

CHAPTER 412—H.F.No. 2156

An act relating to education; prekindergarten through grade 12; providing for general education; transportation; special programs; community education; facilities; organization and cooperation; education excellence; other education programs and financing; education policy provisions; libraries; state agencies; technology; conforming amendments; appropriating money; amending Minnesota Statutes 1994, sections 120.06, subdivision 1; 120.08, subdivision 3; 120.17, subdivision 9, and by adding a subdivision; 120.1701, subdivision 10; 120.73, subdivision 1; 121.8355, subdivision 1, and by adding a subdivision; 121.906; 121.914, subdivision 1; 121.915; 122.32, subdivision 1; 122.535, subdivision 6; 122.895, subdivision 2; 123.35, subdivision 19a, and by adding a subdivision; 123.351, subdivision 10; 123.3514, subdivision 9; 123.37, subdivision 1a; 123.38, subdivisions 2 and 2b; 123.39, subdivision 8b; 123.932, subdivisions 1b, 1c, 1e, and 1i; 123.933, as amended; 123.935, subdivisions 2 and 7; 124.09; 124.17, subdivision 1e, and by adding subdivisions; 124.195, subdivision 8; 124.239, subdivision 4; 124.2711, subdivision 6; 124.2713, subdivision 10; 124.273, by adding subdivisions; 124.276; 124.311, subdivisions 1, 2, 3, 4, 5, and 7; 124.573, subdivision 3; 124.86, subdivisions 1 and 2; 124.91, subdivision 1, and by adding a subdivision; 124.912, subdivision 6; 124.916, subdivision 4; 124.95, subdivision 1; 124A.02, subdivision 25; 124A.029, subdivisions 4; 124A.03, subdivisions 2b, 3b, and by adding a subdivision; 124A.0311, subdivision 3; 124A.035, subdivision 4; 124A.036, by adding a subdivision; 124A.22, by adding a subdivision; 124A.28, subdivision 1; 124A.291; 124C.45, by adding a subdivision; 125.05, subdivision 1a, and by adding a subdivision; 125.09, subdivision 4; 125.1385, subdivision 1; 125.185, subdivision 4; 125.60, subdivision 2; 125.611, subdivision 1; 125.70; 125.701; 125.703; 125.704; 125.705, subdivision 1; 126.151, subdivision 2; 126.22, subdivision 1; 126.531, subdivision 3; 126.83; 128D.11, subdivisions 3, 5, 8, and 10; 134.34, by adding a subdivision; 136D.23, subdivision 1; 136D.83, subdivision 1; 144.4165; 169.4504, by adding a subdivision; 256.736, subdivision 11; 466.01, subdivision 1; and 471.59, subdivision 11; Minnesota Statutes 1995 Supplement, sections 13.46, subdivision 2; 43A.316, subdivision 2; 65B.132; 115A.072, subdivision 1; 120.064, subdivision 9; 120.1045, subdivision 1, and by adding a subdivision; 120.17, subdivisions 3a, 3b, and 6; 120.1701, subdivision 20; 120.181; 120.74, subdivision 1; 121.11, subdivision 7c; 121.15, subdivision 1; 121.904, subdivision 4c; 121.911, subdivision 5; 121.917, subdivision 4; 121.935, subdivision 1a; 123.3514, subdivisions 6 and 6b; 123.7991, subdivision 2; 124.155, subdivision 2; 124.17, subdivision 1; 124.195, subdivision 12; 124.223, subdivision 4; 124.225, subdivisions 8l, 14, 16, and 17; 124.227; 124.243, subdivision 2; 124.2445; 124.2455; 124.248, subdivisions 1, 1a, 2, and 3; 124.273, subdivisions 1c and 1d; 124.314, subdivision 2; 124.3201, subdivisions 1, 2, 3, 5, and by adding subdivisions; 124.3202; 124.323, subdivisions 1 and 2; 124.574, subdivisions 2f and 2g; 124.71, subdivision 2; 124.912, subdivision 1; 124.918, subdivision 2; 124.961; 124A.03, subdivision 2; 124A.0311, subdivision 2; 124A.22, subdivisions 2a, 10, and 13b; 124A.23, subdivision 4; 124C.74, subdivisions 2 and 3; 125.05, subdivision 1; 126.151, subdivision 1; 126.22, subdivisions 2, 3, 5, and 8; 126.23; 126.70, subdivision 1; 128B.03, subdivision 3a; 134.46; 169.01, subdivision 6; 237.065; 325G.203, subdivision 11; and 631.40, subdivision 1a; Laws 1993, chapter 224, article 1, section 34, subdivisions 2 and 3; article 12, sections 39, as amended; and 41, as amended; Laws 1995, First Special Session chapter 3, article 1, sections 61; and 63, subdivision 2; article 2, section 53; article 3, section 19, subdivisions 7 and 15; article 4, section 29, subdivision 10; article 5, section 20, subdivisions 5, 6, and 7; article 6, section 17, subdivisions 2, 4, and by adding subdivisions; article 7, section 5, subdivision 4; article 8, sections 25, subdivisions 2 and 18; and 27; article 11, sections 21, subdivision 2; 22; and 23; article 12, sections 8, subdivision 1; and 12, subdivision 7; article 14, section 5; article 15, sections 25; and 26, subdivisions 7, 8, and 10; proposing coding for new law in Minnesota Statutes, chapters 120; 121; 123; 124; 124C; 125; 126; and 136D; repealing Minnesota Statutes 1994, sections 121.11, subdivision 15; and 136D.75; Minnesota Statutes 1995 Supplement, sections 120.1045, subdivision 3; and 126A.02, subdivision 2; Laws 1993, chapter 224,

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article 1, section 34, subdivision 1; Minnesota Rules, parts 8700.7700; 8700.7710; 8750.9000; 8750.9100; 8750.9200; 8750.9300; 8750.9400; 8750.9500; 8750.9600; and 8750.9700.

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

ARTICLE 1

GENERAL EDUCATION

Section 1. Minnesota Statutes 1995 Supplement, section 13.46, subdivision 2, is amended to read:

Subd. 2. **GENERAL.** (a) Unless the data is summary data or a statute specifically provides a different classification, data on individuals collected, maintained, used, or disseminated by the welfare system is private data on individuals, and shall not be disclosed except:

- (1) pursuant to section 13.05;
- (2) pursuant to court order;
- (3) pursuant to a statute specifically authorizing access to the private data;

(4) to an agent of the welfare system, including a law enforcement person, attorney, or investigator acting for it in the investigation or prosecution of a criminal or civil proceeding relating to the administration of a program;

(5) to personnel of the welfare system who require the data to determine eligibility, amount of assistance, and the need to provide services of additional programs to the individual;

(6) to administer federal funds or programs;

(7) between personnel of the welfare system working in the same program;

(8) the amounts of cash public assistance and relief paid to welfare recipients in this state, including their names, social security numbers, income, addresses, and other data as required, upon request by the department of revenue to administer the property tax refund law, supplemental housing allowance, early refund of refundable tax credits, and the income tax. "Refundable tax credits" means the dependent care credit under section 290.067, the Minnesota working family credit under section 290.0671, the property tax refund under section 290A.04, and, if the required federal waiver or waivers are granted, the federal earned income tax credit under section 32 of the Internal Revenue Code;

(9) to the Minnesota department of economic security for the purpose of monitoring the eligibility of the data subject for reemployment insurance, for any employment or training program administered, supervised, or certified by that agency, or for the purpose of administering any rehabilitation program, whether alone or in conjunction with the welfare system, and to verify receipt of energy assistance for the telephone assistance plan;

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(10) to appropriate parties in connection with an emergency if knowledge of the information is necessary to protect the health or safety of the individual or other individuals or persons;

(11) data maintained by residential programs as defined in section 245A.02 may be disclosed to the protection and advocacy system established in this state pursuant to Part C of Public Law Number 98-527 to protect the legal and human rights of persons with mental retardation or other related conditions who live in residential facilities for these persons if the protection and advocacy system receives a complaint by or on behalf of that person and the person does not have a legal guardian or the state or a designee of the state is the legal guardian of the person;

(12) to the county medical examiner or the county coroner for identifying or locating relatives or friends of a deceased person;

(13) data on a child support obligor who makes payments to the public agency may be disclosed to the higher education services office to the extent necessary to determine eligibility under section 136A.121, subdivision 2, clause (5);

(14) participant social security numbers and names collected by the telephone assistance program may be disclosed to the department of revenue to conduct an electronic data match with the property tax refund database to determine eligibility under section 237.70, subdivision 4a;

(15) the current address of a recipient of aid to families with dependent children may be disclosed to law enforcement officers who provide the name and social security number of the recipient and satisfactorily demonstrate that: (i) the recipient is a fugitive felon, including the grounds for this determination; (ii) the location or apprehension of the felon is within the law enforcement officer's official duties; and (iii) the request is made in writing and in the proper exercise of those duties;

(16) the current address of a recipient of general assistance, work readiness, or general assistance medical care may be disclosed to probation officers and corrections agents who are supervising the recipient, and to law enforcement officers who are investigating the recipient in connection with a felony level offense;

(17) information obtained from food stamp applicant or recipient households may be disclosed to local, state, or federal law enforcement officials, upon their written request, for the purpose of investigating an alleged violation of the food stamp act, in accordance with Code of Federal Regulations, title 7, section 272.1(c);

(18) data on a child support obligor who is in arrears may be disclosed for purposes of publishing the data pursuant to section 518.575;

(19) data on child support payments made by a child support obligor may be disclosed to the obligee; or

(20) data in the work reporting system may be disclosed under section 256.998, subdivision 7; or

(21) to the Minnesota department of children, families, and learning for the purpose of matching department of children, families, and learning student records to public assistance records to determine students eligible for free and reduced price meals, meal

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supplements, and free milk pursuant to United States Code, title 42, sections 1758, 1761, 1766, 1766a, 1772, and 1773; to produce accurate numbers of students receiving aid to families with dependent children as required by section 124.175; and to allocate federal and state resources that are distributed based on income of the student's family.

(b) Information on persons who have been treated for drug or alcohol abuse may only be disclosed in accordance with the requirements of Code of Federal Regulations, title 42, sections 2.1 to 2.67.

(c) Data provided to law enforcement agencies under paragraph (a), clause (15), (16), or (17), or paragraph (b), are investigative data and are confidential or protected nonpublic while the investigation is active. The data are private after the investigation becomes inactive under section 13.82, subdivision 5, paragraph (a) or (b).

(d) Mental health data shall be treated as provided in subdivisions 7, 8, and 9, but is not subject to the access provisions of subdivision 10, paragraph (b).

Sec. 2. Minnesota Statutes 1994, section 121.906, is amended to read:

121.906 **EXPENDITURES; REPORTING.**

Subdivision 1. RECOGNITION. School district expenditures shall be recognized and reported on the district books of account in accordance with this section.

There shall be fiscal year-end recognition of expenditures and the related offsetting liabilities recorded in each fund in accordance with the uniform financial accounting and reporting standards for Minnesota school districts. Encumbrances outstanding at the end of the fiscal year do not constitute expenditures or liabilities.

Deviations from the principles set forth in this section subdivision shall be evaluated and explained in footnotes to audited financial statements.

Subd. 2. ACCOUNTING. Expenditures for any legal purpose of the school district not accounted for elsewhere shall be accounted for in the general fund.

Sec. 3. Minnesota Statutes 1995 Supplement, section 121.911, subdivision 5, is amended to read:

Subd. 5. DEFICIT FOR CAPITAL PROJECTS. Upon approval by the commissioner of children, families, and learning, a district may incur a deficit in the ~~capital expenditure fund reserve for operating capital account~~ for a period not to exceed three years to provide money for capital projects. A description of the project and a financial plan to recover the deficit shall be approved by the commissioner prior to the initiation of the project.

Sec. 4. Minnesota Statutes 1995 Supplement, section 121.917, subdivision 4, is amended to read:

Subd. 4. (1) If the net negative undesignated unappropriated operating fund balance in all the funds of a school district, other than statutory operating debt pursuant to section 121.914, capital expenditure, building construction, debt service, trust and agency, and post-secondary vocational technical education funds as defined in section 124A.02, subdivision 25, calculated in accordance with the uniform financial accounting and reporting standards for Minnesota school districts, as of June 30 each year, is more than 2-1/2

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percent of the year's expenditure amount, the district shall, prior to ~~September 15~~ January 31 of the next fiscal year, submit a special operating plan to reduce the district's deficit expenditures to the commissioner of children, families, and learning for approval. The commissioner may also require the district to provide evidence that the district meets and will continue to meet all of the curriculum requirements of the state board.

Notwithstanding any other law to the contrary, a district submitting a special operating plan to the commissioner under this clause which is disapproved by the commissioner shall not receive any aid pursuant to chapters 124 and 124A until a special operating plan of the district is so approved.

(2) A district shall receive aids pending the approval of its special operating plan under clause (1). A district which complies with its approved operating plan shall receive aids as long as the district continues to comply with the approved operating plan.

Sec. 5. Minnesota Statutes 1994, section 124.09, is amended to read:

124.09 SCHOOL ENDOWMENT FUND, APPORTIONMENT.

The school endowment fund shall be apportioned semiannually by the commissioner, on the first Monday in ~~March and October~~ September in each year, to districts whose schools have been in session at least nine months. The apportionment shall be in proportion to the number of pupils in average daily membership during the preceding year; provided, that apportionment shall not be paid to a district for pupils for whom tuition is received by the district.

Sec. 6. Minnesota Statutes 1995 Supplement, 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~~ sections 124.32, 124.3201, and 124.3202;
- (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;
- (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;

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(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;

(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; and

(19) cooperation-combination aid authorized in section 124.2725; and

~~(20) district cooperation revenue aid authorized in section 124.2727.~~

(b) The commissioner of children, families, and learning 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. 7. Minnesota Statutes 1994, section 124.17, subdivision 1e, is amended to read:

Subd. 1e. **AFDC PUPIL COUNTS.** AFDC pupil counts and average daily membership for subdivisions 1b and 1d shall be determined according to this subdivision:

(a) For districts where the number of pupils from families receiving aid to families with dependent children has increased over the preceding year for each of the two previous years, the number of pupils enrolled in the district from families receiving aid to families with dependent children shall be those counted on October 1 of the previous school year. The average daily membership used shall be from the previous school year.

(b) For districts that do not meet the requirement of paragraph (a), the number of pupils enrolled in the district from families receiving aid to families with dependent children shall be the average number of pupils on October 1 of the second previous school year and October 1 of the previous school year. The average daily membership used shall be the average number enrolled in the previous school year and the second previous school year.

(c) Notwithstanding paragraphs (a) and (b), for charter schools in the first three years of operation, the number of pupils enrolled from families receiving AFDC shall be those counted on October 1 of the current school year. The average daily membership used shall be from the current school year.

Sec. 8. Minnesota Statutes 1994, section 124.17, is amended by adding a subdivision to read:

Subd. 4. **LEARNING YEAR PUPIL UNITS.** (a) When a pupil is enrolled in a learning year program according to section 121.585, an area learning center according to sections 124C.45 and 124C.46, or an alternative program approved by the commissioner, for more than 1,020 hours in a school year for a secondary student and for more than 935 hours in a school year for an elementary student, that pupil may be counted as more than one pupil in average daily membership. The amount in excess of one pupil must be determined by the ratio of the number of hours of instruction provided to that pupil in excess of

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1,020 hours to 1,020 for a secondary pupil and of 935 hours to 935 for an elementary pupil. Hours that occur after the close of the instructional year in June shall be attributable to the following fiscal year.

(b)(i) To receive general education revenue for a pupil in an alternative program that has an independent study component, a school district must meet the requirements in this paragraph. The school district must develop with the pupil a continual learning plan for the pupil. A district must allow a minor pupil's parent or guardian to participate in developing the plan, if the parent or guardian wants to participate. The plan must identify the learning experiences and expected outcomes needed for satisfactory credit for the year and for graduation. The plan must be updated each year.

(ii) General education revenue for a pupil in an approved alternative program without an independent study component must be prorated for a pupil participating for less than a full year, or its equivalent.

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

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

Sec. 9. Minnesota Statutes 1994, section 124.195, subdivision 8, is amended to read:

Subd. 8. **PAYMENT PERCENTAGE FOR REIMBURSEMENT AIDS.** One hundred percent of the aid for the last fiscal year must be paid for the following aids: special education special pupil aid according to section 124.32, subdivision 6; special education summer school aid, according to section 124.32, subdivision 10, for the previous fiscal year must be paid in the current year.

Sec. 10. Minnesota Statutes 1995 Supplement, section 124.195, subdivision 12, is amended to read:

Subd. 12. **AID ADJUSTMENT FOR TRA CONTRIBUTION RATE CHANGE.** (a) The department of children, families, and learning shall reduce general education aid or any other aid paid in a fiscal year directly to school districts, intermediate school districts, education districts, education cooperative service units, special education cooperatives, secondary vocational cooperatives, regional management information centers, or another. Any district or cooperative unit providing elementary or secondary education services that is prohibited from receiving direct state aids by section 124.193 or 124.32, subdivision 12, is exempt from this reduction. The reduction shall equal the following percent of salaries paid in a fiscal year by the entity to members of the teachers retirement association established in chapter 354. However, salaries paid to members of the association who are employed by a technical college shall be excluded from this calculation:

(1) in fiscal year 1991, 0.84 percent,

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(2) in fiscal year 1992 and later years, the greater of

(i) zero, or

(ii) 4.48 percent less the additional employer contribution rate established under section 354.42, subdivision 5.

(b) In fiscal year 1991, this reduction is estimated to equal \$14,260,000.

Sec. 11. [124.2613] **FIRST-GRADE PREPAREDNESS PROGRAM.**

Subdivision 1. PURPOSE. The purposes of the first-grade preparedness program are to ensure that every child has the opportunity before first grade to develop the skills and abilities necessary to read and succeed in school and to reduce the underlying causes that create a need for compensatory revenue.

Subd. 2. QUALIFYING DISTRICT. A school district may receive first-grade preparedness revenue for qualifying school sites if, consistent with subdivision 5, the school board approves a resolution requiring the district to provide services to all children located in a qualifying school site attendance area.

Subd. 3. QUALIFYING SCHOOL SITE. (a) The commissioner shall rank all school sites with kindergarten programs that do not exclusively serve students under section 120.17. The ranking must be from highest to lowest based on the site's free and reduced lunch count as a percent of the fall enrollment using the preceding October 1 enrollment data. For each school site, the percentage used to calculate the ranking must be the greater of (1) the percent of the fall kindergarten enrollment receiving free and reduced lunch, or (2) the percent of the total fall enrollment receiving free and reduced lunch. The list of ranked sites must be separated into the following geographic areas: Minneapolis district, St. Paul district, suburban Twin Cities districts in the seven-county metropolitan area, and school districts in greater Minnesota.

(b) The commissioner shall establish a process and timelines to qualify school sites for the next school year. School sites must be qualified in each geographic area from the list of ranked sites until the estimated revenue available for this program has been allocated. The total estimated revenue of \$3,500,000 must be distributed to qualified school sites in each geographic area as follows: 25 percent for Minneapolis sites, 25 percent for St. Paul sites, 25 percent for suburban Twin Cities sites, and 25 percent for greater Minnesota.

Subd. 4. PROGRAM. A qualifying school site must develop its first-grade preparedness program in collaboration with other providers of school readiness and child development services. A school site must either offer a full-day kindergarten program to participating children who are five years of age or older for the full school day every day or a half-day program for participating children who are four years old. Full-day and half-day kindergarten program providers must ensure that the program they provide supplements existing school readiness and child development programs and complements the services provided with compensatory revenue. Where possible, individuals receiving assistance under a family assistance plan can meet the work activity requirement of the plan by participating in a first-grade preparedness program as a volunteer.

Subd. 5. EXTENDED DAY REQUIREMENTS. The board of a qualifying school district must develop and approve a plan to provide extended day services to serve as

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many children as possible. To accept children whose families participate in child care assistance programs under section 256H.03 or 256H.05, and to meet the requirements of section 245A.03, subdivision 2, the board must formally approve the first-grade preparedness program. All revenue received under subdivision 6 must be allocated to the qualifying school sites within the district.

Subd. 6. PREPAREDNESS REVENUE. (a) A qualifying school district is eligible for first-grade preparedness revenue equal to the basic formula allowance for that year times the number of pupil units calculated according to paragraph (b) in each qualifying school site. If the first-grade preparedness revenue is insufficient to fully fund the formula amounts, the commissioner shall prorate the revenue provided to each qualifying school site.

(b) A pupil enrolled in a half-day first-grade preparedness program under this section is counted as .53 pupil units. A pupil enrolled in a full-day first-grade preparedness program under this section is counted as a kindergarten pupil under section 124.17, subdivision 1, plus an additional .53 pupil units.

(c) This revenue must supplement and not replace compensatory revenue that the district uses for the same or similar purposes under chapter 124A.

Subd. 7. EVALUATION. The commissioner of children, families, and learning, in consultation with representatives of the state board of teaching, early childhood teachers, elementary school classroom teachers, and teacher educators, shall develop an evaluation for qualifying school sites to use in documenting results. The evaluation must use empirical and qualitative methods to gather information on the following: progress towards ensuring that every child entering the first grade has the knowledge and skills necessary to succeed in school; student readiness for first grade; an assessment of enrolling students by their teacher, and measures of parental satisfaction and parental involvement. The commissioner shall assist a school site with its evaluation at the request of the site.

Subd. 8. EXPIRATION. This section applies for fiscal years 1997, 1998, and 1999, and expires June 30, 1999.

Sec. 12. Minnesota Statutes 1995 Supplement, section 124.918, subdivision 2, is amended to read:

Subd. 2. NOTICE TO COMMISSIONER; FORMS. By September 30 October 7 of each year each district shall notify the commissioner of children, families, and learning of the proposed levies in compliance with the levy limitations of this chapter and chapters 124A, 124B, and 136D. By January 15 of each year each district shall notify the commissioner of children, families, and learning of the final levies certified. The commissioner of children, families, and learning shall prescribe the form of these notifications and may request any additional information necessary to compute certified levy amounts.

Sec. 13. Minnesota Statutes 1994, section 124A.02, subdivision 25, is amended to read:

Subd. 25. NET UNAPPROPRIATED OPERATING FUND BALANCE. "Net unappropriated operating fund balance" means the sum of the fund balances in the general, ~~transportation~~, food service, and community service funds minus the balances reserved for statutory operating debt reduction, bus purchase, severance pay, taconite, re-employment insurance, maintenance levy reduction, operating capital, disabled access, health and safety, and encumbrances, computed as of June 30 each year.

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Sec. 14. Minnesota Statutes 1994, section 124A.029, subdivision 4, is amended to read:

Subd. 4. **PER PUPIL REVENUE OPTION CONVERSION.** A district may, by school board resolution, request that the department convert the levy authority under section 124.912, subdivisions 2 and 3, or its current referendum revenue, excluding authority based on a dollar amount, authorized before July 1, 1993, to an allowance per pupil. The district must adopt a resolution and submit a copy of the resolution to the department by July 1, 1993. (a) The department shall convert a each district's referendum revenue authority for fiscal year 1995 2002 and later years to an allowance per pupil unit as follows: the revenue allowance equals the amount determined by dividing the district's maximum revenue under section 124A.03 or 124.912, subdivisions 2 and 3, for fiscal year 1994 2001 by the district's 1993-1994 2000-2001 actual pupil units. A district's maximum revenue for all later years for which the revenue is authorized equals the revenue allowance times the district's actual pupil units for that year. If a district has referendum authority under section 124A.03 and levy authority under section 124.912, subdivisions 2 and 3, and the district requests that each be converted, the department shall convert separate revenue allowances for each. However, if a district's referendum revenue is limited to a dollar amount, the maximum revenue under section 124A.03 must not exceed that dollar amount. If the referendum authority of a district is converted according to this subdivision, and the question on the referendum ballot did not provide for an expiration date, the authority shall expire according to section 124A.0311.

(b) The referendum allowance reduction shall be applied first to the authority with the earliest expiration date.

Sec. 15. Minnesota Statutes 1995 Supplement, 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 one or two calendar years before the increased levy authority, if approved, first becomes payable. Only one election to approve an increase may be held in a calendar year. Unless the referendum is conducted by mail under 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 a schedule, determined by the board, of increased revenue per actual pupil units that differs from year to year over the number of years for which the increased revenue is authorized. If the ballot contains a schedule showing different amounts, it shall also indicate the estimated referendum tax rate as a percent of market value for the amount specified for the first year and for the maximum amount specified in the schedule. 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

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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 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 in the first year, 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.

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(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 children, families, and learning. 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 the recount by the canvassing board, the district shall notify the commissioner of children, families, and learning 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. 16. Minnesota Statutes 1994, section 124A.03, subdivision 2b, is amended to read:

Subd. 2b. **REFERENDUM DATE.** In addition to the referenda allowed in subdivision 2, clause (a), the commissioner may authorize a referendum for a different day.

(a) The commissioner may grant authority to a district to hold a referendum on a different day if the district is in statutory operating debt and has an approved plan or has received an extension from the department to file a plan to eliminate the statutory operating debt.

(b) The commissioner may grant authority for a district to hold a referendum on a different day if: (1) the district will conduct a bond election under chapter 475 on that same day; and (2) the proceeds of the referendum will provide only additional operating revenue necessitated by the facility for which bonding authority is sought. The commissioner may only grant authority under this paragraph if the district demonstrates to the commissioner's satisfaction that the district's ability to operate the new facility will be significantly affected if the operating referendum is not conducted until the November general election. Authority under this paragraph expires November 30, 1998.

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

Sec. 17. Minnesota Statutes 1994, section 124A.03, subdivision 3b, is amended to read:

Subd. 3b. **FISCAL YEAR 1997 REFERENDUM ALLOWANCE REDUCTION.** For fiscal year 1997, a district's referendum allowance under subdivision 1c is reduced by the amounts calculated in paragraphs (a), (b), (c), and (d).

(a) The referendum allowance reduction equals the amount by which a district's supplemental revenue reduction exceeds the district's supplemental revenue allowance for fiscal year 1993.

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(b) Notwithstanding paragraph (a), if a district's initial referendum allowance is less than ten percent of the formula allowance for that year, the reduction equals the lesser of (1) an amount equal to \$100, or (2) the amount calculated in paragraph (a).

(c) Notwithstanding paragraph (a) or (b), a school district's referendum allowance reduction equals (1) an amount equal to \$100, times (2) one minus the ratio of 20 percent of the formula allowance minus the district's initial referendum allowance limit to 20 percent of the formula allowance for that year if:

(i) the district's adjusted net tax capacity for assessment year 1992 per actual pupil unit for fiscal year 1995 is less than \$3,000;

(ii) the district's net unappropriated operating fund balance as of June 30, 1993, divided by the actual pupil units for fiscal year 1995 is less than \$200;

(iii) the district's supplemental revenue allowance for fiscal year 1993 is equal to zero; and

(iv) the district's initial referendum revenue authority for the current year divided by the district's net tax capacity for assessment year 1992 is greater than ten percent.

(d) Notwithstanding paragraph (a), (b), or (c), the referendum revenue reduction for a newly reorganized district is computed as follows:

(1) for a newly reorganized district created effective July 1, 1994, the referendum revenue reduction equals the lesser of the amount calculated for the combined district under paragraph (a), (b), or (c), or the sum of the amounts by which each of the reorganizing district's supplemental revenue reduction exceeds its respective supplemental revenue allowances calculated for the districts as if they were still in existence for fiscal year 1995; or

(2) for a newly reorganized district created after July 1, 1994, the referendum revenue reduction equals the lesser of the amount calculated for the combined district under paragraph (a), (b), or (c), or the sum of the amounts by which each of the reorganizing district's supplemental revenue reduction exceeds its respective supplemental revenue allowances calculated for the year preceding the year of reorganization.

Sec. 18. Minnesota Statutes 1994, section 124A.03, is amended by adding a subdivision to read:

Subd. 3c. REFERENDUM ALLOWANCE REDUCTION. For fiscal year 1998 and later, a district's referendum allowance for referendum authority under subdivision 1c is reduced as provided in this subdivision.

(a) For referendum revenue authority approved before June 1, 1996, and effective for fiscal year 1997, the reduction equals the amount of the reduction computed for fiscal year 1997 under subdivision 3b.

(b) For referendum revenue authority approved before June 1, 1996, and effective beginning in fiscal year 1998, the reduction equals the amount of the reduction computed for fiscal year 1998 under subdivision 3b.

(c) For referendum revenue authority approved after May 31, 1996, there is no reduction.

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(d) For districts with more than one referendum authority, the reduction shall be computed separately for each authority. The reduction shall be applied first to authorities levied against tax capacity, and then to authorities levied against referendum market value. For districts with more than one authority levied against net tax capacity or against referendum market value, the referendum allowance reduction shall be applied first to the authority with the earliest expiration date.

(e) For a newly reorganized district created after July 1, 1996, the referendum revenue reduction equals the lesser of the amount calculated for the combined district, or the sum of the amounts by which each of the reorganizing district's supplemental revenue reduction exceeds its respective supplemental revenue allowances calculated for the year preceding the year of reorganization.

Sec. 19. Minnesota Statutes 1995 Supplement, section 124A.0311, subdivision 2, is amended to read:

Subd. 2. **CONVERSION TO MARKET VALUE.** (a) Prior to June 1, 1997, by June 1 of each year, a school board may, by resolution of a majority of its board, convert any remaining portion of its referendum authority under section 124A.03, subdivision 2, that is authorized to be levied against net tax capacity to referendum authority that is authorized to be levied against the referendum market value of all taxable property located within the school district. At the option of the school board, any remaining portion of its referendum authority may be converted in two or more parts at separate times. The referendum authority may be converted from net tax capacity to referendum market value according to a schedule adopted by resolution of the school board for years prior to taxes payable in 2001, provided that, for taxes payable in 2001 and later, the full amount of the referendum authority is levied against referendum market value. The board must notify the commissioner of children, families, and learning of the amount of referendum authority that has been converted from net tax capacity to referendum market value, if any, by June 15, of each year. The maximum length of a referendum converted under this paragraph is ten years.

(b) For referendum levy amounts converted between June 1, 1997, and June 1, 1998, all other conditions of this subdivision apply except that the maximum length of the referendum is limited to seven years.

(c) For referendum levy amounts converted between June 1, 1998, and June 1, 1999, all other conditions of this subdivision apply except that the maximum length of the referendum is limited to six years.

(d) For referendum levy amounts converted between June 1, 1999, and June 1, 2000, all other conditions of this subdivision apply except that the maximum length of the referendum is limited to five years.

Sec. 20. Minnesota Statutes 1994, section 124A.0311, subdivision 3, is amended to read:

Subd. 3. **ALTERNATIVE CONVERSION.** A school district that has a referendum that is levied against net tax capacity that expires before taxes payable in 1998 may convert its referendum authority according to this subdivision. In the payable year prior to the year of expiration, the school board may authorize a referendum under section 124A.03. Notwithstanding any other law to the contrary, the district may propose, and if

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approved by its electors, have its referendum authority reauthorized in part on tax capacity and in part on referendum market value according to a schedule adopted by resolution of the school board for years prior to taxes payable in 2001, provided that, for taxes payable in 2001 and later, the full amount of referendum authority is levied against referendum market value. If the full amount of the referendum is reauthorized on referendum market value prior to taxes payable in 1998, the referendum may extend for ten years. If the referendum becomes fully reauthorized on referendum market value for a later year, the referendum shall not extend for more than the maximum number of years allowed under subdivision 2.

Sec. 21. Minnesota Statutes 1994, section 124A.035, subdivision 4, is amended to read:

Subd. 4. **COUNTY APPORTIONMENT DEDUCTION.** Each year the amount of money apportioned to a school district for that year pursuant to section 124.10, subdivision 2, excluding any district where the general education levy is determined according to section 124A.23, subdivision 3, shall be deducted from the general education aid earned by that district for the same year or from aid earned from other state sources.

Sec. 22. Minnesota Statutes 1994, section 124A.036, is amended by adding a subdivision to read:

Subd. 6. **CHARTER SCHOOLS.** (a) The general education aid for districts must be adjusted for each pupil attending a charter school under section 120.064. The adjustments must be made according to this subdivision.

(b) General education aid paid to a resident district must be reduced by an amount equal to the general education revenue exclusive of compensatory revenue.

(c) General education aid paid to a district in which a charter school not providing transportation according to section 120.064, subdivision 15, is located shall be increased by an amount equal to the product of: (1) the sum of \$170, plus the transportation sparsity allowance for the district, plus the transportation transition allowance for the district; times (2) the pupil units attributable to the pupil.

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

Sec. 23. Minnesota Statutes 1995 Supplement, section 124A.22, subdivision 10, is amended 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.

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

Subd. 11a. USES OF REVENUE. Except as otherwise prohibited by law, a district may spend general fund money for capital purposes.

Sec. 25. Minnesota Statutes 1995 Supplement, section 124A.22, subdivision 13b, is amended 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) A district's transportation transition allowance for fiscal year 1998 equals the result of the following:

(1) if the result in subdivision 13a, paragraph (a), clause (iii), for fiscal year 1998 is less than the fiscal year 1996 base allowance, the transportation transition allowance equals the fiscal year 1996 base allowance minus the result in subdivision 13a, paragraph (a), clause (iii); or

(2) if the result in subdivision 13a, paragraph (a), clause (iii), for fiscal year 1998 is greater than or equal to the fiscal year 1996 base allowance, the transportation transition allowance equals zero.

(c) For fiscal years 1997 and 1998, a district's training and experience transition allowance is equal to the training and experience revenue the district would have received

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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.

(e) (d) 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. 26. Minnesota Statutes 1995 Supplement, 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 transition revenue and supplemental revenue, and the general education levy, times (ii) the ratio of the actual amount levied to the permitted levy;

(2) transition aid according to section 124A.22, subdivision 13e;

(3) supplemental aid according to section 124.214, subdivision 2;

(4) shared time aid according to section 124A.02, subdivision 21; and

(5) referendum aid according to section 124A.03.

Sec. 27. Minnesota Statutes 1994, section 124A.28, subdivision 1, is amended to read:

Subdivision 1. **USE OF THE REVENUE.** The compensatory education revenue under section 124A.22, subdivision 3, ~~may be used to provide eligible services to eligible pupils according to section 124.311, subdivisions 3 and 4.~~ It also may must be used to meet the educational needs of pupils whose educational achievement is below the level that is appropriate for pupils of their age. These needs may be met by providing at least ~~some~~ of the following:

(1) direct instructional services under the assurance of mastery program according to section 124.311;

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(2) remedial instruction in reading, language arts, and mathematics to improve the achievement level of these pupils;

(2) (3) additional teachers and teacher aides to provide more individualized instruction to these pupils;

(3) (4) summer programs that enable these pupils to improve their achievement or that reemphasize material taught during the regular school year;

(4) (5) in-service education for teachers, teacher aides, principals, and other personnel to improve their ability to recognize these pupils and provide appropriate responses to the pupils' needs;

(5) (6) for instructional material for these pupils including: textbooks, workbooks, periodicals, pamphlets, photographs, reproductions, filmstrips, prepared slides, prerecorded video programs, sound recordings, desk charts, games, study prints and pictures, desk maps, models, learning kits, blocks and cubes, flashcards, instructional computer software programs, pencils, pens, crayons, notebooks, duplicating fluids, and papers;

(6) (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 pupils receiving services from other governmental agencies, provide psychological services to determine the level of social, emotional, cognitive, and intellectual development, and provide counseling services, guidance services, and social work services; and

(7) (8) bilingual programs, bicultural programs, and programs for pupils of limited English proficiency;

(9) all day kindergarten;

(10) extended school day and extended school year programs; and

(11) other methods to increase achievement, as needed.

Sec. 28. Laws 1993, chapter 224, article 1, section 34, subdivision 2, is amended to read:

Subd. 2. **AID ADJUSTMENT.** For fiscal year ~~1994~~ 1996 only, the department of education children, families, and learning shall include in the general education aid calculation for independent school district No. 504, Slayton, or its successor district, and independent school district No. 918, Chandler-Lake Wilson, or its successor district, the sum of the amounts by which the district's general education aid was reduced for fiscal years ~~1992 and 1993~~ year 1994 under Minnesota Statutes, section 124A.26.

Sec. 29. Laws 1993, chapter 224, article 1, section 34, subdivision 3, is amended to read:

Subd. 3. **LEVY ADJUSTMENT.** For ~~1993~~ 1996 taxes payable in ~~1994~~ 1997 only, independent school district No. 504, Slayton, or its successor district, and independent school district No. 918, Chandler-Lake Wilson, or its successor district, may levy an amount not to exceed the sum of the levy reductions for fiscal years ~~1992 and 1993~~ year 1994 resulting from the general education revenue fund balance reduction under Minnesota Statutes, section 124A.26.

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Sec. 30. Laws 1995, First Special Session chapter 3, article 1, section 63, subdivision 2, is amended to read:

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. 31. Laws 1995, First Special Session, chapter 3, article 15, section 25, is amended to read:

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 permanently 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~~ For the computation of homestead and agricultural aid for taxes payable in 1997, the commissioner of revenue shall permanently reduce the school district's homestead and agricultural aid by an amount equal to the lesser of: (1) ~~50~~ 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.

(c) ~~Prior to~~ For the computation of homestead and agricultural aid for taxes payable in 1998, the commissioner of revenue shall permanently reduce a school district's homestead and agricultural aid by an amount equal to the lesser of: (1) ~~75~~ 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.

(d) ~~Prior to~~ For the computation of homestead and agricultural aid for taxes payable in 1999, the commissioner of revenue shall permanently 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.

(e) ~~Prior to~~ For the computation of homestead and agricultural aid for taxes payable in 2000 and later years, the commissioner of revenue shall permanently reduce a school district's homestead and agricultural aid each year 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. 32. TRANSPORTATION AND CAPITAL EXPENDITURE FUNDS; DISSOLUTION.

Effective July 1, 1996, the transportation fund and the capital expenditure fund of each school district or other unit reporting under Minnesota Statutes, section 121.908, is dissolved. The June 30, 1996, balance of the unreserved transportation fund shall be transferred to the general fund unreserved balance. The June 30, 1996, balance of the re-

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served for bus purchase account shall be transferred to the general fund reserved for bus purchase account. The June 30, 1996, balance of the capital expenditure facilities account and capital expenditure equipment account shall be transferred to the general fund reserved for operating capital account. The June 30, 1996, balance of the reserved for health and safety account shall be transferred to the general fund reserved for health and safety account. The June 30, 1996, balance of the reserved for disabled accessibility account shall be transferred to the general fund reserved for disabled accessibility account. Effective July 1, 1996, all revenues and expenditures formerly accounted for in the capital expenditure fund and the transportation fund shall be accounted for in the general fund.

Sec. 33. REFERENDUM AUTHORITY; PARK RAPIDS.

Subdivision 1. REVENUE. Notwithstanding the reduction required by Minnesota Statutes, section 124A.03, subdivision 3b, the referendum revenue allowance for independent school district No. 309, Park Rapids, is \$315 per pupil unit. This referendum authorization is available for the number of years specified on the district's referendum ballot held during June 1995.

Subd. 2. LEVY RECLASSIFICATION. Independent school district No. 309, Park Rapids, may reclassify as payable 1996 referendum levy other payable 1996 levies. The amount reclassified may not exceed the difference between the levy authority authorized in subdivision 1 and the amount of referendum levy certified by the district for taxes payable in 1996. Any reclassified levy is not subject to the market value requirement in Minnesota Statutes, section 124A.03, subdivision 2a.

Sec. 34. APPROPRIATIONS.

Subdivision 1. DEPARTMENT. The sums indicated in this section are appropriated from the general fund to the department of children, families, and learning for the fiscal years designated.

Subd. 2. FIRST-GRADE PREPAREDNESS PROGRAM.

\$3,500,000 1997

For grants for first-grade preparedness programs under section 11. These grants represent 100 percent of the appropriations entitlement for 1997.

Subd. 3. PEQUOT LAKES.

\$ 79,000 1997

For a grant to independent school district No. 186, Pequot Lakes, for the purpose of reducing the district's 1996 payable 1997 property taxes. The commissioner must reduce the district's 1996 payable 1997 property taxes by this amount.* (The preceding subdivision was vetoed by the governor.)

Sec. 35. REPEALER.

Laws 1993, chapter 224, article 1, section 34, subdivision 1, is repealed. Section 8 is repealed July 1, 1999.

Sec. 36. EFFECTIVE DATE.

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Sections 1, 6, 7, 9, 10, 16, 20, 21, 28, 29, and 32 are effective the day following final enactment.

Section 4 is effective for fiscal year 1996 and thereafter.

Section 33 is effective for fiscal year 1997 and later years.

ARTICLE 2

TRANSPORTATION

Section 1. Minnesota Statutes 1995 Supplement, section 120.17, subdivision 6, is amended to read:

Subd. 6. **PLACEMENT IN ANOTHER DISTRICT; RESPONSIBILITY.** The responsibility for special instruction and services for a child with a disability temporarily placed in another district for care and treatment shall be determined in the following manner:

(a) The school district of residence of a child shall be the district in which the child's parent resides, if living, or the child's guardian, or the district designated by the commissioner of children, families, and learning if neither parent nor guardian is living within the state.

(b) When a child is temporarily placed for care and treatment in a day program located in another district and the child continues to live within the district of residence during the care and treatment, the district of residence is responsible for providing transportation and an appropriate educational program for the child. The district may provide the educational program at a school within the district of residence, at the child's residence, or in the district in which the day treatment center is located by paying tuition to that district.

(c) When a child is temporarily placed in a residential program for care and treatment, the nonresident district in which the child is placed is responsible for providing an appropriate educational program for the child and necessary transportation within the district while the child is attending the educational program; and shall bill the district of the child's residence for the actual cost of providing the program, as outlined in subdivision 4, except that the board, lodging, and treatment costs incurred in behalf of a child with a disability placed outside of the school district of residence by the commissioner of human services or the commissioner of corrections or their agents, for reasons other than for making provision for the child's special educational needs shall not become the responsibility of either the district providing the instruction or the district of the child's residence.

(d) The district of residence shall pay tuition and other program costs, not including transportation costs, to the district providing the instruction and services. The district of residence may claim general education aid for the child as provided by law. Transportation costs shall be paid by the district responsible for providing the transportation and the state shall pay transportation aid to that district.

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Sec. 2. Minnesota Statutes 1994, section 120.17, subdivision 9, is amended to read:

Subd. 9. **SPECIAL INSTRUCTION.** No resident of a district who is eligible for special instruction and services pursuant to this section shall be denied provision of this instruction and service on a shared time basis because of attendance at a nonpublic school defined in section 123.932, subdivision 3. If a resident pupil with a disability attends a nonpublic school located within the district of residence, the district shall provide necessary transportation for that pupil within the district between the nonpublic school and the educational facility where special instruction and services are provided on a shared time basis. If a resident pupil with a disability attends a nonpublic school located in a another district contiguous to the district of residence and if no agreement exists pursuant to section 124A.034, subdivision 1 or 1a, for the provision of special instruction and services on a shared time basis to that pupil by the district of attendance and where the special instruction and services are provided within the district of residence, the district of residence shall provide necessary transportation for that pupil between the boundary of the district of residence and the educational facility ~~where the special instruction and services are provided within the district of residence~~. The district of residence may provide necessary transportation for that pupil between its boundary and the nonpublic school attended, but the nonpublic school shall pay the cost of transportation provided outside the district boundary.

Sec. 3. Minnesota Statutes 1995 Supplement, section 120.181, is amended to read:

120.181 PLACEMENT OF ~~NONHANDICAPPED CHILDREN WITHOUT DISABILITIES~~; EDUCATION AND TRANSPORTATION.

The responsibility for providing instruction and transportation for a pupil without a disability who has a short-term or temporary physical or emotional illness or disability, as determined by the standards of the state board, and who is temporarily placed for care and treatment for that illness or disability, shall be determined as provided in this section.

(a) The school district of residence of the pupil shall be the district in which the pupil's parent or guardian resides or the district designated by the commissioner of children, families, and learning if neither parent nor guardian is living within the state.

(b) Prior to the placement of a pupil for care and treatment, the district of residence shall be notified and provided an opportunity to participate in the placement decision. When an immediate emergency placement is necessary and time does not permit resident district participation in the placement decision, the district in which the pupil is temporarily placed, if different from the district of residence, shall notify the district of residence of the emergency placement within 15 days of the placement.

(c) When a pupil without a disability is temporarily placed for care and treatment in a day program and the pupil continues to live within the district of residence during the care and treatment, the district of residence shall provide instruction and necessary transportation for the pupil. The district may provide the instruction at a school within the district of residence, at the pupil's residence, or in the case of a placement outside of the resident district, in the district in which the day treatment program is located by paying tuition to that district. The district of placement may contract with a facility to provide instruction by teachers licensed by the state board of teaching.

(d) When a pupil without a disability is temporarily placed in a residential program for care and treatment, the district in which the pupil is placed shall provide instruction

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for the pupil and necessary transportation ~~within that district~~ while the pupil is receiving instruction, and in the case of a placement outside of the district of residence, the nonresident district shall bill the district of residence for the actual cost of providing the instruction for the regular school year and for summer school, excluding transportation costs. When a pupil without a disability is temporarily placed in a residential program outside the district of residence, the administrator of the court placing the pupil shall send timely written notice of the placement to the district of residence. The district of placement may contract with a residential facility to provide instruction by teachers licensed by the state board of teaching.

(e) The district of residence shall include the pupil in its residence count of pupil units and pay tuition as provided in section 124.18 to the district providing the instruction. Transportation costs shall be paid by the district providing the transportation and the state shall pay transportation aid to that district. For purposes of computing state transportation aid, pupils governed by this subdivision shall be included in the handicapped disabled transportation category.

Sec. 4. Minnesota Statutes 1994, section 120.73, subdivision 1, is amended to read:

Subdivision 1. A school board is authorized to require payment of fees in the following areas:

(a) in any program where the resultant product, in excess of minimum requirements and at the pupil's option, becomes the personal property of the pupil;

(b) admission fees or charges for extra curricular activities, where attendance is optional;

(c) a security deposit for the return of materials, supplies, or equipment;

(d) personal physical education and athletic equipment and apparel, although any pupil may personally provide it if it meets reasonable requirements and standards relating to health and safety established by the school board;

(e) items of personal use or products which a student has an option to purchase such as student publications, class rings, annuals, and graduation announcements;

(f) fees specifically permitted by any other statute, including but not limited to section 171.04, subdivision 1, clause (1);

(g) field trips considered supplementary to a district educational program;

(h) any authorized voluntary student health and accident benefit plan;

(i) for the use of musical instruments owned or rented by the district, a reasonable rental fee not to exceed either the rental cost to the district or the annual depreciation plus the actual annual maintenance cost for each instrument;

(j) transportation of pupils to and from extra curricular activities conducted at locations other than school, where attendance is optional;

(k) transportation of pupils to and from school for which aid for fiscal year 1996 is not authorized under Minnesota Statutes 1994, section 124.223, subdivision 1, and for which levy for fiscal year 1996 is not authorized under Minnesota Statutes 1994, section 124.226, subdivision 5, if a district charging fees for transportation of pupils establishes

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guidelines for that transportation to ensure that no pupil is denied transportation solely because of inability to pay;

(l) motorcycle classroom education courses conducted outside of regular school hours; provided the charge shall not exceed the actual cost of these courses to the school district;

(m) transportation to and from post-secondary institutions for pupils enrolled under the post-secondary enrollment options program under section 123.39, subdivision 16. Fees collected for this service must be reasonable and shall be used to reduce the cost of operating the route. Families who qualify for mileage reimbursement under section 123.3514, subdivision 8, may use their state mileage reimbursement to pay this fee. If no fee is charged, districts shall allocate costs based on the number of pupils riding the route.

Sec. 5. Minnesota Statutes 1995 Supplement, 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:

- (1) textbooks, workbooks, art materials, laboratory supplies, towels;
- (2) supplies necessary for participation in any instructional course except as authorized in sections 120.73 and 120.75;
- (3) field trips which are required as a part of a basic education program or course;
- (4) graduation caps, gowns, any specific form of dress necessary for any educational program, and diplomas;
- (5) instructional costs for necessary school personnel employed in any course or educational program required for graduation;
- (6) library books required to be utilized for any educational course or program;
- (7) admission fees, dues, or fees for any activity the pupil is required to attend;
- (8) any admission or examination cost for any required educational course or program;
- (9) locker rentals;
- (10) transportation of pupils (i) for which state transportation aid for fiscal year 1996 is authorized pursuant to Minnesota Statutes 1994, section 124.223 or (ii) for which a levy for fiscal year 1996 is authorized under Minnesota Statutes 1994, 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 123.39, subdivision 8b, is amended to read:

Subd. 8b. School districts may use school district owned or contractor operated school buses to provide transportation along regular school bus routes on a space avail-

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able basis for ~~senior citizens who are 62 years of age or older~~ any person, provided that this use of a bus does not interfere with the transportation of pupils to and from school or other authorized transportation of pupils. In all cases, the total additional cost of providing these services, as determined by sound accounting procedures, shall be paid by charges made against those using these services or some third-party payor. In no case shall the additional cost of this transportation be paid by the school district.

The provisions of section 65B.47, subdivision 4, shall be applicable to ~~senior citizens~~ any person being transported pursuant to this subdivision.

Sec. 7. Minnesota Statutes 1995 Supplement, 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 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 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 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 four weeks of the first day of attendance. The pupil transportation safety director in each district must certify to the commissioner of children, families, and learning annually that all students transported by school bus within the district have satisfactorily demonstrated knowledge and under-

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standing 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 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.

(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) 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, for students enrolled in grades kindergarten through 5.

(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. 8. Minnesota Statutes 1995 Supplement, section 124.223, subdivision 4, is amended to read:

Subd. 4. **PUPILS WITH DISABILITIES.** School districts ~~may~~ shall 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.

Sec. 9. Minnesota Statutes 1995 Supplement, section 124.225, subdivision 81, is amended to read:

Subd. 81. **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, ~~may~~ shall provide authorized transportation to the pupil within the attendance area for the school that the pupil attends. The resident district need not provide or pay for transportation between the pupil's residence and the district's border.

Sec. 10. Minnesota Statutes 1995 Supplement, section 124.225, subdivision 14, is amended 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:

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(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) the greater of zero or 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. 11. Minnesota Statutes 1995 Supplement, section 124.225, subdivision 16, is amended 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), excluding transportation services for children with disabilities under section 124.223, subdivisions 4, 5, 7, and 8, 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.

(d) Notwithstanding the amount of the formula allowance for fiscal years 1997 and 1998 in section 124A.22, subdivision 2, the commissioner shall use the amount of the formula allowance less \$300 in determining the nonpublic pupil transportation revenue in paragraphs (b) and (c) for fiscal years 1997 and 1998.

Sec. 12. Minnesota Statutes 1995 Supplement, section 124.225, subdivision 17, is amended to read:

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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 levy 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. 13. Minnesota Statutes 1995 Supplement, section 124.227, is amended to read:

124.227 INTERDISTRICT DESEGREGATION OR INTEGRATION TRANSPORTATION GRANTS.

(a) A district that provides transportation of pupils between resident and nonresident districts to and from an interdistrict program for desegregation or integration purposes may apply to the commissioner of children, families, and learning for a grant to cover the additional costs of transportation.

(b) A district in the metropolitan area may apply to the commissioner for a grant to cover the costs of transporting pupils who are enrolled under section 120.062 if the enrollment of the student in the nonresident district contributes to desegregation or integration purposes. The commissioner must develop the form and manner of applications, the criteria to be used to determine when transportation is for desegregation or integration 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 or integration purposes.

(c) Grants may be awarded under paragraph (b) only if grants awarded under paragraph (a) have been fully funded.

Sec. 14. Minnesota Statutes 1995 Supplement, section 169.01, subdivision 6, is amended to read:

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, 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 nonscheduled 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.

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(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~~ designed 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. 15. Minnesota Statutes 1994, section 169.4504, is amended by adding a subdivision to read:

Subd. 5. AISLE WIDTH. All school buses equipped with a power lift shall provide at least a 12-inch aisle leading from wheelchair position to at least one emergency door and the lift area.

Sec. 16. Minnesota Statutes 1995 Supplement, 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 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 the previous three years, or a violation of section 169.121 or 169.129, or a similar statute or ordinance from another state, 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. 17. Laws 1995, First Special Session chapter 3, article 2, section 53, is amended to read:

Sec. 53. **EFFECTIVE DATE.**

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

~~Section 42 is effective beginning with taxes payable in 1996 for fiscal year 1997.~~

Sec. 18. **APPROPRIATION.**

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\$150,000 is appropriated to the St. Paul school district to contract with the Metropolitan Council Transit Organization for a one-year pilot program during the 1996-1997 school year to transport students to and from Arlington High School. The MCTO and the St. Paul school district shall submit a joint preliminary report by March 1, 1997, to the chairs of the education committees of the senate and the house of representatives, the chair of the metropolitan and local government committee of the senate, and the chair of the local government and metropolitan affairs committee of the house of representatives. The MCTO may not charge the district any more than \$150,000 for the school year.*
(The preceding section was vetoed by the governor.)

Sec. 19. EFFECTIVE DATE.

Sections 8 to 13 are effective the day following final enactment.

ARTICLE 3

SPECIAL PROGRAMS

Section 1. Minnesota Statutes 1995 Supplement, 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 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

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including assistive technology 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 1995 Supplement, 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 appropriate 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

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dispute resolution, mediation, or conciliation, Minnesota Rule of Evidence 408 applies. The department of children, families, and learning 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.

Within five business days 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, the reasons for the objection, and the specific remedies sought. The other party 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~~ Within four business days of the receipt of the request for the hearing, if the parties have not agreed on the hearing officer, the school board shall request the commissioner to appoint a hearing officer. The school board shall include with request the name of the person requesting the hearing, the name of the student, the attorneys involved, if any, and the date the hearing request was received. 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.

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(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, except that hearing officers are encouraged to accelerate the timeline to 30 days for children birth through two whose needs change rapidly and require quick resolution of complaints. A hearing officer may not grant specific extensions of time beyond the 45-day period at the request of either party unless requested by either party for good cause shown on the record. The decision of the hearing officer shall be binding on all parties unless appealed to the hearing review officer commissioner by the parent, guardian, or the school board of the district where the child resides pursuant to clause (g); and also in the case of children birth through two, by the county board.

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; and

(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 commissioner~~ 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. The appealing party shall note the specific parts of the hearing decision being appealed.

If the decision is appealed, a written transcript of the hearing shall be made by the school district and shall be accessible provided by the district to the parties involved and the hearing review officer within five calendar days of the filing of the appeal. The hearing review officer shall conduct an appellate review and 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. ~~However,~~ 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 for good cause shown on the record.

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.

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(h) The decision of the hearing review officer shall be final unless appealed by the parent or guardian or school board to the Minnesota court of appeals or federal district court as provided by federal law. ~~The State~~ judicial review shall be in accordance with chapter 14.

(i) The commissioner of children, families, and learning 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 Minnesota public school district, education district, intermediate unit or regional education agency, the department of children, families, and learning, the state board of education, or a parent advocacy organization or group; and

(8) the individual is not a current employee or board member of a disability 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 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

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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.

(q) The hearing officer may admit all evidence which possesses probative value, including hearsay, if it is the type of evidence on which reasonable, prudent persons are accustomed to rely in the conduct of their serious affairs. The hearing officer shall give effect to the rules of privilege recognized by law. Evidence which is incompetent, irrelevant, immaterial, or unduly repetitious shall be excluded.

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

Subd. 19. PARENT ADVISORY COMMITTEES. Provisions of Minnesota Rules, part 3525.1100, regarding parent advisory committees shall apply to local school boards or cooperative boards carrying out the provisions of Minnesota Statutes, section 120.17.

Sec. 4. Minnesota Statutes 1994, section 120.1701, subdivision 10, is amended to read:

~~Subd. 10. PAYMENT FOR SERVICES. Core early intervention services shall be provided at public expense with no cost to parents. Parents shall be requested to assist in the cost of additional early intervention services by using third-party payment sources and applying for available resources. If a parent chooses not to access these resources, additional early intervention services may not be provided. Payment structures permitted under state law shall be used to pay for additional early intervention services. Parental financial responsibility shall be clearly defined in the individualized family service plan. A parent's inability to pay shall not prohibit a child from receiving needed early intervention services.~~

Sec. 5. Minnesota Statutes 1995 Supplement, section 120.1701, subdivision 20, is amended to read:

~~Subd. 20. DUE PROCESS HEARINGS. By July 1, 1994, the departments of children, families, and learning, health, and human services shall develop procedures for hearings. The procedures for due process hearings and appeals shall be the same as those in section 120.17, subdivision 3b. The responsibility for payment of costs and conducting due process hearings and appeals shall be allocated to the appropriate agency in accordance with section 120.1701, subdivisions 5, 13, and 16.~~

Sec. 6. [120.187] DEFINITION.

Subdivision 1. APPLICABILITY. For the purposes of sections 120.187 to 120.190, the following terms have the meanings given them.

Subd. 2. ASSISTIVE TECHNOLOGY DEVICE. "Assistive technology device" means any item, piece of equipment, software, or product system, whether acquired com-

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mercially off the shelf, modified, or customized, that is used to increase, maintain, or improve functional capabilities of children with disabilities.

Sec. 7. [120.188] PURCHASING GUIDELINES.

Subdivision 1. RIGHTS OF SCHOOL DISTRICTS TO PURCHASE SCHOOL-OWNED ASSISTIVE TECHNOLOGY. (a) When a child with a disability exits a school district and enters a new school district, the child's new school district may purchase any assistive technology devices that the child's former school district has purchased on the child's behalf. The child's new school district must notify, in writing, the child's former school district of the intent to purchase the device. The child's new school district must complete a purchase agreement according to section 4. The child's former school district must respond, in writing, to the request to purchase within 30 days.

(b) School districts may decline to sell a device if they can demonstrate the technology is a general use device or can be modified for use by other students.

Subd. 2. LIABILITY FOR USED EQUIPMENT. The child's former school district shall not be liable for any nonconformities in the equipment after it is purchased by the child's new school district, or for injuries arising out of the use of the assistive technology device. This section does not foreclose the child's right to bring suit against the manufacturer, assistive device lessor, or assistive device dealer for nonconformities in or injuries arising out of the use of the assistive technology device.

Subd. 3. THIRD-PARTY PAYORS. Nothing contained in this section shall be construed as decreasing the obligation of an insurance company or other third-party payor to provide coverage for assistive technology.

Sec. 8. [120.189] INTERAGENCY AGREEMENT TO PURCHASE USED ASSISTIVE TECHNOLOGY DEVICES.

Subdivision 1. OPTION TO PURCHASE BY DEPARTMENT OF ECONOMIC SECURITY. (a) When a child with a disability transitions into a work environment or enrolls in a post-secondary course or program, the department of economic security may purchase any assistive technology device that the child's former school district purchased on the child's behalf.

(b) The department of economic security may purchase an assistive technology device initially purchased by a school district for a child who is currently a recipient of rehabilitation services and who needs the identical assistive technology device as stated on the recipient's individual written rehabilitation plan. The purchase may be made not more than three months prior to the child exiting the school district.

Subd. 2. LIABILITY FOR USED EQUIPMENT. The department of economic security and the department of children, families, and learning shall not be liable for any nonconformities in the equipment after it is purchased by the department of economic security, or for injuries arising out of the use of the assistive technology device. This section does not foreclose the child's right to bring suit against the manufacturer, assistive device lessor, or assistive device dealer for nonconformities in or injuries arising out of the use of the assistive technology device.

Subd. 3. THIRD-PARTY PAYOR. Nothing contained in this section shall be construed as decreasing the obligation of an insurance company or other third-party payor to provide coverage for assistive technology.

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Sec. 9. [120.190] PURCHASE AGREEMENT; PRICE FORMULA.

The commissioner shall develop guidelines for the sale of used assistive technology including a purchase agreement, a formula for establishing the sale price, and other terms and conditions of the sale.

Sec. 10. Minnesota Statutes 1994, section 123.35, is amended by adding a subdivision to read:

Subd. 9b. SERVICES FOR INDIAN STUDENTS. School districts may enter into agreements with Indian tribal governments for purposes of providing educational services for students. Such agreements may allow for the use of any resources available to either party and must give students the option to enroll in the school district at their election.

Sec. 11. Minnesota Statutes 1995 Supplement, section 124.273, subdivision 1c, is amended to read:

Subd. 1c. **ADJUSTED LEP BASE REVENUE.** (a) A district's adjusted limited English proficiency programs base 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 the base year 1995.

(b) For the purposes of this section, the base year for fiscal year 1996 is fiscal year 1995. The base year for later fiscal years is the second fiscal year preceding the fiscal year for which aid shall be paid. The current year is the fiscal year for which aid shall be paid.

(c) For the purposes of this section, a teacher includes nonlicensed personnel who provide direct instruction to students of limited English proficiency under the supervision of a licensed teacher.

Sec. 12. Minnesota Statutes 1995 Supplement, section 124.273, subdivision 1d, is amended to read:

Subd. 1d. **LEP BASE REVENUE.** (a) The limited English proficiency programs base revenue equals the sum of the following amounts, computed using fiscal base year 1995 data:

(1) 68 percent of the salaries paid limited English proficiency program teachers salary of one full-time equivalent teacher for each 40 pupils of limited English proficiency enrolled, or 68 percent of the salary of one-half of a full-time teacher in a district with 20 or fewer pupils of limited English proficiency enrolled; 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

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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.

(b) For the purposes of this subdivision, a teacher includes nonlicensed personnel who provide direct instruction to students of limited English proficiency under the supervision of a licensed teacher.

Sec. 13. Minnesota Statutes 1994, section 124.273, is amended by adding a subdivision to read:

Subd. 1f. STATE TOTAL LEP REVENUE. (a) The state total limited English proficiency programs revenue for fiscal year 1996 equals \$12,202,000. The state total limited English proficiency programs revenue for fiscal year 1997 equals \$13,299,000.

(b) The state total limited English proficiency programs revenue for later fiscal years equals:

(1) the state total limited English proficiency programs revenue for the preceding fiscal year; times

(2) the program growth factor under section 124.3201, subdivision 1; times

(3) the ratio of the state total number of pupils with limited English proficiency for the current fiscal year to the state total number of pupils with limited English proficiency for the preceding fiscal year.

Sec. 14. Minnesota Statutes 1994, section 124.273, is amended by adding a subdivision to read:

Subd. 1g. SCHOOL DISTRICT LEP REVENUE. (a) A school district's limited English proficiency programs revenue for fiscal year 1996 and later equals the state total limited English proficiency programs revenue, minus the amount determined under paragraph (b), times the ratio of the district's adjusted limited English proficiency programs base revenue to the state total adjusted limited English proficiency programs base revenue.

(b) Notwithstanding paragraph (a), if the limited English proficiency programs base revenue for a district equals zero, the limited English proficiency programs revenue equals the sum of the following amounts, computed using current year data:

(1) 68 percent of the salary of one full-time equivalent teacher for each 40 pupils of limited English proficiency enrolled, or 68 percent of the salary of one-half of a full-time teacher in a district with 20 or fewer pupils of limited English proficiency enrolled; 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. 15. Minnesota Statutes 1994, section 124.311, subdivision 1, is amended to read:

Subdivision 1. ~~INSTRUCTION IN REGULAR CLASSROOM.~~ A school district may receive assurance of mastery revenue to provide direct instructional services to eligible pupils in the pupils' regular classroom.

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

Sec. 16. Minnesota Statutes 1994, section 124.311, subdivision 4, is amended to read:

Subd. 4. **ELIGIBLE SERVICES.** Assurance of mastery revenue must be used to provide direct instructional services to an eligible pupil, or group of eligible pupils, under the following conditions:

(a) Instruction may be provided at one or more grade levels from kindergarten through grade 8. If an assessment of pupils' needs within a district demonstrates that the eligible pupils in grades kindergarten through 8 are being appropriately served, a district may serve eligible pupils in grades 9 through 12.

~~(b) Instruction must be provided in the usual and customary classroom of the eligible pupil.~~

(e) Instruction must be provided under the supervision of the eligible pupil's regular classroom teacher. Instruction may be provided by the eligible pupil's classroom teacher, by another teacher, by a team of teachers, or by an education assistant or aide. A special education teacher may provide instruction, but instruction that is provided under this section is not eligible for aid under section 124.32.

~~(c)~~ (c) The instruction that is provided must differ from the initial instruction the pupil received in the regular classroom setting. The instruction may differ by presenting different curriculum than was initially presented in the regular classroom, or by presenting the same curriculum:

- (1) at a different rate or in a different sequence than it was initially presented;
- (2) using different teaching methods or techniques than were used initially; or
- (3) using different instructional materials than were used initially.

Sec. 17. Minnesota Statutes 1994, section 124.311, subdivision 5, is amended to read:

Subd. 5. **REVENUE AMOUNT.** Assurance of mastery revenue is the sum of state and district money. The sum may equal up to \$45 for fiscal year 1991 and thereafter times the number of actual fund balance pupil units in kindergarten through grade 8 in the district. The district shall determine the amount of money it will provide and the state shall provide an equal amount of money.

Sec. 18. Minnesota Statutes 1995 Supplement, section 124.314, subdivision 2, is amended to read:

Subd. 2. **LEVY.** For fiscal year ~~1997~~ 1996 and thereafter, a school district's targeted needs levy equals the sum of its integration levy under section 124.912, subdivision 2, and that portion of its special education levy attributed to the limited English proficiency program.

Sec. 19. Minnesota Statutes 1995 Supplement, section 124.3201, subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** For the purposes of this section and sections 124.3202 and 124.321, the definitions in this subdivision apply.

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

(a) “Base year” for fiscal year 1996 and fiscal year 1997 means fiscal year 1995 the 1994 summer program and the 1994–1995 school year. 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.

Sec. 20. Minnesota Statutes 1995 Supplement, section 124.3201, subdivision 2, is amended to read:

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 the base year for that fiscal year.

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

Sec. 21. Minnesota Statutes 1995 Supplement, section 124.3201, is amended by adding a subdivision to read:

Subd. 2a. **SPECIAL EDUCATION TUITION REVENUE.** (a) For fiscal year 1996 and later, a district's special education tuition revenue is equal to 50 percent of the difference between tuition costs in the base year and actual tuition costs for pupils whose individual education plans require placement in another district under section 120.17.

(b) For purposes of this section, "tuition costs" means expenditures for tuition bills as defined in section 124.323, subdivision 2, paragraph (a), clause (2).

Sec. 22. Minnesota Statutes 1995 Supplement, section 124.3201, is amended by adding a subdivision to read:

Subd. 2b. **SPECIAL EDUCATION COURT PLACEMENT REVENUE.** For fiscal year 1996 and later, a district's special education court placement revenue is equal to 50 percent of the difference between expenditures for teachers' salaries, contracted services, supplies, and equipment eligible for revenues under sections 124.3201 and 124.3202, in the base year and actual expenditures for pupils with disabilities who receive services pursuant to a court order.

Sec. 23. Minnesota Statutes 1995 Supplement, section 124.3201, subdivision 3, is amended to read:

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; plus the district's special education tuition revenue under subdivision 2a and special education court placement revenue under subdivision 2b.

Sec. 24. Minnesota Statutes 1995 Supplement, section 124.3201, subdivision 5, is amended to read:

Subd. 5. **SCHOOL DISTRICT SPECIAL EDUCATION REVENUE.** (a) A school district's special education revenue for fiscal year 1996 and later equals the state total special education revenue, minus the amount determined under paragraph (b), 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 children, families, and learning 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.

(b) Notwithstanding paragraph (a), if the special education base revenue for a district equals zero, the special education revenue equals the amount computed according to subdivision 2 using current year data.

Sec. 25. Minnesota Statutes 1995 Supplement, section 124.3202, is amended to read:

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

124.3202 SPECIAL EDUCATION SUMMER PROGRAM REVENUE.

Subdivision 1. **SUMMER PROGRAM BASE REVENUE.** The summer program base revenue for fiscal year 1996 and fiscal year 1997 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

(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 fiscal year 1997, 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. The state total summer program revenue for fiscal year 1997 equals \$3,728,500. Fiscal year 1996 summer program revenue is for 1995 summer programs. Fiscal year 1997 summer program revenue is for 1996 summer programs provided in fiscal year 1996.

Subd. 4. **SCHOOL DISTRICT SUMMER PROGRAM REVENUE.** (a) A school district's summer program revenue for fiscal year 1996 and fiscal year 1997 equals the state total summer program revenue, minus the amount determined under paragraph (b), times the ratio of the district's adjusted summer program base revenue to the state total adjusted summer program base revenue.

(b) Notwithstanding paragraph (a), if the special education base revenue for a district under section 124.3201, subdivision 2, equals zero, the summer program revenue equals the amount computed according to subdivision 1 using current year data.

Subd. 5. **SPECIAL EDUCATION SUMMER PROGRAM AID.** A school district's special education summer program aid for fiscal year 1996 and fiscal year 1997 equals the district's summer program revenue times the aid percentage factor for that year.

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

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. 26. Minnesota Statutes 1995 Supplement, section 124.323, subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** In this section, the definitions in this subdivision apply.

(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 124.3201, and 124.3202, and ~~124.321~~; plus

(2) expenditures for tuition bills received under section 120.17 for services eligible for revenue under sections 124.3201, subdivision 2, and 124.3202, subdivision 1; minus

(3) revenue for teachers' salaries, contracted services, supplies, and equipment under sections 124.3201, and 124.3202, and ~~124.321~~; minus

(4) tuition receipts under section 120.17 for services eligible for revenue under sections 124.3201, subdivision 2, and 124.3202, subdivision 1.

(b) "General revenue," for fiscal year 1996, means the sum of the general education revenue according to section 124A.22, subdivision 1, as adjusted according to section 124A.036, subdivision 5, 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, as adjusted according to section 124A.036, subdivision 5, plus the total referendum revenue minus transportation sparsity revenue minus total operating capital revenue.

Sec. 27. Minnesota Statutes 1995 Supplement, section 124.323, subdivision 2, is amended to read:

Subd. 2. **EXCESS COST REVENUE.** For 1996 and later fiscal years, a district's special education excess cost revenue equals the product of:

(1) 70 percent of the difference between (i) (1) the district's unreimbursed special education cost per actual pupil unit and (ii) (2) 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. 28. Minnesota Statutes 1995 Supplement, section 124.574, subdivision 2f, is amended 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 ~~\$8,520,000~~. The state total secondary vocational-disabled revenue for fiscal year 1997 equals ~~\$7,960,000~~ \$8,830,000. The state total secondary vocational-disabled revenue for later fiscal years equals:

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(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. 29. Minnesota Statutes 1995 Supplement, section 124.574, subdivision 2g, is amended to read:

Subd. 2g. **SCHOOL DISTRICT SECONDARY VOCATIONAL–DISABLED REVENUE.** (a) A school district's secondary vocational–disabled revenue for fiscal year 1996 and later equals the state total secondary vocational–disabled revenue, minus the amount determined under paragraph (b), times the ratio of the district's adjusted secondary vocational–disabled base revenue to the state total adjusted secondary vocational–disabled base revenue.

(b) Notwithstanding paragraph (a), if the secondary vocational–disabled base revenue for a district equals zero and no district residents were enrolled in secondary vocational–disabled programs during the base year, the secondary vocational–disabled revenue equals the amount computed according to subdivision 2d using current year data.

Sec. 30. Minnesota Statutes 1994, section 124.86, subdivision 1, is amended to read:

Subdivision 1. **AUTHORIZATION.** Each year each American Indian–controlled tribal contract or grant school authorized by the United States Code, title 25, section 450f, that is located on a reservation within the state is eligible to receive tribal contract or grant school aid subject to the requirements in this subdivision.

(a) The school must plan, conduct, and administer an education program that complies with the requirements of either this chapter and chapters 120, 121, 122, 123, 124A, 124C, 125, 126, 129, and 268A or Code of Federal Regulations, title 25, sections 31.0 to 45.80.

(b) The school must comply with all other state statutes governing independent school districts or their equivalent in the Code of Federal Regulations, title 25.

(c) The state tribal contract or grant school aid must be used to supplement, and not to replace, the money for American Indian education programs provided by the federal government.

Sec. 31. Minnesota Statutes 1994, section 124.86, subdivision 2, is amended to read:

Subd. 2. **REVENUE AMOUNT.** An American Indian–controlled tribal contract or grant school that is located on a reservation within the state and that complies with the requirements in subdivision 1 is eligible to receive tribal contract or grant school aid. The amount of aid is derived by:

(1) multiplying the formula allowance under section 124A.22, subdivision 2, times the difference between (a) the actual pupil units as defined in section 124A.02, subdivision 15, in average daily membership, excluding section 124.17, subdivision 2f, and (b) the number of pupils for the current school year, weighted according to section 124.17, subdivision 1, receiving benefits under section 123.933 or 123.935 or for which the school is receiving reimbursement under section 126.23;

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(2) subtracting from the result in clause (1) the amount of money allotted to the school by the federal government through Indian School Equalization Program of the Bureau of Indian Affairs, according to Code of Federal Regulations, title 25, part 39, subparts A to E, for the basic program as defined by section 39.11, paragraph (b), for the base rate as applied to kindergarten through twelfth grade, excluding small school adjustments and additional weighting, but not money allotted through subparts F to L for contingency funds, school board training, student training, interim maintenance and minor repair, interim administration cost, prekindergarten, and operation and maintenance, and the amount of money that is received according to section 126.23;

(3) dividing the result in clause (2) by the actual pupil units in average daily membership, excluding section 124.17, subdivision 2f; and

(4) multiplying the actual pupil units, including section 124.17, subdivision 2f, in average daily membership by the lesser of \$1,500 or the sum of the result in clause (3) plus \$300.

Sec. 32. Minnesota Statutes 1994, section 126.531, subdivision 3, is amended to read:

Subd. 3. Each committee shall be reimbursed for expenses according to section 15.059, subdivision 6. The state board shall determine the membership terms and the duration of each committee, which expire no later than June 30, 1997.

Sec. 33. Minnesota Statutes 1995 Supplement, section 325G.203, subdivision 11, is amended to read:

Subd. 11. **NONCONFORMITY.** "Nonconformity" means a specific condition or generic defect or malfunction, or a defect or condition that substantially impairs the use, value, or safety of an assistive device, but does not include a condition or defect that is the result of abuse or unauthorized modification or alteration of the assistive device by the consumer.

For those assistive devices regulated under section 153A.19, "nonconformity" does not include a condition of the device that is the result of normal use which could be resolved through fitting adjustments, cleaning, or proper care.

Sec. 34. Minnesota Statutes 1994, section 466.01, subdivision 1, is amended to read:

Subdivision 1. **MUNICIPALITY.** For the purposes of sections 466.01 to 466.15, "municipality" means any city, whether organized under home rule charter or otherwise, any county, town, public authority, public corporation, special district, school district, however organized, county agricultural society organized pursuant to chapter 38, joint powers board or organization created under section 471.59 or other statute, public library, regional public library system, multicounty multitype library system, family services collaborative established under section 121.8355, other political subdivision, or community action agency.

Sec. 35. Minnesota Statutes 1994, section 471.59, subdivision 11, is amended to read:

Subd. 11. **JOINT POWERS BOARD.** (a) Two or more governmental units, through action of their governing bodies, by adoption of a joint powers agreement that

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complies with the provisions of subdivisions 1 to 5, may establish a joint board to issue bonds or obligations pursuant to under any law by which any of the governmental units establishing the joint board may independently issue bonds or obligations and may use the proceeds of the bonds or obligations to carry out the purposes of the law under which the bonds or obligations are issued. A joint board created pursuant to established under this section may issue obligations and other forms of indebtedness only pursuant to in accordance with express authority granted by the action of the governing bodies of the governmental units which that established the joint board. Except as provided in paragraph (b), the joint board established pursuant to under this subdivision shall must be composed solely of members of the governing bodies of the governmental unit which that established the joint board, and the. A joint board established under this subdivision may not pledge the full faith and credit or taxing power of any of the governmental units which that established the joint board. The obligations or other forms of indebtedness shall must be obligations of the joint board issued on behalf of the governmental units creating the joint board. The obligations or other forms of indebtedness shall must be issued in the same manner and subject to the same conditions and limitations which that would apply if the obligations were issued or indebtedness incurred by one of the governmental units which that established the joint board, provided that any reference to a governmental unit in the statute, law, or charter provision authorizing the issuance of the bonds or the incurring of the indebtedness shall be is considered a reference to the joint board.

(b) Notwithstanding paragraph (a), one school district, one county, and one public health entity, through action of their governing bodies, may establish a joint board to establish and govern a family services collaborative under section 121.8355. The school district, county, and public health entity may include other governmental entities at their discretion. The membership of a board established under this paragraph, in addition to members of the governing bodies of the participating governmental units, must include the representation required by section 121.8355, subdivision 1, paragraph (a), selected in accordance with section 121.8355, subdivision 1, paragraph (c).

Sec. 36. Laws 1995, First Special Session chapter 3, article 3, section 19, subdivision 7, is amended to read:

Subd. 7. **TRIBAL CONTRACT SCHOOLS.** For tribal contract school aid according to Minnesota Statutes, section 124.86:

\$238,000	.....	1996
\$361,000 \$861,000	.....	1997

The 1996 appropriation includes \$19,000 for 1995 and \$219,000 for 1996.

The 1997 appropriation includes \$38,000 for 1996 and ~~\$323,000~~ \$823,000 for 1997.

Sec. 37. Laws 1995, First Special Session chapter 3, article 3, section 19, subdivision 15, is amended to read:

Subd. 15. **SECONDARY VOCATIONAL EDUCATION AID.** For secondary vocational education aid according to Minnesota Statutes, section 124.573:

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\$11,874,000	1996
\$11,596,000	<u>\$11,771,000</u> 1997

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~~ \$10,032,000 for 1997.

Sec. 38. Laws 1995, First Special Session chapter 3, article 15, section 26, subdivision 7, is amended to read:

Subd. 7. **TARGETED NEEDS AID.** For targeted needs aid:

\$37,682,000	\$39,546,000	.....	1996
\$41,597,000	<u>\$41,606,000</u>	.....	1997

(a) Of the 1996 amount, \$945,000 is for 1995 LEP aid and ~~\$4,359,000~~ \$6,223,000 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~~ \$1,098,000 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.

Sec. 39. Laws 1995, First Special Session chapter 3, article 15, section 26, subdivision 8, is amended to read:

Subd. 8. **SECONDARY VOCATIONAL; STUDENTS WITH DISABILITIES.** For aid for secondary vocational education for pupils with disabilities according to Minnesota Statutes, section 124.574:

\$4,489,000	\$4,936,000	.....	1996
\$5,424,000	<u>\$6,020,000</u>	.....	1997

The 1996 appropriation includes \$590,000 for 1995 and ~~\$3,899,000~~ \$4,346,000 for 1996.

The 1997 appropriation includes ~~\$688,000~~ \$766,000 for 1996 and ~~\$4,736,000~~ \$5,254,000 for 1997.

Sec. 40. Laws 1995, First Special Session chapter 3, article 15, section 26, subdivision 10, is amended to read:

Subd. 10. **LOW-INCOME CONCENTRATION GRANTS.** For low-income concentration grants according to Laws 1994, chapter 647, article 8, section 43:

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

\$1,150,000	.....	1996	
\$1,150,000	<u>\$1,300,000</u>	.....	1997

Each grant shall be for no more than \$50,000.

Sec. 41. OSSEO LEVY.

For levies payable in 1997 only, independent school district No. 279, Osseo, may levy a tax in an amount not to exceed \$800,000. The proceeds of this levy must be used to provide instructional services for at-risk children.

Sec. 42. FISCAL YEAR 1997 SECONDARY VOCATIONAL GUARANTEE.

(a) Notwithstanding Minnesota Statutes, section 124.573, subdivision 2f, paragraphs (a) and (b), a school district's secondary vocational aid for fiscal year 1997 shall not be less than 25 percent of the lesser of (1) \$90,000, or (2) the approved expenditure included in subdivision 2b, paragraph (b).

(b) Aid provided according to this section is not included in the fiscal year 1997 base for calculating fiscal year 1998 aid according to Minnesota Statutes, section 124.573, subdivision 2f, paragraph (a).

(c) The amounts allocated according to this section are not included in the secondary vocational aid base for fiscal year 1998 and after.

Sec. 43. EFFECTIVE DATE.

Sections 11 to 14, 26 and 29 are effective retroactively to July 1, 1995, for the 1995-1996 school year and later. Sections 21 to 23 are effective for fiscal year 1996. Sections 24 and 38 are effective the day following final enactment.

ARTICLE 4

COMMUNITY PROGRAMS

Section 1. [120.063] SCHOOL ATTENDANCE.

Attendance at a particular public school is a privilege not a right for a pupil.

Sec. 2. Minnesota Statutes 1995 Supplement, section 120.064, subdivision 9, is amended to read:

Subd. 9. **ADMISSION REQUIREMENTS.** A charter school may limit admission to:

- (1) pupils within an age group or grade level;
- (2) people 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

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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.

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.

A charter school may not limit admission to pupils on the basis of intellectual ability, measures of achievement or aptitude, or athletic ability.

Sec. 3. [121.615] MINNESOTA SCHOOL-TO-WORK STUDENT ORGANIZATION.

Subdivision 1. CITATION. This section may be cited as the "Minnesota school-to-work student organization act."

Subd. 2. CREATION OF FOUNDATION. There is created the Minnesota school-to-work student organization foundation. The purpose of the foundation shall be to promote vocational student organizations and applied leadership opportunities in Minnesota public schools through public-private partnerships. The foundation shall be a nonprofit organization. The board of directors of the foundation and activities of the foundation are under the direction of the department of children, families, and learning.

Subd. 3. BOARD OF DIRECTORS. The board of directors of the school-to-work student organization foundation shall consist of:

(1) chairs or designees from the board of directors of FFA (formerly Future Farmers of America), Future Leaders of America/Future Homemakers of America, post-secondary agriculture students, home economics related occupations, Health Occupations Student Association, Distributive Education Clubs of America, Delta Upsilon Chi, Secondary Vocational Industrial Clubs of America, Post-secondary Vocational Industrial Clubs of America, Secondary Business Professionals of America, and Post-secondary Business Professionals of America;

(2) four members from business and industry appointed by the governor; and

(3) five students representing diverse vocational areas, three of whom are appointed by the commissioner of the department of children, families, and learning and two of whom are appointed by the chancellor of the Minnesota state colleges and universities with the advice of the executive councils of each vocational education student organization.

Executive directors of vocational education student organizations are ex officio, nonvoting members of the board.

Subd. 4. FOUNDATION PROGRAMS. The foundation shall advance applied leadership and intracurricular vocational learning experiences for students. These may include, but are not limited to:

(1) recognition programs and awards for students demonstrating excellence in applied leadership;

(2) summer programs for student leadership, career development, applied academics, and mentorship programs with business and industry;

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(3) recognition programs for teachers, administrators, and others who make outstanding contributions to school-to-work programs;

(4) outreach programs to increase the involvement of urban and suburban students;

(5) organized challenges requiring cooperation and competition for secondary and post-secondary students;

(6) assistance and training to community teams to increase career awareness and empowerment of youth as community leaders; and

(7) assessment and activities in order to plan for and implement continuous improvement.

To the extent possible, the foundation shall make these programs available to students in all parts of the state.

Subd. 5. **POWERS AND DUTIES.** The foundation may:

(1) identify and plan common goals and priorities for the various school-to-work student organizations in Minnesota;

(2) publish brochures or booklets relating to the purposes of the foundation and collect reasonable fees for the publications;

(3) seek and receive public and private money, grants, and in-kind services and goods from nonstate sources for the purposes of the foundation;

(4) contract with consultants on behalf of the school-to-work student organizations; and

(5) plan, implement, and expend money for awards and other forms of recognition for school-to-work student activities.

Subd. 6. **CONTRACTS.** The foundation board of directors shall review and approve foundation personnel and programming contracts.

Subd. 7. **FOUNDATION STAFF.** The commissioner of the department of children, families, and learning shall appoint the executive director of the foundation from three candidates nominated and submitted by the foundation board of directors and, as necessary, other staff who shall perform duties and have responsibilities solely related to the foundation. The employees appointed are not state employees under chapter 43A, but are covered under section 3.736. The employees may participate in the state health and state insurance plans for employees in unclassified service.

The commissioner shall appoint from the office of lifework development a liaison to the foundation board.

Subd. 8. **PUBLIC FUNDING.** The commissioner of the department of children, families, and learning shall identify and secure appropriate sources of state and federal funding from various state agencies, including, but not limited to, Minnesota state colleges and universities, for the operation and development of school-to-work student organizations.

Subd. 9. **PRIVATE FUNDING.** The foundation shall seek private resources to supplement the allocated state and federal money. Individuals, businesses, and other orga-

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nizations may contribute to the foundation in any manner specified by the board of directors.

Subd. 10. **REPORT.** The foundation shall submit an annual report and assessment to the office of lifework development and to the board of trustees of the Minnesota state colleges and universities.

Subd. 11. **APPROPRIATION.** There is annually appropriated to the foundation all the amounts received by the foundation pursuant to this section.

Subd. 12. **STUDENT ORGANIZATIONS.** Individual boards of vocational education student organizations shall continue their operations in accordance with section 126.151 and applicable federal law.

Sec. 4. Minnesota Statutes 1994, section 121.8355, subdivision 1, is amended to read:

Subdivision 1. **ESTABLISHMENT.** (a) In order to qualify as a family services collaborative, a minimum of one school district, one county, and one public health entity, one community action agency as defined in section 268.53, and one Head Start grantee if the community action agency is not the designated federal grantee for the Head Start program must agree in writing to provide coordinated family services and commit resources to an integrated fund. Collaboratives are expected to have broad community representation, which may include other local providers, including additional school districts, counties, and public health entities, other municipalities, public libraries, existing culturally specific community organizations, tribal entities, local health organizations, private and nonprofit service providers, child care providers, local foundations, community-based service groups, businesses, local transit authorities or other transportation providers, community action agencies under section 268.53, senior citizen volunteer organizations, parent organizations, parents, and sectarian organizations that provide nonsectarian services.

(b) Community-based collaboratives composed of representatives of schools, local businesses, local units of government, parents, students, clergy, health and social services providers, youth service organizations, and existing culturally specific community organizations may plan and develop services for children and youth. A community-based collaborative must agree to collaborate with county, school district, community action, and public health entities. Their services may include opportunities for children or youth to improve child health and development, reduce barriers to adequate school performance, improve family functioning, provide community service, enhance self esteem, and develop general employment skills.

(c) Members of the governing bodies of political subdivisions involved in the establishment of a family services collaborative shall select representatives of the nongovernmental entities listed in paragraph (a) to serve on the governing board of a collaborative. The governing body members of the political subdivisions shall select one or more representatives of the nongovernmental entities within the family service collaborative.

Sec. 5. Minnesota Statutes 1994, section 121.8355, is amended by adding a subdivision to read:

Subd. 2a. **DUTIES OF CERTAIN COORDINATING BODIES.** By mutual agreement of the collaborative and a coordinating body listed in this subdivision, a family

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services collaborative may assume the duties of a community transition interagency committee established under section 120.17, subdivision 16; an interagency early intervention committee established under section 120.1701, subdivision 5; a local advisory council established under section 245.4875, subdivision 5; or a local coordinating council established under section 245.4875, subdivision 6.

Sec. 6. Minnesota Statutes 1994, section 124.17, is amended by adding a subdivision to read:

Subd. 5. BASIC SKILLS SUMMER SCHOOL PUPIL UNITS. When a pupil who has not passed an assessment of basic graduation standards in reading, writing, or mathematics is enrolled in a mastery of basic skills summer school program that is not a part of the regular school term and the student has a total enrollment time of more than 1,020 hours in a school year, the pupil may be counted as more than one pupil in average daily membership for purposes of this subdivision only. The amount in excess of one pupil must be determined by the ratio of the number of hours of instruction provided to that pupil in excess of 1,020 hours. For each pupil, only the amount of summer school enrollment time attributable to basic skills instruction may be used to calculate the additional hours in the school year. Basic skills instruction is defined as in Minnesota's rules on graduation standards and includes reading, writing, and mathematics. Hours that occur after the close of the instructional year in June shall be attributable to the following fiscal year. A pupil for whom payment is made under this subdivision may be counted by a district only for the computation of basic revenue, according to section 124A.22, subdivision 2, minus \$300.

Sec. 7. Minnesota Statutes 1994, section 124.2711, subdivision 6, is amended to read:

Subd. 6. RESERVE ACCOUNT. Early childhood family education revenue, which includes aids, levies, fees, grants, and all other revenues received by the school district for early childhood family education programs, must be maintained in a reserve account within the community service fund.

Sec. 8. Minnesota Statutes 1994, section 124.2713, subdivision 10, is amended to read:

Subd. 10. RESERVE ACCOUNT. Community education revenue, which includes aids, levies, fees, grants, and all other revenues received by the school district for community education programs, must be maintained in a reserve account within the community service fund.

Sec. 9. Minnesota Statutes 1994, section 124.276, is amended to read:

124.276 CAREER TEACHER FAMILY CONNECTIONS AID.

Subdivision 1. ELIGIBILITY. A school district that has a career teacher family connections program, according to sections 125.70 to 125.705, for one or more of its teachers is eligible for aid to extend the teaching contract of a career family connections teacher.

Subd. 2. STATE SHARE OF EXTENDED CONTRACT. The state shall pay two-thirds of the portion of the teaching contract, excluding fringe benefits, that is in addition to the standard teaching contract of the district. The district shall pay the remaining portion.

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Subd. 3. **COMMISSIONER APPROVAL.** The commissioner may approve plans and applications for districts throughout the state for career teacher family connections aid. Application procedures and deadlines shall be established by the commissioner.

Subd. 4. **USE OF AID.** Career teacher family connections aid may be used only to implement a career teacher family connections program.

Sec. 10. Minnesota Statutes 1994, section 124.912, subdivision 6, is amended to read:

Subd. 6. **CRIME RELATED COSTS.** For taxes levied in 1991 and subsequent years, payable in 1992 and subsequent years, each school district may make a levy on all taxable property located within the school district for the purposes specified in this subdivision. The maximum amount which may be levied for all costs under this subdivision shall be equal to \$1 multiplied by the population of the school district. For purposes of this subdivision, "population" of the school district means the same as contained in section 275.14. The proceeds of the levy must be used for reimbursing the cities and counties who contract with the school district for the following purposes: (1) to pay the costs incurred for the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison services in the district's middle and secondary schools and; (2) to pay the costs for a drug abuse prevention program as defined in Minnesota Statutes 1991 Supplement, section 609.101, subdivision 3, paragraph (f) in the elementary schools; or (3) to pay the costs for a gang resistance education training curriculum in the middle schools. The school district must initially attempt to contract for these services with the police department of each city or the sheriff's department of the county within the school district containing the school receiving the services. If a local police department or a county sheriff's department does not wish to provide the necessary services, the district may contract for these services with any other police or sheriff's department located entirely or partially within the school district's boundaries. The levy authorized under this subdivision is not included in determining the school district's levy limitations.

Sec. 11. Minnesota Statutes 1994, section 124A.291, is amended to read:

124A.291 RESERVED REVENUE FOR CERTAIN TEACHER PROGRAM.

A district that has a career teacher family connections program or a mentor-teacher program may reserve part of the basic revenue under section 124A.22, subdivision 2, for the district's share, of the portion of the teaching contract that is in addition to the standard teaching contract of the district.

Sec. 12. Minnesota Statutes 1994, section 124C.45, is amended by adding a subdivision to read:

Subd. 1a. **RESERVE REVENUE.** Each school district that is a member of an area learning center must reserve revenue in an amount equal to at least 90 percent of the basic revenue generated by each student attending an area learning center program under this section. The amount of reserved revenue under this subdivision may only be spent on program costs associated with the area learning center.

Sec. 13. Minnesota Statutes 1994, section 125.70, is amended to read:

125.70 CITATION.

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

Sections 125.701 to 125.705 may be cited as the "Minnesota career teacher family connections act."

Sec. 14. Minnesota Statutes 1994, section 125.701, is amended to read:

125.701 PURPOSE OF THE CAREER TEACHER FAMILY CONNECTIONS ACT.

The legislature recognizes the unique and lifelong learning and development process of all human beings. The legislature is committed to the goal of maximizing the individual growth potential of all learners. The purposes of the career teacher family connections act are:

(1) to offer career teacher family connections programs which emphasize learning and development based on learner outcomes;

(2) to recognize and utilize the unique skills that teachers, students, family, and the community have in both the teaching process and the learning and development process; and

(3) to provide an opportunity for maximum use of teachers, principals, and counselors.

Sec. 15. Minnesota Statutes 1994, section 125.703, is amended to read:

125.703 ADVISORY COUNCIL.

The school board of a district providing a career teacher family connections program shall appoint an advisory council. Council members shall be selected from the school attendance area in which programs are provided. Members of the council may include students, teachers, principals, administrators and community members. A majority of the members shall be parents with children participating in the local program. The local advisory council shall advise the school board in the development, coordination, supervision, and review of the career teacher program. The council shall meet at least two times each year with any established community education advisory council in the district. Members of the council may be members of the community education advisory council. The council shall report to the school board.

Sec. 16. Minnesota Statutes 1994, section 125.704, is amended to read:

125.704 CAREER TEACHER FAMILY CONNECTIONS PROGRAM COMPONENTS.

Subdivision 1. **MANDATORY COMPONENTS.** A career teacher family connections program shall include:

(1) participation by a designated individual as a career teacher, principal-teacher, or counselor teacher;

(2) an emphasis on each individual child's unique learning and development needs;

(3) procedures to give the career teacher a major responsibility for leadership of the instructional and noninstructional activities of each child beginning with early childhood family education;

(4) procedures to involve parents in the learning and development experiences of their children;

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(5) procedures to implement outcome based education by focusing on the needs of the learner;

(6) procedures to coordinate and integrate the instructional program with all community education programs;

(7) procedures to concentrate career teacher programs at sites that provide early childhood family education and subsequent learning and development programs; and

(8) procedures for the district to fund the program.

Subd. 2. **OPTIONAL COMPONENTS.** A ~~career teacher~~ family connections program may include:

(1) efforts to improve curricula strategies, instructional strategies, and use of materials that respond to the individual educational needs and learning styles of each pupil in order to enable each pupil to make continuous progress and to learn at a rate appropriate to that pupil's abilities;

(2) efforts to develop student abilities in basic skills; applied learning skills; and, when appropriate, arts; humanities; physical, natural, and social sciences; multicultural education; physical, emotional, and mental health; consumer economics; and career education;

(3) use of community resources and communications media to pursue learning and development opportunities for pupils;

(4) staff development for teachers and other school personnel;

(5) improvements to the learning and development environment, including use of the community in general, to enhance the learning and development process;

(6) cooperative efforts with other agencies involved with human services or child development and development of alternative community based learning and development experiences;

(7) post-secondary education components for pupils who are able to accelerate or programs for pupils with special abilities and interests who are given advanced learning and development opportunities within existing programs;

(8) use of volunteers in the learning and development program;

(9) flexible attendance schedules for pupils;

(10) adult education component;

(11) coordination with early childhood family education and community education programs;

(12) variable student/faculty ratios for special education students to provide for special programming;

(13) inclusion of nonpublic pupils as part of the ratio in the career teacher, principal-teacher, and counselor teacher component;

(14) application of educational research findings;

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(15) summer learning and development experiences for students as recommended by the career teacher, principal-teacher, and counselor teacher;

(16) use of education assistants, teacher aides, or paraprofessionals as part of the career teacher program;

(17) establishment of alternative criteria for high school graduation; and

(18) variable age and learning size groupings of students.

Sec. 17. Minnesota Statutes 1994, section 125.705, subdivision 1, is amended to read:

Subdivision 1. **STATUS.** A ~~career teacher~~ family connections program may include a career teacher, principal-teacher, and counselor teacher component. The career teacher, principal-teacher, and counselor teacher shall not be the exclusive teacher for students assigned to them but shall serve as a primary teacher and perform the function of developing and implementing a student's overall learning and development program. The career teacher, principal-teacher, and counselor teacher may be responsible for regular assignments as well as learning and development programs for other assigned students.

Sec. 18. Minnesota Statutes 1994, section 126.22, subdivision 1, is amended to read:

Subdivision 1. **PURPOSE.** The legislature finds that it is critical ~~for persons to obtain at least a high school education to function in today's society to provide options for children to succeed in school.~~ Therefore, the purpose of this section is to provide incentives for and encourage all Minnesota students who have experienced or are experiencing difficulty in the traditional education system to enroll in alternative programs in order to complete their high school education.

Sec. 19. Minnesota Statutes 1995 Supplement, 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~~ education options program:

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

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

(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~~

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(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. 20. Minnesota Statutes 1995 Supplement, 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 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. 21. Minnesota Statutes 1995 Supplement, section 126.22, subdivision 5, is amended to read:

Subd. 5. **DISSEMINATION OF INFORMATION.** A school district shall disseminate information, developed by the department of children, families, and learning, about the high school graduation incentives program to residents in the district who are under the age of 21.

Sec. 22. Minnesota Statutes 1995 Supplement, section 126.22, subdivision 8, is amended to read:

Subd. 8. **ENROLLMENT VERIFICATION.** (a) For a pupil attending an eligible program full time under subdivision 3, paragraph (d), the department of children, fami-

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lies, and learning shall pay 88 90 percent of the basic revenue of the district to the eligible program and ~~12~~ ten percent of the basic revenue to the resident district within 30 days after the eligible program verifies enrollment using the form provided by the department. For a pupil attending an eligible program part time, basic revenue shall be reduced proportionately, according to the amount of time the pupil attends the program, and the payments to the eligible program and the resident district shall be reduced accordingly. A pupil for whom payment is made according to this section may not be counted by any district for any purpose other than computation of basic revenue, according to section 124A.22, subdivision 2. If payment is made for a pupil under this subdivision, a school district shall not reimburse a program under section 126.23 for the same pupil.

(b) The department of children, families, and learning shall pay up to 100 percent of the basic revenue to the eligible program if there is an agreement to that effect between the school district and the eligible program.

Sec. 23. Minnesota Statutes 1995 Supplement, section 126.23, is amended to read:

126.23 AID FOR PRIVATE CONTRACTED ALTERNATIVE PROGRAMS.

Subdivision 1. AID. If a pupil enrolls in an alternative program, eligible under section 126.22, subdivision 3, paragraph (d), or subdivision 3a, operated by a private organization that has contracted with a school district to provide educational services for eligible pupils under section 126.22, subdivision 2, the district contracting with the private organization must reimburse the provider an amount equal to at least 88 90 percent of the basic revenue of the district for each pupil attending the program full time. For a pupil attending the program part time, basic revenue paid to the program shall be reduced proportionately, according to the amount of time the pupil attends the program, and basic revenue paid to the district shall be reduced accordingly. Pupils for whom a district provides reimbursement may not be counted by the district for any purpose other than computation of basic revenue, according to section 124A.22, subdivision 2. If payment is made to a district or program for a pupil under this section, the department of children, families, and learning shall not make a payment for the same pupil under section 126.22, subdivision 8.

Subd. 2. RESERVE ACCOUNT. During the term of the contract to provide educational services under subdivision 1, all state aid under subdivision 1 accrues to the account assigned to the alternative program site and is reserved for that site.

Sec. 24. Minnesota Statutes 1995 Supplement, section 128B.03, subdivision 3a, is amended to read:

Subd. 3a. **STATE REVENUES.** The state shall pay to the council for the support of the school all aids, revenues, and grants available to a school district as though the school were a school district. The aids, revenues, and grants include, but are not limited to, the following:

- (1) general education revenue, as defined in section 124A.22, subdivision 1, including at least compensatory revenue;
- (2) transportation revenue;
- (3) capital expenditure facilities revenue;

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- (4) capital expenditure equipment revenue;
- (5) special education revenue;
- (6) limited English proficiency aid;
- (7) career teacher family connections aid;
- (8) assurance of mastery revenue;
- (9) school lunch revenue;
- (10) school milk revenue;
- (11) health and safety revenue;
- (12) Indian language and culture grants;
- (13) arts planning grants; and
- (14) all other aids, revenues, or grants available to a school district.

If there are eligibility requirements for an aid, revenue, or grant, the requirements shall be met in order to obtain the aid, revenue, or grant, except that a requirement to levy shall be waived. To compute the amount of aid, revenue, or grant requiring a levy, the amount of the levy shall be zero.

If a school district obtains revenue from the proceeds of a levy, the council shall be deemed to have levied and the state shall pay aid equal to the amount that would have been levied. The amount shall be approved by the commissioner of children, families, and learning.

The proceeds of any aid, grant, or revenue shall be used only as provided in the applicable statute.

Sec. 25. Minnesota Statutes 1994, section 256.736, subdivision 11, is amended to read:

Subd. 11. **CASE MANAGEMENT SERVICES.** (a) The county agency may, to the extent of available resources, enroll targeted caretakers described in subdivision 16 in case management services and for those enrolled shall:

(1) Provide an assessment as described in subdivision 10, paragraph (a), clause (14). As part of the assessment, the case manager shall inform caretakers of the screenings available through the early periodic screening, diagnosis and treatment (EPSDT) program under chapter 256B and preschool screening under chapter 123, and encourage caretakers to have their children screened. The case manager must work with the caretaker in completing this task;

(2) Develop an employability development plan as described in subdivision 10, paragraph (a), clause (15). The case manager must work with the caretaker in completing this task. For caretakers who are not literate or who have not completed high school, the first goal for the caretaker should be to complete literacy training or a general equivalency diploma. Caretakers who are literate and have completed high school shall be counseled to set realistic attainable goals, taking into account the long-term needs of both the caretaker and the caretaker's family;

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(3) Coordinate services such as child care, transportation, and education assistance necessary to enable the caretaker to work toward the goals developed in clause (2). The case manager shall refer caretakers to resource and referral services, if available, and shall assist caretakers in securing appropriate child care services. When a client needs child care services in order to attend a Minnesota public or nonprofit college, university or technical college, the case manager shall contact the appropriate agency to reserve child care funds for the client. A caretaker who needs child care services in order to complete high school or a general equivalency diploma is eligible for child care under sections 256H.01 to 256H.19;

(4) Develop, execute, and monitor a contract between the county agency and the caretaker. The contract must be based upon the employability development plan described in subdivision 10, paragraph (a), clause (15), but must be a separate document. It must include: (a) specific goals of the caretaker including stated measurements of progress toward each goal, the estimated length of participation in the program, and the number of hours of participation per week; (b) educational, training, and employment activities and support services provided by the county agency, including child care; and (c) the participant's obligations and the conditions under which the county will withdraw the services provided;

The contract must be signed and dated by the case manager and participant and may include other terms as desired or needed by either party. In all cases, however, the case manager must assist the participant in reviewing and understanding the contract and must ensure that the caretaker has set forth in the contract realistic goals consistent with the ultimate goal of self-sufficiency for the caretaker's family; and

(5) Develop and refer caretakers to counseling or peer group networks for emotional support while participating in work, education, or training.

(b) In addition to the duties in paragraph (a), for minor parents and pregnant minors, the case manager shall:

(1) Ensure that the contract developed under paragraph (a), clause (4), considers all factors set forth in section 257.33, subdivision 2;

(2) Assess the housing and support systems needed by the caretaker in order to provide the dependent children with adequate parenting. The case manager shall encourage minor parents and pregnant minors who are not living with friends or relatives to live in a group home or foster care setting. If minor parents and pregnant minors are unwilling to live in a group home or foster care setting or if no group home or foster care setting is available, the case manager shall assess their need for training in parenting and independent living skills and when appropriate shall refer them to available counseling programs designed to teach needed skills; and

(3) Inform minor parents or pregnant minors of, and assist them in evaluating the appropriateness of, the high school graduation incentives program under section 126.22, including post-secondary enrollment options, and the employment-related and community-based instruction programs.

(c) A caretaker may request a conciliation conference to attempt to resolve disputes regarding the contents of a contract developed under this section or a housing and support systems assessment conducted under this section. The caretaker may request a hearing

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pursuant to section 256.045 to dispute the contents of a contract or assessment developed under this section. The caretaker need not request a conciliation conference in order to request a hearing pursuant to section 256.045.

Sec. 26. Laws 1995, First Special Session chapter 3, article 1, section 61, is amended to read:

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; 6b; and 124A.02, subdivision 21; ~~126.22~~; and ~~126.23~~.

Sec. 27. Laws 1995, First Special Session chapter 3, article 4, section 29, subdivision 10, is amended to read:

Subd. 10. FAMILY COLLABORATIVES. For family collaboratives:

\$6,000,000	.....	1996
\$6,000,000	.....	1997

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. An applicant receiving a grant may carry forward any unencumbered money.

Sec. 28. Laws 1995, First Special Session chapter 3, article 8, section 25, subdivision 18, is amended to read:

Subd. 18. CAREER TEACHER FAMILY CONNECTIONS AID. For ~~career teacher~~ family connections aid according to Minnesota Statutes, section 124.276:

\$125,000	.....	1996
\$125,000 <u>\$225,000</u>	.....	1997

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.* **(The preceding section was vetoed by the governor.)**

Sec. 29. MINNESOTA COMMISSION ON NATIONAL AND COMMUNITY SERVICE.

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

The Minnesota commission on national and community service retains responsibility for implementing federal programs under the federal commission on national and community service. Responsibilities of the Minnesota commission on national and community service may only be transferred to the governor's workforce development council under Minnesota Statutes 1995 Supplement, section 268.665 after the attorney general has certified that the workforce development council meets all the federal requirements for the commission on national and community service.

Notwithstanding Minnesota Statutes 1995 Supplement, section 121.705, if the Minnesota commission on national and community service retains responsibility for federal programs under this section, it also retains responsibility for administering the youth works program and state appropriations made for the youth works program under Laws 1995, First Special Session chapter 3, article 4, section 29, subdivisions 19 and 20.

Sec. 30. **PILOT AFTER-SCHOOL ENRICHMENT PROGRAMS.**

Subdivision 1. ESTABLISHMENT. A pilot after-school enrichment grant program is established to provide implementation grants to community collaboratives for designated neighborhoods of Minneapolis and St. Paul, and for selected areas outside Minneapolis and St. Paul. The commissioner of children, families, and learning shall develop criteria for after-school enrichment programs in up to three qualifying neighborhoods in each of the cities, and selected neighborhoods in the rest of the state. Qualifying neighborhoods are designated by the commissioner under subdivision 2.

Subd. 2. QUALIFYING NEIGHBORHOODS. In Minneapolis, the neighborhoods that qualify for designation are the Near North Side, Hawthorne, Sumner-Glenwood, Powderhorn Central, Whittier and Phillips. In St. Paul, neighborhoods that qualify for designation are Summit-University, Thomas-Dale, North End, Payne-Phalen, Daytons Bluff, and the West Side.

Subd. 3. PROGRAM OUTCOMES. The outcomes of the after-school enrichment programs are to:

- (1) increase the number of children participating in after-school programs who live in the designated neighborhoods;
- (2) reduce the juvenile crime rate in the designated neighborhoods;
- (3) reduce the number of police calls involving juveniles during the afternoon after-school hours;
- (4) increase school attendance;
- (5) reduce the number of school suspensions;
- (6) increase the number of youth engaged in community service;
- (7) increase youth academic achievement; and
- (8) increase the skills of youth in computers, the arts, athletics, and other activities.

Subd. 4. PLAN. By July 1, 1996, a community collaborative, consisting of representatives of community organizations and representatives of the county, city, and school district, shall develop a plan for an after-school enrichment program for children ages nine through 13 who reside in the designated neighborhood to be served. Reading men-

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

torship programs may be included in the plan. Each community collaborative developing a plan shall identify points of collaboration with other organizations and resources available to implement an after-school enrichment program. The plan shall include:

- (1) collaboration and leverage of community resources that exist and are effective;
- (2) creative outreach to the children;
- (3) collaboration of grassroots organizations;
- (4) local governments and schools acting as resources;
- (5) community control over the design of the enrichment program;
- (6) the availability of enrichment activities for a minimum of five days per week after school with future plans to extend to seven days per week; and
- (7) identification of the sources of nonstate funding to extend the programming beyond the period of the pilot grant.

Subd. 5. **PLAN APPROVAL; GRANTS.** (a) A plan developed by a community collaborative under subdivision 4 shall be submitted to the commissioner of children, family, and learning. When a collaborative's plan is approved by the commissioner, the commissioner shall award a grant to the community collaborative for the implementation of the plan.

Sec. 31. GRANTS TO IMPLEMENT CONSTRUCTIVE SCHOOL DISCIPLINE POLICIES.

Subdivision 1. **POLICY.** The legislature acknowledges the importance of teaching students in a regular classroom setting to the extent possible. Students in an educational setting are expected to behave in a manner that is appropriate for learning to take place. When students fail to meet behavioral expectations, school discipline policies should penalize students' inappropriate behavior, with the ultimate goal of returning students to their regular classrooms. Schools should involve parents in collaborative efforts to alter students' inappropriate classroom behavior. Schools and parents should find ways to ensure that students' inappropriate behavior does not become chronic, necessitating long-term intervention and the need for special services.

Subd. 2. **ESTABLISHMENT.** A grant program for fiscal year 1997 is established to develop, implement, and evaluate school discipline policies, consistent with the pupil fair dismissal act under Minnesota Statutes, sections 127.26 to 127.48. Discipline policies, developed under this section, should be designed to enable students to successfully return to the regular classroom setting after being sanctioned for inappropriate behavior. Discipline policies should focus on early intervention strategies to limit the need for providing regular education students with additional special programs and services.

Subd. 3. **ELIGIBILITY.** An applicant for a grant must be a school site, a school district, a charter school, or a provider of an alternative education program. To be eligible for a grant, the grant applicant must meet all of the following criteria:

- (1) develop a plan to mediate issues relating to district or school site codes of conduct that apply to students who are removed from a class or activity period;
- (2) include in the code of conduct a plan to remove from the regular classroom setting those students who violate the code;

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

(3) provide students who violate the code with an alternative education setting within the school or program site; and

(4) make the alternative education setting a constructive experience by using instructional materials tied to educational standards, placing students in an alternative setting outside the normal school day, involving parents in effecting disciplinary measures, or developing intervention techniques such as time outs, among other alternatives.

Subd. 4. APPLICATION PROCESS. To obtain a grant to implement constructive school discipline policies, a grant applicant must submit an application to the commissioner of children, families, and learning in the form and manner the commissioner establishes. The application must describe how the applicant will meet the eligibility criteria under subdivision 3. The commissioner may require the applicant to provide additional information.

Subd. 5. GRANT AWARDS. The commissioner may award grants of up to \$50,000. Grant recipients must be located throughout the state. The commissioner shall make grant awards based on the district's disciplinary experience and on the alternative education settings the grant recipient proposes to use. Grant recipients must use the grant proceeds to accomplish the purposes of this section.

Subd. 6. EVALUATION. The commissioner shall evaluate the grant sites and selected control sites to determine the impact of the constructive discipline policy grant program on measures of student behavior and performance, including, but not limited to, student achievement and attendance, and the impact of the program on the school site, the student body, the classroom, and the school faculty. The evaluation must also address the financial impact of the program on the district and the school site. Upon implementing a student code of conduct consistent with this section, the grant recipient must cooperate in evaluating the impact of code policies. As a part of the evaluation process, the grant recipient must document student and parent response to code policies over at least a three-year period. The commissioner shall compile for the education committees of the legislature a progress report by February 1, 1998, and a final report by February 1, 2000, on the effectiveness and impact of discipline policies.

Sec. 32. ADULT BASIC EDUCATION STUDY.

The legislature finds that increased adult literacy and access to educational opportunities are necessary for undereducated adults to more fully participate in their families and to become self-sufficient contributors to their communities and the Minnesota economy. There is a growing recognition that basic education provides the opportunity for adults to learn the skills necessary for fuller participation. To examine the current and future needs for adult basic education and the resources necessary to meet these identified needs, the commissioner of the department of children, families, and learning shall conduct or contract for a study of adult basic education. The study, at a minimum, must include the following:

(1) an examination of the adult basic education formula under section 124.26;

(2) the percentage of full adult basic education formula funding that is prorated and the impact of proration on programming and service delivery;

(3) the hold harmless provision based on an adult basic education project's 1991-1992 state aid, and the impact on program delivery;

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(4) the distribution of funds under the adult basic education formula and how closely it matches the need for adult basic education throughout the state;

(5) an inventory of federal, state and local projects and programs with skills and education programming for adults, including education programs operated by the department of corrections for inmates; and

(6) an examination of the changing role for adult basic education with potential changes in income maintenance programs and other aspects of welfare reform.

The commissioner shall report the findings of the study to the chairs of the education committees of the legislature by December 1, 1996. The report must contain recommendations for funding of adult basic education and for consolidation or coordination of adult education programming.

Sec. 33. **SPECIAL COMMUNITY SERVICE LEVY.**

In addition to other levies it is authorized to make each year, independent school district No. 2190, Yellow Medicine East, may levy on the property in the former school district No. 892, Clarkfield, for the costs of operating the district-owned swimming pool in Clarkfield. The proceeds of this levy must be deposited in the district's community service fund. The levy may not exceed the net actual cost operation of the pool in the previous year. Net actual costs are defined as operating costs less operating revenues.

Sec. 34. **APPROPRIATIONS.**

Subdivision 1. **DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.** The sums indicated in this section are appropriated from the general fund to the commissioner of children, families, and learning for the fiscal years designated.

Subd. 2. **YOUTH ENRICHMENT GRANTS.** For youth enrichment grants:

\$5,000,000 1996

The commissioner may use up to five percent of this appropriation to provide technical assistance to community organizations.

The commissioner may use up to 20 percent of this appropriation for grants to neighborhoods outside of Minneapolis and St. Paul that meet the criteria established by the commissioner under section 30.

Of the amount for St. Paul, the commissioner may make a grant to independent school district No. 625 for operating and start-up costs of community-based charter schools sponsored by the district.

This appropriation is available until June 30, 1997.

Subd. 3. **DISCIPLINE.** For grants to implement constructive school discipline policies:

\$300,000 1997

Grant recipients may expend the grant proceeds over a three-year period. Of this amount, up to \$20,000 is for evaluation under section 31, subdivision 6.* (The preceding subdivision was vetoed by the governor.)

New language is indicated by underline, deletions by strikeout.

Subd. 4. COMMUNITY-BASED CHARTER SCHOOL GRANT. For a grant for community-based charter schools located in independent school district No. 625, St. Paul:

\$300,000 1997

The commissioner may establish criteria and any reporting or match requirements for the grant under this section.

Subd. 5. AID FOR CONTRACTED ALTERNATIVE PROGRAMS. For aid for contracted alternative programs under sections 22 and 23:

\$330,000 1997

The appropriation is 85 percent of the entitlement for fiscal year 1997.

Sec. 35. EFFECTIVE DATE.

Section 20 is effective June 30, 1996. Sections 29 and 32 are effective the day following final enactment.

ARTICLE 5

FACILITIES

Section 1. Minnesota Statutes 1994, section 124.239, subdivision 4, is amended to read:

Subd. 4. LEVY PROHIBITED FOR CAPITAL PROJECTS. A district that participates in the alternative facilities bonding and levy program is not eligible to levy and cannot receive aid for any capital projects under sections 124.83 and 124.84 for any capital projects funded under this section. A district may levy and receive aid for health and safety environmental management costs and health and safety regulatory, hazard assessment, record keeping, and maintenance programs as defined in section 124.494, subdivision 2, and approved by the commissioner.

Sec. 2. Minnesota Statutes 1995 Supplement, section 124.243, subdivision 2, is amended to read:

Subd. 2. CAPITAL EXPENDITURE FACILITIES REVENUE. (a) 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, 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) 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.

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(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.

(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.

(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 1995 Supplement, section 124.2445, is amended to read:

124.2445 PURCHASE OF CERTAIN EQUIPMENT.

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 The sum of the tax levies under this section and section 124.2455, for each year must not exceed the amount of the district's total operating capital revenue for the year the initial debt service levies are certified. The district's 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. 4. Minnesota Statutes 1995 Supplement, 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 124A.22, subdivision 11, total operating capital 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.

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

(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 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. A tax levy must be made for the payment of principal and interest on the bonds in accordance with section 475.61. The sum of the tax levies under this section and section 124.2455, for each year must not exceed the amount of the district's total operating capital revenue for the year the initial debt service levies are certified. The district's 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 bonds.

(e) Notwithstanding paragraph (d), bonds issued by a district 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 must be paid off within 20 years of issuance. All the other provisions and limitation of paragraph (d) apply.

Sec. 5. Minnesota Statutes 1994, section 124.91, subdivision 1, is amended to read:

Subdivision 1. **TO LEASE BUILDING OR LAND.** When a district finds it economically advantageous to rent or lease a building or land for any instructional purposes or for school storage or furniture repair, and it determines that the capital expenditure facilities revenues authorized under section sections 124.243 and 124A.22, subdivision 10, are insufficient for this purpose, it may apply to the commissioner for permission to make an additional capital expenditure levy for this purpose. An application for permission to levy under this subdivision must contain financial justification for the proposed levy, the terms and conditions of the proposed lease, and a description of the space to be leased and its proposed use. The criteria for approval of applications to levy under this subdivision must include: the reasonableness of the price, the appropriateness of the space to the proposed activity, the feasibility of transporting pupils to the leased building or land, confor-

New language is indicated by underline, deletions by strikeout.

mity of the lease to the laws and rules of the state of Minnesota, and the appropriateness of the proposed lease to the space needs and the financial condition of the district. The commissioner must not authorize a levy under this subdivision in an amount greater than the cost to the district of renting or leasing a building or land for approved purposes. The proceeds of this levy must not be used for custodial or other maintenance services. A district may not levy under this subdivision for the purpose of leasing or renting a district-owned building to itself.

Sec. 6. Minnesota Statutes 1994, section 124.91, is amended by adding a subdivision to read:

Subd. 7. LEASE PURCHASE, INSTALLMENT 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) The obligation created by the installment contract or the lease purchase agreement must not be included in the calculation of net debt for purposes of section 475.53, and does not constitute debt under other law. An election is not required in connection with the execution of the installment contract or the lease purchase agreement.

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

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

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

Sec. 7. Minnesota Statutes 1994, section 124.95, subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** (a) For purposes of this section, the eligible debt service revenue of a district is defined as follows:

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

(1) the amount needed to produce between five and six percent in excess of the amount needed to meet when due the principal and interest payments on the obligations of the district for eligible projects according to subdivision 2, including the amounts necessary for repayment of energy loans according to section 216C.37 or sections 298.292 to 298.298, debt service loans and capital loans, lease purchase payments under section 124.91, subdivisions 2 and 3, alternative facilities levies under section 124.239, subdivision 5, minus

(2) the amount of debt service excess levy reduction for that school year calculated according to the procedure established by the commissioner.

(b) The obligations in this paragraph are excluded from eligible debt service revenue:

(1) obligations under section 124.2445;

(2) the part of debt service principal and interest paid from the taconite environmental protection fund or northeast Minnesota economic protection trust;

(3) obligations issued under Laws 1991, chapter 265, article 5, section 18, as amended by Laws 1992, chapter 499, article 5, section 24; and

(4) obligations under section 124.2455.

(c) For purposes of this section, if a preexisting school district reorganized under section 122.22, 122.23, or 122.241 to 122.248 is solely responsible for retirement of the preexisting district's bonded indebtedness, capital loans or debt service loans, debt service equalization aid must be computed separately for each of the preexisting school districts.

Sec. 8. Minnesota Statutes 1995 Supplement, section 124.961, is amended to read:

124.961 DEBT SERVICE APPROPRIATION.

(a) \$30,054,000 in fiscal year 1996, ~~\$27,370,000~~ \$28,162,000 in fiscal year 1997, and ~~\$32,200,000~~ \$33,948,000 in fiscal year 1998 and each year thereafter is appropriated from the general fund to the commissioner of children, families, and learning for payment of debt service equalization aid under section 124.95. The 1998 appropriation includes ~~\$4,830,000~~ \$4,970,000 for 1997 and ~~\$27,370,000~~ \$28,978,000 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. 9. Minnesota Statutes 1994, section 128D.11, subdivision 3, is amended to read:

Subd. 3. **NO ELECTION.** Subject to the provisions of subdivisions 7 to 10, the school district may also by a two-thirds majority vote of all the members of its board of education and without any election by the voters of the district, issue and sell in each calendar year general obligation bonds of the district in an amount not to exceed one-half of one five and one-tenth per cent of the net tax capacity of the taxable property in the district (plus, for calendar years 1990 to ~~1996~~ 2003, an amount not to exceed \$7,500,000; with an additional provision that any amount of bonds so authorized for sale in a specific year and not sold can be carried forward and sold in the year immediately following);

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provided, however, that the board shall submit the list of projects and undertakings to be financed by a proposed issue to the city planning commission as provided in subdivision 10, paragraph (b).

Sec. 10. Minnesota Statutes 1994, section 128D.11, subdivision 5, is amended to read:

Subd. 5. **USE OF PROCEEDS.** The proceeds of the sale of the bonds shall be used only for the rehabilitating, remodeling, expanding, and equipping of existing school buildings and for the acquisition of sites, construction, and equipping of new school buildings, and for acquisition and betterment purposes, and no part of the proceeds shall be used for maintenance.

Sec. 11. Minnesota Statutes 1994, section 128D.11, subdivision 8, is amended to read:

Subd. 8. **NET DEBT LIMIT.** The school district shall not be subject to a net debt in excess of ten 102 percent of the net tax capacity of all taxable property therein.

Sec. 12. Laws 1995, First Special Session chapter 3, article 5, section 20, subdivision 5, is amended to read:

Subd. 5. **DEBT SERVICE AID.** For debt service aid according to Minnesota Statutes, section 124.95, subdivision 5:

\$30,054,000	.....	1996	
\$27,370,000	<u>\$28,162,000</u>	.....	1997

The 1996 appropriation includes \$30,054,000 for 1996.

The 1997 appropriation includes ~~\$27,370,000~~ \$28,162,000 for 1997. This appropriation is 85 percent of the aid entitlement for 1997.

Sec. 13. **[136D.94] REFUNDING BONDS.**

Sections 136D.281, subdivision 8, 136D.741, subdivision 8, and 136D.87, subdivision 8, do not apply to bonds issued solely for refunding purposes.

Sec. 14. Laws 1995, First Special Session chapter 3, article 5, section 20, subdivision 6, is amended to read:

Subd. 6. **PLANNING GRANT.** (a) For a grant ~~to~~ for 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, and neighboring school districts to plan delivery of educational services:

\$40,000	1996
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The grant is may also be used 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 students served by these districts. The joint powers group districts must consult with neighboring districts including 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.

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

(b) A portion of the appropriation must be used to conduct an independent survey of parents as to their preference for a school of attendance for their children if a single high school is located within this group of districts. The survey of attendance preferences must include the single high school and high schools in neighboring districts.

(c) This appropriation is available until June 30, 1997.

Sec. 15. Laws 1995, First Special Session chapter 3, article 5, section 20, subdivision 7, is amended to read:

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
\$70,000	.....	1997

This grant ~~These grants~~ must be placed in the district's debt redemption fund. The department must reduce the new district debt service ~~levy~~ levies by ~~this amount~~ these amounts.

Debt service equalization aid for fiscal year 1997 shall not be reduced as a result of the grant.

Sec. 16. **APPROVAL FOR DEBT SERVICE EQUALIZATION AID: ROYALTON.**

Notwithstanding Minnesota Statutes, section 124.95, subdivision 2, debt service levy attributable to bonds authorized at an election conducted in 1995 by independent school district No. 485, Royalton, qualifies for debt service equalization aid.

Sec. 17. **HEALTH AND SAFETY REVENUE; HIBBING.**

Notwithstanding Minnesota Statutes, section 124.83, subdivision 6, independent school district No. 701, Hibbing, that has a high school building on the National Historic Register, may use health and safety revenue for the construction of a stair tower with classroom space but only to the extent the revenue is substituted for other expenditures required under orders from the fire marshal.

Sec. 18. **LEVY AUTHORITY.**

Subdivision 1. DELAVAN. For property taxes payable in 1997 only, independent school district No. 218, Delavan, or its successor district, may levy up to \$97,000 on the property in independent school district No. 218. This levy may be made only if independent school district No. 218 has voted to consolidate with independent school district No. 2148, Blue Earth. Revenue received according to this subdivision must be used for capital or maintenance purposes for facilities in independent school district No. 218.

Subd. 2. ELMORE. For property taxes payable in 1997 only, independent school district No. 219, Elmore, or its successor district, may levy up to \$116,000 on the property in independent school district No. 219. This levy may be made only if independent school district No. 219 has voted to consolidate with independent school district No. 2148, Blue Earth. Revenue received according to this subdivision must be used for capital or maintenance purposes for facilities in independent school district No. 219.

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

Subd. 3. **BLUE EARTH.** For property taxes payable in 1997 only, independent school district No. 2148, Blue Earth, or its successor district, may levy up to \$58,000 on the property in independent school district No. 2148. This levy may be made only if independent school district No. 2148 has voted to consolidate with independent school districts Nos. 218, Delavan, and 219, Elmore. Revenue received according to this subdivision must be used for capital or maintenance purposes for facilities in independent school district No. 2148.

Subd. 4. **NO REFERENDUM LEVY.** Districts making a levy according to this section may not make a levy according to Minnesota Statutes, section 124A.03.

Sec. 19. **NORTH BRANCH LEASE LEVY.**

Notwithstanding the instructional purposes limitation of Minnesota Statutes, section 124.91, subdivision 1, independent school district No. 138, North Branch, may apply to the commissioner of children, families, and learning 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 vacated for instructional purposes.

Sec. 20. **SCHOOL DISTRICTS; BONDS.**

Subdivision 1. **AUTHORIZATION.** Independent school district No. 316, Greenway-Coleraine, may issue bonds in an aggregate principal amount not exceeding \$500,000; and independent school district No. 696, Ely, may issue bonds in an aggregate amount not exceeding \$1,000,000; and independent school district No. 701, Hibbing, may issue bonds in an aggregate principal amount not exceeding \$2,200,000; and independent school district No. 706, Virginia, may issue bonds in an aggregate principal amount not exceeding \$6,000,000; and independent school district No. 2142, St. Louis county, may issue bonds in an aggregate principal amount not exceeding \$3,000,000; and independent school district No. 2154, Eveleth-Gilbert, may issue bonds in an aggregate principal amount not exceeding \$3,600,000; and independent school district No. 2711, Mesabi East, may issue bonds in an aggregate principal amount not exceeding \$800,000 in addition to any bonds already issued or authorized, to provide funds to design, construct, equip, furnish, remodel, rehabilitate, and acquire land for school facilities and buildings, or abate, remove, and dispose of asbestos, polychlorinated biphenyls or petroleum as defined in Minnesota Statutes, section 115C.02, and make repairs related to the abatement, removal, or disposal of these substances. They may spend the proceeds of the bond sale for those purposes and any architect, engineer, and legal fees incidental to those purposes or the sale. The bond shall be authorized, issued, sold, executed, and delivered in the manner provided by Minnesota Statutes, chapter 475, including submission of the proposition to the electors under Minnesota Statutes, section 475.58. After authorization by the electors under Minnesota Statutes, section 475.58, a resolution of the board levying taxes for the payment of bonds and interest on them and pledging the proceeds of the levies for the payment of the bonds and interest on them shall be deemed to be in compliance with the provisions of Minnesota Statutes, chapter 475, with respect to the levying of taxes for their payment.

Subd. 2. **APPROPRIATION.** There is annually appropriated from the distribution of taconite production tax revenues to the taconite environmental protection fund pur-

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suant to Minnesota Statutes, section 298.28, subdivision 11, and to the northeast Minnesota economic protection trust pursuant to section 298.28, subdivisions 9 and 11, in equal shares, an amount sufficient to pay when due 80 percent of the principal and interest on the bonds issued pursuant to subdivision 1. If the annual distribution to the northeast Minnesota economic protection trust is insufficient to pay its share after fulfilling any obligations of the trust under section 298.225 or 298.293, the deficiency shall be appropriated from the taconite environmental protection fund.

Subd. 3. DISTRICT OBLIGATIONS. Bonds issued under authority of this section shall be the general obligations of the school district, for which its full faith and credit and unlimited taxing powers shall be pledged. If there are any deficiencies in the amount received pursuant to subdivision 2, they shall be made good by general levies, not subject to limit, on all taxable properties in the district in accordance with Minnesota Statutes, section 475.64. If any deficiency levies are necessary, the school board may effect a temporary loan or loans on certificates of indebtedness issued in anticipation of them to meet payments of principal or interest on the bonds due or about to become due.

Subd. 4. DISTRICT LEVY. The school board shall by resolution levy on all property in the school district subject to the general ad valorem school tax levies, and not subject to taxation under Minnesota Statutes, sections 298.23 to 298.28, a direct annual ad valorem tax for each year of the term of the bonds in amounts that, if collected in full, will produce the amounts needed to meet when due 20 percent of the principal and interest payments on the bonds. A copy of the resolution shall be filed, and the necessary taxes shall be extended, assessed, collected, and remitted in accordance with Minnesota Statutes, section 475.61.

Subd. 5. LEVY LIMITATIONS. Taxes levied pursuant to this section shall be disregarded in the calculation of any other tax levies or limits on tax levies provided by other law.

Subd. 6. BONDING LIMITATIONS. Bonds may be issued under authority of this section notwithstanding any limitations upon the indebtedness of a district, and their amounts shall not be included in computing the indebtedness of a district for any purpose, including the issuance of subsequent bonds and the incurring of subsequent indebtedness.

Subd 7. TERMINATION OF APPROPRIATION. The appropriation authorized in subdivision 2 shall terminate upon payment or maturity of the last of those bonds.

Subd. 8. BOND ISSUE REQUIREMENT. No bonds may be issued under this section after February 28, 1998, unless they are issued under a contract in effect on or before February 28, 1998.

Subd. 9. LOCAL APPROVAL. This section is effective for independent school district No. 316 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3; and for independent school district No. 696 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3; and for independent school district No. 701 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3; and for independent school district No. 706 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3; and for independent school district No. 2142 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3; and for

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independent school district No. 2154 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3; and for independent school district No. 2711 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 21. **COOK COUNTY SCHOOL DISTRICT BONDS.**

Subdivision 1. **AUTHORIZATION.** Independent school district No. 166, Cook county, may issue bonds in an aggregate principal amount not exceeding \$9,240,000.

Subd. 2. **USES; PROCESS.** The bonds authorized under subdivision 1 may be issued in addition to any bonds already issued or authorized. The proceeds of the bonds shall be used to provide funds to design, construct, equip, furnish, remodel, rehabilitate, and acquire land for school facilities and buildings and to pay any architect, engineer and legal fees incidental to those purposes or to the sale of bonds. Except as permitted by this section, the bonds shall be authorized, issued, sold, executed, and delivered in the manner provided by Minnesota Statutes, chapter 475. A referendum on the question of issuing the bonds authorized under subdivision 1 is required. A resolution of the board levying taxes for the payment of the bonds and interest on them shall be deemed to be in compliance with the provisions of Minnesota Statutes, chapter 475 with respect to the levying of taxes for their payment.

Subd. 3. **APPROPRIATION.** There is annually appropriated from the distribution of taconite production tax revenues to the taconite environmental protection fund pursuant to Minnesota Statutes, section 298.28, subdivision 11, and to the northeast Minnesota economic protection trust pursuant to Minnesota Statutes, section 298.28, subdivisions 9 and 11, in equal shares, an amount sufficient to pay when due 70 percent of the principal and interest on the bonds issued under subdivision 1. If the annual distribution to the northeast Minnesota economic protection trust is insufficient to pay its share after fulfilling any obligations of the trust under Minnesota Statutes, section 298.225 or 298.293, the deficiency shall be appropriated from the taconite environmental protection fund.

Subd. 4. **DISTRICT OBLIGATIONS.** Bonds issued under authority of this section shall be the general obligations of the school district, for which its full faith and credit and unlimited taxing powers shall be pledged. If there are any deficiencies in the amount received pursuant to subdivision 3, they shall be satisfied by general levies, not subject to limit, on all taxable properties in the district in accordance with Minnesota Statutes, section 475.74. If any deficiency levies are necessary, the school board may effect a temporary loan or loans on certificates of indebtedness issued in anticipation of them to meet payments of principal or interest on the bonds due or about to become due.

Subd. 5. **DISTRICT LEVY.** The school board of the school district authorized to issue bonds under subdivision 1 shall by resolution levy on all property in the school district subject to the general ad valorem school tax levies, and not subject to taxation under Minnesota Statutes, sections 298.23 to 298.28, a direct annual ad valorem tax for each year of the term of the bonds in amounts that, if collected in full, will produce the amounts needed to meet when due 30 percent of the principal and interest payments on the bonds. A copy of the resolution shall be filed, and the necessary taxes shall be extended, assessed, collected, and remitted in accordance with Minnesota Statutes, section 475.61.

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Subd. 6. LEVY LIMITATIONS. Taxes levied pursuant to this section shall be disregarded in the calculation of any other tax levies or limits on tax levies provided by other law.

Subd. 7. BONDING LIMITATIONS. Bonds may be issued under authority of this section notwithstanding any limitations upon the indebtedness of a district, and their amounts shall not be included in computing the indebtedness of a district for any purpose, including the issuance of subsequent bonds and the incurring of subsequent indebtedness.

Subd. 8. TERMINATION OF APPROPRIATION. The appropriation authorized in subdivision 3 shall terminate upon payment or maturity of the last of the bonds issued under this section.

Subd. 9. BOND ISSUE REQUIREMENT. No bonds may be issued under this section after February 28, 1998, unless they are issued under a contract in effect on or before February 28, 1998.

Subd. 10. LOCAL APPROVAL. This section is effective for independent school district No. 166 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 22. GRAND RAPIDS SCHOOL DISTRICT BONDS.

Subdivision 1. AUTHORIZATION. Independent school district No. 318, Grand Rapids, may issue bonds in an aggregate principal amount not exceeding \$5,600,000, in addition to any bonds already issued or authorized other than bonds authorized in Laws 1992, chapter 499, article 5, section 29, but not issued by February 15, 1996, to provide funds to design, construct, equip, furnish, remodel, rehabilitate, and acquire land for school facilities and buildings. The school district may not issue any of the bonds authorized in this subdivision unless the district expends at least \$100,000 of the proceeds of the bonds for capital improvements for the industrial technology program at Big Fork. It may spend the proceeds of the bond sale for those purposes and any architects', engineers', and legal fees incidental to those purposes or the sale. Except as permitted by this section, the bonds shall be authorized, issued, sold, executed, and delivered in the manner provided by Minnesota Statutes, chapter 475. A resolution of the board levying taxes for the payment of the bonds and interest on them as authorized by this section and pledging the proceeds of the levies for the payment of the bonds and interest on them shall be deemed to be in compliance with the provisions of Minnesota Statutes, chapter 475, with respect to the levying of taxes for their payment.

Subd. 2. APPROPRIATION. There is annually appropriated from the distribution of taconite production tax revenues to the taconite environmental protection fund pursuant to Minnesota Statutes, section 298.28, subdivision 11, and to the northeast Minnesota economic protection trust pursuant to Minnesota Statutes, section 298.28, subdivisions 9 and 11, in equal shares, an amount sufficient to pay when due 80 percent of the principal and interest on the bonds issued pursuant to subdivision 1. If the annual distribution to the northeast Minnesota economic protection trust is insufficient to pay its share after fulfilling any obligations of the trust under Minnesota Statutes, section 298.225 or 298.293, the deficiency shall be appropriated from the taconite environmental protection fund.

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Subd. 3. **DISTRICT OBLIGATIONS.** Bonds issued under authority of this section shall be the general obligations of the school district, for which its full faith and credit and unlimited taxing powers shall be pledged. If there are any deficiencies in the amount received pursuant to subdivision 2, they shall be made good by general levies, not subject to limit, on all taxable properties in the district in accordance with Minnesota Statutes, section 475.64. If any deficiency levies are necessary, the school board may effect a temporary loan or loans on certificates of indebtedness issued in anticipation of them to meet payments of principal or interest on the bonds due or about to become due.

Subd. 4. **DISTRICT LEVY.** The school board shall by resolution levy on all property in the school district subject to the general ad valorem school tax levies, and not subject to taxation under Minnesota Statutes, sections 298.23 to 298.28, a direct annual ad valorem tax for each year of the term of the bonds in amounts that, if collected in full, will produce the amounts needed to meet when due 20 percent of the principal and interest payments on the bonds. A copy of the resolution shall be filed, and the necessary taxes shall be extended, assessed, collected, and remitted in accordance with Minnesota Statutes, section 475.61.

Subd. 5. **LEVY LIMITATIONS.** Taxes levied pursuant to this section shall be disregarded in the calculation of any other tax levies or limits on tax levies provided by other law.

Subd. 6. **BONDING LIMITATIONS.** Bonds may be issued under authority of this section notwithstanding any limitations upon the indebtedness of a district, and their amounts shall not be included in computing the indebtedness of a district for any purpose, including the issuance of subsequent bonds and the incurring of subsequent indebtedness.

Subd. 7. **TERMINATION OF APPROPRIATION.** The appropriation authorized in subdivision 2 terminates upon payment or maturity of the last of those bonds.

Subd. 8. **BOND ISSUE REQUIREMENT.** No bonds may be issued under this section after February 28, 1998, unless they are issued under a contract in effect on or before February 28, 1998.

Subd. 9. **LOCAL APPROVAL.** This section is effective for independent school district No. 318 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 23. **COOK COUNTY CAPITAL FACILITIES BONDS.**

Notwithstanding Minnesota Statutes 1995 Supplement, section 124.2455, paragraph (d), bonds issued by independent school district No. 166, Cook county, pursuant to Minnesota Statutes, section 124.2455, must be paid off within 20 years of issuance. All the other provisions and limitations of Minnesota Statutes 1995 Supplement, section 124.2455, paragraph (d) apply.

Sec. 24. **BONDS PAID FROM TACONITE PRODUCTION TAX REVENUES.**

Subdivision 1. **REFUNDING BONDS.** The appropriation of funds from the distribution of taconite production tax revenues to the taconite environmental protection tax fund and the northeast Minnesota economic protection fund made by Laws 1988, chapter

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718, article 7, sections 62 and 63, Laws 1989, chapter 329, article 5, section 20, Laws 1990, chapter 604, article 8, section 13, Laws 1992, chapter 499, article 5, section 29, and by sections 18 to 20, shall continue to apply to bonds issued under Minnesota Statutes, chapter 475, to refund bonds originally issued pursuant to those chapters.

Subd. 2. LOCAL PAYMENTS. School districts that are required in Laws 1988, chapter 718, article 7, sections 62 and 63, Laws 1989, chapter 329, article 5, section 20, Laws 1990, chapter 604, article 8, section 13, Laws 1992, chapter 499, article 5, section 29, and by sections 18 to 20, to impose levies to pay debt service on the bonds issued under those provisions to the extent the principal and interest on the bonds is not paid by distributions from the taconite environmental protection fund and the northeast Minnesota economic protection trust, may pay their portion of the principal and interest from any funds available to them. To the extent a school district uses funds other than the proceeds of a property tax levy to pay its share of the principal and interest on the bonds, the requirement to impose a property tax to pay the local share does not apply to the school district.

Sec. 25. TAXPAYER NOTIFICATION.

Subdivision 1. APPLICABILITY. This section applies only to newly authorized bonding authority granted under section 128D.11, subdivision 3, and applies only to such bonds issued for calendar years 1997 to 2003.

Subd. 2. NOTICE. (a) A school board must prepare a notice of the public meeting on the proposed sale of all or any of the bonds and mail the notice to each postal patron residing within the school district. The notice must be mailed at least 15 days but not more than 30 days before the meeting. Notice of the meeting must also be posted in the administrative office of the school district and must be published twice during the 14 days before the meeting in the official newspaper of the city in which the school district is located.

(b) The notice must contain the following information:

- (1) the proposed dollar amount of bonds to be issued;
- (2) the dollar amount of the levy increase necessary to pay the principal and interest on the newly authorized bonds;
- (3) the estimated levy amount and net tax capacity rate necessary to make the debt service payments on any existing outstanding debt;
- (4) the projected effects on individual property types; and
- (5) the required levy and principal and interest on all outstanding bonds in addition to the bonds proposed under clause (1).

(c) To comply with paragraph (b), clause (4), the notice must show the projected annual dollar increase and net tax capacity rate increase for a representative range of residential homestead, residential nonhomestead, apartments, and commercial-industrial properties located within each state senate district in the school district.

Subd. 3. BOND AUTHORIZATION. A school board may vote to issue bonds for calendar years 1997 to 2003 only after complying with the requirements of subdivision 2.

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Sec. 26. ELIGIBLE DEBT SERVICE REVENUE; DULUTH.

Notwithstanding Minnesota Statutes, section 124.95, subdivision 1, paragraph (a), the eligible debt service revenue for independent school district No. 709, Duluth, shall not be reduced below the amount of the alternative facilities levy under Minnesota Statutes, section 124.239, subdivision 5, paragraph (b), as a result of debt service excess attributable to transfers from the health and safety account to the debt redemption fund approved by the commissioner of children, families, and learning in 1993.

Sec. 27. SLEEPY EYE.

In addition to other levies, for taxes payable in 1997 through 2001, independent school district No. 84, Sleepy Eye, may levy a total cumulative amount of up to \$66,000 for the costs associated with converting its heating system from district heat to a boiler system.

Sec. 28. SPECIAL LEVY; KASSON-MANTORVILLE.

Independent school district No. 204, Kasson-Mantorville, may levy an amount not to exceed \$210,000. This levy may be spread over 15 years.

Sec. 29. EFFECTIVE DATE.

(a) Sections 6, 13, 14, 17, and 24 are effective the day following final enactment.

(b) Sections 8, 12, and 16 are effective the day following final enactment and apply to debt service aid payments for fiscal year 1997, and thereafter.

(c) Sections 9 and 11 are effective retroactive to August 1, 1994.

(d) Sections 1, 7, 19, and 26 are effective for revenue for fiscal year 1998 and thereafter.

ARTICLE 6

EDUCATION ORGANIZATION AND COOPERATION

Section 1. Minnesota Statutes 1994, section 123.35, subdivision 19a, is amended to read:

Subd. 19a. LIMITATION ON PARTICIPATION AND FINANCIAL SUPPORT. (a) No school district shall be required by any type of formal or informal agreement except an agreement to provide building space according to paragraph (f), including a joint powers agreement, or membership in any cooperative unit defined in subdivision 19b, paragraph (d), to participate in or provide financial support for the purposes of the agreement for a time period in excess of one fiscal year, or the time period set forth in this subdivision. Any agreement, part of an agreement, or other type of requirement to the contrary is void.

(b) This subdivision shall not affect the continued liability of a school district for its share of bonded indebtedness or other debt incurred as a result of any agreement before

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July 1, 1993. The school district is liable only until the obligation or debt is discharged and only according to the payment schedule in effect on July 1, 1993, except that the payment schedule may be altered for the purpose of restructuring debt or refunding bonds outstanding on July 1, 1993, if the annual payments of the school district are not increased and if the total obligation of the school district for its share of outstanding bonds or other debt is not increased.

(c) To cease participating in or providing financial support for any of the services or activities relating to the agreement or to terminate participation in the agreement, the school board shall adopt a resolution and notify other parties to the agreement of its decision on or before February 1 of any year. The cessation or withdrawal shall be effective June 30 of the same year except that for a member of an education district organized under sections 122.91 to 122.95 or an intermediate district organized under chapter 136D, cessation or withdrawal shall be effective June 30 of the following fiscal year. At the option of the school board, cessation or withdrawal may be effective June 30 of the following fiscal year for a district participating in any type of agreement.

(d) Before issuing bonds or incurring other debt, the governing body responsible for implementing the agreement shall adopt a resolution proposing to issue bonds or incur other debt and the proposed financial effect of the bonds or other debt upon each participating district. The resolution shall be adopted within a time sufficient to allow the school board to adopt a resolution within the time permitted by this paragraph and to comply with the statutory deadlines set forth in sections 122.895, 125.12, and 125.17. The governing body responsible for implementing the agreement shall notify each participating school board of the contents of the resolution. Within 120 days of receiving the resolution of the governing body, the school board of the participating district shall adopt a resolution stating:

- (1) its concurrence with issuing bonds or incurring other debt;
- (2) its intention to cease participating in or providing financial support for the service or activity related to the bonds or other debt; or
- (3) its intention to terminate participation in the agreement.

A school board adopting a resolution according to clause (1) is liable for its share of bonded indebtedness or other debt as proposed by the governing body implementing the agreement. A school board adopting a resolution according to clause (2) is not liable for the bonded indebtedness or other debt, as proposed by the governing body, related to the services or activities in which the district ceases participating or providing financial support. A school board adopting a resolution according to clause (3) is not liable for the bonded indebtedness or other debt proposed by the governing body implementing the agreement.

(e) After July 1, 1993, a district is liable according to paragraph (d) for its share of bonded indebtedness or other debt incurred by the governing body implementing the agreement to the extent that the bonds or other debt are directly related to the services or activities in which the district participates or for which the district provides financial support. The district has continued liability only until the obligation or debt is discharged and only according to the payment schedule in effect at the time the governing body implementing the agreement provides notice to the school board, except that the payment schedule may be altered for the purpose of refunding the outstanding bonds or restructur-

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ing other debt if the annual payments of the district are not increased and if the total obligation of the district for the outstanding bonds or other debt is not increased.

(f) A school district that is a member of a cooperative unit as defined in subdivision 19b, paragraph (d), may obligate itself to participate in and provide financial support for an agreement with a cooperative unit to provide school building space for a term not to exceed two years with an option on the part of the district to renew for an additional two years.

Sec. 2. Minnesota Statutes 1994, section 123.3514, subdivision 9, is amended to read:

Subd. 9. **EXCEPTION; INTERMEDIATE DISTRICTS.** A secondary pupil who is a resident of a member district of an intermediate district, as defined in section ~~136C.02, subdivision 7~~ 136D.01, may not enroll in that intermediate district's vocational program as a post-secondary pupil under this section when the intermediate district operates a secondary program at a college facility and secondary students have access to the post-secondary curriculum and receive high school and college credit for successfully completing the program.

Sec. 3. Laws 1995, First Special Session chapter 3, article 6, section 17, subdivision 2, is amended to read:

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 quorum 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~~ four 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.

Sec. 4. Laws 1995, First Special Session chapter 3, article 6, section 17, subdivision 4, is amended to read:

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 children, families, and learning shall assign a single identification number to apply to the districts subject to the agreement. Aid entitlements and levy limitations shall be the sum of the amounts computed separately for each of the districts participating in the enhanced pairing agreement. Levies shall be made jointly ~~except for levies under Minnesota Statutes, sections 124A.03 and 124.97 by the single board and shall be spread on all taxable property in the districts participating in the enhanced pairing agreement.~~ Districts subject to the agreement shall be considered a single independent school district for purposes of fees or dues assessments.

(b) Notwithstanding paragraph (a), the single board may spread a levy under Minnesota Statutes, section 124A.03, approved before January 1, 1996, and levies under sections 124.2714, 124.83, 124.84, and 124.97, on the property which is taxable in each school district participating in the enhanced pairing agreement according to the separate levy limitations computed for each district. The single board shall certify to the county

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auditor and the department of children, families, and learning the amount of the levy to be spread on the taxable property in each district according to this paragraph.

(c) 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.

Sec. 5. Laws 1995, First Special Session chapter 3, article 6, section 17, is amended by adding a subdivision to read:

Subd. 4a. REFERENDUM REVENUE. (a) The single board shall submit the question of authorizing referendum revenue under Minnesota Statutes, section 124A.03, to the voters of the districts subject to the agreement. A majority of those voting in the affirmative on the question is sufficient to authorize the referendum revenue. The single board must certify the vote of the election.

(b) As of the effective date of the dissolution of the enhanced pairing agreement, the authorization for all referendum revenues under Minnesota Statutes, section 124A.03, previously approved by the voters of the districts subject to the agreement is canceled.

Sec. 6. Laws 1995, First Special Session chapter 3, article 6, section 17, is amended by adding a subdivision to read:

Subd. 4b. REFERENDUM; DEBT. The single board shall submit the question of authorizing bonded debt to the voters of the districts subject to the agreement. The question submitted shall state the total amount of funding needed from all sources. A majority of those voting in the affirmative on the question is sufficient to authorize the bonded debt. The single board must certify the vote of the election and authorize the school boards to issue the bonds on public sale in accordance with Minnesota Statutes, chapter 475.

Sec. 7. Laws 1995, First Special Session chapter 3, article 6, section 17, is amended by adding a subdivision to read:

Subd. 4c. DATA REPORTING. (a) For purposes of computing aid entitlements and levy limitations for the school districts participating in the enhanced pairing agreement, the commissioner must allocate combined financial data among the participating school districts based on the number of actual pupil units in each school district in the year for which financial data are allocated.

(b) Notwithstanding paragraph (a), if requested by the single board, the commissioner may allocate financial data among participating school districts based on estimates of actual expenditures for projects or services by school district.

Sec. 8. SCHOOL BOARD ELECTION.

Subdivision 1. SPECIFYING AN ELECTION PROCESS. Notwithstanding any language to the contrary in Minnesota Statutes, chapter 205A, or other statutory language

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to the contrary governing school district consolidation and board formation, the election of school board members for a newly consolidated district comprised of independent school district No. 437, Argyle, and independent school district No. 443, Stephen, shall be described in this section.

Subd. 2. 1997 GENERAL ELECTION. At the 1997 general election, the terms of four members of the transition board shall expire and two school board members shall be elected to four-year terms. One member shall be elected from the area of the former independent school district No. 437, Argyle, and one shall be elected from the area of the former independent school district No. 443, Stephen.

Subd. 3. 1999 GENERAL ELECTION. At the 1999 general election, the terms of six members of the transition board shall expire and three school board members shall be elected to four-year terms. One member shall be elected from the former independent school district No. 437, Argyle, and one shall be elected from the area of the former independent school district No. 443, Stephen. One member shall be elected at large for a four-year term from the newly created district.

Subd. 4. 2001 GENERAL ELECTION. At the 2001 general election, the terms of the two school board members elected in 1997 to four-year terms shall expire and two school board members shall be elected. One member shall be elected from the area of the former independent school district No. 437, Argyle, and one shall be elected from the area of the former independent school district No. 443, Stephen. Also at the 2001 general election, the terms of the two school board members elected in 1996 to five-year terms shall expire and one school board member shall be elected at large to a four-year term from the newly created district.

Subd. 5. 2003 GENERAL ELECTION AND THEREAFTER. At the 2003 general election and thereafter, all school board members whose terms expire shall be elected at large to four-year terms from the newly created district.

Subd. 6. BOARD SEATS; APPLICABLE PROVISIONS. (a) The transitional board shall determine which board seats expire at each election.

(b) At the end of the transition period, the statutory provisions governing board formation and election and Minnesota Statutes, chapter 205A, shall apply.

Sec. 9. LEVY CALCULATION.

Levy calculations under section 4 are effective for taxes payable in 1996 and later. The commissioner of the department of children, families, and learning shall adjust levy calculations as necessary to be consistent with section 2.

Sec. 10. APPROPRIATION.

Subdivision 1. DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING. The sum indicated in this section is appropriated from the general fund to the department of children, families, and learning for the fiscal year designated.

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Subd. 2. **CROW RIVER AND MEEKER AND WRIGHT SPECIAL EDUCATION COOPERATIVES.** For a grant to special education cooperatives No. 52-937, Crow River and No. 52-938, Meeker and Wright, for handicapped accessibility improvements to conform to the Americans with Disabilities Act and for code compliance in school building space for the students served by the cooperatives.

\$ 100,000 1997

Sec. 11. **EFFECTIVE DATE.**

Section 9 is effective the day following final enactment.

ARTICLE 7

EDUCATION EXCELLENCE

Section 1. Minnesota Statutes 1995 Supplement, 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. To successfully accomplish paragraph (a), the state board shall set in rule high academic standards for all students. The standards must contain the foundational skills in the three core curricular areas of reading, writing, and mathematics while meeting requirements for high school graduation. The standards must also provide an opportunity for students to excel by meeting higher academic standards through a profile of learning that uses curricular requirements to allow students to expand their knowledge and skills beyond the foundational skills. All state board actions regarding the rule must be premised on the following:

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

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

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

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(c) For purposes of adopting the rule, the state board, in consultation with the department, recognized psychometric experts in assessment, and other interested and knowledgeable educators, using the most current version of professional standards for educational testing, shall evaluate the alternative approaches to assessment.

(e) (d) The content of the graduation rule must differentiate between minimum competencies reflected in the basic requirements assessment and rigorous profile of learning standards. When fully implemented, the requirements for high school graduation in Minnesota, including must include both basic requirements and the required profile of learning. The profile of learning must measure student performance using performance-based assessments compiled over time that integrate higher academic standards, higher order thinking skills, and application of knowledge from a variety of content areas. The 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.

(e) (e) 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) (f) The state board shall report in writing to the legislature annually by January 15 on its progress in developing and implementing the graduation requirements according to the requirements of this subdivision and section 123.97 until such time as all the graduation requirements are implemented.

Sec. 2. [121.1115] SYSTEM ACCOUNTABILITY AND STATISTICAL ADJUSTMENTS.

Subdivision 1. EDUCATIONAL ACCOUNTABILITY AND PUBLIC REPORTING. Consistent with the state board of education process to adopt a results-oriented graduation rule under section 121.11, subdivision 7c, the state board of education and the department of children, families, and learning, in consultation with education and other system stakeholders, shall establish a coordinated and comprehensive system of educational accountability and public reporting that promotes higher academic achievement.

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

Sec. 3. [123.97] FINDINGS; IMPROVING INSTRUCTION AND CURRICULUM.

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The legislature finds that a process is needed to enable school boards and communities to decide matters related to planning, providing, and improving education instruction and curriculum in the context of the state's high school graduation standards. The process should help districts evaluate the impact of instruction and curriculum on students' abilities to meet graduation standards, use evaluation results to improve instruction and curriculum, and determine services that districts and other public education entities can provide collaboratively with institutions including families and private or public organizations and agencies. The legislature anticipates that a highly focused public education strategy will be an integral part of each district's review and improvement of instruction and curriculum.

Sec. 4. [123.972] SCHOOL DISTRICT PROCESS.

Subdivision 1. **DEFINITIONS.** For the purposes of sections 123.97 and 123.972, the following terms have the meanings given them.

(a) "Instruction" means methods of providing learning experiences that enables a student to meet graduation standards.

(b) "Curriculum" means written plans for providing students with learning experiences that lead to knowledge, skills, and positive attitudes.

Subd. 2. **ADOPTING POLICIES.** (a) A school board shall adopt annually a written policy that includes the following:

(1) district goals for instruction and curriculum;

(2) a process for evaluating each student's progress toward meeting graduation standards and identifying the strengths and weaknesses of instruction and curriculum affecting students' progress;

(3) a system for periodically reviewing all instruction and curriculum;

(4) a plan for improving instruction and curriculum; and

(5) an instruction plan that includes education effectiveness processes developed under section 121.608 and integrates instruction, curriculum, and technology.

Subd. 3. **INSTRUCTION AND CURRICULUM ADVISORY COMMITTEE.** Each school board shall establish an instruction and curriculum advisory committee to ensure active community participation in all phases of planning and improving the instruction and curriculum affecting state graduation standards. A district advisory committee, to the extent possible, shall reflect the diversity of the district and its learning sites, and shall include teachers, parents, support staff, pupils, and other community residents. The district may establish building teams as subcommittees of the district advisory committee under subdivision 4. The district advisory committee shall recommend to the school board districtwide education standards, assessments, and program evaluations. Learning sites may expand upon district evaluations of instruction, curriculum, assessments, or programs. Whenever possible, parents and other community residents shall comprise at least two-thirds of advisory committee members.

Subd. 4. **BUILDING TEAM.** A school may establish a building team to develop and implement an education effectiveness plan to improve instruction and curriculum. The team shall advise the board and the advisory committee about developing an instruc-

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tion and curriculum improvement plan that aligns curriculum, assessment of student progress in meeting state graduation standards, and instruction.

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

(1) student performance goals for meeting state graduation standards adopted for that year;

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

(3) the annual school district improvement plans; and

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

(b) The school board shall publish the report in the local newspaper with the largest circulation in the district or by mail. The board shall make a copy of the report available to the public for inspection. The board shall send a copy of the report to the commissioner of children, families, and learning by October 15 of each year.

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

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

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

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

Subd. 6. **STUDENT EVALUATION.** The school board annually shall provide high school graduates or GED recipients who receive a diploma or its equivalent from the school district with an opportunity to report to the board on the following:

(1) the quality of district instruction, curriculum, and services;

(2) the quality of district delivery of instruction, curriculum, and services;

(3) the utility of district facilities; and

(4) the effectiveness of district administration.

Subd. 7. **PERIODIC REPORT.** Each school district shall periodically ask affected constituencies about their level of satisfaction with school. The district shall include the results of this evaluation in the report required under subdivision 5.

Subd. 8. **BIENNIAL EVALUATION; ASSESSMENT PROGRAM.** At least once every two years, the district report shall include an evaluation of the district testing programs, according to the following:

(1) written objectives of the assessment program;

(2) names of tests and grade levels tested;

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(3) use of test results; and

(4) implementation of an assurance of mastery program.

Sec. 5. Minnesota Statutes 1995 Supplement, section 124.248, subdivision 1, is amended to read:

Subdivision 1. **GENERAL EDUCATION REVENUE.** General education revenue shall be paid to 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 minus \$170, calculated without compensatory revenue, transportation sparsity revenue, and the transportation portion of the transition revenue adjustment, plus compensatory revenue as though the school were a school district.

Sec. 6. Minnesota Statutes 1995 Supplement, section 124.248, subdivision 1a, is amended to read:

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 according to this subdivision. Transportation aid shall equal transportation revenue.

(a) For the first two years that in addition to the revenue under subdivision 1, 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 shall receive general education aid for each pupil unit equal to the sum of \$170, plus the transportation sparsity allowance for the school district in which the charter school is located, plus the transportation transition allowance 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 special programs transportation revenue equals the charter school's actual cost in the current school year for nonregular transportation services, minus the amount of regular transportation revenue attributable to FTE's in the handicapped category in the current school year for children with disabilities under section 124.223, subdivisions 4, 5, 7, and 8. For the third year of transportation services and later fiscal years, the nonregular special programs transportation revenue shall be computed according to section 124.225, subdivision 7d, paragraph (b) 14.

Sec. 7. Minnesota Statutes 1995 Supplement, section 124.248, subdivision 2, is amended to read:

Subd. 2. **CAPITAL EXPENDITURE EQUIPMENT USE OF TOTAL OPERATING CAPITAL REVENUE.** Capital expenditure equipment aid shall be paid to 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 124A.22, subdivision 4 11, a charter school may use the total operating capital revenue for any purpose related to the school.

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Sec. 8. Minnesota Statutes 1995 Supplement, section 124.248, subdivision 3, is amended to read:

Subd. 3. **SPECIAL EDUCATION AND LIMITED ENGLISH PROFICIENCY AID.** Special education aid shall be paid to a charter school according to ~~section 124.32~~ sections 124.3201 and 124.3202, 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 charter school shall allocate its special education levy equalization revenue to the resident districts of the pupils attending the charter school as though it were a cooperative, as provided in section ~~124.321, subdivision 2, paragraph (a), 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.

Sec. 9. Minnesota Statutes 1994, section 124.311, subdivision 2, is amended to read:

Subd. 2. **ELIGIBLE DISTRICTS.** To be eligible to receive assurance of mastery revenue, a district must have a policy adopted according to ~~section 126.67, subdivision 3a,~~ that identifies the direct instructional services to be used to assure that individual pupils master the learner outcomes in communications and mathematics local process to review curriculum and instruction.

Sec. 10. Minnesota Statutes 1994, section 124.311, subdivision 3, is amended to read:

Subd. 3. **ELIGIBLE PUPILS.** A pupil is eligible to receive services provided with assurance of mastery revenue if the pupil has not demonstrated ~~mastery of progress toward mastering learner outcomes in communications or mathematics, or both the required graduation standards,~~ after receiving instruction that was designed to enable the pupil to master make progress toward mastering the learner outcomes required graduation standards in a regular classroom setting. To determine pupil eligibility, a district must use the learner outcomes and the evaluation a process, adopted by the school board under section 126.666, subdivision 1, paragraph (a), clauses (2) and (3) to review curriculum and instruction, for the subjects and at the grade level at which the district uses the revenue.

Sec. 11. Minnesota Statutes 1994, section 124.311, subdivision 7, is amended to read:

Subd. 7. **DISTRICT REPORT.** A district that receives assurance of mastery revenue shall include the following in the a report required by section 126.666, subdivision 4:

(a) (1) a summary of initial assessment results used to determine pupil eligibility to receive instructional services must be included. The summary must include:

(1) a description of the assessment device used;

(2) the number of pupils who were assessed; and

(3) the number of pupils who were determined to be eligible to receive services;

(b) (2) a description of the services provided to eligible pupils must be included;
and

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(e) (3) a summary of assessment results for eligible pupils obtained after providing the services ~~must be included.~~

Sec. 12. Minnesota Statutes 1994, section 126.83, is amended to read:

126.83 SECONDARY CREDIT FOR EIGHTH GRADE STUDENTS.

A student in eighth grade who satisfactorily completes at least 120 hours of instruction in a high school course is eligible to shall receive secondary course credit and the credit shall count toward the student's graduation requirements. ~~This section expires August 1, 1996.~~

Sec. 13. Laws 1995, First Special Session chapter 3, article 7, section 5, subdivision 4, is amended to read:

Subd. 4. **YEAR-ROUND SCHOOL/EXTENDED WEEK OR DAY PILOT PROGRAM GRANTS.** For year-round school/extended week or day pilot program grants:

\$1,800,000 1996

\$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 or more rural school districts selected by the commissioner of education children, families, and learning.

This appropriation is available until June 30, 1997.

Sec. 14. **EFFECTIVE DATE.**

Section 13 is effective the day following final enactment.

ARTICLE 8

OTHER EDUCATION PROGRAMS AND FINANCING

Section 1. Minnesota Statutes 1994, section 123.932, subdivision 1b, is amended to read:

Subd. 1b. "Textbook" means any book or book substitute which a pupil uses as a text or text substitute in a particular class or program in the school regularly attended and a copy of which is expected to be available for the individual use of each pupil in this class or program, which book or book substitute or text or text substitute shall be limited to books, workbooks, or manuals, whether bound or in loose-leaf form, intended for use as

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a principal source of study material for a given class or a group of students. The term includes only such secular, neutral and nonideological textbooks as are available and are, used by, or of benefit to Minnesota public school pupils.

Sec. 2. Minnesota Statutes 1994, section 123.932, subdivision 1c, is amended to read:

Subd. 1c. "Standardized tests" means standardized tests and scoring services which are provided by commercial publishing organizations or the state and which are in use in the public schools of Minnesota to measure the progress of pupils in secular subjects.

Sec. 3. Minnesota Statutes 1994, section 123.932, subdivision 1e, is amended to read:

Subd. 1e. "Individualized instructional or cooperative learning materials" means educational materials which:

(a) are designed primarily for individual pupil use or use by pupils in a cooperative learning group in a particular class or program in the school the pupil regularly attends;

(b) are secular, neutral, nonideological and not capable of diversion for religious use; and

(c) are available and are, used by, or of benefit to Minnesota public school pupils.

Subject to the requirements in clauses (a), (b), and (c), "individualized instructional or cooperative learning materials" include, but are not limited to, the following if they do not fall within the definition of "textbook" in subdivision 1b: published materials; periodicals; documents; pamphlets; photographs; reproductions; pictorial or graphic works; film strips; prepared slides; prerecorded video programs; prerecorded tapes, cassettes and other sound recordings; manipulative materials; desk charts; games; study prints and pictures; desk maps; models; learning kits; blocks or cubes; flash cards; individualized multimedia systems; prepared instructional computer software programs; and prerecorded film cartridges choral and band sheet music; and CD Rom.

"Individualized instructional or cooperative learning materials" do not include the following: chemicals; wall maps; wall charts; pencils, pens or crayons; notebooks; blackboards; chalk and erasers; duplicating fluids; paper; 16 mm films; unexposed films; blank tapes, cassettes or videotape; and instructional equipment, instructional hardware, or ordinary daily consumable classroom supplies.

Sec. 4. Minnesota Statutes 1994, section 123.932, subdivision 11, is amended to read:

Subd. 11. "Health services" means physician, dental, nursing or optometric services provided to pupils and health supplies brought to the site by the health professional for pupil usage in the field of physical or mental health; provided the term does not include direct educational instruction, services which are required pursuant to sections 120.17 and 120.1701, or services which are eligible to receive special education aid pursuant to section 124.32.

Sec. 5. Minnesota Statutes 1994, section 123.933, as amended by Laws 1995, First Special Session chapter 3, article 16, section 13, is amended to read:

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123.933 TEXTBOOKS, INDIVIDUAL INSTRUCTION OR COOPERATIVE LEARNING MATERIAL, STANDARD TESTS.

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

Subd. 2. **TITLE.** The title to textbooks, individualized instructional or cooperative learning materials, and standardized testing materials shall remain in the servicing school district or intermediary service area, and possession or custody may be granted or charged to administrators of the nonpublic school attended by the nonpublic school pupil or pupils to whom the textbooks, individualized instructional or cooperative learning materials, or standardized tests are loaned or provided.

Subd. 3. **COST OF TEXTBOOKS; LIMITATION.** (a) The cost per pupil of the textbooks, individualized instructional or cooperative learning materials, and standardized tests provided for in this section for each school year shall not exceed the statewide average expenditure per pupil, adjusted pursuant to clause (b), by the Minnesota public elementary and secondary schools for textbooks, individualized instructional materials and standardized tests as computed and established by the department of children, families, and learning by March 1 of the preceding school year from the most recent public school year data then available.

(b) The cost computed in clause (a) shall be increased by an inflation adjustment equal to the percent of increase in the formula allowance, pursuant to section 124A.22, subdivision 2, from the second preceding school year to the current school year.

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

Sec. 6. Minnesota Statutes 1994, section 123.935, subdivision 2, is amended to read:

Subd. 2. Health services may be provided to nonpublic school pupils pursuant to this section at a public school, a neutral site, the nonpublic school or any other suitable location. Guidance and counseling services may be provided to nonpublic school pupils pursuant to this section only at a public school or a neutral site. District or intermediary service area personnel and representatives of the nonpublic school pupils receiving pupil support services shall hold an annual consultation regarding the type of services, provider of services, and the location of the provision of these services. The district board or

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intermediary service area governing board shall make the final decision on the location of the provision of these services.

Sec. 7. Minnesota Statutes 1994, section 123.935, subdivision 7, is amended to read:

Subd. 7. NONPUBLIC EDUCATION COUNCIL. (a) The commissioner shall appoint a 15-member council on nonpublic education. The 15 members shall represent various areas of the state, represent various methods of providing nonpublic education, and shall be knowledgeable about nonpublic education. The compensation, removal of members, filling of vacancies, and terms are governed by section 15.0575. The council shall not expire. The council shall advise the commissioner and the state board on issues affecting nonpublic school matters under this section education and nonpublic schools. The council may recognize educational accrediting agencies, for the sole purpose of sections 120.101, 120.102, and 120.103. ~~When requested by the commissioner or the state board, the council may submit its advice about other nonpublic school matters.~~

(b) A parent or guardian of a nonpublic school pupil or a nonpublic school may file a complaint about services provided under sections 123.931 to 123.937 with the nonpublic education council. The council may review the complaint and make a recommendation for resolution to the commissioner.

Sec. 8. Minnesota Statutes 1994, section 124.916, subdivision 4, is amended to read:

Subd. 4. MINNEAPOLIS HEALTH INSURANCE SUBSIDY. Each year special school district No. 1, Minneapolis, may make an additional levy not to exceed the amount raised by a net tax rate of .10 percent times the adjusted net tax capacity for taxes payable in 1991 and thereafter of the property in the district for the preceding year. The proceeds may be used only to subsidize health insurance costs for eligible teachers as provided in this section.

“Eligible teacher” means a retired teacher who was a basic member of the Minneapolis teachers retirement fund association, who retired before May 1, 1974, or who had 20 or more years of basic member service in the Minneapolis teacher retirement fund association and retired before June 30, 1983, and who is not eligible to receive the hospital insurance benefits of the federal Medicare program of the Social Security Act without payment of a monthly premium. The district shall notify eligible teachers that a subsidy is available. To obtain a subsidy, an eligible teacher must submit to the school district a copy of receipts for health insurance premiums paid. The school district shall disburse the health insurance premium subsidy to each eligible teacher according to a schedule determined by the district, but at least annually. An eligible teacher may receive a subsidy up to an amount equal to the lesser of 90 percent of the cost of the eligible teacher’s health insurance or up to 90 percent of the cost of the number two qualified plan of health coverage for individual policies made available by the Minnesota comprehensive health association under chapter 62E.

If funds remaining from the previous year’s health insurance subsidy levy, minus the previous year’s required subsidy amount, are sufficient to pay the estimated current year subsidy, the levy must be discontinued until the remaining funds are estimated by the school board to be insufficient to pay the subsidy.

This subdivision does not extend benefits to teachers who retire after June 30, 1983, and does not create a contractual right or claim for altering the benefits in this subdivi-

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sion. This subdivision does not restrict the school district's right to modify or terminate coverage under this subdivision.

Sec. 9. [124C.77] ENDOWED CHAIR.

Subdivision 1. PURPOSE. The purpose of the endowed chair program is to increase curriculum offerings and learning experiences available to students.

Subd. 2. ELIGIBILITY. A school site, represented by the school site council or, if no site council exists, the principal or lead teacher, and the party interested in endowing a chair may enter into an agreement for an endowed chair for no longer than one year in length. The party endowing the chair and the school site may, at their discretion, renew annually.

Subd. 3. PROGRAM. An endowed chair program may be for a semester, a summer session, or a full school year. Curriculum developed or provided under the endowed chair program must supplement the existing curriculum offerings available at the school in the particular subject chosen.

Subd. 4. AGREEMENT. The agreement must make available funds sufficient for the salary and benefit costs of the instructor, and necessary supplies for the course. The participating site must provide the classroom space and administer the program. The parties, in consultation with the school district and the exclusive representative of the teachers, jointly select the instructor for the endowed chair.

Sec. 10. Laws 1995, First Special Session chapter 3, article 8, section 25, subdivision 2, is amended to read:

Subd. 2. **ABATEMENT AID.** For abatement aid according to Minnesota Statutes, section 124.214:

\$24,241,000	\$22,251,600	.....	1996
\$ 7,905,000	\$ 9,543,400	.....	1997

The 1996 appropriation includes \$1,135,000 for 1995 and ~~\$23,106,000~~ \$21,116,600 for 1996.

The 1997 appropriation includes ~~\$4,077,000~~ \$3,726,400 for 1996 and ~~\$3,828,000~~ \$5,817,000 for 1997.

Sec. 11. Laws 1995, First Special Session chapter 3, article 8, section 27, is amended to read:

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 31, 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.

Sec. 12. SCIMATHMN INTERCHANGE EMPLOYEES.

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Notwithstanding Minnesota Statutes, section 15.53, subdivision 2, SciMathMN may contract with a school district for a period not to exceed three consecutive years for the services of a math specialist and a science specialist to work on curriculum frameworks.

Sec. 13. SPECIAL LEVY; HENNING.

For taxes payable in 1997, in addition to other levies, independent school district No. 545, Henning, may levy for up to \$20,000 for the unreimbursed cost of an adult farm management program.

Sec. 14. FUND TRANSFERS.

Subdivision 1. AITKIN. Notwithstanding Minnesota Statutes, sections 121.912, 121.9121, and 475.61, subdivision 4, on June 30, 1996, independent school district No. 0001, Aitkin, may permanently transfer the balance in its debt redemption fund to its building construction fund without making a levy reduction.

Subd. 2. CHISAGO LAKES. Notwithstanding Minnesota Statutes, sections 121.912, 121.9121, and 475.61, subdivision 4, on June 30, 1996, independent school district No. 2144, Chisago Lakes, may permanently transfer up to \$250,000 from the debt redemption fund to the capital expenditure fund for facility and technology improvements.

Subd. 3. ADA-BORUP. Notwithstanding Minnesota Statutes, sections 121.912, 121.9121, and 475.61, subdivision 4, on June 30, 1996, the Ada-Borup school district may permanently transfer the balance in its debt redemption fund to its building construction fund without making a levy reduction.

Subd. 4. NEVIS. Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, on June 30, 1996, independent school district No. 308, Nevis, may permanently transfer up to \$100,000 from the bus purchase account in its transportation fund to its capital expenditure fund without making a levy reduction.

Subd. 5. WHITE BEAR LAKE. Notwithstanding Minnesota Statutes, sections 121.912, 121.9121, and 123.36, subdivision 13, independent school district No. 624, White Bear Lake, may deposit the proceeds from a sale of properties known as the Beach school site or the Gall district center site into the building construction fund of the district without making a levy reduction.

Subd. 6. LYLE. Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, on June 30, 1996, independent school district No. 497, Lyle, may permanently transfer the balance in its early childhood family education account to its capital expenditure fund for expanding the district's technology services.

Sec. 15. INSTRUCTIONAL DAY CLARIFICATION.

(a) This section applies to any school district employee who was scheduled to work on February 2, 1996, did not work on that day and did not receive compensation for that day.

(b) Notwithstanding any law to the contrary, a school district must either: (i) allow any school district employee under paragraph (a) the opportunity to work on another day that the school district designates and must compensate the employee working on the

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designated day at the employee's normal rate of pay; or (ii) compensate any school district employee under paragraph (a) for that day at the employee's normal rate of pay.

Sec. 16. APPROPRIATIONS.

Subdivision 1. DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING. The sum indicated in this section is appropriated from the general fund to the commissioner of children, families, and learning for the fiscal year designated.

Subd. 2. MONTEVIDEO GRANT. For a grant to independent school district No. 129, Montevideo, for the unreimbursed costs of an adult farm management program:

\$100,000 1996

Subd. 3. MULTICULTURAL CONTINUING EDUCATION GRANT. For a grant to independent school district No. 38, Red Lake, for continuation of a multicultural continuing education pilot project for teachers:

\$69,000 1996

The district must match this sum with staff development revenue under Minnesota Statutes, section 124A.29. This appropriation is available until June 30, 1997.

Subd. 4. NETT LAKE COMMUNITY CENTER. For a grant to independent school district No. 707, Nett Lake, for maintenance replacement funds to cover delayed lease payments for the collaborative community center.

\$74,000 1997

Subd. 5. WEST ST. PAUL GRANT. For a grant to independent school district No. 197, West St. Paul, for a project investigating the development of multiple pathways for students to meet graduation standards.

\$20,000 1997

Subd. 6. ST. PAUL ACCOUNTABILITY. For a grant to independent school district No. 625, St. Paul, to assist in the implementation of the district accountability plan.

\$100,000 1997

The district must evaluate student achievement data by building and measure the results annually. The district must also establish criteria and modifications that may be used if buildings are not meeting the goals of the student improvement plan developed by the buildings.

Sec. 17. EFFECTIVE DATE.

Sections 9 and 12 are effective July 1, 1996. Sections 10, 14, 15, and 16 are effective the day following final enactment.

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ARTICLE 9

EDUCATION POLICY PROVISIONS

Section 1. Minnesota Statutes 1995 Supplement, section 115A.072, subdivision 1, is amended to read:

Subdivision 1. WASTE ENVIRONMENTAL EDUCATION COALITION ADVISORY BOARD. (a) The director shall provide for the development and implementation of a program of general public environmental education on waste management in cooperation and coordination with the pollution control agency, department of children, families, and learning, department of agriculture, environmental quality board, environmental education board, educational institutions, other public agencies with responsibility for waste management or public education, and three other persons who represent private industry and who have knowledge of or expertise in recycling and solid waste management issues. The objectives of the program are to: develop increased public awareness of and interest in environmentally sound waste management methods; encourage better informed decisions on waste management issues by business, industry, local governments, and the public; and disseminate practical information about ways in which households and other institutions and organizations can improve the management of waste programs that are designed to meet the goals listed in section 126A.01.

(b) The director shall appoint an environmental education advisory task force, to be called the waste education coalition, of up to 18 members to board shall advise the director in carrying out the director's responsibilities under this section and whose membership represents the agencies and entities listed in this subdivision. The board consists of 20 members as follows:

(1) a representative of the pollution control agency, appointed by the commissioner of the agency;

(2) a representative of the department of children, families, and learning, appointed by the commissioner of children, families, and learning;

(3) a representative of the department of agriculture, appointed by the commissioner of agriculture;

(4) a representative of the department of health, appointed by the commissioner of health;

(5) a representative of the department of natural resources, appointed by the commissioner of natural resources;

(6) a representative of the board of water and soil resources, appointed by that board;

(7) a representative of the environmental quality board, appointed by that board;

(8) a representative of the board of teaching, appointed by that board;

(9) a representative of the University of Minnesota extension service, appointed by the director of the service;

(10) a citizen member from each congressional district, of which two must be licensed teachers currently teaching in the K-12 system, appointed by the director; and

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(11) three at-large citizen members, appointed by the director.

The citizen members shall serve two-year terms. Compensation of board members is governed by section 15.059, subdivision 6. The task force board expires on June 30, 1997 2003.

Sec. 2. Minnesota Statutes 1995 Supplement, section 120.1045, subdivision 1, is amended to read:

Subdivision 1. **BACKGROUND CHECK REQUIRED.** A school hiring authority, as defined in subdivision 4, shall request a criminal history background check from the superintendent of the bureau of criminal apprehension on all individuals who are offered employment in the school, as defined in subdivision 4. In order to be eligible for employment, an individual who is offered employment must provide an executed criminal history consent form and a money order or cashier's check payable to the bureau of criminal apprehension for the fee for conducting the criminal history background check. A school may charge a person offered employment an additional fee of up to \$2 to cover the school's costs under this section. The superintendent shall perform the background check by retrieving criminal history data maintained in the criminal justice information system computers.

Sec. 3. Minnesota Statutes 1995 Supplement, section 120.1045, is amended by adding a subdivision to read:

Subd. 4. DEFINITIONS. For purposes of this section:

(a) "School" means a school as defined in section 120.101, subdivision 4, except a home-school, and includes a school receiving tribal contract or grant school aid under section 124.86.

(b) "School hiring authority" means the school principal or other person having general control and supervision of the school.

Sec. 4. Minnesota Statutes 1995 Supplement, section 123.3514, subdivision 6, is amended to read:

Subd. 6. **FINANCIAL ARRANGEMENTS.** For a pupil enrolled in a course under this section, the department of children, families, and learning shall make payments according to this subdivision for courses that were taken for secondary credit.

The department shall not make payments to a school district or post-secondary institution for a course taken for post-secondary credit only. The department shall not make payments to a post-secondary institution for a course from which a student officially withdraws during the first 14 days of the quarter or semester or who has been absent from the post-secondary institution for the first 15 consecutive school days of the quarter or semester and is not receiving instruction in the home or hospital.

A post-secondary institution shall receive the following:

(1) for an institution granting quarter credit, the reimbursement per credit hour shall be an amount equal to 88 percent of the product of the formula allowance, multiplied by 1.3, and divided by 45; or

(2) for an institution granting semester credit, the reimbursement per credit hour shall be an amount equal to 88 percent of the product of the general revenue formula allowance, multiplied by 1.3, and divided by 30.

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The department of children, families, and learning shall pay to each post-secondary institution 100 percent of the amount in clause (1) or (2) within 30 days of receiving initial enrollment information each quarter or semester. If changes in enrollment occur during a quarter or semester, the change shall be reported by the post-secondary institution at the time the enrollment information for the succeeding quarter or semester is submitted. At any time the department of children, families, and learning notifies a post-secondary institution that an overpayment has been made, the institution shall promptly remit the amount due.

Sec. 5. Minnesota Statutes 1995 Supplement, section 123.3514, subdivision 6b, is amended to read:

Subd. 6b. **FINANCIAL ARRANGEMENTS, PUPILS AGE 21 OR OVER.** For a pupil enrolled in a course according to this section, the department of children, families, and learning shall make payments according to this subdivision for courses taken to fulfill high school graduation requirements by pupils eligible for adult high school graduation aid.

The department must not make payments to a school district or post-secondary institution for a course taken for post-secondary credit only. The department shall not make payments to a post-secondary institution for a course from which a student officially withdraws during the first 14 days of the quarter or semester or who has been absent from the post-secondary institution for the first 15 consecutive school days of the quarter or semester and is not receiving instruction in the home or hospital.

A post-secondary institution shall receive the following:

(1) for an institution granting quarter credit, the reimbursement per credit hour shall be an amount equal to 88 percent of the product of the formula allowance, multiplied by 1.3, and divided by 45; or

(2) for an institution granting semester credit, the reimbursement per credit hour shall be an amount equal to 88 percent of the product of the general revenue formula allowance multiplied by 1.3, and divided by 30.

The department of children, families, and learning shall pay to each post-secondary institution 100 percent of the amount in clause (1) or (2) within 30 days of receiving initial enrollment information each quarter or semester. If changes in enrollment occur during a quarter or semester, the change shall be reported by the post-secondary institution at the time the enrollment information for the succeeding quarter or semester is submitted. At any time the department of children, families, and learning notifies a post-secondary institution that an overpayment has been made, the institution shall promptly remit the amount due.

A school district shall receive:

(1) for a pupil who is not enrolled in classes at a secondary program, 12 percent of the general education formula allowance times .65, times 1.3; or

(2) for a pupil who attends classes at a secondary program part time, the general education formula allowance times .65, times 1.3, times the ratio of the total number of hours the pupil is in membership for courses taken by the pupil for credit to 1020 hours.

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Sec. 6. Minnesota Statutes 1995 Supplement, section 124A.22, subdivision 2a, is amended to read:

Subd. 2a. **CONTRACT DEADLINE AND PENALTY.** (a) The following definitions apply to this subdivision:

(1) "Public employer" means:

(i) a school district; and

(ii) a public employer, as defined by section 179A.03, subdivision 15, other than a school district that (i) negotiates a contract under chapter 179A with teachers, and (ii) is established by, receives state money, or levies under chapters 120 to 129, or 136D, or 268A.

(2) "Teacher" means a person, other than a superintendent or assistant superintendent, principal, assistant principal, or a supervisor or confidential employee who occupies a position for which the person must be licensed by the board of teaching, state board of education, or state the former board of technical colleges, or the board of trustees of the Minnesota state colleges and universities.

(b) Notwithstanding any law to the contrary, a public employer and the exclusive representative of the teachers shall both sign a collective bargaining agreement on or before January 15 of an even-numbered calendar year. If a collective bargaining agreement is not signed by that date, state aid paid to the public employer for that fiscal year shall be reduced. However, state aid shall not be reduced if:

(1) a public employer and the exclusive representative of the teachers have submitted all unresolved contract items to interest arbitration according to section 179A.16 before December 31 of an odd-numbered year and filed required final positions on all unresolved items with the commissioner of mediation services before January 15 of an even-numbered year; and

(2) the arbitration panel has issued its decision within 60 days after the date the final positions were filed.

(c)(1) For a district that reorganizes according to section 122.22, 122.23, or 122.241 to 122.248 effective July 1 of an odd-numbered year, state aid shall not be reduced according to this subdivision if the school board and the exclusive representative of the teachers both sign a collective bargaining agreement on or before the March 15 following the effective date of reorganization.

(2) For a district that jointly negotiates a contract prior to the effective date of reorganization under section 122.22, 122.23, or 122.241 to 122.248 that, for the first time, includes teachers in all districts to be reorganized, state aid shall not be reduced according to this subdivision if the school board and the exclusive representative of the teachers sign a collective bargaining agreement on or before the March 15 following the expiration of the teacher contracts in each district involved in the joint negotiation.

(3) Only one extension of the contract deadline is available to a district under this paragraph.

(d) The reduction shall equal \$25 times the number of actual pupil fund balance pupil units:

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- (1) for a school district, that are in the district during that fiscal year; or
- (2) for a public employer other than a school district, that are in programs provided by the employer during the preceding fiscal year.

The department of children, families, and learning shall determine the number of full-time equivalent actual pupil units in the programs. The department of children, families, and learning shall reduce general education aid; if general education aid is insufficient or not paid, the department shall reduce other state aids.

(e) Reductions from aid to school districts and public employers other than school districts shall be returned to the general fund.

Sec. 7. Minnesota Statutes 1994, section 125.05, subdivision 1a, is amended to read:

Subd. 1a. **TEACHER AND SUPPORT PERSONNEL QUALIFICATIONS.** (a) The board of teaching shall issue licenses under its jurisdiction to persons the board finds to be qualified and competent for their respective positions.

(b) The board shall require a person to successfully complete an examination of skills in reading, writing, and mathematics before being granted an initial teaching license to provide direct instruction to pupils in prekindergarten, elementary, secondary, or special education programs. The board shall require colleges and universities offering a board approved teacher preparation program to provide remedial assistance that includes a formal diagnostic component to persons enrolled in their institution who did not achieve a qualifying score on the skills examination, including those for whom English is a second language. The colleges and universities must provide assistance in the specific academic areas of deficiency in which the person did not achieve a qualifying score. School districts must provide similar, appropriate, and timely remedial assistance that includes a formal diagnostic component and mentoring to those persons employed by the district who completed their teacher education program outside the state of Minnesota, received a one-year license to teach in Minnesota and did not achieve a qualifying score on the skills examination, including those persons for whom English is a second language.

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

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

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

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

(e) All colleges and universities approved by the board of teaching to prepare persons for teacher licensure shall include in their teacher preparation programs a common

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core of teaching knowledge and skills to be acquired by all persons recommended for teacher licensure. This common core shall meet the standards developed by the interstate new teacher assessment and support consortium in its 1992 "model standards for beginning teacher licensing and development." Amendments to standards adopted under this paragraph are covered by chapter 14.

Sec. 8. Minnesota Statutes 1994, section 125.05, is amended by adding a subdivision to read:

Subd. 9. **TEACHER LICENSES.** The board of teaching may issue teacher licenses under the licensure rules in place on July 31, 1996.

Sec. 9. **[125.192] TEACHER LICENSURE.**

Teachers licensed in the education of blind and visually impaired students must demonstrate competence in reading and writing Braille. The board of teaching, at such time as a valid and reliable test is available, shall adopt a rule to assess these competencies that is consistent with the standards of the National Library Services for the Blind and Physically Handicapped.

Sec. 10. **[126.091] MOMENT OF SILENCE.**

A moment of silence may be observed.

Sec. 11. Minnesota Statutes 1995 Supplement, section 126.70, subdivision 1, is amended to read:

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, assist site decision-making 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 report shall provide a breakdown of expenditures for (1) curriculum development and programs, (2) in-service education, workshops, and conferences, and (3) the cost of teachers or substitute teachers for staff development purposes. Within each of these categories, the report shall also indicate whether the expenditures were incurred at the district level or the school site level, and whether the school site expenditures were made possible by the grants to school sites that demonstrate exemplary use of allocated staff development revenue. These expenditures are to be reported using the UFARS system. The commissioner shall report the staff development expenditure data to the education committees of the legislature by February 15 each year.

Sec. 12. Minnesota Statutes 1994, section 128D.11, subdivision 10, is amended to read:

Subd. 10. **CITY PLANNING COMMISSION APPROVAL; EXCEPTIONS.**
(a) No election shall be held on a proposed issue of bonds unless the board has submitted

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to the city planning commission a statement of the location and general description, so far as then known, of any project proposed to be constructed or acquired from the proceeds of such bonds with a request for preliminary approval of each such project as being in accordance with the comprehensive plan of the city of Minneapolis. The commission may state its preliminary approval or disapproval of the projects included in such statement within 60 days after receipt thereof, and failure so to do shall be deemed to signify preliminary approval of such projects. In the event the commission shall disapprove any proposed project included in the statement, a vote of at least six members of the board of education shall be required for the adoption of a resolution submitting the proposed bond issue to the electors. Notwithstanding the preliminary approval of any project as herein provided, such project shall be resubmitted to the city planning commission at the time and in the manner specified in paragraph (b). The location and nature of each project shall be determined by the board of education and reviewed by the city planning commission at the time, with reference to the circumstances then existing. Nothing herein shall prevent the revision or elimination of any project previously given preliminary approval or the substitution of another project therefor, by the procedure specified in paragraph (b), if considered necessary by the board to fulfill its responsibilities for public education, and for the construction of school facilities so far as possible in accordance with the comprehensive city plan, provided however no such revision, elimination, or substitution shall be made unless approved by unanimous vote of all members of the board of education. Notwithstanding anything to the contrary contained in this act no election shall be held on a proposed issue of bonds on a date earlier than 60 days after preliminary approval or disapproval by the city planning commission.

(b) The school district shall not expend the proceeds of bonds for any purpose provided for in subdivisions 1 to 6 requiring approval of the city planning commission unless a proposed resolution stating the location and general description of the project or undertaking shall have been submitted to the city planning commission for consideration of the proposed project or undertaking as being in accordance with the comprehensive plan of the city of Minneapolis. The commission may state its approval or disapproval of the proposed project or undertaking within 60 days thereafter. A failure on the part of the commission to state its disapproval within 60 days after receipt of such resolution shall be deemed an approval. In the event the commission shall disapprove any proposed project or undertaking, a unanimous vote of the members of the board of education shall be required for the adoption of the resolution.

Sec. 13. Laws 1993, chapter 224, article 12, section 39, as amended by Laws 1994, chapter 532, article 2, section 14; Laws 1994, chapter 647, article 8, section 32; Laws 1994, chapter 647, article 12, section 35; and Laws 1995, First Special Session chapter 3, article 8, section 15, 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;

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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; 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; 8700.6800; and 8700.7100, are repealed.

(b) Minnesota Rules, parts 3520.1600; 3520.2900; 3520.3000; 3520.3200; 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; and 3520.5920, are repealed.

(c) Minnesota Rules, parts 3500.1400; 3500.3700; 3510.0300; 3510.8100; 3510.8200; 3510.8300; 3510.8400; 3515.0100, subparts 2, 5, 6, and 26; 3515.0500, subpart 4, option two, items D and E; 3515.0700, subpart 4, options 4, 6, 7, and 8; 3515.1100; 3515.1500, subparts 2 and 3, item C; 3515.2100, subparts 2 and 3; 3515.3300; 3515.3400; 3515.3500; 3515.3600; 3515.3700; 3515.3800; 3515.3900; 3515.4000; 3515.4500; 3515.4600; 3515.4621; 3515.4700; 3515.4800; 3515.5000, subpart 2; 3515.5050; 3515.5500, subparts 3, 4, 5, 6, 7, 9, 10, and 11; 3515.5600; 3515.6005, subparts 2 and 3; 3515.6100; 3515.8300; 3515.8900; 3515.9910; 3515.9911; 3515.9912; 3515.9913; 3515.9920; 3515.9942; 3517.3150; 3517.3170; 3517.3420; 3517.3450; 3517.3500; 3517.3650; 3517.8500; 3517.8600; 3520.2400; 3520.2500; 3520.2600; 3520.2800; 3520.3100; 3520.3400; 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; 3530.7800; and chapter 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;

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8700.5505; 8700.5506; 8700.5507; 8700.5508; 8700.5509; 8700.5510; 8700.5511; 8700.5512; 8700.5800; 8700.6310; 8700.6410; 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; 8700.9000; 8700.9010; 8700.9020; 8700.9030; 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; and 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. 14. Laws 1993, chapter 224, article 12, section 41, as amended by Laws 1995, First Special Session chapter 3, article 8, section 16, 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 4 December 31, 1996.

Sec. 15. RECOMMENDATIONS FOR CONDUCTING BACKGROUND CHECKS.

Subdivision 1. WORKING GROUP. The commissioner of children, families, and learning shall convene a working group to recommend an efficient and effective process for conducting background checks on candidates for teacher licensure, elementary and secondary school teachers, and other school district employees, consistent with the requirements under Minnesota Statutes, sections 120.1045 and 125.05, subdivision 8. The working group must include one representative from each of the following organizations: the state board of teaching; the Minnesota school boards association; the Minnesota education association; the Minnesota federation of teachers; the Minnesota state colleges and universities; the University of Minnesota; the private college council; the Minnesota

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association of colleges of teacher education; the statewide student associations from the state universities, the University of Minnesota, and the private liberal arts colleges; the Minnesota bureau of criminal apprehension; the American association of state, county and municipal employees; and other groups that the commissioner determines are relevant. By February 1, 1997, the commissioner shall submit the group's recommendations concerning an efficient and effective process, including recommended statutory changes, to the chairs of the education committees of the legislature.

Subd. 2. ISSUES TO RESOLVE. In recommending an efficient and effective process for conducting background checks, the working group must address at least the following:

(1) how might the process for conducting background checks be made more efficient and less burdensome for substitute employees;

(2) to what extent should service cooperative employees, teacher interns, student teachers, school volunteers, independent contractors, or student employees be subject to background checks;

(3) how might the process of paying for background checks be made more flexible and less expensive;

(4) to what extent should nonstate residents applying for school district employment be subject to background check requirements;

(5) to what extent would a central repository of background check data be useful and, if it is useful, how would it operate;

(6) how might duplication between licensure and employment checks be avoided;

(7) to what extent should an individual be subject to a periodic background check;
and

(8) whether the scope of the background check is appropriate to accomplish the intended purpose of the statutes and whether the scope of the background check should be tailored to particular classes of individuals.

Subd. 3. TEMPORARY PROVISIONS. (a) Notwithstanding any law to the contrary, the following provisions apply until June 30, 1997.

(b) Any candidate for teacher licensure and any prospective school district employee for whom a background check was completed after December 1, 1995, shall not be required to undergo another background check solely to comply with the requirements of Minnesota Statutes, sections 120.1045 and 125.05, subdivision 8.

(c) The board of teaching and the state board of education shall issue a license to an otherwise qualified individual while completion of a background check is pending, subject to Minnesota Statutes, section 125.05, subdivision 8.

(d) A school hiring authority may use the results of a criminal history background check performed at the request of another school hiring authority if: the results of the check are on file with the other school hiring authority or are otherwise assessable; the check was performed within the past year; and there is no reason to believe that the individual has committed an act subsequent to the check that would not be included in it.

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Sec. 16. PARENT EDUCATION INSTRUCTOR LICENSE.

(a) Notwithstanding Minnesota Statutes, section 125.05, subdivision 1, persons who currently hold or have held a parent education instructor license issued by the board of technical colleges or the board of trustees of the Minnesota state colleges and universities prior to June 30, 1997, shall, upon application, be issued a family education/parent educator license granted by the Minnesota board of teaching upon evidence of having met the renewal requirements listed on the expiring license.

(b) Effective June 30, 1997, the board of trustees of the Minnesota state colleges and universities shall not issue parent education instructor licenses.

Sec. 17. BUFFALO; FARIBAULT; SLEEPY EYE; SCHOOL YEAR.

Subdivision 1. **EXCEPTION.** Notwithstanding Minnesota Statutes, section 126.12, subdivision 1, independent school districts No. 877, Buffalo, No. 656, Faribault, No. 84, Sleepy Eye, and students from the residential academies, independent school No. 0160 may begin the 1996-1997 school year prior to Labor Day only by the number of days necessary to accommodate the transition into the new or renovated elementary or senior high school buildings.

Subd. 2. **CONDITIONAL EXCEPTION.** If this act is effective after April 1, 1996, the boards of independent school district No. 877, Buffalo, No. 84, Sleepy Eye, and No. 656, Faribault, are exempt from the April 1 deadline for setting a school calendar for the 1996-1997 school year in Minnesota Statutes, section 126.12, subdivision 2. The board must set the calendar as soon as possible after the effective date of this section.

Subd. 3. **APPLICATION.** This section applies only for the 1996-1997 school year.

Sec. 18. LOLA AND RUDY PERPICH SCHOOL FOR THE ARTS AND RESOURCE CENTER.

It is the desire of the Minnesota legislature to recognize the many contributions of Lola and Rudy Perpich to the state and people of Minnesota, including the instrumental role Lola and Rudy Perpich played in establishing and supporting the Minnesota school for the arts and resource center. The legislature understands that the school's critical early successes were due in large measure to Lola and Rudy Perpich and greatly appreciates their efforts.

Sec. 19. REVISOR INSTRUCTION.

In the next and subsequent editions of Minnesota Statutes, the revisor shall change all references from "Minnesota center for arts education" to "Lola and Rudy Perpich Minnesota center for arts education."

Sec. 20. REPEALER.

(a) Minnesota Statutes 1995 Supplement, section 120.1045, subdivision 3, is repealed the day following final enactment.

(b) Minnesota Statutes 1995 Supplement, section 126A.02, subdivision 2, is repealed.

(c) Minnesota Rules, parts 8700.7700; 8700.7710; 8750.9000; 8750.9100; 8750.9200; 8750.9300; 8750.9400; 8750.9500; 8750.9600; and 8750.9700, are repealed.

New language is indicated by underline, deletions by strikeout.

Sec. 21. **EFFECTIVE DATE.**

Section 6 is effective for the 1995-1996 school year. Sections 1, 9, 13, 14, 16, and 20, paragraphs (a) and (b), are effective the day following final enactment. Section 12 is effective January 1, 1997.

Section 20, paragraph (c), is effective August 1, 1997.

ARTICLE 10

LIBRARIES

Section 1. Minnesota Statutes 1994, section 134.34, is amended by adding a subdivision to read:

Subd. 7. PROPOSED BUDGET. In addition to the annual report required in section 134.13, a regional public system that receives a basic system support grant under this section must provide each participating county and city with its proposed budget for the next year.

ARTICLE 11

STATE AGENCIES

Section 1. Laws 1995, First Special Session chapter 3, article 11, section 21, subdivision 2, is amended to read:

Subd. 2. **DEPARTMENT.** For the department of ~~education~~ children, families, and learning:

\$23,150,000	\$26,110,000	.....	1996
\$21,803,000	.....		1997

- (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~~ children, families, and learning must certify receipt of the money or documentation for the private matching funds or in-kind contributions. The unencumbered

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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.

(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~~ children, families, and learning 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~~ children, families, and learning 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~~ children, families, and learning 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~~ children, families, and learning shall perform a facilities standards evaluation 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;

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- (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 community 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. The commissioner may transfer any portion of this appropriation from the special revenue fund not needed for the purposes of this paragraph to the Minnesota highway

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~~safety center at St. Cloud state university. 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 children, families, and learning 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.

(s) Of the 1997 appropriation for education and employment transitions grants in Laws 1995, First Special Session chapter 3, article 4, section 29, subdivision 8, \$100,000 is for work-based learning pilot programs.

Sec. 2. Laws 1995, First Special Session chapter 3, article 11, section 22, is amended to read:

Sec. 22. APPROPRIATIONS; MINNESOTA CENTER FOR ARTS EDUCATION.

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	\$5,330,000	.....	1996
\$5,217,000	\$5,456,000	.....	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.

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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. 3. Laws 1995, First Special Session chapter 3, article 11, section 23, is amended to read:

Sec. 23. APPROPRIATIONS; FARIBAULT ACADEMIES.

The sums indicated in this section are appropriated from the general fund to the department of education children, families, and learning for the Faribault academies for the fiscal years designated:

\$8,075,000	\$8,316,000	.....	1996
\$8,075,000	<u>\$8,526,000</u>	.....	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.

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. 4. APPROPRIATIONS.

Subdivision 1. DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING. The sums indicated in this section are appropriated from the general fund to the commissioner of children, families, and learning for the fiscal years designated.

Subd. 2. LITIGATION COSTS. For costs associated with desegregation litigation:

<u>\$700,000</u>	1996
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This appropriation is available until June 30, 1997, and may be expended only to the extent costs are incurred.

Subd. 3. RETRAINING. For retraining of department employees and employees who become department employees as a result of transfer from other agencies pursuant to Minnesota Statutes, section 119A.04:

<u>\$275,000</u>	<u>1996</u>
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This appropriation is available until June 30, 1997.

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The retraining is subject to Laws 1995, First Special Session chapter 3, article 16, section 10, subdivision 5.

Subd. 4. STUDENT ORGANIZATIONS. To replace federal funds for grants to organizations supporting vocational student groups:

\$90,000 1997

The commissioner must use these funds, in addition to state funds already designated for this purpose, to make grants to the student groups.

Subd. 5. INTERNATIONAL CENTER. For grants to the Minnesota International Center to expand the number of international speakers going into Minnesota classrooms to stimulate global understanding:

\$40,000 1997

This grant is available to the extent it is matched by contributions from nonpublic sources.

Sec. 5. FEDERAL FUNDS.

The expenditures of federal grants and aids as shown in budget change order number 1 dated January 18, 1996, for the department of children, families, and learning are approved and appropriated and may be spent as indicated. If the funds are spent for purposes other than those indicated in the change order, the department must notify the appropriate committees of the legislature.

Sec. 6. EFFECTIVE DATE.

Sections 1 to 5 are effective the day following final enactment.

ARTICLE 12

TECHNOLOGY

Section 1. [121.95] EDUCATION TECHNOLOGY IMPROVEMENT CLEARINGHOUSES.

Subdivision 1. ESTABLISHMENT. The commissioner of children, families, and learning shall establish a grant program for regional clearinghouses for school districts. The grants must be used to upgrade and refurbish computers that are donated to schools and provide opportunities for student involvement. The purposes of the enterprises are to:

(1) serve as centers where business or others may donate new or used computer and other technology for use by Minnesota schools;

(2) provide an opportunity for students to upgrade donated and existing school-owned computers so that they are capable of being connected to the internet and local networks; and

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(3) provide a means of informing schools of available technology and distributing donated and upgraded computers to schools for technology improvements in support of learning.

Each clearinghouse must encourage opportunities for students to learn skills, including the technical skills needed to retrofit and upgrade computers. The clearinghouse shall retain the ability to review equipment for suitability and refuse equipment that does not meet the standards or is not suitable for use in schools. At a minimum, all donated computers must be suitable for upgrade so that the retrofitted computer can be connected to the internet and a local computer network.

Subd. 2. GRANTS. The commissioner shall establish procedures and develop forms for applying for grants under this section. The grants may be used to purchase needed technology for upgrading donated computers and other donated technology, for the cost of computer distribution, and for the cost of informing businesses and others about technology donations to the clearinghouse. The commissioner shall develop guidelines for the use and distribution of any computers donated and upgraded through this grant program. The commissioner may establish priorities and prorate grants to match appropriations for the grant program.

Sec. 2. Minnesota Statutes 1995 Supplement, section 124C.74, subdivision 2, is amended to read:

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 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;

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(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 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. For the purposes of the grant, a school district may include a charter school under section 120.064, or the Faribault academies. 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). Nonpublic schools as defined in section 237.065, subdivision 2, located within the district may access the network. The non-public school is responsible for actual costs for connection from the school to the access site.~~

(e) Money awarded under this section may be used only for the purposes explicitly stated in the grant application.

Sec. 3. Minnesota Statutes 1995 Supplement, section 124C.74, subdivision 3, is amended to read:

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; and (2) be open at

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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 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.

Sec. 4. Minnesota Statutes 1995 Supplement, section 134.46, is amended to read:

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.

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(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 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. 5. Minnesota Statutes 1995 Supplement, section 237.065, is amended to read:

237.065 RATES FOR SPECIAL SERVICE TO SCHOOLS.

Subdivision 1. BASIC SERVICES. 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 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.

Subd. 2. BASIC AND ADVANCED TELECOMMUNICATION SERVICES.

(a) Notwithstanding the provisions of sections 237.09, 237.14, 237.60, subdivision 3, and 237.74, each telephone company and telecommunications carrier that provides local telephone service in a service area that includes a school that has classes within the range

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from kindergarten to grade 12 or that includes a public library may provide, upon request, basic and advanced telecommunication services at reduced or no cost to that school or library. A school or library receiving telecommunications services at reduced or no cost may not resell or sublease the discounted services. Telecommunications services shall be provided in accordance with Public Law Number 104-104.

(b) An agent that provides telecommunications services to a school or library may request the favorable rate on behalf of and for the exclusive benefit of the school or library. The school or library must authorize the agent to make the request of the local telephone company or telecommunications carrier. The telephone company or telecommunications carrier is not required to offer the same price discount to the agent that it would offer to the school district or library. An agent that receives a price discount for telecommunications services on behalf of a school or library may only resell or sublease the discounted services to that school or library.

(c) For the purposes of this subdivision, "school" includes a public school as defined in section 120.05, nonpublic, and church or religious organization schools that provide instruction in compliance with sections 120.101 to 120.102.

Sec. 6. Laws 1995, First Special Session chapter 3, article 12, section 8, subdivision 1, is amended to read:

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 computer-related products, and other advanced industrial technologies supporting school-to-work transitions in manufacturing, engineering, and transportation courses. 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;
- (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.

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

Sec. 7. Laws 1995, First Special Session chapter 3, article 12, section 12, subdivision 7, is amended to read:

Subd. 7. **TELECOMMUNICATION ACCESS GRANTS.** For grants to school districts and regional public library systems to establish connections to MNet according to Minnesota Statutes, section 124C.74:

\$5,500,000	.....	1996	
\$5,000,000	<u>\$10,000,000</u>	.....	1997

Of these appropriations, up to \$300,000 is to pay the transmission costs for programming over the network and costs associated with operating the network.

This appropriation is available until June 30, 1997. These appropriations do not cancel but are available until expended.

Sec. 8. **TECHNOLOGY; TECHNICAL ASSISTANCE.**

The commissioner of the department of children, families, and learning shall work with interested and involved organizations including, but not limited to, representatives of school districts, service cooperatives, TIES, education districts, higher education institutions, public libraries, and other government agencies to develop a technology planning guide for school districts. The department must distribute the guides to school districts and hold regional meetings to discuss the planning process. The commissioner may consider a school district's technology plan in making technology-related funding decisions.

Sec. 9. **AFTER-SCHOOL PROGRAMS.**

The commissioner of children, families, and learning shall establish a process to initiate a competitive grant program to enhance the use of technology in after-school programs. Eligible organizations include school districts, private schools, nonprofit community organizations, public housing agencies, and other successful programs that serve youth.

Sec. 10. **ADVANCEMENT OF TECHNOLOGY IN EDUCATION.**

The commissioner shall make a grant to the center for applied research and educational improvement, college of education and human development, University of Minnesota. The grant must be used to publicize information about the use of new methods and curriculum for using telecommunications and computers in support of learning. Information on new techniques, uses, and curricula must be distributed throughout the state. The center may use electronic or print distribution to reach classrooms and teachers in all parts of Minnesota.

Sec. 11. **COOPERATIVE PURCHASING.**

The department of children, families, and learning shall work with the department of administration to make available to public libraries, public and nonpublic schools, political subdivisions and state agencies, state level contracts from multiple sources, including manufacturers and software publishers, for the purchase of instructional and administrative software, computers, video, and network hardware. Public and nonpublic schools, public libraries, and political subdivisions may participate in the contracts if it meets their purchasing needs.

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Sec. 12. TECHNOLOGY INCENTIVES PILOT PROGRAM.

Subdivision 1. TECHNOLOGY INCENTIVES PILOT PROGRAM LEVY. The commissioner of children, families, and learning shall select one district for a technology incentives pilot program. The purpose of the pilot program is to provide secondary school students with individual access to technology throughout the student's secondary educational program, to integrate computers into classroom learning activities, and to provide incentives for students to stay in school and achieve high educational standards.

Subd. 2. APPLICATION. In order to be considered for the technology incentives pilot program, a district shall submit a plan developed cooperatively with one or more private partners to the commissioner of children, families, and learning in the form and manner prescribed by the commissioner. The plan shall include goals for improving access to technology, student achievement, and school attendance for students participating in the pilot program; a description of the public and private partnership involved in developing the technology incentives plan; and the responsibilities of each partner. In selecting a district for the technology incentives pilot program, the commissioner shall take into consideration the number of students in a site who are from families whose household income is less than 185 percent of the federal poverty level.

Subd. 3. TECHNOLOGY INCENTIVES LEVY. A district may levy an amount not to exceed one-fourth of the cost of the district's lease purchase agreement under subdivision 4. The district may not levy under this section for more than three years following the first year of the lease purchase agreement.

Subd. 4. USE OF LEVY. A district shall use the technology levy to purchase a computer for each ninth grade student enrolled in one or more participating school sites. A portion may be used to purchase or provide technical support or maintenance services directly related to the program. The district may purchase computers for this program under a lease purchase agreement. Notwithstanding section 123.37, subdivision 1, a district may enter into a four-year lease purchase agreement after complying with the other contracting provisions of section 123.37. A ninth grade student must have exclusive use of a computer assigned by this program throughout the time the student is enrolled in the district issuing the computer or enrolled at a participating school site. Notwithstanding sections 120.71 to 120.76, the district may sell the computer to the student when the student receives a high school diploma from the district. The district shall consider ability to pay in establishing the purchase prices of computers.

Subd. 5. REPORT. By January 1, 1999, the selected district shall submit a report to the commissioner on the program with recommendations for expanding it or making changes.

Sec. 13. TECHNOLOGY INTEGRATION MATCHING GRANTS.

A technology integration matching grant program is established. Grant amounts shall be allocated to districts on a per pupil basis. To be eligible, a district must match the grant with \$2 of local funds for each \$1 of state funds and must have identified a person to act as a technology coordinator for the district. The grant and matching funds must be used to provide for training in districts to help staff learn how to integrate the use of technology in the classroom with alternative curriculum and instructional approaches, and to purchase computer hardware. Students may be included in training funded

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through this grant. The department shall establish guidelines and an application process for the grant.

Sec. 14. TECHNOLOGY RELATED FUND BALANCE ADJUSTMENTS.

Notwithstanding Minnesota Statutes, section 124A.26, a district must not receive an aid or levy reduction for general education revenue according to that section for fiscal year 1996. Aid adjustments shall be paid in fiscal year 1997. The department shall make the appropriate levy adjustments. This revenue must be transferred to the district's capital equipment account or the operating capital account for technology purposes. This provision assumes an aid payment of approximately \$1,300,000 to be paid from general education and a levy of \$800,000.

Sec. 15. APPROPRIATIONS.

Subdivision 1. DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING. The sums indicated in this section are appropriated from the general fund to the department of children, families, and learning for the fiscal year designated.

Subd. 2. EDUCATION TECHNOLOGY CLEARINGHOUSE AND UP-GRADE SYSTEM. For the education technology clearinghouse and upgrade system under section 1:

\$250,000 1997

Any amount of this appropriation not used shall be available for grants under section 7.

Subd. 3. AFTER-SCHOOL PROGRAMS. For after-school program grants under section 9:

\$1,000,000 1997

The appropriation is available until June 30, 1998.

Subd. 4. ELECTRONIC CURRICULUM. For support of electronic curriculum development:

\$860,000 1997

(a) Of this amount, \$750,000 shall be used for a pilot project for districts or a group of districts to implement and demonstrate an electronic curriculum library. The library must be aligned with the content standards of the graduation rule and must include benchmarks to track students' progress. The department shall establish guidelines and an application process to implement this project. The department shall give additional consideration to applicants who work with private sector experts and vendors in developing the library.

(b) Of this amount, \$50,000 is for a grant to the environmental conservation section of the Minneapolis library for technology investments and for the expansion on the Internet of environmentally related information.

(c) Of this amount, \$20,000 is for a grant to the center for applied research and educational improvement to publicize information about the use of new methods and curriculum for using telecommunications and computers in support of learning.

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(d) Of this amount, \$40,000 is for a grant to an organization with a demonstrated proficiency in applying computer hardware and software to reading improvement for at-risk students. The grant must be used to advance these techniques in other education organizations.

Subd. 5. TECHNOLOGY INTEGRATION GRANTS. For the purposes of sections 13 and 14:

\$3,500,000 1997

Sec. 16. EFFECTIVE DATE.

Sections 5, 7, and 11 are effective the day following final enactment.

ARTICLE 13

CONFORMING AMENDMENTS

Section 1. Minnesota Statutes 1995 Supplement, 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, service cooperative as defined in section 123.582, intermediate district as defined in section ~~136C.02~~, subdivision 7 136D.01, 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

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(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) **PROGRAM.** "Program" means the statewide public employees insurance program created by subdivision 3.

Sec. 2. Minnesota Statutes 1995 Supplement, section 65B.132, is amended to read:

65B.132 STUDENT DISCOUNTS; ELIGIBILITY.

Any insurance company providing discounts on automobile insurance premiums to eligible persons attending colleges and universities must provide the discount to eligible students enrolled in technical colleges accredited by the department of children, families, and learning.

Sec. 3. Minnesota Statutes 1994, section 120.06, subdivision 1, is amended to read:

Subdivision 1. **AGE LIMITATIONS; PUPILS.** All schools supported in whole or in part by state funds are public schools. Admission to a public school, ~~except a technical college,~~ is free to any person who resides within the district which operates the school, who is under 21 years of age, and who satisfies the minimum age requirements imposed by this section. Notwithstanding the provisions of any law to the contrary, the conduct of all students under 21 years of age attending a public secondary school shall be governed by a single set of reasonable rules and regulations promulgated by the school board. No person shall be admitted to any public school (1) as a kindergarten pupil, unless the pupil is at least five years of age on September 1 of the calendar year in which the school year for which the pupil seeks admission commences; or (2) as a 1st grade student, unless the pupil is at least six years of age on September 1 of the calendar year in which the school year for which the pupil seeks admission commences or has completed kindergarten; except that any school board may establish a policy for admission of selected pupils at an earlier age.

Sec. 4. Minnesota Statutes 1994, section 120.08, subdivision 3, is amended to read:

Subd. 3. **SEVERANCE PAY.** A district shall pay severance pay to a teacher who is placed on unrequested leave of absence by the district as a result of an agreement under this section. A teacher is eligible under this subdivision if the teacher:

(1) is a teacher, as defined in section 125.12, subdivision 1, but not a superintendent;

(2) has a continuing contract with the district according to section 125.12, subdivision 4.

The amount of severance pay shall be equal to the teacher's salary for the school year during which the teacher was placed on unrequested leave of absence minus the gross amount the teacher was paid during the 12 months following the teacher's termination of salary, by an entity whose teachers by statute or rule must possess a valid Minnesota teaching license, and minus the amount a teacher receives as severance or other similar pay according to a contract with the district or district policy. These entities include, but

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are not limited to, the school district that placed the teacher on unrequested leave of absence, another school district in Minnesota, an education district, an intermediate school district, an ECSU, a board formed under section 471.59, a ~~technical college~~, a state residential academy, the Minnesota center for arts education, a vocational center, or a special education cooperative. These entities do not include a school district in another state, a Minnesota public post-secondary institution, or a state agency. Only amounts earned by the teacher as a substitute teacher or in a position requiring a valid Minnesota teaching license shall be subtracted. A teacher may decline any offer of employment as a teacher without loss of rights to severance pay.

To determine the amount of severance pay that is due for the first six months following termination of the teacher's salary, the district may require the teacher to provide documented evidence of the teacher's employers and gross earnings during that period. The district shall pay the teacher the amount of severance pay it determines to be due from the proceeds of the levy for this purpose. To determine the amount of severance pay that is due for the second six months of the 12 months following the termination of the teacher's salary, the district may require the teacher to provide documented evidence of the teacher's employers and gross earnings during that period. The district shall pay the teacher the amount of severance pay it determines to be due from the proceeds of the levy for this purpose.

A teacher who receives severance pay under this subdivision waives all further reinstatement rights under section 125.12, subdivision 6a or 6b. If the teacher receives severance pay, the teacher shall not receive credit for any years of service in the district paying severance pay prior to the year in which the teacher becomes eligible to receive severance pay.

The severance pay is subject to section 465.72. The district may levy annually according to section 124.912, subdivision 1, for the severance pay.

Sec. 5. Minnesota Statutes 1995 Supplement, section 121.15, subdivision 1, is amended to read:

Subdivision 1. **CONSULTATION.** A school district shall consult with the commissioner of children, families, and learning before developing any plans and specifications to construct, remodel, or improve the building or site of an educational facility, ~~other than a technical college~~, for which the estimated cost exceeds \$100,000. This consultation shall occur before a referendum for bonds, solicitation for bids, or use of capital expenditure facilities revenue according to section 124.243, subdivision 6, clause (2). The commissioner may require the district to participate in a management assistance plan before conducting a review and comment on the project.

Sec. 6. Minnesota Statutes 1994, section 121.914, subdivision 1, is amended to read:

Subdivision 1. The "operating debt" of a school district means the net negative undesignated fund balance in all school district funds, ~~other than capital expenditure, building construction, debt service, and trust and agency, and post-secondary vocational technical education funds~~, calculated as of June 30 of each year in accordance with the uniform financial accounting and reporting standards for Minnesota school districts.

Sec. 7. Minnesota Statutes 1994, section 121.915, is amended to read:

121.915 REORGANIZATION OPERATING DEBT.

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The "reorganization operating debt" of a school district means the net negative undesignated fund balance in all school district funds, other than capital expenditure, building construction, debt redemption, and trust and agency, and ~~post-secondary vocational technical education funds~~, calculated in accordance with the uniform financial accounting and reporting standards for Minnesota school districts as of:

(1) June 30 of the fiscal year before the first year that a district receives revenue according to section 124.2725; or

(2) June 30 of the fiscal year before the effective date of reorganization according to section 122.22 or 122.23.

Sec. 8. Minnesota Statutes 1995 Supplement, section 121.935, subdivision 1a, is amended to read:

Subd. 1a. **CENTER FOR DISTRICTS WITH ALTERNATIVE SYSTEMS.** Districts that operate alternative systems approved by the state board according to section ~~121.936~~ commissioner according to section 121.932, subdivision 4a, may create one regional management information center under section 471.59. The center shall have all of the powers authorized under section 471.59.

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 department shall provide the center all services that are provided to regional centers formed under subdivision 1, including transferring software and providing accounting assistance.

Sec. 9. Minnesota Statutes 1994, section 122.32, subdivision 1, is amended to read:

Subdivision 1. If there be any organized school district not maintaining a classified school within the district, except those districts which have a contract with the a state university board, or with the board of regents of the University of Minnesota for the education of all the children of the district, such district shall hereby be dissolved as of the date the district ceases to maintain a classified school. Any such district not maintaining a classified school shall forthwith be attached by order of the county board to such district maintaining classified elementary or secondary schools upon notice and hearing as provided in section 122.22 for the attachment of dissolved districts.

Sec. 10. Minnesota Statutes 1994, section 122.535, subdivision 6, is amended to read:

Subd. 6. **SEVERANCE PAY.** A district shall pay severance pay to a teacher who is placed on unrequested leave of absence by the district as a result of the agreement. A teacher is eligible under this subdivision if the teacher:

(1) is a teacher, as defined in section 125.12, subdivision 1, but not a superintendent;

(2) has a continuing contract with the district according to section 125.12, subdivision 4.

The amount of severance pay shall be equal to the teacher's salary for the school year during which the teacher was placed on unrequested leave of absence minus the

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gross amount the teacher was paid during the 12 months following the teacher's termination of salary, by an entity whose teachers by statute or rule must possess a valid Minnesota teaching license, and minus the amount a teacher receives as severance or other similar pay according to a contract with the district or district policy. These entities include, but are not limited to, the school district that placed the teacher on unrequested leave of absence, another school district in Minnesota, an education district, an intermediate school district, an ECSU, a board formed under section 471.59, a technical college, a state residential academy, the Minnesota center for arts education, a vocational center, or a special education cooperative. These entities do not include a school district in another state, a Minnesota public post-secondary institution, or a state agency. Only amounts earned by the teacher as a substitute teacher or in a position requiring a valid Minnesota teaching license shall be subtracted. A teacher may decline any offer of employment as a teacher without loss of rights to severance pay.

To determine the amount of severance pay that is due for the first six months following termination of the teacher's salary, the district may require the teacher to provide documented evidence of the teacher's employers and gross earnings during that period. The district shall pay the teacher the amount of severance pay it determines to be due from the proceeds of the levy for this purpose. To determine the amount of severance pay that is due for the second six months of the 12 months following the termination of the teacher's salary, the district may require the teacher to provide documented evidence of the teacher's employers and gross earnings during that period. The district shall pay the teacher the amount of severance pay it determines to be due from the proceeds of the levy for this purpose.

A teacher who receives severance pay under this subdivision waives all further reinstatement rights under section 125.12, subdivision 6a or 6b. If the teacher receives severance pay, the teacher shall not receive credit for any years of service in the district paying severance pay prior to the year in which the teacher becomes eligible to receive severance pay.

The severance pay is subject to section 465.72. The district may levy annually according to section 124.912, subdivision 1, for the severance pay.

Sec. 11. Minnesota Statutes 1994, section 122.895, subdivision 2, is amended to read:

Subd. 2. **APPLICABILITY.** This section applies to:

- (1) an education district organized according to sections 122.91 to 122.95;
- (2) a cooperative vocational center organized according to section 123.351;
- (3) a joint powers district or board organized according to section 471.59 which employs teachers to provide instruction;
- (4) a joint vocational ~~technical~~ district organized according to sections ~~136C.60 to 136C.69;~~
- (5) an intermediate district organized according to chapter 136D;
- (6) (5) an educational cooperative service unit a service cooperative which employs teachers to provide instruction; and

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(7) (6) school districts participating in an agreement for the cooperative provision of special education services to children with disabilities according to section 120.17, subdivision 4.

Sec. 12. Minnesota Statutes 1994, section 123.351, subdivision 10, is amended to read:

Subd. 10. **REVENUE.** A secondary vocational cooperative may be eligible for revenue under section ~~124.575~~ 124.573.

Sec. 13. Minnesota Statutes 1994, section 123.37, subdivision 1a, is amended to read:

Subd. 1a. The board may authorize its superintendent or business manager, ~~or technical college president in those districts operating a technical college,~~ to lease, purchase, and contract for goods and services within the budget as approved by the board, provided that any transaction in an amount exceeding the minimum amount for which bids are required must first be specifically authorized by the board and must fulfill all other applicable requirements in subdivision 1.

Sec. 14. Minnesota Statutes 1994, section 123.38, subdivision 2, is amended to read:

Subd. 2. The board shall take charge of and control all cocurricular school activities of the teachers and children of the public schools in that district held in the school building or school grounds or under the supervision or direction of the school board and to that end adopt rules and regulations for the conduct of these activities in which the schools of the district or any class or pupils therein may participate. All money received on account of such activities shall be turned over to the school district treasurer, who shall keep the same in the general fund ~~or the technical colleges fund, if applicable,~~ to be disbursed for expenses and salaries connected with the activities, or otherwise, by the board upon properly allowed itemized claims.

No cocurricular activity shall be participated in by the teachers or pupils in the public schools of such district, nor shall the school name or any allied name be used in connection therewith, except by consent and direction of the board.

Sec. 15. Minnesota Statutes 1994, section 123.38, subdivision 2b, is amended to read:

Subd. 2b. (a) The board may take charge of and control all extracurricular activities of the teachers and children of the public schools in the district. Extracurricular activities shall mean all direct and personal services for public school pupils for their enjoyment that are managed and operated under the guidance of an adult or staff member.

(b) Extracurricular activities have all of the following characteristics:

- (1) they are not offered for school credit nor required for graduation;
- (2) they are generally conducted outside school hours, or if partly during school hours, at times agreed by the participants, and approved by school authorities;
- (3) the content of the activities is determined primarily by the pupil participants under the guidance of a staff member or other adult.

(c) If the board does not take charge of and control extracurricular activities, these activities shall be self-sustaining with all expenses, except direct salary costs and indirect

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costs of the use of school facilities, met by dues, admissions, or other student fundraising events. The general fund or the technical colleges fund, if applicable, shall reflect only those salaries directly related to and readily identified with the activity and paid by public funds. Other revenues and expenditures for extra curricular activities must be recorded according to the "Manual of Instruction for Uniform Student Activities Accounting for Minnesota School Districts and Area Vocational-Technical Colleges." Extracurricular activities not under board control must have an annual financial audit and must also be audited annually for compliance with this section.

(d) If the board takes charge of and controls extracurricular activities, any or all costs of these activities may be provided from school revenues and all revenues and expenditures for these activities shall be recorded in the same manner as other revenues and expenditures of the district.

(e) If the board takes charge of and controls extracurricular activities, no such activity shall be participated in by the teachers or pupils in the district, nor shall the school name or any allied name be used in connection therewith, except by consent and direction of the board.

Sec. 16. Minnesota Statutes 1994, section 124.573, subdivision 3, is amended to read:

Subd. 3. **COMPLIANCE WITH RULES.** Aid shall be paid under this section only for services rendered or for costs incurred in secondary vocational education programs approved by the commissioner and operated in accordance with rules promulgated by the state board. These rules shall provide minimum student-staff ratios required for a secondary vocational education program area to qualify for this aid. The rules must not require the collection of data at the program or course level to calculate secondary vocational aid. The rules shall not require any minimum number of administrative staff, any minimum period of coordination time or extended employment for secondary vocational education personnel, or the availability of vocational student activities or organizations for a secondary vocational education program to qualify for this aid. The requirement in these rules that program components be available for a minimum number of hours shall not be construed to prevent pupils from enrolling in secondary vocational education courses on an exploratory basis for less than a full school year. The state board shall not require a school district to offer more than four credits or 560 hours of vocational education course offerings in any school year. Rules relating to secondary vocational education programs shall not incorporate the provisions of the state plan for vocational education by reference. This aid shall be paid only for services rendered and for costs incurred by essential, licensed personnel who meet the work experience requirements for licensure pursuant to the rules of the state board. Licensed personnel means persons holding a valid secondary vocational license issued by the commissioner, except that when an average of five or fewer secondary full-time equivalent students are enrolled per teacher in an approved post-secondary program at intermediate district No. 287, 916, or 917, licensed personnel means persons holding a valid vocational license issued by the commissioner or, the state board for vocational technical education, or the board of trustees of the Minnesota state colleges and universities. Notwithstanding section 124.15, the commissioner may modify or withdraw the program or aid approval and withhold aid under this section without proceeding under section 124.15 at any time. To do so, the commissioner must determine that the program does not comply with rules of the state board or that any

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facts concerning the program or its budget differ from the facts in the district's approved application.

Sec. 17. Minnesota Statutes 1995 Supplement, section 124.71, subdivision 2, is amended to read:

Subd. 2. Commissioner as used in sections 124.71 to 124.76 means the commissioner of children, families, and learning ~~or, for certificates for a technical college, the chancellor of vocational technical education.~~

Sec. 18. Minnesota Statutes 1995 Supplement, section 124.912, subdivision 1, is amended to read:

Subdivision 1. **STATUTORY OBLIGATIONS.** (a) A school district may levy 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 children, families, and learning 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 children, families, and learning 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. 19. Minnesota Statutes 1995 Supplement, section 125.05, subdivision 1, is amended to read:

Subdivision 1. **AUTHORITY TO LICENSE.** (a) The board of teaching shall license teachers, as defined in section 125.03, subdivision 1, except for supervisory personnel, as defined in section 125.03, subdivision 4.

(b) The state board of education shall license supervisory personnel as defined in section 125.03, subdivision 4.

(c) ~~The state board of technical colleges, according to section 136C.04, shall license post-secondary vocational and adult vocational teachers, support personnel, and supervisory personnel in technical colleges.~~

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(d) Licenses under the jurisdiction of the board of teaching and the state board of education must be issued through the licensing section of the department of children, families, and learning.

Sec. 20. Minnesota Statutes 1994, section 125.09, subdivision 4, is amended to read:

Subd. 4. **MANDATORY REPORTING.** A school board shall report to the board of teaching, the state board of education, or the state board of technical colleges trustees of the Minnesota state colleges and universities, whichever has jurisdiction over the teacher's license, when its teacher is discharged or resigns from employment after a charge is filed with the school board under section 125.17, subdivisions 4, clauses (1), (2), and (3), and 5, or after charges are filed that are ground for discharge under section 125.12, subdivision 8, clauses (a), (b), (c), (d), and (e), or when a teacher is suspended or resigns while an investigation is pending under section 125.12, subdivision 8, clauses (a), (b), (c), (d), and (e); 125.17, subdivisions 4, clauses (1), (2), and (3), and 5; or 626.556. The report must be made to the board within ten days after the discharge, suspension, or resignation has occurred. The board to which the report is made shall investigate the report for violation of subdivision 1 and the reporting school board shall cooperate in the investigation. Notwithstanding any provision in chapter 13 or any law to the contrary, upon written request from the licensing board having jurisdiction over the teacher's license, a school board or school superintendent shall provide the licensing board with information about the teacher from the school district's files, any termination or disciplinary proceeding, any settlement or compromise, or any investigative file. Upon written request from the appropriate licensing board, a school board or school superintendent may, at the discretion of the school board or school superintendent, solicit the written consent of a student and the student's parent to provide the licensing board with information that may aid the licensing board in its investigation and license proceedings. The licensing board's request need not identify a student or parent by name. The consent of the student and the student's parent must meet the requirements of chapter 13 and Code of Federal Regulations, title 34, section 99.30. The licensing board may provide a consent form to the school district. Any data transmitted to any board under this section shall be private data under section 13.02, subdivision 12, notwithstanding any other classification of the data when it was in the possession of any other agency.

The board to which a report is made shall transmit to the attorney general's office any record or data it receives under this subdivision for the sole purpose of having the attorney general's office assist that board in its investigation. When the attorney general's office has informed an employee of the appropriate licensing board in writing that grounds exist to suspend or revoke a teacher's license to teach, that licensing board must consider suspending or revoking or decline to suspend or revoke the teacher's license within 45 days of receiving a stipulation executed by the teacher under investigation or a recommendation from an administrative law judge that disciplinary action be taken.

Sec. 21. Minnesota Statutes 1994, section 125.1385, subdivision 1, is amended to read:

Subdivision 1. **AUTHORITY; LIMITS.** The state university board of trustees of the Minnesota state colleges and universities and the board of regents of the University of Minnesota may develop programs to exchange faculty between colleges or schools of education and school districts, subject to section 125.138.

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The programs must be used to assist in improving teacher education by involving current teachers in education courses and placing post-secondary faculty in elementary and secondary classrooms. Programs must include exchanges that extend beyond the immediate service area of the institution to address the needs of different types of schools, students, and teachers.

Sec. 22. Minnesota Statutes 1994, section 125.185, subdivision 4, is amended to read:

Subd. 4. **LICENSE AND RULES.** (a) The board shall adopt rules to license public school teachers and interns subject to chapter 14.

(b) The board shall adopt rules requiring a person to successfully complete a skills examination in reading, writing, and mathematics as a requirement for initial teacher licensure. Such rules shall require college and universities offering a board approved teacher preparation program to provide remedial assistance to persons who did not achieve a qualifying score on the skills examination, including those for whom English is a second language.

(c) The board shall adopt rules to approve teacher preparation programs.

(d) The board shall provide the leadership and shall adopt rules for the redesign of teacher education programs to implement a research based, results-oriented curriculum that focuses on the skills teachers need in order to be effective. The board shall implement new systems of teacher preparation program evaluation to assure program effectiveness based on proficiency of graduates in demonstrating attainment of program outcomes.

(e) The board shall adopt rules requiring successful completion of an examination of general pedagogical knowledge and examinations of licensure-specific teaching skills. The rules shall be effective on the dates determined by the board, but not later than July 1, 1999.

(f) The board shall adopt rules requiring teacher educators to work directly with elementary or secondary school teachers in elementary or secondary schools to obtain periodic exposure to the elementary or secondary teaching environment.

(g) The board shall grant licenses to interns and to candidates for initial licenses.

(h) The board shall design and implement an assessment system which requires a candidate for an initial license and first continuing license to demonstrate the abilities necessary to perform selected, representative teaching tasks at appropriate levels.

(i) The board shall receive recommendations from local committees as established by the board for the renewal of teaching licenses.

(j) The board shall grant life licenses to those who qualify according to requirements established by the board, and suspend or revoke licenses pursuant to sections 125.09 and 214.10. The board shall not establish any expiration date for application for life licenses.

~~(k) With regard to post-secondary vocational education teachers the board of teaching shall adopt and maintain as its rules the rules of the state board of technical colleges.~~

Sec. 23. Minnesota Statutes 1994, section 125.60, subdivision 2, is amended to read:

Subd. 2. The board of any district may grant an extended leave of absence without salary to any full- or part-time elementary, or secondary, ~~or technical college~~ teacher

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who has been employed by the district for at least five years and has at least ten years of allowable service, as defined in section 354.05, subdivision 13, or the bylaws of the appropriate retirement association or ten years of full-time teaching service in Minnesota public elementary, and secondary, ~~and technical colleges~~ schools. The maximum duration of an extended leave of absence pursuant to this section shall be determined by mutual agreement of the board and the teacher at the time the leave is granted and shall be at least three but no more than five years. An extended leave of absence pursuant to this section shall be taken by mutual consent of the board and the teacher. If the school board denies a teacher's request, it shall provide reasonable justification for the denial.

Sec. 24. Minnesota Statutes 1994, section 125.611, subdivision 1, is amended to read:

Subdivision 1. **CRITERIA.** For purposes of this section, "teacher" means a teacher as defined in section 125.03, subdivision 1, who:

(a) is employed in the a public elementary, or secondary, or technical colleges school in the state and

(b) either

(1)(i) has not less than 15 total years of full-time teaching service in elementary, secondary, and technical colleges, or at least 15 years of allowable service as defined in sections 354.05, subdivision 13; 354.092; 354.093; 354.094; 354.53; 354.66; 354A.011, subdivision 4; 354A.091; 354A.092; 354A.093; 354A.094; or Laws 1982, chapter 578, article II, section 1 and

(ii) has or will have attained the age of 55 years but less than 65 years as of the June 30 in the school year during which an application for an early retirement incentive is made, or

(2) has not less than 30 total years of full-time teaching service in elementary, secondary, and technical colleges, or at least 30 years of allowable service as defined in sections 354.05, subdivision 13; 354.092; 354.093; 354.094; 354.53; 354.66; 354A.011, subdivision 4; 354A.091; 354A.092; 354A.093; 354A.094; or Laws 1982, chapter 578, article II, section 1.

Sec. 25. Minnesota Statutes 1995 Supplement, section 126.151, subdivision 1, is amended to read:

Subdivision 1. **ACTIVITIES OF THE ORGANIZATION.** Any student enrolled in a vocational technical education program approved by the state ~~boards~~ board of education and technical colleges or the board of trustees of the Minnesota state colleges and universities may belong to a vocational student organization that is operated as an integral part of the vocational program. The commissioner of children, families, and learning and the ~~chancellor of technical colleges board of trustees of the Minnesota state colleges and universities~~ may provide necessary technical assistance and leadership at the state level for administration of approved vocational student organizations and fiscal accounts, including administration of state and national conferences.

Sec. 26. Minnesota Statutes 1994, section 126.151, subdivision 2, is amended to read:

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Subd. 2. **ACCOUNTS OF THE ORGANIZATION.** The commissioner and the state board of ~~technical trustees of the Minnesota state colleges and universities~~ may retain dues and other money collected on behalf of students participating in approved vocational student organizations and may deposit the money in separate accounts. The money in these accounts shall be available for expenditures for state and national activities related to specific organizations. Administration of money collected under this section is not subject to the provisions of chapters 15, 16A, and 16B, and may be deposited outside the state treasury. Money shall be administered under the policies of the applicable state board or agency relating to post-secondary and secondary vocational student organizations and is subject to audit by the legislative auditor. Any unexpended money shall not cancel but may be carried forward to the next fiscal year.

Sec. 27. [136D.01] INTERMEDIATE DISTRICT.

"Intermediate district" means a district with a cooperative program which has been established under Laws 1967, chapter 822, as amended; Laws 1969, chapter 775, as amended; and Laws 1969, chapter 1060, as amended, offering integrated services for secondary, post-secondary, and adult students in the areas of vocational education, special education, and other authorized services.

Sec. 28. Minnesota Statutes 1994, section 136D.23, subdivision 1, is amended to read:

Subdivision 1. **PUBLIC AGENCY.** The joint school board shall be a public agency of the participating school districts and may receive and disburse federal and state funds made available to it or to the participating school districts, ~~including moneys described in section 136C.07.~~

Sec. 29. Minnesota Statutes 1994, section 136D.83, subdivision 1, is amended to read:

Subdivision 1. **PUBLIC AGENCY.** The joint school board shall be a public agency of the participating school districts and may receive and disburse federal and state funds made available to it or to the participating school districts, ~~including moneys described in section 136C.07.~~

Sec. 30. Minnesota Statutes 1994, section 144.4165, is amended to read:

144.4165 TOBACCO PRODUCTS PROHIBITED IN PUBLIC SCHOOLS.

No person shall at any time smoke, chew, or otherwise ingest tobacco or a tobacco product in a public school, as defined in section 120.05, subdivision 2. This prohibition extends to all facilities, whether owned, rented, or leased, and all vehicles that a school district owns, leases, rents, contracts for, or controls. ~~This prohibition does not apply to a technical college.~~ Nothing in this section shall prohibit the lighting of tobacco by an adult as a part of a traditional Indian spiritual or cultural ceremony. For purposes of this section, an Indian is a person who is a member of an Indian tribe as defined in section 257.351, subdivision 9.

Sec. 31. REPEALER.

Minnesota Statutes 1994, sections 121.11, subdivision 15; and 136D.75, are repealed.

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ARTICLE 14

COST MANAGEMENT

Section 1. Minnesota Statutes 1995 Supplement, section 121.904, subdivision 4c, is amended to read:

Subd. 4c. **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 same~~ calendar year the appropriation is made.

(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 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 children, families, and learning the amount available to reduce the levy recognition percent computed under this subdivision by January 5 of each year. The commissioner of children, families, and learning must notify school districts of a change in the levy recognition percent by January 15 of the same month.

(d) 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 children, families, and learning 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 from the prior fiscal year, a special adjustment payment shall be made to each school district with an operating referendum

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levy that received an aid reduction 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 children, families, and learning 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 payments to school districts according to the schedule specified in section 124.195, subdivision 3.

(e) The commissioner of finance shall transfer from the general fund to the education aids appropriations specified by the commissioner of children, families, and learning, 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. 2. Minnesota Statutes 1995 Supplement, 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 in a program approved by the commissioner and has an individual education plan is counted as the ratio of the number of hours of assessment and education service to 825 with a minimum of 0.28, but not more than one.

(b) 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 825.

(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.

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

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

(f) 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.

(g) 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.

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(h) In fiscal year 1998, the sum of pupil units used in computing 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 (f) and (g). In fiscal year 1999 and later years, the sum of pupil units used in computing 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 (f) and (g).

Sec. 3. Laws 1995, First Special Session chapter 3, article 14, section 5, is amended to read:

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 \$2,968,714,000 for fiscal year 1998 and \$3,076,600,000 \$3,022,210,000 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. 4. LEVY RECOGNITION; REFERENDUM.

Notwithstanding Minnesota Statutes 1995 Supplement, section 121.904, subdivision 4a, the levy recognition percentage for fiscal year 1996 and later applied to the operating referendum levy is 31.

Sec. 5. EFFECTIVE DATE.

Sections 1 and 4 are effective the day following final enactment.

Presented to the governor March 30, 1996

Signed by the governor April 3, 1996, 3:40 p.m.

CHAPTER 413—H.F.No. 2413

An act relating to cemeteries; clarifying procedures for examination of certain accounts and records by the state auditor; providing for transfer of cemeteries to and from local units of government; amending Minnesota Statutes 1994, sections 149.13, subdivision 5; 306.02, subdivision 2; 306.025; 306.243, by adding a subdivision; and 306.97.

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

Section 1. Minnesota Statutes 1994, section 149.13, subdivision 5, is amended to read:

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