. 16. TRUMAN. Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, on June 30, 1995, independent school district No. 458, Truman, may permanently transfer up to \$77,000 from the bus purchase account in its transportation fund to its general fund without making a levy reduction.

Subd. 17. MONTEVIDEO. Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, on June 30, 1995, independent school district No. 129, Montevideo, may permanently transfer up to \$100,000 from the bus purchase account in its transportation fund to its general fund without making a levy reduction.

Subd. 18. EDINA. Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, on June 30, 1995, independent school district No. 273, Edina, may permanently transfer up to \$482,432 from the bus purchase account to the undesignated fund balance account in its transportation fund.

Subd. 19. GARY. Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, independent school district No. 523, Gary, may permanently transfer the balance in its bonded indebtedness fund and the disabled access account in its capital expenditure fund to the general fund of the successor school district of independent school district Nos. 526, Twin Valley, and 523, Gary.

New language is indicated by underline, deletions by ~~strikeout~~.

Subd. 20. TWIN VALLEY. Notwithstanding Minnesota Statutes, sections 121.912, 121.9121, 124.243, subdivision 8, independent school district No. 526, Twin Valley, may permanently transfer the balances in its health and safety account and its disabled access account in the capital expenditure fund to the general fund of the successor school district of independent school district Nos. 526, Twin Valley, and 523, Gary.

Subd. 21. FISHER. Notwithstanding Minnesota Statutes, section 124.83, subdivision 6, or 124.84, independent school district No. 600, Fisher, may use capital expenditure health and safety revenue or disabled access revenue, or both, to purchase portable classrooms. Any proceeds from the sale of portable classrooms purchased with the revenue shall be placed in the appropriate account in the capital expenditure fund and used to adjust revenue in that account.

Subd. 22. NEW PRAGUE. Notwithstanding Minnesota Statutes, section 121.912, on June 30, 1995, independent school district No. 721, New Prague, may permanently transfer up to \$70,000 from its general fund to its capital expenditure fund.

Subd. 23. GLENCOE. Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, on June 30, 1995, independent school district No. 422, Glencoe, may permanently transfer up to \$125,000 from its debt redemption fund to its capital expenditure fund without making a levy reduction.

Subd. 24. PIPESTONE. Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, on June 30, 1995, independent school district No. 583, Pipestone, may permanently transfer up to \$190,000 from its debt redemption fund to its capital expenditure fund without making a levy reduction.

Subd. 25. HERMAN-NORCROSS. Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, on June 30, 1995, independent school district No. 264, Herman-Norcross, may permanently transfer up to \$73,000 from the bus purchase account to the general fund without making a levy reduction.

Sec. 23. GOODRIDGE HEALTH AND SAFETY REVENUE USE.

Notwithstanding Minnesota Statutes, section 124.83, subdivision 6, independent school district No. 561, Goodridge, may use capital health and safety revenue to purchase portable classrooms. Any proceeds from the subsequent sale of portable classrooms purchased with health and safety revenue shall be placed in the district's health and safety account in the capital fund and shall be used to adjust health and safety revenue.

Sec. 24. ADULT BASIC EDUCATION LICENSE.

Notwithstanding other law or rule, the board of teaching must continue to make available an adult basic education license for teachers of adult basic education.

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 25. **APPROPRIATIONS.**

Subdivision 1. DEPARTMENT OF EDUCATION. The sums in this section are appropriated, unless otherwise indicated, from the general fund to the department of education for the fiscal years designated.

Subd. 2. ABATEMENT AID. For abatement aid according to Minnesota Statutes, section 124.214:

<u>\$24,241,000</u>	<u>.....</u>	<u>1996</u>
<u>\$ 7,905,000</u>	<u>.....</u>	<u>1997</u>

The 1996 appropriation includes \$1,135,000 for 1995 and \$23,106,000 for 1996.

The 1997 appropriation includes \$4,077,000 for 1996 and \$3,828,000 for 1997.

Subd. 3. NONPUBLIC PUPIL AID. For nonpublic pupil education aid according to Minnesota Statutes, sections 123.79 and 123.931 to 123.947:

<u>\$ 9,686,000</u>	<u>.....</u>	<u>1996</u>
<u>\$ 9,686,000</u>	<u>.....</u>	<u>1997</u>

The 1996 appropriation includes \$1,452,000 for 1995 and \$8,234,000 for 1996.

The 1997 appropriation includes \$1,452,000 for 1996 and \$8,234,000 for 1997.

Subd. 4. SCHOOL LUNCH AND FOOD STORAGE AID. (a) For school lunch aid according to Minnesota Statutes, section 124.646, and Code of Federal Regulations, title 7, section 210.17, and for food storage and transportation costs for United States Department of Agriculture donated commodities; and for a temporary transfer to the commodity processing revolving fund to provide cash flow to permit schools and other recipients of donated commodities to take advantage of volume processing rates and for school milk aid according to Minnesota Statutes, section 124.648:

<u>\$7,204,000</u>	<u>.....</u>	<u>1996</u>
<u>\$7,254,000</u>	<u>.....</u>	<u>1997</u>

(b) Any unexpended balance remaining from the appropriations in this subdivision shall be prorated among participating schools based on the number of free, reduced, and fully paid federally reimbursable student lunches served during that school year.

(c) If the appropriation amount attributable to either year is insufficient, the rate of payment for each fully paid student lunch shall be reduced and the aid for that year shall be prorated among participating schools so as not to exceed the total authorized appropriation for that year.

New language is indicated by underline, deletions by strikeout.

(d) Any temporary transfer processed in accordance with this subdivision to the commodity processing fund will be returned by June 30 in each year so that school lunch aid and food storage costs can be fully paid as scheduled.

(e) Not more than \$800,000 of the amount appropriated each year may be used for school milk aid.

Subd. 5. SUMMER FOOD SERVICE. For summer food service:

<u>\$15,000</u>	<u>.....</u>	<u>1996</u>
<u>\$15,000</u>	<u>.....</u>	<u>1997</u>

Subd. 6. SCHOOL BREAKFAST. To operate the school breakfast program:

<u>\$419,000</u>	<u>.....</u>	<u>1996</u>
<u>\$456,000</u>	<u>.....</u>	<u>1997</u>

If the appropriation amount attributable to either year is insufficient, the rate of payment for each fully paid student breakfast shall be reduced and the aid for that year shall be prorated among participating schools so as not to exceed the total authorized appropriation for that year. Any unexpected balance remaining shall be used to subsidize the payments made for school lunch aid per Minnesota Statutes, section 124.646.

Up to one percent of the program funding can be used by the department of education for technical and administrative assistance.

Subd. 7. PILOT BREAKFAST GRANTS. For grants for free breakfast to elementary school children which began under Laws 1994, chapter 647, article 8, section 35:

<u>\$104,000</u>	<u>.....</u>	<u>1996</u>
<u>\$ 88,000</u>	<u>.....</u>	<u>1997</u>

\$18,000 in 1996 is for evaluation of the program.

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

These grants must be made to independent school districts No. 271, Bloomington, for the Oak Grove elementary school; 378, Dawson-Boyd, for the elementary school; 402, Hendricks, and 403, Ivanhoe, for the elementary school; and special school district No. 1, Minneapolis, for the Hans Christian Anderson elementary school.

The department is encouraged to solicit private funds to continue the two additional pilot sites added in December 1994.

Subd. 8. MAGNET SCHOOL GRANTS. For magnet school and program grants:

New language is indicated by underline, deletions by ~~strikeout~~.

<u>\$1,500,000</u>	<u>.....</u>	<u>1996</u>
<u>\$1,500,000</u>	<u>.....</u>	<u>1997</u>

These amounts must be used for planning and developing magnet schools and magnet programs.

Subd. 9. INTEGRATION PROGRAMS. For grants according to: minority fellowship grants according to Laws 1994, chapter 647, article 8, section 29; minority teacher incentives according to Minnesota Statutes, section 124.278; teachers of color grants according to Minnesota Statutes, section 125.623; and cultural exchange grants according to Minnesota Statutes, section 126.43:

<u>\$1,000,000</u>	<u>.....</u>	<u>1996</u>
<u>\$1,000,000</u>	<u>.....</u>	<u>1997</u>

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

In awarding teacher of color grants, priority must be given to districts that have students who are currently in the process of completing their academic program.

Subd. 10. TEACHER EDUCATION IMPROVEMENT. For board of teaching responsibilities relating to teacher licensure restructuring and implementation of the teaching residency program:

<u>\$450,000</u>	<u>.....</u>	<u>1996</u>
<u>\$450,000</u>	<u>.....</u>	<u>1997</u>

The department must transmit this appropriation to the board of teaching. Any balance in the first year does not cancel but is available in the second year.

The board of teaching shall use the funds for further development of the results-oriented teacher licensure system, for pilot site grants and other methods of implementing the teacher residency program, and for programs relating to teacher mentoring.

Subd. 11. MN ENABL; MALE RESPONSIBILITY. For MN ENABL and male responsibility grants:

<u>\$625,000</u>	<u>.....</u>	<u>1996</u>
<u>\$375,000</u>	<u>.....</u>	<u>1997</u>

\$250,000 the first year is for the Minnesota education now and babies later (MN ENABL) program. \$375,000 each year is for male responsibility and fathering grants.

The commissioner of education may enter into cooperative agreements with the commissioner of human services to access federal money for child support and paternity education programs.

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Subd. 12. NETT LAKE. For grants to independent school district No. 707, Nett Lake:

<u>\$62,000</u>	<u>.....</u>	<u>1996</u>
<u>\$62,000</u>	<u>.....</u>	<u>1997</u>

\$32,000 in 1996 and \$32,000 in 1997 are for grants to independent school district No. 707, Nett Lake, to pay insurance premiums under Minnesota Statutes, section 466.06.

\$30,000 in 1996 and \$30,000 in 1997 are for grants to independent school district No. 707, Nett Lake, for the payment of obligations of the school district for unemployment compensation. The appropriation must be paid to the appropriate state agency for such purposes in the name of the school district.

Subd. 13. MODEL SCHOOL FOR CHRONIC TRUANTS. For the model school for truants located in the law enforcement center in Mankato:

<u>\$15,000</u>	<u>.....</u>	<u>1996</u>
<u>\$15,000</u>	<u>.....</u>	<u>1997</u>

Subd. 14. ONE ROOM SCHOOLHOUSE. For a grant to independent school district No. 690, Warroad, to operate the Angle Inlet School:

<u>\$30,000</u>	<u>.....</u>	<u>1996</u>
<u>\$25,000</u>	<u>.....</u>	<u>1997</u>

Subd. 15. PSEO REPLACEMENT AID. For PSEO replacement aid:

<u>\$104,000</u>	<u>.....</u>	<u>1996</u>
<u>\$122,000</u>	<u>.....</u>	<u>1997</u>

The 1996 appropriation includes \$0 for 1995 and \$104,000 for 1996.

The 1997 appropriation includes \$19,000 for 1996 and \$103,000 for 1997.

Subd. 16. AQUILA COMMUNITY TOGETHER PROJECT. For a grant to independent school district No. 283, St. Louis Park, for the Aquila community together project:

<u>\$50,000</u>	<u>.....</u>	<u>1996</u>
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This appropriation must be matched from nonstate sources. This appropriation is available until June 30, 1997.

Subd. 17. NEW MOON GIRLS PROGRAM. For a grant to an organization for girls to develop a curriculum to educate school-aged children in Minnesota on the role of women and children around the world:

<u>\$20,000</u>	<u>.....</u>	<u>1996</u>
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The commissioner of education shall consult with the legislative commission on the economic status of women in awarding the grant. The curriculum will be used to provide instruction on the purpose and experience of the fourth

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united nations conference on women in Beijing, China, and will be designed to explore educational opportunities, family structures, customs, and health and safety issues for children around the world. This appropriation is available until June 30, 1997.

Subd. 18. CAREER TEACHER AID. For career teacher aid according to Minnesota Statutes, section 124.276:

<u>\$125,000</u>	<u>.....</u>	<u>1996</u>
<u>\$125,000</u>	<u>.....</u>	<u>1997</u>

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

Notwithstanding Minnesota Statutes, section 124.276, subdivision 2, the aid may be used for the increased district contribution to the teachers' retirement association and to FICA resulting from the portion of the teaching contract that is in addition to the standard teaching contract of the district.

Subd. 19. EDUCATIONAL PERFORMANCE IMPROVEMENT GRANTS. For additional grants under Laws 1994, chapter 647, article 7, section 18:

<u>\$800,000</u>	<u>.....</u>	<u>1996</u>
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This appropriation is available until June 30, 1997.

Sec. 26. REPEALER.

Minnesota Statutes 1994, section 124.912, subdivision 8, is repealed effective for revenue for fiscal year 1997.

Minnesota Statutes 1994, sections 125.05, subdivision 7; and 125.231, subdivision 2, are repealed.

Sec. 27. EFFECTIVE DATES.

Sections 18, 20, and 21 are effective the day following final enactment.

Section 13 is effective July 1, 1997, if the governing body of the city of Saint Paul and the governing body of independent school district No. 625 have approved it and complied with Minnesota Statutes, section 645.021, subdivision 3, before January 1, 1996. Section 14 does not abrogate language that references city of St. Paul civil service rules in bargaining unit agreements in existence on March 31, 1995.

New language is indicated by underline, deletions by ~~strikeout~~.

ARTICLE 9

MISCELLANEOUS

Section 1. Minnesota Statutes 1994, section 13.43, subdivision 2, is amended to read:

Subd. 2. **PUBLIC DATA.** (a) Except for employees described in subdivision 5, the following personnel data on current and former employees, volunteers, and independent contractors of a state agency, statewide system, or political subdivision and members of advisory boards or commissions is public: name; actual gross salary; salary range; contract fees; actual gross pension; the value and nature of employer paid fringe benefits; the basis for and the amount of any added remuneration, including expense reimbursement, in addition to salary; job title; job description; education and training background; previous work experience; date of first and last employment; the existence and status of any complaints or charges against the employee, whether or not the complaint or charge resulted in a disciplinary action; the final disposition of any disciplinary action together with the specific reasons for the action and data documenting the basis of the action, excluding data that would identify confidential sources who are employees of the public body; the terms of any agreement settling any dispute arising out of ~~the~~ an employment relationship or of a buyout agreement, as defined in section 123.34, subdivision 9a, paragraph (a); work location; a work telephone number; badge number; honors and awards received; payroll time sheets or other comparable data that are only used to account for employee's work time for payroll purposes, except to the extent that release of time sheet data would reveal the employee's reasons for the use of sick or other medical leave or other not public data; and city and county of residence.

(b) For purposes of this subdivision, a final disposition occurs when the state agency, statewide system, or political subdivision makes its final decision about the disciplinary action, regardless of the possibility of any later proceedings or court proceedings. In the case of arbitration proceedings arising under collective bargaining agreements, a final disposition occurs at the conclusion of the arbitration proceedings, or upon the failure of the employee to elect arbitration within the time provided by the collective bargaining agreement. Final disposition includes a resignation by an individual when the resignation occurs after the final decision of the state agency, statewide system, political subdivision, or arbitrator.

(c) The state agency, statewide system, or political subdivision may display a photograph of a current or former employee to a prospective witness as part of the state agency's, statewide system's, or political subdivision's investigation of any complaint or charge against the employee.

(d) A complainant has access to a statement provided by the complainant to a state agency, statewide system, or political subdivision in connection with a complaint or charge against an employee.

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 2. Minnesota Statutes 1994, section 120.064, is amended to read:

120.064 ~~OUTCOME-BASED~~ RESULTS-ORIENTED CHARTER SCHOOLS.

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

- (1) improve pupil learning;
- (2) increase learning opportunities for pupils;
- (3) encourage the use of different and innovative teaching methods;
- (4) require the measurement of learning outcomes and create different and innovative forms of measuring outcomes;
- (5) establish new forms of accountability for schools; or
- (6) create new professional opportunities for teachers, including the opportunity to be responsible for the learning program at the school site.

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

Subd. 2. **APPLICABILITY.** This section applies only to ~~outcome-based~~ charter schools formed and operated under this section.

Subd. 3. **SPONSOR.** A school board, community college, state university, technical college, or the University of Minnesota may sponsor one or more ~~outcome-based~~ charter schools.

~~A school board may authorize a maximum of five outcome-based schools.~~

No more than a total of ~~35 outcome-based~~ 40 charter schools may be authorized not more than three of which may be sponsored by public post-secondary institutions. The state board of education shall advise potential sponsors when the maximum number of ~~outcome-based~~ charter schools has been authorized.

Subd. 4. **FORMATION OF SCHOOL.** (a) A sponsor may authorize one or more licensed teachers under section 125.05, subdivision 1, to operate ~~an outcome-based~~ a charter school subject to approval by the state board of education. If a school board elects not to sponsor ~~an outcome-based~~ a charter school, the applicant may appeal the school board's decision to the state board of education if two members of the school board voted to sponsor the school. If the state board authorizes the school, the state board shall sponsor the school according to this section. The school shall be organized and operated as a cooperative under chapter 308A or nonprofit corporation under chapter 317A.

New language is indicated by underline, deletions by ~~strikeout~~.

(b) Before the operators may form and operate a school, the sponsor must file an affidavit with the state board of education stating its intent to authorize ~~an outcome-based~~ a charter school. The affidavit must state the terms and conditions under which the sponsor would authorize ~~an outcome-based~~ a charter school. The state board must approve or disapprove the sponsor's proposed authorization within ~~30~~ 60 days of receipt of the affidavit. Failure to obtain state board approval precludes a sponsor from authorizing the ~~outcome-based~~ charter school that was the subject of the affidavit.

(c) The operators authorized to organize and operate a school shall hold an election for members of the school's board of directors in a timely manner after the school is operating. Any staff members who are employed at the school, including teachers providing instruction under a contract with a cooperative, and all parents of children enrolled in the school may participate in the election. Licensed teachers employed at the school, including teachers providing instruction under a contract with a cooperative, must be a majority of the members of the board of directors. A provisional board may operate before the election of the school's board of directors. Board of director meetings must comply with section 471.705.

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

Subd. 4a. **CONVERSION OF EXISTING SCHOOLS.** A school board may convert one or more of its existing schools to ~~outcome-based~~ charter schools under this section if 90 percent of the full-time teachers at the school sign a petition seeking conversion. The conversion must occur at the beginning of an academic year.

Subd. 5. **CONTRACT.** The sponsor's authorization for ~~an outcome-based~~ a charter school shall be in the form of a written contract signed by the sponsor and the board of directors of the ~~outcome-based~~ charter school. The contract for ~~an outcome-based~~ a charter school shall be in writing and contain at least the following:

- (1) a description of a program that carries out one or more of the purposes in subdivision 1;
- (2) specific outcomes pupils are to achieve under subdivision 10;
- (3) admission policies and procedures;
- (4) management and administration of the school;
- (5) requirements and procedures for program and financial audits;
- (6) how the school will comply with subdivisions 8, 13, 15, and 21;
- (7) assumption of liability by the ~~outcome-based~~ charter school;

New language is indicated by underline, deletions by ~~strikeout~~.

(8) types and amounts of insurance coverage to be obtained by the ~~outcome-based~~ charter school; and

(9) the term of the contract, which may be up to three years.

Subd. 7. **PUBLIC STATUS; EXEMPTION FROM STATUTES AND RULES.** A charter school is a public school and is part of the state's system of public education. Except as provided in this section, ~~an outcome-based a charter~~ school is exempt from all statutes and rules applicable to a school, a school board, or a school district, although it may elect to comply with one or more provisions of statutes or rules.

Subd. 8. **REQUIREMENTS.** (a) ~~An outcome-based~~ A charter school shall meet all applicable state and local health and safety requirements.

(b) The school must be located in the sponsoring district, unless another school board agrees to locate ~~an outcome-based a charter~~ school sponsored by another district in its boundaries. If a school board denies a request to locate within its boundaries ~~an outcome-based a charter~~ school sponsored by another district, the sponsoring district may appeal to the state board of education. If the state board authorizes the school, the state board shall sponsor the school.

(c) ~~The~~ A charter school must be nonsectarian in its programs, admission policies, employment practices, and all other operations. A sponsor may not authorize ~~an outcome-based a charter~~ school or program that is affiliated with a nonpublic sectarian school or a religious institution.

(d) Charter schools shall not be used as a method of providing education or generating revenue for students who are being home schooled.

(~~e~~) The a charter school must be to provide a comprehensive program of instruction for at least one grade or age group from five through 18 years of age. Instruction may be provided to people younger than five years and older than 18 years of age.

(~~e~~) The (~~f~~) A charter school may not charge tuition.

(~~f~~) The (~~g~~) A charter school is subject to and shall comply with chapter 363 and section 126.21.

(~~g~~) The (~~h~~) A charter school is subject to and shall comply with the pupil fair dismissal act, sections 127.26 to 127.39, and the Minnesota public school fee law, sections 120.71 to 120.76.

(~~h~~) The (~~i~~) A charter school is subject to the same financial audits, audit procedures, and audit requirements as a school district. The audit must be consistent with the requirements of sections 121.904 to 121.917, except to the extent deviations are necessary because of the program at the school. The department of education, state auditor, or legislative auditor may conduct financial, program, or compliance audits.

New language is indicated by underline, deletions by ~~strikeout~~.

(~~4~~) ~~The~~ (j) A charter school is a school district for the purposes of tort liability under chapter 466.

Subd. 9. **ADMISSION REQUIREMENTS.** ~~The~~ A charter school may limit admission to:

- (1) pupils within an age group or grade level;
- (2) people who are eligible to participate in the high school graduation incentives program under section 126.22; or
- (3) residents of a specific geographic area where the percentage of the population of non-Caucasian people of that area is greater than the percentage of the non-Caucasian population in the congressional district in which the geographic area is located, and as long as the school reflects the racial and ethnic diversity of the specific area.

The A charter school shall enroll an eligible pupil who submits a timely application, unless the number of applications exceeds the capacity of a program, class, grade level, or building. In this case, pupils shall be accepted by lot.

The A charter school may not limit admission to pupils on the basis of intellectual ability, measures of achievement or aptitude, or athletic ability.

Subd. 10. **PUPIL PERFORMANCE.** ~~An outcome-based~~ A charter school must design its programs to at least meet the outcomes adopted by the state board of education. In the absence of state board requirements, the school must meet the outcomes contained in the contract with the sponsor. The achievement levels of the outcomes contained in the contract may exceed the achievement levels of any outcomes adopted by the state board.

Subd. 11. **EMPLOYMENT AND OTHER OPERATING MATTERS.** ~~The~~ A charter school shall employ or contract with necessary teachers, as defined by section 125.03, subdivision 1, who hold valid licenses to perform the particular service for which they are employed in the school. The school may employ necessary employees who are not required to hold teaching licenses to perform duties other than teaching and may contract for other services. The school may discharge teachers and nonlicensed employees.

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

Subd. 12. **PUPILS WITH A DISABILITY.** ~~The~~ A charter school must comply with sections 120.03 and 120.17 and rules relating to the education of pupils with a disability as though it were a school district.

Subd. 13. **LENGTH OF SCHOOL YEAR.** ~~An outcome-based~~ A charter school shall provide instruction each year for at least the number of days required by section 120.101, subdivision 5. It may provide instruction throughout the year according to sections 120.59 to 120.67 or 121.585.

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Subd. 14. **REPORTS.** ~~An outcome-based~~ A charter school must report at least annually to its sponsor and the state board of education the information required by the sponsor or the state board. The reports are public data under chapter 13.

Subd. 15. **TRANSPORTATION.** (a) By July 1 of each year, a charter school shall notify the district in which the school is located and the department of education if it will provide transportation for pupils enrolled at the school for the fiscal year.

(b) If a charter school elects to provide transportation for pupils, the transportation shall be provided by the charter school within the district in which the charter school is located. The state shall pay transportation aid to the charter school according to section 124.248, subdivision 1a.

For pupils who reside outside the district in which the charter school is located, the charter school is not required to provide or pay for transportation between the pupil's residence and the border of the district in which the charter school is located. A parent may be reimbursed by the charter school for costs of transportation from the pupil's residence to the border of the district in which the charter school is located if the pupil is from a family whose income is at or below the poverty level, as determined by the federal government. The reimbursement may not exceed the pupil's actual cost of transportation or 15 cents per mile traveled, whichever is less. Reimbursement may not be paid for more than 250 miles per week.

At the time a pupil enrolls in a charter school, the charter school shall provide the parent or guardian with information regarding the transportation.

(c) If a charter school does not elect to provide transportation, transportation for pupils enrolled at ~~a the~~ school shall be provided by the district in which the school is located, according to sections 120.062, subdivision 9, and 123.39, subdivision 6, for a pupil residing in the same district in which the ~~outcome-based~~ charter school is located. Transportation may be provided by the district in which the school is located, according to sections 120.062, subdivision 9, and 123.39, subdivision 6, for a pupil residing in a different district.

Subd. 16. **LEASED SPACE.** ~~The~~ A charter school may lease space from a board eligible to be a sponsor or other public or private nonprofit nonsectarian organization. If a charter school is unable to lease appropriate space from an eligible board or other public or private nonprofit nonsectarian organization, the school may lease space from another nonsectarian organization if the department of education, in consultation with the department of administration, approves the lease. If the school is unable to lease appropriate space from public or private nonsectarian organizations, the school may lease space from a sectarian organization if the leased space is constructed as a school facility and the department of education, in consultation with the department of administration, approves the lease.

New language is indicated by underline, deletions by ~~strikeout~~.

Subd. 17. **INITIAL COSTS.** A sponsor may authorize a charter school before the applicant has secured its space, equipment, facilities, and personnel if the applicant indicates the authority is necessary for it to raise working capital. A sponsor may not authorize a school before the state board of education has approved the authorization.

Subd. 18. **DISSEMINATE INFORMATION.** The sponsor, the operators, and the department of education must disseminate information to the public on how to form and operate ~~an outcome-based~~ a charter school and how to utilize the offerings of ~~an outcome-based~~ a charter school. Particular groups to be targeted include low-income families and communities, and students of color.

Subd. 19. **LEAVE TO TEACH IN A CHARTER SCHOOL.** If a teacher employed by a school district makes a written request for an extended leave of absence to teach at ~~an outcome-based~~ a charter school, the school district must grant the leave. The school district must grant a leave for any number of years requested by the teacher, and must extend the leave at the teacher's request. The school district may require that the request for a leave or extension of leave be made up to 90 days before the teacher would otherwise have to report for duty. Except as otherwise provided in this subdivision and except for section 125.60, subdivision 6a, the leave is governed by section 125.60, including, but not limited to, reinstatement, notice of intention to return, seniority, salary, and insurance.

During a leave, the teacher may continue to aggregate benefits and credits in the teachers' retirement association account by paying both the employer and employee contributions based upon the annual salary of the teacher for the last full pay period before the leave began. The retirement association may impose reasonable requirements to efficiently administer this subdivision.

Subd. 20. **COLLECTIVE BARGAINING.** Employees of the board of directors of ~~the~~ a charter school may, if otherwise eligible, organize under chapter 179A and comply with its provisions. The board of directors of ~~the~~ a charter school is a public employer, for the purposes of chapter 179A, upon formation of one or more bargaining units at the school. Bargaining units at the school ~~are~~ shall be separate from any other units within the sponsoring district, except that bargaining units may remain part of the appropriate unit within the sponsoring district, if the employees of the school, the board of directors of the school, the exclusive representative of the appropriate unit in the sponsoring district, and the board of the sponsoring district agree to include the employees in the appropriate unit of the sponsoring district.

Subd. 20a. **TEACHERS RETIREMENT.** Teachers in a charter school shall be public school teachers for the purposes of chapters 354 and 354a.

Subd. 21. **CAUSES FOR NONRENEWAL OR TERMINATION.** (a) The duration of the contract with a sponsor shall be for the term contained in the contract according to subdivision 5. The sponsor may or may not renew a con-

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tract at the end of the term for any ground listed in paragraph (b). A sponsor may unilaterally terminate a contract during the term of the contract for any ground listed in paragraph (b). At least 60 days before not renewing or terminating a contract, the sponsor shall notify the board of directors of the charter school of the proposed action in writing. The notice shall state the grounds for the proposed action in reasonable detail and that the charter school's board of directors may request in writing an informal hearing before the sponsor within 14 days of receiving notice of nonrenewal or termination of the contract. Failure by the board of directors to make a written request for a hearing within the 14-day period shall be treated as acquiescence to the proposed action. Upon receiving a timely written request for a hearing, the sponsor shall give reasonable notice to the charter school's board of directors of the hearing date. The sponsor shall conduct an informal hearing before taking final action. The sponsor shall take final action to renew or not renew a contract by the last day of classes in the school year. If the sponsor is a local school board, the school's board of directors may appeal the sponsor's decision to the state board of education.

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

- (1) failure to meet the requirements for pupil performance contained in the contract;
- (2) failure to meet generally accepted standards of fiscal management;
- (3) for violations of law; or
- (4) other good cause shown.

If a contract is terminated or not renewed, the school shall be dissolved according to the applicable provisions of chapter 308A or 317A.

Subd. 22. **PUPIL ENROLLMENT.** If a contract is not renewed or is terminated according to subdivision 21, a pupil who attended the school, siblings of the pupil, or another pupil who resides in the same place as the pupil may enroll in the resident district or may submit an application to a nonresident district according to section 120.062 at any time. Applications and notices required by section 120.062 shall be processed and provided in a prompt manner. The application and notice deadlines in section 120.062 do not apply under these circumstances.

Subd. 23. **GENERAL AUTHORITY.** The board of directors of ~~an outcome-based~~ a charter school may sue and be sued. The board may not levy taxes or issue bonds.

Subd. 24. **IMMUNITY.** The state board of education, members of the state board, a sponsor, members of the board of a sponsor in their official capacity, and employees of a sponsor are immune from civil or criminal liability with

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respect to all activities related to ~~an outcome-based~~ a charter school they approve or sponsor. The board of directors shall obtain at least the amount of and types of insurance required by the contract, according to subdivision 5.

Sec. 3. Minnesota Statutes 1994, section 120.101, is amended by adding a subdivision to read:

Subd. 5a. CHILDREN UNDER SEVEN. Once a pupil under the age of seven is enrolled in kindergarten or a higher grade in a public school, the pupil is subject to the compulsory attendance provisions of this chapter and section 127.20, unless the school board of the district in which the pupil is enrolled has a policy that exempts children under seven from this subdivision.

In a school district in which children under seven are subject to compulsory attendance under this subdivision, paragraphs (a) to (c) apply.

(a) A parent or guardian may withdraw the pupil from enrollment in the school for good cause by notifying the school district. Good cause includes, but is not limited to, enrollment of the pupil in another school, as defined in subdivision 4, or the immaturity of the child.

(b) When the pupil enrolls, the enrolling official must provide the parent or guardian who enrolls the pupil with a written explanation of the provisions of this subdivision.

(c) A pupil under the age of seven who is withdrawn from enrollment in the public school under paragraph (a) is no longer subject to the compulsory attendance provisions of this chapter.

In a school district that had adopted a policy to exempt children under seven from this subdivision, the school district's chief attendance officer must keep the truancy enforcement authorities supplied with a copy of the school board's current policy certified by the clerk of the school board.

Sec. 4. Minnesota Statutes 1994, section 120.101, subdivision 5c, is amended to read:

Subd. 5c. **EDUCATION RECORDS.** A school district from which a student is transferring must transmit the student's educational records, within ten business days of ~~the date the student withdraws a request,~~ to the school district in which the student is enrolling. School districts must make reasonable efforts to determine the school district in which a transferring student is next enrolling in order to comply with this subdivision.

Sec. 5. Minnesota Statutes 1994, section 120.74, subdivision 1, is amended to read:

Subdivision 1. (a) A school board is not authorized to charge fees in the following areas:

New language is indicated by underline, deletions by ~~strikeout~~.

- (a) (1) textbooks, workbooks, art materials, laboratory supplies, towels;
- (b) (2) supplies necessary for participation in any instructional course except as authorized in sections 120.73 and 120.75;
- (c) (3) field trips which are required as a part of a basic education program or course;
- (d) (4) graduation caps, gowns, any specific form of dress necessary for any educational program, and diplomas;
- (e) (5) instructional costs for necessary school personnel employed in any course or educational program required for graduation;
- (f) (6) library books required to be utilized for any educational course or program;
- (g) (7) admission fees, dues, or fees for any activity the pupil is required to attend;
- (h) (8) any admission or examination cost for any required educational course or program;
- (i) (9) locker rentals;
- (j) (10) transportation of pupils (1) (i) for which state transportation aid is authorized pursuant to section 124.223 or (2) (ii) for which a levy is authorized under section 124.226, subdivision 5.

(b) Notwithstanding paragraph (a), clauses (1) and (6), a school board may charge fees for textbooks, workbooks, and library books, lost or destroyed by students. The board must annually notify parents or guardians and students about its policy to charge a fee under this paragraph.

Sec. 6. Minnesota Statutes 1994, section 120.75, subdivision 1, is amended to read:

Subdivision 1. Prior to the initiation of any fee not authorized or prohibited by sections 120.73 and 120.74, the local school board shall hold a public hearing within the district upon three weeks published notice in the district's official newspaper. ~~The local school board shall notify the commissioner of any fee it proposes to initiate under this section. If within 45 days of this notification, the commissioner does not disapprove the proposed fee, the local school board may initiate the proposed fee, or such notice as is otherwise required for a regular school board meeting given three weeks prior to the hearing on the proposed adoption of the policy.~~

Sec. 7. Minnesota Statutes 1994, section 121.207, subdivision 2, is amended to read:

New language is indicated by underline, deletions by ~~strikeout~~.

Subd. 2. **REPORTS; CONTENT.** On or before January 1, 1994, the commissioner of education, in consultation with the criminal and juvenile information policy group, shall develop a standardized form to be used by schools to report incidents involving the use or possession of a dangerous weapon in school zones. The form shall include the following information:

(1) a description of each incident, including a description of the dangerous weapon involved in the incident;

(2) where, at what time, and under what circumstances the incident occurred;

(3) information about the offender, other than the offender's name, including the offender's age; whether the offender was a student and, if so, where the offender attended school; and whether the offender was under school expulsion or suspension at the time of the incident;

(4) information about the victim other than the victim's name, if any, including the victim's age; whether the victim was a student and, if so, where the victim attended school; and if the victim was not a student, whether the victim was employed at the school;

(5) the cost of the incident to the school and to the victim; and

(6) the action taken by the school administration to respond to the incident.

The commissioner also shall develop an alternative reporting format that allows school districts to provide aggregate data, with an option to use computer technology to report the data.

Sec. 8. Minnesota Statutes 1994, section 121.207, subdivision 3, is amended to read:

Subd. 3. **REPORTS; FILING REQUIREMENTS.** By February 1 and July 1 of each year, each school shall report incidents involving the use or possession of a dangerous weapon in school zones to the commissioner of education. The reports shall be made on the standardized forms or using the alternative format developed by the commissioner under subdivision 2. The commissioner shall compile the information it receives from the schools and report it annually to the commissioner of public safety, the criminal and juvenile information policy group, and the legislature.

Sec. 9. Minnesota Statutes 1994, section 121.931, is amended to read:

121.931 STATE BOARD POWERS AND DUTIES INFORMATION SYSTEM.

Subdivision 1. **COMPONENTS; GOVERNANCE INFORMATION SYSTEM.** ~~The statewide elementary, secondary and vocational education manage-~~

New language is indicated by underline, deletions by ~~strikeout~~.

ment department of education shall develop and maintain a computerized information system shall consist of the ESV-IS and the SDE-IS and shall be governed by the state board according to the provisions of sections 121.93 to 121.936 for state information needs.

Subd. 2. **PURPOSES.** The purposes of the ~~statewide elementary, secondary and vocational education management~~ computerized information system shall be:

(a) To provide comparable and accurate educational information in a manner which is timely and economical;

(b) To ~~provide a computerized research capability for analysis of education information~~ ensure accountability for state appropriations;

(c) To collect data to assess the needs of learners and children;

(d) To provide school districts with an educational information system capability which will meet school district management needs; and

~~(d) (c)~~ To provide a capability for the collection and processing for computerized analysis of educational information in order to meet the management needs of the state of Minnesota.

Subd. 3. **SYSTEMS ARCHITECTURE PLAN.** The state board, with the advice and assistance of the ~~ESV computer council~~, shall develop a systems architecture plan for providing administrative data processing to school districts, the department of education, and the legislature. In developing the plan, the state board shall consider at least the following: user needs; systems design factors; telecommunication requirements; computer hardware technology; and alternative hardware purchase and lease arrangements.

Subd. 4. **LONG-RANGE PLAN.** The state board, with the advice and assistance of the ~~ESV computer council~~ and the information policy office, shall develop a long-range plan for providing administrative data processing to school districts, the department of education, and the legislature. In developing the plan, the state board shall consider at least the following: desirable major enhancements to the ~~ESV-IS and SDE-IS~~; new system development proposals; new or modified approaches to provide support services to districts; the responsibility of regional management information centers to provide reports to the department on behalf of affiliated districts; and related development and implementation time schedules. The long-range plan shall address the feasibility and practicability of utilizing microcomputers, minicomputers, and larger computer systems. The plan shall be updated by September 15 of each even-numbered year. The long-range plan shall consist of one document and shall incorporate the systems architecture plan and all relevant portions of previous documents which have been referred to as the state computing plan.

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Subd. 5. **SOFTWARE DEVELOPMENT.** ~~The commissioner shall provide for the development of applications software for ESV-IS and SDE-IS. The commissioner may charge school districts or cooperative units for the actual cost of software development used by the district or cooperative unit. Any amount received is annually appropriated to the department of education for this purpose. A school district or cooperative unit may not implement a payroll, student, or staff software system after June 30, 1994, until the system has been reviewed by the department to ensure that it provides the required data elements and format.~~

Sec. 10. Minnesota Statutes 1994, section 121.932, is amended to read:

121.932 **DEPARTMENT DUTIES.**

Subd. 2. **DATA ACQUISITION CALENDAR.** ~~The department of education shall maintain a current annual data acquisition calendar specifying the reports which districts are required to provide to the department; the reports which regional management information centers are required to provide to the department for their affiliated districts; and the dates these reports are due.~~

Subd. 3. **EXEMPTION FROM CHAPTER 14.** ~~The annual data acquisition calendar and the essential data elements are exempt from the administrative procedure act but, to the extent authorized by law to adopt rules, the board may use the provisions of section 14.38, subdivisions 5 to 9.~~

Subd. 4. **SDE-IS DATA SYSTEM.** ~~The department shall develop and operate the SDE-IS with the advice and assistance of the ESV computer council a computerized data system. The SDE-IS system shall include: (a) information required by federal or state law or rule; and (b) information needed by the divisions of the department in order to disburse funds, to implement research or special projects approved by the commissioner, and to meet goals or provide information required by the state board, the governor, the legislature or the federal government. The department shall consult the advisory council on uniform financial accounting and reporting standards; the advisory task forces on student reporting and payroll/personnel reporting; and representatives of the senate and the house of representatives and of each division of the department, about needs for information from SDE-IS.~~

Subd. 4a. **CERTIFICATION OF SOFTWARE VENDORS.** The commissioner shall maintain a list of certified service providers for administrative data processing software and support. To be certified, a service provider must provide the commissioner with a written statement identifying software products and support functions that will be provided to school districts and stating its intent to meet state standards for software, data elements, edits, and support services. The standards must ensure the quality of the data reported to the state. The commissioner must conduct regular training sessions for service providers on the standards. If a service provider fails to meet the standards, the commissioner must notify the service provider of areas of noncompliance and assist the

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service provider in correcting the problem. If the provider fails to comply with standards within two months of being notified of noncompliance, the commissioner may remove the service provider from the list of certified providers. The commissioner may recertify a service provider when the commissioner determines that the areas of noncompliance have been corrected.

Subd. 4b. INFORMATION ON CERTIFIED SERVICE PROVIDERS. The commissioner must include the list of certified service providers in the annual data acquisition calendar. The commissioner must notify school districts if a service provider is removed from the list and of the areas of noncompliance.

Subd. 5. **ESSENTIAL DATA.** The department shall maintain a list of essential data elements which must be recorded and stored about each pupil, licensed and nonlicensed staff member, and educational program. Each school district ~~shall send~~ must provide the essential data to the ~~ESV regional computer center to which it belongs; where it shall be edited and transmitted to the~~ department in the form and format prescribed by the department.

Subd. 6. CONTRACTING. The department may provide by contract for the technical support of and the development of applications software by a regional management information center or by any other appropriate provider.

Sec. 11. Minnesota Statutes 1994, section 121.933, subdivision 1, is amended to read:

Subdivision 1. **PERMITTED DELEGATIONS.** ~~The state board of technical colleges, the state board of education, and the department may provide, by the delegation of powers and duties or by contract, for the implementation and technical support of~~ ESV-IS and SDE-IS a computerized information reporting system, including the development of applications software pursuant to section 121.931, subdivision 5, ~~by a regional management information center or by any other appropriate provider.~~

Sec. 12. Minnesota Statutes 1994, section 121.935, is amended to read:

121.935 **REGIONAL MANAGEMENT INFORMATION CENTERS.**

Subdivision 1. **CREATION.** Any group of two or more independent, special or common school districts may ~~with the approval of the state board pursuant to sections 121.931 and 121.936~~ create a regional management information center pursuant to section 123.58 or 471.59 to provide computer services to school districts. ~~A regional management information center shall not come into existence until the first July 1 after its creation is approved by the state board or until it can be accommodated by state appropriations, whichever occurs first. Each member of the board of a center created after June 30, 1991, shall be a current member of a member school board.~~

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Subd. 1a. **CENTER FOR DISTRICTS WITH ALTERNATIVE SYSTEMS.** Districts that operate alternative systems approved by the state board according to section 121.936 may create one regional management information center under section 471.59. The center shall have all of the powers authorized under section 471.59. ~~Only districts that operate approved alternative systems may be members of the center. Upon receiving the approval of the state board to operate an alternative system, a district may become a member of the center.~~

~~Each member of the center board shall be a current member of a member school board.~~

The center board may purchase or lease equipment. It may not employ any staff but may enter into a term contract for services. A person providing services according to a contract with the center board is not a state employee.

~~The center shall perform the duties required by subdivision 2, except clauses (e), (d), and (g). The department shall provide the center all services that are provided to regional centers formed under subdivision 1, including transferring software and providing accounting assistance.~~

Subd. 2. **DUTIES.** Every regional management information center shall:

(a) ~~assist its affiliated districts in complying with the reporting requirements of the annual data acquisition calendar and the rules of the state board of education;~~

(b) ~~respond within 15 calendar days to requests from the department for district information provided to the region for state reporting of information, based on the data elements in the data element dictionary;~~

(c) ~~operate financial management information systems consistent with the uniform financial accounting and reporting standards adopted by the commissioner pursuant to sections 121.904 to 121.917;~~

(d) ~~make available to districts the opportunity to participate fully in all the subsystems of ESY-IS;~~

(e) ~~develop and maintain a plan to provide services during a system failure or a disaster;~~

(f) ~~comply with the requirement in section 121.908, subdivision 2, on behalf of districts affiliated with it; and~~

(g) ~~operate fixed assets property management information systems consistent with the uniform property accounting and reporting standards adopted by the commissioner.~~

Subd. 4. **ANNUAL BUDGET ESTIMATES.** Every regional management information center shall submit to the department by July 1 an annual budget estimate for its administrative and management computer activities. The budget

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estimates shall be in a program budget format and shall include all estimated and actual revenues, expenditures, and fund balances of the center. Budget forms developed pursuant to section 16A.10 may be used for these estimates. The department of education shall assemble this budget information into a supplemental budget summary for the statewide elementary, secondary, and vocational management information system. Copies of the budget summary shall be provided to the ESV computer council and shall be available to the legislature upon request.

Subd. 6. **FEES.** Regional management information centers may charge fees to affiliated districts for the cost of services provided to the district.

~~Subd. 8. **COMPUTER HARDWARE PURCHASE.** A regional management information center may not purchase or enter into a lease-purchase agreement for computer hardware in excess of \$100,000 without unanimous consent of the center board.~~

Subd. 9. **FINANCIAL SERVICES.** Regional management information centers may provide financial management information services to cities, counties, towns, or other governmental units at mutually negotiated prices.

Sec. 13. Minnesota Statutes 1994, section 122.91, subdivision 1, is amended to read:

Subdivision 1. **PURPOSE.** The purpose of an education district is to increase educational opportunities for learners by increasing cooperation and coordination among school districts, other governmental units, and post-secondary institutions, and to replace other existing cooperative structures.

Sec. 14. Minnesota Statutes 1994, section 122.91, subdivision 2, is amended to read:

Subd. 2. **AGREEMENT.** School boards meeting the requirements of subdivision 3 may enter into a written agreement to establish an education district. Once established, cities, counties, and other governmental units as defined in section 471.59, may become members of the education district. The agreement and subsequent amendments must be adopted by majority vote of the full membership of each board.

Sec. 15. Minnesota Statutes 1994, section 122.91, subdivision 2a, is amended to read:

Subd. 2a. **AGREEMENT; SPECIAL PROVISIONS.** The education district agreement may contain a special provision adopted by the vote of a majority of the full membership of each of the boards of the member school districts to allow a post-secondary institution or cities, counties, and other governmental units to become a member of the education district.

Sec. 16. Minnesota Statutes 1994, section 122.92, subdivision 1, is amended to read:

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Subdivision 1. **SCHOOL DISTRICT REPRESENTATION.** The education district board shall be composed of at least one representative appointed by the school board or governing board of each member district. Each representative must be a member of the appointing school or governing board. Each representative shall serve at the pleasure of the appointing ~~school~~ board and may be recalled by a majority vote of the appointing ~~school~~ board. Each representative shall serve for the term that is specified in the agreement. The board shall select its officers from among its members and shall determine the terms of the officers. The board shall adopt bylaws for the conduct of its business. The board may conduct public meetings via interactive television if the board complies with section 471.705 in each location where board members are present.

Sec. 17. Minnesota Statutes 1994, section 122.93, subdivision 1, is amended to read:

Subdivision 1. **COORDINATION.** An education district board shall coordinate the programs and services of the education district according to the terms of the written agreement. The board shall implement the agreement for delivering educational services defined in section 123.582, subdivisions 7 and 8, needed in the education district.

Sec. 18. Minnesota Statutes 1994, section 122.94, subdivision 1, is amended to read:

Subdivision 1. **ESTABLISHMENT.** An education district board shall adopt a comprehensive agreement for continuous learning. The agreement must address methods to improve the educational opportunities available in the education district. ~~It must be submitted for review by the educational cooperative service unit within which the majority of the education district membership lies.~~ The education district board shall review the agreement annually and propose necessary amendments to the member districts.

Sec. 19. Minnesota Statutes 1994, section 123.34, is amended by adding a subdivision to read:

Subd. 9a. DISCLOSE PAST BUYOUTS OR CONTRACT IS VOID. (a) For the purposes of paragraph (b), a "buyout agreement" is any agreement under which a person employed as a superintendent left the position before the term of the contract was over and received a sum of money, something else of value, or the right to something of value for some purpose other than performing the services of a superintendent.

(b) Before a person may enter into a superintendent's contract with a school board, the candidate shall disclose in writing the existence and terms of any previous buyout agreement, including amounts and the purpose for the payments, relating to a superintendent's contract with another school board. A disclosure made under this paragraph is public data.

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(c) The superintendent's contract of a person who fails to make a timely disclosure under paragraph (b) is void.

Sec. 20. Minnesota Statutes 1994, section 123.35, subdivision 19b, is amended to read:

Subd. 19b. **WITHDRAWING FROM COOPERATIVE.** If a school district withdraws from a cooperative unit defined in paragraph (d), the distribution of assets and assignment of liabilities to the withdrawing district shall be determined according to this subdivision.

(a) The withdrawing district remains responsible for its share of debt incurred by the cooperative unit according to subdivision 19a. The school district and cooperative unit may mutually agree, through a board resolution by each, to terms and conditions of the distribution of assets and the assignment of liabilities.

(b) If the cooperative unit and the school district cannot agree on the terms and conditions, the commissioner of education shall resolve the dispute by determining the district's proportionate share of assets and liabilities based on the district's enrollment, financial contribution, usage, or other factor or combination of factors determined appropriate by the commissioner. The assets shall be disbursed to the withdrawing district in a manner that minimizes financial disruption to the cooperative unit.

(c) Assets related to an insurance pool shall not be disbursed to a member district under paragraph (b).

(d) For the purposes of this section, a cooperative unit is:

(1) an education district organized under sections 122.91 to 122.95;

(2) a cooperative vocational center organized under section 123.351;

(3) an intermediate district organized under chapter 136D;

~~(4) an educational cooperative service unit organized under section 123.58~~
a service cooperative organized under section 123.582; or

(5) a regional management information center organized under section 121.935 or as a joint powers district according to section 471.59.

Sec. 21. Minnesota Statutes 1994, section 123.351, subdivision 1, is amended to read:

Subdivision 1. **ESTABLISHMENT.** Two or more independent school districts may enter into an agreement to establish a cooperative center to provide for vocational education and other educational services upon the vote of a majority of the full membership of each of the boards of the districts entering

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into the agreement. The agreement may also provide for membership by cities, counties, and other governmental units as defined in section 471.59. When a resolution approving this action has been adopted by the board of a district, the resolution shall be published once in a newspaper of general circulation in the district. If a petition for referendum on the question of the district entering into the agreement, containing signatures of qualified voters of the district equal to five percent of the number of voters at the last school district general election, is filed with the clerk of the board within 60 days after publication of the resolution, the board shall not enter into the agreement until the question has been submitted to the voters of the district at a special election. This election shall be conducted and canvassed in the same manner as school district general elections. If a majority of the total number of votes cast on the question within the district is in favor of the proposition, the board may enter into an agreement to establish the center for purposes described in this section.

Sec. 22. Minnesota Statutes 1994, section 123.351, subdivision 3, is amended to read:

Subd. 3. **GOVERNING BOARD.** (a) The center shall be operated by a center board of not less than five members which shall consist of members from school boards of each of the participating school districts within the center and member cities, counties, and other governmental units, appointed by their respective school boards. Each participating school district shall have at least one member on the board. The board shall choose an administrative officer to administer board policy and directives who shall serve as an ex officio member of the board but shall not have a vote.

(b) The terms of office of the first members of the board shall be determined by lot as follows: one-third of the members for one year, one-third for two years, and the remainder for three years, all terms to expire on June 30 of the appropriate year; provided that if the number of members is not evenly divisible by three, the membership will be as evenly distributed as possible among one, two and three year terms with the remaining members serving the three year term. Thereafter the terms shall be for three years commencing on July 1 of each year. If a vacancy occurs on the center board, it shall be filled by the appropriate school board within 90 days. A person appointed to the center board shall qualify as a board member by filing with the chair a written certificate of appointment from the appointing school board.

(c) The first meeting of a center board shall be at a time mutually agreed upon by board members. At this meeting, the center board shall choose its officers and conduct any other necessary organizational business. Thereafter the center board shall meet on the first of July of each year or as soon thereafter as practicable pursuant to notice sent to all center board members by the chief executive officer of the center.

(d) The officers of the center board shall be a chair, vice-chair, clerk and

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treasurer, no two of whom when possible shall be from the same school district. The chair shall preside at all meetings of the center board except in the chair's absence the vice-chair shall preside. The clerk shall keep a complete record of the minutes of each meeting and the treasurer shall be the custodian of the funds of the center. Insofar as applicable, sections 123.33 and 123.34, shall apply to the board and officers of the center.

(e) Each participating school district shall have equal voting power with at least one vote. A majority of the center board shall be a quorum. Any motion other than adjournment shall pass only upon receiving a majority of the votes of the entire center board.

Sec. 23. Minnesota Statutes 1994, section 123.351, subdivision 4, is amended to read:

Subd. 4. **POWERS AND DUTIES.** (a) The center board shall have the general charge of the business of the center and the ownership of facilities. Where applicable, section 123.36, shall apply. The center board may not issue bonds in its behalf. Each participating district may issue its bonds for the purpose of acquisition and betterment of center facilities in the amount certified by the center board to such participating district in accordance with chapter 475.

(b) The center board (1) may furnish vocational offerings to any eligible person residing in any participating district; (2) may provide special education for the handicapped and disadvantaged; and (3) may provide any other educational programs or services defined in section 123.582, subdivisions 7 and 8, agreed upon by the participating ~~districts~~ members. Academic offerings shall be provided only under the direction of properly licensed academic supervisory personnel.

(c) In accordance with subdivision 5, clause (b), the center board shall certify to each participating district the amount of funds assessed to the district as its proportionate share required for the conduct of the educational programs, payment of indebtedness, and all other proper expenses of the center.

(d) The center board shall employ and contract with necessary qualified teachers and administrators and may discharge the same for cause pursuant to section 125.12. The authority for selection and employment of a director shall be vested in the center board. Notwithstanding the provisions of section 125.12, subdivision 6a or 6b, no individual shall have a right to employment as a director based on seniority or order of employment by the center. The board may employ and discharge other necessary employees and may contract for other services deemed necessary.

(e) The center board may provide an educational program for secondary and adult vocational phases of instruction. The high school phase of its educational program shall be offered as a component of the comprehensive curriculum offered by each of the participating school districts. Graduation shall be from

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the student's resident high school district. Insofar as applicable, sections 123.35 to 123.40, shall apply.

(f) The center board may prescribe rates of tuition for attendance in its programs by adults and nonmember district secondary students.

Sec. 24. Minnesota Statutes 1994, section 123.351, subdivision 5, is amended to read:

Subd. 5. **FINANCING.** (a) Any center board established pursuant to this section is a public corporation and agency and may receive and disburse federal, state, and local funds made available to it. No participating school district or member shall have any additional individual liability for the debts or obligations of the center except that assessment which has been certified as its proportionate share in accordance with subdivision 5, clause (b) and subdivision 4, clauses (a) and (c). A member of the center board shall have such liability as is applicable to a member of an independent school district board. Any property, real or personal, acquired or owned by the center board for its purposes shall be exempt from taxation by the state or any of its political subdivisions.

(b) The center board may, in each year, for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred, assess and certify to each participating school district its proportionate share of any and all expenses. This share shall be based upon an equitable distribution formula agreed upon by the participating districts. Each participating district shall remit its assessment to the center board within 30 days after receipt. The assessments shall be paid within the maximum levy limitations of each participating district.

Sec. 25. [123.582] **SERVICE COOPERATIVES.**

Subdivision 1. ESTABLISHMENT OF SERVICE COOPERATIVES. (a) Ten service cooperatives, hereafter designated as SCs, are established. Geographical boundaries for each SC shall coincide with those identified in governor's executive orders 8, dated September 1, 1971, and 59, dated May 29, 1973, issued pursuant to the regional development act of 1969, Minnesota Statutes, sections 462.381 to 462.397, with the following exceptions:

- (1) development regions one and two shall be combined to form a single SC;
- (2) development regions six east and six west shall be combined to form a single SC; and
- (3) development regions seven east and seven west shall be combined to form a single SC.

(b) The SC shall cooperate with the regional development commission for the region with which its boundaries coincide but shall not be responsible to nor governed by that regional development commission.

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(c) Two or more identified SCs may, upon approval by a majority of the members in each affected SC, be combined and administered as a single SC.

Subd. 2. PURPOSE OF SC. The primary purposes of designation as a SC shall be to perform planning on a regional basis and to assist in meeting specific needs of clients in participating governmental units which could be better provided by a SC than by the members themselves. The SC shall provide those programs and services which are determined, pursuant to subdivision 7, to be priority needs of the particular region and shall assist in meeting special needs which arise from fundamental constraints upon individual members.

Subd. 3. MEMBERSHIP AND PARTICIPATION. Full membership in a SC shall be limited to public school districts, cities, counties, and other governmental units as defined in section 471.59, but nonvoting memberships shall be available to nonpublic school administrative units and other partnership agencies or organizations within the SC. A school district, city, county, or other governmental unit or nonprofit organization may belong to one or more SCs. Participation in programs and services provided by the SC shall be discretionary. No school district, city, county, or other governmental unit shall be compelled to participate in these services under authority of this section. Nonpublic school students and personnel are encouraged to participate in programs and services to the extent allowed by law.

Subd. 4. GOVERNING BOARD. (a) The care, management, and control of a SC shall be vested in a board of directors composed of not less than six nor more than 15 members. A majority of the members of the SC board of directors shall be current members of school boards of participating public school districts. Election of the school board members to the SC board of directors shall be by vote of all current school board members of participating public school districts with each school board member having one vote. The remaining board members may be representatives at large appointed by the board members or elected as representatives by other participating agencies, such as cities, counties, or other governmental units.

(b) The election timeline shall be compatible with those for school board members and shall be addressed within the bylaws of each SC.

(c) A vacancy on the SC board which results in an unexpired term may be filled by appointment by the SC board of directors until such vacancy can be filled at the next board election.

(d) At the organizational meeting, the SC board shall choose its officers and conduct any other necessary organizational business. The SC board may, at its discretion, appoint up to three members at large to the SC board as ex officio, nonvoting members of the board and shall encourage the advisory participation of a cross-section of school and agency personnel within the SC to the extent allowed by law.

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(e) The officers of the SC board shall be a chair, vice-chair, clerk, and treasurer, no two of whom when possible shall be from the same agency.

(f) A member of the SC board shall have the same liability applicable to a member of an independent school board or other elected governmental officials.

Subd. 5. DUTIES AND POWERS OF SC BOARD OF DIRECTORS. The board of directors shall have authority to maintain and operate a SC. Subject to the availability of necessary resources, the powers and duties of this board shall include the following:

(a) The board of directors shall submit, by June 1 of each year to each participating member, an annual plan which describes the objectives and procedures to be implemented in assisting in resolution of the needs of the SC.

(b) The SC board of directors shall provide adequate office, service center, and administrative facilities by lease, purchase, gift, or otherwise.

(c) The SC board of directors shall employ a central administrative staff and other personnel as necessary to provide and support the agreed upon programs and services. The board may discharge staff and personnel pursuant to applicable provisions of law. SC staff and personnel may participate in retirement programs and any other programs available to public school staff and personnel.

(d) The SC board of directors may appoint special advisory committees composed of superintendents, central office personnel, building principals, teachers, parents, lay persons, and representatives from cities, counties, and other governmental units.

(e) The SC board of directors may employ service area personnel pursuant to licensure and certification standards developed by the appropriate state agency such as the state board and the state board of teaching.

(f) The SC board of directors may enter into contracts with school boards of local districts including school districts outside the SC area.

(g) The SC board of directors may enter into contracts with other public and private agencies and institutions to provide administrative staff and other personnel as necessary to furnish and support the agreed upon programs and services.

(h) The SC board of directors shall exercise all powers and carry out all duties delegated to it by members under provisions of the SC bylaws. The SC board of directors shall be governed, when not otherwise provided, by applicable laws of the state.

(i) The SC board of directors shall submit an annual evaluation report of the effectiveness of programs and services to the members by September 1 of each year following the previous June 30 in which the programs and services were provided.

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(j) The SC board is encouraged to establish cooperative, working relationships and partnerships with post-secondary educational institutions, other public agencies, business, and industry.

Subd. 6. APPOINTMENT OF AN ADVISORY COUNCIL. There may be advisory councils selected to give advice and counsel to the SC board of directors. The councils may be composed of representatives from public and nonpublic schools, cities, counties, and other governmental units.

Subd. 7. EDUCATIONAL PROGRAMS AND SERVICES. The board of directors of each SC shall submit annually a plan to the members. The plan shall identify the programs and services which are suggested for implementation by the SC during the following year and shall contain components of long-range planning determined by the SC. These programs and services may include, but are not limited to, the following areas:

- (1) administrative services;
- (2) curriculum development;
- (3) data processing;
- (4) distance learning and other telecommunication services;
- (5) evaluation and research;
- (6) staff development;
- (7) media and technology centers;
- (8) publication and dissemination of materials;
- (9) pupil personnel services;
- (10) planning;
- (11) secondary, post-secondary, community, adult, and adult vocational education;
- (12) teaching and learning services, including services for students with special talents and special needs;
- (13) employee personnel services;
- (14) vocational rehabilitation;
- (15) health, diagnostic, and child development services and centers;
- (16) leadership or direction in early childhood and family education;
- (17) community services;

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- (18) shared time programs;
- (19) fiscal services and risk management programs;
- (20) technology planning, training, and support services;
- (21) health and safety services;
- (22) student academic challenges; and
- (23) cooperative purchasing services.

Subd. 8. TECHNICAL ASSISTANCE. Service cooperatives shall, to the extent possible, make technical assistance for long-range planning available to school districts upon request and shall establish a common database for local and regional decision making.

Subd. 9. FINANCIAL SUPPORT FOR THE SERVICE COOPERATIVES. (a) Financial support for SC programs and services shall be provided by participating members with private, state, and federal financial support supplementing as available. The SC board of directors may, in each year, for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred, assess and certify to each participating school district, nonpublic school administrative unit, city, county, and other governmental unit its proportionate share of all expenses. This share shall be based upon the extent of participation by each school district, nonpublic school administrative unit, city, county, or other governmental unit and shall be in the form of a service fee. Each participating school district, nonpublic school administrative unit, city, county, or other governmental unit shall remit its assessment to the SC board as provided in the SC bylaws. The assessments shall be paid within the maximum levy limitations of each participating member. No participating member shall have any additional liability for the debts or obligations of the SC except that assessment which has been certified as its proportionate share and any other liability the member assumes under section 123.35, subdivision 19b.

(b) Any property acquired by the SC board is public property to be used for essential public and governmental purposes which shall be exempt from all taxes and special assessments levied by a city, county, state, or political subdivision thereof. If the SC is dissolved, its property must be distributed to the members at the time of the dissolution.

(c) A member may elect to withdraw participation in the SC by a majority vote of its full board membership and upon compliance with the applicable withdrawal provisions of the SC organizational agreement. The withdrawal shall be effective on the June 30 following receipt by the board of directors of written notification of the withdrawal by February 1 of the same year. Notwithstanding the withdrawal, the proportionate share of any expenses already certified to the withdrawing member for the SC shall be paid to the SC board.

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(d) The SC is a public corporation and agency and its board of directors may make application for, accept, and expend private, state, and federal funds that are available for programs of the members.

(e) The SC is a public corporation and agency and as such, no earnings or interests of the SC may inure to the benefit of an individual or private entity.

Subd. 10. ANNUAL MEETING. Each SC shall conduct a meeting at least annually for its members.

Subd. 11. JOINT POWERS ACT. Nothing in this section shall restrict the authority granted to school district boards of education by section 471.59.

Sec. 26. Minnesota Statutes 1994, section 123.70, subdivision 8, is amended to read:

Subd. 8. The administrator or other person having general control and supervision of the elementary or secondary school shall file a report with the commissioner of education on all persons enrolled in the school, except that the superintendent of each school district shall file a report with the commissioner of education for all persons within the district receiving instruction in a home school in compliance with sections 120.101 and 120.102. The parent of persons receiving instruction in a home school shall submit the statements as required by subdivisions 1, 2, 3, and 4 to the superintendent of the school district in which the person resides by October 1 of each school year. The school report shall be prepared on forms developed jointly by the commissioner of health and the commissioner of education and be distributed to the local school districts by the commissioner of health and shall state the number of persons attending the school, the number of persons who have not been immunized according to subdivision 1 or 2, and the number of persons who received an exemption under subdivision 3, clause (c) or (d). The school report shall be filed with the commissioner of education within 60 days of the commencement of each new school term. Upon request, a district shall be given a 60-day extension for filing the school report. The commissioner of education shall forward the report, or a copy thereof, to the commissioner of health who shall provide summary reports to boards of health as defined in section 145A.02, subdivision 2. The administrator or other person having general control and supervision of the child care facility shall file a report with the commissioner of human services on all persons enrolled in the child care facility. The child care facility report must be prepared on forms developed jointly by the commissioner of health and the commissioner of human services and be distributed to child care facilities by the commissioner of health and must state the number of persons enrolled in the facility, the number of persons with no immunizations, the number of persons who received an exemption under subdivision 3, clause (c) or (d), and the number of persons with partial or full immunization histories. The child care facility report shall be filed with the commissioner of human services by November 1 of each year. The commissioner of human services shall forward the report, or a copy thereof, to

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the commissioner of health who shall provide summary reports to boards of health as defined in section 145A.02, subdivision 2. The report required by this subdivision is not required of a family child care or group family child care facility, for prekindergarten children enrolled in any elementary or secondary school provided services according to section 120.17, subdivision 2, nor for child care facilities in which at least 75 percent of children in the facility participate on a one-time only or occasional basis to a maximum of 45 hours per child, per month.

Sec. 27. Minnesota Statutes 1994, section 124.193, is amended to read:

124.193 PROHIBITED AID AND LEVIES.

Unless specifically permitted in the provision authorizing an aid or a levy, cooperative units of government defined in section 123.35, subdivision 19b, paragraph (d), are prohibited from making a property tax levy or qualifying for or receiving any form of state aid except that a cooperative unit may apply for and receive a grant on behalf of its members.

Sec. 28. Minnesota Statutes 1994, section 126.031, subdivision 1, is amended to read:

Subdivision 1. **INSTRUCTION ~~REQUIRED~~ PERMITTED.** Every public elementary and secondary school ~~shall~~ may provide an instructional program in chemical abuse and the prevention of chemical dependency. The school districts shall involve parents, students, health care professionals, state department staff, and other members of the community with a particular interest in chemical dependency prevention in developing the curriculum.

Sec. 29. Minnesota Statutes 1994, section 126.78, subdivision 2, is amended to read:

Subd. 2. **GRANT APPLICATION.** To be eligible to receive a grant, a school district, an education district, a service cooperative, or a group of districts that cooperate for a particular purpose must submit an application to the commissioner in the form and manner and according to the timeline established by the commissioner. The application must describe how the applicant will: (1) continue or integrate into its existing K-12 curriculum a program for violence prevention that contains the program components listed in section 126.77; (2) collaborate with local organizations involved in violence prevention and intervention; and (3) structure the program to reflect the characteristics of the children, their families and the community involved in the program. The commissioner may require additional information from the applicant. When reviewing the applications, the commissioner shall determine whether the applicant has met the requirements of this subdivision.

Sec. 30. **[127.311] GOOD FAITH EXCEPTION.**

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A violation of the technical provisions of the pupil fair dismissal act of 1974, made in good faith, is not a defense to a disciplinary procedure under the act unless the pupil can demonstrate actual prejudice as a result of the violation.

Sec. 31. Minnesota Statutes 1994, section 127.40, is amended to read:

127.40 DEFINITIONS.

Subdivision 1. **REMOVAL FROM CLASS.** "Removal from class" and "removal" mean any actions taken by a teacher, principal, or other school district employee to prohibit a pupil from attending a class or activity period for a period of time not to exceed ~~three class or activity periods~~ five days, pursuant to procedures established in the school district discipline policy adopted by the school board pursuant to section 127.41.

Subd. 2. **CLASS PERIOD.** "Class period" or "activity period" means; ~~in secondary grades, instruction for a given course of study. A class period or activity period means, in elementary grades, a period of time not to exceed one hour, regardless of the subject of instruction~~ a period of time as defined in the district's written discipline policy.

Subd. 3. **SCHOOL SITE MEDIATION BOARD.** "School site mediation board" means a board representative of parents of students in the building, staff, and students that shall have the responsibilities as defined in section 127.411. The principal or other person having general control and supervision of the school, shall serve as an ex officio member of the board.

Subd. 4. **SCHOOL-BASED OMBUDSPERSON.** "School-based ombudsperson" means an administrator, a teacher, a parent, or a student representative who shall have the responsibilities as outlined in section 127.412.

Sec. 32. Minnesota Statutes 1994, section 127.41, is amended to read:

127.41 DISCIPLINE AND REMOVAL OF STUDENTS FROM CLASS.

Subdivision 1. **REQUIRED POLICY.** ~~Prior to the beginning of the 1984-1985 school year~~ Each school board shall adopt a written districtwide school discipline policy which shall include written rules of conduct for ~~pupils~~ students, minimum consequences for violations of the rules, and grounds and procedures for removal of ~~pupils~~ a student from class. The policy shall be developed with the participation of administrators, teachers, employees, pupils, parents, community members, and such other individuals or organizations as the board determines appropriate. A school site council may adopt additional provisions to the policy subject to the approval of the school board.

Subd. 2. **GROUND FOR REMOVAL FROM CLASS.** The policy shall establish the various grounds for which a ~~pupil~~ student may be removed from a class in the district for a period of time pursuant to the procedures specified in the policy. The grounds in the policy shall include at least the following provisions as well as other grounds determined appropriate by the board:

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(a) willful conduct which materially and substantially disrupts the rights of others to an education;

(b) willful conduct which endangers school district employees, the ~~pupil or other pupils~~ student or other students, or the property of the school;

(c) willful violation of any rule of conduct specified in the discipline policy adopted by the board.

Subd. 3. **POLICY COMPONENTS.** The policy shall include at least the following components:

(a) rules governing ~~pupil~~ student conduct and procedures for informing ~~pupils~~ students of the rules;

(b) the grounds for removal of a ~~pupil~~ student from a class;

(c) the authority of the classroom teacher to remove ~~pupils~~ students from the classroom pursuant to procedures and rules established in the district's policy;

(d) the procedures for removal of a ~~pupil~~ student from a class by a teacher, school administrator, or other school district employee;

(e) the period of time for which a ~~pupil~~ student may be removed from a class, which may not exceed ~~three~~ five class periods for a violation of a rule of conduct;

(f) provisions relating to the responsibility for and custody of a ~~pupil~~ student removed from a class;

(g) the procedures for return of a ~~pupil~~ student to the specified class from which the ~~pupil~~ student has been removed;

(h) the procedures for notifying ~~pupils and parents or guardians~~ a student and the student's parents or guardian of violations of the rules of conduct and of resulting disciplinary actions;

(i) any procedures determined appropriate for encouraging early involvement of parents or guardians in attempts to improve a ~~pupil's~~ student's behavior;

(j) any procedures determined appropriate for encouraging early detection of behavioral problems;

(k) any procedures determined appropriate for referring ~~pupils~~ a student in need of special education services to those services;

(l) the procedures for consideration of whether there is a need for a further assessment or of whether there is a need for a review of the adequacy of a cur-

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rent individual education plan of a ~~pupil~~ student with a disability who is removed from class; ~~and~~

(m) procedures for detecting and addressing chemical abuse problems of ~~pupils~~ a student while on the school premises;

(n) the minimum consequences for violations of the code of conduct; and

(o) procedures for immediate and appropriate interventions tied to violations of the code.

Sec. 33. [127.411] SCHOOL SITE MEDIATION BOARD.

Subdivision 1. BOARD ALLOWED. A school district or school site council may establish a school site mediation board. The board shall consist of equal numbers of staff and parents and, in the case of secondary schools, student representatives. Members shall be representative of the school community and shall be selected by a method as determined in the district's discipline policy.

Subd. 2. PURPOSES AND DUTIES. The board shall mediate issues in dispute at the school site related to the implementation of district and school site codes of conduct under sections 127.40 to 127.413, and the application of the codes to a student.

Sec. 34. [127.412] OMBUDSPERSON SERVICE.

A school district or school site council may establish an ombudsperson service for students, parents, and staff. The service shall consist of an administrator, a student, a parent, and a teacher. The school site shall notify students, parents, and staff of the availability of the service. The service shall provide advocacy for enforcement of the codes of conduct and the procedures to remediate disputes related to implementation of the code of conduct and the goals of the school in maintaining an orderly learning environment for all students.

Sec. 35. [127.413] NOTIFICATION.

Representatives of the school board and the exclusive representative of the teachers shall discuss issues related to notification prior to placement in classrooms of students with histories of violent behavior and any need for intervention services or conflict resolution or training for staff in such cases.

Sec. 36. Minnesota Statutes 1994, section 127.42, is amended to read:

127.42 REVIEW OF POLICY.

The principal ~~and the licensed employees or other person~~ having general control and supervision of the school, and representatives of parents, students, and staff in a school building shall confer at least annually to review the discipline policy and to assess whether the policy has been enforced. Each school board shall conduct an annual review of the districtwide discipline policy.

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Sec. 37. [136D.93] OTHER MEMBERSHIP AND POWERS.

In addition to the districts listed in sections 136D.21, 136D.71, and 136D.81, the agreement of an intermediate school district established under this chapter may provide for the membership of other school districts and cities, counties, and other governmental units as defined in section 471.59. In addition to the powers listed in sections 136D.25, 136D.73, and 136D.84, an intermediate school board may provide the services defined in section 123.582, subdivisions 7 and 8.

Sec. 38. Laws 1994, chapter 647, article 3, section 25, is amended to read:

Sec. 25. REPORTS OF INCIDENTS OF MISBEHAVIOR IN SCHOOLS.

(a) For the 1994-1995 and 1995-1996 school years, each school district shall use a standardized form or alternative aggregate reporting format developed by the commissioner of education to report to the commissioner all incidents of misbehavior that result in the suspension or expulsion of students under Minnesota Statutes, sections 127.26 to 127.39. The standardized reporting form, which the commissioner may coordinate with the reporting form required under Minnesota Statutes, section 121.207, shall include the following information:

(1) a description of each incident of misbehavior that leads to the suspension or expulsion of the student including, where appropriate, a description of the dangerous weapon as defined in Minnesota Statutes, section 609.02, subdivision 6, involved in the incident;

(2) information about the suspended or expelled student, other than the student's name, including the student's age, whether the student is a student of color, and the number of times the student has been suspended or expelled previously and for what misbehavior;

(3) whether the student has or had an individualized learning plan (IEP) under Minnesota Statutes, section 120.17, and, if the student has or had an IEP, whether the misbehavior resulting in suspension or expulsion was a manifestation of the student's disabling condition;

(4) the actions taken by school officials to respond to the incident of misbehavior; and

(5) the duration of the suspension or expulsion.

(b) School districts shall use the standardized form or alternative aggregate reporting format to transmit the information described in paragraph (a) to the commissioner biannually by February 1 and July 1, beginning February 1, 1995, and ending July 1, 1996. The commissioner shall compile and analyze the data and present to the education committees of the legislature an interim report by January 1, 1996, and a final report by February 1, 1997.

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(c) Based on the data collected, the department shall make recommendations to the legislature by March 15, 1995, for changes in the pupil fair dismissal act.

Sec. 39. SUCCESSOR TO ECSUS.

Each service cooperative established under section 25 is a continuation of the ECSU it replaces. The service cooperative is the legal successor in all respects of the ECSU, without need of further proceedings of any kind. The personnel of the ECSU become personnel of the service cooperative, retaining all their rights and benefits. All property, obligations, assets, and liabilities of the ECSU become the property, obligations, assets, and liabilities of the service cooperative.

Sec. 40. SC INSURANCE POOLS.

(a) A service cooperative shall provide all financial information that deals with revenues and expenses on behalf of local school districts that have pooled for insurance purposes.

(b) All service cooperative insurance advisory labor management committees must have representation from all exclusive representatives. The representation must be provided by appointment by the respective exclusive representatives.

Sec. 41. COMBINED FINANCIAL STATEMENT.

For fiscal year 1995, independent school district Nos. 209, Kensington; 262, Barret; 263, Elbow Lake; and 265, Hoffman, may submit a combined audited financial statement to comply with the requirement of Minnesota Statutes, section 121.908, subdivision 3. The individual districts must also submit separate uniform financial accounting and reporting standards data for fiscal year 1995, according to Minnesota Statutes, section 121.908, subdivisions 2 and 3.

Sec. 42. REPEALER.

Minnesota Statutes 1994, sections 3.198; 121.93; 121.936; and 123.58, are repealed.

Sec. 43. EFFECTIVE DATE.

Section 19 applies to contracts to take effect on or after July 1, 1995.

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ARTICLE 10

LIBRARIES

Section 1. Minnesota Statutes 1994, section 134.155, is amended to read:

134.155 LIBRARIANS OF COLOR PROGRAM.

Subdivision 1. DEFINITION. For purposes of this section, "people of color" means permanent United States residents who are African-American, American Indian or Alaskan native, Asian or Pacific Islander, or Hispanic.

Subd. 2. GRANTS. The commissioner of education, in consultation with the multicultural advisory committee established in section 126.82, shall award grants for professional development programs to recruit and educate people of color in the field of library science or information management. Grant applicants must be a public library jurisdiction with a growing minority population working in collaboration with an accredited institution of higher education with a library education program in the state of Minnesota.

Subd. 3. PROGRAM REQUIREMENTS. (a) A grant recipient shall recruit people of color to be librarians library staff in public libraries and provide support in linking program participants with jobs in the recipient's library jurisdiction.

(b) A grant recipient shall establish an advisory council composed of representatives of communities of color.

(c) A grant recipient, with the assistance of the advisory council, shall may recruit high school students, undergraduate students, or other persons; support them through the higher education application and admission process; advise them while enrolled; and link them with support resources in the college or university and the community.

(d) A grant recipient shall award stipends to people of color enrolled in an accredited library education program to help cover the costs of tuition, student fees, supplies, and books. Stipend awards must be based upon a student's financial need and students must apply for any additional financial aid for which they are eligible to supplement this program. No more than ten percent of the grant may be used for costs of administering the program. Students must agree to work in the grantee library jurisdiction for at least two years after graduation if the student acquires a master's degree and at least three years after graduation if the student acquires both a bachelor's and a master's degree while participating in the program. If no full-time position is available in the library jurisdiction, the student may fulfill the work requirement in another Minnesota public library.

(e) The commissioner of education shall consider the following criteria in awarding grants:

(1) whether the program is likely to increase the recruitment and retention of persons of color in librarianship;

(2) whether grant recipients will establish or have a mentoring program for persons of color; and

(3) whether grant recipients will provide a library internship for persons of color while participating in this program.

Sec. 2. Minnesota Statutes 1994, section 134.34, subdivision 4a, is amended to read:

Subd. 4a. **SUPPORT GRANTS.** In state fiscal years 1993, 1994, ~~and~~ 1995, and 1996, a regional library basic system support grant also may be made to a regional public library system for a participating city or county which meets the requirements under paragraph (a) or (b).

(a) The city or county decreases the dollar amount provided by it for operating purposes of public library service if the amount provided by the city or county is not less than the amount provided by the city or county for such purposes in the second preceding year.

(b)(1) The city or county provided for operating purposes of public library services an amount exceeding 125 percent of the state average percentage of the adjusted net tax capacity or 125 percent of the state average local support per capita; and

(2) the local government aid distribution for the current calendar year under chapter 477A has been reduced below the originally certified amount for payment in the preceding calendar year, if the dollar amount of the reduction from the previous calendar year in support for operating purposes of public library services is not greater than the dollar amount by which support for operating purposes of public library service would be decreased if the reduction in support were in direct proportion to the local government aid reduction as a percentage of the previous calendar year's revenue base as defined in section 477A.011, subdivision 27. Determination of a grant under paragraph (b) shall be based on the most recent calendar year for which data are available.

The city or county shall file a report with the department of education indicating the dollar amount and percentage of reduction in public library operating funds.

Sec. 3. Minnesota Statutes 1994, section 134.351, subdivision 4, is amended to read:

Subd. 4. **GOVERNANCE.** (a) In any area where the boundaries of a proposed multicounty, multitype library system coincide with the boundaries of the regional library system or district, the regional library system or district board shall be designated as the governing board for the multicounty, multitype library

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system. In any area where a proposed multicounty, multitype library system encompasses more than one regional library system or district, the governing board of the multicounty, multitype library system shall consist of nine members appointed by the cooperating regional library system or district boards from their own membership in proportion to the population served by each cooperating regional library system or district. In each multicounty, multitype library system there shall be established an advisory committee consisting of two representatives of public libraries, two representatives of school media services, one representative of special libraries, one representative of public supported academic libraries, and one representative of private academic libraries. The advisory committee shall recommend needed policy to the system governing board.

(b) Upon recommendation from its advisory committee, a multitype library cooperation system governing board may choose to reconstitute the governance of the multitype system by the creation of a combined board which replaces the previous governing board and advisory committee. A combined board shall consist of five or seven citizens, not employed in library or information services, and four library or information service workers. The constituent regional public library system boards shall select the citizen members from the at-large population of the region. In any area where a multicounty, multitype library system encompasses more than one regional public library system, cooperating regional system boards shall appoint citizen members of the combined board members in proportion to the population of each cooperating regional system. The combined board members who are library and information workers shall be selected, one from each type of library: academic, public, school, and special. Governing board members of the combined board shall serve two-year terms for no more than three successive terms with the members of the first combined board serving one- and two-year terms as determined by lot with a simple majority serving for two years. Elections shall be pursuant to the adopted bylaws of the multitype system and may provide additional requirements to those in this section. New combined governing boards shall take effect at the beginning of the fiscal year, July 1, and shall continue the authority, ownership, and obligations of the previously constituted multitype system in its region.

Sec. 4. APPROPRIATIONS.

Subdivision 1. DEPARTMENT OF EDUCATION. The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. BASIC SUPPORT GRANTS. For basic support grants according to Minnesota Statutes, sections 134.32 to 134.35:

<u>\$7,819,000</u>	<u>.....</u>	<u>1996</u>
<u>\$7,819,000</u>	<u>.....</u>	<u>1997</u>

The 1996 appropriation includes \$1,172,000 for 1995 and \$6,647,000 for 1996.

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The 1997 appropriation includes \$1,172,000 for 1996 and \$6,647,000 for 1997.

Subd. 3. LIBRARIANS OF COLOR. For the librarians of color program according to Minnesota Statutes, section 134.155:

<u>\$55,000</u>	<u>.....</u>	<u>1996</u>
<u>\$55,000</u>	<u>.....</u>	<u>1997</u>

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

Subd. 4. CHILDREN'S LIBRARY SERVICES GRANTS. For grants for collaborative programs to strengthen library services to children, young people, and their families:

<u>\$50,000</u>	<u>.....</u>	<u>1996</u>
<u>\$50,000</u>	<u>.....</u>	<u>1997</u>

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

Subd. 5. MULTICOUNTY, MULTITYPE LIBRARY SYSTEMS. For grants according to Minnesota Statutes, sections 134.353 and 134.354, to multi-county, multitype library systems:

<u>\$527,000</u>	<u>.....</u>	<u>1996</u>
<u>\$527,000</u>	<u>.....</u>	<u>1997</u>

The 1996 appropriation includes \$79,000 for 1995 and \$448,000 for 1996.

The 1997 appropriation includes \$79,000 for 1996 and \$448,000 for 1997.

ARTICLE 11

STATE AGENCIES

Section 1. Minnesota Statutes 1994, section 124C.07, is amended to read:

124C.07 COMPREHENSIVE ARTS PLANNING PROGRAM.

The ~~department of education~~ Minnesota center for arts education shall prescribe the form and manner of application by one or more school districts to be designated as a site to participate in the comprehensive arts planning program. Up to 30 sites may be selected. The ~~department of education center~~ shall designate sites in consultation with the Minnesota alliance for arts in education, ~~the Minnesota center for arts education~~, and the Minnesota state arts board.

Sec. 2. Minnesota Statutes 1994, section 124C.08, subdivision 2, is amended to read:

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Subd. 2. **CRITERIA.** The center, in consultation with the comprehensive arts planning program state steering committee, shall establish criteria for site selection. Criteria shall include at least the following:

(1) a willingness by the district or group of districts to designate a program chair for comprehensive arts planning with sufficient authority to implement the program;

(2) a willingness by the district or group of districts to create a committee comprised of school district and community people whose function is to promote comprehensive arts education in the district;

(3) commitment on the part of committee members to participate in training offered by the department of education;

(4) a commitment of the committee to conduct a needs assessment of arts education;

(5) commitment by the committee to evaluate its involvement in the program;

(6) a willingness by the district to adopt a long-range plan for arts education in the district;

~~(7) no previous involvement of the district in the comprehensive arts planning program; unless that district has joined a new group of districts; and~~

~~(8)~~ (7) location of the district or group of districts to assure representation of urban, suburban, and rural districts and distribution of sites throughout the state.

Sec. 3. Minnesota Statutes 1994, section 126A.01, is amended to read:

126A.01 ENVIRONMENTAL EDUCATION GOALS AND PLAN.

The environmental education program described in this chapter has these goals for the pupils and other citizens of this state:

(a) Pupils and citizens should be able to apply informed decision-making processes to maintain a sustainable lifestyle. In order to do so, citizens should:

(1) ~~to~~ understand ecological systems;

(2) ~~to~~ understand the cause and effect relationship between human attitudes and behavior and the environment;

(3) ~~to be able to analyze, develop, and use problem-solving skills to understand the decision-making process of individuals, institutions, and nations regarding environmental issues;~~

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(4) ~~to~~ be able to evaluate alternative responses to environmental issues before deciding on alternative courses of action; and

(5) ~~(4)~~ to understand the potential complementary nature effects of multiple uses of the environment;

(6) ~~to provide experiences to assist citizens to increase their sensitivity and stewardship for the environment; and~~

(7) ~~to provide the~~ (b) Pupils and citizens shall have access to information citizens need and experiences needed to make informed decisions about actions to take on environmental issues.

(c) For purposes of this chapter, "state plan" means "Greenprint for Minnesota: A State Plan for Environmental Education."

Sec. 4. Minnesota Statutes 1994, section 126A.02, subdivision 2, is amended to read:

Subd. 2. **BOARD MEMBERS.** A 17-member environmental education board shall advise the ~~director~~ commissioner of education. The board is made up of the commissioners of the department of natural resources; the pollution control agency; the department of agriculture; the department of education; the director of the office of strategic and long-range planning; the chair of the board of water and soil resources; the executive director of the higher education coordinating board; the executive secretary of the board of teaching; the director of the extension service; and eight citizen members representing diverse interests appointed by the governor. The governor shall appoint one citizen member from each congressional district. The citizen members are subject to section 15.0575. Two of the citizen members appointed by the governor must be licensed teachers currently teaching in the K-12 system. The governor shall annually designate a member to serve as chair for the next year.

Sec. 5. Minnesota Statutes 1994, section 128A.02, subdivision 1, is amended to read:

Subdivision 1. **TO MANAGE GOVERN.** The state board of education ~~must manage~~ shall govern the state academy for the deaf and the state academy for the blind.

Sec. 6. Minnesota Statutes 1994, section 128A.02, subdivision 3, is amended to read:

Subd. 3. **MOST BENEFICIAL, LEAST RESTRICTIVE.** The state board must do what is necessary to provide the most beneficial and least restrictive program of education for each pupil at the academies who is handicapped by visual disability or hearing impairment deafness.

Sec. 7. Minnesota Statutes 1994, section 128A.02, is amended by adding a subdivision to read:

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Subd. 3b. **PLANNING, EVALUATION, AND REPORTING.** To the extent required in school districts, the state board must establish a process for the academies to include parent and community input in the planning, evaluation, and reporting of curriculum and pupil achievement.

Sec. 8. Minnesota Statutes 1994, section 128A.02, subdivision 5, is amended to read:

Subd. 5. ~~ADVISORY COUNCIL SITE COUNCILS.~~ The state board ~~must have may establish,~~ and appoint members to, ~~an advisory council on management policies at the state academies a site council at each academy.~~ The site councils shall exercise power and authority granted by the state board. The state board must appoint to each site council the exclusive representative's employee designee from each exclusive representative at the academies.

Sec. 9. Minnesota Statutes 1994, section 128A.021, is amended to read:

~~128A.021 RESOURCE CENTER; HEARING AND VISUALLY IMPAIRED CENTERS; DEAF OR HARD OF HEARING AND BLIND OR VISUALLY IMPAIRED.~~

Subdivision 1. **ALSO FOR MULTIPLY DISABLED.** A resource center Resource centers for the hearing-impaired, visually impaired, and deaf or hard of hearing, and the blind or visually impaired, each also serving multiply disabled pupils is established at, are transferred to the state academies department of education.

Subd. 2. **PROGRAMS.** The resource center centers must offer summer institutes and like programs throughout the state for hearing-impaired, visually impaired deaf or hard of hearing, blind or visually impaired, and multiply disabled pupils. The resource center centers must also offer workshops for teachers, and leadership development for teachers.

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

Subd. 3. **PROGRAMS BY NONPROFITS.** The resource center centers may contract to have nonprofit organizations provide programs through the resource center centers.

Subd. 4. **ADVISORY COUNCIL COMMITTEES.** The advisory council for the academies is the advisory council for the resource center. The special education advisory council shall establish an advisory committee for each resource center. The advisory committees shall develop recommendations regarding the resource centers.

Sec. 10. Minnesota Statutes 1994, section 128A.022, subdivision 1, is amended to read:

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Subdivision 1. **PERSONNEL.** The state board of education may employ central administrative staff members and other personnel necessary to provide and support programs and services ~~in~~ at each academy.

Sec. 11. Minnesota Statutes 1994, section 128A.022, subdivision 6, is amended to read:

Subd. 6. **STUDENT TEACHERS AND PROFESSIONAL TRAINEES.**
(a) The state board may enter into agreements with ~~teacher-preparing~~ teacher preparation institutions for student teachers to get practical experience at the academies. A licensed teacher must provide appropriate supervision of each student teacher.

(b) The state board may enter into agreements with accredited higher education institutions for certain student trainees to get practical experience at the academies. The students must be preparing themselves in a professional field that provides special services to children with a disability in school programs. To be a student trainee in a field, a person must have completed at least two years of an approved program in the field. A person who is licensed or registered in the field must provide appropriate supervision of each student trainee.

Sec. 12. Minnesota Statutes 1994, section 128A.024, subdivision 4, is amended to read:

Subd. 4. **EDUCATION WITH PUPILS WITHOUT A DISABILITY.** The academies must provide opportunities for their pupils to be educated with pupils without a disability. A pupil's opportunities must be consistent with the pupil's individual education plan or individual family service plan and assessment.

Sec. 13. Minnesota Statutes 1994, section 128A.025, subdivision 1, is amended to read:

Subdivision 1. **ACADEMIES' ADMINISTRATOR.** The position of the ~~residential academies'~~ chief administrator at each academy is in the unclassified service.

Sec. 14. Minnesota Statutes 1994, section 128A.025, subdivision 2, is amended to read:

Subd. 2. **TEACHER STANDARDS.** A teacher or administrator at the academies is subject to the licensure standards of the board of teaching ~~and~~ or the state board of education.

Sec. 15. Minnesota Statutes 1994, section 128A.026, is amended to read:

128A.026 **STATE BOARD RULES** ADOPTED PROCEDURES.

Subdivision 1. **SUBJECTS.** The ~~rules of the~~ state board of education ~~authorized in section 128A.02~~ must establish procedures for:

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- (1) admission, including short-term admission, to the academies;
- (2) discharge from the academies;
- (3) decisions on a pupil's program at the academies; and
- (4) evaluation of a pupil's progress at the academies.

Subd. 2. **MINIMUM CONTENT.** The discharge procedures must include reasonable notice to the child's district of residence. The procedures ~~set out in the rules~~ must guarantee a pupil and the pupil's parent or guardian appropriate safeguards. The safeguards must include a review of the placement determination made under sections 120.17 and 128A.05 and the right to participate in educational program decisions.

Subd. 3. **NOT CONTESTED CASE.** A proceeding about admission to or discharge from the academies or about a pupil's program or progress at the academies is not a contested case under section 14.02. The proceeding is governed instead by the rules of the state board ~~described in this section~~ governing special education.

Sec. 16. Minnesota Statutes 1994, section 128A.05, subdivision 1, is amended to read:

Subdivision 1. **TWO KINDS.** There are two kinds of admission to the academies.

(a) A pupil who is ~~deaf or hearing-impaired~~, hard of hearing, or blind-deaf, may be admitted to the academy for the deaf. A pupil who is ~~visually blind or visually~~ visually impaired, blind-deaf, or multiply handicapped may be admitted to the academy for the blind. For a pupil to be admitted, two decisions must be made under section 120.17.

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

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

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

Sec. 17. Minnesota Statutes 1994, section 128A.05, subdivision 2, is amended to read:

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Subd. 2. **MULTIPLY HANDICAPPED.** This section does not prevent a pupil with handicaps in addition to being

- (1) deaf or ~~hearing-impaired~~ hard of hearing, or
- (2) blind or visually impaired

from attending the academy for the deaf or the academy for the blind, respectively.

Sec. 18. Laws 1993, chapter 224, article 8, section 21, subdivision 1, is amended to read:

Subdivision 1. **ARTS CENTER.** The sums indicated in this section are appropriated from the general fund to the Minnesota center for arts education in the fiscal year designated:

\$387,000	.....	1994
\$421,000	.....	1995

Of the fiscal year 1994 appropriation, \$225,000 is to fund artist and arts organization participation in the education residency project, \$75,000 is for school support for the residency project, and \$87,000 is for further development of the partners: arts and school for students (PASS) program, including pilots. Of the fiscal year 1995 appropriation, \$215,000 is to fund artist and arts organizations participation in the education residency project, \$75,000 is for school support for the residency project, and \$121,000 is to fund the PASS program, including additional pilots. The guidelines for the education residency project and the PASS program shall be developed and defined by the Minnesota arts board. The Minnesota arts board shall participate in the review and allocation process. The center for arts education shall cooperate with the Minnesota arts board to fund these projects. Any balance remaining in the first year does not cancel, but is available in the second year.

Sec. 19. Laws 1992, chapter 499, article 11, section 9, as amended by Laws 1994, chapter 647, article 5, section 17, is amended to read:

Sec. 9. **LAND TRANSFER.**

Subdivision 1. **PERMITTED.** (a) Notwithstanding Minnesota Statutes, chapters 94 and 103F or any other law to the contrary, the state of Minnesota may convey the land described in paragraph (b) to independent school district No. 656, Faribault.

(b) The land which may be conveyed under paragraph (a) is legally described in general as follows:

All that part of the Southeast Quarter of the Southwest Quarter (SE 1/4 of SW 1/4) and all that part of the Southwest Quarter of the Southeast Quarter (SW 1/4 of SE 1/4), all in Section 29, Township

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110 North, Range 20 West, in the City of Faribault, Rice County, Minnesota, owned by the state of Minnesota or any department or division thereof.

or

All that part of the Northwest Quarter of the Southwest Quarter (NW 1/4 of SW 1/4) of Section 28, and of the Northeast Quarter of the Southeast Quarter (NE 1/4 of SE 1/4) of Section 29, all in Township 110 North, Range 20 West, Rice County, Minnesota, owned by the State of Minnesota or any department or division thereof.

(c) A more precise legal description in substantial conformance with the description in paragraph (b) must be provided by the grantee in the instruments of conveyance. Because of the topography of the site, and the need to relocate Parshall street, Faribault, to accommodate the construction of a new elementary school, independent school district No. 656, Faribault, may exchange two small parcels, 2.5 to 4.5 acres each, of the land described in paragraph (b) for parcels of comparable value, contiguous to the land. In addition, independent school district No. 656, Faribault, is purchasing a parcel of about 4.7 acres immediately south of the land described in paragraph (b). A portion of the land is to be dedicated for the relocation of Parshall street.

(d) The state may convey the land described in paragraph (b), without reverter, to independent school district No. 656, Faribault, so that the land transfers may occur. Once the transfers have occurred and there is a unified parcel for the new elementary school, independent school district No. 656, Faribault, shall convey the entire parcel back to the state, and, the state shall convey this unified parcel back to independent school district No. 656, Faribault, with the right of reverter to the state.

(e) Both the precise legal descriptions and the instruments of conveyance must be approved as to form by the attorney general.

Subd. 2. **CONSIDERATION.** The consideration for the conveyance permitted by subdivision 1 is the amount of \$1.

Subd. 3. **PURPOSE.** The land permitted to be conveyed under subdivision 1 is to be used as part of a site for an elementary school.

Subd. 4. **TITLE REVERTS TO STATE.** ~~If the lands described in subdivision 1 are~~ If the unified parcel in subdivision 1, paragraph (d), conveyed by the state to independent school district No. 656, Faribault, is not used for a public purpose, or upon discontinuance of such use, the title for the property shall revert to the state.

Sec. 20. Laws 1993, chapter 224, article 12, section 32, as amended by Laws 1993, chapter 374, section 22, is amended to read:

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Sec. 32. REPEALER.

(a) Minnesota Statutes 1992, sections 120.095; 120.101, subdivision 5a; 120.75, subdivision 2; 120.80, subdivision 2; 121.11, subdivisions 6 and 13; 121.165; 121.19; 121.49; 121.883; 121.90; 121.901; 121.902; 121.904, subdivisions 5, 6, 8, 9, 10, 11a, and 11c; 121.908, subdivision 4; 121.9121, subdivisions 3 and 5; 121.931, subdivisions 6, 6a, 7, and 8; 121.934; 121.936 subdivisions 1, 2, and 3; 121.937; 121.94; 121.941; 121.942; 121.943; 123.33, subdivisions 10, 14, 15, and 16; 123.35, subdivision 14; 123.352; 123.36, subdivisions 2, 3, 4, 4a, 6, 8, 9, and 12; 123.40, subdivisions 4 and 6; 123.61; 123.67; 123.709; 123.744; 124.615; 124.62; 124.64; 124.645; 124.67; 124.68; 124.69; 124.79; 125.12, subdivisions 3a and 4a; 125.17, subdivisions 2a and 3a; 126.09; 126.111; 126.112; 126.20, subdivision 4; 126.24; and 126.268, are repealed.

(b) Minnesota Statutes 1992, section 121.11, subdivision 15, is repealed.

(c) Minnesota Statutes 1992, sections 120.101, subdivision 5b; 121.11, subdivision 16; 121.585, subdivision 3; 124.19, subdivisions 1, 1b, 6, and 7; 126.02; 126.025; 126.031; 126.06; 126.08; 126.12, subdivision 2; 126.662; 126.663; 126.664; 126.665; 126.666; 126.67; 126.68; ~~126A.01~~; ~~126A.02~~; 126A.04; 126A.05; 126A.07; 126A.08; 126A.09; 126A.10; 126A.11; and 126A.12, are repealed.

Sec. 21. APPROPRIATIONS; DEPARTMENT OF EDUCATION.

Subdivision 1. DEPARTMENT OF EDUCATION. The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. DEPARTMENT. For the department of education:

<u>\$23,150,000</u>	<u>.....</u>	<u>1996</u>
<u>\$21,803,000</u>	<u>.....</u>	<u>1997</u>

(a) Any balance in the first year does not cancel but is available in the second year.

(b) \$21,000 each year is from the trunk highway fund.

(c) \$522,000 each year is for the academic excellence foundation.

Up to \$50,000 each year is contingent upon the match of \$1 in the previous year from private sources consisting of either direct monetary contributions or in-kind contributions of related goods or services, for each \$1 of the appropriation. The commissioner of education must certify receipt of the money or documentation for the private matching funds or in-kind contributions. The unencumbered balance from the amount actually appropriated from the contingent amount in 1996 does not cancel but is available in 1997. The amount carried forward must not be used to establish a larger annual base appropriation for later fiscal years.

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(d) \$204,000 each year is for the state board of education.

(e) \$227,000 each year is for the board of teaching.

(f) \$775,000 each year is for educational effectiveness programs according to Minnesota Statutes, sections 121.602 and 121.608.

(g) \$60,000 each year is for contracting with the state fire marshal to provide the services required according to Minnesota Statutes, section 121.1502.

(h) \$400,000 each year is for health and safety management assistance contracts under Minnesota Statutes, section 124.83.

(i) The expenditures of federal grants and aids as shown in the biennial budget document and its supplements are approved and appropriated and shall be spent as indicated.

(j) The commissioner shall maintain no more than five total complement in the categories of commissioner, deputy commissioner, assistant commissioner, assistant to the commissioner, and executive assistant.

The department of education may establish full-time, part-time, or seasonal positions as necessary to carry out assigned responsibilities and missions. Actual employment levels are limited by the availability of state funds appropriated for salaries, benefits, and agency operations or funds available from other sources for such purposes.

(k) The department of education shall develop a performance report on the quality of its programs and services. The report must be consistent with the process specified in Minnesota Statutes, sections 15.90 to 15.92. The goals, objectives, and measures of this report must be developed in cooperation with the chairs of the finance divisions of the education committees of the house of representatives and senate, the department of finance, and the office of legislative auditor. The report prepared in 1995 must include a complete set of goals, objectives, and measures for the department. The report presented in 1996 and subsequent years must include data to indicate the progress of the department in meeting its goals and objectives.

The department of education must present a plan for a biennial report on the quality and performance of key education programs in Minnesota's public early childhood, elementary, middle, and secondary education programs. To the extent possible, the plan must be consistent with Minnesota Statutes, sections 15.90 to 15.92. The department must consult with the chairs of the finance divisions of the education committees of the house of representatives and senate, the department of finance, and the office of legislative auditor in developing this plan. The plan for this report must be presented in 1995 and the first biennial report presented in 1996.

(l) The commissioner of education shall perform a facilities standards evalu-

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ation of public elementary and secondary facilities in the state. This evaluation shall include a measure of the following:

- (1) the physical condition of education facilities;
- (2) the level of utilization relative to the capacity of education facilities;
- (3) the intensity of technological use in both administrative and instructional areas in education facilities;
- (4) the alignment between education programs in place and the structure of education facilities; and
- (5) an estimate of facility construction over the next decade.

This evaluation may be based on a sample of facilities but must include geographic breakdowns of the state.

The report shall indicate which construction and repair of district facilities is required to bring a district into compliance with fire safety codes, occupational safety and health requirements, and the Americans with Disabilities Act.

The commissioner shall recommend to the 1996 legislature standards for the review and comment process under Minnesota Statutes, section 121.15. The standards must integrate the use of technology, both current and potential, flexible scheduling, and program adjustments relative to implementation of the graduation rule.

(m) \$120,000 is for a feasibility and design study to develop a statewide student performance accountability report. The department must identify and assess the current availability of critical data-based information about student performance and feasibility of using information from the existing sources, recommend additional data-based elements and data collection strategies that will provide for ongoing assessment of educational reform and improvement, and recommend methods for improving the coordination and dissemination of local accountability reports as part of a statewide reporting system. The study must include a statewide implementation and budget plan. The study process must involve other government units, school and citizen leaders, and members of higher education concerned with the education and development of children and youth. It must also consider ways to access the research and development capacity of institutions of higher education in Minnesota. The commissioner shall report the results of the study to the education committees of the legislature and the state board of education by February 1, 1996.

(n) \$1,000,000 in fiscal year 1996 is for grants to special school district No. 1, Minneapolis, and independent school district No. 625, St. Paul, for after school enrichment pilot programs targeted towards junior high and middle school students. These programs shall be developed collaboratively with city government, park boards, family services collaboratives, and any other commu-

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nity organizations offering similar programming. Any balance remaining in the first year does not cancel but is available in the second year.

(o) \$188,000 each year is appropriated from the special revenue fund for the graduation rule. The department appropriation is to be used to fund continued assessment and standards development and piloting; to broaden public understanding through communication; to continue development of learning benchmarks; for ongoing statewide assessment efforts; to develop system performance standards; and to provide technical assistance to schools throughout the state. The appropriation from the special revenue fund is to be used for appropriate development efforts in health-related standards and assessments. Any amount of this appropriation does not cancel and shall be carried forward to the following fiscal year. Notwithstanding any law to the contrary, the commissioner may contract for national expertise and related services in each of these development areas. Notwithstanding Minnesota Statutes, section 15.53, subdivision 2, the commissioner of education may contract with a school district for a period no longer than five consecutive years for the services of an educator to work in the development, implementation, or both, of the graduation rule. The commissioner may contract for services and expertise as necessary for development and implementation of the graduation standards. Notwithstanding any law to the contrary, the contracts are not subject to the contract certification procedures of the commissioner of administration or of Minnesota Statutes, chapter 16B, and are not subject to or included in any spending limitations on contracts.

(p) \$600,000 in 1996 and \$350,000 in 1997 is for transition aid for information support.

(q) Up to \$50,000 each year is for grants to school districts for mentorship cooperative ventures between school districts and post-secondary teacher preparation institutions for alternative licensure programs according to Minnesota Statutes, section 125.188.

(r) Up to \$50,000 each year is for GED coordination.

Subd. 3. CHARTER SCHOOL EVALUATION. For the state board of education to evaluate the performance of charter schools authorized according to Minnesota Statutes, section 120.064:

\$75,000 1996

The state board must review and comment on the evaluation, by the chartering school district, of the performance of a charter school before that charter school's contract is renewed. The state board may provide assistance to a school district in evaluating a charter school that has been chartered by that school board. The board must report annually to the education committees of the legislature on the results of its evaluations. This amount is available until June 30, 1997.

Sec. 22. APPROPRIATIONS; MINNESOTA CENTER FOR ARTS EDUCATION.

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The sums indicated in this section are appropriated from the general fund to the Minnesota center for arts education for the fiscal years designated:

\$5,217,000	.....	1996
\$5,217,000	.....	1997

Of the fiscal year 1996 appropriation, \$154,000 is to fund artist and arts organization participation in the education residency and education technology projects, \$75,000 is for school support for the residency project, and \$121,000 is for further development of the partners: arts and school for students (PASS) program, including pilots. Of the fiscal year 1997 appropriation, \$154,000 is to fund artist and arts organizations participation in the education residency project, \$75,000 is for school support for the residency project, and \$121,000 is to fund the PASS program, including additional pilots. The guidelines for the education residency project and the pass program shall be developed and defined by the Minnesota arts board. The Minnesota arts board shall participate in the review and allocation process. The center for arts education shall cooperate with the Minnesota arts board to fund these projects.

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

The Minnesota center for arts education may establish full-time, part-time, or seasonal positions as necessary to carry out assigned responsibilities and missions. Actual employment levels are limited by the availability of state funds appropriated for salaries, benefits and agency operations or funds available from other sources for such purposes.

In the next biennial budget, the Minnesota center for arts education must assess its progress in meeting its established performance measures and inform the legislature on the content of that assessment. The information must include an assessment of its progress by consumers and employees.

Sec. 23. APPROPRIATIONS; FARIBAULT ACADEMIES.

The sums indicated in this section are appropriated from the general fund to the department of education for the Faribault academies for the fiscal years designated:

\$8,075,000	.....	1996
\$8,075,000	.....	1997

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

The state board of education may establish full-time, part-time, or seasonal positions as necessary to carry out assigned responsibilities and missions of the Faribault academies. Actual employment levels are limited by the availability of state funds appropriated for salaries, benefits and agency operations or funds available from other sources for such purposes.

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In the next biennial budget, the academies must assess their progress in meeting the established performance measures for the Faribault academies and inform the legislature on the content of that assessment. The information must include an assessment of its progress by consumers and employees.

Sec. 24. **TRANSFER OF FUNDS.**

The commissioner of finance must transfer an amount agreed on by the affected agencies from the appropriation for the Faribault Academies to the appropriation to the department of education that reflects the transfer of the resource centers according to section 9.

Sec. 25. **REPEALER.**

Minnesota Statutes 1994, sections 128A.02, subdivisions 2 and 4; and 128A.03, are repealed.

Sec. 26. **EFFECTIVE DATE.**

Sections 18 and 19 are effective the day following final enactment.

ARTICLE 12

TECHNOLOGY

Section 1. Minnesota Statutes 1994, section 16B.465, is amended to read:

16B.465 STATEWIDE TELECOMMUNICATIONS ACCESS ROUTING SYSTEM.

Subdivision 1. **CREATION.** The statewide telecommunications access routing system provides voice, data, video, and other telecommunications transmission services to state agencies; educational institutions, including public schools as defined in section 120.05, nonpublic, church or religious organization schools which provide instruction in compliance with sections 120.101 to 120.102, and private colleges; public corporations; and state political subdivisions. It is not a telephone company for purposes of chapter 237. It shall not resell or sublease any services or facilities to nonpublic entities except it may serve private schools and colleges. The commissioner has the responsibility for planning, development, and operations of a statewide telecommunications access routing system in order to provide cost-effective telecommunications transmission services to system users.

Subd. 2. **ADVISORY COUNCIL.** The statewide telecommunications access and routing system is managed by the commissioner. Subject to section 15.059, subdivisions 1 to 4, the commissioner shall appoint an advisory council to provide advice in implementing and operating a statewide telecommunica-

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tions access and routing system. The council shall represent the users of STARS services and shall include representatives of higher education, public and private schools, state agencies, and political subdivisions.

Subd. 3. **DUTIES.** The commissioner, after consultation with the council, shall:

(1) provide voice, data, video, and other telecommunications transmission services to the state and to political subdivisions through an account in the intertechnologies revolving fund;

(2) manage vendor relationships, network function, and capacity planning in order to be responsive to the needs of the system users;

(3) set rates and fees for services;

(4) approve contracts relating to the system;

(5) develop the system plan, including plans for the phasing of its implementation and maintenance of the initial system, and the annual program and fiscal plans for the system; and

(6) develop a plan for interconnection of the network with private colleges and public and private schools in the state.

Subd. 4. **PROGRAM PARTICIPATION.** (a) The commissioner may require the participation of state agencies, the state board of education, and the governing boards of the state universities, the community colleges, and the technical colleges, and may request the participation of the board of regents of the University of Minnesota, in the planning and implementation of the network to provide interconnective technologies. The commissioner shall establish reimbursement rates in cooperation with the commissioner of finance to be billed to participating agencies and educational institutions sufficient to cover the operating, maintenance, and administrative costs of the system.

(b) A direct appropriation made to an educational institution for usage costs associated with the STARS network must only be used by the educational institution for payment of usage costs of the network as billed by the commissioner of administration. The post-secondary appropriations may be shifted between systems as required by unanticipated usage patterns. An intersystem transfer must be requested by the appropriate system and may be made only after review and approval by the commissioner of finance, in consultation with the commissioner of administration.

Subd. 6. **REVOLVING FUND.** Money appropriated for the statewide telecommunications access routing system and fees for telecommunications services must be deposited in an account in the intertechnologies revolving fund. Money in the account is appropriated annually to the commissioner to operate telecommunications services.

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Subd. 7. **EXEMPTION.** The system is exempt from the five-year limitation on contracts set by section 16B.07, subdivision 2.

Sec. 2. [120.0112] STATE GOALS FOR SYSTEMIC CHANGE USING TECHNOLOGICAL ADVANCES.

The general framework outcomes for technology use in education are:

(1) all Minnesota educational institutions, libraries, and communities will have access to local, state, and worldwide instructional resources databases;

(2) development of policies and procedures that assure instructional resource availability to help students successfully achieve education excellence and state standards;

(3) databases are accessible within each district and on the Internet; and

(4) development of policies, procedures, and systems that stimulate and promote teacher and student curriculum and learning collaboration.

Sec. 3. Minnesota Statutes 1994, section 124.91, subdivision 5, is amended to read:

Subd. 5. **INTERACTIVE TELEVISION.** (a) A school district with its central administrative office located within economic development region one, two, three, four, five, six, seven, eight, nine, and ten may apply to the commissioner of education for ITV revenue up to the greater of .5 percent of the adjusted net tax capacity of the district or \$25,000 for the construction, maintenance, and lease costs of an interactive television system for instructional purposes. The approval by the commissioner of education and the application procedures set forth in subdivision 1 shall apply to the revenue in this subdivision. In granting the approval, the commissioner must consider whether the district is maximizing efficiency through peak use and off-peak use pricing structures.

(b) To obtain ITV revenue, a district may levy an amount not to exceed the district's ITV revenue times the lesser of one or the ratio of:

(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the actual pupil units in the district for the year to which the levy is attributable; to

(2) 100 percent of the equalizing factor as defined in section 124A.02, subdivision 8, for the year to which the levy is attributable.

(c) A district's ITV aid is the difference between its ITV revenue and the ITV levy.

(d) The revenue in the first year after reorganization for a district that has reorganized under section 122.22, 122.23, or 122.241 to 122.247 shall be the greater of:

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(1) the revenue computed for the reorganized district under paragraph (a), or

(2)(i) for two districts that reorganized, 75 percent of the revenue computed as if the districts involved in the reorganization were separate, or

(ii) for three or more districts that reorganized, 50 percent of the revenue computed as if the districts involved in the reorganization were separate.

(e) The revenue in paragraph (d) is increased by the difference between the initial revenue and ITV lease costs for leases that had been entered into by the preexisting districts on the effective date of the consolidation or combination and with a term not exceeding ten years. This increased revenue is only available for the remaining term of the lease. However, in no case shall the revenue exceed the amount available had the preexisting districts received revenue separately.

Sec. 4. [124C.74] TELECOMMUNICATION ACCESS GRANT AND STATEWIDE COORDINATION.

Subdivision 1. ESTABLISHMENT; PURPOSE. The purpose of developing a statewide school district telecommunications network is to expand the availability of a broad range of courses and degrees to students throughout the state, to share information resources to improve access, quality, and efficiency, to improve learning, and distance cooperative learning opportunities, and to promote the exchange of ideas among students, parents, teachers, media generalists, librarians, and the public. In addition, through the development of this statewide telecommunications network emphasizing cost-effective, competitive connections, all Minnesotans will benefit by enhancing access to telecommunications technology throughout the state. Network connections for school districts and public libraries will be coordinated and fully integrated into the existing state telecommunications and interactive television networks to achieve comprehensive and efficient interconnectivity of school districts and libraries to higher education institutions, state agencies, other governmental units, agencies, and institutions throughout Minnesota. A school district may apply to the commissioner for a grant under subdivision 2, and a regional public library may apply under subdivision 3. The Minnesota education telecommunication council established in section 7 shall establish priorities for awarding grants, making grant awards, and being responsible for the coordination of networks.

Subd. 2. SCHOOL DISTRICT TELECOMMUNICATIONS GRANT. (a) A school district may apply for a grant under this subdivision to: (1) establish connections among school districts, and between school districts and the MNet statewide telecommunications network administered by the department of administration under section 16B.465; or (2) if such a connection meeting minimum electronic connectivity standards is already established, enhance telecommunications capacity for a school district. The minimum standards of capacity

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are a 56 kilobyte data line and 768 kilobyte ITV connection, subject to change based on the recommendations by the Minnesota education telecommunications council. A district may submit a grant application for interactive television with higher capacity connections in order to maintain multiple simultaneous connections. To ensure coordination among school districts, a school district must submit its grant application to the council through an organization that coordinates the applications and connections of at least ten school districts or through an existing technology cooperative.

(b) The application must, at a minimum, contain information to document for each applicant school district the following:

(1) that the proposed connection meets the minimum standards and employs an open network architecture that will ensure interconnectivity and interoperability with other education institutions and libraries;

(2) that the proposed connection and system will be connected to MNet through the department of administration under section 16B.465 and that a network service and management agreement is in place;

(3) that the proposed connection and system will be connected to the higher education telecommunication network and that a governance agreement has been adopted which includes agreements between the school district system, a higher education regional council, libraries, and coordinating entities;

(4) the telecommunication vendor, which may be MNet, selected to provide service from the district to an MNet hub or to a more cost-effective connection point to MNet; and

(5) other information, as determined by the commissioner in consultation with the education telecommunications council, to ensure that connections are coordinated, meet state standards and are cost effective, and that service is provided in an efficient and cost-effective manner.

(c) A grant applicant shall obtain a grant proposal for network services from MNet. If MNet is not selected as the vendor, the application must provide the reasons for choosing an alternative vendor. A school district may include, in its grant application, telecommunications access for collaboration with nonprofit arts organizations for the purpose of educational programs, or access for a secondary media center that: (1) is a member of a multitype library system; (2) is open during periods of the year when classroom instruction is occurring; and (3) has licensed school media staff on site.

(d) The Minnesota education telecommunications council shall award grants and the funds shall be dispersed by the commissioner. The highest priority for these grants shall be to bring school districts up to the minimum connectivity standards. The telecommunications council shall also give priority to grant proposals from school districts with fewer than 1,000 students which do not have a

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data connection. A grant to enhance telecommunications capacity beyond the minimum connectivity standards shall be no more than 75 percent of the maximum grant under this subdivision. Grant applications for minimum connection and enhanced telecommunications capacity grants must be submitted to the commissioner by a coordinating organization including, but not limited to, service cooperatives and education districts. For the purposes of this section, a school district includes charter schools under section 120.064. Based on the award made by the council, all grants under this subdivision shall be paid by the commissioner directly to a school district, (unless this application requests that the funds be paid to the coordinating agency).

(e) Money awarded under this section may be used only for the purposes explicitly stated in the grant application.

Subd. 3. REGIONAL LIBRARY TELECOMMUNICATION GRANT. (a) A regional public library system may apply for a telecommunication access grant. The grant must be used to create or expand the capacity of electronic data access and connect the library system with the MNet statewide telecommunications network administered by the department of administration under section 16B.465. Connections must meet minimum system standards of a 56 kilobyte data line and 768 kilobyte ITV connection. To be eligible for a telecommunications access grant, a regional public library system must: (1) meet the level of local support required under section 134.34; (2) be open at least 20 hours per week; and (3) provide a local match for the grant with local funds under section 134.46.

(b) Any grant award under this subdivision may not be used to substitute for any existing local funds allocated to provide electronic access, or equipment for library staff or the public, or local funds previously dedicated to other library operations.

(c) An application for a regional public library telecommunications access grant must, at a minimum, contain information to document the following:

(1) that the connection meets the minimum standards and employs an open network architecture that will ensure interconnectivity and interoperability with other libraries and the educational system;

(2) that the connection is being established through the most cost-effective means and that the public library has explored and coordinated connections through school districts or other governmental agencies;

(3) that the proposed connection and system will be connected to MNet through the department of administration under section 16B.465 and that a network service and management agreement is in place;

(4) that the proposed connection and system will be connected to the higher education and to the school district telecommunication networks subject to a

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governance agreement with one or more school districts and a higher education regional council specifying how the system will be coordinated;

(5) the telecommunication vendor, which may be MNet, selected to provide service from the library to an MNet hub or through a more cost-effective connection point to MNet; and

(6) other information, as determined by the commissioner, to ensure that connections are coordinated, meet state standards, are cost effective, and that service is provided in an efficient and cost-effective manner so that libraries throughout the state are connected in as seamless a manner as technically possible.

(d) A grant applicant shall obtain a grant proposal for network services from MNet. If MNet is not selected as the vendor, the application must provide the reasons for choosing an alternative vendor.

Subd. 4. AWARD OF GRANTS. The council shall develop application forms and procedures for school district minimum connectivity grants, enhanced telecommunications grants, and regional library telecommunication access grants. The council shall select the grant recipient and shall promptly notify any applicant that is found not to be qualified. The commissioner shall make the grant payments directly to the school district or regional library system. At the request of the district, the commissioner may make the grant payment directly to the coordinating organization. If appropriations are insufficient to fund all applications, the commissioner shall first fully fund the minimum connectivity grants. Unsuccessful applicants may reapply for a grant.

Sec. 5. [134.46] REGIONAL LIBRARY TELECOMMUNICATIONS AID.

(a) A regional public library system may apply to the commissioner for telecommunications aid to support data access through regional public library systems, including access to Internet for library staff and the public. The maximum amount of aid for each public library shall be calculated as follows:

(1) multiply \$1 times the lesser of the population of the area served by the regional public library system, or the sum of the populations of the participating portions of the system; and

(2) deduct an amount equal to the sum of .1 percent times the adjusted net tax capacity for each participating city or county for the year preceding the year the levy is certified.

(b) A regional public library must match state aid with local funds equal to .1 percent times the adjusted net tax capacity for each participating city or county for the year preceding the year the levy is certified. A regional public library that receives a telecommunications access grant under section 124C.74

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may use local funds under this section for the grant match in the year the grant is awarded, without a reduction in state aid. Local matching funds must be an increase in the amount of local funds allocated to support library operations in the year prior to the first year of the telecommunication access grant. Local matching funds are exempt from section 134.34. A grant award under this section may not be used to substitute for any existing local funds allocated to provide electronic data access or equipment for library staff or the public, or local funds previously dedicated to other library operations.

(c) Telecommunications aid under this section may be used for the:

(1) construction, maintenance, and lease costs of data access connections, including Internet connections;

(2) purchase, maintenance, professional development, and support of computer hardware and software for data access;

(3) cost of technical support for a regional library systems' technology investments, including technical support, personnel, contracted services for technical support, and training; and

(4) promotion of electronic access through public libraries for members of the public.

(d) If appropriations are insufficient to fully fund aid under this section, the commissioner shall prorate aid payments to participating regional library systems.

Sec. 6. Minnesota Statutes 1994, section 237.065, is amended to read:

237.065 RATES FOR SPECIAL SERVICE TO SCHOOLS.

Each telephone company, including a company that has developed an incentive plan under section 237.625, that provides local telephone service in a service area that includes a ~~public~~ school that has classes within the range from kindergarten to 12th grade shall provide, upon request, additional service to the school that is sufficient to ensure access to basic telephone service from each classroom and other areas within the school, as determined by the school board. Each company shall set a flat rate for this additional service that is less than the company's flat rate for an access line for a business and the same as or greater than the company's flat rate for an access line for a residence in the same local telephone service exchange. When a company's flat rates for businesses and residences are the same, the company shall use the residential rate for service to schools under this section. The rate required under this section is available only for a school that installs additional service that includes access to basic telephone service from each classroom and other areas within the school, as determined by the school board.

Sec. 7. MINNESOTA EDUCATION TELECOMMUNICATIONS COUNCIL.

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Subdivision 1. STATE COUNCIL MEMBERSHIP. The membership of the Minnesota education telecommunications council established in Laws 1993, First Special Session chapter 2, is expanded to include representatives of elementary and secondary education. The membership shall consist of three representatives from the University of Minnesota; three representatives of the board of trustees for Minnesota state colleges and universities; one representative of the higher education services offices; one representative appointed by the private college council; eight representatives selected by the commissioner of education, at least one of which must come from each of the six higher education telecommunication regions; a representative from the information policy office; one member each from the senate and the house of representatives selected by the subcommittee on committees of the committee on rules and administration of the senate and the speaker of the house; and three representatives of libraries, one representing regional public libraries, one representing multitype libraries, and one representing community libraries, selected by the governor. The council shall:

(1) develop a statewide vision and plans for the use of distance learning technologies and provide leadership in implementing the use of such technologies;

(2) recommend to the commissioner and the legislature by December 15, 1996, a plan for long-term governance and a proposed structure for statewide and regional telecommunications;

(3) recommend educational policy relating to telecommunications;

(4) determine priorities for use;

(5) oversee coordination of networks for post-secondary campuses, K-12 education, and regional and community libraries;

(6) review application for telecommunications access grants under Minnesota Statutes, section 124C.74 and recommend to the department grants for funding; and

(7) determine priorities for grant funding proposals.

The council shall consult with representatives of the telecommunication industry in implementing this section.

Subd. 2. DISTRICT COUNCIL MEMBERSHIP. District organizations that coordinate applications for telecommunication access grants are encouraged to become members of the regional higher education telecommunication council in their area.

Subd. 3. CRITERIA. In addition to responsibilities of the council under Laws 1993, First Special Session chapter 2, as amended, the telecommunications council shall evaluate grant applications under Minnesota Statutes, section

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124C.74 and applications from district organizations using the following criteria:

(1) evidence of cooperative arrangements with other post-secondary institutions, school districts, and community and regional libraries in the geographic region;

(2) plans for shared classes and programs;

(3) avoidance of network duplication;

(4) evidence of efficiencies to be achieved in delivery of instruction due to use of telecommunications;

(5) a plan for development of a list of all courses available in the region for delivery at a distance;

(6) a plan for coordinating and scheduling courses; and

(7) a plan for evaluation of costs, access, and outcomes.

Sec. 8. INSTRUCTIONAL TRANSFORMATION THROUGH TECHNOLOGY GRANTS.

Subdivision 1. ESTABLISHMENT; PURPOSE. A grant program is established to help school districts work together and with higher education institutions, businesses, local government units, libraries, and community organizations in order to facilitate individualized learning and manage information by employing technological advances, especially computers and related products. Recipients shall use grant proceeds to:

(1) enhance teaching and learning productivity through the use of technology;

(2) develop individual learner classroom-based teaching and learning systems that can be aggregated into site, district, and state frameworks;

(3) develop personalized learning plans designed to give learners more responsibility for their learning success and change the role of teacher to learning facilitator;

(4) match and allocate resources;

(5) create a curriculum environment that is multiplatform;

(6) provide user and contributor access to electronic libraries;

(7) schedule activities;

(8) automate progress reports;

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(9) increase collaboration between school districts and sites, and with businesses, higher education institutions, libraries, and local government units;

(10) correlate state-defined outcomes to curriculum units for each student;

(11) increase accountability through a reporting system; and

(12) provide technical support, project evaluation, dissemination services, and replication.

Subd. 2. ELIGIBILITY; APPLICATION. A grant applicant must be a school district or a group of school districts that demonstrates collaboration with libraries, businesses, and higher education institutions. Community organizations and local government units may also be involved. The commissioner of education shall prescribe the form and manner of applications. The commissioner may award grants to applicants likely to meet the outcomes in subdivision 1. The commissioner shall ensure that business partners do not participate in more than one grant award in each round of grants.

Subd. 3. REPORTING. A grant recipient shall report to the commissioner annually at a time specified by the commissioner on the extent to which it is meeting the outcomes specified in subdivision 1.

Sec. 9. TALENTED STUDENT PROGRAM NEEDS ASSESSMENT.

The commissioner of education shall conduct a needs assessment to determine whether the talented youth program in south central Minnesota, or a similar program, should be available throughout the state to serve talented junior and senior high school students. The commissioner shall report the findings to the education committees of the legislature by February 1, 1996.

Sec. 10. ELECTRONIC COST REDUCTION.

The commissioner of education shall identify methods to reduce the costs of Internet access for school districts. The commissioner shall work in conjunction with MNet, the department of administration, and the telecommunication industry to provide Internet access and long distance phone service at a favorable group rate.

Sec. 11. FEDERAL MATCHING FUNDS.

Appropriations for telecommunications access grants for school districts and regional public library systems under section 4 may be counted as matching funds for federal grants to provide telecommunication access.

Sec. 12. APPROPRIATIONS.

Subdivision 1. DEPARTMENT OF EDUCATION. The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

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Subd. 2. STATE AGENCY LIBRARIES. For maintaining and upgrading the online computer-based library catalog system in state agency libraries:

<u>\$40,000</u>	.....	<u>1996</u>
<u>\$40,000</u>	.....	<u>1997</u>

Any balance in the first year does not cancel and is available in the second year. These amounts are added to amounts included in the appropriation for the department of education budget that are for the same purpose.

Subd. 3. INFORMS GRANTS. For grants to continue the internet access for Minnesota schools project (InforMNS):

<u>\$400,000</u>	.....	<u>1996</u>
<u>\$400,000</u>	.....	<u>1997</u>

Subd. 4. SCIENCE-MATHEMATICS GRANT. For continuation of systemic change in science and mathematics education programs:

<u>\$1,322,000</u>	.....	<u>1996</u>
<u>\$1,322,000</u>	.....	<u>1997</u>

\$30,000 of the appropriation in 1996 and \$30,000 in 1997 is for the south central Minnesota talented youth program.

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

Subd. 5. REGIONAL LIBRARY TELECOMMUNICATIONS AID. For grants to regional public libraries to support electronic data access according to section 134.46:

<u>\$800,000</u>	<u>1996</u>
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This appropriation is available until June 30, 1997.

Subd. 6. INTERACTIVE TELEVISION (ITV) AID. For interactive television (ITV) aid under section 124.91, subdivision 5:

<u>\$2,573,000</u>	.....	<u>1996</u>
<u>\$3,814,000</u>	.....	<u>1997</u>

The 1996 appropriation includes \$473,000 for 1995 ITV aid and \$2,100,000 for 1996 ITV aid.

The 1997 appropriation includes \$370,000 for 1996 ITV aid and \$3,344,000 for 1997 ITV aid.

Subd. 7. TELECOMMUNICATION ACCESS GRANTS. For grants to school districts and regional public library systems to establish connections to MNet according to section 124C.74:

<u>\$5,500,000</u>	<u>1996</u>
<u>\$5,000,000</u>	<u>1997</u>

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This appropriation is available until June 30, 1997.

Subd. 8. INSTRUCTIONAL TRANSFORMATION THROUGH TECHNOLOGY GRANTS. For grants according to section 8:

<u>\$2,700,000</u>	<u>.....</u>	<u>1996</u>
<u>\$2,700,000</u>	<u>.....</u>	<u>1997</u>

The commissioner shall give priority to grant applicants that match private sector contributions, involve multiple school districts, and involve graduation rule pilot sites.

Subd. 9. ITV GRANT; FLOODWOOD. For a grant to independent school district No. 698, Floodwood:

<u>\$125,000</u>	<u>.....</u>	<u>1996</u>
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This appropriation is available until June 30, 1997.

The grant must be used to construct an interactive television transmission line and an electronic data access line. This appropriation is only available to the extent it is matched by the district with local and nonlocal sources. The district may levy up to \$50,000 to provide its share of local sources. School district No. 698, Floodwood, is not eligible for a minimum connection grant under Minnesota Statutes, section 124C.74.

Subd. 10. ITV GRANT; CROMWELL. For a grant to independent school district No. 95, Cromwell:

<u>\$125,000</u>	<u>.....</u>	<u>1996</u>
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This appropriation is available until June 30, 1997.

The grant must be used to construct an interactive television transmission line and an electronic data access line. This appropriation is only available to the extent it is matched by the district with local and nonlocal sources. The district may levy up to \$50,000 to provide its share of local sources. School district No. 95, Cromwell, is not eligible for a minimum connection grant under Minnesota Statutes, section 124C.74. The appropriation and levy authorized in this subdivision are reduced by any amounts received according to Laws 1994, chapter 647, article 6, section 41, subdivision 8. School district No. 95, Cromwell, is not eligible for a minimum connection grant under Minnesota Statutes, section 124C.74.

Sec. 13. REPEALER.

Laws 1993, First Special Session chapter 2, article 5, section 1, is repealed.

Laws 1993, First Special Session chapter 2, article 5, section 2, as amended by Laws 1994, chapter 532, article 2, section 13, is repealed.

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ARTICLE 13

TECHNICAL AND CONFORMING AMENDMENTS

Section 1. Minnesota Statutes 1994, section 43A.316, subdivision 2, is amended to read:

Subd. 2. **DEFINITIONS.** For the purpose of this section, the terms defined in this subdivision have the meaning given them.

(a) **COMMISSIONER.** "Commissioner" means the commissioner of employee relations.

(b) **EMPLOYEE.** "Employee" means:

(1) a person who is a public employee within the definition of section 179A.03, subdivision 14, who is insurance eligible and is employed by an eligible employer;

(2) an elected public official of an eligible employer who is insurance eligible; or

(3) a person employed by a labor organization or employee association certified as an exclusive representative of employees of an eligible employer or by another public employer approved by the commissioner, so long as the plan meets the requirements of a governmental plan under United States Code, title 29, section 1002(32).

(c) **ELIGIBLE EMPLOYER.** "Eligible employer" means:

(1) a public employer within the definition of section 179A.03, subdivision 15, that is a town, county, city, school district as defined in section 120.02, ~~educational service cooperative service unit~~ as defined in section ~~123.58~~ 123.582, intermediate district as defined in section 136C.02, subdivision 7, cooperative center for vocational education as defined in section 123.351, regional management information center as defined in section 121.935, or an education unit organized under the joint powers action, section 471.59; or

(2) an exclusive representative of employees, as defined in paragraph (b); or

(3) another public employer approved by the commissioner.

(d) **EXCLUSIVE REPRESENTATIVE.** "Exclusive representative" means an exclusive representative as defined in section 179A.03, subdivision 8.

(e) **LABOR-MANAGEMENT COMMITTEE.** "Labor-management committee" means the committee established by subdivision 4.

(f) **PLAN.** "Plan" means the statewide public employees insurance plan created by subdivision 3.

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Sec. 2. Minnesota Statutes 1994, section 62L.08, subdivision 7a, is amended to read:

Subd. 7a. **PARTIAL EXEMPTION; POLITICAL SUBDIVISIONS.** (a) Health coverage provided by a political subdivision of the state to its employees, officers, retirees, and their dependents, by participation in group purchasing of health plan coverage by or through an association of political subdivisions or by or through ~~an educational~~ a service cooperative ~~service unit~~ created under section ~~423.58~~ 123.582 or by participating in a joint self-insurance pool authorized under section 471.617, subdivision 2, is subject to this subdivision. Coverage that is subject to this subdivision may have separate index rates and separate premium rates, based upon data specific to the association, educational cooperative service unit, or pool, so long as the rates, including the rating bands, otherwise comply with this chapter. The association, educational cooperative service unit, or pool is not required to offer the small employer plans described in section 62L.05 and is not required to comply with this chapter for employers that are not small employers or that are not eligible for coverage through the association, educational cooperative service unit, or pool. A health carrier that offers a health plan only under this subdivision need not offer that health plan to other small employers on a guaranteed issue basis.

(b) An association, educational cooperative service unit, or pool described in paragraph (a) may elect to be treated under paragraph (a) by filing a notice of the election with the commissioner of commerce no later than January 1, 1995. The election remains in effect for three years and applies to all health coverage provided to members of the group. It may be renewed for subsequent three-year periods. An entity eligible for treatment under paragraph (a) that forms after January 1, 1995, must make the election prior to provision of coverage, and the election remains in effect until January 1, 1998, or if filed after that date, until the next regular renewal date.

Sec. 3. Minnesota Statutes 1994, section 121.935, subdivision 1, is amended to read:

Subdivision 1. **CREATION.** Any group of two or more independent, special or common school districts may with the approval of the state board pursuant to sections 121.931 and 121.936 create a regional management information center pursuant to section ~~423.58~~ 123.582 or 471.59 to provide computer services to school districts. A regional management information center shall not come into existence until the first July 1 after its creation is approved by the state board or until it can be accommodated by state appropriations, whichever occurs first. Each member of the board of a center created after June 30, 1991, shall be a current member of a member school board.

Sec. 4. Minnesota Statutes 1994, section 124.223, subdivision 8, is amended to read:

Subd. 8. **SUMMER INSTRUCTIONAL PROGRAMS.** (a) State transpor-

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tation aid is authorized for services described in subdivisions 1 to 7, 9, and 10 when provided for pupils with a disability in conjunction with a summer instructional program that ~~meets the requirements of section 124A.27, subdivision 9~~ is offered for credit or required for graduation or that provides academic enrichment or remediation. The reserved revenue may not be used for recreational sports, leisure activities, entertainment, recreational activities, crafts, hobbies, or any other classes of a similar nature. Summer programs for a pupil with a disability shall relate to the pupil's individual education plan.

(b) State transportation aid is authorized for services described in subdivision 1 when provided during the summer in conjunction with a learning year program established under section 121.585.

Sec. 5. Minnesota Statutes 1994, section 124.574, subdivision 7, is amended to read:

Subd. 7. A district shall not receive aid pursuant to section ~~124.32~~ 124.3201, 124.3202, 124.321, or 124.573 for salaries, supplies, travel or equipment for which the district receives aid pursuant to this section.

Sec. 6. Minnesota Statutes 1994, section 124A.02, subdivision 16, is amended to read:

Subd. 16. **PUPIL UNITS, AFDC.** ~~"AFDC pupil units" for fiscal year 1992 means pupil units identified in section 124.17, subdivision 1b.~~

"AFDC pupil units" for fiscal year 1993 and thereafter means pupil units identified in section 124.17, subdivision 1d.

Sec. 7. Minnesota Statutes 1994, section 124A.22, subdivision 3, is amended to read:

Subd. 3. **COMPENSATORY EDUCATION REVENUE.** (a) ~~For fiscal year 1992, the compensatory education revenue for each district equals the formula allowance times the AFDC pupil units counted according to section 124.17, subdivision 1b.~~

(b) For fiscal year 1993 and thereafter, the maximum compensatory education revenue for each district equals the formula allowance times the AFDC pupil units computed according to section 124.17, subdivision 1d.

(c) (b) For fiscal year 1993 and thereafter, the previous formula compensatory education revenue for each district equals the formula allowance times the AFDC pupil units computed according to Minnesota Statutes 1994, section 124.17, subdivision 1b.

(d) (c) For fiscal year 1993, the compensatory education revenue for each district equals the district's previous formula compensatory revenue plus one-fourth of the difference between the district's maximum compensatory education revenue and the district's previous formula compensatory education revenue.

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(e) (d) For fiscal year 1994, the compensatory education revenue for each district equals the district's previous formula compensatory education revenue plus one-half of the difference between the district's maximum compensatory education revenue and the district's previous formula compensatory education revenue.

(f) (e) For fiscal year 1995, the compensatory education revenue for each district equals the district's previous formula compensatory education revenue plus three-fourths of the difference between the district's maximum compensatory education revenue and the district's previous formula compensatory education revenue.

(g) (f) For fiscal year 1996 and thereafter, the compensatory education revenue for each district equals the district's maximum compensatory education revenue.

Sec. 8. Minnesota Statutes 1994, section 124A.225, subdivision 2, is amended to read:

Subd. 2. **INSTRUCTOR DEFINED.** Primary instructor means a public employee licensed by the board of teaching whose duties are full-time instruction, excluding a teacher for whom categorical aids are received pursuant to sections ~~124.273 and 124.32~~ 124.3201, 124.3202, and 124.321. Except as provided in section 125.230, subdivision 6, instructor does not include supervisory and support personnel, except school social workers as defined in section 125.03. An instructor whose duties are less than full-time instruction must be included as an equivalent only for the number of hours of instruction in grades kindergarten through 6.

Sec. 9. Minnesota Statutes 1994, section 126.666, subdivision 2, is amended to read:

Subd. 2. **CURRICULUM ADVISORY COMMITTEE.** Each school board shall establish a curriculum advisory committee to permit active community participation in all phases of the PER process. The district advisory committee, to the extent possible, shall be representative of the diversity of the community served by the district and the learning sites within the district, and include principals, teachers, parents, support staff, pupils, and other community residents. The district may establish building teams as subcommittees of the district advisory committee. The district committee shall retain responsibility for recommending to the school board districtwide learner outcomes, assessments, and program evaluations. Learning sites may establish expanded curriculum, assessments, and program evaluations. Whenever possible, parents and other community residents shall comprise at least two-thirds of the advisory committee. ~~The committee shall make recommendations to the board about the programs enumerated in section 124A.27, that the committee determines should be offered. The recommendations shall be based on district and learning site needs and priorities.~~

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ARTICLE 14

BUDGET RESERVE AND COST MANAGEMENT

Section 1. Minnesota Statutes 1994, section 16A.152, is amended by adding a subdivision to read:

Subd. 1a. BUDGET RESERVE. A budget reserve account is created in the general fund in the state treasury. The commissioner of finance shall transfer to the budget reserve account on July 1 of each odd-numbered year any amounts specifically appropriated by law to the budget reserve.

Sec. 2. Minnesota Statutes 1994, section 16A.152, subdivision 2, is amended to read:

Subd. 2. ADDITIONAL REVENUES; PRIORITY. If on the basis of a forecast of general fund revenues and expenditures the commissioner of finance determines that there will be a positive unrestricted budgetary general fund balance at the close of the biennium, the commissioner of finance must allocate money to the budget reserve ~~and cash flow account~~ until the total amount in the account ~~equals five percent of total general fund appropriations for the current biennium as established by the most recent legislative session. Beginning July 1, 1993, forecast unrestricted budgetary general fund balances are first appropriated to restore the budget reserve and cash flow account to \$500,000,000 is \$220,000,000.~~ Additional biennial unrestricted budgetary general fund balances available after November 1 of every odd-numbered calendar year are appropriated in January of the following year to reduce the property tax levy recognition percent under section 121.904, subdivision 4a, to zero before additional money beyond ~~\$500,000,000~~ \$220,000,000 is allocated to the budget reserve ~~and cash flow account~~. ~~\$180,000,000 of the budget reserve and cash flow account shall be dedicated to elementary and secondary education.~~

The amounts necessary to meet the requirements of this section are appropriated from the general fund.

Sec. 3. Minnesota Statutes 1994, section 16A.152, subdivision 4, is amended to read:

Subd. 4. REDUCTION. (a) If the commissioner determines that probable receipts for the general fund will be less than anticipated, and that the amount available for the remainder of the biennium will be less than needed, the commissioner shall, with the approval of the governor, and after consulting the legislative advisory commission, reduce the amount in the budget reserve ~~and cash flow account~~ as needed to balance expenditures with revenue.

(b) An additional deficit shall, with the approval of the governor, and after consulting the legislative advisory commission, be made up by reducing unexpended allotments of any prior appropriation or transfer. Notwithstanding any

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other law to the contrary, the commissioner is empowered to defer or suspend prior statutorily created obligations which would prevent effecting such reductions.

(c) If the commissioner determines that probable receipts for any other fund, appropriation, or item will be less than anticipated, and that the amount available for the remainder of the term of the appropriation or for any allotment period will be less than needed, the commissioner shall notify the agency concerned and then reduce the amount allotted or to be allotted so as to prevent a deficit.

(d) In reducing allotments, the commissioner may consider other sources of revenue available to recipients of state appropriations and may apply allotment reductions based on all sources of revenue available.

(e) In like manner, the commissioner shall reduce allotments to an agency by the amount of any saving that can be made over previous spending plans through a reduction in prices or other cause.

Sec. 4. Minnesota Statutes 1994, section 124.17, subdivision 1, is amended to read:

Subdivision 1. **PUPIL UNIT.** Pupil units for each resident pupil in average daily membership shall be counted according to this subdivision.

(a) A prekindergarten pupil with a disability who is enrolled for the entire fiscal year in a program approved by the commissioner and has an individual education plan that requires up to 437 hours of assessment and education services in the fiscal year is counted as one-half of a pupil unit. If the plan requires more than 437 hours of assessment and education services, the pupil is counted as the ratio of the number of hours of assessment and education service to 875, but not more than one.

(b) A prekindergarten pupil with a disability who is enrolled for less than the entire fiscal year in a program approved by the commissioner is counted as the greater of:

(1) one-half times the ratio of the number of instructional days from the date the pupil is enrolled to the date the pupil withdraws to the number of instructional days in the school year; or

(2) the ratio of the number of hours of assessment and education service required in the fiscal year by the pupil's individual education program plan to 875, but not more than one.

(c) A prekindergarten pupil who is assessed but determined not to be handicapped is counted as the ratio of the number of hours of assessment service to 875.

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

(e) A kindergarten pupil who is not included in paragraph (d) is counted as .515 of a pupil unit for fiscal year 1994 and .53 of a pupil unit for fiscal year 1995 and thereafter.

(f) A pupil who is in any of grades 1 to 6 is counted as 1.03 pupil units for fiscal year 1994 and 1.06 pupil units for fiscal year 1995 and thereafter.

(g) For fiscal year 1996 and fiscal year 1997, a pupil who is in any of grades 7 to 12 is counted as 1.3 pupil units. For fiscal year 1998, a pupil who is in any of grades 7 to 12 is counted as 1.25 pupil units. For fiscal year 1999 and later years, a pupil who is in any of grades 7 to 12 is counted as 1.2 pupil units.

(h) For fiscal year 1996 and fiscal year 1997, a pupil who is in the post-secondary enrollment options program is counted as 1.3 pupil units. For fiscal year 1998, a pupil who is in the post-secondary enrollment options program is counted as 1.25 pupil units. For fiscal year 1999 and later years, a pupil who is in the post-secondary enrollment options program is counted as 1.2 pupil units.

(i) In fiscal year 1998, the sum of a district's general education revenue and referendum revenue may not be reduced by more than two percent due to the reduction in the secondary pupil weight from 1.3 as specified in paragraphs (g) and (h). In fiscal year 1999 and later years, the sum of a district's general education revenue and referendum revenue may not be decreased by more than four percent due to the reduction in the secondary weight from 1.3 as specified in paragraphs (g) and (h).

Sec. 5. FISCAL YEAR 1998 AND 1999 APPROPRIATIONS.

The appropriations for the 1998-99 biennium for programs contained in this act shall be \$2,943,900,000 for fiscal year 1998 and \$3,076,600,000 for fiscal year 1999, plus or minus any adjustments due to variance in pupil forecasts, levies, or other factors generating entitlements for the general revenue program. These amounts shall first be allocated to fully fund the general revenue program. Amounts remaining shall be allocated to other programs in proportion to the fiscal year 1997 appropriations or to entitlements generated by existing law for those programs for each year, up to the amount of the entitlement or the fiscal year 1997 appropriations. Any amounts remaining after allocation to these other programs shall be maintained for allocation recommendations by the governor and legislature in the 1997 session.

Sec. 6. BUDGET RESERVE.

\$200,000,000 is appropriated from the general fund to the commissioner of

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finance for transfer to the budget reserve account created in Minnesota Statutes, section 16A.152. In addition, the commissioner of finance shall transfer to the budget reserve account on July 1, 1995, any unrestricted general fund budgetary balance forecast for fiscal year 1997. The transfer shall be based on the forecast unrestricted budgetary balance at the end of the 1995 legislative session after giving effect to all tax, revenue, and appropriation laws enacted in the 1995 session.

ARTICLE 15**TARGETED NEEDS REVENUE**

Section 1. Minnesota Statutes 1994, section 124.273, is amended by adding a subdivision to read:

Subd. 1c. REVENUE. A district's limited English proficiency programs revenue for fiscal year 1996 and later equals the product of:

(1) the district's base revenue for limited English proficiency programs under this section and section 124.321, times

(2) the ratio of:

(i) the greater of 20 or the number of pupils of limited English proficiency enrolled in the district during the current fiscal year to

(ii) the greater of 20 or the number of pupils of limited English proficiency enrolled in the district during fiscal year 1995.

Sec. 2. Minnesota Statutes 1994, section 124.273, is amended by adding a subdivision to read:

Subd. 1d. LEP BASE REVENUE. The limited English proficiency programs base revenue equals the sum of the following amounts, computed using fiscal year 1995 data:

(1) 68 percent of the salaries paid limited English proficiency program teachers; and

(2) for supplies and equipment purchased or rented for use in the instruction of pupils of limited English proficiency an amount equal to 47 percent of the sum actually spent by the district but not to exceed an average of \$47 in any one school year for each pupil of limited English proficiency receiving instruction.

Sec. 3. Minnesota Statutes 1994, section 124.273, is amended by adding a subdivision to read:

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Subd. 1e. AID. A district's limited English proficiency aid for fiscal year 1996 and later equals the aid percentage factor under section 124.3201, subdivision 1, times the district's limited English proficiency revenue.

Sec. 4. [124.312] TARGETED NEEDS PROGRAM REVENUE.

Subdivision 1. USE OF THE REVENUE. The targeted needs revenue under this section must be used to meet the educational needs of learners whose progress toward meeting state or local content or performance standards is below the level that is appropriate for learners of their age. Any of the following may be provided to meet these learners needs:

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

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

(3) flexible school day or school year programs that enable these learners to improve their achievement or that provide additional learning opportunities outside of the normal school schedule;

(4) comprehensive and on-going staff development consistent with district and site plans according to section 126.70, for teachers, teacher aides, principals, and other personnel to improve their ability to identify the needs of these learners and provide appropriate remediation, intervention, accommodations, or modifications;

(5) instructional materials and technology appropriate for meeting the individual needs of these learners;

(6) programs established under a desegregation plan mandated by the state board or under court order, to increase learning opportunities and reduce the learning gap between learners living in high concentrations of poverty and their peers;

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

(8) bilingual programs, bicultural programs, and programs for learners of limited English proficiency; and

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

Subd. 2. BUILDING ALLOCATION. A district must consider the concentration of children from low-income families, children with limited English proficiency, and children with disabilities in each school building in the district when allocating targeted needs revenue.

Subd. 3. SEPARATE ACCOUNT. Targeted needs revenue shall be maintained in a separate account to identify expenditures for salaries and programs related to this revenue.

Subd. 4. INTEGRATION REVENUE. For fiscal year 1996 and later fiscal years, integration revenue equals the sum of integration aid and integration levy under section 124.912, subdivision 2.

Subd. 5. INTEGRATION AID. For fiscal year 1996 and later fiscal years integration aid equals the following amounts:

- (1) for independent school district No. 709, Duluth, \$1,385,000;
- (2) for independent school district No. 625, St. Paul, \$8,090,700; and
- (3) for special school district No. 1, Minneapolis, \$9,368,300.

Sec. 5. [124.313] TARGETED NEEDS REVENUE.

For fiscal year 1996 and thereafter, a school district's targeted needs revenue equals the sum of:

- (1) assurance of mastery revenue according to section 124.311; plus
- (2) the district's limited English proficiency revenue computed according to section 124.273, subdivision 1d; plus
- (3) integration revenue computed according to section 124.312, subdivision 4.

Sec. 6. [124.314] TARGETED NEEDS AID AND LEVY.

Subdivision 1. AID. For fiscal year 1996 and thereafter, a school district's targeted needs aid equals the sum of its assurance of mastery aid according to section 124.311, its limited English proficiency aid according to section 124.273, subdivision 1e, and its integration aid according to section 124.312, subdivision 5.

Subd. 2. LEVY. For fiscal year 1997 and thereafter, a school district's targeted needs levy equals the sum of its integration levy under section 124.912,

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subdivision 2, and that portion of its special education levy attributed to the limited English proficiency program.

Sec. 7. Minnesota Statutes 1994, section 124.32, subdivision 7, is amended to read:

Subd. 7. **PROGRAM AND AID APPROVAL.** Before June 1 of each year, each district providing special instruction and services to children with a disability shall submit to the commissioner an application for approval of these programs and their budgets for the next ~~school~~ fiscal year. The application shall include an enumeration of the costs proposed as eligible for state aid pursuant to this section and of the estimated number and grade level of children with a disability in the district who will receive special instruction and services during the regular school year and in summer school programs during the next ~~school~~ fiscal year. The application shall also include any other information deemed necessary by the commissioner for the calculation of state aid and for the evaluation of the necessity of the program, the necessity of the personnel to be employed in the program, for determining the amount which the program will receive from grants from federal funds, or special grants from other state sources, and the program's compliance with the rules and standards of the state board. The commissioner shall review each application to determine whether the program and the personnel to be employed in the program are actually necessary and essential to meet the district's obligation to provide special instruction and services to children with a disability pursuant to sections 120.17 and 120.1701. The commissioner shall not approve aid pursuant to this section for any program or for the salary of any personnel determined to be unnecessary or unessential on the basis of this review. The commissioner may ~~also~~ withhold all or any portion of the aid for programs which receive grants from federal funds, or special grants from other state sources. By August 31 the commissioner shall approve, disapprove or modify each application, and notify each applying district of the action and of the estimated amount of aid for the programs. The commissioner shall provide procedures for districts to submit additional applications for program and budget approval during the ~~school~~ fiscal year, for programs needed to meet any substantial changes in the needs of children with a disability in the district. Notwithstanding the provisions of section 124.15, the commissioner may modify or withdraw the program or aid approval and withhold aid pursuant to this section without proceeding according to section 124.15 at any time the commissioner determines that the program does not comply with rules of the state board or that any facts concerning the program or its budget differ from the facts in the district's approved application.

Sec. 8. Minnesota Statutes 1994, section 124.32, subdivision 10, is amended to read:

Subd. 10. **SUMMER SCHOOL.** ~~The state shall pay aid for summer school programs for children with a disability on the basis of subdivisions 1b, 1d, and 5 for the current school year. The state shall also pay to the Minnesota state~~

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academy for the deaf or the Minnesota state academy for the blind a part of the salary of each instructional aide assigned to a child attending the academy, if that aide is required by the child's individual education plan. By March 15 of each year, districts shall submit separate applications for program and budget approval for summer school programs. The review of these applications shall be as provided in subdivision 7. By May 1 of each year, the commissioner shall approve, disapprove or modify the applications and notify the districts of the action and of the estimated amount of aid for the summer school programs.

Sec. 9. Minnesota Statutes 1994, section 124.32, subdivision 12, is amended to read:

Subd. 12. ALLOCATION FROM COOPERATIVE CENTERS, EDUCATIONAL COOPERATIVE SERVICE UNITS, EDUCATION DISTRICTS, AND INTERMEDIATE DISTRICTS. For purposes of this section, a special education cooperative, service cooperative, education district, or an intermediate district shall allocate its approved expenditures for special education programs among participating school districts. Special education aid for services provided by a cooperative, service cooperative, education district, or intermediate district shall be paid to the participating school districts.

Sec. 10. [124.3201] SPECIAL EDUCATION REVENUE.

Subdivision 1. DEFINITIONS For the purposes of this section and sections 124.3202 and 124.321, the definitions in this subdivision apply.

(a) "Base year" for fiscal year 1996 means fiscal year 1995. Base year for later fiscal years means the second fiscal year preceding the fiscal year for which aid will be paid.

(b) "Basic revenue" has the meaning given it in section 124A.22, subdivision 2. For the purposes of computing basic revenue pursuant to this section, each child with a disability shall be counted as prescribed in section 124.17, subdivision 1.

(c) "Essential personnel" means teachers, related services, and support services staff providing direct services to students.

(d) "Average daily membership" has the meaning given it in section 124.17.

(e) "Program growth factor" means 1.00 for fiscal year 1998 and later.

(f) "Aid percentage factor" means 60 percent for fiscal year 1996, 70 percent for fiscal year 1997, 80 percent for fiscal year 1998, 90 percent for fiscal year 1999, and 100 percent for fiscal years 2000 and later.

(g) "Levy percentage factor" means 100 minus the aid percentage factor for that year.

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Subd. 2. SPECIAL EDUCATION BASE REVENUE. The special education base revenue equals the sum of the following amounts computed using base year data:

(1) 68 percent of the salary of each essential person employed in the district's program for children with a disability during the regular school year, whether the person is employed by one or more districts;

(2) for the Minnesota state academy for the deaf or the Minnesota state academy for the blind, 68 percent of the salary of each instructional aide assigned to a child attending the academy, if that aide is required by the child's individual education plan;

(3) for special instruction and services provided to any pupil by contracting with public, private, or voluntary agencies other than school districts, in place of special instruction and services provided by the district, 52 percent of the difference between the amount of the contract and the basic revenue of the district for that pupil for the fraction of the school day the pupil receives services under the contract;

(4) for special instruction and services provided to any pupil by contracting for services with public, private, or voluntary agencies other than school districts, that are supplementary to a full educational program provided by the school district, 52 percent of the amount of the contract for that pupil;

(5) for supplies and equipment purchased or rented for use in the instruction of children with a disability an amount equal to 47 percent of the sum actually expended by the district but not to exceed an average of \$47 in any one school year for each child with a disability receiving instruction; and

(6) for fiscal years 1997 and later, special education base revenue shall include amounts under clauses (1) to (5) for special education summer programs provided during that fiscal year.

Subd. 3. ADJUSTED SPECIAL EDUCATION BASE REVENUE. For fiscal year 1996 and later, a district's adjusted special education base revenue equals the district's special education base revenue times the ratio of the district's average daily membership for the current school year to the district's average daily membership for the base year.

Subd. 4. STATE TOTAL SPECIAL EDUCATION REVENUE. The state total special education revenue for fiscal year 1996 equals \$327,846,000. The state total special education revenue for fiscal year 1997 equals \$347,810,000. The state total special education revenue for later fiscal years equals:

(1) the state total special education revenue for the preceding fiscal year; times

(2) the program growth factor; times

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(3) the ratio of the state total average daily membership for the current fiscal year to the state total average daily membership for the preceding fiscal year.

Subd. 5. SCHOOL DISTRICT SPECIAL EDUCATION REVENUE. A school district's special education revenue for fiscal year 1996 and later equals the state total special education revenue times the ratio of the district's adjusted special education base revenue to the state total adjusted special education base revenue. If the state board of education modifies its rules for special education in a manner that increases a school district's special education obligations or service requirements, the commissioner of education shall annually increase each district's special education revenue by the amount necessary to compensate for the increased service requirements. The additional revenue equals the cost in the current year attributable to rule changes not reflected in the computation of special education base revenue, multiplied by the appropriate percentages from subdivision 2.

Subd. 6. SPECIAL EDUCATION AID. A school district's special education aid for fiscal year 1996 and later equals the district's special education revenue times the aid percentage factor for that year.

Subd. 7. REVENUE ALLOCATION FROM COOPERATIVE CENTERS AND INTERMEDIATES. For the purposes of this section and section 124.321, a special education cooperative or an intermediate district shall allocate its approved expenditures for special education programs among participating school districts.

Sec. 11. [124.3202] SPECIAL EDUCATION SUMMER PROGRAM REVENUE.

Subdivision 1. SUMMER PROGRAM BASE REVENUE. The summer program base revenue for fiscal year 1996 equals the sum of the following amounts computed using base year data:

(1) 68 percent of the summer program salary of each essential person employed in the district's program for children with a disability, whether the person is employed by one or more districts;

(2) for the Minnesota state academy for the deaf or the Minnesota state academy for the blind, 68 percent of the summer program salary of each instructional aide assigned to a child attending the academy, if that aide is required by the child's individual education plan;

(3) for special instruction and services provided to any pupil by contracting with public, private, or voluntary agencies other than school districts, in place of special instruction and services provided by the district, 52 percent of the difference between the amount of the contract for the summer program and the basic revenue of the district for that pupil for the fraction of the school day the pupil receives services under the contract; and

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(4) for special instruction and services provided to any pupil by contracting for services with public, private, or voluntary agencies other than school districts, that are supplementary to a full educational program provided by the school district, 52 percent of the amount of the summer program contract for that pupil.

Subd. 2. ADJUSTED SUMMER PROGRAM BASE REVENUE. For fiscal year 1996 and later, a district's adjusted summer program base revenue equals the district's summer program base revenue times the ratio of the district's average daily membership for the current school year to the district's average daily membership for the base year.

Subd. 3. STATE TOTAL SUMMER PROGRAM REVENUE. The state total summer program revenue for fiscal year 1996 equals \$7,152,000.

Subd. 4. SCHOOL DISTRICT SUMMER PROGRAM REVENUE. A school district's summer program revenue for fiscal year 1996 equals the state total summer program revenue times the ratio of the district's adjusted summer program base revenue to the state total adjusted summer program base revenue.

Subd. 5. SPECIAL EDUCATION SUMMER PROGRAM AID. A school district's special education summer program aid for fiscal year 1996 equals the district's summer program revenue times the aid percentage factor for that year.

Subd. 6. REVENUE ALLOCATION FROM COOPERATIVE CENTERS AND INTERMEDIATES. For the purposes of this section and section 124.321, a special education cooperative or an intermediate district shall allocate its approved expenditures for special education programs among participating school districts. Special education summer program aid for services provided by a cooperative or intermediate district shall be paid to the participating school districts.

Sec. 12. Minnesota Statutes 1994, section 124.321, subdivision 1, is amended to read:

Subdivision 1. **LEVY EQUALIZATION REVENUE.** (a) For fiscal years 1996 and later, special education levy equalization revenue for a school district, excluding an intermediate school district, equals the sum of the following amounts:

(1) 68 percent of the salaries paid to essential personnel in that district minus the amount of state aid and any federal aid, if applicable, paid to that district for salaries of these essential personnel under section 124.32, subdivisions 1b and 1c, for the year to which the levy is attributable; plus

(2) 68 percent of the salaries paid to essential personnel in that district minus the amount of state aid and any federal aid, if applicable, paid to that district for salaries of these essential personnel under section 124.574, subdivision 2b, for the year to which the levy is attributable; plus

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(3) 68 percent of the salaries paid to limited English proficiency program teachers in that district minus the amount of state aid and any federal aid, if applicable, paid to that district for salaries of these teachers under section 124.273, subdivision 1b; for the year to which the levy is attributable, plus

(4) the alternative delivery levy revenue determined according to section 124.322, subdivision 4, plus

(5) the amount allocated to the district by special education cooperatives or intermediate districts in which it participates according to subdivision 2.

A district that receives alternative delivery levy revenue according to section 124.322, subdivision 4, shall not receive levy equalization revenue under clause (1) or subdivision 2, clause (1), for the same fiscal year.

(1) the levy percentage factor for that year times the district's special education revenue under section 124.3201; plus

(2) the levy percentage factor for that year times the district's special education summer program revenue under section 124.3202; plus

(3) the levy percentage factor for that year times the district's special education excess cost revenue under section 124.323; plus

(4) the levy percentage factor for that year times the district's secondary vocational education for children with a disability revenue under section 124.574; plus

(5) the levy percentage factor for that year times the district's limited English proficiency programs revenue under section 124.273.

Sec. 13. Minnesota Statutes 1994, section 124.321, subdivision 2, is amended to read:

Subd. 2. **REVENUE ALLOCATION FROM COOPERATIVES AND INTERMEDIATE DISTRICTS STATE ACADEMIES.** (a) For purposes of this section, a special education cooperative or an intermediate district shall allocate to participating school districts the sum of the following amounts:

(1) 68 percent of the salaries paid to essential personnel in that cooperative or intermediate district minus the amount of state aid and any federal aid, if applicable, paid to that cooperative or intermediate district for salaries of these essential personnel under section 124.32, subdivisions 1b and 10, for the year to which the levy is attributable, plus

(2) 68 percent of the salaries paid to essential personnel in that district minus the amount of state aid and any federal aid, if applicable, paid to that district for salaries of these essential personnel under section 124.574, subdivision 2b, for the year to which the levy is attributable, plus

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(3) 68 percent of the salaries paid to limited English proficiency program teachers in that cooperative or intermediate district minus the amount of state aid and any federal aid, if applicable, paid to that cooperative or intermediate district for salaries of these teachers under section 124.273, subdivision 1b, for the year to which the levy is attributable.

(b) A special education cooperative or an intermediate district that allocates amounts to participating school districts under this subdivision must report the amounts allocated to the department of education.

(e) For purposes of this subdivision section, the Minnesota state academy for the deaf or the Minnesota state academy for the blind each year shall allocate an amount equal to 68 percent of salaries paid to instructional aides in either academy minus the amount of state aid and any federal aid, if applicable, paid to either academy for salaries of these instructional aides under sections 124.32, subdivisions 1b and 1d, the levy percentage factor for that year times their special education revenue under section 124.3201 and their special education summer program revenue under section 124.3202 for the year to each school district that assigns a child with an individual education plan requiring an instructional aide to attend either academy. The school districts that assign a child who requires an instructional aide may make a levy in the amount of the costs allocated to them by either academy.

(d) (b) When the Minnesota state academy for the deaf or the Minnesota state academy for the blind allocates unreimbursed portions of salaries of instructional aides revenue among school districts that assign a child who requires an instructional aide, for purposes of the districts making a levy under this subdivision, the academy shall provide information to the department of education on the amount of unreimbursed costs of salaries revenue it allocated to the school districts that assign a child who requires an instructional aide.

Sec. 14. Minnesota Statutes 1994, section 124.322, is amended to read:

124.322 ALTERNATIVE DELIVERY BASE REVENUE ADJUSTMENT.

Subdivision 1. **ELIGIBILITY.** A district is eligible for an alternative delivery base revenue adjustment if the commissioner of education has approved the application of the district according to section 120.173.

Subd. 1a. **DEFINITIONS BASE REVENUE ADJUSTMENT.** In this section, the definitions in this subdivision apply:

(a) "Base revenue" means the following:

(1) for the first fiscal year after approval of the district's application, base revenue means the sum of the district's revenue for the preceding fiscal year for its special education program under sections 124.32, subdivisions 1b, 1d, 2, 5, and 10, and 124.321, subdivision 1;

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(2) for the second fiscal year after approval of a district's application; base revenue means the sum of the district's revenue for the second prior fiscal year for its special education program under sections 124.32, subdivisions 1b, 1d, 2, 5, and 10; and 124.321, subdivision 1; and

(3) For the third fiscal year after approval of a district's application, and thereafter, the special education base revenue under section 124.3201, subdivision 1, and the summer program base revenue means the sum of the revenue a district would have been entitled to in the second prior fiscal year for its special education program under sections 124.32, subdivisions 1b, 1d, 2, 5, and 10; and 124.321, subdivision 1, under section 124.3202, subdivision 1, shall be computed based on activities defined as reimbursable under state board rules for special education and nonspecial education students, and additional activities as detailed and approved by the commissioner of education.

(b) "Base aid" means the following:

(1) for the first fiscal year after approval of a district's application; base aid means the sum of the district's gross aid for the preceding fiscal year for its special education program under section 124.32; subdivisions 1b, 1d, 2, 5, and 10;

(2) for the second fiscal year after approval of a district's application; base aid means the sum of the district's gross aid for the second prior fiscal year for its special education program under section 124.32; subdivisions 1b, 1d, 2, 5, and 10; and

(3) for the third fiscal year after approval of a district's application and thereafter; base aid means the sum of the gross aid the district would have been entitled to in the second prior fiscal year for its special education program under section 124.32; subdivisions 1b, 1d, 2, 5, and 10; based on activities defined as reimbursable under state board of education rules for special education and nonspecial education students; and additional activities as detailed and approved by the commissioner of education in the application plan.

(c) Notwithstanding paragraphs (a) and (b); base revenue and base aid for 1995 and later fiscal years must not include revenue and aid under section 124.32; subdivision 5.

(d) "Alternative delivery revenue inflator" means:

(1) for the first fiscal year after approval of a district's application; the greater of 1.017 or the ratio of (i) the statewide average special education revenue under sections 124.32 and 124.321 per pupil in average daily membership for the current fiscal year; to (ii) the statewide average special education revenue per pupil in average daily membership for the previous fiscal year.

(2) for the second and later fiscal years; the greater of 1.034 or the ratio of (i) the statewide average special education revenue under sections 124.32 and

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124.321 per pupil in average daily membership for the current fiscal year, to (ii) the statewide average special education revenue per pupil in average daily membership for the second prior fiscal year.

(e) The commissioner of education shall adjust each district's base revenue and base aid to reflect any changes in special education services required by rule or statute.

Subd. 2. AMOUNT OF ALTERNATIVE DELIVERY REVENUE. For the first fiscal year after approval of an application, a district's alternative delivery revenue equals its base revenue multiplied by the product of the alternative delivery revenue inflator times the ratio of the district's average daily membership for the current fiscal year to the district's average daily membership for the immediately preceding fiscal year. For the second and later fiscal years a district's alternative delivery revenue equals its base revenue multiplied by the product of the alternative delivery revenue inflator times the ratio of the district's average daily membership for the current fiscal year to the district's average daily membership for the second preceding fiscal year.

Subd. 3. ALTERNATIVE DELIVERY AID. For the first fiscal year after approval of an application, a district's alternative delivery aid equals its base aid multiplied by the product of 1.017 times the ratio of the district's average daily membership for the current fiscal year to the district's average daily membership for the preceding fiscal year. For the second and later fiscal years a district's alternative delivery aid equals its base aid multiplied by the product of 1.034 times the ratio of the district's average daily membership for the current fiscal year to the district's average daily membership for the second preceding fiscal year. A district that receives aid under this subdivision shall not receive aid under section 124.32, subdivisions 1b, 1d, 2, 5, and 10, for the same fiscal year.

Subd. 4. ALTERNATIVE DELIVERY LEVY REVENUE. A district shall receive alternative delivery levy revenue equal to the difference between the alternative delivery revenue and the alternative delivery aid. If the alternative delivery aid for a district is prorated, the alternative delivery levy revenue shall be increased by the amount not paid by the state due to proration. The alternative delivery levy revenue shall be included under section 124.321, subdivision 1, for purposes of computing the special education levy under section 124.321, subdivision 3, and the special education levy equalization aid under section 124.321, subdivision 4.

Subd. 5. USE OF REVENUE. Revenue under this section sections 124.3201 and 124.3202 shall be used to implement the approved program.

Sec. 15. Minnesota Statutes 1994, section 124.323, subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** In this section, the definitions in this subdivision apply.

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

(1) expenditures for teachers' salaries, contracted services, supplies, and equipment eligible for revenue under sections ~~124.32, subdivisions 1b, 1d, 2, and 40; and 124.322, subdivision 2~~ 124.3201, 124.3202, and 124.321; plus

(2) expenditures for tuition bills received under section 120.17; minus

(3) revenue for teachers' salaries, contracted services, supplies, and equipment under sections ~~124.32, subdivisions 1b, 1d, 2, and 40; 124.321, subdivision 1, clause (1); and 124.322, subdivision 2~~ 124.3201, 124.3202, and 124.321; minus

(4) tuition receipts under section 120.17.

(b) "General revenue," for fiscal year 1996, means the sum of the general education revenue according to section 124A.22, subdivision 1, plus the total referendum revenue according to section 124A.03, subdivision 1e. For fiscal years 1997 and later, "general revenue" means the sum of the general education revenue according to section 124A.22, subdivision 1, plus the total referendum revenue minus transportation sparsity revenue minus total operating capital revenue.

Sec. 16. Minnesota Statutes 1994, section 124.323, subdivision 2, is amended to read:

Subd. 2. **EXCESS COST AID REVENUE.** For ~~1995~~ 1996 and later fiscal years, a district's special education excess cost ~~aid~~ revenue equals the product of:

(1) 70 percent of the difference between (i) the district's unreimbursed special education cost per actual pupil unit and (ii) six percent for fiscal year 1996 and 5.7 percent for fiscal year 1997 and later years of the district's general revenue per actual pupil unit, times

(2) the district's actual pupil units for that year.

Sec. 17. Minnesota Statutes 1994, section 124.323, is amended by adding a subdivision to read:

Subd. 3. **EXCESS COST AID.** For 1996 and later fiscal years, a district's special education excess cost aid equals the district's special education excess cost revenue times the aid percentage factor for that year.

Sec. 18. Minnesota Statutes 1994, section 124.574, is amended by adding a subdivision to read:

Subd. 2c. **DEFINITIONS.** For the purposes of this section and section 124.321, the definitions in this subdivision apply.

(a) "Base year" for fiscal year 1996 means fiscal year 1995. Base year for

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later fiscal years means the second fiscal year preceding the fiscal year for which aid will be paid.

(b) "Basic revenue" has the meaning given it in section 124A.22, subdivision 2. For the purposes of computing basic revenue pursuant to this section, each child with a disability shall be counted as prescribed in section 124.17, subdivision 1.

(c) "Average daily membership" has the meaning given it in section 124.17.

(d) "Program growth factor" means 1.00 for fiscal year 1998 and later.

(e) "Aid percentage factor" means 60 percent for fiscal year 1996, 70 percent for fiscal year 1997, 80 percent for fiscal year 1998, 90 percent for fiscal year 1999, and 100 percent for fiscal year 2000 and later.

Sec. 19. Minnesota Statutes 1994, section 124.574, is amended by adding a subdivision to read:

Subd. 2d. BASE REVENUE. The secondary vocational disabled program base revenue equals the sum of the following amounts computed using base year data:

(1) 68 percent of the salary of each essential licensed person who provides direct instructional services to students employed during that fiscal year for services rendered in that district's secondary vocational education programs for children with a disability;

(2) 47 percent of the costs of necessary equipment for secondary vocational education programs for children with a disability;

(3) 47 percent of the costs of necessary travel between instructional sites by secondary vocational education teachers of children with a disability but not including travel to and from local, regional, district, state, or national vocational student organization meetings;

(4) 47 percent of the costs of necessary supplies for secondary vocational education programs for children with a disability but not to exceed an average of \$47 in any one school year for each child with a disability receiving these services;

(5) for secondary vocational education programs for children with disabilities provided by a contract approved by the commissioner with public, private, or voluntary agencies other than a Minnesota school district or cooperative center, in place of programs provided by the district, 52 percent of the difference between the amount of the contract and the basic revenue of the district for that pupil for the fraction of the school day the pupil receives services under the contract;

New language is indicated by underline, deletions by ~~strikeout~~.

(6) for secondary vocational education programs for children with disabilities provided by a contract approved by the commissioner with public, private, or voluntary agencies other than a Minnesota school district or cooperative center, that are supplementary to a full educational program provided by the school district, 52 percent of the amount of the contract; and

(7) for a contract approved by the commissioner with another Minnesota school district or cooperative center for vocational evaluation services for children with a disability for children that are not yet enrolled in grade 12, 52 percent of the amount of the contract.

Sec. 20. Minnesota Statutes 1994, section 124.574, is amended by adding a subdivision to read:

Subd. 2e. ADJUSTED SECONDARY VOCATIONAL-DISABLED BASE REVENUE. For fiscal year 1996 and later, a district's adjusted secondary vocational-disabled base revenue equals the district's secondary vocational-disabled base revenue times the ratio of the district's average daily membership for the current school year to the district's average daily membership for the base year.

Sec. 21. Minnesota Statutes 1994, section 124.574, is amended by adding a subdivision to read:

Subd. 2f. STATE TOTAL SECONDARY VOCATIONAL-DISABLED REVENUE. The state total secondary vocational-disabled revenue for fiscal year 1996 equals \$7,645,000. The state total secondary vocational-disabled revenue for fiscal year 1997 equals \$7,960,000. The state total secondary vocational-disabled revenue for later fiscal years equals:

(1) the state total secondary vocational-disabled revenue for the preceding fiscal year; times

(2) the program growth factor; times

(3) the ratio of the state total average daily membership for the current fiscal year to the state total average daily membership for the preceding fiscal year.

Sec. 22. Minnesota Statutes 1994, section 124.574, is amended by adding a subdivision to read:

Subd. 2g. SCHOOL DISTRICT SECONDARY VOCATIONAL-DISABLED REVENUE. A school district's secondary vocational-disabled revenue for fiscal year 1996 and later equals the state total secondary vocational-disabled revenue times the ratio of the district's adjusted secondary vocational-disabled base revenue to the state total adjusted secondary vocational-disabled base revenue.

Sec. 23. Minnesota Statutes 1994, section 124.574, is amended by adding a subdivision to read:

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Subd. 2h. SCHOOL DISTRICT SECONDARY VOCATIONAL-DISABLED AID. A school district's secondary vocational-disabled aid for fiscal year 1996 and later equals the district's secondary vocational-disabled revenue times the aid percentage factor for that year.

Sec. 24. Minnesota Statutes 1994, section 124.574, subdivision 9, is amended to read:

Subd. 9. REVENUE ALLOCATION FROM COOPERATIVE CENTERS AND INTERMEDIATE DISTRICTS. For purposes of this section and section 124.321, a cooperative center or an intermediate district shall allocate its approved expenditures for secondary vocational programs for children with a disability among participating school districts. Aid for secondary vocational programs for children with a disability for services provided by a cooperative or intermediate district shall be paid to the participating school districts.

Sec. 25. HOMESTEAD AND AGRICULTURAL CREDIT ADJUSTMENT.

(a) For the computation of homestead and agricultural aid for taxes payable in 1996, the commissioner of revenue shall reduce a school district's homestead and agricultural aid by an amount equal to the lesser of: (1) 25 percent of the amount of the district's homestead and agricultural aid for calendar year 1995; or (2) an amount equal to one percent times the district's adjusted net tax capacity for assessment year 1994.

(b) Prior to the computation of homestead and agricultural aid for taxes payable in 1997, the commissioner of revenue shall reduce the school district's homestead and agricultural aid by an amount equal to the lesser of: (1) 50 percent of the amount of the district's homestead and agricultural aid for calendar year 1995; or (2) an amount equal to one percent times the district's adjusted net tax capacity for assessment year 1994.

(c) Prior to the computation of homestead and agricultural aid for taxes payable in 1998, the commissioner of revenue shall reduce a school district's homestead and agricultural aid by an amount equal to the lesser of: (1) 75 percent of the amount of the district's homestead and agricultural aid for calendar year 1995; or (2) an amount equal to one percent times the district's adjusted net tax capacity for assessment year 1994.

(d) Prior to the computation of homestead and agricultural aid for taxes payable in 1999, the commissioner of revenue shall reduce a school district's homestead and agricultural aid by an amount equal to the lesser of: (1) the amount of the district's homestead and agricultural aid for calendar year 1995; or (2) an amount equal to one percent times the district's adjusted net tax capacity for assessment year 1994.

(e) Prior to the computation of homestead and agricultural aid for taxes

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payable in 2000 and later years, the commissioner of revenue shall reduce a school district's homestead and agricultural aid by an amount equal to the lesser of: (1) any remaining amount of the district's homestead and agricultural aid; or (2) an amount equal to one percent times the district's adjusted net tax capacity for assessment year 1994.

Sec. 26. APPROPRIATIONS.

Subdivision 1. DEPARTMENT OF EDUCATION. The sums indicated in this section are appropriated from the general fund or other named fund to the department of education for the fiscal years designated.

Subd. 2. SPECIAL EDUCATION AID. For special education aid according to Minnesota Statutes, section 124.32:

\$195,432,000	.....	1996
\$236,453,000	.....	1997

The 1996 appropriation includes \$28,230,000 for 1995 and \$206,947,000 for 1996.

The 1997 appropriation includes \$29,506,000 for 1996 and \$206,947,000 for 1997.

Subd. 3. SPECIAL PUPIL AID. For special education aid according to Minnesota Statutes, section 124.32, subdivision 6, for pupils with handicaps placed in residential facilities within the district boundaries for whom no district of residence can be determined:

\$470,000	.....	1996
\$479,000	.....	1997

If the appropriation for either year is insufficient, the appropriation for the other year is available. If the appropriations for both years are insufficient, the appropriation for special education aid may be used to meet the special pupil obligations.

Subd. 4. SUMMER SPECIAL EDUCATION AID. For special education summer program aid according to Minnesota Statutes, section 124.32, subdivision 10:

\$4,310,000	.....	1996
\$2,610,000	.....	1997

The 1996 appropriation is for 1995 summer programs.

The 1997 appropriation is for 1996 summer programs provided in fiscal year 1996.

Subd. 5. TRAVEL FOR HOME-BASED SERVICES. For aid for teacher travel for home-based services according to Minnesota Statutes, section 124.32, subdivision 2b:

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<u>\$77,000</u>	<u>1996</u>
<u>\$80,000</u>	<u>1997</u>

The 1996 appropriation includes \$11,000 for 1995 and \$66,000 for 1996.

The 1997 appropriation includes \$11,000 for 1996 and \$69,000 for 1997.

Subd. 6. SPECIAL EDUCATION EXCESS COST AID. For excess cost aid:

<u>\$6,297,000</u>	.....	<u>1996</u>
<u>\$12,196,000</u>	.....	<u>1997</u>

The 1996 appropriation includes \$760,000 for 1995 and \$5,537,000 for 1996.

The 1997 appropriation includes \$976,000 for 1996 and \$11,220,000 for 1997.

Subd. 7. TARGETED NEEDS AID. For targeted needs aid:

<u>\$37,682,000</u>	.....	<u>1996</u>
<u>\$41,597,000</u>	.....	<u>1997</u>

(a) Of the 1996 amount, \$945,000 is for 1995 LEP aid and \$4,359,000 is for 1996 LEP aid. Of the 1996 amount, \$1,979,000 is for 1995 AOM aid and \$11,555,000 is for 1996 AOM aid. Of the 1996 amount, \$18,844,000 is for 1996 integration aid.

(b) Of the 1997 amount, \$1,089,000 is for 1996 LEP aid and \$7,913,000 is for 1997 LEP aid. Of the 1997 amount, \$2,039,000 is for 1996 AOM aid and \$11,712,000 is for 1997 AOM aid. Of the 1997 amount, \$18,844,000 is for 1997 integration aid.

(c) As a condition of receiving a grant, each district must continue to report its costs according to the uniform financial accounting and reporting system. As a further condition of receiving a grant, each district must submit a report to the chairs of the education committees of the legislature about the actual expenditures it made for integration using the grant money including achievement results. These grants may be used to transport students attending a nonresident district under Minnesota Statutes, section 120.062, to the border of the resident district. A district may allocate a part of the grant to the transportation fund for this purpose.

Subd. 8. SECONDARY VOCATIONAL; STUDENTS WITH DISABILITIES. For aid for secondary vocational education for pupils with disabilities according to Minnesota Statutes, section 124.574:

<u>\$4,489,000</u>	<u>1996</u>
<u>\$5,424,000</u>	<u>1997</u>

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The 1996 appropriation includes \$590,000 for 1995 and \$3,899,000 for 1996.

The 1997 appropriation includes \$688,000 for 1996 and \$4,736,000 for 1997.

Subd. 9. SPECIAL PROGRAMS EQUALIZATION AID. For special education levy equalization aid according to Minnesota Statutes, section 124.321:

<u>\$24,525,000</u>	<u>.....</u>	<u>1996</u>
<u>\$19,030,000</u>	<u>.....</u>	<u>1997</u>

The 1996 appropriation includes \$2,584,000 for 1995 and \$21,941,000 for 1996.

The 1997 appropriation includes \$3,872,000 for 1996 and \$15,158,000 for 1997.

Subd. 10. LOW-INCOME CONCENTRATION GRANTS. For low-income concentration grants according to Laws 1994, chapter 647, article 8, section 43:

<u>\$1,150,000</u>	<u>.....</u>	<u>1996</u>
<u>\$1,150,000</u>	<u>.....</u>	<u>1997</u>

Sec. 27. REPEALER.

Minnesota Statutes 1994, sections 124.273, subdivisions 1b and 2c; 124.32, subdivisions 1b, 1c, 1d, 1f, 2, and 3a; and 124.574, subdivisions 2b, 3, 4, and 4a, are repealed.

ARTICLE 16

DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING

Section 1. [119A.01] ABOLISHMENT; ESTABLISHMENT; PURPOSE; AND GOALS.

Subdivision 1. ABOLISHMENT. The position of commissioner of education and the department of education are abolished. The employees of the department of education are transferred to the department of children, families, and learning under section 15.039, subdivision 7.

Subd. 2. ESTABLISHMENT. The department of children, families, and learning is established.

Subd. 3. PURPOSE. The purpose in creating the department is to increase the capacity of Minnesota communities to measurably improve the well-being of children and families by:

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(1) coordinating and integrating state funded and locally administered family and children programs;

(2) improving flexibility in the design, funding, and delivery of programs affecting children and families;

(3) providing greater focus on strategies designed to prevent problems affecting the well-being of children and families;

(4) enhancing local decision making, collaboration, and the development of new governance models;

(5) improving public accountability through the provision of research, information, and the development of measurable program outcomes;

(6) increasing the capacity of communities to respond to the whole child by improving the ability of families to gain access to services;

(7) encouraging all members of a community to nurture all the children in the community; and

(8) supporting parents in their dual roles as breadwinners and parents.

Sec. 2. [119A.02] DEFINITIONS.

Subdivision 1. APPLICATION. The definitions in this section apply to this chapter.

Subd. 2. COMMISSIONER. "Commissioner" means the commissioner of children, families, and learning.

Subd. 3. DEPARTMENT. "Department" means the department of children, families, and learning.

Subd. 4. LOCAL GRANTEE. "Local grantee" means a local unit of government or an agency or organization that receives funds under section 119A.04.

Sec. 3. [119A.03] COMMISSIONER.

Subdivision 1. GENERAL. The department is under the administrative control of the commissioner. The commissioner is appointed by the governor with the advice and consent of the senate. The commissioner must possess broad knowledge and experience in strengthening children and families. The commissioner has the general powers as provided in section 15.06, subdivision 6.

The commissioner's salary must be established according to the procedure in section 15A.081, subdivision 1, in the same range as that specified for the commissioner of finance.

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Subd. 2. DUTIES OF THE COMMISSIONER. The commissioner shall:

(1) identify measurable outcomes by which programs administered by the department will be evaluated at the state and local level;

(2) develop linkages with other state departments to ensure coordination and consistent state policies promoting healthy development of children and families;

(3) prepare, in consultation with the children's cabinet, the commission on children, youth, and their families, and affected parties, prior to January 1, 1996, and prior to July 1 of each year thereafter, guidelines governing planning, reporting, and other procedural requirements necessary to administer this chapter;

(4) facilitate inclusive processes when designing or implementing guidelines and strategies to achieve agency goals for children and families listed in section 119A.01, subdivision 3;

(5) facilitate intergovernmental and public-private partnership strategies necessary to implement this chapter;

(6) submit to the federal government, or provide assistance to local governments and organizations in submitting, where appropriate and feasible, requests for federal waivers or recommendations for changes in federal law necessary to carry out the purposes of this chapter;

(7) coordinate review of all plans and other documents required under the guidelines provided for in clause (3);

(8) coordinate development of the management support system components required for implementation of this chapter;

(9) review other programs serving children and families to determine the feasibility for transfer to the department of children, families, and learning or the feasibility of inclusion in the funding consolidation process; and

(10) monitor local compliance with this chapter.

Sec. 4. [119A.04] TRANSFERS FROM OTHER AGENCIES.

Subdivision 1. DEPARTMENT OF HUMAN SERVICES. The powers and duties of the department of human services with respect to the following programs are transferred to the department of children, families, and learning under section 15.039. The programs needing federal approval to transfer shall be transferred when the federal government grants transfer authority to the commissioner:

(1) children's trust fund under sections 257.80 to 257.807;

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(2) the family services and community-based collaboratives under section 121.8355;

(3) the early childhood care and education council under section 256H.195;

(4) the child care programs under sections 256H.01 to 256H.19;

(5) the migrant child care program under section 256.01;

(6) the child care resource and referral program under sections 256H.196 and 256H.20; and

(7) the child care service development program under sections 256H.21 to 256H.24.

Subd. 2. DEPARTMENT OF ECONOMIC SECURITY. The powers and duties of the department of economic security with respect to the following programs are transferred to the department of children, families, and learning under section 15.039 on July 1, 1997: (1) the Head Start program, including Project Cornerstone, under sections 268.912 to 268.916; and (2) community action agency programs and financial assistance under sections 268.52 and 268.54.

Subd. 3. OFFICE OF STRATEGIC AND LONG-RANGE PLANNING. The powers and duties of the office of strategic and long-range planning with respect to the following programs are transferred to the department of children, families, and learning under section 15.039. The programs needing federal approval to transfer shall be transferred when the federal government grants transfer authority to the commissioner:

(1) the information redesign project under section 4A.01;

(2) the action for children activity under section 4A.01;

(3) the teen pregnancy prevention program under section 4A.01; and

(4) the Minnesota children's initiative project under section 4A.01.

Subd. 4. DEPARTMENT OF CORRECTIONS. The powers and duties with respect to the following program is transferred to the department of children, families, and learning under section 15.039: child abuse and child victims services under chapter 611A.

Subd. 5. DEPARTMENT OF PUBLIC SAFETY. The powers and duties with respect to the following program is transferred to the department of children, families, and learning under section 15.039: drug policy and violence prevention and the community advisory violence prevention councils under sections 299A.29 to 299A.37 and 299A.40.

Subd. 6. FUNDING FOR TRANSFERRED PROGRAMS. State appropriations for programs transferred under this section may not be used to replace appropriations for K-12 programs.

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Sec. 5. [119A.05] FUNDING CONSOLIDATION.

Subdivision 1. AUTHORITY FOR FUNDING CONSOLIDATION. Notwithstanding existing law governing allocation of funds by local grantees, mode of service delivery, grantee planning and reporting requirements, and other procedural requirements for the grant programs identified in this section, a local grantee may elect to consolidate all or a portion of funding received from the programs under subdivision 5 in a collaboration funding plan, if all conditions specified in this section are satisfied. County boards, school boards, or governing boards of other grantees may elect not to consolidate funding for a program.

For grantees electing consolidation, the commissioner may, with the approval of the board of government innovation and cooperation, waive all provisions of rules inconsistent with the intent of this section. This waiver authority does not apply to rules governing client protections, due process, or inclusion of clients, parents, cultures, and ethnicities in decision making. Funding to a local grantee must be determined according to the funding formulas or allocation rules governing the individual programs listed in section 119A.04.

Subd. 2. ACCOUNT. A consolidated funding account is established under the control of the commissioner of children, families, and learning. The purpose of this account is to clearly identify and provide accountability for funds previously distributed to local grantees through the individual categorical grant programs in subdivision 5. By direction of the commissioner, after consultation with the partnership planning team and, upon a finding that the conditions specified in this section have been satisfied, funds must be transmitted to this account and allocated to local grantees by the commissioner.

Subd. 3. ELIGIBILITY; ACCOUNTABILITY. To be eligible to receive funding for local consolidation, as provided for in this section, a grantee must meet the following requirements:

(1) demonstrate participation by counties and schools in a local collaborative process as defined in section 121.8355 or in a similar process of collaboration with other local governments and community organizations which satisfies the governance and planning guidelines published by the commissioner as provided for in this section;

(2) document consultation by counties and schools with community action agencies and other community groups;

(3) complete and document, according to guidelines published by the commissioner, a collaborative planning process which clearly identifies:

(i) allocation of resources in the collaboration annual funding plan;

(ii) a description of the governance structure for the execution of the funding plan;

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(iii) outcomes consistent with the statewide goals identified in this chapter and in statutes governing previous categorical funding included in the collaboration funding plan; and

(iv) indicators sufficient to measure improvement or decline in specified outcomes compared to baseline performance;

(4) conduct a public hearing on the funding consolidation plan under section 471.705;

(5) agree to periodically report information concerning progress in addressing outcomes, as provided for in guidelines to be published by the commissioner; and

(6) execute a written agreement between the commissioner and the local grantees setting forth responsibilities, obligations, and conditions consistent with this section. The agreement must state that the funds that are being locally consolidated will be used collectively only to achieve the objectives of the separate programs being locally consolidated.

Subd. 4. GEOGRAPHIC AREA. The geographic area for a local consolidated funding process must be an entire county, a multicounty area, or, with the approval of the county board and commissioner, a subcounty area, if county funds are used. The process may provide for coordination of service delivery in jurisdictions that extend across county boundaries.

Subd. 5. PROGRAMS INCLUDED. Grant programs transferred to the department of children, families, and learning in section 119A.04 and programs transferred from the abolished department of education are eligible for local funding consolidation. Eligibility of any federally funded programs for local funding consolidation is conditioned upon obtaining necessary federal waivers or changes in federal law.

Subd. 6. ENTRY INTO PROGRAM. Grantees who meet all requirements of this section may elect to begin using funding for a local consolidated funding process beginning January 1, 1996, or at each six-month interval. Other local grantees that meet all requirements of this section may elect to begin using funding for a local consolidation funding process beginning July 1, 1996, or at each six-month interval.

Subd. 7. SANCTIONS. If the commissioner finds that a grantee has failed to comply with this section, the grantee becomes subject to all requirements of individual grant programs as specified in statutes and rules.

Sec. 6. Minnesota Statutes 1994, section 256F.13, subdivision 1, is amended to read:

Subdivision 1. **FEDERAL REVENUE ENHANCEMENT.** (a) **DUTIES OF THE COMMISSIONER OF HUMAN SERVICES.** The commissioner of

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human services may enter into an agreement with one or more family services collaboratives to enhance federal reimbursement under Title IV-E of the Social Security Act and federal administrative reimbursement under Title XIX of the Social Security Act. The commissioner may contract with the department of children, families, and learning for purposes of transferring the federal reimbursement to the commissioner of children, families, and learning to be distributed to the collaboratives according to clause (2). The commissioner shall have the following authority and responsibilities regarding family services collaboratives:

(1) the commissioner shall submit amendments to state plans and seek waivers as necessary to implement the provisions of this section;

(2) the commissioner shall pay the federal reimbursement earned under this subdivision to each collaborative based on their earnings. Notwithstanding section 256.025, subdivision 2, payments to collaboratives for expenditures under this subdivision will only be made of federal earnings from services provided by the collaborative;

(3) the commissioner shall review expenditures of family services collaboratives using reports specified in the agreement with the collaborative to ensure that the base level of expenditures is continued and new federal reimbursement is used to expand education, social, health, or health-related services to young children and their families;

(4) the commissioner may reduce, suspend, or eliminate a family services collaborative's obligations to continue the base level of expenditures or expansion of services if the commissioner determines that one or more of the following conditions apply:

(i) imposition of levy limits that significantly reduce available funds for social, health, or health-related services to families and children;

(ii) reduction in the net tax capacity of the taxable property eligible to be taxed by the lead county or subcontractor that significantly reduces available funds for education, social, health, or health-related services to families and children;

(iii) reduction in the number of children under age 19 in the county, collaborative service delivery area, subcontractor's district, or catchment area when compared to the number in the base year using the most recent data provided by the state demographer's office; or

(iv) termination of the federal revenue earned under the family services collaborative agreement;

(5) the commissioner shall not use the federal reimbursement earned under this subdivision in determining the allocation or distribution of other funds to counties or collaboratives;

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(6) the commissioner may suspend, reduce, or terminate the federal reimbursement to a provider that does not meet the reporting or other requirements of this subdivision;

(7) the commissioner shall recover from the family services collaborative any federal fiscal disallowances or sanctions for audit exceptions directly attributable to the family services collaborative's actions in the integrated fund, or the proportional share if federal fiscal disallowances or sanctions are based on a statewide random sample; and

(8) the commissioner shall establish criteria for the family services collaborative for the accounting and financial management system that will support claims for federal reimbursement.

(b) FAMILY SERVICES COLLABORATIVE RESPONSIBILITIES. The family services collaborative shall have the following authority and responsibilities regarding federal revenue enhancement:

(1) the family services collaborative shall be the party with which the commissioner contracts. A lead county shall be designated as the fiscal agency for reporting, claiming, and receiving payments;

(2) the family services collaboratives may enter into subcontracts with other counties, school districts, special education cooperatives, municipalities, and other public and nonprofit entities for purposes of identifying and claiming eligible expenditures to enhance federal reimbursement, or to expand education, social, health, or health-related services to families and children;

(3) the family services collaborative must continue the base level of expenditures for education, social, health, or health-related services to families and children from any state, county, federal, or other public or private funding source which, in the absence of the new federal reimbursement earned under this subdivision, would have been available for those services, except as provided in subdivision 1, paragraph (a), clause (4). The base year for purposes of this subdivision shall be the four-quarter calendar year ending at least two calendar quarters before the first calendar quarter in which the new federal reimbursement is earned;

(4) the family services collaborative must use all new federal reimbursement resulting from federal revenue enhancement to expand expenditures for education, social, health, or health-related services to families and children beyond the base level, except as provided in subdivision 1, paragraph (a), clause (4);

(5) the family services collaborative must ensure that expenditures submitted for federal reimbursement are not made from federal funds or funds used to match other federal funds. Notwithstanding section 256B.19, subdivision 1, for the purposes of family services collaborative expenditures under agreement with the department, the nonfederal share of costs shall be provided by the family

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services collaborative from sources other than federal funds or funds used to match other federal funds;

(6) the family services collaborative must develop and maintain an accounting and financial management system adequate to support all claims for federal reimbursement, including a clear audit trail and any provisions specified in the agreement; and

(7) the family services collaborative shall submit an annual report to the commissioner as specified in the agreement.

Sec. 7. PARTNERSHIP PLANNING TEAM AND FAMILY ADVISORY GROUP.

Subdivision 1. ESTABLISHMENT. The commissioner of children, families, and learning shall select not more than 15 persons knowledgeable about serving children and families to serve on the partnership planning team.

The partnership planning team must include representatives from community-based organizations serving primarily communities of color, county boards, school boards, community action agencies, and parents, representing a broad cross-section of income groups, racial and ethnic groups, and ages of children.

Subd. 2. DUTIES. The team shall advise the commissioner in the following areas:

(1) structure of the department;

(2) appropriate department advisory board structure;

(3) the appropriateness of specific applications for funding consolidation and the consistency of those applications with the purposes of chapter 119A;

(4) potential funding reductions; and

(5) technical refinements to the legislation establishing the new department and funding consolidation.

Subd. 3. REPORT. The team must also provide a report to the 1996 legislature that describes the new department structure, provides a summary of the ways in which the department is fulfilling the purposes and achieving the goals specified in Minnesota Statutes, section 119A.01, and provides a recommendation for technical refinements related to the legislation creating the department.

Sec. 8. DEMONSTRATION PROJECT; ALLOWING CONSOLIDATION OF COUNTY PLANS.

Subdivision 1. AUTHORIZATION FOR DEMONSTRATION PROJECT. The commissioners of human services; corrections; health; and children, families, and learning shall allow counties to consolidate the plans required under

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Minnesota Statutes, chapters 145A, 256E, and 401, into one plan, to be submitted to those commissioners.

Subd. 2. DUTIES OF COMMISSIONERS. The several commissioners shall work together and shall work with the counties participating in the pilot project when developing the single county plan. Each commissioner shall also provide technical assistance to the county, if requested by the county.

Subd. 3. INTEGRATED COUNTY PLANNING. The counties participating in the pilot project may submit one plan consolidating the community health, community social services, and community corrections plans required under Minnesota Statutes, chapters 145A, 256E, and 401, respectively. County boards, corrections advisory boards, community health boards, community action agencies, private industry councils, and school districts shall collaborate in planning for and providing a continuum of services in each county.

Subd. 4. COUNTY PLAN. The plan must comply with federal requirements. The plan may be submitted to the commissioners by computer. The plan must be a three-part plan in that it must provide a summary of:

- (1) intracounty collaboration;
- (2) collaboration with other service providers; and
- (3) collaboration with local nonprofit organizations, including churches and ecumenical organizations.

The two parts of the plan shall each provide information on the existence or nonexistence of efforts to integrate funding, collaborate governance, cross-train, coordinate information gathering and management, and provide a one-stop service center or community-based service delivery system to improve the provision of services offered to children and families. The plan must also address the barriers to collaboration.

Subd. 5. COMMISSIONERS' REPORT. For purposes of this section, the several commissioners shall provide one consolidated report to the legislature by January 1, 1996. The report shall evaluate the pilot counties' single plan and shall provide the advantages and problems with consolidating the plans.

Sec. 9. REPORT ON STRUCTURE OF AGENCIES.

The commissioner of administration in separate consultation with the commissioners of the departments of human services, health, corrections, public safety, housing finance, and the office of strategic and long-range planning shall prepare a report by February 15, 1996, examining the organization of programs remaining in those departments after transfer of the programs identified in this bill, and identifying alternative organizational structures that may be more effective and efficient than the organization prior to the transfer.

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Sec. 10. WORKER PROVISIONS.

Subdivision 1. LEGISLATIVE FINDINGS. The legislature finds that the reorganization of state agencies, including the abolishment of agencies or their functions and the merger of agency functions to the extent possible, makes the best use of affected agency employees and improves the direct service capabilities of state employees to provide public services to citizens of the state and to customers of the agency. To ensure that quality services are delivered to citizens of Minnesota, appointing authorities shall comply with this section.

Subd. 2. RESTRUCTURING PROVISIONS. The restructuring of agencies required by this act must be conducted in accordance with Minnesota Statutes, sections 15.039 and 43A.045.

Subd. 3. WORKER PARTICIPATION COMMITTEES. (a) After the commissioner-designate of children, families, and learning has been appointed, before the restructuring of executive branch agencies under this act, a labor and management committee including representatives of employees and employers must be established and given adequate time to perform the activities prescribed by paragraph (b). Each exclusive representative of employees shall select a committee member from each of its bargaining units in each affected agency. The head of each agency shall select an employee member from each unit of employees not represented by an exclusive representative. The agency head shall also appoint one or more committee members to represent the agency. The number of members appointed by the agency head, however, may not exceed the total number of members selected by exclusive representatives. The labor and management committee must be participatory and nonauthoritarian. Exclusive representatives must be directly involved in the work of the committee.

(b) The committee established under paragraph (a) shall:

(1) in cooperation with the commissioner of education and the commissioner-designate, review and reevaluate the powers and duties of the department of education and identify those that are consistent with the purpose and goals of the department of children, families, and learning;

(2) identify tasks related to agency reorganization and adopt plans for addressing those tasks;

(3) identify other employer and employee issues related to reorganization and adopt plans for addressing those issues;

(4) adopt plans for implementing this act, including detailed plans for providing retraining for affected employees; and

(5) guide the implementation of the reorganization.

Subd. 4. EMPLOYEE JOB SECURITY. The head of an agency that is scheduled to be restructured shall meet and negotiate with the exclusive repre-

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sentatives of affected employees of the agency in the event that employees are at risk of being laid off due to restructuring or significant change in the activities of the agency. Bargaining under this subdivision must have as its purpose the achievement of the highest possible degree of public service delivery to the citizens of Minnesota and the provision of appropriate incentives to state employees. Incentives may include, but are not limited to, early retirement incentives, negotiated options in place of layoff, methods to mitigate layoffs and the effect of layoffs, job training and retraining opportunities, and enhanced severance.

Subd. 5. EMPLOYEE TRAINING AND RETRAINING. The legislature recognizes that a well-trained and well-educated work force is needed to provide effective and efficient public service delivery and that training and retraining of state employees is a priority when merger and reorganization of state agencies occur. The labor and management committee required by subdivision 2 shall determine the employee training and retraining required because of agency reorganization. Employees whose job duties are affected by reorganization must be given the opportunity to take part in training or retraining for the new job duties. Existing employees must be trained or retrained for agency positions before new hiring takes place.

Sec. 11. APPOINTMENT; TRANSFERS OF EDUCATION FUNCTIONS.

By July 1, 1995, the governor shall appoint a commissioner-designate of the department of children, families, and learning. The person appointed becomes the governor's appointee as commissioner on the effective date of Minnesota Statutes, sections 119A.01, subdivision 2, and 119A.03. The commissioner-designee, in cooperation with the commissioner of education, shall review and reevaluate the powers and duties of the department of education and identify those that are consistent with the purpose and goals of the department of children, families, and learning. The functions identified by the commissioner-designate are transferred to the department of children, families, and learning under Minnesota Statutes, section 15.039, effective October 1, 1995.

Sec. 12. REPORT ON INTEGRATION WITH OTHER INCOME MAINTENANCE AND ECONOMIC SECURITY PROGRAMS.

The children's cabinet shall prepare a report by November 15, 1996, examining the integration of programs in the department of children, families, and learning with income maintenance and economic security programs operated by other departments. The report shall make recommendations on the appropriate agency placement of the income maintenance and economic security programs reviewed.

Sec. 13. REVISOR INSTRUCTION.

The revisor of statutes shall identify in Minnesota Statutes and Minnesota Rules all references to the commissioner of education and the department of education and shall make the following terminology changes:

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(1) all references to the commissioner of education shall be changed to the commissioner of children, families, and learning;

(2) all references to the department of education shall be changed to the department of children, families, and learning;

(3) all references involving the commissioner of education shall be rewritten to give all relevant responsibilities or authorities to the commissioner of children, families, and learning; and

(4) all references to the programs being transferred to the department of children, families, and learning to reflect that those programs are under the jurisdiction of the commissioner of children, families, and learning.

The revisor shall prepare a report for the 1996 legislature showing where these changes were made.

The changes identified by the revisor shall be made effective October 1, 1995, pursuant to the effective date in section 15.

Sec. 14. REPEALER.

Laws 1995, chapter 207, article 1, section 9, subdivision 3, is repealed effective the day following final enactment.

Sec. 15. EFFECTIVE DATE.

Section 1, subdivision 1, is effective September 30, 1995. Section 1, subdivisions 2 and 3, and sections 2, 3, 5, 7, and 13, are effective October 1, 1995. Section 4 is effective July 1, 1996. Sections 8 and 10 are effective July 1, 1995. Section 11 is effective the day following final enactment.

Presented to the governor May 26, 1995

Signed by the governor June 8, 1995, 1:00 p.m.

New language is indicated by underline, deletions by ~~strikeout~~.