

Sec. 47. REPEALER.

Minnesota Statutes 1996, sections 13.072, subdivision 3; and 13.71, subdivisions 18, 19, 20, and 21, are repealed.

Sec. 48. EFFECTIVE DATE.

Section 24 is effective retroactive to January 1, 1997. Sections 29 to 42 are effective the day following final enactment. Section 43 is effective for deeds executed and delivered, and mortgages submitted for recording, on or after August 1, 1997.

Presented to the governor June 27, 1997

Signed by the governor June 30, 1997, 9:45 a.m.

CHAPTER 4—H.F.No. 1

An act relating to education; kindergarten through grade 12; providing for general education; special programs; lifework development; education organization, cooperation, and facilities; education excellence; academic performance; education policy issues; libraries; technology; state agencies; conforming and technical amendments; school bus safety; tax deduction and credit; appropriating money; amending Minnesota Statutes 1996, sections 12.21, subdivision 3; 120.0111; 120.062, subdivisions 3, 6, 7, 9, and 11; 120.0621, subdivisions 5a, 6, and by adding a subdivision; 120.064, subdivisions 3, 8, 10, 20a, and by adding a subdivision; 120.101, subdivisions 5, 5c, and by adding a subdivision; 120.1701, subdivision 3; 120.181; 121.15, subdivisions 6, 7, and by adding subdivisions; 121.602, subdivisions 1, 2, and 4; 121.611; 121.615, subdivisions 2, 3, 5, 6, 7, 8, 9, and 10; 121.703, subdivision 3; 121.904, subdivision 4a; 123.35, subdivision 8, and by adding a subdivision; 123.3514, subdivisions 4, 4a, 4c, 4e, 6c, 8, and by adding subdivisions; 123.39, subdivision 6; 123.70, subdivisions 5, 7, and 10; 123.799, subdivision 1; 123.7991, subdivisions 1 and 2; 123.951; 123.972, subdivision 5; 124.155, subdivisions 1 and 2; 124.17, subdivisions 1d, 4, and by adding subdivisions; 124.193; 124.195, subdivisions 2, 7, 10, 11, and by adding a subdivision; 124.225, subdivisions 1, 13, 14, 15, 16, and 17; 124.226, subdivision 10; 124.2445; 124.2455; 124.248, subdivisions 3, 4, and by adding subdivisions; 124.26, subdivision 1b; 124.2613, subdivisions 3, 4, and 6; 124.2727, subdivision 6d; 124.273, subdivisions 1d, 1e, 1f, and 5; 124.276, by adding a subdivision; 124.312, subdivisions 4 and 5; 124.313; 124.314, subdivisions 1 and 2; 124.3201, subdivisions 1, 2, 3, and 4; 124.321, subdivision 1; 124.323, subdivisions 1 and 2; 124.42, subdivision 4; 124.431, subdivisions 2 and 11; 124.45; 124.481; 124.574, subdivisions 1, 2d, 2f, 5, 6, and 9; 124.83, subdivisions 1 and 2; 124.86, subdivision 2, and by adding a subdivision; 124.91, subdivisions 1 and 5; 124.912, subdivisions 1, 2, 3, and 6; 124.916, subdivisions 1, 2, and 3; 124.918, subdivision 6; 124.95, subdivision 2; 124.961; 124A.03, subdivisions 1c and 1g; 124A.04, subdivision 2; 124A.22, subdivisions 1, 2, as amended, 3, 6, 6a, 8a, 10, 11, 13, 13b, 13d, and by adding a subdivision; 124A.225, subdivision 1; 124A.23, subdivisions 1, 2, 3, and 5; 124A.26, subdivision 1; 124A.28; 124C.45, subdivision 1a; 124C.46, subdivisions 1 and 2; 124C.498, subdivisions 2 and 3; 125.05, subdivisions 1c and 2; 125.12, subdivision 14; 126.22, subdivisions 2, 3, 3a, and 8; 126.23, subdivision 1; 126.77, subdivision 1; 127.26; 127.27, subdivisions 5, 6, 7, 8, 10, and by adding a subdivision; 127.281; 127.29; 127.30, subdivisions 1, 2, 3, and by adding a subdivision; 127.31, subdivisions 2, 7, 8, 13, 14, and 15; 127.311; 127.32; 127.33; 127.36; 127.37; 127.38; 128A.02, by adding a subdivision; 128B.10, subdivision 1; 128C.02, subdivision 2, and by adding a subdivision; 128C.12,

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subdivision 1; 129C.10, subdivision 3; 134.155, subdivisions 2 and 3; 134.34, subdivision 4; 136D.72, subdivisions 2 and 3; 144.29; 169.01, subdivision 6; 169.435, subdivision 2; 169.443, subdivision 3; 169.447, subdivision 6; 169.4501, subdivisions 1 and 2; 169.4502, subdivisions 2, 7, 9, 11, and by adding subdivisions; 169.4503, subdivisions 1, 2, 10, 13, 14, 17, 19, 23, 24, and by adding a subdivision; 169.4504, subdivision 1, and by adding a subdivision; 169.452; 171.321, subdivision 3; 171.3215, subdivision 4; 245.493, subdivision 1; 245.91, subdivision 2; 260.185, subdivision 1; 260A.02, subdivision 3; 268.665, subdivision 2; 290.01, subdivision 19b; and 290.0671, subdivision 1; Laws 1991, chapter 265, article 1, section 30, as amended; Laws 1993, chapter 146, article 5, section 20; Laws 1994, chapter 647, article 7, section 18, subdivisions 2 and 3; Laws 1995 First Special Session, chapter 3, articles 1, section 56; 2, section 52; 3, section 11, subdivisions 1, 2, and 5; 11, section 21, subdivision 3; and 12, section 7, subdivision 1; Laws 1996, chapter 412, articles 4, section 34, subdivision 4; and 12, section 11; proposing coding for new law in Minnesota Statutes, chapters 120; 121; 124; 126; 127; 128C; 135A; and 290; repealing Minnesota Statutes 1996, sections 120.105; 120.65; 121.11, subdivision 8; 121.602, subdivisions 3 and 5; 121.904, subdivision 4d; 121.912, subdivision 7; 124.17, subdivision 5; 124.177; 124.223; 124.225, subdivisions 3a, 7a, 7b, 7d, 7e, 8a, 8k, and 10; 124.226; 124.2728; 124.276, subdivision 2; 124.3201, subdivisions 2a and 2b; 124.912, subdivisions 2 and 3; 124A.22, subdivisions 4a and 4b; 124A.26, subdivisions 1a, 2, 3, 4, and 5; 124C.74; 127.31, subdivision 6; 134.34, subdivision 4a; 134.46; 169.4502, subdivision 6; 169.4503, subdivisions 3, 8, 9, 11, 12, and 22; and 169.454, subdivision 11.

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

ARTICLE 1

GENERAL EDUCATION

Section 1. Minnesota Statutes 1996, section 120.062, subdivision 9, is amended to read:

Subd. 9. **TRANSPORTATION.** ~~(a)~~ If requested by the parent of a pupil, the nonresident district shall provide transportation within the district. ~~The state shall pay transportation aid to the district according to section 124.225.~~

The resident district is not required to provide or pay for transportation between the pupil's residence and the border of the nonresident district. A parent may be reimbursed by the nonresident district for the costs of transportation from the pupil's residence to the border of the nonresident district if the pupil is from a family whose income is at or below the poverty level, as determined by the federal government. The reimbursement may not exceed the pupil's actual cost of transportation or 15 cents per mile traveled, whichever is less. Reimbursement may not be paid for more than 250 miles per week.

At the time a nonresident district notifies a parent or guardian that an application has been accepted under subdivision 5 or 6, the nonresident district must provide the parent or guardian with the following information regarding the transportation of nonresident pupils under ~~this section:~~ 123.39, subdivision 6.

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(1) a nonresident district may transport a pupil within the pupil's resident district under this section only with the approval of the resident district; and

(2) a parent or guardian of a pupil attending a nonresident district under this section may appeal under section 123.39, subdivision 6, the refusal of the resident district to allow the nonresident district to transport the pupil within the resident district.

(b) Notwithstanding paragraph (a) and section 124.225, subdivision 81, transportation provided by a nonresident district between home and school for a pupil attending school under this section is authorized for nonregular transportation revenue under section 124.225, if the following criteria are met:

(1) the school that the pupil was attending prior to enrolling in the nonresident district under this section was closed;

(2) the distance from the closed school to the next nearest school in the district that the student could attend is at least 20 miles;

(3) the pupil's residence is at least 20 miles from any school that the pupil could attend in the resident district; and

(4) the pupil's residence is closer to the school of attendance in the nonresident district than to any school the pupil could attend in the resident district.

Sec. 2. Minnesota Statutes 1996, section 121.904, subdivision 4a, is amended to read:

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

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

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

(2) the sum of the state aids and credits enumerated in section 124.155, subdivision 2, which are for the fiscal year payable in that fiscal year plus an amount equal to the levy recognized as revenue in June of the prior year plus 31 percent for fiscal year 1996 and thereafter of the amount of the levy certified in the prior calendar year according to section 124A.03, subdivision 2, plus or minus auditor's adjustments, not including levy portions that are assumed by the state; or

(3) 18.1 percent for fiscal year 1996, the percent determined under Laws 1996, chapter 461, section 3, for fiscal year 1997 and that same percent thereafter of the amount of the levy certified in the prior calendar year, plus or minus auditor's adjustments, not including levy portions that are assumed by the state, which remains after subtracting, by fund, the amounts levied for the following purposes:

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

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

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

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

(v) amounts levied under section 124.755.

Notwithstanding the foregoing, the levy recognition percentage for the referendum levy certified according to section 124A.03, subdivision 2, is 31 percent.

(3)(i) 7.0 percent of the lesser of the amount of the general education levy certified in the prior calendar year according to section 124A.23, subdivision 2, or the difference between the amount of the total general fund levy certified in the prior calendar year and the sum of the amounts certified in the prior calendar year according to sections 124A.03, subdivision 2; 124.315, subdivision 4; 124.912, subdivisions 1, paragraph (2), 2, and 3; 124.916, subdivisions 1, 2, and 3, paragraphs (4), (5), and (6); and 124.918, subdivision 6; plus

(ii) 31 percent of the referendum levy certified in the prior calendar year according to section 124A.03, subdivision 2; plus

(iii) the entire amount of the levy certified in the prior calendar year according to sections 124.315, subdivision 4; 124.912, subdivisions 1, paragraph (2), 2, and 3; 124.916, subdivisions 1, 2, and 3, paragraphs (4), (5), and (6); and 124.918, subdivision 6.

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

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

Sec. 3. Minnesota Statutes 1996, section 123.3514, is amended by adding a subdivision to read:

Subd. 3a. ALTERNATIVE PUPIL. "Alternative pupil" means an 11th or 12th grade student not enrolled in a public school district, and includes students attending nonpublic schools and students who are home schooled. An alternative pupil is considered a pupil for purposes of this section only. An alternative pupil must register with the commissioner of children, families, and learning before participating in the post-secondary enrollment options program. The commissioner shall prescribe the form and manner of the registration, in consultation with the nonpublic education council under section 123.935, subdivision 7, and may request any necessary information from the alternative pupil.

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Sec. 4. Minnesota Statutes 1996, section 123.3514, subdivision 4, is amended to read:

Subd. 4. **AUTHORIZATION; NOTIFICATION.** Notwithstanding any other law to the contrary, an 11th or 12th grade pupil enrolled in a public school or an American Indian-controlled tribal contract or grant school eligible for aid under section 124.86, except a foreign exchange pupil enrolled in a district under a cultural exchange program, may apply to an eligible institution, as defined in subdivision 3, to enroll in nonsectarian courses offered by that post-secondary institution. If an institution accepts a secondary pupil for enrollment under this section, the institution shall send written notice to the pupil, the pupil's school or school district, and the commissioner of children, families, and learning within ten days of acceptance. The notice shall indicate the course and hours of enrollment of that pupil. If the pupil enrolls in a course for post-secondary credit, the institution shall notify the pupil about payment in the customary manner used by the institution.

Sec. 5. Minnesota Statutes 1996, section 123.3514, subdivision 4a, is amended to read:

Subd. 4a. **COUNSELING.** To the extent possible, the school or school district shall provide counseling services to pupils and their parents or guardian before the pupils enroll in courses under this section to ensure that the pupils and their parents or guardian are fully aware of the risks and possible consequences of enrolling in post-secondary courses. The school or school district shall provide information on the program including who may enroll, what institutions and courses are eligible for participation, the decision-making process for granting academic credits, financial arrangements for tuition, books and materials, eligibility criteria for transportation aid, available support services, the need to arrange an appropriate schedule, consequences of failing or not completing a course in which the pupil enrolls, the effect of enrolling in this program on the pupil's ability to complete the required high school graduation requirements, and the academic and social responsibilities that must be assumed by the pupils and their parents or guardian. The person providing counseling shall encourage pupils and their parents or guardian to also use available counseling services at the post-secondary institutions before the quarter or semester of enrollment to ensure that anticipated plans are appropriate.

Prior to enrolling in a course, the pupil and the pupil's parents or guardian must sign a form that must be provided by the school or school district and may be obtained from a post-secondary institution stating that they have received the information specified in this subdivision and that they understand the responsibilities that must be assumed in enrolling in this program. The department of children, families, and learning shall, upon request, provide technical assistance to a school or school district in developing appropriate forms and counseling guidelines.

Sec. 6. Minnesota Statutes 1996, section 123.3514, subdivision 4e, is amended to read:

Subd. 4e. **COURSES ACCORDING TO AGREEMENTS.** An eligible pupil, according to subdivision 4, may enroll in a nonsectarian course taught by a secondary teacher or a post-secondary faculty member and offered at a secondary school, or another location, according to an agreement between a public school board and the governing

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body of an eligible public post-secondary system or an eligible private post-secondary institution, as defined in subdivision 3. All provisions of this section shall apply to a pupil, public school board, school district, and the governing body of a post-secondary institution, except as otherwise provided.

Sec. 7. Minnesota Statutes 1996, section 123.3514, subdivision 6c, is amended to read:

Subd. 6c. **FINANCIAL ARRANGEMENTS FOR COURSES PROVIDED ACCORDING TO AGREEMENTS.** (a) The agreement between a public school board and the governing body of a public post-secondary system or private post-secondary institution shall set forth the payment amounts and arrangements, if any, from the public school board to the post-secondary institution. No payments shall be made by the department of children, families, and learning according to subdivision 6 or 6b. For the purpose of computing state aids for a school district, a pupil enrolled according to subdivision 4e shall be counted in the average daily membership of the school district as though the pupil were enrolled in a secondary course that is not offered in connection with an agreement. Nothing in this subdivision shall be construed to prohibit a public post-secondary system or private post-secondary institution from receiving additional state funding that may be available under any other law.

(b) If a course is provided under subdivision 4e, offered at a secondary school, and taught by a secondary teacher, the post-secondary system or institution must not require a payment from the school board that exceeds the cost to the post-secondary institution that is directly attributable to providing that course.

Sec. 8. Minnesota Statutes 1996, section 123.3514, is amended by adding a subdivision to read:

Subd. 6d. **ALTERNATIVE PUPILS FINANCIAL ARRANGEMENTS.** For an alternative pupil enrolled in a course or program under this section, the department of children, families, and learning shall make payments to the eligible institution according to subdivision 6. The department shall not make any payments to a school district for alternative pupils.

Sec. 9. Minnesota Statutes 1996, section 123.3514, is amended by adding a subdivision to read:

Subd. 6e. **TUITION AT NONPUBLIC SECONDARY INSTITUTION.** A non-public secondary institution must proportionately adjust its tuition to accurately reflect the time an alternative pupil spends in a post-secondary enrollment course or program.

Sec. 10. Minnesota Statutes 1996, section 123.39, subdivision 6, is amended to read:

Subd. 6. For the purposes of this subdivision, a "nonresident pupil" is a pupil who resides in one district, defined as the "resident district" and attends school in another district, defined as the "nonresident district."

If requested, a nonresident district may shall transport a nonresident pupil within its borders and may transport a nonresident pupil within the pupil's resident district. A non-resident district may not transport a nonresident pupil on a school district owned or contractor operated school bus within the pupil's resident district without the approval of the resident district under section 120.062.

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The parent or guardian of a nonresident pupil attending a nonresident district under section 120.062 may submit a written request to the resident district asking that the resident district allow the nonresident district to provide transportation for the pupil within the pupil's resident district. The resident district must approve or disapprove the request, in writing, within 30 days. The parent or guardian may appeal the refusal of the resident district to the commissioner of children, families, and learning. The commissioner must act on the appeal within 30 days. If a nonresident district decides to transport a nonresident pupil within the pupil's resident district, the nonresident district must notify the pupil's resident district of its decision, in writing, prior to providing transportation.

Sec. 11. Minnesota Statutes 1996, section 124.155, subdivision 1, is amended to read:

Subdivision 1. **AMOUNT OF ADJUSTMENT.** Each year state aids and credits enumerated in subdivision 2 payable to any school district for that fiscal year shall be adjusted, in the order listed, by an amount equal to (1) the amount the district recognized as revenue for the prior fiscal year pursuant to section 121.904, subdivision 4a, clause (b), minus (2) the amount the district recognizes as revenue for the current fiscal year pursuant to section 121.904, subdivision 4a, clause (b). For the purposes of making the aid adjustment under this subdivision, the amount the district recognizes as revenue for either the prior fiscal year or the current fiscal year pursuant to section 121.904, subdivision 4a, clause (b), shall not include any amount levied pursuant to sections ~~124.226, subdivision 9, 124.315, subdivision 4, 124.912, subdivisions 1, paragraph (2), 2, and 3, or a successor provision only for those districts affected, 124.916, subdivisions 1 and 2, and 3, paragraphs 4, 5, and 6, 124.918, subdivision 6, and 124A.03, subdivision 2; and Laws 1992, chapter 499, articles 1, section 20, and 6, section 36.~~ Payment from the permanent school fund shall not be adjusted pursuant to this section. The school district shall be notified of the amount of the adjustment made to each payment pursuant to this section.

Sec. 12. Minnesota Statutes 1996, section 124.17, subdivision 1d, is amended to read:

Subd. 1d. **AFDC COMPENSATION REVENUE PUPIL UNITS.** AFDC Compensation revenue pupil units for fiscal year 1993 1998 and thereafter must be computed according to this subdivision.

(a) The AFDC compensation revenue concentration percentage for each building in a district equals the product of 100 times the ratio of:

(1) the sum of the number of pupils enrolled in the district from families receiving aid to families with dependent children according to subdivision 1e building eligible to receive free lunch plus one-half of the pupils eligible to receive reduced priced lunch on October 1 of the previous fiscal year; to

(2) the number of pupils in average daily membership according to subdivision 1e enrolled in the district the building on October 1 of the previous fiscal year.

(b) The AFDC compensation revenue pupil weighting factor for a district building equals the lesser of one or the quotient obtained by dividing the district's AFDC building's compensation revenue concentration percentage by 11.5 80.0.

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

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(1) the sum of the number of pupils enrolled in the district from families receiving aid to families with dependent children according to subdivision 1e building eligible to receive free lunch and one-half of the pupils eligible to receive reduced priced lunch on October 1 of the previous fiscal year; times

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

(3) .67 .60.

The percentages in this subdivision must be based on the count of individual pupils and not on a building average or minimum.

Sec. 13. Minnesota Statutes 1996, section 124.17, subdivision 4, is amended to read:

Subd. 4. **LEARNING YEAR PUPIL UNITS.** (a) When a pupil is enrolled in a learning year program according to under section 121.585, an area learning center according to under 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, or more than 425 hours in a school year for a kindergarten student without a disability, that pupil may be counted as more than one pupil in average daily membership. The amount in excess of one pupil must be determined by the ratio of the number of hours of instruction provided to that pupil in excess of: (i) the greater of 1,020 hours or the number of hours required for a full-time secondary pupil in the district to 1,020 for a secondary pupil and of; (ii) the greater of 935 hours or the number of hours required for a full-time elementary pupil in the district to 935 for an elementary pupil in grades 1 through 6; and (iii) the greater of 425 hours or the number of hours required for a full-time kindergarten student without a disability in the district to 425 for a kindergarten student without a disability. Hours that occur after the close of the instructional year in June shall be attributable to the following fiscal year. A kindergarten student must not be counted as more than 1.2 pupils in average daily membership under this subdivision.

(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. Each school district that has a state-approved public alternative program must reserve revenue in an amount equal to at least 90 percent of the district average general education revenue per pupil unit less compensatory revenue per pupil unit times the number of pupil units generated by students attending a state-approved public alternative program. The amount of reserved revenue available under this subdivision may only be spent for program costs associated with the state-approved public alternative program. Compensatory revenue must be allocated according to section 124A.28, subdivision 1a.

(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. Each school district that has a state-approved public

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alternative program must reserve revenue in an amount equal to at least 90 percent of the district average general education revenue per pupil unit less compensatory revenue per pupil unit times the number of pupil units generated by students attending a state-approved public alternative program. The amount of reserved revenue available under this subdivision may only be spent for program costs associated with the state-approved public alternative program. Compensatory revenue must be allocated according to section 124A.28, subdivision 1a.

(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 or graduation standards necessary for graduation. Average daily membership for a pupil shall equal the number of hours of teacher contact time and independent study time divided by 1,020.

(iv) For an 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. 14. Minnesota Statutes 1996, section 124.17, is amended by adding a subdivision to read:

Subd. 6. FREE AND REDUCED PRICED LUNCHES. The commissioner shall determine the number of children eligible to receive either a free or reduced priced lunch on October 1 each year. The commissioner may use federal definitions for these purposes and may adjust these definitions as appropriate. The commissioner may adopt reporting guidelines to assure accuracy of data counts and eligibility. Districts shall use any guidelines adopted by the commissioner.

Sec. 15. Minnesota Statutes 1996, section 124.195, subdivision 2, is amended to read:

Subd. 2. DEFINITIONS. (a) The term "other district receipts" means payments by county treasurers pursuant to section 276.10, apportionments from the school endowment fund pursuant to section 124.09, apportionments by the county auditor pursuant to section 124.10, subdivision 2, and payments to school districts by the commissioner of revenue pursuant to chapter 298.

(b) The term "cumulative amount guaranteed" means the sum of the following:

(1) one-third of the final adjustment payment according to subdivision 6; plus

(2) the product of

(i) the cumulative disbursement percentage shown in subdivision 3; times

(ii) the sum of

85 90 percent of the estimated aid and credit entitlements paid according to subdivision 10; plus

100 percent of the entitlements paid according to subdivisions 8 and 9; plus

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the other district receipts; plus

the final adjustment payment according to subdivision 6.

(c) The term "payment date" means the date on which state payments to school districts are made by the electronic funds transfer method. If a payment date falls on a Saturday, a Sunday, or a weekday which is a legal holiday, the payment shall be made on the immediately following business day. The commissioner of children, families, and learning may make payments on dates other than those listed in subdivision 3, but only for portions of payments from any preceding payment dates which could not be processed by the electronic funds transfer method due to documented extenuating circumstances.

Sec. 16. Minnesota Statutes 1996, section 124.195, subdivision 7, is amended to read:

Subd. 7. **PAYMENTS TO SCHOOL NONOPERATING FUNDS.** Each fiscal year state general fund payments for a district nonoperating fund shall be made at 85 90 percent of the estimated entitlement during the fiscal year of the entitlement, ~~unless a higher rate has been established according to section 121.904, subdivision 4d.~~ This amount shall be paid in 12 equal monthly installments. The amount of the actual entitlement, after adjustment for actual data, minus the payments made during the fiscal year of the entitlement shall be paid prior to October 31 of the following school year. The commissioner may make advance payments of homestead and agricultural credit aid for a district's debt service fund earlier than would occur under the preceding schedule if the district submits evidence showing a serious cash flow problem in the fund. The commissioner may make earlier payments during the year and, if necessary, increase the percent of the entitlement paid to reduce the cash flow problem.

Sec. 17. Minnesota Statutes 1996, section 124.195, subdivision 10, is amended to read:

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

Sec. 18. Minnesota Statutes 1996, section 124.195, subdivision 11, is amended to read:

Subd. 11. **NONPUBLIC AIDS.** The state shall pay aid according to sections 123.931 to 123.947 for pupils attending nonpublic schools as follows:

(1) an advance payment by November 30 equal to 85 90 percent of the estimated entitlement for the current fiscal year; and

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(2) a final payment by October 31 of the following fiscal year, adjusted for actual data.

If a payment advance to meet cash flow needs is requested by a district and approved by the commissioner, the state shall pay basic nonpublic pupil transportation aid according to section 124.225 attributable to pupils attending nonpublic schools by October 31.

Sec. 19. Minnesota Statutes 1996, section 124.225, subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** For purposes of this section and section 124.3201, the terms defined in this subdivision have the meanings given to them.

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

(b) "Authorized cost for regular transportation" means "Actual expenditure per pupil transported in the regular and excess transportation categories" means the quotient obtained by dividing:

(1) the sum of:

(1) (i) all expenditures for transportation in the regular category, as defined in paragraph (e) (b), clause (1), for which aid is authorized in section 124.223 and the excess category, as defined in paragraph (b), clause (2), plus

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

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

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

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

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

(1) Regular transportation is transportation services provided during the regular school year under section 124.223, subdivisions 1 and 2, excluding the following transportation services provided under section 124.223, subdivision 1: transportation between schools; transportation to and from service-learning programs; noon transporta-

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tion to and from school for kindergarten pupils attending half-day sessions; transportation of pupils to and from schools located outside their normal attendance areas under the provisions of a plan for desegregation mandated by the state board of education or under court order; and transportation of elementary pupils to and from school within a mobility zone:

(i) transportation to and from school during the regular school year for resident elementary pupils residing one mile or more from the public or nonpublic school they attend, and resident secondary pupils residing two miles or more from the public or nonpublic school they attend, excluding desegregation transportation and noon kindergarten transportation; but with respect to transportation of pupils to and from nonpublic schools, only to the extent permitted by sections 123.76 to 123.79;

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

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

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

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

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

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

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

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

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

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

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(ii) necessary transportation of pupils with disabilities 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;

(iii) necessary transportation for resident pupils with disabilities required by sections 120.17, subdivision 4a, and 120.1701;

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

(v) transportation from one educational facility to another within the district for resident pupils enrolled on a shared-time basis in educational programs, and necessary transportation required by sections 120.17, subdivision 9, and 120.1701, for resident pupils with disabilities who are provided special instruction and services on a shared-time basis;

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

(vii) services described in clauses (i) to (vi), when provided for pupils with disabilities in conjunction with a summer instructional program that relates to the pupil's individual education plan or in conjunction with a learning year program established under section 121.585.

(5) "Nonpublic nonregular transportation" is:

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

(ii) transportation within district boundaries between a nonpublic school and a public school or a neutral site for nonpublic school pupils who are provided pupil support services pursuant to section 123.935; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 20. Minnesota Statutes 1996, section 124.225, subdivision 13, is amended to read:

Subd. 13. **TARGETED NEEDS TRANSPORTATION REVENUE.** A district's targeted needs transportation revenue for the 1996-1997 and later 1997-1998 school years equals the sum of the special programs transportation revenue according to subdivision 14, the integration transportation revenue according to subdivision 15, and the nonpublic pupil transportation revenue aid according to subdivision 16.

Sec. 21. Minnesota Statutes 1996, 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 1997-1998 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 subdivision 1, paragraph (b), clause (4), 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 subdivision 1, paragraph (b), clause (4); and

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

Sec. 22. Minnesota Statutes 1996, section 124.225, subdivision 15, is amended to read:

Subd. 15. **INTEGRATION TRANSPORTATION REVENUE.** A district's integration transportation revenue for the 1996-1997 and later 1997-1998 school years equals the following amounts:

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

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

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

Sec. 23. Minnesota Statutes 1996, section 124.225, subdivision 16, is amended to read:

Subd. 16. **NONPUBLIC PUPIL TRANSPORTATION REVENUE AID.** (a) A district's nonpublic pupil transportation revenue aid 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~~ this section, equals the sum of the amounts computed in paragraphs (b) and (c). This revenue aid 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 ~~(e)~~ (b), clauses (1) and ~~(3)~~ (2), 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 nonpublic nonregular transportation according to ~~section 124.225~~, subdivision 1, paragraph ~~(e)~~ (b), clause ~~(2)~~ (5), ~~excluding transportation services for children~~

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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 nonpublic 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 for the current year less \$300 in determining the nonpublic pupil transportation revenue in paragraphs (b) and (c) for fiscal years 1997 and 1998.

Sec. 24. Minnesota Statutes 1996, section 124.225, subdivision 17, is amended to read:

Subd. 17. **TARGETED NEEDS TRANSPORTATION AID.** (a) For fiscal years 1997 and 1998, a district's targeted needs transportation aid is the difference between its targeted needs transportation revenue under subdivision 13 and its targeted needs transportation 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. 25. Minnesota Statutes 1996, section 124.226, subdivision 10, is amended to read:

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

(1) For fiscal year years 1997 and later 1998, targeted needs transportation levy equalization revenue equals 28 percent of the sum of the district's special programs transportation revenue under section 124.225, subdivision 14, and the district's integration transportation revenue under section 124.225, subdivision 15.

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

Sec. 26. Minnesota Statutes 1996, section 124.912, subdivision 1, is amended to read:

Subdivision 1. **STATUTORY OBLIGATIONS.** (a) A school district may levy:

(1) the amount authorized for liabilities of dissolved districts pursuant to section 122.45;

(2) the amounts necessary to pay the district's obligations under section 268.06, subdivision 25; and the amounts necessary to pay for job placement services offered to employees who may become eligible for benefits pursuant to section 268.08 for the fiscal year the levy is certified;

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- (3) the amounts necessary to pay the district's obligations under section 127.05;
- (4) the amounts authorized by section 122.531;
- (5) the amounts necessary to pay the district's obligations under section 122.533;
- and
- (6) for severance pay required by sections 120.08, subdivision 3, and 122.535, subdivision 6.

(b) 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. 27. Minnesota Statutes 1996, section 124.912, subdivision 2, is amended to read:

Subd. 2. **DESEGREGATION.** Each year, special school district No. 1, Minneapolis, may levy an amount not to exceed \$197 times its actual pupil units for that fiscal year; independent school district No. 625, St. Paul, may levy an amount not to exceed \$197 times its actual pupil units for that fiscal year; and independent school district No. 709, Duluth, may levy an amount not to exceed the sum of \$660,000 and the amount raised by a tax rate of 2.0 percent times the adjusted net tax capacity of the district. ~~Notwithstanding section 121.904, the entire amount of this levy shall be recognized as revenue for the fiscal year in which the levy is certified. This levy shall not be considered in computing the aid reduction under section 124.155.~~

Sec. 28. Minnesota Statutes 1996, section 124.912, subdivision 3, is amended to read:

Subd. 3. **RULE COMPLIANCE.** Each year a district that is required to implement a plan according to the requirements of Minnesota Rules, parts 3535.0200 to 3535.2200, may levy an amount not to exceed a net tax rate of 2.0 percent times the adjusted net tax capacity of the district for taxes payable in 1991 and thereafter. A district that levies according to subdivision 2 may not levy according to this subdivision. ~~Notwithstanding section 121.904, the entire amount of this levy shall be recognized as revenue for the fiscal year in which the levy is certified. This levy shall not be considered in computing the aid reduction under section 124.155.~~

Sec. 29. Minnesota Statutes 1996, section 124.916, subdivision 1, is amended to read:

Subdivision 1. **HEALTH INSURANCE.** (a) A school district may levy the amount necessary to make employer contributions for insurance for retired employees under this subdivision. ~~Notwithstanding section 121.904, 50 percent of the amount levied shall be recognized as revenue for the fiscal year in which the levy is certified. This levy shall not be considered in computing the aid reduction under section 124.155.~~

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(b) The school board of a joint vocational technical district formed under sections 136C.60 to 136C.69 and the school board of a school district may provide employer-paid hospital, medical, and dental benefits to a person who:

(1) is eligible for employer-paid insurance under collective bargaining agreements or personnel plans in effect on June 30, 1992;

(2) has at least 25 years of service credit in the public pension plan of which the person is a member on the day before retirement or, in the case of a teacher, has a total of at least 25 years of service credit in the teachers retirement association, a first-class city teacher retirement fund, or any combination of these;

(3) upon retirement is immediately eligible for a retirement annuity;

(4) is at least 55 and not yet 65 years of age; and

(5) retires on or after May 15, 1992, and before July 21, 1992.

A school board paying insurance under this subdivision may not exclude any eligible employees.

(c) An employee who is eligible both for the health insurance benefit under this subdivision and for an early retirement incentive under a collective bargaining agreement or personnel plan established by the employer must select either the early retirement incentive provided under the collective bargaining agreement personnel plan or the incentive provided under this subdivision, but may not receive both. For purposes of this subdivision, a person retires when the person terminates active employment and applies for retirement benefits. The retired employee is eligible for single and dependent coverages and employer payments to which the person was entitled immediately before retirement, subject to any changes in coverage and employer and employee payments through collective bargaining or personnel plans, for employees in positions equivalent to the position from which the employee retired. The retired employee is not eligible for employer-paid life insurance. Eligibility ceases when the retired employee attains the age of 65, or when the employee chooses not to receive the retirement benefits for which the employee has applied, or when the employee is eligible for employer-paid health insurance from a new employer. Coverages must be coordinated with relevant health insurance benefits provided through the federally sponsored Medicare program.

(d) Unilateral implementation of this section by a public employer is not an unfair labor practice for purposes of chapter 179A. The authority provided in this subdivision for an employer to pay health insurance costs for certain retired employees is not subject to the limits in section 179A.20, subdivision 2a.

(e) If a school district levies according to this subdivision, it may not also levy according to section 122.531, subdivision 9, for eligible employees.

Sec. 30. Minnesota Statutes 1996, section 124.916, subdivision 2, is amended to read:

Subd. 2. **RETIRED EMPLOYEE HEALTH BENEFITS.** For taxes payable in 1996, 1997, 1998, and 1999 only, a school district may levy an amount up to the amount the district is required by the collective bargaining agreement in effect on March 30, 1992, to pay for health insurance or unreimbursed medical expenses for licensed and

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nonlicensed employees who have terminated services in the employing district and withdrawn from active teaching service or other active service, as applicable, before July 1, 1992. The total amount of the levy each year may not exceed \$300,000.

~~Notwithstanding section 121.904, 50 percent of the proceeds of this levy shall be recognized in the fiscal year in which it is certified.~~

Sec. 31. Minnesota Statutes 1996, section 124.916, subdivision 3, is amended to read:

Subd. 3. **RETIREMENT LEVIES.** (1) In addition to the excess levy authorized in 1976 any district within a city of the first class which was authorized in 1975 to make a retirement levy under Minnesota Statutes 1974, section 275.127 and chapter 422A may levy an amount per pupil unit which is equal to the amount levied in 1975 payable 1976, under Minnesota Statutes 1974, section 275.127 and chapter 422A, divided by the number of pupil units in the district in 1976-1977.

(2) In 1979 and each year thereafter, any district which qualified in 1976 for an extra levy under paragraph (1) shall be allowed to levy the same amount as levied for retirement in 1978 under this clause reduced each year by ten percent of the difference between the amount levied for retirement in 1971 under Minnesota Statutes 1971, sections 275.127 and 422.01 to 422.54 and the amount levied for retirement in 1975 under Minnesota Statutes 1974, section 275.127 and chapter 422A.

(3) In 1991 and each year thereafter, a district to which this subdivision applies may levy an additional amount required for contributions to the Minneapolis employees retirement fund as a result of the maximum dollar amount limitation on state contributions to the fund imposed under section 422A.101, subdivision 3. The additional levy shall not exceed the most recent amount certified by the board of the Minneapolis employees retirement fund as the district's share of the contribution requirement in excess of the maximum state contribution under section 422A.101, subdivision 3.

(4) For taxes payable in 1994 and thereafter, special school district No. 1, Minneapolis, and independent school district No. 625, St. Paul, may levy for the increase in the employer retirement fund contributions, under Laws 1992, chapter 598, article 5, section 1. ~~Notwithstanding section 121.904, the entire amount of this levy may be recognized as revenue for the fiscal year in which the levy is certified. This levy shall not be considered in computing the aid reduction under section 124.155.~~

(5) If the employer retirement fund contributions under section 354A.12, subdivision 2a, are increased for fiscal year 1994 or later fiscal years, special school district No. 1, Minneapolis, and independent school district No. 625, St. Paul, may levy in payable 1994 or later an amount equal to the amount derived by applying the net increase in the employer retirement fund contribution rate of the respective teacher retirement fund association between fiscal year 1993 and the fiscal year beginning in the year after the levy is certified to the total covered payroll of the applicable teacher retirement fund association. ~~Notwithstanding section 121.904, the entire amount of this levy may be recognized as revenue for the fiscal year in which the levy is certified. This levy shall not be considered in computing the aid reduction under section 124.155.~~ If an applicable school district levies under this paragraph, they may not levy under paragraph (4).

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(6) In addition to the levy authorized under paragraph (5), special school district No. 1, Minneapolis, may also levy payable in 1997 or later an amount equal to the contributions under section 423A.02, subdivision 3, and may also levy payable 1994 or later an amount equal to the state aid contribution under section 354A.12, subdivision 3b. Independent school district No. 625, St. Paul, may levy payable in 1997 or later an amount equal to the supplemental contributions under section 423A.02, subdivision 3. ~~Notwithstanding section 121.904, the entire amount of these levies may be recognized as revenue for the fiscal year in which the levy is certified. These levies shall not be considered in computing the aid reduction under section 124.155.~~

Sec. 32. Minnesota Statutes 1996, section 124.918, subdivision 6, is amended to read:

Subd. 6. **ADJUSTMENTS FOR LAW CHANGES.** Whenever a change enacted in law changes the levy authority for a school district or an intermediate school district for a fiscal year after the levy for that fiscal year has been certified by the district under section 275.07, the department of children, families, and learning shall adjust the next levy certified by the district by the amount of the change in levy authority for that fiscal year resulting from the change. ~~Notwithstanding section 121.904, the entire amount for fiscal year 1992 and 50 percent for fiscal years thereafter of the levy adjustment must be recognized as revenue in the fiscal year the levy is certified, if sufficient levy resources are available under generally accepted accounting principles in the district fund where the adjustment is to occur. School districts that do not have sufficient levy resources available in the fund where the adjustment is to occur shall recognize in the fiscal year the levy is certified an amount equal to the levy resources available. The remaining adjustment amount shall be recognized as revenue in the fiscal year after the levy is certified.~~

Sec. 33. Minnesota Statutes 1996, section 124A.03, subdivision 1c, is amended to read:

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

- (1) the district's referendum allowance for fiscal year 1994; or
- (2) 25 percent of the formula allowance minus \$300 for fiscal year 1997 and later; or
- (3) for a newly reorganized district created after July 1, 1994, the sum of the referendum revenue authority for the reorganizing districts for the fiscal year preceding the reorganization, divided by the sum of the actual pupil units of the reorganizing districts for the fiscal year preceding the reorganization.

Sec. 34. Minnesota Statutes 1996, section 124A.03, subdivision 1g, is amended to read:

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

(b) For fiscal year 1997 1999 and thereafter, a district's referendum equalization levy for a referendum levied against the referendum market value of all taxable property

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as defined in section 124A.02, subdivision 3b, equals the district's referendum equalization revenue times the lesser of one or the ratio of the district's referendum market value per actual pupil unit to \$476,000.

(e) (b) For fiscal year 1997 and thereafter, a district's referendum equalization levy for a referendum levied against the net tax capacity of all taxable property equals the district's referendum equalization revenue times the lesser of one or the ratio of the district's adjusted net tax capacity per actual pupil unit to 100 percent of the equalizing factor for that year \$10,000.

Sec. 35. Minnesota Statutes 1996, section 124A.04, subdivision 2, is amended to read:

Subd. 2. **1993 1999 AND LATER.** The training and experience index for fiscal year 1999 and later must be constructed in the following manner:

(a) The department shall construct a matrix that classifies teachers by the extent of training received in accredited institutions of higher education and by the years of experience that districts take into account in determining teacher salaries.

(b) The average salary for each cell of the matrix must be computed as follows using data from the second year of the previous biennium fiscal year 1997:

(1) For each school district, multiply the salary paid to full-time equivalent teachers with that combination of training and experience according to the district's teacher salary schedule by the number of actual pupil units in that district.

(2) Add the amounts computed in clause (1) for all districts in the state and divide the resulting sum by the total number of actual pupil units in all districts in the state that employ teachers.

(c) For each cell in the matrix, compute the ratio of the average salary in that cell to the average salary for all teachers in the state during fiscal year 1997.

(d) The index for each district that employs teachers equals the sum of: (i) for teachers employed in that district during fiscal year 1997 and the current fiscal year, the ratios for each teacher computed using data for fiscal year 1997; and (ii) for teachers employed in that district during the current fiscal year but not during fiscal year 1997, the ratio for teachers who are in their first year of teaching and who have no additional credits or degrees above a bachelor's degree divided by the number of teachers in that district. The index for a district that employs no teachers is zero.

Sec. 36. Minnesota Statutes 1996, section 124A.22, subdivision 1, is amended to read:

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

(b) For fiscal year years 1997 and thereafter 1998, the general education revenue for each district equals the sum of the district's basic revenue, compensatory education revenue, secondary sparsity revenue, elementary sparsity revenue, transportation sparsity revenue, total operating capital revenue, transition revenue, and supplemental revenue.

(b) For fiscal year 1999 and thereafter, the general education revenue for each district equals the sum of the district's basic revenue, basic skills revenue, training and experience revenue, secondary sparsity revenue, elementary sparsity revenue, transportation sparsity revenue, total operating capital revenue, transition revenue, and supplemental revenue.

Sec. 37. Minnesota Statutes 1996, section 124A.22, subdivision 2, as amended by Laws 1997, chapter 1, section 4, is amended to read:

Subd. 2. **BASIC REVENUE.** The basic revenue for each district equals the formula allowance times the actual pupil units for the school year. ~~The formula allowance for fiscal year 1995 is \$3,150. The formula allowance for fiscal year 1996 is \$3,205. The formula allowance for fiscal year 1997 and subsequent fiscal years is \$3,505. The formula allowance for fiscal year 1998 is \$3,581 and the formula allowance for fiscal year 1999 and subsequent fiscal years is \$3,530.~~

Sec. 38. Minnesota Statutes 1996, section 124A.22, subdivision 3, is amended to read:

Subd. 3. **COMPENSATORY EDUCATION REVENUE.** The compensatory education revenue for each building in the district equals the formula allowance less \$300 times the AFDC compensation revenue pupil units computed according to section 124.17, subdivision 1d. Revenue shall be paid to the district and must be allocated according to section 124A.28, subdivision 1a.

Sec. 39. Minnesota Statutes 1996, section 124A.22, is amended by adding a subdivision to read:

Subd. 3a. **BASIC SKILLS REVENUE.** For fiscal year 1999 and thereafter, a school district's basic skills revenue equals the sum of:

- (1) compensatory revenue under subdivision 3; plus
- (2) limited English proficiency revenue according to section 124.273, subdivision 1g; plus
- (3) \$190 times the limited English proficiency pupil units according to section 124.17, subdivision 7; plus
- (4) the lesser of: (i) \$22.50 times the number of fund balance pupil units in kindergarten to grade 8; or (ii) the amount of district money provided to match basic skills revenue for the purposes described in section 124A.28.

Sec. 40. Minnesota Statutes 1996, section 124A.22, subdivision 6, is amended to read:

Subd. 6. **SECONDARY SPARSITY REVENUE.** (a) A district's secondary sparsity revenue for a school year equals the sum of the results of the following calculation for each qualifying high school in the district:

- (1) the formula allowance for the school year less \$300, multiplied by
- (2) the secondary average daily membership of the high school, multiplied by

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

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

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

Sec. 41. Minnesota Statutes 1996, section 124A.22, subdivision 6a, is amended to read:

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

(1) the formula allowance for the year less \$300, multiplied by

(2) the elementary average daily membership of the school, multiplied by

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

Sec. 42. Minnesota Statutes 1996, section 124A.22, subdivision 8a, is amended to read:

Subd. 8a. **SUPPLEMENTAL LEVY.** To obtain supplemental revenue, a district may levy an amount not more than the product of its supplemental revenue for the school year times the lesser of one or the ratio of its general education levy to its general education revenue, excluding transition revenue and supplemental revenue, for the same year adjusted net tax capacity per actual pupil unit to \$10,000.

Sec. 43. Minnesota Statutes 1996, section 124A.22, subdivision 13, is amended to read:

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

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

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

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

(1) sum the following amounts:

(i) the fiscal year 1996 regular transportation revenue for the school district according to section 124.225, subdivision 7d, paragraph (a), excluding the revenue attributable

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nonpublic school pupils and to pupils with disabilities receiving special transportation services; plus

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

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

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

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

(2) divide the result in clause (1) by the school districts' district's 1995-1996 actual fund balance pupil units.

Sec. 44. Minnesota Statutes 1996, 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 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 and later 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 and later is greater than or equal to the fiscal year 1996 base allowance, the transportation transition allowance equals zero.

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(e) (b) 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 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) (1) for fiscal year 1997, the reduction is equal to .9 times the amount initially determined;

(ii) (2) for fiscal year 1998, the reduction is equal to .75 times the amount initially determined; and

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

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

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

(c) A district's transition compensatory allowance equals the greater of zero or the difference between:

(1) the amount of compensatory revenue the district would have received under subdivision 3 for fiscal year 1998 computed using a basic formula allowance of \$3,281; and

(2) the amount the district receives under subdivision 3; divided by

(3) the district's actual pupil units for fiscal year 1998.

(d) A district's transition allowance for fiscal year 1997 and thereafter 1998 is equal to the sum of its transportation transition allowance and its training and experience transition allowance, and its transition compensatory allowance. A district's transition allowance for fiscal year 1999 and thereafter is equal to the sum of its transportation transition allowance and its transition compensatory allowance.

Sec. 45. Minnesota Statutes 1996, section 124A.22, subdivision 13d, is amended to read:

Subd. 13d. **TRANSITION LEVY ADJUSTMENT.** A district's general education levy shall be adjusted by an amount equal to the district's transition revenue times the lesser of 1 or the ratio of the district's general education levy to its general education revenue, excluding transition revenue and supplemental revenue its adjusted net tax capacity per actual pupil unit to \$10,000.

Sec. 46. Minnesota Statutes 1996, section 124A.23, subdivision 1, is amended to read:

Subdivision 1. **GENERAL EDUCATION TAX RATE.** The commissioner shall establish the general education tax rate by July 1 of each year for levies payable in the

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following year. The general education tax capacity rate shall be a rate, rounded up to the nearest teath hundredth of a percent, that, when applied to the adjusted net tax capacity for all districts, raises the amount specified in this subdivision. The general education tax rate shall be the rate that raises \$1,054,000,000 for fiscal year 1996 and \$1,359,000,000 for fiscal year 1997 1998 and \$1,385,500,000 for fiscal year 1999 and later fiscal years. The general education tax rate may not be changed due to changes or corrections made to a district's adjusted net tax capacity after the tax rate has been established. If the levy target for fiscal year 1999 is changed by another law enacted during the 1997 session, the commissioner shall reduce the target in this bill by the amount of the reduction in the enacted law.

Sec. 47. Minnesota Statutes 1996, section 124A.23, subdivision 2, is amended to read:

Subd. 2. **GENERAL EDUCATION LEVY.** To obtain general education revenue, excluding transition revenue and supplemental revenue, a district may levy an amount not to exceed the general education tax rate times the adjusted net tax capacity of the district for the preceding year. If the amount of the general education levy would exceed the general education revenue, excluding supplemental revenue, the general education levy shall be determined according to subdivision 3.

Sec. 48. Minnesota Statutes 1996, section 124A.23, subdivision 3, is amended to read:

Subd. 3. **GENERAL EDUCATION LEVY; DISTRICTS OFF THE FORMULA.** If the amount of the general education levy for a district exceeds the district's general education revenue, excluding training and experience transition revenue and supplemental revenue, the amount of the general education levy shall be limited to the following:

(1) the district's general education revenue, excluding training and experience transition revenue and supplemental revenue; plus

(2) the amount of the aid reduction for the same school year according to section 124A.24; minus

(3) payments made for the same school year according to section 124A.035, subdivision 4.

For purposes of statutory cross-reference, a levy made according to this subdivision shall be construed to be the levy made according to subdivision 2.

Sec. 49. Minnesota Statutes 1996, section 124A.23, subdivision 5, is amended to read:

Subd. 5. **USES OF REVENUE.** Except as provided in section sections 124A.22, subdivision 11; 124A.225; and 124A.28, general education revenue may be used during the regular school year and the summer for general and special school purposes.

Sec. 50. Minnesota Statutes 1996, section 124A.26, subdivision 1, is amended to read:

Subdivision 1. **REVENUE REDUCTION FUND BALANCE PUPIL UNIT DEFINITION.** A district's general education revenue for a school year shall be reduced

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if the estimated net unappropriated operating fund balance as of June 30 in the prior school year exceeds 25 percent of the formula allowance for the current fiscal year times the fund balance pupil units in the prior year. For purposes of this subdivision and section 124.243, subdivision 2, Fund balance pupil units means the number of resident pupil units in average daily membership, including shared time pupils, according to section 124A.02, subdivision 20, plus

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

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

~~(1) the amount of the excess, or~~

~~(2) \$250 times the actual pupil units for the school year.~~

The final adjustment payments made under section 124.195, subdivision 6, must be adjusted to reflect actual net operating fund balances as of June 30 of the prior school year.

Sec. 51. Minnesota Statutes 1996, section 124A.28, is amended to read:

124A.28 COMPENSATORY EDUCATION REVENUE.

Subdivision 1. **USE OF THE REVENUE.** The compensatory education revenue under section 124A.22, subdivision 3, must be used to meet the educational needs of pupils whose educational achievement progress toward meeting state or local content or performance standards is below the level that is appropriate for pupils learners of their age. These needs may be met by providing the Any of the following may be provided to meet these learners' needs:

(1) direct instructional services under the assurance of mastery program according to section ~~124.311~~ 124.3111;

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

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

(4) summer programs that enable these pupils to improve their achievement or that reemphasize material taught during the regular school year a longer school day or week during the regular school year or through a summer program that may be offered directly by the site or under a performance-based contract with a community-based organization;

(5) in-service education comprehensive and ongoing staff development consistent with district and site plans according to section 126.70, for teachers, teacher aides, principals, and other personnel to improve their ability to recognize identify the needs of these

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pupils learners and provide appropriate responses to the pupils' needs remediation, intervention, accommodations, or modifications;

(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 materials and technology appropriate for meeting the individual needs of these learners;

(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;

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

(9) all day kindergarten;

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

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

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

Subd. 1a. **BUILDING ALLOCATION.** A district must consider the concentration of children from low-income families in allocate revenue to each school building in the district when allocating compensatory revenue where the children who have generated the revenue are served.

If the pupil is served at a site other than one owned and operated by the district, the revenue shall be paid to the district and used for services for pupils who generate the revenue.

Subd. 1b. **RECOMMENDATION.** A school site decision-making team, as defined in section 123.951, subdivision 3, paragraph (a), or the instruction and curriculum advisory committee under section 123.972, if the school has no school site decision team, shall recommend how the revenue will be used to carry out the purpose of this section.

Subd. 2. **SEPARATE ACCOUNTS.** Each district that receives compensatory education revenue shall maintain separate accounts to identify expenditures for salaries and programs related to this basic skills revenue.

Subd. 3. **ANNUAL EXPENDITURE REPORT.** Each year a district that receives compensatory education revenue shall submit a report identifying the expenditures it incurred in providing compensatory education to the pupils described in to meet the needs of eligible learners under subdivision 1. The report must conform to uniform financial and reporting standards established for this purpose.

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Sec. 52. Laws 1991, chapter 265, article 1, section 30, as amended by Laws 1993, chapter 224, article 8, section 19, is amended to read:

Sec. 30. BADGER SCHOOL DISTRICT FUND BALANCE.

If independent school district No. 676, Badger, receives payment of delinquent property taxes from one taxpayer and the payment is more than five percent of the total property taxes paid in the fiscal year in which the payment is received, general education revenue for the district shall not be reduced according to Minnesota Statutes, section 124A.26, subdivision 1, for an excess fund balance attributed to the payment for the following five ten fiscal years.

Sec. 53. Laws 1995, First Special Session chapter 3, article 1, section 56, is amended to read:

Sec. 56. SUPPLEMENTAL REVENUE REDUCTION.

For fiscal years 1996 1998 and 1997 1999, if a district's ratio of 1992 adjusted net tax capacity divided by 1994-1995 actual pupil units to \$9,025 is less than or equal to .25, then the difference under Minnesota Statutes, section 124A.22, subdivision 9, clause (2), is equal to \$25 \$0 for purposes of computing the district's supplemental revenue under Minnesota Statutes, section 124A.22, subdivision 8. For purposes of computing the referendum allowance reduction under Minnesota Statutes, section 124A.03, subdivision 3b, the supplemental revenue reduction shall be computed according to Minnesota Statutes, section 124A.22, subdivision 9.

Sec. 54. Laws 1995, First Special Session chapter 3, article 2, section 52, is amended to read:

Sec. 52. TRANSPORTATION AIDS AND LEVIES; SUSPENSION.

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

Sec. 55. RESTORATION OF REVENUE LOST TO FUND BALANCE REDUCTION; MADELIA.

Subdivision 1. AID ADJUSTMENT. Notwithstanding Minnesota Statutes, section 124A.26, subdivision 3, general education aid for independent school district No. 837, Madelia, shall not be reduced for fiscal year 1997.

Subd. 2. LEVY ADJUSTMENT. Independent school district No. 837, Madelia, may make a positive levy adjustment for taxes payable in 1998 equal to the amount of the general education levy reduction required under Minnesota Statutes, section 124A.26, subdivision 2, attributed to fiscal year 1997.

Sec. 56. RESTORATION OF REVENUE LOST TO FUND BALANCE REDUCTION; HERMAN-NORCROSS.

Subdivision 1. AID ADJUSTMENT. Notwithstanding Minnesota Statutes, section 124A.26, subdivision 3, general education aid for independent school district No. 264, Herman-Norcross, shall not be reduced for fiscal year 1997.

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Subd. 2. LEVY ADJUSTMENT. Independent school district No. 264, Herman-Norcross, may make a positive levy adjustment for taxes payable in 1998 equal to the amount of the general education levy reduction required under Minnesota Statutes, section 124A.26, subdivision 2, attributed to fiscal year 1997.

Sec. 57. LEVY ADJUSTMENT ATTRIBUTABLE TO THE REPEAL OF THE K-12 APPROPRIATIONS CAPS.

Notwithstanding Minnesota Statutes, section 124.918, subdivision 6, a school district may spread any positive referendum levy adjustments for fiscal year 1998 resulting from the enactment of Laws 1997, chapter 1, over a three-year period beginning with taxes payable in 1998.

Sec. 58. BUS PURCHASE LEVY.

For 1997 taxes payable in 1998, a school district may levy the amount necessary to eliminate the deficit in the reserved fund balance account for bus purchases in its transportation fund as of June 30, 1996.

Sec. 59. LEP CONCENTRATION AID; FISCAL YEAR 1998.

For fiscal year 1998 only, a school district's LEP revenue under Minnesota Statutes, section 124.273, subdivision 1g, is increased by \$190 times the district's LEP pupil units determined according to article 2, section 3.

Sec. 60. COMPENSATORY REVENUE GROWTH LIMIT.

For fiscal years 1998 and 1999, the commissioner shall limit the growth in compensatory revenue a district receives according to this article. The commissioner shall compare the compensatory revenue a district receives under the changes in section 12 with the compensatory revenue per pupil unit a district would have received if section 12 had not been enacted. A district may not receive an increase in compensatory revenue in excess of \$300 per pupil unit.

Sec. 61. SCHOOL DISTRICT LEVY ADJUSTMENTS.

Subdivision 1. REVENUE CONVERSION. The commissioner of children, families, and learning shall adjust each school district's revenue authority that is established as a rate times net tax capacity or adjusted net tax capacity under Minnesota Statutes, chapters 124 and 124A, by multiplying each revenue amount by the ratio of the statewide tax capacity as calculated using the class rates in effect for assessment year 1996 to the statewide tax capacity using the class rates for that assessment year.

Subd. 2. TAX RATE ADJUSTMENT. The commissioner shall adjust each tax rate established under Minnesota Statutes, chapters 124 and 124A, by multiplying the rate by the ratio of the statewide tax capacity as calculated using the class rates in effect for assessment year 1996 to the statewide tax capacity using the class rates for that assessment year.

Subd. 3. EQUALIZING FACTORS. The commissioner shall adjust each equalizing factor established under Minnesota Statutes, chapters 124 and 124A, by dividing the equalizing factor by the ratio of the statewide tax capacity as calculated using the class rates in effect for assessment year 1996 to the statewide tax capacity using the class rates for that assessment year.

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Subd. 4. QUALIFYING RATE. The commissioner shall adjust the qualifying rate under section 124.95, subdivision 3, by multiplying the qualifying rate times the ratio of the statewide tax capacity, as calculated using the class rates in effect for assessment year 1996, to the statewide tax capacity using the class rates for that assessment year.

Sec. 62. 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 years designated.

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

\$2,584,703,000	.....	1998
\$2,698,990,000	.....	1999

The 1998 appropriation includes \$227,499,000 for 1997 and \$2,357,204,000 for 1998.

The 1999 appropriation includes \$247,099,000 for 1998 and \$2,451,891,000 for 1999.

Of the 1998 appropriation, the first \$113,800,000 is from the education aids reserve of the general fund.

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

\$1,430,000	.....	1998
\$1,458,000	.....	1999

The 1998 appropriation includes \$129,000 for 1997 and \$1,301,000 for 1998.

The 1999 appropriation includes \$144,000 for 1998 and \$1,314,000 for 1999.

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

\$102,000	.....	1998
\$102,000	.....	1999

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

Subd. 5. WIDE AREA TRANSPORTATION SERVICE PILOT PROJECT. To expand the wide area transportation service project:

\$170,000	.....	1998
\$ 50,000	.....	1999

Of the amount in fiscal year 1998, \$70,000 is for a grant to the Minnesota river valley special education cooperative for a computerized routing system.

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The purpose is to expand the project for the computerized mapping and scheduling programs for school districts to jointly provide transportation services for low-incidence programs. The department shall work with representatives of the affected programs, transportation managers from both metropolitan and rural districts, and the metropolitan council. The department shall contract for services and provide oversight. The department must report to the education committees of the legislature by February 15, 1998, on the operation of the wide area transportation service project, including details regarding whether the project is meeting its objectives and any problems related to the service provided by the project. The project shall consider the relationship of education transportation with transportation services provided by noneducation agencies.

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

Subd. 6. INTERDISTRICT DESEGREGATION OR INTEGRATION TRANSPORTATION GRANTS. For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124.227:

<u>\$800,000</u>	<u>.....</u>	<u>1998</u>
<u>\$970,000</u>	<u>.....</u>	<u>1999</u>

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

Subd. 7. TARGETED NEEDS TRANSPORTATION AID. For aid payments for targeted needs transportation aid under Minnesota Statutes, section 124.225, subdivisions 13 and 16:

<u>\$76,195,000</u>	<u>.....</u>	<u>1998</u>
<u>\$24,303,000</u>	<u>.....</u>	<u>1999</u>

The 1998 appropriation includes \$7,148,000 for 1997 and \$69,047,000 for 1998.

The 1999 appropriation includes \$7,671,000 for 1998 and \$16,632,000 for 1999.

Subd. 8. HEALTH AND SAFETY AID. For health and safety aid according to Minnesota Statutes, section 124.83, subdivision 5:

<u>\$14,081,000</u>	<u>.....</u>	<u>1998</u>
<u>\$14,179,000</u>	<u>.....</u>	<u>1999</u>

The 1998 appropriation includes \$1,132,000 for 1997 and \$12,949,000 for 1998.

The 1999 appropriation includes \$1,438,000 for 1998 and \$12,741,000 for 1999.

Subd. 9. DEBT SERVICE AID. For debt service aid according to Minnesota Statutes, section 124.95, subdivision 5:

<u>\$35,480,000</u>	<u>.....</u>	<u>1998</u>
<u>\$38,159,000</u>	<u>.....</u>	<u>1999</u>

The 1998 appropriation includes \$3,313,000 for 1997 and \$32,167,000 for 1998.

The 1999 appropriation includes \$3,574,000 for 1998 and \$34,585,000 for 1999.

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Subd. 10. **SHIFT SIMPLIFIED.** For additional general education aid for simplifying the property tax recognition shift under this article:

\$18,700,000 1998

Sec. 63. REPEALER.

(a) Minnesota Statutes 1996, sections 121.904, subdivision 4d; 121.912, subdivision 7; and 124A.26, subdivisions 1a, 2, 3, 4, and 5, are repealed.

(b) Minnesota Statutes 1996, sections 124.223; 124.225, subdivisions 3a, 7a, 7b, 7d, 7e, 8a, 8k, and 10; and 124A.22, subdivisions 4a and 4b, are repealed effective July 1, 1997.

(c) Minnesota Statutes 1996, sections 124.226; and 124.912, subdivisions 2 and 3, are repealed effective for revenue for fiscal year 1999.

Sec. 64. EFFECTIVE DATE.

(a) Sections 2, 11, 29, 30, 32, and 43 are effective for revenue for fiscal year 1997.

(b) Sections 42 and 45 are effective for fiscal year 1999.

(c) If this act is enacted on or after July 1, 1997, all sections in this article except for those sections listed in paragraphs (a) and (b) are effective the day following final enactment.

ARTICLE 2

SPECIAL PROGRAMS

Section 1. Minnesota Statutes 1996, section 120.1701, subdivision 3, is amended to read:

Subd. 3. **STATE INTERAGENCY COORDINATING COUNCIL.** An interagency coordinating council of at least 17, but not more than 25 members is established, in compliance with Public Law Number 102-119, section 682. The members shall be appointed by the governor. Council members shall elect the council chair. The representative of the commissioner of children, families, and learning may not serve as the chair. The council shall be composed of at least five parents, including persons of color, of children with disabilities under age 12, including at least three parents of a child with a disability under age seven, five representatives of public or private providers of services for children with disabilities under age five, including a special education director, county social service director, and a community health services or public health nursing administrator, one member of the senate, one member of the house of representatives, one representative of teacher preparation programs in early childhood-special education or other preparation programs in early childhood intervention, at least one representative of advocacy organizations for children with disabilities under age five, one physician who

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cares for young children with special health care needs, one representative each from the commissioners of commerce, children, families, and learning, health, human services, and economic security, and a representative from Indian health services or a tribal council. Section 15.059, subdivisions 2 to 5, apply to the council. The council shall meet at least quarterly.

The council shall address methods of implementing the state policy of developing and implementing comprehensive, coordinated, multidisciplinary interagency programs of early intervention services for children with disabilities and their families.

The duties of the council include recommending policies to ensure a comprehensive and coordinated system of all state and local agency services for children under age five with disabilities and their families. The policies must address how to incorporate each agency's services into a unified state and local system of multidisciplinary assessment practices, individual intervention plans, comprehensive systems to find children in need of services, methods to improve public awareness, and assistance in determining the role of interagency early intervention committees.

Each year by June 1, the council shall recommend to the governor and the commissioners of children, families, and learning, health, human services, commerce, and economic security policies for a comprehensive and coordinated system.

Notwithstanding any other law to the contrary, the state interagency coordinating council shall expire on June 30, 1997 2001.

Sec. 2. Minnesota Statutes 1996, section 120.181, is amended to read:

**120.181 PLACEMENT OF CHILDREN WITHOUT DISABILITIES;
EDUCATION AND TRANSPORTATION.**

The responsibility for providing instruction and transportation for a pupil without a disability who has a short-term or temporary physical or emotional illness or disability, as determined by the standards of the 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 when neither the pupil's parent or guardian resides within the state and tuition has been denied, 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

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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 for the pupil and necessary transportation while the pupil is receiving instruction, and in the case of a placement outside of the district of residence, the nonresident district 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 disabled transportation category.

Sec. 3. Minnesota Statutes 1996, section 124.17, is amended by adding a subdivision to read:

Subd. 7. LEP PUPIL UNITS. (a) Limited English proficiency pupil units for fiscal year 1998 and thereafter shall be determined according to this subdivision.

(b) The limited English proficiency concentration percentage for a district equals the product of 100 times the ratio of:

(1) the number of pupils of limited English proficiency enrolled in the district during the current fiscal year; to

(2) the number of pupils in average daily membership enrolled in the district.

(c) The limited English proficiency pupil units for each pupil enrolled in a program for pupils of limited English proficiency in accordance with sections 126.261 to 126.269 equals the lesser of one or the quotient obtained by dividing the limited English proficiency concentration percentage for the pupil's district of enrollment by 11.5.

(d) Limited English proficiency pupil units shall be counted by the district of enrollment.

Sec. 4. Minnesota Statutes 1996, section 124.248, subdivision 3, is amended to read:

Subd. 3. SPECIAL EDUCATION AND LIMITED ENGLISH PROFICIENCY AID. Except as provided in subdivision 1a, paragraph (b), special education aid shall be paid to a charter school according to 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

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to the resident districts of the pupils attending the charter school. The districts of residence shall levy as though they were participating in a cooperative, as provided in section 124.321, subdivision 3.

Sec. 5. Minnesota Statutes 1996, section 124.2613, subdivision 3, is amended to read:

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. Once a school site is calculated to be eligible, it remains eligible for the duration of the pilot program. 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.

Sec. 6. Minnesota Statutes 1996, section 124.2613, subdivision 4, is amended to read:

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, a program for participating children who are four years old, or a combination of both. The program may offer as an option to families home visits and other practices as appropriate, and may provide such services with the consent of the parent or guardian. ~~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.

Sec. 7. Minnesota Statutes 1996, section 124.2613, subdivision 6, is amended to read:

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 formu-~~

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la amounts, the commissioner shall prorate the revenue provided to each qualifying school site of children five years of age or older enrolled in a kindergarten program at the site on October 1 of the previous year times .53.

(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.

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

(c) A pupil enrolled in the first grade preparedness program at a qualifying school site is eligible for transportation under section 123.39, subdivision 1.

(d) First grade preparedness revenue paid to a charter school for which a school district is providing transportation according to section 120.064, subdivision 15, shall be decreased by an amount equal to the product of \$170 times the pupil units calculated according to paragraph (a). This amount shall be paid to the school district for transportation costs.

Sec. 8. Minnesota Statutes 1996, 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 base 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.

(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.

(c) If requested by a school district operating a limited English proficiency program during the base year for less than the full school year, the commissioner may adjust the base revenue to reflect the expenditures that would have occurred during the base year had the program been operated for the full school year.

Sec. 9. Minnesota Statutes 1996, section 124.273, subdivision 1e, is amended to read:

Subd. 1e. **AID.** A district's limited English proficiency aid for fiscal year 1996 and later 1998 equals the aid percentage factor under section 124.3201, subdivision 1, times the district's limited English proficiency revenue.

Sec. 10. Minnesota Statutes 1996, section 124.273, subdivision 1f, is amended to read:

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Subd. 1f. **STATE TOTAL LEP REVENUE.** (a) The state total limited English proficiency programs revenue for fiscal year ~~1996~~ 1998 equals ~~\$12,202,000~~ \$14,629,000. The state total limited English proficiency programs revenue for fiscal year ~~1997~~ 1999 equals ~~\$13,299,000~~ \$16,092,000.

(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. 11. Minnesota Statutes 1996, section 124.273, subdivision 5, is amended to read:

Subd. 5. **NOTIFICATION; AID PAYMENTS REVENUE.** The department must promptly inform each applicant district of the amount of aid revenue it will receive pursuant to this section.

Sec. 12. **[124.3111] ASSURANCE OF MASTERY PROGRAMS.**

Subdivision 1. **ELIGIBLE DISTRICTS.** A district with a local process to review curriculum and instruction may provide an assurance of mastery program to eligible pupils.

Subd. 2. **ELIGIBLE PUPILS.** A pupil is eligible to receive services through an assurance of mastery program if the pupil has not demonstrated progress toward mastering the required graduation standards, after receiving instruction that was designed to enable the pupil to make progress toward mastering the required graduation standards in a regular classroom setting. To determine pupil eligibility, a district must use a process adopted by the school board to review curriculum and instruction, for the subjects and at the grade level at which the district uses the revenue.

Subd. 3. **ELIGIBLE SERVICES.** (a) Assurance of mastery programs may provide direct instructional services to an eligible pupil, or a group of eligible pupils, under the following conditions in paragraphs (b) to (d).

(b) Instruction may be provided at one or more grade levels from kindergarten to grade 8 and for students in grades 9 through 12 who have failed the basic skills tests. If an assessment of pupils' needs within a district demonstrates that the eligible pupils in grades kindergarten to grade 8 are being appropriately served, a district may serve eligible pupils in grades 9 to 12.

(c) 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 124.3201.

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(d) 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. 13. Minnesota Statutes 1996, section 124.312, subdivision 4, is amended to read:

Subd. 4. **INTEGRATION REVENUE.** For fiscal year years 1996, 1997, and later fiscal years 1998, integration revenue equals the sum of integration aid and integration levy under section 124.912, subdivision 2.

Sec. 14. Minnesota Statutes 1996, section 124.312, subdivision 5, is amended to read:

Subd. 5. **INTEGRATION AID.** For fiscal year years 1996, 1997, and later fiscal years 1998, integration aid equals the following amounts:

- (1) for independent school district No. 709, Duluth, \$1,385,000;
- (2) for independent school district No. 625, St. Paul, \$8,090,700; and
- (3) for special school district No. 1, Minneapolis, \$9,368,300.

Sec. 15. Minnesota Statutes 1996, section 124.313, is amended to read:

124.313 TARGETED NEEDS REVENUE.

For fiscal year years 1996, 1997, and thereafter 1998, a school district's targeted needs revenue equals the sum of:

- (1) assurance of mastery revenue according to section 124.311; plus
- (2) the district's limited English proficiency revenue computed according to section 124.273, subdivision 1d; plus
- (3) integration revenue computed according to section 124.312, subdivision 4.

Sec. 16. Minnesota Statutes 1996, section 124.314, subdivision 1, is amended to read:

Subdivision 1. **AID.** For fiscal year years 1996, 1997, and thereafter 1998, a school district's targeted needs aid equals the sum of its assurance of mastery aid according to section 124.311, its limited English proficiency aid according to section 124.273, subdivision 1e, and its integration aid according to section 124.312, subdivision 5.

Sec. 17. Minnesota Statutes 1996, section 124.314, subdivision 2, is amended to read:

Subd. 2. **LEVY.** For fiscal year years 1996, 1997, and thereafter 1998, a school district's targeted needs levy equals the sum of its integration levy under section 124.912,

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subdivision 2, and that portion of its special education levy attributed to the limited English proficiency program.

Sec. 18. [124.315] INTEGRATION REVENUE.

Subdivision 1. USE OF THE REVENUE. Integration revenue under this section must be used for programs established under a desegregation plan mandated by the state board or under court order, to increase learning opportunities and reduce the learning gap between learners living in high concentrations of poverty and their peers.

Subd. 2. SEPARATE ACCOUNT. Integration revenue shall be maintained in a separate account to identify expenditures for salaries and programs related to this revenue.

Subd. 3. INTEGRATION REVENUE. For fiscal year 1999 and later fiscal years, integration revenue equals the following amounts:

(1) for independent school district No. 709, Duluth, \$193 times the actual pupil units for the school year;

(2) for independent school district No. 625, St. Paul, \$427 times the actual pupil units for the school year;

(3) for special school district No. 1, Minneapolis, \$523 times the actual pupil units for the school year; and

(4) for a district not listed in clause (1), (2), or (3) that is required to implement a plan according to the requirements of Minnesota Rules, parts 3535.0200 to 3535.2200, the lesser of the actual cost of implementing the plan during the fiscal year or \$93 times the actual pupil units for the school year.

Subd. 4. INTEGRATION LEVY. A district may levy an amount equal to 46 percent of the district's integration revenue as defined in subdivision 3.

Subd. 5. INTEGRATION AID. A district's integration aid equals 54 percent of the district's integration revenue as defined in subdivision 3.

Subd. 6. ALTERNATIVE ATTENDANCE PROGRAMS. (a) The integration aid under subdivision 5 must be adjusted for each pupil attending a nonresident district under sections 120.062, 120.075, 120.0751, 120.0752, and 124C.45 to 124C.48 if the enrollment of the pupil in the nonresident district contributes to desegregation or integration purposes. The adjustments must be made according to this subdivision.

(b) Aid paid to the district of the pupil's residence must be reduced by an amount equal to the revenue per actual pupil unit of the resident district times the number of actual pupil units attributable to the pupil for the time the pupil is enrolled in a nonresident district.

(c) Aid paid to a district serving nonresidents must be increased by an amount equal to the aid reduction to the resident district under paragraphs (b) and (d).

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

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Sec. 19. Minnesota Statutes 1996, 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.

(a) "Base year" for fiscal year 1996 and fiscal year 1997 means the 1994 summer program and the 1994-1995 school year. Base year for 1998 and 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 2000 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 1996, section 124.3201, subdivision 2, is amended to read:

Subd. 2. **SPECIAL EDUCATION BASE REVENUE.** (a) 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

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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; and

(7) for fiscal years 1999 and later, the cost of providing transportation services for children with disabilities under section 124.225, subdivision 1, paragraph (b), clause (4).

(b) If requested by a school district operating a special education program during the base year for less than the full school year, the commissioner may adjust the base revenue to reflect the expenditures that would have occurred during the base year had the program been operated for the full school year.

Sec. 21. Minnesota Statutes 1996, section 124.3201, subdivision 3, is amended to read:

Subd. 3. **ADJUSTED SPECIAL EDUCATION BASE REVENUE.** For fiscal year ~~1996~~ 1997 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. 22. Minnesota Statutes 1996, section 124.3201, subdivision 4, is amended to read:

Subd. 4. **STATE TOTAL SPECIAL EDUCATION REVENUE.** The state total special education revenue for fiscal year ~~1996~~ 1998 equals ~~\$327,846,000~~ \$358,542,000. The state total special education revenue for fiscal year ~~1997~~ 1999 equals ~~\$347,810,000~~ \$435,322,000. The state total special education revenue for later fiscal years equals:

- (1) the state total special education revenue for the preceding fiscal year; times
- (2) the program growth factor; times
- (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. 23. Minnesota Statutes 1996, section 124.321, subdivision 1, is amended to read:

Subdivision 1. **LEVY EQUALIZATION REVENUE.** (a) For fiscal years ~~1996~~ and later year 1999, special education levy equalization revenue for a school district, excluding an intermediate school district, equals the sum of the following amounts:

- (1) the levy percentage factor for that year times the district's special education revenue under section 124.3201; plus
- (2) the levy percentage factor for that year times the district's special education summer program revenue under section 124.3202; plus
- (3) the levy percentage factor for that year times the district's special education excess cost revenue under section 124.323; plus

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(4) the levy percentage factor for that year times the district's secondary vocational education for children with a disability revenue under section 124.574; plus

(5) the levy percentage factor for that year times the district's limited English proficiency programs revenue under section ~~124.273~~.

Sec. 24. Minnesota Statutes 1996, 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, and transportation services eligible for revenue under sections 124.3201 and 124.3202; 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; 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. 25. Minnesota Statutes 1996, section 124.323, subdivision 2, is amended to read:

Subd. 2. **EXCESS COST REVENUE.** For 1996 1997 and later fiscal years, a district's special education excess cost revenue equals ~~70~~ the greatest of:

(a) 70 percent of the difference between (1) the district's unreimbursed special education cost and (2) six percent for fiscal year 1996 and 5.7 percent for fiscal year 1997 and later years of the district's general revenue;

(b) 70 percent of the difference between (1) the increase in the district's unreimbursed special education cost between the base year as defined in section 124.3201, subdivision 1, and the current year and (2) 1.6 percent of the district's general revenue; or

(c) zero.

Sec. 26. Minnesota Statutes 1996, section 124.481, is amended to read:

124.481 INDIAN POST-SECONDARY PREPARATION GRANTS.

The state board of education, with the advice of the Minnesota Indian scholarship committee, may make grants to school districts or tribal grant or contract schools to sup-

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port post-secondary preparation for secondary pupils who are of one-fourth or more Indian ancestry and who, in the opinion of the superintendent, have the capabilities to benefit from higher education. Distribution of the grants must be in accordance with a plan prepared by the state board, with the advice of the Minnesota Indian scholarship committee, that describes the objectives and methods of implementing the grant program, including the manner in which grants will be distributed in proportion to the geographical distribution of the Indian population of the state.

Sec. 27. Minnesota Statutes 1996, section 124.574, subdivision 2d, is amended to read:

Subd. 2d. **BASE REVENUE.** (a) The secondary vocational school-to-work program-disabled program base revenue equals the sum of the following amounts computed using base year data:

(1) 68 percent of the salary of each essential licensed person who provides direct instructional services to students employed during that fiscal year for services rendered in that district's secondary vocational education programs school-to-work program for children with a disability;

(2) 47 percent of the costs of necessary equipment for secondary vocational education programs school-to-work programs for children with a disability;

(3) 47 percent of the costs of necessary travel between instructional sites by secondary vocational education school-to-work program teachers of children with a disability but not including travel to and from local, regional, district, state, or national vocational student organization meetings;

(4) 47 percent of the costs of necessary supplies for secondary vocational education programs school-to-work programs for children with a disability but not to exceed an average of \$47 in any one school year for each child with a disability receiving these services;

(5) for secondary vocational education programs school-to-work programs for children with disabilities provided by a contract approved by the commissioner with public, private, or voluntary agencies other than a Minnesota school district or cooperative center, in place of programs provided by the district, 52 percent of the difference between the amount of the contract and the basic revenue of the district for that pupil for the fraction of the school day the pupil receives services under the contract;

(6) for secondary vocational education programs school-to-work programs for children with disabilities provided by a contract approved by the commissioner with public, private, or voluntary agencies other than a Minnesota school district or cooperative center, that are supplementary to a full educational program provided by the school district, 52 percent of the amount of the contract; and

(7) for a contract approved by the commissioner with another Minnesota school district or cooperative center for vocational evaluation services for children with a disability for children that are not yet enrolled in grade 12, 52 percent of the amount of the contract.

(b) If requested by a school district for school-to-work programs during the base year for less than the full school year, the commissioner may adjust the base revenue to

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reflect the expenditures that would have occurred during the base year had the program been operated for the full year.

Sec. 28. Minnesota Statutes 1996, section 124.574, subdivision 2f, is amended to read:

Subd. 2f. ~~STATE TOTAL SECONDARY VOCATIONAL DISABLED SCHOOL-TO-WORK PROGRAM-DISABLED REVENUE.~~ The state total secondary vocational disabled school-to-work program-disabled revenue for fiscal year 1996 1998 equals \$8,520,000 \$8,924,000. The state total secondary vocational disabled school-to-work program-disabled revenue for fiscal year 1997 1999 equals \$8,830,000 \$8,976,000. The state total secondary vocational disabled school-to-work program-disabled revenue for later fiscal years equals:

- (1) the state total secondary vocational disabled school-to-work program-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 1996, 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, less \$170, 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;

(2) adding to the result in clause (1) an amount equal to the product of the formula allowance under section 124A.22, subdivision 2, less \$300 times the tribal contract compensation revenue pupil units;

(3) ~~subtracting from the result in clause (1) (2) 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) (4) dividing the result in clause (2) (3) by the sum of the actual pupil units in average daily membership, excluding section 124.17, subdivision 2f, plus the tribal contract compensation revenue pupil units; and

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

Sec. 30. Minnesota Statutes 1996, section 124.86, is amended by adding a subdivision to read:

Subd. 5. TRIBAL CONTRACT PUPIL UNITS. Pupil units for pupils enrolled in tribal contract schools shall be used only for the purpose of computing tribal contract aid according to this section.

Sec. 31. Minnesota Statutes 1996, 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~~ \$1.50 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; (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. 32. Minnesota Statutes 1996, section 124C.45, subdivision 1a, is amended 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 district average general education revenue generated by each student less compensatory revenue unit times the number of pupil units 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. Compensatory revenue must be allocated according to section 124A.28, subdivision 1a.

Sec. 33. Minnesota Statutes 1996, section 124C.498, subdivision 3, is amended to read:

Subd. 3. GRANT APPLICATION PROCESS. (a) Any group of school districts that meets the criteria required under paragraph (b)(i) may apply for a magnet school

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grant in an amount not to exceed ~~\$10,000,000~~ \$15,000,000 for the approved costs or expansion of a magnet school facility.

(b)(i) Any group of districts that submits an application for a grant shall submit a proposal to the commissioner for review and comment under section 121.15, and the commissioner shall prepare a review and comment on the proposed magnet school facility, regardless of the amount of the capital expenditure required to design, acquire, construct, remodel, improve, furnish, or equip the facility. The commissioner must not approve an application for a magnet school grant for any facility unless the facility receives a favorable review and comment under section 121.15 and the participating districts:

(1) establish a joint powers board under section 471.59 to represent all participating districts and govern the magnet school facility;

(2) design the planned magnet school facility to meet the applicable requirements contained in Minnesota Rules, chapter 3535;

(3) submit a statement of need, including reasons why the magnet school will facilitate integration and improve learning;

(4) prepare an educational plan that includes input from both community and professional staff; and

(5) develop an education program that will improve learning opportunities for students attending the magnet school.

(ii) The districts may develop a plan that permits social service, health, and other programs serving students and community residents to be located within the magnet school facility. The commissioner shall consider this plan when preparing a review and comment on the proposed facility.

(c) When two or more districts enter into an agreement establishing a joint powers board to govern the magnet school facility, all member districts shall have the same powers.

(d) A joint powers board of participating school districts established under paragraphs (b) and (c) that intends to apply for a grant shall adopt a resolution stating the costs of the proposed project, the purpose for which the debt is to be incurred, and an estimate of the dates when the contracts for the proposed project will be completed. A copy of the resolution must accompany any application for a state grant under this section.

(e)(i) The commissioner shall examine and consider all grant applications. If the commissioner finds that any joint powers district is not a qualified grant applicant, the commissioner shall promptly notify that joint powers board. The commissioner shall make awards to no more than two qualified applicants whose applications have been on file with the commissioner more than 30 days.

(ii) A grant award is subject to verification by the joint powers board under paragraph (f). A grant award must not be made until the participating districts determine the site of the magnet school facility. If the total amount of the approved applications exceeds the amount of grant funding that is or can be made available, the commissioner shall allot the available amount equally between the approved applicant districts. The commission-

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er shall promptly certify to each qualified joint powers board the amount, if any, of the grant awarded to it.

(f) Each grant must be evidenced by a contract between the joint powers board and the state acting through the commissioner. The contract obligates the state to pay to the joint powers board an amount computed according to paragraph (e)(ii) and a schedule, and terms and conditions acceptable to the commissioner of finance.

Sec. 34. Minnesota Statutes 1996, 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, families, and learning shall pay 90 percent of the basie district's average general education revenue less compensatory revenue of the district to the eligible program and ten percent of the basie district's average general education revenue less compensatory 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, basie 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 basie general education 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. Compensatory revenue shall be paid according to section 124A.22, subdivision 3.

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

Sec. 35. **[126.225] ADDITIONAL REVENUE FOR HOMELESS STUDENTS.**

In addition to revenue received under section 126.22, subdivisions 7 and 8, and section 126.23, subdivision 1, a district shall receive additional revenue for homeless pupils who are eligible to participate in the graduation incentives program according to section 126.22, subdivision 1, paragraph (a), clause (9), equal to \$100 per pupil unit. The revenue received under this section shall be used for expanding education services to include pre-school, after-school, or summer school programs to provide transition and follow-up services to homeless pupils who are placed or mainstreamed in a district school, or to provide parent education and support services. The additional revenue shall be paid to the public or nonprofit school program providing services to homeless pupils. A student shall not be considered homeless under this section if the student was displaced from home as a result of a natural disaster.

Sec. 36. Minnesota Statutes 1996, section 126.23, subdivision 1, is amended to read:

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 90 percent of the

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basic district's average general education less compensatory revenue of the district for each pupil attending the program full time per pupil unit times the number of pupil units for pupils attending the program. Compensatory revenue must be allocated according to section 124A.28, subdivision 1a. For a pupil attending the program part time, basic the 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 general education revenue. 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.

Sec. 37. [126.256] AMERICAN SIGN LANGUAGE.

Satisfactory completion of courses in American sign language in a public elementary or secondary school shall be accorded equal standing with satisfactory completion of courses in any world language.

Sec. 38. [126.79] LEARN AND EARN GRADUATION ACHIEVEMENT PROGRAM.

Subdivision 1. GRANT PROGRAM ESTABLISHED. A learn and earn graduation achievement grant program is established under the administration of the commissioner of children, families, and learning. The purpose of the program is to aid local communities in their efforts to decrease youth crime by improving the secondary educational success and increasing the post-secondary educational opportunities of low-income high school students who reside in and attend schools in communities that have a high level of poverty and juvenile crime. The commissioner shall make grants under this section to applicants to establish local learn and earn programs that are school-centered and that use a community-based approach that provides eligible youth in grades 9 through 12 with individually tailored opportunities for academic enrichment, community service, and personal development that lead to a high school diploma and post-secondary education.

Subd. 2. PROGRAM OUTCOME MEASURES. The goals of the learn and earn graduation achievement program are to:

- (1) increase school attendance;
- (2) decrease school suspensions and dropouts;
- (3) increase youth academic achievement, measured by graduation rates and post-secondary enrollment; and
- (4) decrease juvenile crime.

Subd. 3. LOCAL PROGRAMS; APPLICATION PROCEDURE; GRANT AWARDS. The commissioner shall make grants to eligible applicants to establish local learn and earn programs. Each program shall operate for at least a four-year period. A local program shall select its participants from among eligible students who are entering or are in the ninth grade at the inception of the program. A program may not refill a program slot with another student if a student drops out of the program. Students selected to

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participate in the program shall be considered part of the program class and students who drop out may return to the program at any time prior to graduation.

The commissioner shall establish the application procedure for awarding grants under this section. The commissioner shall begin awarding grants by September 1, 1997.

Subd. 4. GRANT ELIGIBILITY. An applicant for a grant must be a public secondary school, a nonprofit community-based agency cooperating with a secondary school, area learning center, or alternative learning program approved by the commissioner. Grant applicants must meet all of the following criteria:

(1) at least 20 percent of the students at the participating school or program are eligible to receive a free school lunch;

(2) the area which the participating school or program serves has a high juvenile crime rate or has experienced a significant increase in juvenile crime over the past three school years;

(3) the applicant has a designated program coordinator who will coordinate school and community resources to provide students with sufficient support and continuity to realize program goals; and

(4) the applicant has established an advisory committee that includes representatives of the students and families served by the program and community organizations serving youth and families. The applicant may use an existing advisory committee that includes this representation.

At least 80 percent of a local learn and earn program's participating students at the inception of the program must reside in households with incomes at or below the federal poverty level adjusted for family size.

The commissioner shall give priority to funding local learn and earn programs that serve those communities that have the highest juvenile crime rates and the largest concentrations of economically disadvantaged youth.

Subd. 5. STUDENT ELIGIBILITY. A student is eligible to participate in a local learn and earn program if the student:

(1) is enrolled in the participating school;

(2) is entering or is in the ninth grade at the inception of the program; and

(3) resides in a household whose income is at or below the federal poverty level adjusted for family size, has been recommended for the program by a teacher or other community member, has requested to participate, or whose participation has been requested by a family member, according to a procedure to be developed by the applicant.

Subd. 6. PROGRAM COMPONENTS. Each learn and earn graduation achievement program must provide the opportunity for participating students to complete:

(1) 250 hours each year, not including regular required classroom hours, in basic education competency skills;

(2) 250 hours each year of community service; and

New language is indicated by underline, deletions by strikeout.

(3) 250 hours each year of cultural enrichment and personal development, including but not limited to adult mentoring; participating in community cultural events; developing life skills for use in the home, workplace, and community; and learning to set goals, manage time, and make appropriate behavior choices for varying social situations.

Subd. 7. PROGRAM INCENTIVES. (a) Each participating student shall receive a monetary stipend for each hour spent in a program component activity, plus a bonus upon completion of each component during each year of the program.

(b) An additional amount equal to or greater than each student's earned stipends and bonuses must be deposited for the student in a post-secondary opportunities interest-bearing account, established by the commissioner through the higher education services office. A student may, upon graduation from high school, use the funds accumulated for the student toward the costs of attending a Minnesota post-secondary institution or participating in a Minnesota post-secondary program. Funds accumulated for a student shall be available to the student from the time the student graduates from high school until ten years after the date the student entered the learn and earn graduation achievement program. After ten years, the commissioner shall close the student's account and any remaining money in the account shall revert to the general fund.

The commissioner shall establish a procedure for providing the monetary stipends and bonuses to students. The commissioner may delegate this authority to grantees.

Subd. 8. PROGRAM COORDINATOR. The local learn and earn program coordinator must maintain contact with all participating students and their families; work with the school to link students with the resources needed to improve their educational skills; arrange for community service and cultural enrichment opportunities for students; maintain records regarding student completion of program component hours; and perform other administrative duties as necessary. A program coordinator must, to the extent possible, agree to remain with the program for four years to provide continuity of adult contact to the participating students.

Subd. 9. EVALUATION AND REPORTS. The commissioner shall collect information about participating students and a demographically similar control group and shall evaluate the short-term and long-term benefits participating students receive from the learn and earn graduation achievement program, based on the outcome measures specified in subdivision 2, and any other criteria established by the commissioner as part of the grant application process. The evaluation must include a statistical comparison of students participating in the program and the control group. The commissioner shall track participating students and the control group for a minimum of six years from the start of the program. The commissioner shall submit a preliminary report to the governor and the chairs of the senate and house committees having jurisdiction over education and crime prevention by December 15, 2000, regarding continuation of the learn and earn graduation achievement program for participating schools and expansion of the program to additional schools. The commissioner shall submit a final report by December 15, 2002.

Sec. 39. Minnesota Statutes 1996, section 128B.10, subdivision 1, is amended to read:

Subdivision 1. EXTENSION. This chapter is repealed July 1, 1997 remains in effect until otherwise provided by law.

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

Sec. 40. Minnesota Statutes 1996, section 245.493, subdivision 1, is amended to read:

Subdivision 1. **REQUIREMENTS TO QUALIFY AS A LOCAL CHILDREN'S MENTAL HEALTH COLLABORATIVE.** In order to qualify as a local children's mental health collaborative and be eligible to receive start-up funds, the representatives of the local system of care, or at a minimum one county, one school district or special education cooperative, and one mental health entity must agree to the following:

(1) to establish a local children's mental health collaborative and develop an integrated service system; and

(2) to commit resources to providing services through the local children's mental health collaborative; and

(3) develop a plan to contribute funds to the children's mental health collaborative.

Sec. 41. Minnesota Statutes 1996, section 260A.02, subdivision 3, is amended to read:

Subd. 3. **CONTINUING TRUANT.** "Continuing truant" means a child who is subject to the compulsory instruction requirements of section 120.101 and is absent from instruction in a school, as defined in section 120.05, without valid excuse within a single school year for:

(1) three days if the child is in elementary school; or

(2) three or more class periods on three days if the child is in middle school, junior high school, or high school.

~~A child is not a continuing truant if the child is withdrawn from school by the child's parents because of a dispute with the school concerning the provision of special education services under the Individuals with Disabilities Education Act or accommodations and modifications under the Americans with Disabilities Act, if the parent makes good faith efforts to provide the child educational services from any other source. No parent who withdraws a child from school during a dispute with the school concerning the provision of special education services or accommodations and modifications is required to file home school papers, if the parent provides written notice to the department of children, families, and learning or the district of the plan for the child's education.~~

Nothing in this section shall prevent a school district from notifying a truant child's parent or legal guardian of the child's truancy or otherwise addressing a child's attendance problems prior to the child becoming a continuing truant.

Sec. 42. Laws 1994, chapter 647, article 7, section 18, subdivision 2, is amended to read:

Subd. 2. **ELIGIBILITY; APPLICATION.** A school district or a group of school districts that have entered into a joint powers agreement under Minnesota Statutes, section 471.59, to provide for a magnet school or magnet program is eligible to apply for an educational performance improvement grant. The application shall be on a form approved by the commissioner of education. The commissioner shall make recommendations to the state board of education on which districts should be considered for a grant contract. The commissioner shall give priority to school districts:

New language is indicated by underline, deletions by strikeout.

(1) in which at least one school has received a school improvement incentive grant under Minnesota Statutes 1993 Supplement, section 121.602, subdivision 5; and

(2) that demonstrate a commitment to increasing accountability by using a results-oriented system for measuring student achievement.

Sec. 43. Laws 1994, chapter 647, article 7, section 18, subdivision 3, is amended to read:

Subd. 3. **CONTRACT.** The state board of education may enter into a one-year contract with a school district or group of school districts for the purpose of awarding an educational performance improvement grant. The state board shall award a grant only for measurable gains in student achievement. The terms of the contract shall at minimum address:

(1) the criteria and assessments to be used in measuring student achievement;

(2) the district's baseline level of student achievement for the district or group of districts;

(3) the level of student achievement, desegregation or diversity, or improved operations to be reached under the contract;

(4) a timeline for determining whether the contract goals have been met; and

(5) at the discretion of the state board, provisions governing the award of a partial grant to the district or group of districts if the contract goals are not fully met.

Sec. 44. Laws 1995, First Special Session chapter 3, article 3, section 11, subdivision 1, is amended to read:

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

(1) increase participation of these children in noncategorical programming designed to encourage their maximum potential and maintain their self-esteem;

(2) demonstrate results in measurable educational outcomes;

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

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

(5) implement alternative approaches to conflict resolution; and

(6) provide assistive technology to make individualized student accommodations.

Sec. 45. Laws 1995, First Special Session chapter 3, article 3, section 11, subdivision 2, is amended to read:

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

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

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

(b) "Assistive technology device" means any item, ~~piece of equipment, or product system, whether acquired commercially off the shelf, modified, or customized, that is used to increase, maintain, or improve functional capabilities~~ is as defined in Minnesota Statutes, section 120.187.

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

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

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

(f) "Learner plan" means a concise written plan that is based on the eligible child's documented specific learning disabilities and needs; includes the eligible child's strengths that may compensate for those differences and needs; provides the child, the child's parent, and all general education personnel responsible for direct instruction with information that results in clear understanding and subsequent use of accommodations, modifications, and personalized instruction; and includes methods of evaluating the child's progress that are consistent with learning differences, needs, strengths, modifications, and accommodations, and are at intervals identical to the student population of the school in which the child participating in Options Plus is enrolled.

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

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

(i) "Personalized instruction" means direct instruction designed with knowledge of the child's learning style, strengths, and differences, to assist the child to gain in skill

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areas, so the child demonstrates progress toward and outcomes necessary to become a successful citizen.

Sec. 46. Laws 1995, First Special Session chapter 3, article 3, section 11, subdivision 5, is amended to read:

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

- (1) understanding and communicating to the parents of the child the options available for instruction;
- (2) the ability to assess the learning environment and provide the necessary accommodations, modifications, and personalized instruction necessary to meet the needs of the child; and
- (3) the ability to work collaboratively and in teams with other teachers and support and related services staff; and
- (4) the ability to teach children to use the assistive technology devices.

Sec. 47. AMERICAN SIGN LANGUAGE RECOGNIZED AS A WORLD LANGUAGE.

The Minnesota state legislature recognizes American sign language as a fully developed, autonomous, natural language with distinct grammar, syntax, vocabulary, and cultural heritage which is used by a variety of deaf, hard-of-hearing, deaf-blind and hearing individuals in the United States, and hereby determines that American sign language should be accorded equal status with other linguistic systems in the state's public elementary and secondary and higher education systems.

Sec. 48. MATCHING GRANTS FOR EDUCATION PROGRAMS SERVING HOMELESS CHILDREN.

A school district or a nonprofit entity contracting with a school district to provide education and transition services for homeless children is eligible for a matching grant for capital facilities which serve homeless children and their families. Grant proceeds may be used to design, furnish, equip, acquire, repair, or construct a facility for providing education and transition services for homeless pupils. To obtain a grant, a school district or nonprofit entity must submit an application to the commissioner of children, families, and learning in the form and manner the commissioner establishes. Grants must be matched by \$1 of nonstate money for every \$1 of grant money received. The commissioner shall take into consideration the number of concentration of homeless children served by a school district when awarding grants. The commissioner may award matching grants of up to \$500,000 per school district.

Sec. 49. OSSEO LEVY.

For levies payable in 1998 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.

New language is indicated by underline, deletions by strikeout.

Sec. 50. PINE POINT SCHOOL.

Notwithstanding Minnesota Statutes, section 128B.10, subdivision 1, the other provisions of Minnesota Statutes, chapter 128B, remain in effect after June 30, 1997. Actions taken pursuant to Minnesota Statutes, chapter 128B, after June 30, 1997, and before the effective date of this section are valid and ratified by this section.

Sec. 51. APPROPRIATIONS.

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

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

\$591,000	.....	1998
\$591,000	.....	1999

The 1998 appropriation includes \$59,000 for 1997 and \$532,000 for 1998.

The 1999 appropriation includes \$59,000 for 1998 and \$532,000 for 1999.

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

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

\$175,000	.....	1998
\$175,000	.....	1999

The 1998 appropriation includes \$17,000 for 1997 and \$158,000 for 1998.

The 1999 appropriation includes \$17,000 for 1998 and \$158,000 for 1999.

(b) These appropriations are available for expenditure with the approval of the commissioner of the department of children, families, and learning.

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

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

(e) Before a district or school can receive money under this subdivision, the district or school must submit, to the commissioner, evidence that it has complied with the uni-

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form financial accounting and reporting standards act, Minnesota Statutes, sections 121.904 to 121.917.

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

<u>\$857,000</u>	<u>.....</u>	<u>1998</u>
<u>\$857,000</u>	<u>.....</u>	<u>1999</u>

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

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

<u>\$1,600,000</u>	<u>.....</u>	<u>1998</u>
<u>\$1,600,000</u>	<u>.....</u>	<u>1999</u>

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

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

<u>\$190,000</u>	<u>.....</u>	<u>1998</u>
<u>\$190,000</u>	<u>.....</u>	<u>1999</u>

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

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

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

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

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

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

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

New language is indicated by underline, deletions by strikeout.

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

<u>\$2,287,000</u>	<u>.....</u>	<u>1998</u>
<u>\$2,797,000</u>	<u>.....</u>	<u>1999</u>

The 1998 appropriation includes \$91,000 for 1997 and \$2,196,000 for 1998.

The 1999 appropriation includes \$244,000 for 1998 and \$2,553,000 for 1999.

Subd. 8. EARLY CHILDHOOD PROGRAMS AT TRIBAL SCHOOLS. For early childhood family education programs at tribal contract schools:

<u>\$68,000</u>	<u>.....</u>	<u>1998</u>
<u>\$68,000</u>	<u>.....</u>	<u>1999</u>

Subd. 9. AMERICAN SIGN LANGUAGE; TEACHER EDUCATION HEARING. To assist school districts in educating teachers in American sign language:

<u>\$13,000</u>	<u>.....</u>	<u>1998</u>
<u>\$12,000</u>	<u>.....</u>	<u>1999</u>

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

Subd. 10. MEXICAN ORIGIN EDUCATION GRANTS. For grants for a Mexican origin education pilot grant program:

<u>\$50,000</u>	<u>.....</u>	<u>1998</u>
<u>\$25,000</u>	<u>.....</u>	<u>1999</u>

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

Subd. 11. LAY ADVOCATES. To pay or reimburse lay advocates for their time and expense as provided in Minnesota Statutes, section 120.17:

<u>\$10,000</u>	<u>.....</u>	<u>1998</u>
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This appropriation is available until June 30, 1999.

Subd. 12. OPTIONS PLUS PILOT GRANTS. For grants to school districts for options plus pilot programs:

<u>\$150,000</u>	<u>.....</u>	<u>1998</u>
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Each grant shall not exceed \$50,000.

This appropriation is available until June 30, 1999.

Subd. 13. MAGNET SCHOOL GRANTS. For magnet school and program grants:

<u>\$5,750,000</u>	<u>.....</u>	<u>1998</u>
<u>\$1,750,000</u>	<u>.....</u>	<u>1999</u>

New language is indicated by underline, deletions by strikeout.

These amounts may be used for magnet school programs and acquisition and betterment of magnet school facilities according to Minnesota Statutes, section 124C.498.

Subd. 14. INTEGRATION PROGRAMS. For grants according to: minority fellowship grants according to Laws 1994, chapter 647, article 8, section 29; minority teacher incentives according to Minnesota Statutes, section 124.278; teachers of color grants according to Minnesota Statutes, section 125.623; and cultural exchange grants according to Minnesota Statutes, section 126.43:

\$1,000,000	.....	1998
\$1,000,000	.....	1999

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

In awarding teacher of color grants, priority must be given to districts that have students who are currently in the process of completing their academic program.

Subd. 15. SPECIAL EDUCATION AID. For special education aid according to Minnesota Statutes, section 124.32:

\$282,505,000	.....	1998
\$382,519,000	.....	1999

The 1998 appropriation includes \$24,346,000 for 1997 and \$258,159,000 for 1998.

The 1999 appropriation includes \$28,684,000 for 1998 and \$353,835,000 for 1999.

Subd. 16. AID FOR CHILDREN WITH A DISABILITY. For aid according to Minnesota Statutes, section 124.32, subdivision 6, for children with a disability placed in residential facilities within the district boundaries for whom no district of residence can be determined:

\$586,000	.....	1998
\$644,000	.....	1999

If the appropriation for either year is insufficient, the appropriation for the other year is available. Any balance in the first year does not cancel but is available in the second year.

Subd. 17. TRAVEL FOR HOME-BASED SERVICES. For aid for teacher travel for home-based services according to Minnesota Statutes, section 124.32, subdivision 2b:

\$107,000	.....	1998
\$111,000	.....	1999

The 1998 appropriation includes \$8,000 for 1997 and \$99,000 for 1998.

The 1999 appropriation includes \$10,000 for 1998 and \$101,000 for 1999.

Subd. 18. SPECIAL EDUCATION EXCESS COST AID. For excess cost aid:

\$25,974,000	.....	1998
\$44,984,000	.....	1999

New language is indicated by underline, deletions by strikeout.

The 1998 appropriation includes \$1,242,000 for 1997 and \$24,732,000 for 1998.

The 1999 appropriation includes \$2,748,000 for 1998 and \$42,236,000 for 1999.

Subd. 19. TARGETED NEEDS AID. For targeted needs aid:

\$47,225,000	.....	1998
\$ 2,899,000	.....	1999

(a) Of the 1998 amount, \$930,000 is for 1997 limited English proficiency aid and \$13,694,000 is for 1998 limited English proficiency aid. Of the 1998 amount, \$1,364,000 is for 1997 assurance of mastery aid and \$12,393,000 is for 1998 assurance of mastery aid. Of the 1998 amount, \$18,844,000 is for 1998 integration aid.

(b) Of the 1999 amount, \$1,522,000 is for 1998 limited English proficiency aid and \$0 is for 1999 limited English proficiency aid. Of the 1999 amount, \$1,377,000 is for 1998 assurance of mastery aid and \$0 is for 1999 assurance of mastery aid.

(c) As a condition of receiving a grant, each district must continue to report its costs according to the uniform financial accounting and reporting system. As a further condition of receiving a grant, each district must submit a report to the chairs of the education committees of the legislature about the actual expenditures it made for integration using the grant money including achievement results. These grants may be used to transport students attending a nonresident district under Minnesota Statutes, section 120.062, to the border of the resident district. A district may allocate a part of the grant to the transportation fund for this purpose.

Subd. 20. SCHOOL-TO-WORK PROGRAMS; STUDENTS WITH DISABILITIES. For aid for school-to-work programs for pupils with disabilities according to Minnesota Statutes, section 124.574:

\$7,044,000	.....	1998
\$7,985,000	.....	1999

The 1998 appropriation includes \$618,000 for 1997 and \$6,426,000 for 1998.

The 1999 appropriation includes \$713,000 for 1998 and \$7,272,000 for 1999.

Subd. 21. SPECIAL PROGRAMS EQUALIZATION AID. For special education levy equalization aid according to Minnesota Statutes, section 124.321:

\$11,195,000	.....	1998
\$ 5,780,000	.....	1999

The 1998 appropriation includes \$1,783,000 for 1997 and \$9,412,000 for 1998.

The 1999 appropriation includes \$1,045,000 for 1998 and \$4,735,000 for 1999.

Subd. 22. INTEGRATION AID. For integration aid:

\$26,124,000	1999
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This appropriation is based on an entitlement of \$29,026,000.

Subd. 23. CENTRAL MINNESOTA AREA LEARNING CENTER. For a grant to two or more of the following school districts, independent school district Nos. 47, Sauk

New language is indicated by underline, deletions by strikeout.

Rapids; 51, Foley; 738, Holdingford; 739, Kimball; 742, St. Cloud; 748, Sartell; and 750, Cold Spring, that form a joint powers agreement under Minnesota Statutes, section 471.59, to establish the central Minnesota area learning center:

<u>\$130,000</u>	<u>.....</u>	<u>1998</u>
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This appropriation is available until June 30, 1999.

Subd. 24. ADDITIONAL REVENUE FOR HOMELESS STUDENTS. For additional revenue for homeless students according to Minnesota Statutes, section 126.225:

<u>\$180,000</u>	<u>.....</u>	<u>1998</u>
<u>\$200,000</u>	<u>.....</u>	<u>1999</u>

The 1998 appropriation includes \$0 for 1997 and \$180,000 for 1998.

The 1999 appropriation includes \$20,000 for 1998 and \$180,000 for 1999.

Subd. 25. MATCHING GRANTS FOR EDUCATION PROGRAMS SERVING HOMELESS CHILDREN. For matching grants for education programs for homeless children:

<u>\$400,000</u>	<u>.....</u>	<u>1998</u>
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This appropriation is available until June 30, 1999.

Subd. 26. LOW-INCOME CONCENTRATION GRANTS. For low-income concentration grants under Laws 1994, chapter 647, article 8, section 43:

<u>\$1,000,000</u>	<u>.....</u>	<u>1998</u>
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The commissioner shall also award a grant to a school building that has at least 20 percent students of color and where at least 20 percent of the students are eligible for free or reduced-price lunch if that school building is located in a city where all the school buildings in that city are eligible for low-income concentration grants.

Subd. 27. NETT LAKE. For grants to independent school district No. 707, Nett Lake:

<u>\$99,000</u>	<u>.....</u>	<u>1998</u>
<u>\$60,000</u>	<u>.....</u>	<u>1999</u>

\$39,000 in 1998 is for a grant to independent school district No. 707, Nett Lake, to reimburse the district for property and boiler insurance premiums paid in fiscal years 1996 and 1997.

\$30,000 in 1998 and \$30,000 in 1999 are for grants to independent school district No. 707, Nett Lake, to pay property insurance and boiler insurance premiums, and insurance premiums under Minnesota Statutes, section 466.06.

\$30,000 in 1998 and \$30,000 in 1999 are for grants to independent school district No. 707, Nett Lake, for the payment of obligations of the school district for unemployment compensation. The appropriation must be paid to the appropriate state agency for such purposes in the name of the school district.

New language is indicated by underline, deletions by strikeout.

Subd. 28. NETT LAKE MEDIA SPECIALIST. For a grant to independent school district No. 707, Nett Lake, for a media specialist for preschool through grade 6:

<u>\$35,000</u>	<u>.....</u>	<u>1998</u>
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Subd. 29. FIRST GRADE PREPAREDNESS. (a) For grants for the first grade preparedness program under Minnesota Statutes, section 124.2613, and for school sites that have provided a full-day kindergarten option for kindergarten students enrolled in fiscal years 1996 and 1997:

<u>\$5,000,000</u>	<u>.....</u>	<u>1998</u>
<u>\$5,000,000</u>	<u>.....</u>	<u>1999</u>

(b) To be a qualified site, licensed teachers must have taught the optional full-day kindergarten classes. A district that charged a fee for students participating in an optional full-day program is eligible to receive the grant to provide full-day kindergarten for all students as required by Minnesota Statutes, section 124.2613, subdivision 4. Districts with eligible sites must apply to the commissioner of children, families, and learning for a grant.

(c) This appropriation must first be used to fund programs operating during the 1996-1997 school year under paragraph (b) and Minnesota Statutes, section 124.2613. Any remaining funds may be used to expand the number of sites providing first grade preparedness programs.

Subd. 30. EDUCATION PERFORMANCE IMPROVEMENT GRANTS. For additional grants under Laws 1994, chapter 647, article 7, section 18, as amended:

<u>\$1,100,000</u>	<u>.....</u>	<u>1998</u>
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Consistent with the provisions of Laws 1994, chapter 647, article 7, section 18, as amended, a grant recipient that is a group of school districts that have entered into a joint powers agreement may use the grant proceeds to enhance student achievement and metropolitan desegregation. Grant recipients must comply with the achievement plan according to Minnesota Statutes, section 123.951, subdivision 4.

This appropriation is available until June 30, 1999.

Subd. 31. CENTER FOR THE VICTIMS OF TORTURE. For the center for victims of torture to hire a full-time psychologist to address behavioral problems exhibited by students in the public schools who are survivors of war traumas:

<u>\$60,000</u>	<u>.....</u>	<u>1998</u>
<u>\$60,000</u>	<u>.....</u>	<u>1999</u>

Subd. 32. ADOLESCENT PARENT PROGRAM GRANTS. For adolescent parent program grants:

<u>\$500,000</u>	<u>.....</u>	<u>1998</u>
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Up to 2-1/2 percent of the appropriation may be used for evaluation of the programs.

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

New language is indicated by underline, deletions by strikeout.

Subd. 33. LEARN AND EARN GRADUATION ACHIEVEMENT PROGRAM. For the learn and earn graduation achievement program according to Minnesota Statutes, section 126.79:

<u>\$1,000,000</u>	<u>.....</u>	<u>1998</u>
<u>\$1,000,000</u>	<u>.....</u>	<u>1999</u>

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

Subd. 34. ONE ROOM SCHOOLHOUSE. For a grant to independent school district No. 690, Warroad, to operate the Angle Inlet School:

<u>\$25,000</u>	<u>.....</u>	<u>1998</u>
<u>\$25,000</u>	<u>.....</u>	<u>1999</u>

Subd. 35. SPECIAL PROGRAM; FETAL ALCOHOL SYNDROME. The sum indicated in this subdivision is appropriated from the general fund to the commissioner of health for the fiscal year designated. To prevent and reduce harm from fetal alcohol syndrome and fetal alcohol effect:

<u>\$500,000</u>	<u>.....</u>	<u>1998</u>
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This amount is added to the appropriation for the same purpose in Laws 1997, chapter 203, article 1, section 3, subdivision 2.

This appropriation is available until June 30, 1999.

Sec. 52. REPEALER.

Subdivision 1. JULY 1, 1996. Minnesota Statutes 1996, section 124.3201, subdivisions 2a and 2b, are retroactively repealed effective July 1, 1996.

Subd. 2. JUNE 1, 1997. Minnesota Statutes 1996, section 124.17, subdivision 5, is retroactively repealed effective June 1, 1997.

Sec. 53. EFFECTIVE DATE.

(a) Sections 4, 23, and 24 are effective for fiscal year 1999.

(b) Sections 6, 7, 21, and 25 are effective retroactively to July 1, 1996.

(c) Sections 32 and 36 are effective for the 1997-1998 school year and thereafter.

(d) If this act is enacted on or after July 1, 1997, all sections in this article except for those sections listed in paragraphs (a) to (c) are effective the day following final enactment.

New language is indicated by underline, deletions by strikeout.

ARTICLE 3

LIFEWORk DEVELOPMENT

Section 1. [121.498] MINNESOTA CAREER INFORMATION SYSTEM.

(a) The department of children, families, and learning, through the Minnesota career information system (MCIS), may provide career information to, including, but not limited to, school districts and other educational organizations, employment and training services, human service agencies, libraries, and families. The department shall collect fees necessary to recover all expenditures related to the operation of the Minnesota career information system.

(b) Grants and other legislative funds may be accepted and used for the improvement or operation of the Minnesota career information system. All receipts shall be deposited in a special account in the special revenue fund that shall be carried over at the end of each fiscal year. The money in the account, along with any interest earned, is appropriated to the commissioner of children, families, and learning for the Minnesota career information system and must be for the sole use and benefit of the system. The department shall recognize that the Minnesota career information system operates under a self-supporting directive, and accordingly, must provide sufficient administrative latitude within the confines of law to enable the system to operate effectively.

Sec. 2. Minnesota Statutes 1996, section 121.615, subdivision 2, is amended to read:

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 and nonpublic 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 state board of education.

Sec. 3. Minnesota Statutes 1996, section 121.615, subdivision 3, is amended to read:

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

New language is indicated by underline, deletions by strikeout.

with the advice of the executive councils of each vocational education student organization.

(1) seven members appointed by the board of directors of the school-to-work student organizations and chosen so that each represents one of the following career areas: agriculture, family and consumer sciences, service occupations, health occupations, marketing, business, and technical/industrial;

(2) seven members from business, industry, and labor appointed by the governor to staggered terms and chosen so that each represents one of the following career areas: agriculture, family and consumer sciences, service occupations, health occupations, marketing, business, and technical/industrial;

(3) five students or alumni of school-to-work student organizations representing diverse career areas, three from secondary student organizations, and two from post-secondary student organizations. The students or alumni shall be appointed by the criteria and process agreed upon by the executive directors of the student-to-work organizations; and

(4) four members from education appointed by the governor to staggered terms and chosen so that each represents one of the following groups: school district level administrators, secondary school administrators, middle school administrators, and post-secondary administrators.

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

Sec. 4. Minnesota Statutes 1996, section 121.615, subdivision 5, is amended to read:

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, without complying with section 7.09, subdivision 1;

(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 programs; and

(6) identifying an appropriate name for the foundation.

Sec. 5. Minnesota Statutes 1996, section 121.615, subdivision 6, is amended to read:

Subd. 6. **CONTRACTS.** The foundation board of directors shall review and approve foundation personnel and programming contracts each contract of the board. Each contract of the foundation board shall be subject to the same review and approval procedures as a contract of the state board of education.

New language is indicated by underline, deletions by strikeout.

Sec. 6. Minnesota Statutes 1996, section 121.615, subdivision 7, is amended to read:

Subd. 7. **FOUNDATION STAFF.** ~~The commissioner of the department of children, families, and learning~~ state board of education 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 employees shall be supervised by the executive director.

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

Sec. 7. Minnesota Statutes 1996, section 121.615, subdivision 8, is amended to read:

Subd. 8. **PUBLIC FUNDING.** ~~The commissioner of the department of children, families, and learning~~ state 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 basic staffing of the foundation and individual student school-to-work student organizations at the state level.

Sec. 8. Minnesota Statutes 1996, section 121.615, subdivision 9, is amended to read:

Subd. 9. **PRIVATE FUNDING.** The foundation shall seek private resources to supplement the allocated state and federal available public money. Individuals, businesses, and other organizations may contribute to the foundation in any manner specified by the board of directors. All money received shall be administered by the board of directors.

Sec. 9. Minnesota Statutes 1996, section 121.615, subdivision 10, is amended to read:

Subd. 10. **REPORT.** The board of directors of the foundation shall submit an annual report and assessment to the office of lifework development and on the progress of its activities to the state board of education and to the board of trustees of the Minnesota state colleges and universities. The annual report shall contain a financial report for the preceding year. The foundation shall submit a biennium report to the legislature before February 15, in the odd-numbered year.

Sec. 10. Minnesota Statutes 1996, section 121.703, subdivision 3, is amended to read:

Subd. 3. **DUTIES.** (a) The commission shall:

(1) develop, with the assistance of the governor, the commissioner of children, families, and learning, and affected state agencies, a comprehensive state plan to provide services under sections 121.701 to 121.710 and federal law;

(2) actively pursue public and private funding sources for services, including funding available under federal law;

(3) coordinate volunteer service-learning programs within the state;

New language is indicated by underline, deletions by strikeout.

(4) develop, in cooperation with the workforce development council and the commissioner of children, families, and learning, volunteer service-learning programs, including curriculum, materials, and methods of instruction;

(5) work collaboratively with the workforce development council, the commissioner of children, families, and learning, schools, public and private agencies, for-profit and nonprofit employers, and labor unions to identify mentoring and service-learning opportunities, solicit and recruit participants for these programs, and disseminate information on the programs;

(6) administer the youth works grant program under sections 121.704 to 121.709, with assistance from the commissioner of children, families, and learning and the executive director of the higher education services office, including soliciting and approving grant applications from eligible organizations, and administering individual postservice benefits;

(7) establish an evaluation plan for programs developed and services provided under sections 121.701 to 121.710;

(8) report to the governor, commissioner of children, families, and learning, and legislature;

(9) provide oversight and support for school, campus, and community-based service programs; and

(10) administer the federal AmeriCorps program.

(b) Nothing in sections 121.701 to 121.710 precludes an organization from independently seeking public or private funding to accomplish purposes similar to those described in paragraph (a).

(c) The commissioner of children, families, and learning shall consult with commission members before the commissioner selects the executive director for the commission, who shall serve in the unclassified service.

Sec. 11. Minnesota Statutes 1996, section 124.193, is amended to read:

124.193 PROHIBITED AID AND LEVIES.

Subdivision 1. GENERAL PROHIBITION. Unless specifically permitted in the provision authorizing an aid or a levy, cooperative units of government defined in section 123.35, subdivision 19b, paragraph (d), are prohibited from making a property tax levy or qualifying for or receiving any form of state aid except that a cooperative unit may apply for and receive a grant on behalf of its members as provided in subdivisions 2 and 3.

Subd. 2. GRANTS. A cooperative unit may apply for and receive a grant on behalf of its members.

Subd. 3. ALLOCATION FROM MEMBERS. By July 15 of each year, a school district may, by board resolution, request the department to make a payment to a third party. The total sum of the payments for the year may not exceed the lesser of (a) the district's general education aid for the fiscal year beginning July 1, according to sections 124A.036, subdivision 5, and 124A.23, subdivision 4, or (b) an amount equal to \$100

New language is indicated by underline, deletions by strikeout.

times the fund balance pupil units for the fiscal year beginning July 1. By July 30 of each year, the school district must report to the commissioner the amount allocated. The amount shall be paid to the third party according to section 124.195, subdivision 15. Amounts paid to third parties under this subdivision shall be recognized and reported as revenues and expenditures on the school district's books of account under sections 121.904 and 121.906.

Sec. 12. Minnesota Statutes 1996, section 124.195, is amended by adding a subdivision to read:

Subd. 15. PAYMENTS TO THIRD PARTIES. Notwithstanding subdivision 3, 90 percent of the amounts under section 124.193, subdivision 3, shall be paid in equal installments on August 30, December 30, and March 30, with a ten percent final adjustment payment on October 30 of the next fiscal year.

Sec. 13. Minnesota Statutes 1996, section 124.574, subdivision 1, is amended to read:

Subdivision 1. The purpose of this section is to provide a method to fund programs for secondary vocational education school-to-work programs for children with a disability. As used in this section, the term "children with a disability" shall have the meaning ascribed to it in section 120.03.

Sec. 14. Minnesota Statutes 1996, section 124.574, subdivision 5, is amended to read:

Subd. 5. The aid provided pursuant to this section shall be paid only for services rendered as designated in subdivision 2 or for the costs designated in subdivision 3 which are incurred in secondary vocational education programs school-to-work programs for children with a disability which are approved by the commissioner of children, families, and learning and operated in accordance with rules promulgated by the state board. These rules shall be subject to the restrictions provided in section 124.573, subdivision 3. The procedure for application for approval of these programs shall be as provided in section 124.32, subdivisions 7 and 10, and the application review process shall be conducted by the vocational education section of the state office of lifework development in the department.

Sec. 15. Minnesota Statutes 1996, section 124.574, subdivision 6, is amended to read:

Subd. 6. All aid pursuant to this section shall be paid to the district or cooperative center providing the services. All aid received by a district or center from any source for secondary vocational education school-to-work programs for children with a disability shall be utilized solely for that purpose.

Sec. 16. Minnesota Statutes 1996, section 124.574, subdivision 9, is amended to read:

Subd. 9. REVENUE ALLOCATION FROM COOPERATIVE CENTERS AND INTERMEDIATE DISTRICTS. For purposes of this section and section 124.321, a cooperative center or an intermediate district shall allocate its approved expenditures for secondary vocational programs school-to-work programs for children

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

with a disability among participating school districts. Aid for secondary vocational programs school-to-work programs for children with a disability for services provided by a cooperative or intermediate district shall be paid to the participating school districts.

Sec. 17. Minnesota Statutes 1996, section 124C.46, subdivision 1, is amended to read:

Subdivision 1. **PROGRAM FOCUS.** The programs and services of a center must focus on academic and learning skills, applied learning opportunities, trade and vocational skills, work-based learning opportunities, work experience, youth service to the community, and transition services. Applied learning, work-based learning, and service learning may best be developed in collaboration with a local education and transitions partnership. In addition to offering programs, the center shall coordinate the use of other available educational services, social services, health services, and post-secondary institutions in the community and services area.

Sec. 18. **[126.685] LEADWORK DEVELOPMENT PLAN.**

A school district may require students to develop and maintain a record of all students' leadwork development activities and work toward achieving the profile of learning. This record includes, but is not limited to, student's goals, skills, abilities, and interests, as well as information on service learning experiences, out-of-school learning experiences, and career-related experiences, such as job shadowing, career mentoring, internships, apprenticeships, entrepreneurship, and other work-based learning activities that may be used to fulfill the profile of learning. The ongoing record assists students in choosing their school-based courses, researching and exploring career options, and realizing their role as citizens and their goals as lifelong learners. Each school year, the student, the student's parent or guardian, school and career counselors, and other appropriately trained school personnel shall review the student's plan to ensure that the plan is updated and reflects the student's changing life goals and aspirations. The plan serves as a continuous record of future education and training options necessary to achieve the student's leadwork goal.

Sec. 19. Minnesota Statutes 1996, section 268.665, subdivision 2, is amended to read:

Subd. 2. **MEMBERSHIP.** The governor's workforce development council is composed of ~~32~~ 33 members appointed by the governor. The members may be removed pursuant to section 15.059. In selecting the representatives of the council, the governor shall ensure that 50 percent of the members come from nominations provided by local workforce councils. Local education representatives shall come from nominations provided by local education to employment partnerships. The 32 members shall represent the following sectors:

- (a) State agencies: the following individuals shall serve on the council:
- (1) commissioner of the Minnesota department of economic security;
 - (2) commissioner of the Minnesota department of children, families, and learning;
 - (3) commissioner of the Minnesota department of human services; and
 - (4) commissioner of the Minnesota department of trade and economic development.

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

(b) Business and industry: six individuals shall represent the business and industry sectors of Minnesota.

(c) Organized labor: six individuals shall represent labor organizations of Minnesota.

(d) Community-based organizations: four individuals shall represent community-based organizations of Minnesota. Community-based organizations are defined by the Job Training Partnership Act as private nonprofit organizations that are representative of communities or significant segments of communities and that provide job training services, agencies serving youth, agencies serving individuals with disabilities, agencies serving displaced homemakers, union-related organizations, and employer-related nonprofit organizations and organizations serving nonreservation Indians and tribal governments.

(e) Education: ~~five~~ six individuals shall represent the education sector of Minnesota as follows:

(1) one individual shall represent local public secondary education;

(2) one individual shall have expertise in design and implementation of school-based service-learning;

(3) one individual shall represent post-secondary education;

(4) one individual shall represent secondary/post-secondary vocational institutions; and

(5) the chancellor of the board of trustees of the Minnesota state colleges and universities; and

(6) one individual shall have expertise in agricultural education.

(f) Other: two individuals shall represent other constituencies including:

(1) units of local government; and

(2) applicable state or local programs.

The speaker and the minority leader of the house of representatives shall each appoint a representative to serve as an ex officio member of the council. The majority and minority leaders of the senate shall each appoint a senator to serve as an ex officio member of the council. After January 1, 1997, the Minnesota director of the corporation for national service shall also serve as an ex officio member.

(g) Appointment: each member shall be appointed for a term of three years from the first day of January or July immediately following their appointment. Elected officials shall forfeit their appointment if they cease to serve in elected office.

(h) Members of the council are compensated as provided in section 15.059, subdivision 3.

Sec. 20. Laws 1993, chapter 146, article 5, section 20, is amended to read:

Sec. 20. **REPEALER.**

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

Sections 6 to 12 are repealed June 30, 1998 2001.

Sec. 21. DAWSON-BOYD ADULT FARM MANAGEMENT LEVY.

In addition to other levies, independent school district No. 378, Dawson-Boyd, may levy an amount up to \$132,000 for the unreimbursed costs of an adult farm management program. This amount may be levied over a period of three years.

Sec. 22. SOUTHWEST STAR CONCEPT SCHOOL.

Subdivision 1. PILOT PROJECT. The Southwest Star Concept School pilot project is created. The purpose of the project is to serve as a model for the state of Minnesota demonstrating the capability of a small school district to provide a curriculum focusing on applied learning and teaching methodology allowing students to reach high levels of performance on the state graduation standards.

Subd. 2. ACTIVITIES. The school board of independent school district No. 330, Heron Lake-Okabena, must develop the Southwest Star Concept School, including its academic framework, goals, and delivery system in consultation with community members, teachers, and parents.

Subd. 3. REPORT. Independent school district No. 330, Heron Lake-Okabena, shall conduct an ongoing study of the pilot project. The ongoing study shall evaluate and compare outcomes and student performance to other similarly situated school districts and measure changes in outcomes and student performance within the school over time. The school district shall annually report its results to the legislature by February 15 of each year. A final report must be issued by February 15, 2002.

Sec. 23. MODEL LEIFEWORLK LEARNING SITES.

Subdivision 1. PURPOSE. Lifework learning sites are established to develop and model practices of lifework learning. Lifework learning includes vocational education, preparation for work, family and community responsibilities, and lifelong learning.

Subd. 2. DEFINITION; ELIGIBILITY. A "lifework learning site" means a site that focuses on lifework learning and models school-to-work practices. A lifework learning site may include, but is not limited to, a site that is:

- (1) a public school, including a charter school, an alternative program, or a post-secondary institution;
- (2) located in or connected to a school; or
- (3) colocated with an education, commercial, government, or community enterprise.

Subd. 3. DESIGNATION. To be designated a "lifework learning site," a site must:

- (1) develop, implement, and model practices and techniques consistent with lifework learning and school-to-work performance indicators;
- (2) train school and nonschool staff on lifework learning and school-to-work practices and methodologies;
- (3) provide real world, school-based, work-based, and service-based learning experiences, integrated with academic studies that meet Minnesota's graduation standards;

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

(4) assess and evaluate lifework learning and school-to-work practices; and

(5) disseminate materials and information about lifework learning site activities using the state's information clearinghouse on lifework learning and school-to-work.

Subd. 4. APPLICATION. (a) A lifework learning site applicant must be a partner in a local/regional school-to-work partnership. To be designated a lifework learning site and eligible for a grant, the applicant must submit an application to the governor's work-force council in the form and manner the council prescribes.

(b) With the advice and recommendation of the vocational high school planning committee appointed under Laws 1995, First Special Session chapter 3, article 3, section 12, the council must select lifework learning sites that:

(1) are committed to lifework learning and school-to-work practices and methodologies;

(2) are capable and willing to work with the local/regional school-to-work partnership, and make resources available for the ongoing function of the site;

(3) implement reaching and learning strategies that support the graduation standards and innovative teaching and learning practices;

(4) develop and provide ongoing training for school and nonschool partners;

(5) use existing education, commercial, government, or community facilities;

(6) demonstrate how the lifework learning site will serve all kindergarten through grade 12 students within the community; and

(7) demonstrate a long-term financial plan to sustain the lifework learning site.

Subd. 5. START-UP GRANT AWARDS, In order for the site to receive a start-up grant, the site must match the grant amount with an equal amount of funding or in-kind contributions from federal, local, or private sources. The grant award shall not exceed \$200,000 for a site. The site shall use the grant for the start-up costs of the lifework learning site.

Subd. 6. REPORT. A grant recipient shall report annually for three years to the commissioner of children, families, and learning on implementation of the lifework learning site and the site's ability to deliver model school-to-work instruction and learning.

Sec. 24. THIRD-PARTY PAYMENTS.

For fiscal year 1998 only, the department to make a third-party payment under section 12 at a school board's request if that request is made within 60 days of the effective date of this section.

Sec. 25. 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 years designated.

New language is indicated by underline, deletions by strikeout.

Subd. 2. SECONDARY VOCATIONAL EDUCATION AID. For secondary vocational education aid according to Minnesota Statutes, section 124.573:

\$11,617,000	.....	1998
\$11,596,000	.....	1999

The 1998 appropriation includes \$1,180,000 for 1997 and \$10,437,000 for 1998.

The 1999 appropriation includes \$1,159,000 for 1998 and \$10,437,000 for 1999.

Subd. 3. YOUTHWORKS PROGRAM. For funding youthworks programs according to Minnesota Statutes, sections 121.701 to 121.710:

\$1,838,000	.....	1998
\$1,838,000	.....	1999

The commissioner may allocate up to \$50,000 of the appropriation for the cost of administering the program.

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

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

Subd. 4. EDUCATION AND EMPLOYMENT TRANSITIONS PROGRAM GRANTS. For education and employment transitions program:

\$4,750,000	.....	1998
\$4,750,000	.....	1999

\$500,000 each year is for development of MnCEPs, an Internet-based education and employment information system. These are one-time funds.

\$1,225,000 in fiscal year 1998 and \$1,250,000 in fiscal year 1999 is for a rebate program for qualifying employers who employ less than 250 employees, who offer youth internships to educators. An employer may apply for a rebate of up to \$500 for each paid youth internship and each educator internship, and up to \$3,000 for each paid youth apprenticeship. The commissioner shall determine the application and payment process.

\$450,000 each year is for youth apprenticeship program grants.

\$225,000 each year is for youth entrepreneurship grants under Minnesota Statutes, section 121.72. Of this amount, \$25,000 each year is for the high school student entrepreneurship program in independent school district No. 175, Westbrook. This appropriation shall be used for expenses, including, but not limited to, salaries, travel, seminars, equipment purchases, contractual expenses, and other expenses related to the student-run business.

\$125,000 each year is for youth employer grants under Laws 1995, First Special Session chapter 3, article 4, section 28.

\$150,000 each year is for parent and community awareness training.

\$825,000 each year is for the development of career assessment benchmarks, life-work portfolios, industry skill standards, curriculum development, career academies, and career programs for elementary, middle school, and at-risk learners.

New language is indicated by underline, deletions by strikeout.

\$400,000 each year is for state level activities, including the governor's workforce council.

\$275,000 each year is for development of occupational information.

\$300,000 each year is for a grant to be made available to a county government that has established school-to-work projects with schools located in a city of the first class. These grants must be used to expand the number of at-risk students participating in these school-to-work projects. Priority must be given to projects that demonstrate collaboration between private employers, collective bargaining representatives, school officials, and the county government and which prepare at-risk students for long-term employment with private sector employers paying a minimum of 150 percent of the federal poverty level for a family of four and with the majority of their employees in collective bargaining units.

\$250,000 each year is for agricultural school-to-work grants.

\$25,000 is for a grant to the Minnesota Historical Society for money canceled in fiscal year 1997.

Subd. 5. MINNESOTA SCHOOL-TO-WORK STUDENT ORGANIZATION FOUNDATION. For the Minnesota school-to-work student organization foundation under Minnesota Statutes, section 121.615:

<u>\$375,000</u>	<u>.....</u>	<u>1998</u>
<u>\$375,000</u>	<u>.....</u>	<u>1999</u>

This appropriation is available until June 30, 1999.

Subd. 6. SOUTHWEST STAR CONCEPT SCHOOL. For a grant to independent school district No. 330, Heron Lake-Okabena, to establish the Southwest Star Concept School:

<u>\$193,000</u>	<u>.....</u>	<u>1998</u>
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This appropriation may be used for equipment, activities beyond the classroom walls, professional planning assistance, monitoring, evaluating, and reporting activities related to the case study prepared in section 22.

Subd. 7. WORKSTUDY STUDENT COMPENSATION. For enabling school districts to pay the employer's share of work study students compensation under Minnesota Statutes, section 136A.233, subdivision 3:

<u>\$50,000</u>	<u>.....</u>	<u>1998</u>
<u>\$50,000</u>	<u>.....</u>	<u>1999</u>

Money shall be available to districts upon request until the appropriation is exhausted. The commissioner may establish an application procedure for allocating the money to districts.

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Subd. 8. **LIFEWORX LEARNING SITES.** For lifework learning sites according to section 23:

<u>\$500,000</u>	<u>.....</u>	<u>1998</u>
<u>\$500,000</u>	<u>.....</u>	<u>1999</u>

Of this amount, \$150,000 shall be awarded for a start-up grant to the Mid-State education district No. 6979 for a job shadowing program and internships at Camp Ripley.

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

Sec. 26. EFFECTIVE DATE.

(a) Sections 11 and 12 are effective for revenue for fiscal years 1998 and later.

(b) If this act is enacted on or after July 1, 1997, all sections in this article except for those sections listed in paragraph (a) are effective the day following final enactment.

ARTICLE 4

EDUCATION ORGANIZATION, COOPERATION, AND FACILITIES

Section 1. Minnesota Statutes 1996, section 120.0621, subdivision 5a, is amended to read:

Subd. 5a. **TUITION PAYMENTS.** In each odd-numbered year, before March 1, the state board of education commissioner shall agree to rates of tuition for Minnesota elementary and secondary pupils attending in other states for the next two fiscal years when the other state agrees to negotiate tuition rates. The board commissioner shall negotiate equal, reciprocal rates with the designated authority in each state for pupils who reside in an adjoining state and enroll in a Minnesota school district. The rates must be at least equal to the tuition specified in section 120.08, subdivision 1. If the other state does not agree to negotiate a general tuition rate, a Minnesota school district may negotiate a tuition rate with the school district in the other state that sends a pupil to or receives a pupil from the Minnesota school district. The tuition rate for a pupil with a disability must be equal to the actual cost of instruction and services provided. The resident district of a Minnesota pupil attending in another state under this section must pay the amount of tuition agreed upon in this section to the district of attendance, prorated on the basis of the proportion of the school year attended.

Sec. 2. Minnesota Statutes 1996, section 120.0621, subdivision 6, is amended to read:

Subd. 6. **EFFECTIVE IF RECIPROCAL.** This section is effective with respect to South Dakota upon enactment of provisions by South Dakota that the commissioner determines are essentially similar to the provisions for Minnesota pupils in this section. Af-

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ter July 1, 1993, this section is effective with respect to any other bordering state upon enactment of provisions by the bordering state that the commissioner determines are essentially similar to the provisions for Minnesota pupils in this section.

Sec. 3. Minnesota Statutes 1996, section 120.0621, is amended by adding a subdivision to read:

Subd. 7. APPEAL TO THE COMMISSIONER. If a Minnesota school district cannot agree with an adjoining state on a tuition rate for a Minnesota student attending school in that state and that state has met the requirements in subdivision 6, then the student's parent or guardian may request that the commissioner agree on a tuition rate for the student. The Minnesota school district must pay the amount of tuition the commissioner agrees upon.

Sec. 4. Minnesota Statutes 1996, section 121.15, is amended by adding a subdivision to read:

Subd. 1b. INDOOR AIR QUALITY RESOURCES; COMMISSIONER'S ROLE. As part of the consultation under subdivision 1, the commissioner shall provide each school district with information concerning indoor air quality.

Sec. 5. Minnesota Statutes 1996, section 121.15, subdivision 6, is amended to read:

Subd. 6. REVIEW AND COMMENT. A school district, a special education cooperative, or a cooperative unit of government, as defined in section 123.35, subdivision 19b, paragraph (d), must not initiate an installment contract for purchase or a lease agreement, hold a referendum for bonds, nor solicit bids for new construction, expansion, or remodeling of an educational facility that requires an expenditure in excess of \$400,000 per school site prior to review and comment by the commissioner. A school board shall not separate portions of a single project into components to avoid the requirements of this subdivision.

Sec. 6. Minnesota Statutes 1996, section 121.15, subdivision 7, is amended to read:

Subd. 7. INFORMATION REQUIRED. A school board proposing to construct a facility described in subdivision 6 shall submit to the commissioner a proposal containing information including at least the following:

(a) the geographic area proposed to be served, whether within or outside the boundaries of the school district;

(b) the people proposed to be served, including census findings and projections for the next ten years of the number of preschool and school-aged people in the area;

(c) the reasonably anticipated need for the facility or service to be provided;

(d) a description of the construction in reasonable detail, including: the expenditures contemplated; the estimated annual operating cost, including the anticipated salary and number of new staff necessitated by the proposal; and an evaluation of the energy efficiency and effectiveness of the construction, including estimated annual energy costs; and a description of the telephone capabilities of the facility and its classrooms;

(e) a description of existing facilities within the area to be served and within school districts adjacent to the area to be served; the extent to which existing facilities or services

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are used; the extent to which alternate space is available, including other school districts, post-secondary institutions, other public or private buildings, or other noneducation community resources; and the anticipated effect that the facility will have on existing facilities and services;

(f) the anticipated benefit of the facility to the area;

(g) if known, the relationship of the proposed construction to any priorities that have been established for the area to be served;

(h) the availability and manner of financing the facility and the estimated date to begin and complete the facility;

(i) desegregation requirements that cannot be met by any other reasonable means;

(j) the relationship of the proposed facility to the cooperative integrated learning needs of the area; and

(k) the effects of the proposed facility on the district's operating budget;

(l) the level of collaboration at the facility between the district and other governmental or nonprofit entities; and

(m) the extent to which the district has minimized administrative overhead among facilities.

Sec. 7. Minnesota Statutes 1996, section 121.15, is amended by adding a subdivision to read:

Subd. 7a. INDOOR AIR QUALITY. A school board seeking a review and comment under this section must submit information demonstrating to the commissioner's satisfaction that:

(1) indoor air quality issues have been considered; and

(2) the architects and engineers designing the facility will have professional liability insurance.

Sec. 8. **[121.1501] SCHOOL FACILITY COMMISSIONING.**

Subdivision 1. APPLICATION. This section applies to the installation or retrofitting of heating, ventilation, and air conditioning systems for which review and comment of the project under section 121.15 has been requested after the effective date of this section.

Subd. 2. SYSTEM INSPECTOR. For purposes of this section, system inspector means:

(1) a Minnesota-licensed architect or engineer; or

(2) properly qualified testing and balancing agency or individual.

Subd. 3. CERTIFICATION. Prior to occupying or reoccupying a school facility affected by this section, a school board or its designee shall submit a document prepared by a system inspector to the building official or to the commissioner, verifying that the facility's heating, ventilation, and air conditioning system has been installed and operates according to design specifications.

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Subd. 4. **OCCUPANCY.** If the document submitted by the school board to the local building official or the commissioner does not demonstrate to that official's satisfaction that the heating, ventilation, and air conditioning system has been installed correctly or that the system is not operating at a level to meet design specifications, the official or commissioner may allow up to one year of occupancy while the heating, ventilation, and air conditioning system is improved to a level that is considered satisfactory by the system inspector.

Sec. 9. Minnesota Statutes 1996, section 124.2445, is amended to read:

124.2445 PURCHASE OF CERTAIN EQUIPMENT.

The board of a school district may issue general obligation certificates of indebtedness or capital notes subject to the school district debt limits to purchase: (a) vehicles, 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; and (b) computer hardware and software, without regard to its expected useful life, whether bundled with machinery or equipment or unbundled, together with application development services and training related to the use of the computer. 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. 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 sum of (1) 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-, and (2) any excess amount in the debt redemption fund used to retire certificates or notes issued after April 1, 1997, other than amounts used to pay capitalized interest. A district using an excess amount in the debt redemption fund to retire the certificates or notes shall report the amount used for this purpose to the commissioner by July 15 of the following fiscal year. A district having an outstanding capital loan under section 124.431 or an outstanding debt service loan under section 124.42 must not use an excess amount in the debt redemption fund to retire the certificates or notes.

Sec. 10. Minnesota Statutes 1996, 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 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

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(4) bringing school buildings into compliance with life and safety codes and fire codes.

(b) Before a district issues bonds under this subdivision, it must publish notice of the intended projects, the amount of the bond issue, and the total amount of district indebtedness.

(c) A bond issue tentatively authorized by the board under this subdivision becomes finally authorized unless a petition signed by more than 15 percent of the registered voters of the school district is filed with the school board within 30 days of the board's adoption of a resolution stating the board's intention to issue bonds. The percentage is to be determined with reference to the number of registered voters in the school district on the last day before the petition is filed 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 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 sum of (1) the amount of the tax levies for debt service certified for each year for payment of the principal and interest on the bonds, and (2) any excess amount in the debt redemption fund used to retire bonds issued after April 1, 1997, other than amounts used to pay capitalized interest. A district using an excess amount in the debt redemption fund to retire the bonds shall report the amount used for this purpose to the commissioner by July 15 of the following fiscal year. A district having an outstanding capital loan under section 124.431 or an outstanding debt service loan under section 124.42 must not use an excess amount in the debt redemption fund to retire 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, must be paid off within 20 years of issuance. All the other provisions and limitation of paragraph (d) apply.

Sec. 11. Minnesota Statutes 1996, section 124.2727, subdivision 6d, is amended to read:

Subd. 6d. **REVENUE USES.** (a) A district must place its district cooperation revenue in a reserved account and may only use the revenue to purchase goods and services from entities formed for cooperative purposes or to otherwise provide educational services in a cooperative manner.

(b) A district that was a member of an intermediate school district organized pursuant to chapter 136D on July 1, 1994 ~~July 1, 1996~~, must place its district cooperation revenue in a reserved account and must allocate a portion of the reserved revenue for instructional services from entities formed for cooperative services for special education programs and secondary vocational programs. The allocated amount is equal to the levy

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made according to section 124.2727, subdivision 6, for taxes payable in 1994 divided by the actual pupil units in the intermediate school district for fiscal year 1995 times the number of actual pupil units in the school district in 1995. The district must use 5/11 of the revenue for special education and 6/11 of the revenue for secondary vocational education. The district must demonstrate that the revenue is being used to provide the full range of special education and secondary vocational programs and services available to each child served by the intermediate. The secondary vocational programs and service must meet the requirements established in an articulation agreement developed between the state board of education and the board of trustees of the Minnesota state colleges and universities.

(c) A district that was not a member of an intermediate district organized under chapter 136D on July 1, 1994, must spend at least \$9 per pupil unit of its district cooperation revenue on secondary vocational programs.

Sec. 12. Minnesota Statutes 1996, section 124.42, subdivision 4, is amended to read:

Subd. 4. Each district receiving a debt service loan shall levy for debt service in that year and each year thereafter, until all its debts to the fund are paid, (a) the amount of its maximum effort debt service levy, or (b) the amount of its required debt service levy less the amount of any debt service loan in that year, whichever is greater. ~~Whenever the maximum effort debt service levy is greater the district shall remit to the commissioner, within ten days after its receipt of the last regular tax distribution in the year in which it is collected, that portion of the maximum effort debt service tax collections, including penalties and interest, which exceeds the required debt service levy. The district shall remit payments to the commissioner according to section 124.45. On or before September 1 30~~ in each year the commissioner shall notify the county auditor of each county containing taxable property situated within the school district of the amount of the maximum effort debt service levy of the district for that year, and said county auditor or auditors shall extend upon the tax rolls an ad valorem tax upon all taxable property within the district in the aggregate amount so certified.

Sec. 13. Minnesota Statutes 1996, section 124.431, subdivision 2, is amended to read:

Subd. 2. **DISTRICT REQUEST FOR REVIEW AND COMMENT.** A school district or a joint powers district that intends to apply for a capital loan must submit a proposal to the commissioner for review and comment according to section 121.15 on or before July 1 of an odd-numbered year. The commissioner must prepare a review and comment on the proposed facility, regardless of the amount of the capital expenditure required to construct the facility. In addition to the information provided under section 121.15, subdivision 7, the commissioner shall require that predesign packages comparable to those required under section 16B.335 be prepared by the applicant school district. The predesign packages must be sufficient to define the scope, cost, and schedule of the project and must demonstrate that the project has been analyzed according to appropriate space needs standards and also consider the following criteria in determining whether to make a positive review and comment.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 14. Minnesota Statutes 1996, section 124.431, subdivision 11, is amended to read:

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Subd. 11. **CONTRACT.** (a) Each capital loan must be evidenced by a contract between the school district and the state acting through the commissioner. The contract must obligate the state to reimburse the district, from the maximum effort school loan fund, for eligible capital expenses for construction of the facility for which the loan is granted, an amount computed as provided in subdivision 8. The commissioner must receive from the school district a certified resolution of the school board estimating the costs of construction and reciting that contracts for construction of the facilities for which the loan is granted have been awarded and that bonds of the district have been issued and sold in the amount necessary to pay all estimated costs of construction in excess of the amount of the loan. The contract must obligate the district to repay the loan out of the excesses of its maximum effort debt service levy over its required debt service levy, including interest at a rate equal to the weighted average annual rate payable on Minnesota state school loan bonds issued for the project and disbursed to the districts on a reimbursement basis, but in no event less than 3-1/2 percent per year on the principal amount from time to time unpaid.

(b) The district shall each year, as long as it is indebted to the state, levy for debt service (a) (i) the amount of its maximum effort debt service levy or (b) (ii) the amount of its required debt service levy, whichever is greater, except as the required debt service levy may be reduced by a loan under section 124.42. On November 20 of each year each district having an outstanding capital loan shall compute the excess amount in the debt redemption fund. The commissioner shall prescribe the form and calculation to be used in computing the excess amount. A completed copy of this form shall be sent to the commissioner before December 1 of each year. The commissioner may recompute the excess amount and shall promptly notify the district of the recomputed amount. On December 15 of each year, the district shall remit to the commissioner an amount equal to the excess amount in the debt redemption fund. When the maximum effort debt service levy is greater, the district shall remit to the commissioner within ten days after its receipt of the last regular tax distribution in each year, that part of the debt service tax collections, including penalties and interest that exceeded the required debt service levy. The district shall remit payments to the commissioner according to section 124.45.

(c) The commissioner shall supervise the collection of outstanding accounts due the fund and may, by notice to the proper county auditor, require the maximum levy to be made as required in this subdivision. Interest on capital loans must be paid on December 15 of the year after the year the loan is granted and annually in later years. On or before September 1 30 in each year the commissioner shall notify the county auditor of each county containing taxable property situated within the school district of the amount of the maximum effort debt service levy of the district for that year. The county auditor or auditors shall extend upon the tax rolls an ad valorem tax upon all taxable property within the district in the aggregate amount so certified.

Sec. 15. Minnesota Statutes 1996, section 124.45, is amended to read:

124.45 PAYMENT AND APPLICATIONS OF PAYMENT.

Subdivision 1. PAYMENT. (a) On November 20 of each year, each district having an outstanding capital loan or debt service loan shall compute the excess amount in the debt redemption fund. The commissioner shall prescribe the form and calculation to be used in computing the excess amount. A completed copy of this form shall be sent to the

New language is indicated by underline, deletions by strikeout.

commissioner before December 1 of each year. The commissioner may recompute the excess amount and shall promptly notify the district of the recomputed amount.

(b) On December 15 of each year, the district shall remit to the commissioner an amount equal to the greater of:

(i) the excess amount in the debt redemption fund; or

(ii) the amount by which the maximum effort debt service levy exceeds the required debt service levy for that calendar year.

Any late payments shall be assessed an interest charge using the interest rates specified for the debt service notes and capital loan contracts.

(c) If a payment required under the maximum effort school aid law is not made within 30 days, the commissioner may reduce any subsequent payments due the district under chapters 124 and 124A by the amount due, after providing written notice to the district.

Subd. 2. APPLICATION OF PAYMENTS. The commissioner shall apply payments received from collections of maximum effort debt service levies in excess of required debt service levies of a district on its debt service notes and capital loan contracts under the maximum effort school aid law and aids withheld according to subdivision 1, paragraph (b), as follows: First, to payment of interest accrued on its notes, if any; second, to interest on its contracts, if any; third, toward principal of its notes, if any; and last, toward principal of its contracts, if any. While more than one note or more than one contract is held, priority of payment of interest shall be given to the one of earliest date, and after interest accrued on all notes is paid, similar priority shall be given in the application of any remaining amount to the payment of principal. In any year when the receipts from a district are not sufficient to pay the interest accrued on any of its notes or contracts, the deficiency shall be added to the principal, and the commissioner shall notify the district and each county auditor concerned of the new amount of principal of the note or contract.

Sec. 16. [124.825] HISTORIC BUILDING REVENUE.

Subdivision 1. ELIGIBILITY. A district that maintains a school building listed on the National Register of Historic Places is eligible for historic building revenue.

Subd. 2. REVENUE. A district's historic building revenue is equal to \$100 times the number of actual pupil units served in the school building.

Subd. 3. LEVY. To obtain historic building revenue, a district may levy an amount, not to exceed the district's revenue, equal to the district's revenue authority for that year times the lesser of one or the ratio of the adjusted net tax capacity divided by its actual pupil units for that school year to \$10,000.

Subd. 4. AID. A district's historic building aid is equal to the difference between the district's revenue minus the levy. If a district does not levy the entire amount permitted, the district's aid must be reduced in proportion to the amount levied.

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Sec. 17. Minnesota Statutes 1996, section 124.83, subdivision 1, is amended to read:

Subdivision 1. **HEALTH AND SAFETY PROGRAM.** To receive health and safety revenue for any fiscal year a district must submit to the commissioner of children, families, and learning an application for aid and levy by the date determined by the commissioner. The application may be for hazardous substance removal, fire and life safety code repairs, labor and industry regulated facility and equipment violations, and health, safety, and environmental management, including indoor air quality management. The application must include a health and safety program adopted by the school district board. The program must include the estimated cost, per building, of the program by fiscal year.

Sec. 18. Minnesota Statutes 1996, section 124.83, subdivision 2, is amended to read:

Subd. 2. **CONTENTS OF PROGRAM.** A district must adopt a health and safety program. The program must include plans, where applicable, for hazardous substance removal, fire and life safety code repairs, regulated facility and equipment violations, and health, safety, and environmental management, including indoor air quality management.

(a) A hazardous substance plan must contain provisions for the removal or encapsulation of asbestos from school buildings or property, asbestos-related repairs, cleanup and disposal of polychlorinated biphenyls found in school buildings or property, and cleanup, removal, disposal, and repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel, oil, and special fuel, as defined in section 296.01. If a district has already developed a plan for the removal or encapsulation of asbestos as required by the federal Asbestos Hazard Emergency Response Act of 1986, the district may use a summary of that plan, which includes a description and schedule of response actions, for purposes of this section. The plan must also contain provisions to make modifications to existing facilities and equipment necessary to limit personal exposure to hazardous substances, as regulated by the federal Occupational Safety and Health Administration under Code of Federal Regulations, title 29, part 1910, subpart Z; or is determined by the commissioner to present a significant risk to district staff or student health and safety as a result of foreseeable use, handling, accidental spill, exposure, or contamination.

(b) A fire and life safety plan must contain a description of the current fire and life safety code violations, a plan for the removal or repair of the fire and life safety hazard, and a description of safety preparation and awareness procedures to be followed until the hazard is fully corrected.

(c) A facilities and equipment violation plan must contain provisions to correct health and safety hazards as provided in department of labor and industry standards pursuant to section 182.655.

(d) A health, safety, and environmental management plan must contain a description of training, record keeping, hazard assessment, and program management as defined in section 124.829.

(e) A plan to test for and mitigate radon produced hazards.

(f) A plan to monitor and improve indoor air quality.

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

Sec. 19. Minnesota Statutes 1996, section 124.91, subdivision 1, is amended to read:

Subdivision 1. **TO LEASE BUILDING OR LAND.** (a) 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 operating capital expenditure facilities revenues revenue authorized under sections 124.243 and section 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.

(b) 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, conformity 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.

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

(d) The total levy under this subdivision for a district for any year must not exceed \$100 times the actual pupil units for the fiscal year to which the levy is attributable.

Sec. 20. Minnesota Statutes 1996, section 124.95, subdivision 2, is amended to read:

Subd. 2. **ELIGIBILITY.** (a) The following portions of a district's debt service levy qualify for debt service equalization:

(1) debt service for repayment of principal and interest on bonds issued before July 2, 1992;

(2) debt service for bonds refinanced after July 1, 1992, if the bond schedule has been approved by the commissioner and, if necessary, adjusted to reflect a 20-year maturity schedule; and

(3) debt service for bonds issued after July 1, 1992, for construction projects that have received a positive review and comment according to section 121.15, if the commissioner has determined that the district has met the criteria under section 124.431, subdivision 2, and if the bond schedule has been approved by the commissioner and, if necessary, adjusted to reflect a 20-year maturity schedule.

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(b) The criterion in section 124.431, subdivision 2, paragraph (a), clause (2), shall be considered to have been met if the district in the fiscal year in which the bonds are authorized at an election conducted under chapter 475:

(i) serves an average of at least 66 pupils per grade in the grades to be served by the facility if grades 9 through 12 are to be served by the facility, and an average of at least 66 pupils per grade in these grades are served; or

(ii) is eligible for elementary or secondary sparsity revenue.

(c) The criterion in section 124.431, subdivision 2, paragraph (a), clause (2), shall also be considered to have been met if the construction project under review serves students in kindergarten to grade 8. Only the debt service levy for that portion of the facility serving students in prekindergarten to grade 8, as determined by the commissioner, shall be eligible for debt service equalization under this paragraph.

(d) The criterion described in section 124.431, subdivision 2, paragraph (a), clause (9), does not apply to bonds authorized by elections held before July 1, 1992.

(e) For the purpose of this subdivision the department shall determine the eligibility for sparsity at the location of the new facility, or the site of the new facility closest to the nearest operating school if there is more than one new facility.

(f) Notwithstanding paragraphs (a) to (e), debt service for repayment of principal and interest on bonds issued after July 1, 1997, does not qualify for debt service equalization aid unless the primary purpose of the facility is to serve students in kindergarten through grade 12.

Sec. 21. Minnesota Statutes 1996, section 124.961, is amended to read:

124.961 DEBT SERVICE APPROPRIATION.

(a) \$30,054,000 \$35,480,000 in fiscal year 1996 1998, \$28,162,000 \$38,159,000 in fiscal year 1997 1999, and \$33,948,000 \$38,390,000 in fiscal year 1998 2000 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 2000 appropriation includes \$4,970,000 \$3,842,000 for 1997 1999 and \$28,978,000 \$34,548,000 for 1998 2000.

(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. 22. Minnesota Statutes 1996, section 124A.22, subdivision 10, is amended to read:

Subd. 10. TOTAL OPERATING CAPITAL REVENUE. (a) For fiscal year 1997 1999 and thereafter, total operating capital revenue for a district equals the amount determined under paragraph (b), or (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 1999 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.

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(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 the school year.

(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) For fiscal years 1998 and later, the revenue for a district that operates a program under section 121.585, is increased by an amount equal to \$15 \$30 times the number of actual pupil units at the site where the program is implemented.

Sec. 23. Minnesota Statutes 1996, section 124A.22, subdivision 11, is amended to read:

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

- (1) to acquire land for school purposes;
- (2) to acquire or construct buildings for school purposes, up to \$400,000;
- (3) to rent or lease buildings, including the costs of building repair or improvement that are part of a lease agreement;
- (4) to improve and repair school sites and buildings, and equip or reequip school buildings with permanent attached fixtures;
- (5) for a surplus school building that is used substantially for a public nonschool purpose;
- (6) to eliminate barriers or increase access to school buildings by individuals with a disability;
- (7) to bring school buildings into compliance with the uniform fire code adopted according to chapter 299F;
- (8) to remove asbestos from school buildings, encapsulate asbestos, or make asbestos-related repairs;
- (9) to clean up and dispose of polychlorinated biphenyls found in school buildings;
- (10) to clean up, remove, dispose of, and make repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296.01;
- (11) for energy audits for school buildings and to modify buildings if the audit indicates the cost of the modification can be recovered within ten years;

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(12) to improve buildings that are leased according to section 123.36, subdivision 10;

(13) to pay special assessments levied against school property but not to pay assessments for service charges;

(14) to pay principal and interest on state loans for energy conservation according to section 216C.37 or loans made under the northeast Minnesota economic protection trust fund act according to sections 298.292 to 298.298;

(15) to purchase or lease interactive telecommunications equipment;

(16) by school board resolution, to transfer money into the debt redemption fund to: (i) pay the amounts needed to meet, when due, principal and interest payments on certain obligations issued according to chapter 475; or (ii) pay principal and interest on debt service loans or capital loans according to section 124.44;

(17) to pay capital expenditure equipment-related assessments of any entity formed under a cooperative agreement between two or more districts;

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

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

(20) to purchase textbooks;

(21) to purchase new and replacement library books;

(22) to purchase vehicles;

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

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

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

(iii) other classroom information management needs; and

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

Sec. 24. Minnesota Statutes 1996, section 136D.72, subdivision 2, is amended to read:

Subd. 2. **TERMS.** ~~The terms of the members of the first school board shall, as nearly as possible, consist of one-third of the members for one year, one-third of the members for two years, and one-third of the members for three years. The members of the first board shall determine by lot which length of term each member of the first board shall be assigned. Terms of office of the members of the board shall expire on June 30 January 1.~~

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

Thereafter the terms of office of board members shall be for ~~three~~ four years commencing on ~~July 1~~ January 1 of each year. If a vacancy occurs on the board, it shall be filled by the appropriate school board. A person appointed to the board shall qualify as a board member by filing with the chief executive officer thereof a written certificate of appointment from the appointing school board.

Sec. 25. Minnesota Statutes 1996, section 136D.72, subdivision 3, is amended to read:

Subd. 3. **ANNUAL ORGANIZATIONAL MEETING.** ~~The first meeting of the first school board shall be at such time mutually agreed to by the members appointed by the participating school districts. Thereafter~~ The school board shall meet in July ~~January~~ of each year when notified of such meeting by the chief executive officer of the intermediate school district. ~~At such first~~ the organizational meeting, the officers of the intermediate school district for the current year shall be chosen and such other organizational business as may be necessary shall be conducted.

Sec. 26. **DUTIES OF THE DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.**

Subdivision 1. **DUTIES.** (a) The department of children, families, and learning, in collaboration with the departments of health and administration, school districts, and other public and private agencies, must develop the following:

- (1) an indoor air quality maintenance manual;
- (2) a planning and construction manual to assure indoor air quality; and
- (3) a public information plan for students, parents, staff, and other members of the public.
- (b) The above manuals and plans shall include:
 - (1) process standards for school districts and the department of children, families, and learning to follow when addressing indoor air quality concerns;
 - (2) informational materials for a model school district indoor air quality program;
 - (3) training needs for school district employees;
 - (4) procedures for school districts when disseminating indoor air quality information and test results to parents, teachers, and other persons;
 - (5) indoor air quality considerations under the review and comment process for school buildings, specific evaluations of proposed construction standards and materials, to be included in the review and comment standards;
 - (6) building systems maintenance and housekeeping practices required to assure adequate indoor air quality;
 - (7) architectural, engineering, maintenance engineering, and other design practices to positively affect indoor air quality;
 - (8) regional and state resources available to assist districts with information and training needs of school staff, parents, and community;

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

(9) regional and state resources available to assist districts with medical evaluation relative to indoor air quality complaints; and

(10) recommended steps a district should take to attain a satisfactory level of indoor air quality.

Subd. 2. RESOURCE MANUAL; REPORT. The indoor air quality resource manual must be made available for distribution and training February 1, 1998, and a report regarding the status of indoor air quality in Minnesota schools will be made to the 1998 legislature.

Sec. 27. TRANSITION.

As a result of section 24, the terms of office of members and officers of the board shall be lengthened to expire on the January 1 following the June 30 on which they otherwise would have expired.

Sec. 28. REVENUE USE APPROVAL.

The use of revenue for construction in independent school district No. 561, Goodridge, authorized in Laws 1995, First Special Session chapter 3, article 8, section 23, and in independent school district No. 600, Fisher, authorized in Laws 1995, First Special Session chapter 3, article 8, section 22, subdivision 21, is approved. The department shall not make any levy or aid adjustments related to these projects.

Sec. 29. CHISAGO LAKES AREA SCHOOLS, BONDED DEBT.

Independent school district No. 2144, Chisago Lakes Area, may modify its plan adopted according to Minnesota Statutes, section 122.242, subdivision 9, clause (1), so that independent school district No. 2144 assumes all of the remaining debt service as of the effective date of this section for bonds that were outstanding at the time of the combination of independent school districts No. 141, Chisago Lakes and No. 140, Taylors Falls, and the tax levy for that debt service is spread on all the property in independent school district No. 2144, Chisago Lakes Area.

Sec. 30. LEASE LEVY; NORTH ST. PAUL-MAPLEWOOD.

Notwithstanding Minnesota Statutes, section 124.91, subdivision 1, independent school district No. 622, North St. Paul-Maplewood, annually may levy the amount necessary to pay its obligations under a lease or a lease with option to purchase agreement during the term of that agreement for the financing of capital improvements approved by its school board to the building, or any portion thereof, at 2520 East Twelfth Avenue, North St. Paul. The total payments under the terms of the lease may not exceed \$4,000,000. The agreement must be executed by July 1, 1998, and may include a sale and leaseback with option to purchase with a public or private entity. The agreement is not required to include a nonappropriation clause. An election is not required in connection with the execution of the agreement and the obligation created by the agreement does not constitute debt and must not be included in the calculation of net debt for the district. Levies under this section do not qualify for debt service equalization aid.

Sec. 31. LEVY FOR EXTENDED SCHOOL HOURS AND DAYS.

In addition to other levies, independent school district Nos. 622, North St. Paul-Maplewood-Oakdale; 833, South Washington County; and 834, Stillwater may each levy up

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.to \$200,000 each year for the costs of operating extended year, extended day, or all day kindergarten programs at the joint elementary facility authorized in Laws 1995, First Special Session chapter 3, article 5, section 19.

Sec. 32. SPECIAL EDUCATION AND SECONDARY VOCATIONAL FACILITIES.

The commissioner shall review and report on the quality, availability, and accessibility of intermediate school district special education and secondary vocational facilities and shall make recommendations to the legislature concerning alternatives that are cost-effective and in the best interests of the students in such programs.

Sec. 33. 1996-1997 AVERAGE DAILY MEMBERSHIP.

Notwithstanding Minnesota Statutes, section 124.17, the 1996-1997 average daily membership for a school building closed due to flooding for part of the school year and reopened before the end of the school year shall be the greater of the amount that would have been computed if the school building had not reopened or the amount computed using actual data for the entire school year.

Sec. 34. FISCAL YEAR 1998 DECLINING PUPIL UNIT AID.

For fiscal year 1998 only, a school district with one or more school buildings closed during the 1996-1997 school year due to flooding is eligible for declining pupil unit aid equal to the greater of zero or the product of the general education formula allowance for fiscal year 1998 times the difference between the district's actual pupil units for the 1996-1997 school year and the district's actual pupil units for the 1997-1998 school year.

Sec. 35. 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 years designated.

Subd. 2. SPECIAL CONSOLIDATION AID. For special consolidation aid under Minnesota Statutes, section 124.2728:

\$3,000	1998
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The 1998 appropriation includes \$3,000 for 1997 and \$0 for 1998.

Subd. 3. CONSOLIDATION TRANSITION AID. For districts consolidating under Minnesota Statutes, section 124.2726:

\$1,254,000	.....	1998
\$1,151,000	.....	1999

The 1998 appropriation includes \$67,000 for 1997 and \$1,187,000 for 1998.

The 1999 appropriation includes \$131,000 for 1998 and \$1,020,000 for 1999.

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

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

Subd. 4. COOPERATION AND COMBINATION AID. For aid for districts that cooperate and combine according to Minnesota Statutes, section 124.2725:

<u>\$562,000</u>	<u>.....</u>	<u>1998</u>
<u>\$ 42,000</u>	<u>.....</u>	<u>1999</u>

The 1998 appropriation includes \$178,000 for 1997 and \$384,000 for 1998.

The 1999 appropriation includes \$42,000 for 1998 and \$0 for 1999.

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

Subd. 5. DISTRICT COOPERATION REVENUE. For district cooperation revenue aid:

<u>\$9,766,000</u>	<u>.....</u>	<u>1998</u>
<u>\$8,780,000</u>	<u>.....</u>	<u>1999</u>

The 1998 appropriation includes \$1,172,000 for 1997 and \$8,561,000 for 1998.

The 1999 appropriation includes \$951,000 for 1998 and \$7,829,000 for 1999.

Subd. 6. HISTORIC BUILDING AID. For historic building aid under section 124.825:

<u>\$173,000</u>	<u>.....</u>	<u>1998</u>
<u>\$173,000</u>	<u>.....</u>	<u>1999</u>

Subd. 7. HIBBING GRANT. For a grant to independent school district No. 701, Hibbing, for expenses not covered by insurance for a fire loss at Hibbing high school:

<u>\$250,000</u>	<u>.....</u>	<u>1998</u>
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Independent school district No. 701, Hibbing, shall reimburse the state general fund for any expenses covered by this appropriation that are recovered as a result of a lawsuit related to the fire loss at Hibbing high school.

Subd. 8. PLANNING GRANT; ISLE. For a facilities planning grant to independent school district No. 473, Isle:

<u>\$100,000</u>	<u>.....</u>	<u>1998</u>
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This appropriation is available until June 30, 1999.

Subd. 9. FLOOD LOSSES. For grants and loans to independent school district Nos. 2854, Ada-Borup; 2176, Warren-Alvarado-Oslo; 846, Breckenridge; 595, East Grand Forks; and other districts affected by the 1997 floods for expenses associated with the floods not covered by insurance or state or federal disaster relief:

<u>\$4,700,000</u>	<u>.....</u>	<u>1998</u>
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The commissioner shall award grants and loans to school districts to cover expenses associated with the 1997 floods. The grants or loans may be for capital losses or for extraordinary operating expenses resulting from the floods. School districts shall repay any loan or grant amounts to the department if those amounts are otherwise funded from other sources. The commissioner shall establish the terms and conditions of any loans and may

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request any necessary information from school districts before awarding a grant or loan. This appropriation shall also be used to fund aid under sections 33 and 34.

Sec. 36. REPEALER.

Minnesota Statutes 1996, section 124.2728, is repealed effective for revenue for fiscal year 1999.

Sec. 37. EFFECTIVE DATE.

(a) Section 20 is effective for bonds outstanding on July 1, 1997, that meet the criteria in section 20 and is effective for revenue for fiscal year 1999.

(b) Section 29 is effective the day following compliance by the school board of independent school district No. 2144, Chisago Lakes Area, with Minnesota Statutes, section 645.021, and contingent upon successful passage of new bond issue under Minnesota Statutes, section 475.58.

(c) Section 22 is effective for revenue for fiscal year 1999, except that the allowance increase in section 22 is effective for revenue for fiscal year 1998, and the change in previous formula revenue under paragraph (c) is effective immediately.

(d) If this act is enacted on or after July 1, 1997, all sections in this article except those sections listed in paragraphs (a) to (c) are effective the day following final enactment.

ARTICLE 5

EDUCATION EXCELLENCE

Section 1. Minnesota Statutes 1996, section 120.062, subdivision 3, is amended to read:

Subd. 3. CLOSED DISTRICTS LIMITED ENROLLMENT OF NONRESIDENT PUPILS. (a) A school board may, by resolution, determine that limit the enrollment of nonresident pupils may not attend any of in its schools or programs according to this section, to a number not less than the lesser of:

- (1) one percent of the total enrollment at each grade level in the district; or
- (2) the number of district residents at that grade level enrolled in a nonresident district according to this section.

(b) A district that limits enrollment of nonresident pupils under paragraph (a) shall report to the commissioner by July 15 on the number of nonresident pupils denied admission due to the limitations on the enrollment of nonresident pupils.

New language is indicated by underline, deletions by strikeout.

Sec. 2. Minnesota Statutes 1996, section 120.062, subdivision 6, is amended to read:

Subd. 6. **NONRESIDENT DISTRICT PROCEDURES.** A district that does not ~~exclude nonresident pupils, according to subdivision 3,~~ shall notify the parent or guardian in writing by February 15 whether the application has been accepted or rejected. If an application is rejected, the district must state in the notification the reason for rejection. The parent or guardian shall notify the nonresident district by March 1 whether the pupil intends to enroll in the nonresident district. Notice of intent to enroll in the nonresident district obligates the pupil to attend the nonresident district during the following school year, unless the school boards of the resident and the nonresident districts agree in writing to allow the pupil to transfer back to the resident district, or the pupil's parents or guardians change residence to another district. If a parent or guardian does not notify the nonresident district, the pupil may not enroll in that nonresident district during the following school year, unless the school boards of the resident and nonresident district agree otherwise. The nonresident district shall notify the resident district by March 15 of the pupil's intent to enroll in the nonresident district. The same procedures apply to a pupil who applies to transfer from one participating nonresident district to another participating nonresident district.

Sec. 3. Minnesota Statutes 1996, section 120.062, subdivision 7, is amended to read:

Subd. 7. **BASIS FOR DECISIONS.** The school board must adopt, by resolution, specific standards for acceptance and rejection of applications. Standards may include the capacity of a program, class, grade level, or school building. The school board may not reject applications for enrollment in a particular grade level if the nonresident enrollment at that grade level does not exceed the limit set by the board under subdivision 3. Standards may not include previous academic achievement, athletic or other extracurricular ability, disabling conditions, proficiency in the English language, or previous disciplinary proceedings, or the student's district of residence.

Sec. 4. Minnesota Statutes 1996, section 120.062, subdivision 11, is amended to read:

Subd. 11. **INFORMATION.** A district that does not exclude nonresident pupils according to subdivision 3 shall make information about the district, schools, programs, policies, and procedures available to all interested people.

Sec. 5. Minnesota Statutes 1996, section 120.064, subdivision 3, is amended to read:

Subd. 3. **SPONSOR.** A school board, private college, community college, state university, technical college, or the University of Minnesota may sponsor one or more charter schools.

~~No more than a total of 40 charter schools may be authorized not more than three of which may be sponsored by public post-secondary institutions. The state board of education shall advise potential sponsors when the maximum number of charter schools has been authorized.~~

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

Sec. 6. Minnesota Statutes 1996, section 120.064, subdivision 8, is amended to read:

Subd. 8. **REQUIREMENTS.** (a) A charter school shall meet all applicable state and local health and safety requirements.

(b) ~~The A school must sponsored by a school board may be located in the sponsoring any district, unless another the school board agrees to locate a charter school sponsored by another district in its boundaries of the district of the proposed location disapproves by written resolution. If such a school board denies a request to locate within its boundaries a charter school sponsored by another district school board, the sponsoring district school board may appeal to the state board of education. If the state board authorizes the school, the state board shall sponsor the school.~~

(c) A charter school must be nonsectarian in its programs, admission policies, employment practices, and all other operations. A sponsor may not authorize a charter school or program that is affiliated with a nonpublic sectarian school or a religious institution.

(d) Charter schools shall not be used as a method of providing education or generating revenue for students who are being home-schooled.

(e) The primary focus of a charter school must be to provide a comprehensive program of instruction for at least one grade or age group from five through 18 years of age. Instruction may be provided to people younger than five years and older than 18 years of age.

(f) A charter school may not charge tuition.

(g) A charter school is subject to and shall comply with chapter 363 and section 126.21.

(h) A charter school is subject to and shall comply with the pupil fair dismissal act, sections 127.26 to 127.39, and the Minnesota public school fee law, sections 120.71 to 120.76.

(i) A charter school is subject to the same financial audits, audit procedures, and audit requirements as a school district. The audit must be consistent with the requirements of sections 121.904 to 121.917, except to the extent deviations are necessary because of the program at the school. The department of children, families, and learning, state auditor, or legislative auditor may conduct financial, program, or compliance audits.

(j) A charter school is a school district for the purposes of tort liability under chapter 466.

Sec. 7. Minnesota Statutes 1996, section 120.064, subdivision 10, is amended to read:

Subd. 10. **PUPIL PERFORMANCE.** A charter school must design its programs to at least meet the outcomes adopted by the state board of education for public school students. In the absence of state board requirements, the school must meet the outcomes contained in the contract with the sponsor. The achievement levels of the outcomes contained in the contract may exceed the achievement levels of any outcomes adopted by the state board for public school students.

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

Sec. 8. Minnesota Statutes 1996, section 120.064, is amended by adding a subdivision to read:

Subd. 14a. REVIEW AND COMMENT. The department shall review and comment on the evaluation, by the chartering school district, of the performance of a charter school before the charter school's contract is renewed. The information from the review and comment shall be reported to the state board of education in a timely manner. Periodically, the state board shall report trends or suggestions based on the evaluation of charter school contracts to the education committees of the state legislature.

Sec. 9. Minnesota Statutes 1996, section 120.064, subdivision 20a, is amended to read:

Subd. 20a. TEACHERS TEACHER AND OTHER EMPLOYEE RETIREMENT. (a) Teachers in a charter school shall be public school teachers for the purposes of chapters 354 and 354a.

(b) Except for teachers under paragraph (a), employees in a charter school shall be public employees for the purposes of chapter 353.

Sec. 10. Minnesota Statutes 1996, section 121.611, is amended to read:

121.611 NONLICENSED COMMUNITY EXPERTS; VARIANCE.

Subdivision 1. AUTHORIZATION. Notwithstanding any law or state board of education rule to the contrary, the board of teaching may allow school districts or charter schools to hire nonlicensed community experts to teach in the public schools or charter schools on a limited basis according to this section.

Subd. 2. APPLICATIONS; CRITERIA. The school district or charter school shall apply to the board of teaching for approval to hire nonlicensed teaching personnel from the community. In approving or disapproving the district's application for each community expert, the board shall consider:

- (1) the qualifications of the community person whom the district or charter school proposes to employ;
- (2) the reasons for the district's need for a variance from the teacher licensure requirements;
- (3) the district's efforts to obtain licensed teachers, who are acceptable to the school board, for the particular course or subject area or the charter school's efforts to obtain licensed teachers for the particular course or subject area;
- (4) the amount of teaching time for which the community expert would be hired;
- (5) the extent to which the district or charter school is utilizing other nonlicensed community experts under this section;
- (6) the nature of the community expert's proposed teaching responsibility; and
- (7) the proposed level of compensation to the community expert.

Subd. 3. APPROVAL OF PLAN. The board of teaching shall approve or disapprove an application within 60 days of receiving it from a school district or charter school.

New language is indicated by underline, deletions by strikeout.

Sec. 11. Minnesota Statutes 1996, section 123.951, is amended to read:

123.951 SCHOOL SITE DECISION-MAKING AGREEMENT.

Subdivision 1. DEFINITION. "Education site" means a separate facility. A program within a facility is an education site if the school board recognizes it as a site.

Subd. 2. AGREEMENT. (a) A Either the school board or the school site decision-making team may request that the school board may enter into an agreement with a school site decision-making team concerning the governance, management, or control of any the school in the district. Upon a written request from a proposed school site decision-making team, An initial A school site decision-making team shall be appointed by the school board and may include the school principal, representatives of teachers in the school or their designee, representatives of other employees in the school, representatives of parents of pupils in the school, representatives of pupils in the school, representatives of or other members in the community, or others determined appropriate by the board. The school site decision-making team shall include the school principal or other person having general control and supervision of the school. The site decision-making team must reflect the diversity of the education site. No more than one-half of the members shall be employees of the district.

(b) School site decision-making agreements must delegate powers and, duties, and broad management responsibilities to site teams and involve staff members, students as appropriate, and parents in decision making.

(c) An agreement shall include a statement of powers, duties, responsibilities, and authority to be delegated to and within the site.

(d) An agreement may include:

(1) a mechanism to implement flexible support systems for improvement in student achievement of education outcomes an achievement contract according to subdivision 4;

(2) a decision-making structure that allows teachers to identify instructional problems and control and apply the resources needed to solve them;

(3) a mechanism to allow principals, or other persons having general control and supervision of the school, to make decisions regarding how financial and personnel resources are best allocated at the site and from whom goods or services are purchased;

(4) (3) a mechanism to implement parental involvement programs under section 126.69 and to provide for effective parental communication and feedback on this involvement at the site level;

(5) (4) a provision that would allow the team to determine who is hired into licensed and nonlicensed positions;

(6) (5) a provision that would allow teachers to choose the principal or other person having general control;

(7) direct contact with other social service providers;

(8) in-service training for site decision-making team members for financial management of school sites; and

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

- (9) (6) an amount of revenue allocated to the site under subdivision 3; and
(7) any other powers and duties determined appropriate by the board.

The school board of the district remains the legal employer under clauses ~~(5)~~ (4) and ~~(6)~~ (5).

~~(4)~~ (e) Any powers or duties not delegated to the school site management team in the school site management agreement shall remain with the school board.

~~(e)~~ (f) Approved agreements shall be filed with the commissioner. If a school board denies a request to enter into a school site management agreement, it shall provide a copy of the request and the reasons for its denial to the commissioner.

Subd. 3. REVENUE AND COST ALLOCATION. Revenue for a fiscal year received or receivable by the district shall be allocated to education sites based on the agreement between the school board and the site decision-making team. Revenue shall remain allocated to each site until used by the site. The site teams and the board may enter an agreement that permits the district to provide services and retain the revenue required to pay for the services provided. The district remains responsible for legally entering into contracts and expending funds. For the purposes of this subdivision, "allocation" means that the determination of the use of the revenue shall be under the control of the site. The district may charge the accounts of each site the actual costs of goods and services from the general or capital funds attributable to the site.

Subd. 4. ACHIEVEMENT CONTRACT. A school board may enter a written education site achievement contract with each site decision-making team for the purpose of setting learning performance expectations for that site, including the goals for improvement in each area of student performance during the next year, a plan to assist the education site if their goals are not achieved, and other performance expectations and measures determined by the board and the site decision-making team.

Subd. 5. COMMISSIONER'S ROLE. The commissioner of children, families, and learning, in consultation with appropriate educational organizations, shall:

- (1) upon request, provide technical support for districts and sites with agreements under this section;
(2) conduct and compile research on the effectiveness of site decision making; and
(3) periodically report on and evaluate the effectiveness of site management agreements on a statewide basis.

Sec. 12. Minnesota Statutes 1996, section 123.972, subdivision 5, is amended to read:

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

- (1) student performance goals for meeting state graduation standards adopted for that year;
(2) results of local assessment data, and any additional test data;

New language is indicated by underline, deletions by strikeout.

(3) the annual school district improvement plans; and

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

(5) the amount and type of revenue attributed to each education site as defined in section 123.951, subdivision 2.

(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.

Sec. 13. Minnesota Statutes 1996, section 124.248, is amended by adding a subdivision to read:

Subd. 2a. BUILDING LEASE AID. When a charter school finds it economically advantageous to rent or lease a building or land for any instructional purposes and it determines that the total operating capital revenue under section 124A.22, subdivision 10, is insufficient for this purpose, it may apply to the commissioner for building lease aid for this purpose. Criteria for aid approval and revenue uses shall be as defined for the building lease levy in section 124.91, subdivision 1. The amount of building lease aid per pupil unit for a charter school for any year shall not exceed the lesser of (a) 80 percent of the approved cost or (b) the product of the actual pupil units for the current school year times the sum of the state average debt redemption fund revenue plus capital revenue, according to section 124.91, per actual pupil unit for the current fiscal year.

Sec. 14. Minnesota Statutes 1996, section 124.248, subdivision 4, is amended to read:

Subd. 4. OTHER AID, GRANTS, REVENUE. (a) A charter school is eligible to receive other aids, grants, and revenue according to chapters 120 to 129, as though it were a school district except that, notwithstanding section 124.195, subdivision 3, the payments shall be of an equal amount on each of the 23 payment dates unless a charter school is in its first year of operation in which case it shall receive on its first payment date ~~15~~ 10 percent of its cumulative amount guaranteed for the year and 22 payments of an equal amount thereafter the sum of which shall be ~~85~~ 90 percent of the cumulative amount guaranteed. However, it may not receive aid, a grant, or revenue if a levy is required to obtain the money, except as otherwise provided in this section. Federal aid received by the state must be paid to the school, if it qualifies for the aid as though it were a school district.

New language is indicated by underline, deletions by strikeout.

(b) ~~Any revenue received from any source, other than revenue that is specifically allowed for operational, maintenance, capital facilities revenue under paragraph (c), and capital expenditure equipment costs under this section, may be used only for the planning and operational start-up costs of a charter school. Any unexpended revenue from any source under this paragraph must be returned to that revenue source or conveyed to the sponsoring school district, at the discretion of the revenue source.~~

(c) ~~A charter school may receive money from any source for capital facilities needs. Any unexpended capital facilities revenue must be reserved and shall be expended only for future capital facilities purposes. In the year-end report to the state board of education, the charter school shall report the total amount of funds received from grants and other outside sources.~~

Sec. 15. Minnesota Statutes 1996, section 124.248, is amended by adding a subdivision to read:

Subd. 6. START-UP COSTS. During the first two years of a charter school's operation, the charter school is eligible for aid to pay for start-up costs and additional operating costs. Start-up cost aid equals the greater of:

- (1) \$50,000 per charter school; or
- (2) \$500 times the charter school's pupil units for that year.

Sec. 16. Minnesota Statutes 1996, section 125.05, subdivision 1c, is amended to read:

Subd. 1c. SUPERVISORY AND COACH QUALIFICATIONS; CODE OF ETHICS. The state board of education shall issue licenses under its jurisdiction to persons the state board finds to be qualified and competent for their respective positions under the rules it adopts. The state board of education may develop, by rule, a code of ethics for supervisory personnel covering standards of professional practices, including areas of ethical conduct and professional performance and methods of enforcement.

Sec. 17. Minnesota Statutes 1996, section 125.05, subdivision 2, is amended to read:

Subd. 2. EXPIRATION AND RENEWAL. (a) Each license issued the department of children, families, and learning issues through the its licensing section of the department of children, families, and learning must bear the date of issue. Licenses must expire and be renewed in accordance with according to the respective rules adopted by the board of teaching or the state board of education adopts. Requirements for renewal of renewing a license must include production of showing satisfactory evidence of successful teaching experience for at least one school year during the period covered by the license in grades or subjects for which the license is valid or completion of completing such additional preparation as the board of teaching shall prescribe prescribes. The state board of education shall establish requirements for renewal of renewing the licenses of supervisory personnel must be established by the state board of education.

(b) The board of teaching shall offer alternative continuing relicensure options for teachers who are accepted into and complete the national board for professional teaching standards certification process, and offer additional continuing relicensure options for teachers who earn national board for professional teaching standards certification. Con-

finuing relicensure requirements for teachers who do not maintain national board for professional teaching standards certification are those the board prescribes.

Sec. 18. Minnesota Statutes 1996, 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 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. 19. Minnesota Statutes 1996, section 126.22, subdivision 3a, is amended to read:

Subd. 3a. **ADDITIONAL ELIGIBLE PROGRAM.** A pupil who is at least 16 years of age, who is eligible under subdivision 2, clause (a), and who has been enrolled only in a public school, if the pupil has been enrolled in any school, during the year immediately before transferring under this subdivision, may transfer to any ~~nonprofit~~, nonpublic school that has contracted with the serving school district to provide nonsectarian educational services. Such a school must enroll every eligible pupil who seeks to transfer to the school under this program subject to available space.

Sec. 20. Laws 1995, First Special Session chapter 3, article 11, section 21, subdivision 3, is amended to read:

Subd. 3. **CHARTER SCHOOL EVALUATION.** For the state board of education to evaluate the performance of charter schools authorized according to Minnesota Statutes, section 120.064:

\$75,000 1996

~~The state board must review and comment on the evaluation, by the chartering school district, of the performance of a charter school before that charter school's contract is renewed. The state board may provide assistance to a school district in evaluating a charter school that has been chartered by that school board. The board must report annually to the education committees of the legislature on the results of its evaluations. This amount is available until June 30, 1997.~~

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

Sec. 21. Laws 1996, chapter 412, article 4, section 34, subdivision 4, is amended to read:

Subd. 4. **COMMUNITY-BASED CHARTER SCHOOL GRANT.** For a grant for community-based charter schools involving the participation of an operating foundation, the city and county, and St. Paul public 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.

Sec. 22. **GRANT PROGRAM TO PROMOTE PROFESSIONAL TEACHING STANDARDS.**

Subdivision 1. **ESTABLISHMENT.** A grant program to promote professional teaching standards through the national board for professional teaching standards for fiscal year 1998 is established to provide eligible teachers with the opportunity to receive national board for professional teaching standards certification and to reward teachers who have already received such certification.

Subd. 2. **ELIGIBILITY.** An applicant for a grant must be a licensed K-12 school teacher employed in a state school. To be eligible for a grant, the teacher must have been employed as a teacher for a minimum of five school years and demonstrate either that the national board for professional teaching standards has accepted the teacher as a candidate for board certification or that the teacher already has received board certification.

Subd. 3. **APPLICATION PROCESS.** To obtain a grant to participate in the national board for professional teaching standards certification process or to receive a reward for already completing the board certification process, a teacher must submit an application to the commissioner of children, families, and learning in the form and manner the commissioner establishes. The applicant must demonstrate either that the national board for professional teaching standards has accepted the teacher as a candidate for board certification or that the teacher already has received board certification. The commissioner shall consult with the state board of teaching when reviewing the applications.

Subd. 4. **GRANT AWARDS; PROCEEDS.** (a) The commissioner may award matching grants of \$1,000 each to eligible teachers who provide a matching amount through collaboration with either a school district, professional organization, or both and are accepted as candidates for national board for professional teaching standards certification. Grant recipients shall use the grant to participate in the certification process. Within 24 months of receiving certification, a grant recipient must satisfactorily complete one year of teaching service in a state school or repay the state the amount of the grant, except if the commissioner determines that death or disability prevents the grant recipient from providing the one year of teaching service.

(b) The commissioner may award grants to eligible teachers who have earned national board for professional teaching standards certification. The amount of each grant shall not exceed \$1,000 and the commissioner shall establish criteria to determine the actual amount of each grant. Grant recipients shall use the grant proceeds for educational purposes, including purchasing instructional materials, equipment, or supplies and realizing professional development opportunities.

New language is indicated by underline, deletions by strikeout.

Sec. 23. LABORATORY SCHOOL GRANTS.

Subdivision 1. ESTABLISHMENT. The commissioner of children, families, and learning shall make grants to post-secondary institutions to establish laboratory schools that cooperate with interested school districts to develop innovative teaching techniques that enhance students' learning experiences. A laboratory school must be nonsectarian in its programs, admissions policies, employment practices, and all other operations.

Subd. 2. GRANT APPLICATION. A public or private post-secondary institution located in the state may submit an application for a grant. Each grant application must include:

(1) the location of the laboratory school determined in collaboration with a school district, or proposed as a charter school;

(2) a five-year fiscal plan demonstrating that the school shall operate with no additional state revenue except revenue received under Minnesota Statutes, chapters 124 and 124A, and the grant money awarded under this section; and

(3) for an applicant seeking a grant to improve lifework learning, a description of how the applicant will use information technologies and participate in partnerships with kindergarten through grade 12 schools and post-secondary institutions, business and industry, labor, agriculture, government, and community-based organizations.

The commissioner of children, families, and learning, in consultation with interested post-secondary institutions, shall establish guidelines and an application process for the grants. In awarding a grant, the commissioner shall give priority to an eligible applicant that meets the criteria in clause (3).

Subd. 3. GRANT MONEY. The grant money may be used for:

(1) technology;

(2) equipment;

(3) teacher mentorships;

(4) building remodeling, renovation, or repair;

(5) disseminating innovative and effective teaching techniques;

(6) education research to develop teaching methods, assessments, and curriculum design;

(7) developing creative opportunities for parental involvement;

(8) furthering school integration efforts; and

(9) other inventive teaching and learning practices designed to implement the high school graduation standards under Minnesota Statutes, section 121.11, subdivision 7c.

Sec. 24. GIFTED AND TALENTED GRANTS.

Subdivision 1. ESTABLISHMENT. Gifted and talented grants are established to provide access to an appropriate program for students identified as gifted or talented. A school district or any group of school districts must use the grants to establish a process

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for identifying gifted and talented students, offer access to challenging learning experiences for students in kindergarten through grade 12, and provide for staff development in meeting the learning needs of gifted and talented students.

Subd. 2. **ELIGIBILITY; CRITERIA.** An applicant for a gifted and talented grant must be a school district or any group of school districts. The commissioner of children, families, and learning, a representative of the alliance of the Minnesota educators of the gifted and talented, a representative of the Minnesota council of the gifted and talented, and a representative of the challenge task force shall establish the criteria for awarding grants for appropriate programs.

Subd. 3. **APPLICATION.** A school district or any group of school districts must submit an application to the commissioner of children, families, and learning in the form and manner the commissioner establishes.

Subd. 4. **GRANT AWARDS.** A school district or any group of districts may receive a grant in the amount of \$25 per pupil per year. The grant recipient must match one local dollar for every state dollar received. The local match may include in kind contributions. In awarding grants, the commissioner shall consider which students will benefit most from these programs.

Sec. 25. PERFORMANCE FUNDING OPTIONS.

Consistent with state high school graduation requirements, statewide testing requirements, and other performance indicators, the commissioner, in consultation with the state board of education and appropriate stakeholders, shall recommend to the legislature performance funding options for successful schools and for schools at risk to be implemented for the 1999-2000 school year.

Sec. 26. DEADLINE AND PENALTY WAIVED.

The deadline and penalty under Minnesota Statutes, section 124A.22, subdivision 2a, do not apply for aid payments for the 1998-1999 biennium.

Sec. 27. ST. PAUL COMMUNITY-BASED SCHOOL PROGRAM; APPROPRIATION.

\$3,300,000 in fiscal year 1998 is appropriated from the general fund to the commissioner of children, families, and learning for a grant to independent school district No. 625, St. Paul, for the establishment and operation of a community-based school program. The purpose of the program is to improve student achievement and to provide an integrated set of academic, health, social, and recreational support services year-round, and for an extended day to children, families, and the community.

Independent school district No. 625 shall collaborate with the city of St. Paul; Ramsey county; the commissioner of children, families, and learning; and a nonprofit operating foundation located in St. Paul to establish and operate the program. Before implementing the program, the district must submit the following to the commissioner:

- (1) the name and address of the school or schools to be community-based schools;

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- (2) the grade levels and number of students to be served;
- (3) general demographic characteristics of the area and students to be served;
- (4) the education curriculum and other programs to be offered;
- (5) the goals of the school and the means to measure student achievement;
- (6) a budget and operating plan, including the governing structure, financial commitments, and program commitments by the city, county, and foundation to the program;
and
- (7) documentation of community support.

This money may also be used to construct, remodel, design, renovate, equip, and repair facilities used for a community-based school program. This appropriation is available until June 30, 1999.

\$300,000 of this amount is for a grant for community-based schools according to section 21. The total appropriation in fiscal years 1997 and 1998 under this section and section 21 shall not exceed \$3,300,000.

Sec. 28. **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 years designated.

Subd. 2. STATEWIDE TESTING. For implementing statewide testing and establishing a performance baseline under section 25:

\$2,500,000	.....	1998
\$2,500,000	.....	1999

The commissioner shall contract with an institution of higher education to establish an independent office of educational accountability.

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

Subd. 3. LABORATORY SCHOOL GRANTS. For laboratory school grants under section 23:

\$2,500,000	1998
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Any balance in the first year does not cancel but is available in the second year.

Subd. 4. ADVANCED PLACEMENT AND INTERNATIONAL BACCALAUREATE PROGRAMS. For the state advanced placement and international baccalaureate programs:

\$1,875,000	.....	1998
\$1,875,000	.....	1999

Notwithstanding Minnesota Statutes, section 126.239, subdivisions 1 and 2, \$200,000 each year is for teachers to attend subject matter summer training programs and follow-up support workshops approved by the advanced placement or international bac-

New language is indicated by underline, deletions by strikeout.

calaureate programs. The amount of the subsidy for each teacher attending an advanced placement or international baccalaureate summer training program or workshop shall be the same. The commissioner shall determine the payment process and the amount of the subsidy.

Notwithstanding Minnesota Statutes, section 126.239, subdivision 3, in each year to the extent of available appropriations, the commissioner shall pay all examination fees for all students sitting for an advanced placement examination, international baccalaureate examination, or both. If this amount is not adequate, the commissioner may pay less than the full examination fee.

\$300,000 each year is for student scholarships. A student scholarship shall be awarded to a student scoring three or better on one or more advanced placement examinations or a four or better on one or more international baccalaureate examinations. The amount of each scholarship shall range from \$150 to \$500 based on the student's score on the exams. The scholarships shall be awarded only to students who are enrolled in a Minnesota public or private college or university. The total amount of each scholarship shall be paid directly to the student's designated college or university and must be used by the student only for tuition, required fees, and books in nonsectarian courses or programs. The higher education services office, in consultation with the commissioner, shall determine the payment process, the amount of the scholarships, and provisions for unused scholarships.

In order to be eligible to receive advanced placement or international baccalaureate scholarships on behalf of the qualifying students, the college or university must have an advanced placement, international baccalaureate, or both, credit and placement policy for the scholarship recipients. In addition, each college or university must certify these policies to the department each year. The department must provide each secondary school in the state with a copy of the post-secondary advanced placement and international baccalaureate policies each year.

\$375,000 each year is for teacher stipends. A teacher who teaches an advanced placement or international baccalaureate course shall receive a stipend for each student in that teacher's course who receives a three or better on the advanced placement or a four or better on the international baccalaureate examination that covers the subject matter of the course. The commissioner shall determine the payment process and the amount of the teacher stipend ranging from \$25 to \$50 for each student receiving a qualifying score.

A stipend awarded to a teacher under this subdivision shall not be a mandatory subject of bargaining under Minnesota Statutes, chapter 179A, or any other law and shall not be a term or condition of employment. The amount of any award shall be final and shall not be subject to review by an arbitrator through any grievance or other process or by a court through any appeal process.

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

New language is indicated by underline, deletions by strikeout.

Subd. 5. TEACHER EDUCATION IMPROVEMENT. For board of teaching responsibilities relating to teacher licensure restructuring and implementation of the teaching residency program:

<u>\$450,000</u>	<u>.....</u>	<u>1998</u>
<u>\$450,000</u>	<u>.....</u>	<u>1999</u>

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

The board of teaching shall use the funds for further development of the results-oriented teacher licensure system, for pilot site grants and other methods of implementing the teacher residency program, and for programs relating to teacher mentoring.

Subd. 6. SCIENCE-MATHEMATICS GRANT. For continuation of systemic change in science and mathematics education programs:

<u>\$1,352,000</u>	<u>.....</u>	<u>1998</u>
<u>\$1,352,000</u>	<u>.....</u>	<u>1999</u>

\$20,000 of the appropriation in 1998 and \$20,000 in 1999 is for the south central Minnesota talented youth program.

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

Subd. 7. MINNESOTA HOMEWORK HELPLINE; METRO HOMEWORK HOTLINE. For the Minnesota homework helpline and the metro homework hotline:

<u>\$100,000</u>	<u>.....</u>	<u>1998</u>
<u>\$100,000</u>	<u>.....</u>	<u>1999</u>

These appropriations are available to assist students with homework by telephone or other interactive technology. The program providers must offer assistance to students five days per week. The revenue allocated to each program is contingent upon that program matching each \$1 of state revenue with \$2 of local or private funding or in-kind contributions.

Subd. 8. GIFTED AND TALENTED GRANTS. For grants for gifted and talented programs according to section 24:

<u>\$1,500,000</u>	<u>.....</u>	<u>1998</u>
<u>\$1,500,000</u>	<u>.....</u>	<u>1999</u>

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

Subd. 9. COLLABORATIVE URBAN EDUCATOR PROGRAMS. For grants to collaborative urban educator programs that prepare and license people of color to teach:

<u>\$895,000</u>	<u>.....</u>	<u>1998</u>
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This appropriation is available until June 30, 1999.

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Subd. 10. CHARTER SCHOOL BUILDING LEASE AID. For building lease aid according to section 124.248, subdivision 2a:

<u>\$1,078,000</u>	<u>.....</u>	<u>1998</u>
<u>\$1,577,000</u>	<u>.....</u>	<u>1999</u>

The 1999 appropriation includes \$120,000 for 1998 and \$1,457,000 for 1999.

Subd. 11. CHARTER SCHOOL START-UP GRANTS. For charter school start-up cost aid under Minnesota Statutes, section 124.248:

<u>\$500,000</u>	<u>.....</u>	<u>1998</u>
<u>\$1,000,000</u>	<u>.....</u>	<u>1999</u>

Any balance in the first year does not cancel but is available in the second year. This appropriation may also be used for grants to convert existing schools into charter schools.

Subd. 12. GRADUATION RULE IMPLEMENTATION AT THE SITE AID. For graduation rule implementation:

<u>\$10,000,000</u>	<u>.....</u>	<u>1998</u>
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(a) This appropriation shall be paid to districts according to paragraph (b). The purpose of the aid is to accelerate the implementation of the graduation rule throughout all education sites in the district through intensive staff development and decentralized decision making. The board shall work with the teaching staff in the district to determine the most effective staff development processes to assure an acceleration of the implementation. This appropriation is one-time only.

(b) A district shall receive aid equal to \$10 times the number of pupil units in the district for fiscal year 1998. At least 30 percent must be used for the purposes of paragraph (a).

Subd. 13. WEST ST. PAUL-MENDOTA HEIGHTS-EAGAN GRANT. For a grant to independent school district No. 197, West St. Paul-Mendota Heights-Eagan, for implementing multiple pathways for students to meet graduation standards:

<u>\$167,000</u>	<u>.....</u>	<u>1998</u>
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The district must match the grant in an amount determined by the commissioner of children, families, and learning. The appropriation is available until June 30, 1999.

Subd. 14. PROFESSIONAL TEACHING STANDARDS CERTIFICATION GRANTS. For grants to teachers for professional teaching standards certification:

<u>\$400,000</u>	<u>.....</u>	<u>1998</u>
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This appropriation shall be used for grants to eligible teachers accepted as candidates for national board for professional teaching standards certification; for grants to eligible teachers who have earned national board for professional teaching standards certification for purchasing instructional materials, equipment, or supplies and realizing professional development opportunities; and for the commissioner to pay for four half-time state coordinators that grants to school districts working cooperatively to establish support networks to counsel and assist teacher candidates for national board for professional

New language is indicated by underline, deletions by strikeout.

teaching standards certification. The grants must be used to hire up to four half-time statewide coordinators who must be licensed kindergarten through grade 12 public school teachers. The commissioner shall determine the form and manner for grant applications. Applications must include an implementation plan that demonstrates collaboration among school districts and professional organizations in providing support activities to facilitate the work of the coordinators.

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

Subd. 15. SCHOOL ENRICHMENT PARTNERSHIP PROGRAM. For school enrichment partnership program aid according to Minnesota Statutes, section 124.255:

\$500,000 1998

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

Subd. 16. EARLY INTERVENTION READING CHALLENGE GRANTS. For early intervention reading challenge grants:

\$500,000 1998

The commissioner of children, families, and learning shall make grants to school sites to train teachers and adopt curriculum enhancements that provide intense instruction for students with difficulty learning to read. Priority shall be given to school sites that are committed to significantly increasing the percentage of students who are able to read at grade level by the end of third grade and have high concentrations of students receiving free and reduced lunch. The grant money may be used for establishing the school site as a training site for teachers in other districts, teacher training, or other start-up costs related to curriculum enhancements for early intervention reading programs for children in primary grades. The grant recipients must match one local dollar for every state dollar received. The local match may include in-kind contributions. The commissioner shall consider regional balance in distributing grants.

Subd. 17. YEAR-ROUND SCHOOL/EXTENDED WEEK OR DAY GRANTS. For year-round school/extended week or day grants under Laws 1995, First Special Session chapter 3, article 7, section 4:

\$1,800,000 1998

The department of children, families, and learning must award grants to school districts with priority given to programs that have not previously received year-round school/extended week or day pilot grants. Of this amount, \$500,000 is for a grant to independent school district No. 624, White Bear Lake. Of this amount, \$225,000 is for a year-round school extended day project in independent school district No. 911, Cambridge. Of this amount, \$200,000 is for the four-period day program at independent school district No. 833, south Washington county. The maximum grant amount for other recipients is \$300,000. Grant recipients are required to make reports on progress made, planning, and implementing projects in the form and manner specified by the department of children, families, and learning.

New language is indicated by underline, deletions by strikeout.

The senior high site councils in the independent school district No. 833, south Washington county, shall develop and implement a model four-period day curriculum during the 1997-1998 and 1998-1999 school years. The site councils shall seek input from parents, teachers, and students in the design and implementation of the four-period day model. If one or more site councils determine a four-period day model is not desirable, the site council shall report its recommendations back to the board and need not proceed with the development and implementation of the model.

The south Washington county school board shall develop a system for monitoring and evaluating the development and implementation of the four-period day models at its high schools. The board shall monitor and evaluate: (1) the process used by the site council to discuss, develop, and implement a four-period day; and (2) the academic outcomes of students after the four-period day has been fully implemented. To evaluate the academic outcomes of students, the district shall compare the academic achievement of its high school students with the achievement of students in similar school districts using a six-period day model. The board shall report the results of its evaluation to the commissioner of children, families, and learning on August 30, 1998, and August 30, 1999. The reports shall include a detailed description of the site-based, decision-making model that was used to develop and implement the four-period day and the steps that were taken to successfully implement and evaluate the model.

Independent school district No. 833, South Washington County, shall complete a class size mitigation pilot project to explore options for improving learning outcomes in elementary and junior high classrooms with 30 or more students. The options for mitigating the adverse impacts of large class sizes shall be developed and implemented using a site-based management decision-making process. The district shall report the results of its pilot project to the commissioner of children, families, and learning by August 30, 1998.

Sec. 29. REPEALER.

Minnesota Statutes 1996, section 121.11, subdivision 8, is repealed.

Sec. 30. EFFECTIVE DATE.

If this act is enacted on or after July 1, 1997, sections 1 to 29 are effective the day following final enactment.

ARTICLE 6

ACADEMIC PERFORMANCE

Section 1. Minnesota Statutes 1996, section 120.101, subdivision 5, is amended to read:

Subd. 5. **AGES AND TERMS.** For the 1988-1989 school year and the school years thereafter, Every child between seven and 16 years of age shall receive instruction for a

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least the number of days each year required under subdivision 5b. For the 2000-2001 school year and later school years, every child between seven and 18 years of age shall receive instruction for at least the number of days each year required under subdivision 5b. Every child under the age of seven who is enrolled in a half-day kindergarten, or a full-day kindergarten program on alternate days, or other kindergarten programs shall receive instruction at least equivalent to half of each day for the number of days each year set out in subdivision 5b. Except as provided in subdivision 5a, a parent may withdraw a child under the age of seven from enrollment at any time.

Sec. 2. Minnesota Statutes 1996, section 120.101, is amended by adding a subdivision to read:

Subd. 5d. WITHDRAWAL FROM SCHOOL. Any student between 16 and 18 years old who seeks to withdraw from school, and the student's parent or guardian must:

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

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

Sec. 3. [120.1015] **LENGTH OF SCHOOL YEAR; DAYS OF INSTRUCTION.**

A school board's annual school calendar shall include at least three additional days of student instruction beyond the number of days of student instruction the board formally adopted as its school calendar at the beginning of the 1996-1997 school year.

Sec. 4. Minnesota Statutes 1996, section 121.602, subdivision 1, is amended to read:

Subdivision 1. **PROGRAM OUTCOMES.** The outcomes of the educational effectiveness program are to:

- (1) increase meaningful parental involvement in site-based decision making;
- (2) improve results-oriented ~~instructional~~ educational processes;
- (3) create flexible school-based organizational structures; and
- (4) improve student achievement.

Sec. 5. Minnesota Statutes 1996, section 121.602, subdivision 2, is amended to read:

Subd. 2. **ADVISORY TASK FORCE; PROGRAM IMPLEMENTATION.** The commissioner of children, families, and learning shall develop and maintain a program of educational effectiveness and results-oriented ~~instruction~~ education. The commissioner may appoint an advisory task force to assist the department of children, families, and learning in developing an implementation program for providing staff development to school district staff in educational effectiveness. The program shall be based on established principles of instructional design and the essential elements of effective instruction as determined by educational research. The program shall take into account the diverse needs of the school districts due to such factors as district size and location.

Sec. 6. Minnesota Statutes 1996, section 121.602, subdivision 4, is amended to read:

Subd. 4. **EDUCATIONAL EFFECTIVENESS STAFF DEVELOPMENT.** The department of children, families, and learning shall provide assistance to the school dis-

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

tricts in implementing an educational effectiveness program. In selecting an agency to provide assistance to the school districts, the department shall consider such factors as support of the proposal by the participating school districts and the extent to which the proposal provides for participation by school district staff. The department shall evaluate the performance of the service providers. The staff development shall be facilitated by building level decision-making teams. The staff development shall include clarification of individual school missions, goals, expectations, enhancement of collaborative planning and collegial relationships among the building staff, improvement of curriculum, assessment, instructional and organizational skills, improvement of financial and management skills, and planning of other staff development programs.

Sec. 7. Minnesota Statutes 1996, section 123.35, subdivision 8, is amended to read:

Subd. 8. The board may establish and maintain public evening schools and adult and continuing education programs and such evening schools and adult and continuing education programs when so maintained shall be available to all persons over 16 years of age through the 1999-2000 school year and over 18 years of age beginning with the 2000-2001 school year who, from any cause, are unable to attend the full-time elementary or secondary schools of such district.

Sec. 8. Minnesota Statutes 1996, section 123.70, subdivision 5, is amended to read:

Subd. 5. If a person transfers from one elementary or secondary school to another, the person shall be allowed school board of a public school district or the administrator of a nonpublic school may allow the person up to a maximum of 30 days to submit one or more of the statements as specified in subdivision 1 or 3, during which time the person may enroll in and attend the school. If a person enrolls in a child care facility in which at least 75 percent of children in the facility participate on a one-time only or occasional basis to a maximum of 45 hours per child, per month, or is placed in a facility by a crisis nursery, the person shall be exempt from all requirements of this section for up to five consecutive days, starting from the first day of attendance.

Sec. 9. Minnesota Statutes 1996, section 123.70, subdivision 7, is amended to read:

Subd. 7. Each school or child care facility shall maintain on file immunization records for all persons in attendance that contain the information required by subdivisions 1, 2, and 3. The school shall maintain the records for at least five years after the person attains the age of majority. The department of health and the board of health, as defined in section 145A.02, subdivision 2, in whose jurisdiction the school or child care facility is located, shall have access to the files maintained pursuant to this subdivision. When a person transfers to another elementary or secondary school or child care facility, the administrator or other person having general control and supervision of the school or child care facility shall assist the person's parent or guardian in the transfer of the immunization file to the person's new school or child care facility within 30 days of the transfer. Upon the request of a public or private post-secondary educational institution, as defined in section 135A.14, the administrator or other person having general control or supervision of a school shall assist in the transfer of a student's immunization file to the post-secondary institution.

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Sec. 10. Minnesota Statutes 1996, section 123.70, subdivision 10, is amended to read:

Subd. 10. A statement required to be submitted under subdivisions 1, 2, and 4 to document evidence of immunization shall include month, day, and year for immunizations administered after January 1, 1990.

(a) For persons enrolled in grades 7 and 12 during the 1996–1997 school term, the statement must indicate that the person has received a dose of tetanus and diphtheria toxoid no earlier than 11 years of age.

(b) Except as specified in paragraph (e), for persons enrolled in grades 7, 8, and 12 during the 1997–1998 school term, the statement must indicate that the person has received a dose of tetanus and diphtheria toxoid no earlier than 11 years of age.

(c) Except as specified in paragraph (e), for persons enrolled in grades 7, 8, 9, and through 12 during the 1998–1999 school term and for each year thereafter, the statement must indicate that the person has received a dose of tetanus and diphtheria toxoid no earlier than 11 years of age.

(d) for persons enrolled in grades 7, 8, 9, 10, and 12 during the 1999–2000 school term, the statement must indicate that the person has received a dose of tetanus and diphtheria toxoid no earlier than 11 years of age.

(e) for persons enrolled in grades 7 through 12 during the 2000–2001 school term and for each year thereafter, the statement must indicate that the person has received a dose of tetanus and diphtheria toxoid no earlier than 11 years of age.

(f) (d) For persons enrolled in grades 7 through 12 during the 1996–1997 school year and for each year thereafter, the statement must indicate that the person has received at least two doses of vaccine against measles, mumps, and rubella, given alone or separately and given not less than one month apart.

(e) A person who has received at least three doses of tetanus and diphtheria toxoids, with the most recent dose given after age six and before age 11, is not required to have additional immunization against diphtheria and tetanus until ten years have elapsed from the person's most recent dose of tetanus and diphtheria toxoid.

Sec. 11. Minnesota Statutes 1996, section 124.26, subdivision 1b, is amended to read:

Subd. 1b. **PROGRAM REQUIREMENTS.** An adult basic education program is a day or evening program offered by a district that is for people over 16 years of age through the 1999–2000 school year and over 18 years of age beginning with the 2000–2001 school year who do not attend an elementary or secondary school. The program offers academic instruction necessary to earn a high school diploma or equivalency certificate. Tuition and fees may not be charged to a learner for instruction paid under this section, except for a security deposit to assure return of materials, supplies, and equipment.

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Sec. 12. Minnesota Statutes 1996, section 124.276, is amended by adding a subdivision to read:

Subd. 2a. AID. A district with an approved plan shall receive \$30 per pupil served at the school site with the family connections program. The district must provide a match of \$15 per pupil served at the school site with the family connections program.

Sec. 13. [124.6475] SUMMER FOOD SERVICE REPLACEMENT AID.

States funds are available to compensate department-approved summer food program sponsors for reduced federal operating reimbursement rates under Public Law Number 104-193, the federal summer food service program. A sponsor is eligible for summer food service replacement aid equal to the sum of the following amounts:

(1) for breakfast service, subtract the current year maximum reimbursement rate from the 1996 maximum reimbursement rate and multiply the result by the number of breakfasts the district served during the current school year;

(2) for lunch or supper service, subtract the current year maximum reimbursement rate from the 1996 maximum reimbursement rate and multiply the result by the number of lunches and suppers the district served during the current school year; and

(3) for supplement service, subtract the current year maximum reimbursement rate from the 1996 maximum reimbursement rate and multiply the result by the number of supplement meals the district served during the current school year.

Sec. 14. Minnesota Statutes 1996, section 124C.46, subdivision 2, is amended to read:

Subd. 2. PEOPLE TO BE SERVED. A center shall provide programs for secondary pupils and adults, giving priority to serving persons between 16 and 21 years of age. Secondary pupils to be served are those who are chemically dependent, not likely to graduate from high school, need assistance in vocational and basic skills, can benefit from employment experiences, and need assistance in transition from school to employment. Adults to be served are dislocated homemakers and workers and others who need basic educational and social services. In addition to offering programs, the center shall coordinate the use of other available educational services, social services, and post-secondary institutions in the community. The A center may also provide programs, including work-based, service-learning, and applied learning opportunities developed in collaboration with a local education and employment transitions partnership, and services for elementary and secondary pupils who are not attending the center to assist them in completing high being successful in school. Pupils eligible to be served are those age five to adults 21 and older who qualify under the graduation incentives program in section 126.22, subdivision 2.

Sec. 15. Minnesota Statutes 1996, section 126.22, subdivision 2, is amended to read:

Subd. 2. ELIGIBLE PUPILS. The following pupils are eligible to participate in the education options graduation incentives program:

(a) any pupil under the age of 21 who:

(1) performs substantially below the performance level for pupils of the same age in a locally determined achievement test; or

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- (2) is at least one year behind in satisfactorily completing coursework or obtaining credits for graduation; or
- (3) is pregnant or is a parent; or
- (4) has been assessed as chemically dependent; or
- (5) has been excluded or expelled according to sections 127.26 to 127.39; or
- (6) has been referred by a school district for enrollment in an eligible program or a program pursuant to section 126.23; or
- (7) is a victim of physical or sexual abuse; or
- (8) has experienced mental health problems; or
- (9) has experienced homelessness sometime within six months before requesting a transfer to an eligible program; or
- (10) speaks English as a second language or has limited English proficiency; or
- (11) has withdrawn from school or has been chronically truant; 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. 16. Minnesota Statutes 1996, section 144.29, is amended to read:

144.29 HEALTH RECORDS; CHILDREN OF SCHOOL AGE.

It shall be the duty of every school nurse, school physician, school attendance officer, superintendent of schools, principal, teacher, and of the persons charged with the duty of compiling and keeping the school census records, to cause a permanent public health record to be kept for each child of school age. Such record shall be kept in such form that it may be transferred with the child to any school which the child shall attend within the state and transferred to the commissioner when the child ceases to attend school. It shall contain a record of such health matters as shall be prescribed by the commissioner, and of all mental and physical defects and handicaps which might permanently cripple or handicap the child student health data as defined in section 13.32, subdivision 2, paragraph (a), and shall be classified as private data as defined in section 13.32, subdivision 3. Nothing in sections 144.29 to 144.32 shall be construed to require any child whose parent or guardian objects in writing thereto to undergo a physical or medical examination or treatment. A copy shall be forwarded to the proper department of any state to which the child shall remove. Each district shall assign a teacher, school nurse, or other professional person to review, at the beginning of each school year, the health rec-

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ord of all pupils under the assignee's direction. Growth, results of vision and hearing screening, and findings obtained from health assessments must be entered periodically on the pupil's health record.

Sec. 17. Minnesota Statutes 1996, section 260.185, subdivision 1, is amended to read:

Subdivision 1. **COURT ORDER, FINDINGS, REMEDIES, TREATMENT.** If the court finds that the child is delinquent, it shall enter an order making any of the following dispositions of the case which are deemed necessary to the rehabilitation of the child:

- (a) Counsel the child or the parents, guardian, or custodian;
- (b) Place the child under the supervision of a probation officer or other suitable person in the child's own home under conditions prescribed by the court including reasonable rules for the child's conduct and the conduct of the child's parents, guardian, or custodian, designed for the physical, mental, and moral well-being and behavior of the child, or with the consent of the commissioner of corrections, in a group foster care facility which is under the management and supervision of said commissioner;
- (c) Subject to the supervision of the court, transfer legal custody of the child to one of the following:
 - (1) a child-placing agency; or
 - (2) the local social services agency; or
 - (3) a reputable individual of good moral character. No person may receive custody of two or more unrelated children unless licensed as a residential facility pursuant to sections 245A.01 to 245A.16; or
 - (4) a county home school, if the county maintains a home school or enters into an agreement with a county home school; or
 - (5) a county probation officer for placement in a group foster home established under the direction of the juvenile court and licensed pursuant to section 241.021;
- (d) Transfer legal custody by commitment to the commissioner of corrections;
- (e) If the child is found to have violated a state or local law or ordinance which has resulted in damage to the person or property of another, the court may order the child to make reasonable restitution for such damage;
- (f) Require the child to pay a fine of up to \$700; the court shall order payment of the fine in accordance with a time payment schedule which shall not impose an undue financial hardship on the child;
- (g) If the child is in need of special treatment and care for reasons of physical or mental health, the court may order the child's parent, guardian, or custodian to provide it. If the parent, guardian, or custodian fails to provide this treatment or care, the court may order it provided;
- (h) If the court believes that it is in the best interests of the child and of public safety that the driver's license of the child be canceled until the child's 18th birthday, the court

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may recommend to the commissioner of public safety the cancellation of the child's license for any period up to the child's 18th birthday, and the commissioner is hereby authorized to cancel such license without a hearing. At any time before the termination of the period of cancellation, the court may, for good cause, recommend to the commissioner of public safety that the child be authorized to apply for a new license, and the commissioner may so authorize.

(i) If the court believes that it is in the best interest of the child and of public safety that the child is enrolled in school, the court may require the child to remain enrolled in a public school until the child reaches the age of 18 or completes all requirements needed to graduate from high school. Any child enrolled in a public school under this paragraph is subject to the provisions of the Pupil Fair Dismissal Act in chapter 127.

If the child is petitioned and found by the court to have committed a controlled substance offense under sections 152.021 to 152.027, the court shall determine whether the child unlawfully possessed or sold the controlled substance while driving a motor vehicle. If so, the court shall notify the commissioner of public safety of its determination and order the commissioner to revoke the child's driver's license for the applicable time period specified in section 152.0271. If the child does not have a driver's license or if the child's driver's license is suspended or revoked at the time of the delinquency finding, the commissioner shall, upon the child's application for driver's license issuance or reinstatement, delay the issuance or reinstatement of the child's driver's license for the applicable time period specified in section 152.0271. Upon receipt of the court's order, the commissioner is authorized to take the licensing action without a hearing.

If the child is petitioned and found by the court to have committed or attempted to commit an act in violation of section 609.342; 609.343; 609.344; 609.345; 609.3451; 609.746, subdivision 1; 609.79; or 617.23, or another offense arising out of a delinquency petition based on one or more of those sections, the court shall order an independent professional assessment of the child's need for sex offender treatment. An assessor providing an assessment for the court must be experienced in the evaluation and treatment of juvenile sex offenders. If the assessment indicates that the child is in need of and amenable to sex offender treatment, the court shall include in its disposition order a requirement that the child undergo treatment. Notwithstanding section 13.42, 13.85, 144.335, 260.161, or 626.556, the assessor has access to the following private or confidential data on the child if access is relevant and necessary for the assessment:

- (1) medical data under section 13.42;
- (2) corrections and detention data under section 13.85;
- (3) health records under section 144.335;
- (4) juvenile court records under section 260.161; and
- (5) local welfare agency records under section 626.556.

Data disclosed under this paragraph may be used only for purposes of the assessment and may not be further disclosed to any other person, except as authorized by law.

If the child is found delinquent due to the commission of an offense that would be a felony if committed by an adult, the court shall make a specific finding on the record regarding the juvenile's mental health and chemical dependency treatment needs.

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Any order for a disposition authorized under this section shall contain written findings of fact to support the disposition ordered, and shall also set forth in writing the following information:

- (a) why the best interests of the child are served by the disposition ordered; and
- (b) what alternative dispositions were considered by the court and why such dispositions were not appropriate in the instant case.

Sec. 18. **REGIONAL TRAINING SITES FOR HIV EDUCATION IN SCHOOLS.**

The commissioner of children, families, and learning shall establish four regional training centers in partnership with school districts outside of the cities of Minneapolis and St. Paul to implement comprehensive curriculum and program to prevent and reduce the risk of HIV/AIDS as required under Minnesota Statutes, section 121.203. The commissioner shall provide technical and financial assistance to each school district to identify policy, curriculum, and service gaps, to purchase curriculum and materials and to provide training or services to fill these gaps, to identify opportunities to coordinate HIV education with other special curriculum offerings, and to assess the effectiveness of curriculum and services. Each regional training center will provide programs and services to nearby school districts to meet the requirements of Minnesota Statutes, section 121.203. The commissioner and each school district shall work with a community advisory committee to establish and review the operation of each training center.

Sec. 19. **TARGETED BREAKFAST GRANTS.**

Subdivision 1. **ESTABLISHMENT.** A grant program is established to further explore the policy of providing nutritious breakfasts to public elementary school children, without regard to whether the children are eligible to receive free or reduced price meals, so that they can learn effectively.

Subd. 2. **ELIGIBILITY.** An applicant for a grant must be an elementary school that participates in the federal school breakfast and lunch programs. For a school to receive a grant, at least 33 percent of the lunches the school served to children during the preceding school year must have been provided free or at a reduced price.

Subd. 3. **APPLICATION PROCESS.** To obtain a grant to receive reimbursement for providing breakfasts to all children, whether or not the children are from low-income families and eligible to receive free or reduced price meals, a public elementary school must submit an application to the commissioner of children, families, and learning in the form and manner the commissioner prescribes. The application must describe how the applicant will encourage all children in the school to participate in the breakfast program. The applicant also must demonstrate to the commissioner that the applicant will receive a \$1 local match of funding or in-kind contributions for every \$3 of state funding the applicant receives. The commissioner may require additional information from the applicant.

Subd. 4. **GRANT AWARDS.** The commissioner shall award grants to the four grant recipients under Laws 1994, chapter 647, article 8, section 35, and then on a first-come, first-served basis to all other schools that meet the requirements of subdivisions 2 and 3 until funding under this section is expended. The commissioner shall determine the amount of the grant using average statewide statistics and individual school statistics ad-

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justed for other state and federal reimbursements. Grant recipients must use the proceeds to provide breakfasts to school children every day school is in session.

Sec. 20. 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 years designated.

Subd. 2. ABATEMENT AID. For abatement aid according to Minnesota Statutes, section 124.214:

\$13,661,000	.....	1998
\$13,612,000	.....	1999

The 1998 appropriation includes \$684,000 for 1997 and \$12,977,000 for 1998.

The 1999 appropriation includes \$1,441,000 for 1998 and \$12,171,000 for 1999.

Subd. 3. NONPUBLIC PUPIL AID. For nonpublic pupil education aid according to Minnesota Statutes, sections 123.79 and 123.931 to 123.947:

\$9,430,000	.....	1998
\$9,688,000	.....	1999

The 1998 appropriation includes \$900,000 for 1997 and \$8,530,000 for 1998.

The 1999 appropriation includes \$947,000 for 1998 and \$8,741,000 for 1999.

Subd. 4. SCHOOL LUNCH AND FOOD STORAGE AID. (a) For school lunch aid according to Minnesota Statutes, section 124.646, and Code of Federal Regulations, title 7, section 210.17, and for food storage and transportation costs for United States Department of Agriculture donated commodities; and for a temporary transfer to the commodity processing revolving fund to provide cash flow to permit schools and other recipients of donated commodities to take advantage of volume processing rates and for school milk aid according to Minnesota Statutes, section 124.648:

\$7,254,000	.....	1998
\$7,254,000	.....	1999

(b) Any unexpended balance remaining from the appropriations in this subdivision shall be prorated among participating schools based on the number of free, reduced, and fully paid federally reimbursable student lunches served during that school year.

(c) If the appropriation amount attributable to either year is insufficient, the rate of payment for each fully paid student lunch shall be reduced and the aid for that year shall be prorated among participating schools so as not to exceed the total authorized appropriation for that year.

(d) Any temporary transfer processed in accordance with this subdivision to the commodity processing fund will be returned by June 30 in each year so that school lunch aid and food storage costs can be fully paid as scheduled.

(e) Not more than \$800,000 of the amount appropriated each year may be used for school milk aid.

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(f) The commissioner may reduce other future aid and grant payments due to school districts and other organizations for the costs of processing and storage of commodities used by the district or organization.

Subd. 5. SUMMER FOOD SERVICE. For summer food service:

\$15,000	.....	1998
\$15,000	.....	1999

Subd. 6. SCHOOL BREAKFAST. To operate the school breakfast program according to Minnesota Statutes, sections 124.6469 and 124.6472:

\$456,000	.....	1998
\$456,000	.....	1999

If the appropriation amount attributable to either year is insufficient, the rate of payment for each fully paid student breakfast shall be reduced and the aid for that year shall be prorated among participating schools so as not to exceed the total authorized appropriation for that year. Any unexpected balance remaining shall be used to subsidize the payments made for school lunch aid per Minnesota Statutes, section 124.646.

Up to one percent of the program funding can be used by the department of children, families, and learning for technical and administrative assistance.

Subd. 7. SCHOOL BREAKFAST OUTREACH. To initiate school breakfast programs under Minnesota Statutes, section 124.6469, at school sites not currently providing a school breakfast program or at schools that initiated a school breakfast program during the 1996-1997 school year:

\$15,000	.....	1998
\$15,000	.....	1999

Subd. 8. SUMMER FOOD SERVICE REPLACEMENT AID. For summer food service replacement aid under Minnesota Statutes, section 124.6475:

\$150,000	.....	1998
\$150,000	.....	1999

Subd. 9. TARGETED BREAKFAST GRANTS. For targeted breakfast grants:

\$1,037,000	1998
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This appropriation is available until June 30, 1999.

Subd. 10. FAMILY CONNECTIONS AID. For family connections aid according to Minnesota Statutes, section 124.276:

\$250,000	.....	1998
\$250,000	.....	1999

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

New language is indicated by underline, deletions by strikeout.

Subd. 11. **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:

\$70,000 1998

Subd. 12. **HIV EDUCATION TRAINING SITES.** For regional training sites for HIV education in schools:

\$200,000 1998

This appropriation is contingent on a matching grant of \$100,000 in federal funds.

This appropriation is available until June 30, 1999.

Subd. 13. **WILLMAR.** For a grant to independent school district No. 347, Willmar:

\$200,000 1998

This appropriation shall be used to improve community understanding of the cultures within the community, improve communication between the district and the Latino community, improve parental involvement in the school, to use mediation to resolve conflict in the school and community, and to assist surrounding communities and districts in achieving these goals.

This appropriation is available only if the federal lawsuit against the district is dismissed for settlement.

This appropriation is available until June 30, 1999.

Subd. 14. **PSEO REPLACEMENT AID.** For PSEO replacement aid:

\$12,000 1998

The 1998 appropriation includes \$12,000 for 1997 and \$0 for 1998.

Sec. 21. **REPEALER.**

Minnesota Statutes 1996, sections 121.602, subdivisions 3 and 5; 124.177; and 124.276, subdivision 2, are repealed.

Sec. 22. **EFFECTIVE DATE.**

(a) Section 3 is effective for the 1998-1999 school year.

(b) If this act is enacted on or after July 1, 1997, all sections in this article except for that section listed in paragraph (a) are effective the day following final enactment.

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ARTICLE 7

EDUCATION POLICY ISSUES

Section 1. Minnesota Statutes 1996, section 12.21, subdivision 3, is amended to read:

Subd. 3. **SPECIFIC AUTHORITY.** In performing duties under this chapter and to effect its policy and purpose, the governor may:

(1) make, amend, and rescind the necessary orders and rules to carry out the provisions of this chapter and section 216C.15 within the limits of the authority conferred by this section, with due consideration of the plans of the federal government and without complying with sections 14.001 to 14.69, but no order or rule has the effect of law except as provided by section 12.32;

(2) ensure that a comprehensive emergency operations plan and emergency management program for this state are developed and maintained, and are integrated into and coordinated with the emergency plans of the federal government and of other states to the fullest possible extent;

(3) in accordance with the emergency operations plan and the emergency management program of this state, procure supplies and equipment, institute training programs and public information programs, and take all other preparatory steps, including the partial or full activation of emergency management organizations in advance of actual disaster to ensure the furnishing of adequately trained and equipped forces of emergency management personnel in time of need;

(4) make studies and surveys of the industries, resources, and facilities in this state as may be necessary to ascertain the capabilities of the state for emergency management and to plan for the most efficient emergency use of those industries, resources, and facilities;

(5) on behalf of this state, enter into mutual aid arrangements or cooperative agreements with other states and with Canadian provinces, and coordinate mutual aid plans between political subdivisions of this state;

(6) delegate administrative authority vested in the governor under this chapter, except the power to make rules, and provide for the subdelegation of that authority;

(7) cooperate with the president and the heads of the armed forces, the emergency management agency of the United States and other appropriate federal officers and agencies, and with the officers and agencies of other states in matters pertaining to the emergency management of the state and nation, including the direction or control of:

(i) emergency preparedness drills and exercises;

(ii) warnings and signals for drills or actual emergencies and the mechanical devices to be used in connection with them;

(iii) shutting off water mains, gas mains, electric power connections and the suspension of all other utility services;

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(iv) the conduct of persons in the state and the movement and cessation of movement of pedestrians and vehicular traffic during, prior, and subsequent to drills or actual emergencies;

(v) public meetings or gatherings; and

(vi) the evacuation, reception, and sheltering of persons;

(8) contribute to a political subdivision, within the limits of the appropriation for that purpose, not more than 25 percent of the cost of acquiring organizational equipment that meets standards established by the governor;

(9) formulate and execute, with the approval of the executive council, plans and rules for the control of traffic in order to provide for the rapid and safe movement over public highways and streets of troops, vehicles of a military nature, materials for national defense and war or for use in any war industry, for the conservation of critical materials or for emergency management purposes, and coordinate the activities of the departments or agencies of the state and its political subdivisions concerned directly or indirectly with public highways and streets, in a manner that will best effectuate those plans;

(10) alter or adjust by executive order, without complying with sections 14.01 to 14.69, the working hours, work days and work week of, and annual and sick leave provisions and payroll laws regarding all state employees in the executive branch as the governor deems necessary to minimize the impact of the disaster or emergency, conforming the alterations or adjustments to existing state laws, rules, and collective bargaining agreements to the extent practicable;

(11) authorize the commissioner of children, families, and learning to alter school schedules, curtail school activities, or order schools closed without affecting state aid to schools, as defined in section 120.05, and including charter schools under section 120.064, and elementary schools enrolling prekindergarten pupils in district programs.

Sec. 2. Minnesota Statutes 1996, section 120.0111, is amended to read:

120.0111 MISSION STATEMENT.

The mission of public education in Minnesota, a system for lifelong learning, is to ensure individual academic achievement, an informed citizenry, and a highly productive work force. This system focuses on the learner, promotes and values diversity, provides participatory decision-making, ensures accountability, models democratic principles, creates and sustains a climate for change, provides personalized learning environments, encourages learners to reach their maximum potential, and integrates and coordinates human services for learners. The public schools of this state shall serve the needs of the students by cooperating with the students' parents and legal guardians to develop the students' intellectual capabilities and life-work skills in a safe and positive environment. It is part of the department's mission that within the department's resources the commissioner shall endeavor to:

(1) prevent the waste or unnecessary spending of public money;

(2) use innovative fiscal and human resource practices to manage the state's resources and operate the department as efficiently as possible;

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(3) coordinate the department's activities wherever appropriate with the activities of other governmental agencies;

(4) use technology where appropriate to increase agency productivity, improve customer service, increase public access to information about government, and increase public participation in the business of government;

(5) utilize constructive and cooperative labor-management practices to the extent otherwise required by chapters 43A and 179A;

(6) include specific objectives in the performance report required under section 15.91 to increase the efficiency of agency operations, when appropriate; and

(7) recommend to the legislature, in the performance report of the department required under section 15.91, appropriate changes in law necessary to carry out the mission of the department.

Sec. 3. Minnesota Statutes 1996, section 120.101, subdivision 5c, is amended to read:

Subd. 5c. **EDUCATION RECORDS.** (a) A school district from which a student is transferring must transmit the student's educational records, within ten business days of a request, to the school district in which the student is enrolling. School districts must make reasonable efforts to determine the school district in which a transferring student is next enrolling in order to comply with this subdivision.

(b) A school district that transmits a student's educational records to another school district or other educational entity to which the student is transferring must include in the transmitted records information about disciplinary action taken as a result of any incident in which the student possessed or used a dangerous weapon.

Sec. 4. Minnesota Statutes 1996, section 123.35, is amended by adding a subdivision to read:

Subd. 19c. **JOINTLY OWNED FACILITIES.** Notwithstanding section 123.35, subdivision 19a, if a school district and a city jointly own a building or site, the district and the city may enter into an agreement that extends beyond the end of the fiscal year to pay operating costs for that building or site.

Sec. 5. Minnesota Statutes 1996, section 123.3514, subdivision 4c, is amended to read:

Subd. 4c. **LIMIT ON PARTICIPATION.** A pupil who first enrolls in grade 11 may not enroll in post-secondary courses under this section for secondary credit for more than the equivalent of two academic years. A pupil who first enrolls in grade 12 may not enroll in post-secondary courses under this section for secondary credit for more than the equivalent of one academic year. If a pupil in grade 11 or 12 first enrolls in a post-secondary course for secondary credit during the school year, the time of participation shall be reduced proportionately. If a pupil is in a learning year or other year-round program and begins each grade in the summer session, summer sessions shall not be counted against the time of participation. A pupil who has graduated from high school cannot participate in a program under this section. A pupil who has completed course requirements for graduation but who has not received a diploma may participate in the program under this section.

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Sec. 6. Minnesota Statutes 1996, section 123.3514, subdivision 8, is amended to read:

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

Sec. 7. Minnesota Statutes 1996, section 124C.498, subdivision 2, is amended to read:

Subd. 2. **APPROVAL AUTHORITY; APPLICATION FORMS.** To the extent money is available, the commissioner of children, families, and learning may approve projects from applications submitted under this section. The grant money must be used only to design, acquire, construct, remodel, improve, furnish, or equip the building or site of a magnet school facility according to contracts entered into within ~~15~~ 24 months after the date on which a grant is awarded.

Sec. 8. Minnesota Statutes 1996, section 125.12, subdivision 14, is amended to read:

Subd. 14. **RECORDS RELATING TO INDIVIDUAL TEACHER; ACCESS; EXPUNGEMENT.** All evaluations and files generated within a school district relating to each individual teacher shall be available to each individual teacher upon written request. Effective January 1, 1976, all evaluations and files, wherever generated, relating to each individual teacher shall be available to each individual teacher upon written request. The teacher shall have the right to reproduce any of the contents of the files at the teacher's expense and to submit for inclusion in the file written information in response to any material contained therein.

A school district may destroy the files as provided by law and shall expunge from the teacher's file any material found to be false or substantially inaccurate through the grievance procedure required pursuant to section 179A.20, subdivision 4; provided, the grievance procedure promulgated by the director of the bureau of mediation services, pursuant to section 179A.04, subdivision 3, clause (h), shall apply to those principals and supervisory employees not included in an appropriate unit as defined in section 179A.03. Expungement proceedings shall be commenced within the time period provided in the collective bargaining agreement for the commencement of a grievance. If no time period is provided in the bargaining agreement, the expungement proceedings shall commence

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within 15 days after the teacher has knowledge of the inclusion in the teacher's file of the material the teacher seeks to have expunged.

Sec. 9. Minnesota Statutes 1996, section 126.77, subdivision 1, is amended to read:

Subdivision 1. **VIOLENCE PREVENTION CURRICULUM.** (a) The commissioner of children, families, and learning, in consultation with the commissioners of health and human services, state minority councils, battered women's programs, sexual assault centers, representatives of religious communities, and the assistant commissioner of the office of drug policy and violence prevention, shall assist districts on request in developing or implementing a violence prevention program for students in kindergarten to grade 12 that can be integrated into existing curriculum. The purpose of the program is to help students learn how to resolve conflicts within their families and communities in nonviolent, effective ways.

(b) Each district is encouraged to integrate into its existing curriculum a program for violence prevention that includes at least:

(1) a comprehensive, accurate, and age appropriate curriculum on violence prevention, nonviolent conflict resolution, and sexual, racial, and cultural harassment, and student hazing that promotes equality, respect, understanding, effective communication, individual responsibility, thoughtful decision making, positive conflict resolution, useful coping skills, critical thinking, listening and watching skills, and personal safety;

(2) planning materials, guidelines, and other accurate information on preventing physical and emotional violence, identifying and reducing the incidence of sexual, racial, and cultural harassment, and reducing child abuse and neglect;

(3) a special parent education component of early childhood family education programs to prevent child abuse and neglect and to promote positive parenting skills, giving priority to services and outreach programs for at-risk families;

(4) involvement of parents and other community members, including the clergy, business representatives, civic leaders, local elected officials, law enforcement officials, and the county attorney;

(5) collaboration with local community services, agencies, and organizations that assist in violence intervention or prevention, including family-based services, crisis services, life management skills services, case coordination services, mental health services, and early intervention services;

(6) collaboration among districts and SCs;

(7) targeting early adolescents for prevention efforts, especially early adolescents whose personal circumstances may lead to violent or harassing behavior;

(8) opportunities for teachers to receive in-service training or attend other programs on strategies or curriculum designed to assist students in intervening in or preventing violence in school and at home; and

(9) administrative policies that reflect, and a staff that models, nonviolent behaviors that do not display or condone sexual, racial, or cultural harassment or student hazing.

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(c) The department may provide assistance at a neutral site to a nonpublic school participating in a district's program.

Sec. 10. Minnesota Statutes 1996, section 127.26, is amended to read:

127.26 CITATION.

Sections 127.26 to 127.39 may be cited as "The pupil fair dismissal act of 1974."

Sec. 11. Minnesota Statutes 1996, section 127.27, subdivision 5, is amended to read:

Subd. 5. **EXPULSION.** "Expulsion" means an action taken by a school board action to prohibit an enrolled pupil from further attendance for a period that shall not extend beyond an amount of time equal up to one school year 12 months from the date a the pupil is expelled.

Sec. 12. Minnesota Statutes 1996, section 127.27, subdivision 6, is amended to read:

Subd. 6. **PARENT.** "Parent" means (a) one of the pupil's parents, or (b) in the case of divorce or legal separation, or if the child's mother was not married to the child's father when the child was conceived nor when the child was born, the custodial parent the parent or parents with physical custody of the pupil, including a noncustodial parent with legal custody who has provided the district with a current address and telephone number, or (c) a legally appointed guardian. In the case of a pupil with a disability under the age of 18, parent may include a district-appointed surrogate parent.

Sec. 13. Minnesota Statutes 1996, section 127.27, subdivision 7, is amended to read:

Subd. 7. **PUPIL.** "Pupil" means any student with or:

(1) without a disability under 21 years of age; or

(2) with a disability until September 1 after the child with a disability becomes 22 years of age;

(3) and who remains eligible to attend a public elementary or secondary school.

Sec. 14. Minnesota Statutes 1996, section 127.27, subdivision 8, is amended to read:

Subd. 8. **SCHOOL.** "School" means any school as defined in Minnesota Statutes 1971, section 120.05, subdivision 2.

Sec. 15. Minnesota Statutes 1996, section 127.27, subdivision 10, is amended to read:

Subd. 10. **SUSPENSION.** "Suspension" means an action taken by the school administration, under rules promulgated by the school board, prohibiting a pupil from attending school for a period of no more than ten school days. If a suspension is longer than five days, the suspending administrator must provide the superintendent with a reason for the longer suspension. This definition does not apply to dismissal from school for one school day or less. Each suspension action shall include a readmission plan. The readmission plan shall include, where appropriate, a provision for implementing alternative programs to be implemented educational services upon readmission. Suspension may not be consecutively imposed The school administration may not impose consecutive suspensions against the same pupil for the same course of conduct, or incident of misconduct,

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except where the pupil will create an immediate and substantial danger to self or to surrounding persons or property, or where the district is in the process of initiating an expulsion, in which case the school administration may extend the suspension up to 15 days. In no event shall suspension exceed 15 school days, provided that in the case of a pupil with a disability, a suspension may not exceed ten school days. The school administration shall implement alternative program shall be implemented educational services to the extent that suspension exceeds five days. A separate administrative conference is required for each period of suspension.

Sec. 16. Minnesota Statutes 1996, section 127.27, is amended by adding a subdivision to read:

Subd. 11. ALTERNATIVE EDUCATIONAL SERVICES. "Alternative educational services" may include, but are not limited to, special tutoring, modified curriculum, modified instruction, other modifications or adaptations, special education services as indicated by appropriate assessment, homebound instruction, or enrollment in another district or in an alternative learning center under section 124C.45.

Sec. 17. Minnesota Statutes 1996, section 127.281, is amended to read:

127.281 EXCLUSION AND EXPULSION OF PUPILS WITH A DISABILITY.

When a pupil who has an individual education plan is excluded or expelled under sections 127.26 to 127.39 for misbehavior that is not a manifestation of the pupil's disabling condition disability, the district shall continue to provide special education and related services after a period of suspension, if suspension is imposed. The district shall initiate a review of the pupil's individual education plan within ten five school days of the commencement of commencing an expulsion, exclusion, or a suspension of ten days or more.

Sec. 18. Minnesota Statutes 1996, section 127.29, is amended to read:

127.29 GROUNDS FOR DISMISSAL.

Subdivision 1. No school shall dismiss any pupil without attempting to provide alternative programs of education prior to dismissal educational services before dismissal proceedings, except where it appears that the pupil will create an immediate and substantial danger to self or to surrounding persons or property. Such programs may include special tutoring, modification of the curriculum for the pupil, placement in a special class or assistance from other agencies.

Subd. 2. A pupil may be dismissed on any of the following grounds:

(a) willful violation of any reasonable school board regulation. Such regulation must be clear and definite to provide notice to pupils that they must conform their conduct to its requirements;

(b) willful conduct which that materially and substantially disrupts the rights of others to an education; or

(c) willful conduct which that endangers the pupil or other pupils, or the surrounding persons, or property of the school.

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Sec. 19. Minnesota Statutes 1996, section 127.30, subdivision 1, is amended to read:

Subdivision 1. ~~No suspension~~ The school administration shall not suspend a pupil from school shall be imposed without an informal administrative conference with the pupil, except. The informal administrative conference shall take place before the suspension, except where it appears that the pupil will create an immediate and substantial danger to self or to surrounding persons or property, in which case the conference shall take place as soon as practicable following the suspension.

Sec. 20. Minnesota Statutes 1996, section 127.30, is amended by adding a subdivision to read:

Subd. 1a. At the informal administrative conference, a school administrator shall notify the pupil of the grounds for the suspension, provide an explanation of the evidence the authorities have, and the pupil may present the pupil's version of the facts.

Sec. 21. Minnesota Statutes 1996, section 127.30, subdivision 2, is amended to read:

Subd. 2. A written notice containing the grounds for suspension, a brief statement of the facts, a description of the testimony, a readmission plan, and a copy of sections 127.26 to 127.39, shall be personally served upon the pupil at or before the time the suspension is to take effect, and upon the pupil's parent or guardian by certified mail within 48 hours of the conference. The district shall make reasonable efforts to notify the parents of the suspension by telephone as soon as possible following suspension. In the event a pupil is suspended without an informal administrative conference on the grounds that the pupil will create an immediate and substantial danger to surrounding persons or property, the written notice shall be served either personally or by certified mail upon the pupil and the pupil's parent or guardian within 48 hours of the suspension. Service by certified mail is complete upon mailing.

Sec. 22. Minnesota Statutes 1996, section 127.30, subdivision 3, is amended to read:

Subd. 3. Notwithstanding the provisions of subdivisions 1 and 2, the pupil may be suspended pending the school board's decision in the expulsion or exclusion hearing; provided that an alternative program shall be educational services are implemented to the extent that suspension exceeds five days.

Sec. 23. Minnesota Statutes 1996, section 127.31, subdivision 2, is amended to read:

Subd. 2. Written notice of intent to take action shall:

- (a) be served upon the pupil and the pupil's parent or guardian personally or by certified mail;
- (b) contain a complete statement of the facts, a list of the witnesses and a description of their testimony;
- (c) state the date, time, and place of the hearing;
- (d) be accompanied by a copy of sections 127.26 to 127.39;
- (e) describe alternative educational ~~programs~~ services accorded the pupil ~~prior to commencement of~~ in an attempt to avoid the expulsion or exclusion proceedings; and

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(f) inform the pupil and parent or guardian of the right to:

(1) have a representative of the pupil's own choosing, including legal counsel, at the hearing. The district shall advise the pupil's parent or guardian that free or low-cost legal assistance may be available and that a legal assistance resource list is available from the department of children, families, and learning;

(2) examine the pupil's records before the hearing;

(3) present evidence; and

(4) confront and cross-examine witnesses.

Sec. 24. Minnesota Statutes 1996, section 127.31, subdivision 7, is amended to read:

Subd. 7. The hearing shall take place before:

(a) (1) an independent hearing officer;

(b) (2) a member of the school board;

(c) (3) a committee of the school board; or;

(d) (4) the full school board;

as determined by the school board. The hearing shall be conducted in a fair and impartial manner.

Sec. 25. Minnesota Statutes 1996, section 127.31, subdivision 8, is amended to read:

Subd. 8. ~~The proceedings of the hearing shall be recorded and preserved, at the expense of the school district, pending ultimate disposition of the action. The school board shall record the hearing proceedings at district expense, and a party may obtain a transcript at its own expense.~~ Testimony shall be given under oath. The hearing officer or a member of the school board shall have the power to issue subpoenas and administer oaths.

Sec. 26. Minnesota Statutes 1996, section 127.31, subdivision 13, is amended to read:

Subd. 13. The recommendation of the hearing officer or school board member or committee shall be based solely upon substantial evidence presented at the hearing and must be made to the school board and served upon the parties within two days of the end of the hearing.

Sec. 27. Minnesota Statutes 1996, section 127.31, subdivision 14, is amended to read:

Subd. 14. ~~The decision by~~ The school board shall ~~be based base its decision upon the recommendation of the hearing officer or school board member or committee and shall be rendered~~ render its decision at a special meeting held within five days after receipt of receiving the recommendation. The school board may provide the parties with the opportunity to present exceptions and comments to the hearing officer's recommendations provided that neither party presents any evidence not admitted at the hearing. The decision shall by the school board must be based on the record, must be in writing, and must state

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the controlling facts found upon on which the decision is made shall be stated in sufficient detail to apprise the parties and the commissioner of children, families, and learning of the basis and reason for the decision.

Sec. 28. Minnesota Statutes 1996, section 127.31, subdivision 15, is amended to read:

Subd. 15. **ADMISSION OR READMISSION PLAN.** A school board ~~may~~ administrator shall prepare and enforce an admission or readmission plan for any pupil who is suspended, excluded, or expelled from school. The plan may include measures to improve the pupil's behavior and require parental involvement in the admission or readmission process, and may indicate the consequences to the pupil of not improving the pupil's behavior.

Sec. 29. Minnesota Statutes 1996, section 127.311, is amended to read:

127.311 GOOD FAITH EXCEPTION.

A violation of the technical provisions of the pupil fair dismissal act of 1974, made in good faith, is not a defense to a disciplinary procedure under the act unless the pupil can demonstrate actual prejudice as a result of the violation.

Sec. 30. Minnesota Statutes 1996, section 127.32, is amended to read:

127.32 APPEAL.

A party to an exclusion or expulsion decision made pursuant to under sections 127.26 to 127.39 may be appealed appeal the decision to the commissioner of children, families, and learning within 21 calendar days of school board action. Upon being served with a notice of appeal, the district shall provide the commissioner and the parent or guardian with a complete copy of the hearing record within five days of its receipt of the notice of appeal. All written submissions by the appellant must be submitted and served on the respondent within ten days of its actual receipt of the transcript. All written submissions by the respondent must be submitted and served on the appellant within ten days of its actual receipt of the written submissions of the appellant.

In an appeal under this section, the commissioner may affirm the decision of the agency or may reverse or modify the decision if the substantial rights of the petitioners may have been prejudiced because the administrative findings, inferences, conclusions, or decisions are:

- (1) in violation of constitutional provisions;
- (2) in excess of the statutory authority or jurisdiction of the school district;
- (3) made upon unlawful procedure, except as provided in section 127.311;
- (4) affected by other error of law;
- (5) unsupported by substantial evidence in view of the entire record submitted; or

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(6) arbitrary or capricious.

The commissioner or the commissioner's representative shall make a final decision based upon a the record of evidence presented at the hearing. Such ruling shall be binding upon the parties, subject to judicial review as provided in section 127.33. The commissioner shall issue a decision within 30 calendar days of receiving the entire record and the parties' written submission on appeal. The commissioner's decision shall be final and binding upon the parties after the time for appeal expires under section 127.33.

Sec. 31. Minnesota Statutes 1996, section 127.33, is amended to read:

127.33 JUDICIAL REVIEW.

The decision of the commissioner of children, families, and learning made pursuant to under sections 127.26 to 127.39 ~~shall be~~ is subject to judicial review ~~in accordance with chapter 14 under sections 14.63 to 14.69. The decision of the commissioner is stayed pending an appeal under this section.~~

Sec. 32. Minnesota Statutes 1996, section 127.36, is amended to read:

127.36 REPORT TO COMMISSIONER OF CHILDREN, FAMILIES, AND LEARNING.

Subdivision 1. **EXCLUSIONS AND EXPULSIONS.** The school board shall report each exclusion or expulsion within 30 days of the effective date of the action to the commissioner of children, families, and learning. This report shall include a statement of alternative programs of education accorded educational services given the pupil prior to the commencement of before beginning exclusion or expulsion proceedings, and the reason for, the effective date, and the duration of the exclusion or expulsion.

Subd. 2. **REPORT.** The school board must include state student identification numbers of affected pupils on all dismissal reports required by the department. The department must report annually to the commissioner summary data on the number of dismissals by age, grade, gender, race, and special education status of the affected pupils.

Sec. 33. Minnesota Statutes 1996, section 127.37, is amended to read:

127.37 NOTICE OF RIGHT TO BE REINSTATED.

Whenever a pupil fails to return to school within ten school days of the termination of dismissal, a school administrator shall inform the pupil and the pupil's parents shall be informed by certified mail of the pupil's right to attend and to be reinstated in the public school.

Sec. 34. Minnesota Statutes 1996, section 127.38, is amended to read:

127.38 POLICIES TO BE ESTABLISHED.

(a) The commissioner of children, families, and learning shall promulgate guidelines to assist each school board. Each school board shall establish uniform criteria for dismissal and adopt written policies and rules in writing to effectuate the purposes of sections 127.26 to 127.39. The policies will shall emphasize the prevention of dismissal action preventing dismissals through early detection of problems. The policies shall recog-

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nize the continuing responsibility of the school for the education of the pupil during the dismissal period. The alternative educational services, if the pupil wishes to take advantage of them, must be adequate to allow the pupil to make progress towards meeting the graduation standards adopted under section 121.11, subdivision 7c, and help prepare the pupil for readmission.

(b) An area learning center under section 124C.45 may not prohibit an expelled or excluded pupil from enrolling solely because a district expelled or excluded the pupil. The board of the area learning center may use the provisions of the Pupil Fair Dismissal Act to exclude a pupil or to require an admission plan.

(c) The commissioner shall actively encourage and assist school districts to cooperatively establish alternative learning programs educational services that offer instruction to pupils who are dismissed from school for willfully engaging in dangerous, disruptive, or violent behavior, including for possessing a firearm in a school zone.

Sec. 35. [127.465] HAZING POLICY.

Subdivision 1. DEFINITIONS. (a) "Hazing" means committing an act against a student, or coercing a student into committing an act, that creates a substantial risk of harm to a person in order for the student to be initiated into or affiliated with a student organization.

(b) "Student organization" means a group, club, or organization having students as its primary members or participants.

Subd. 2. MODEL POLICY. The commissioner of children, families, and learning shall maintain and make available to school boards a model policy on student or staff hazing that addresses the requirements of subdivision 3.

Subd. 3. SCHOOL BOARD POLICY. Each school board shall adopt a written policy governing student or staff hazing. The policy must apply to student behavior that occurs on or off school property and during and after school hours. The policy must include reporting procedures and disciplinary consequences for violating the policy. Disciplinary consequences must be sufficiently severe to deter violations and appropriately discipline prohibited behavior. Disciplinary consequences must conform with sections 127.27 to 127.39. Each school must include the policy in the student handbook on school policies.

Sec. 36. Minnesota Statutes 1996, section 128C.02, subdivision 2, is amended to read:

Subd. 2. SEXUAL HARASSMENT AND VIOLENCE; HAZING. The board of the league shall adopt a policy, rules, penalties, and recommendations addressing sexual harassment and sexual violence and hazing toward and by participants in league activities.

Sec. 37. Minnesota Statutes 1996, section 128C.02, is amended by adding a subdivision to read:

Subd. 8. BUDGET. The league is subject to the commissioner of finance's rules and instructions governing budget preparation. The league budget must be submitted to the commissioner of finance and to the legislature in the same manner as budgets of executive branch agencies.

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Sec. 38. Minnesota Statutes 1996, section 128C.12, subdivision 1, is amended to read:

Subdivision 1. **DUES AND EVENTS REVENUE.** The state auditor annually must examine the accounts of, and audit all money paid to, the state high school league by its members. The audit must include financial and compliance issues. The state auditor must also audit all money derived from any event sponsored by the league and review any private audits done for the league. League audits must include audits of administrative regions of the league. The league and its administrative regions may not contract with private auditors. The scope of the state auditor's examinations of the league must be agreed upon by the board and the state auditor, provided that all requirements of this section must be met.

Sec. 39. **[128C.13] INVESTMENT.**

The governing board of the league may request the state board of investment to invest nonretirement funds of the league, and the state board of investment may invest these funds when requested.

Sec. 40. **[135A.081] REMEDIAL INSTRUCTION; HIGH SCHOOL DIPLOMA WARRANTY.**

Subdivision 1. **CONDITIONS.** A public post-secondary institution may provide remedial instruction if within 12 months of first enrollment, the institution determines that the student's English language reading or writing ability, or the student's mathematic ability does not rise to the level that is a necessary prerequisite to minimally acceptable comprehension of entry level courses or programs at the institution.

Subd. 2. **CONFIRMATION.** The institution's determination of a student's sub-standard ability is confirmed if the student scores below 12th grade level in a standardized test in any of the following areas covered by the determination: English language reading comprehension, English language composition, or mathematics.

Subd. 3. **HIGH SCHOOL DIPLOMA WARRANTY COVERAGE.** (a) If a student who graduated from a public high school scores below the 8th grade level on a confirming test, the student's high school shall pay the tuition for the student for all remedial courses in the area covered by the confirming test that the student takes in the first year after the student's graduation from high school. The student's high school shall pay one-half of the tuition for the student for all remedial courses in the area covered by the confirming test that the student takes in the second year after the student's graduation from high school. This subdivision shall apply to students graduating from a public high school on or after May 1, 1999.

(b) The payment of tuition by the public high school shall be waived if the high school can demonstrate, through the results of a standardized test, that the student had attained 8th grade level performance in the area covered by the confirming test prior to graduation.

Subd. 4. **NO CREDITS; STUDENT COSTS.** A post-secondary institution providing remedial instruction under this section must not award credit to a student toward a degree or program completion for remedial instruction provided under this section.

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Subd. 5. JUST CLAIM. A request for payment for remedial instruction to a student under this section is, under section 123.40, subdivision 1, a just claim against the school district that includes the student's high school.

Sec. 41. [135A.155] HAZING POLICY.

The board of trustees of the Minnesota state colleges and universities shall, and the University of Minnesota is requested to, adopt a clear, understandable written policy on student conduct, including hazing. The policy must include procedures for reporting incidents of inappropriate hazing and for disciplinary actions against individual violators and organizations. The policy must be provided to students when they register and must be posted at appropriate locations on campus. A private post-secondary institution that is an eligible institution as defined in section 136A.101, subdivision 4, must adopt a policy that meets the requirements of this section.

Sec. 42. Minnesota Statutes 1996, section 245.91, subdivision 2, is amended to read:

Subd. 2. AGENCY. "Agency" means the divisions, officials, or employees of the state departments of human services and, health, children, families, and learning, and of local school districts and designated county social service agencies as defined in section 256G.02, subdivision 7, that are engaged in monitoring, providing, or regulating services or treatment for mental illness, mental retardation or a related condition, chemical dependency, or emotional disturbance.

Sec. 43. PROTECTIVE SOFTWARE.

Subdivision 1. SOFTWARE RECOMMENDATIONS. The commissioner of children, families, and learning shall research, evaluate, and make recommendations to school districts on computer software products that filter, block, or otherwise prevent the use of school computers for the transmission of any comment, request, suggestion, proposal, image, or other communication which is:

- (1) obscene, indecent, or sexually explicit; or
- (2) intended to promote or incite violence against other living persons.

Subd. 2. SCHOOL DISTRICTS. Within one year of the commissioner completing the requirements of subdivision 1, each school district must adopt a policy on Internet usage.

Sec. 44. CONSULTATION.

The commissioner of children, families, and learning shall consult with the Minnesota school board association in preparing the model hazing policy under Minnesota Statutes, section 127.465.

Sec. 45. CLASS SIZE PROJECT.

A class size project is established in independent school district No. 12, Centennial. The purpose of this project is to establish that significantly lower class size and instructor-to-learner ratios in a suburban community will result in measurable achievements for students, staff, and parents.

Sec. 46. INSTRUCTIONAL DAY CLARIFICATION.

New language is indicated by underline, deletions by strikeout.

(a) This section applies to any school district employee who was scheduled to work on January 16, 1997, 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: (1) 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 designated day at the employee's normal rate of pay; or (2) compensate any school district employee under paragraph (a) for that day at the employee's normal rate of pay.

Sec. 47. PARTNERS FOR QUALITY SCHOOL IMPROVEMENT PILOT TRAINING PROGRAM.

Subdivision 1. ESTABLISHMENT. The school improvement training and performance pilot program is established to accelerate school quality and performance improvement initiatives that lead to improved student achievement in both high-performing and under-performing schools.

Subd. 2. ELIGIBILITY. A school district is eligible to apply for a grant to establish one or more school improvement training and performance sites. The application and selection process must be developed and implemented by the Minnesota academic excellence foundation and reviewed by the commissioner of children, families, and learning. Priority for participation must be given to school districts in which:

(1) the district has received an educational performance improvement grant under Laws 1994, chapter 647, article 7, section 18, and has demonstrated improvement in student learning as a result of the grant;

(2) one school or the district has completed training in a statewide quality improvement initiative;

(3) the district has demonstrated accountability by developing and communicating an agenda to increase student learning;

(4) there are significant numbers of students with critical learning needs and gaps in learning between these students and other groups of students; and

(5) site-based management is being implemented.

Subd. 3. PROGRAM SERVICES. The Minnesota academic excellence foundation must provide training and technical assistance to selected districts to:

(1) create plans for the districtwide deployment of quality improvement training to all staff;

(2) create a means for identifying and providing remedial, interventive, or preventive assistance to schools in the district, based upon the schools' performances against state and local goals and standards;

(3) accelerate school performance and student learning in high-performing and under-performing schools; and

(4) train quality program trainers at each site.

New language is indicated by underline, deletions by strikeout.

Subd. 4. SCHOOL DISTRICT PARTICIPANTS. Selected districts must enter into a contract to achieve increases in student learning, staff development and performance, and administrative support services to schools within the district. Additionally, each selected district must:

- (1) plan and deploy quality improvement and other training to all staff in the district;
- (2) establish quality and performance goals and measure results and report the achieved results at the selected school sites; and
- (3) assist in duplicating successful programs in other districts by providing training to other school districts for a period of up to four years, in collaboration with the Minnesota academic excellence foundation.

Subd. 5. REPORT. The Minnesota academic excellence foundation must report to the commissioner of children, families, and learning on the progress of the project and annually on the results of the project.

Sec. 48. GRANT PROGRAM FOR VIOLENCE PREVENTION THROUGH THE DEVELOPMENT OF PLAYS, WORKSHOPS, AND EDUCATIONAL RESOURCES.

Subdivision 1. GRANT PROGRAM. The commissioner shall administer a grant program to fund statewide programs to create and develop theatrical plays, workshops, and educational resources based on peer education models that promote increased awareness and prevention of sexual abuse, interpersonal violence, emotional violence, and sexual harassment. Programs eligible for grants must use a combination of theater professionals and prevention specialists in the delivery of the service and use a peer education model that uses researched and proven content in training youth to perform in the plays and workshops. Programs must provide the source material, the training program, develop the educational materials, and provide technical assistance.

Subd. 2. GRANT PROCEDURE. Programs may apply for a grant by submitting an application to the commissioner. The commissioner may distribute grants to one or more programs meeting the criteria described in subdivision 1.

Sec. 49. EXEMPTION TO LABOR DAY SCHOOL START RESTRICTION.

Subdivision 1. 1998-1999 AND 1999-2000 SCHOOL YEARS. Notwithstanding Minnesota Statutes, section 126.12, subdivision 1, for the 1998-1999 and 1999-2000 school years only, a school board may begin the elementary or secondary school year on the Wednesday, Thursday, or Friday prior to Labor Day.

Subd. 2. COLUMBIA HEIGHTS. Notwithstanding Minnesota Statutes, section 126.12, subdivision 1, independent school district No. 13, Columbia Heights, may begin the school year before Labor Day only by the number of days necessary to accommodate the district building construction and remodeling project.

Subd. 3. CROOKSTON. Notwithstanding Minnesota Statutes, section 126.12, subdivision 1, independent school district No. 593, Crookston, may begin the 1997-1998 school year the Wednesday before Labor Day to accommodate the transition into the new high school and the renovated junior high school building.

New language is indicated by underline, deletions by strikeout.

Subd. 4. **GRAND RAPIDS.** Notwithstanding Minnesota Statutes, section 126.12, subdivision 1, independent school district No. 318, Grand Rapids, may begin the 1997-1998 school year before Labor Day only by the number of days necessary to accommodate the district building construction project.

Subd. 5. **ISLE.** Notwithstanding Minnesota Statutes, section 126.12, subdivision 1, for the 1997-1998 school year, independent school district No. 473, Isle, may begin the elementary and secondary school year on August 18, 1997, in order for the school district to complete its conversion of an existing elementary school to a K-12 facility before the beginning of the 1998-1999 school year.

Subd. 6. **LAKE PARK; AUDUBON.** Notwithstanding Minnesota Statutes, section 126.12, subdivision 1, for the 1997-1998 school year, independent school district Nos. 24, Lake Park, and 21, Audubon, may begin the elementary and secondary school year on August 25, 1997, in order for independent school district No. 24, Lake Park, to accommodate its building renovation schedule at the end of that school year.

Subd. 7. **NEW PRAGUE.** Notwithstanding Minnesota Statutes, section 126.12, subdivision 1, independent school district No. 721, New Prague, may begin the 1997-1998 school year prior to Labor Day only by the number of days necessary to accommodate the district building and remodeling project.

Subd. 8. **WAYZATA.** Notwithstanding Minnesota Statutes, section 126.12, subdivision 1, independent school district No. 284, Wayzata, may begin the 1997-1998 school year prior to Labor Day only by the number of days necessary to accommodate the transition into the new senior high school building.

Sec. 50. **FUND TRANSFERS.**

Subdivision 1. **HILL CITY.** (a) Notwithstanding Minnesota Statutes, section 121.912 or 121.9121, on June 30, 1997, independent school district No. 2, Hill City, may permanently transfer up to \$55,000 from its general fund to its debt redemption fund for the purpose of repaying the principal and any interest owed on its outstanding debt service loans. Any amount transferred but not used to repay the debt service loans must be applied to the district's outstanding capital loan balance.

(b) The commissioner of children, families, and learning shall recompute the general education fund balance reduction for fiscal year 1997 for independent school district No. 2, Hill City. For purposes of this reduction, the commissioner shall lower the district's net unappropriated operating balance as of June 30, 1996, by the amount that is transferred from the general fund to the debt redemption fund under paragraph (a).

General education aid for fiscal year 1997 for independent school district No. 2, Hill City, must be adjusted according to this subdivision.

The general education levy attributable to fiscal year 1997 for independent school district No. 2, Hill City, must be adjusted according to this subdivision.

Subd. 2. **FERGUS FALLS.** Notwithstanding Minnesota Statutes, sections 121.912, 121.9121, and 475.61, subdivision 4, on June 30, 1997, independent school district No. 544, Fergus Falls, may permanently transfer up to \$202,000 from its debt redemption fund to its building construction fund without making a levy reduction.

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Subd. 3. **FOSSTON.** Notwithstanding Minnesota Statutes, sections 121.912, 121.9121, and 475.61, subdivision 4, on June 30, 1997, independent school district No. 601, Fosston, may permanently transfer up to \$105,000 from the debt redemption fund to its building construction fund without making a levy reduction.

Subd. 4. **MEDFORD.** Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, independent school district No. 763, Medford, may permanently transfer up to a total of \$200,000 by June 30, 1998, from reserve accounts in the general fund to the unreserved general fund. The transfers may be made from either the bus purchase account or from the reserve for operating capital account. Transfers from the bus purchase account may be made without making a levy reduction.

Subd. 5. **BELGRADE-BROOTEN-ELROSA.** Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, on June 30, 1997, independent school district No. 2364, Belgrade-Brooten-Elrosa, may permanently transfer up to \$250,000 from the bus purchase account to its general fund.

Sec. 51. **CONVEYANCE OF TRUST FUND LANDS; MCLEOD COUNTY.**

Notwithstanding Special Laws 1858, chapter 21, as amended by Special Laws 1865, chapter 7; Minnesota Statutes 1866, chapter 35, title 1; Special Laws 1868, chapter 114; or any other law to the contrary, the McLeod county board of commissioners may transfer its existing authority to appoint the trustees of the Stevens Seminary to the Glencoe-Silver Lake school board. The board may also transfer any other authority held by the board over the trustees to the school board.

Sec. 52. **INDEPENDENT SCHOOL DISTRICT NO. 4, MCGREGOR; LEVY.**

Independent school district No. 4, McGregor, may levy, with the approval of the commissioner, to eliminate a deficit in the net unappropriated balance in the operating funds of the district, determined and adjusted and certified by the commissioner as of June 30, 1997. This amount shall be reduced by referendum revenue authorized under Minnesota Statutes, section 124A.03, pursuant to a plan filed under Minnesota Statutes, section 121.917, and any other revenue made available for this purpose. The total levy for all years it is made shall not exceed the amount of the deficit. The proceeds of this levy or other available revenue shall only be used for cash flow requirements and shall not be used to supplement district revenue or income.

Sec. 53. **HIGH SCHOOL LEAGUE COMPENSATION PLAN.**

The current total compensation plan for the executive director and for all other league employees shall be reviewed by the commissioner of employee relations. In considering total compensation for league employees, the commissioner of employee relations shall compare league compensation to the compensation of other Minnesota state employees and school district employees, taking account of the knowledge, skills, responsibilities, and working conditions of the jobs.

Sec. 54. **MODEL STUDENT BILL OF RIGHTS AND RESPONSIBILITIES.**

The commissioner of children, families, and learning shall maintain and make available to school boards a model student bill of rights and responsibilities. The commissioner shall develop the model policy, in consultation with students involved in YMCA youth

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in government, Project 120, governor's scholars, the student council association, and other student groups.

Sec. 55. STATE BOARD OF EDUCATION.

The state board of education shall amend its guidelines for approving experimental management systems to eliminate the requirement for renewal after initial approval of an experimental management arrangement.

Sec. 56. TEACHER RETIREMENT.

(a) Notwithstanding Minnesota Statutes, section 354.41, subdivision 4, a person who is a member of the teacher retirement association and is employed by the Minnesota federation of teachers or its affiliated branches within the state or by the Minnesota education association on July 1, 1997, may remain a coordinated member.

(b) Notwithstanding Minnesota Statutes, section 354.41, subdivision 5, payments of the applicable employee contributions, employer contributions, and additional employer contributions under Minnesota Statutes, section 354.42, subdivisions 2, 3, and 5, must be made in a lump sum to the association on or before June 30 of each fiscal year.

Sec. 57. 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 years designated.

Subd. 2. PARTNERS FOR QUALITY SCHOOL IMPROVEMENT. For the school improvement pilot training program:

<u>\$500,000</u>	<u>.....</u>	<u>1998</u>
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Up to \$20,000 may be used by the Minnesota academic excellence foundation to deliver training, coaching, technical assistance, and other services to selected districts. Contracts shall be awarded to at least six districts, two each to rural, suburban, and urban school districts. Any portion of the appropriation not expended in the first year shall not cancel but shall be available until June 30, 1999.

Subd. 3. PREVENTING VIOLENCE THROUGH PLAYS AND WORKSHOPS. For administering the grant program for preventing violence through developing plays, workshops, and educational resources:

<u>\$75,000</u>	<u>.....</u>	<u>1998</u>
<u>\$75,000</u>	<u>.....</u>	<u>1999</u>

Subd. 4. CENTENNIAL CLASS SIZE PROJECT. For a grant to independent school district No. 12, Centennial, for the class size project:

<u>\$180,000</u>	<u>.....</u>	<u>1998</u>
<u>\$180,000</u>	<u>.....</u>	<u>1999</u>

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

New language is indicated by underline, deletions by strikeout.

Subd. 5. MODEL SCHOOL FOR CHRONIC TRUANTS. For the model school for chronic truants located in the law enforcement center in Mankato:

\$40,000	.....	1998
\$40,000	.....	1999

Subd. 6. AQUILA COMMUNITY TOGETHER PROJECT. For a grant to independent school district No. 283, St. Louis Park, for the Aquila community together project:

\$30,000	.....	1998
\$30,000	.....	1999

This appropriation must be matched from nonstate sources.

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

Subd. 7. MINNESOTA INTERNATIONAL CENTER. For the Minnesota International Center to encourage and foster contacts between Minnesota school children, their teachers, and people from other nations through international classroom connection:

\$80,000	.....	1998
\$80,000	.....	1999

Subd. 8. COMMUNITY HEALTH CENTER. For independent school district No. 99, Esko, to develop and operate a community health and physical fitness center offering district residents programs in community health and fitness, athletic training services, and physical therapy:

\$30,000	1998
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This appropriation is contingent upon the school district obtaining a \$30,000 in-kind contribution of physical fitness equipment from a private nonprofit source that is made permanently available to the community health and physical fitness center.

Subd. 9. MCGREGOR GRANT. For a grant to independent school district No. 4, McGregor, to reduce a net operating fund deficit:

\$50,000	1998
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Sec. 58. REPEALER.

Minnesota Statutes 1996, sections 120.105; 120.65; and 127.31, subdivision 6, are repealed.

Sec. 59. EFFECTIVE DATES.

(a) Section 1 applies to the 1997-1998 school year and thereafter.

(b) Section 35 is effective January 1, 1998.

(c) Sections 37 and 38 are effective 30 days after final enactment.

(d) Section 50 is effective retroactively to June 30, 1997.

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(e) Section 51 is effective the day following final enactment without local approval pursuant to Minnesota Statutes, section 645.021, subdivision 2.

(f) If this act is enacted on or after July 1, 1997, section 56 is effective retroactively to July 1, 1997.

(g) If this act is enacted on or after July 1, 1997, all sections in this article except for those sections listed in paragraphs (a) to (f) are effective the day following final enactment.

ARTICLE 8

LIBRARIES

Section 1. Minnesota Statutes 1996, section 134.155, subdivision 2, is amended to read:

Subd. 2. **GRANTS.** The commissioner of children, families, and learning, in consultation with the multicultural advisory committee established in section 126.82, shall award grants for professional development programs to recruit and educate people of color in the field of library science or information management. Grant applicants must be a public library jurisdiction with a growing minority population working in collaboration with an accredited institution of higher education with a library education program in the state of Minnesota.

Sec. 2. Minnesota Statutes 1996, section 134.155, subdivision 3, is amended to read:

Subd. 3. **PROGRAM REQUIREMENTS.** (a) A grant recipient shall recruit people of color to be library staff in public libraries and provide support in linking program participants with jobs in the recipient's library jurisdiction.

(b) A grant recipient shall establish an advisory council composed of representatives of communities of color.

(c) A grant recipient, with the assistance of the advisory council, may recruit high school students, undergraduate students or other persons; support them through the higher education application and admission process; advise them while enrolled; and link them with support resources in the college or university and the community.

(d) A grant recipient shall award stipends to people of color enrolled in a library education program to help cover the costs of tuition, student fees, supplies, and books. Stipend awards must be based upon a student's financial need and students must apply for any additional financial aid for which they are eligible to supplement this program. No more than ten percent of the grant may be used for costs of administering the program. Students must agree to work in the grantee library jurisdiction for at least two years after graduation if the student acquires a master's degree and at least three years after graduation if the student acquires both a bachelor's and a master's degree while participating in

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the program. If no full-time position is available in the library jurisdiction, the student may fulfill the work requirement in another Minnesota public library.

(e) The commissioner of children, families, and learning shall consider the following criteria in awarding grants:

(1) whether the program is likely to increase the recruitment and retention of persons of color in librarianship;

(2) whether grant recipients will establish or have a mentoring program for persons of color; and

(3) whether grant recipients will provide a library internship for persons of color while participating in this program.

Sec. 3. Minnesota Statutes 1996, section 134.34, subdivision 4, is amended to read:

Subd. 4. A regional library basic system support grant shall not be made to a regional public library system for a participating city or county which decreases the dollar amount provided for support for operating purposes of public library service below the amount provided by it for the second preceding year. This subdivision shall not apply to participating cities or counties where the adjusted net tax capacity of that city or county has decreased, if the dollar amount of the reduction in support is not greater than the dollar amount by which support would be decreased if the reduction in support were made in direct proportion to the decrease in adjusted net tax capacity.

Sec. 4. LIBRARY PILOT PROJECT.

Subdivision 1. **ESTABLISHMENT.** Notwithstanding law to the contrary and subject to approvals in subdivision 2, a public library may operate as a pilot project jointly with the school library at Nashwauk-Keewatin high school, located in the city of Nashwauk. The public library is established to serve persons within the boundaries of independent school district No. 319, except the city of Keewatin.

Subd. 2. **APPROVALS.** Operation of the public library is contingent upon a resolution approved by the governing bodies of cities, towns, and unorganized townships within the geographical boundaries of independent school district No. 319, except for the city of Keewatin. For the purposes of this subdivision, the Itasca county board is designated as the governing body for the unorganized townships.

Subd. 3. **BOARD; APPOINTMENTS.** The resolution in subdivision 2 shall provide for a library board of five members as follows: two members appointed by the school board of independent school district No. 319, one member appointed by each town board located within independent school district No. 319 boundaries, one member appointed by the council of the city of Nashwauk, and one member appointed by the Itasca county board to represent the unorganized towns within the school district territory.

Subd. 4. **BOARD TERMS; COMPENSATION.** The library board members shall serve for the term of the pilot program. An appointing authority may remove for misconduct or neglect any member it has appointed to the board and may replace that member by appointment. Board members shall receive no compensation for their services but may be reimbursed for actual and necessary travel expenses incurred in the discharge of library board duties and activities.

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

Subd. 5. **FUNDING.** For taxes payable in 1998 and 1999 only, the library board may levy a tax in an amount up to \$25,000 annually on property located within the boundaries of independent school district No. 319, except the city of Keewatin. The Itasca county auditor shall collect the tax and distribute it to the library board. The money may be used for library staff and for the purchase of library materials, including computer software. The levy must also fund the amount necessary to receive bookmobile services from the Arrowhead regional library system. For taxes payable in 1998 and 1999 only, the county may not levy under Minnesota Statutes, section 134.07, for the areas described in this section.

Subd. 6. **BUILDING.** The school district shall provide the physical space and costs associated with operating the library including, but not limited to, heat, light, telephone service, and maintenance.

Subd. 7. **ORGANIZATION.** Immediately after appointment, the library board shall organize by electing one of its number as president and one as secretary, and it may appoint other officers it finds necessary.

Subd. 8. **DUTIES.** The library board shall adopt bylaws and regulations for the library and for the conduct of its business as may be expedient and conformable to law. It shall have exclusive control of the expenditure of all money collected for it. The library board shall appoint a qualified library director and other staff, establish the compensation of employees, and remove any of them for cause. The library board may contract with the school board, the regional library board, or the city in which the library is located to provide personnel, fiscal, or administrative services. The contract shall state the personnel, fiscal, and administrative services and payments to be provided by each party.

Subd. 9. **CRITERIA.** The library shall meet all requirements in statutes and rules applicable to public libraries and school media centers. A media supervisor licensed by the board of teaching may be the director of the library. Public parking, restrooms, drinking water, and other necessities shall be easily accessible to library patrons.

Subd. 10. **REPORT.** The library board shall report to the department of children, families, and learning by February 1, 1999, about the costs of providing the library service and the number of patrons served.

Subd. 11. **EXPIRATION.** This section expires January 31, 2000.

Sec. 5. **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 years designated.

Subd. 2. **BASIC SUPPORT GRANTS.** For basic support grants according to Minnesota Statutes, sections 134.32 to 134.35:

\$7,819,000	.....	1998
\$7,819,000	.....	1999

The 1998 appropriation includes \$781,000 for 1997 and \$7,038,000 for 1998.

The 1999 appropriation includes \$1,032,000 for 1998 and \$7,038,000 for 1999.

New language is indicated by underline, deletions by strikeout.

Subd. 3. LIBRARIANS OF COLOR. For the librarians of color program according to Minnesota Statutes, section 134.155:

<u>\$55,000</u>	<u>.....</u>	<u>1998</u>
<u>\$55,000</u>	<u>.....</u>	<u>1999</u>

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

Subd. 4. CHILDREN'S LIBRARY SERVICES GRANTS. For grants for collaborative programs to strengthen library services to children, young people, and their families:

<u>\$150,000</u>	<u>.....</u>	<u>1998</u>
<u>\$150,000</u>	<u>.....</u>	<u>1999</u>

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

Subd. 5. MULTICOUNTY, MULTITYPE LIBRARY SYSTEMS. For grants according to Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

<u>\$865,000</u>	<u>.....</u>	<u>1998</u>
<u>\$903,000</u>	<u>.....</u>	<u>1999</u>

The 1998 appropriation includes \$52,000 for 1997 and \$813,000 for 1998.

The 1999 appropriation includes \$90,000 for 1998 and \$813,000 for 1999.

Subd. 6. REGIONAL PUBLIC LIBRARY SYSTEMS. For grants to regional public library systems for outreach and direct library services to children and families:

<u>\$250,000</u>	<u>.....</u>	<u>1998</u>
<u>\$250,000</u>	<u>.....</u>	<u>1999</u>

In each year \$63,000 is for the Metropolitan Library Services Agency and the remainder is for \$17,000 to each of the other 11 regional public library systems.

Subd. 7. LIBRARY PILOT PROJECT. For a grant for the library pilot project under section 4:

<u>\$25,000</u>	<u>.....</u>	<u>1998</u>
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Any balance in the first year does not cancel but is available in the second year.

Sec. 6. REPEALER.

Minnesota Statutes 1996, section 134.34, subdivision 4a, is repealed.

Sec. 7. EFFECTIVE DATE.

(a) Section 4 is effective in the territory located within independent school district No. 319, except Keewatin, the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the last of all the governing bodies for the cities, towns, and unorganized townships. For the unorganized townships, the governing body is the Itasca county board.

New language is indicated by underline, deletions by strikeout.

(b) If this act is enacted on or after July 1, 1997, all sections in this article except for those sections listed in paragraph (a) are effective the day following final enactment.

ARTICLE 9

TECHNOLOGY

Section 1. Minnesota Statutes 1996, section 124.91, subdivision 5, is amended to read:

Subd. 5. **INTERACTIVE TELEVISION.** (a) A school district with its central administrative office located within economic development region one, two, three, four, five, six, seven, eight, nine, and ten may apply to the commissioner of children, families, and learning for ITV revenue up to the greater of .5 percent of the adjusted net tax capacity of the district or \$25,000 for Eligible interactive television expenditures include the construction, maintenance, and lease costs of an interactive television system for instructional purposes. An eligible school district that has completed the construction of its interactive television system may also purchase computer hardware and software used primarily for instructional purposes and access to the Internet provided that its total expenditures for interactive television maintenance and lease costs and for computer hardware and software under this subdivision do not exceed its interactive television revenue for fiscal year 1998. The approval by the commissioner of children, families, and learning and the application procedures set forth in subdivision 1 shall apply to the revenue in this subdivision. In granting the approval, the commissioner must consider whether the district is maximizing efficiency through peak use and off-peak use pricing structures.

(b) To obtain ITV revenue, a district may levy an amount not to exceed the district's ITV revenue times the lesser of one or the ratio of:

(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the actual pupil units in the district for the year to which the levy is attributable; to

(2) 100 percent of the equalizing factor as defined in section 124A.02, subdivision 8, for the year to which the levy is attributable.

(c) A district's ITV aid is the difference between its ITV revenue and the ITV levy.

(d) The revenue in the first year after reorganization for a district that has reorganized under section 122.22, 122.23, or 122.241 to 122.247 shall be the greater of:

(1) the revenue computed for the reorganized district under paragraph (a), or

(2)(i) for two districts that reorganized, 75 percent of the revenue computed as if the districts involved in the reorganization were separate, or

(ii) for three or more districts that reorganized, 50 percent of the revenue computed as if the districts involved in the reorganization were separate.

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(e) The revenue in paragraph (d) is increased by the difference between the initial revenue and ITV lease costs for leases that had been entered into by the preexisting districts on the effective date of the consolidation or combination and with a term not exceeding ten years. This increased revenue is only available for the remaining term of the lease. However, in no case shall the revenue exceed the amount available had the preexisting districts received revenue separately.

(f) Effective for fiscal year 2000, the revenue under this section shall be 75 percent of the amount determined in paragraph (a); for fiscal year 2001, 50 percent of the amount in paragraph (a); and for fiscal year 2002, 25 percent of the amount in paragraph (a).

(g) This section expires effective for revenue for fiscal year 2003, or when leases in existence on the effective date of this act expire.

Sec. 2. Laws 1995, First Special Session chapter 3, article 12, section 7, subdivision 1, is amended to read:

Subdivision 1. **STATE COUNCIL MEMBERSHIP.** The membership of the Minnesota education telecommunications council established in Laws 1993, First Special Session chapter 2, is expanded to include representatives of elementary and secondary education. The membership shall consist of three representatives from the University of Minnesota; three representatives of the board of trustees for Minnesota state colleges and universities; one representative of the higher education services offices; one representative appointed by the private college council; eight representatives selected by the commissioner of education children, families, and learning, at least one of which must come from each of the six higher education telecommunication regions; a representative from the information policy office; ~~one member~~ two members each from the senate and the house of representatives selected by the subcommittee on committees of the committee on rules and administration of the senate and the speaker of the house, one member from each body must be a member of the minority party; and three representatives of libraries, one representing regional public libraries, one representing multitype libraries, and one representing community libraries, selected by the governor. The council shall:

(1) develop a statewide vision and plans for the use of distance learning technologies and provide leadership in implementing the use of such technologies;

(2) recommend to the commissioner and the legislature by December 15, 1996, a plan for long-term governance and a proposed structure for statewide and regional telecommunications;

(3) recommend educational policy relating to telecommunications;

(4) determine priorities for use;

(5) oversee coordination of networks for post-secondary campuses, K-12 education, and regional and community libraries;

(6) review application for telecommunications access grants under Minnesota Statutes, section 124C.74 and recommend to the department grants for funding; and

(7) determine priorities for grant funding proposals; and

(8) work with the information policy office to ensure consistency of the operation of the learning network with standards of an open system architecture.

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The council shall consult with representatives of the telecommunication industry in implementing this section.

Sec. 3. Laws 1996, chapter 412, article 12, section 11, is amended to read:

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 or lease of instructional and administrative software, computers, video, and network hardware. Notwithstanding Minnesota Statutes, section 471.345, public and nonpublic schools, public libraries, and political subdivisions may participate in the contracts a negotiated or a sealed bid contract legally entered into by the state of Minnesota, if it meets their technology purchasing needs.

Sec. 4. SITE-BASED TECHNOLOGY TRANSFORMATION LEARNING GRANTS.

Subdivision 1. ESTABLISHMENT; PURPOSE. A matching grant program is established for school districts or a group of school districts, the residential academies, and the center for arts education to fund technology projects in support of learning and to increase and enhance closer ties with the community. Projects that are eligible for grant funds include, but are not limited to, hardware and software purchases or leasing and installation, establishment or expansion of local or wide area networks, technical support, and training and staff development in the use of technology and software. Districts may use the funds for youth entrepreneurship and school-to-work activities, other collaborative efforts, or year-round open enrollment projects.

Subd. 2. GOALS. The goals for this grant program include the creation of projects that accomplish one or more of the following:

- (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 district and sites, with businesses, higher education institutions, libraries, and local government units;
- (10) correlate state-defined outcomes from the graduation rule to curriculum for each student;

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- (11) increase accountability through a reporting system;
- (12) provide technical support, project evaluation, dissemination services, and replication; and
- (13) connect to the Learning Network of Minnesota.

Subd. 3. APPLICATION; ELIGIBILITY. The commissioner of children, families, and learning shall establish a process and application forms for grant funds. Eligible applicants must, at a minimum, identify the specific site needs that the project will address, define the project's expected outcomes, and provide the source, type, and amounts of all matching funds. To be eligible for a site-based technology learning grant, a school district must:

- (1) for districts of 5,000 pupils in average daily membership or more, have each dollar of grant money matched by at least one dollar of school district money, plus at least one dollar of either nonstate or nonschool district money, or in-kind contributions;
- (2) for districts under 5,000 pupils in average daily membership, indicate what attempts to provide a one-to-one match have been made prior to the filing of the application;
- (3) agree to disseminate and share information about its project;
- (4) provide a benefit to the greater community; and
- (5) maintain any ongoing costs of support for the technology project after the initial funding under the grant program.

Districts may count toward their match any eligible expenditures made from July 1, 1996. The residential academies and the center for arts education do not need to provide a matching amount.

Subd. 4. COMPETITIVE TECHNOLOGY TRANSFORMATION LEARNING GRANTS. By August 15, 1997, the department of children, families, and learning shall establish guidelines and an application process. The money must provide technology at school sites, including media centers, community education sites, the center for arts education, or at the residential academies. The department shall consider the level of comprehensiveness of a district's technology plan including integration of curriculum and graduation standards in awarding the grants.

Sec. 5. LEARNING AND ELECTRONIC CURRICULUM RESOURCE NETWORK.

Subdivision 1. RESOURCE NETWORK. (a) The commissioner of children, families, and learning shall contract with multiple vendors to develop a learning resource network that expands the electronic curriculum library under Laws 1996, chapter 412, article 12, section 15, subdivision 4, paragraph (a), and to support the statewide implementation of the graduation standards.

(b) The expansion shall include a centralized repository of curriculum that serves as a resource for teachers and not for instructional delivery software. The curriculum contained within the library must be aligned with the content standards of the graduation

New language is indicated by underline, deletions by strikeout.

rule. Post-secondary institutions may apply for the electronic curriculum resource project if the institutions make curriculum available through the repository. The department of children, families, and learning shall set standards to assist in alignment of individualized learning plans systems to the centralized repository. The commissioner may require a match of local and private funds as part of the application process.

(c) The commissioner shall consult with representatives from the public and private sector in the development, use, and operation of the learning resource network. The commissioner shall compile a list of vendors of software that can be used to support implementation of the graduation standards. The commissioner shall also identify district-initiated projects and facilitate collaboration between districts to develop and adapt electronic teaching and administering tools. In addition to the electronic curriculum repository vendors, the sites in clauses (1) to (5) shall be considered as vendors eligible for grants:

(1) a project for the Gopher biology shareware at the University of Minnesota to make multimedia instructional management software available at no cost to both kindergarten through grade 12 and higher education faculty throughout the state, to train faculty and technology support staff in kindergarten through grade 12 districts both on how to use the software and database, as well as how to design curricula to take full advantage of the software, and to model how students and teachers can use computers to enhance teaching and learning;

(2) a project for the midstate educational district and independent school district No. 482, Little Falls, to demonstrate student interaction with the local business community;

(3) a project for independent school district Nos. 178, Storden-Jeffers; 633, Lambertson; and 638, Sanborn, to establish a high school program for remote access for learners to the districts' educational network of data and training, commercial access for youth entrepreneurship, and commercial access for school-to-work programs;

(4) a project for the University of Minnesota for the Bell Museum of Natural History to deliver science curriculum through distance learning methods;

(5) a project for the East Range Secondary Technical Center to purchase equipment for classroom and laboratories to demonstrate effective integration of technology into the curriculum; and

(6) a project for the Walker Art Center and the Minneapolis Institute of Arts for an arts via the Internet project. The project will connect, via the Internet, the thousands of objects in these two collections to every classroom, library, college and university, historical sites, and study centers in the state by digitizing the collections.

Subd. 2. FOOD SERVICE DATA MANAGEMENT. The department of children, families, and learning shall work with districts to identify and help implement computer software to improve district's management of meal costs, meal program tracking, and government reporting of meals served. The commissioner may provide funding for this software under section 4.

Subd. 3. INTERNET ACCESS. The commissioner of children, families, and learning shall develop and distribute a model policy for school districts concerning appropriate access and usage of the Internet with recommended protocols for staff and students to follow in order to maximize the educational benefits of on-line access and services.

New language is indicated by underline, deletions by strikeout.

Subd. 4. AT HOME-ACCESS FOR CURRICULUM AND TEACHING. The Internet access for Minnesota school projects, the InforMNs project, shall be continued for the next biennium.

Sec. 6. LEARNING ACADEMY.

Subdivision 1. ESTABLISHMENT. The commissioner shall develop standards and requirements and certify courses for a Minnesota learning academy to provide training opportunities for educators, administrators, and librarians in the use of technology and its integration into learning activities for meeting the educational needs of all students. Only certified classes may be used to fulfill the requirements of the learning academy.

Subd. 2. DEVELOPMENT OF THE LEARNING ACADEMY. To develop the learning academy, the commissioner shall consult with representatives of public schools, higher education, teacher organizations, students, private business, state agencies, libraries, and political subdivisions to do the following:

(1) set measures for teacher training opportunities on technical skills and technology integration skills;

(2) identify and establish outcomes for a series of training courses that provide for technical skills and technology classroom integration skills;

(3) identify existing education organizations, public, or private institutions to develop and provide training courses;

(4) evaluate prerequisites for the classroom integration skills course;

(5) certify or decertify classes and courses for inclusion in or exclusion from the learning academy; and

(6) coordinate and make certified classes and courses available to eligible participants.

Subd. 3. FUNDING. The commissioner shall use available appropriations to provide start-up and initial operating subsidies for the learning academy sites. Appropriated funds may also be used to partially subsidize costs of attendees of the academy.

Sec. 7. LIBRARY SITE TECHNOLOGY GRANTS.

Subdivision 1. ESTABLISHMENT; PURPOSE. A matching grant program is established to fund library site technology grants. The grants are available to public or school library sites or to a partnership of library sites. Recipients shall use grant proceeds for technology projects that are consistent with technology plans and the LDS/MINTEX Joint Standards and Guidelines for Automated Library Systems. The grants shall fund projects to expand and integrate technology into library operations and increase public access to technology by:

(1) converting school media center bibliographic records into a standard format;

(2) loading school library site media records into regional, public, or multicounty, multitype library systems or other appropriate library networks;

New language is indicated by underline, deletions by strikeout.

(3) upgrading and increasing database development; and

(4) improving library staff use of networked library resources at library sites throughout the regional multitype cooperatives.

Subd. 2. **APPLICATION; ELIGIBILITY.** The commissioner of children, families, and learning shall establish a process and application forms for library sites to apply for grant funds. Libraries must describe how they will cooperate with schools. An applicant must submit a technology plan with the application. Eligible applicants must, at a minimum, describe how the proposed project is consistent with the technology plan; describe how it ensures interoperability of hardware, software, and telecommunication; identify the specific site needs that the project will address; define the project's expected outcomes; and provide the source, type, and amounts of all matching funds. To be eligible for a site-based technology learning grant, a library site must:

(1) be a school library, a public library, or a partnership of public and school libraries;

(2) have each dollar of grant money matched by at least \$1 of library site money, including in-kind contributions;

(3) agree to disseminate and share information about its project;

(4) provide a benefit to the greater community; and

(5) maintain any ongoing costs of support for the technology project after the initial funding under the grant program.

Subd. 3. **GRANT AWARD.** The commissioner shall consult with representatives of the public and private sectors in establishing criteria and awarding site-based technology learning grants.

Sec. 8. **REFURBISHED COMPUTER PROGRAM.**

The commissioner of children, families, and learning shall establish a program to refurbish donated computers to increase the number of multimedia computers in Minnesota schools. In establishing the program, the commissioner shall work with the commissioners of administration and corrections, and the office of technology. The program must be implemented in conjunction with the education technology improvement clearinghouses under Minnesota Statutes, section 121.95, and in partnership with business, nonprofit organizations, and institutions of higher education. The commissioner must consider the most cost-effective approach in allocating funds for computer recycling or refurbishing. The program must:

(1) establish the number of multimedia computers to be refurbished by July 1, 2000;

(2) establish partnerships with nonprofit or business organizations to solicit donations;

(3) develop an agreement with the commissioner of corrections to facilitate computers in Minnesota correctional institutions with procedures to minimize security risks;

(4) promote the program to public and nonpublic schools; and

New language is indicated by underline, deletions by strikeout.

(5) develop plans to equitably distribute computers to public and nonpublic schools and ensure proper recycling of unsuitable equipment.

Sec. 9. TELECOMMUNICATIONS TECHNOLOGY PLAN.

The department of children, families, and learning shall develop criteria for approving telecommunications technology plans developed by school sites, school districts, or libraries to enable them to obtain telecommunications discounts provided under federal law. The department shall take actions necessary to enable all Minnesota schools and libraries to apply for discounts and federal universal service support available January 1, 1998.

Sec. 10. YEAR 2000 READY.

The commissioner of children, families, and learning shall ensure that any computer software or hardware that is purchased with money appropriated in this bill must be year 2000 ready.

Sec. 11. ADDITIONAL TECHNOLOGY REVENUE.

For fiscal year 1998 only, the allowance in Minnesota Statutes, section 124A.22, subdivision 10, paragraph (a), is increased by:

- (1) \$24 per pupil unit; or
- (2) the lesser of \$25,000 or \$80 per pupil unit.

Revenue received under this section must be used according to Minnesota Statutes, section 124A.22, subdivision 11, clauses (15), (18), (19), (23), and (24).

Sec. 12. APPROPRIATIONS.

Subdivision 1. DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING. The sums indicated in this section are appropriated, unless otherwise indicated, from the general fund to the department of children, families, and learning for the fiscal years designated. The appropriations in subdivisions 6 and 7 are one-time appropriations only.

Subd. 2. TELECOMMUNICATIONS ACCESS GRANTS. For grants to school districts and regional public library systems to establish telecommunication connections according to Minnesota Statutes, section 124C.74:

\$13,000,000	.....	1998
\$10,000,000	.....	1999

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

This amount shall not be included as part of the base for fiscal year 2000-2001.

In allocating grant funds, the council, as appropriate, may consider expenditures by district made from July 1, 1995.

New language is indicated by underline, deletions by strikeout.

Subd. 3. SITE-BASED TECHNOLOGY TRANSFORMATION LEARNING GRANTS. For grants under section 4:

\$14,000,000 1998

Of this amount \$300,000 is for an open enrollment year-round technology project in independent school district No. 138, North Branch.

This appropriation is available until June 30, 1999.

Subd. 4. LIBRARY SITE TECHNOLOGY GRANT PROGRAM. For one-time library site grants under section 7:

\$3,500,000 1998

This appropriation is available until June 30, 1999.

Subd. 5. COMPUTER REFURBISHMENT PROGRAM. For the multimedia computer refurbishment program under section 8:

\$6,000,000 1998

The commissioner may use up to \$250,000 of this amount for the education technology improvement clearinghouses under Minnesota Statutes, section 121.95.

The commissioner may use all or part of this appropriation for an agreement with the commissioner of corrections to establish refurbishment centers at one or more correctional institutions.

These funds are available until June 30, 2000.

Subd. 6. ELECTRONIC CURRICULUM RESOURCE. For support of electronic curriculum development:

\$4,000,000 1998

Of this amount, \$2,700,000 is for the electronic curriculum resource under section 5, \$1,000,000 of which is for the collaborative arts project in section 5, subdivision 1, paragraph (c), clause (5).

Of this amount, \$300,000 is for the purposes of the Gopher Biology Shareware Project under section 5, subdivision 1, paragraph (c), clause (1).

Subd. 7. UNIVERSITY OF MINNESOTA; BELL MUSEUM. For a grant to the University of Minnesota for the Bell Museum of Natural History to deliver science curriculum through distance learning methods under section 5, subdivision 1, paragraph (c), clause (3):

\$500,000 1998
\$500,000 1999

Subd. 8. INTERACTIVE TELEVISION (ITV) AID. For interactive television (ITV) aid under Minnesota Statutes, section 124.91, subdivision 5:

\$4,030,000 1998
\$4,052,000 1999

The 1998 appropriation includes \$384,000 for 1997 and \$3,646,000 for 1998.

New language is indicated by underline, deletions by strikeout.

The 1999 appropriation includes \$405,000 for 1998 and \$3,647,000 for 1999.

Subd. 9. INSTRUCTIONAL TRANSFORMATION THROUGH TECHNOLOGY GRANTS. For grants according to Laws 1995, First Special Session chapter 3, article 12, section 8:

\$ 1,000,000 1998

This appropriation is available until June 30, 1999.

Subd. 10. ADDITIONAL OPERATING CAPITAL. For a one-time increase in operating capital according to section 11:

\$25,000,000 1998

Subd. 11. LEARNING ACADEMY. For training and staff development according to section 6:

\$2,000,000 1998

This appropriation is available until June 30, 1999.

Subd. 12. TECHNOLOGY ENHANCEMENT; RESIDENTIAL ACADEMIES. For technology improvements at the Minnesota state academies:

\$500,000 1998

\$500,000 1999

The appropriation is for implementing the Minnesota state academies' technology plan including completion of a local area network; installation of ten technology laboratories, classroom work stations, and additional hardware and software; purchases of large-screen monitors, speech synthesizers, screen-reader software, and braille display; and technology support and maintenance to assist the academies in fulfilling their educational mission.

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

Subd. 13. REGIONAL MANAGEMENT INFORMATION CENTERS. The sum indicated in this subdivision is appropriated from the general fund to the office of technology for the fiscal year designated. For grants to regional management information centers under Minnesota Statutes, section 121.935, for the transition period in their technology uses and consolidation of processing needs:

\$978,000 1998

This appropriation is available until June 30, 1999.

Sec. 13. REPEALER.

(a) Minnesota Statutes 1996, section 124C.74, is repealed effective July 1, 1999.

(b) Minnesota Statutes 1996, section 134.46, is repealed.

Sec. 14. EFFECTIVE DATE.

If this act is enacted on or after July 1, 1997, sections 1 to 13 are effective the day following final enactment.

New language is indicated by underline, deletions by strikeout.

ARTICLE 10

STATE AGENCIES

Section 1. Minnesota Statutes 1996, section 128A.02, is amended by adding a subdivision to read:

Subd. 7. GRANTS. The state board, through the chief administrators of the academies, may apply for all competitive grants administered by agencies of the state and other government or nongovernment sources. Application may not be made for grants over which the board has discretion.

Sec. 2. Minnesota Statutes 1996, section 129C.10, subdivision 3, is amended to read:

Subd. 3. POWERS AND DUTIES OF BOARD. (a) The board has the powers necessary for the care, management, and control of the Lola and Rudy Perpich Minnesota center for arts education and all its real and personal property. The powers shall include, but are not limited to, those listed in this subdivision.

(b) The board may employ and discharge necessary employees, and contract for other services to ensure the efficient operation of the center for arts education.

(c) The board may receive and award grants. The board may establish a charitable foundation and accept, in trust or otherwise, any gift, grant, bequest, or devise for educational purposes and hold, manage, invest, and dispose of them and the proceeds and income of them according to the terms and conditions of the gift, grant, bequest, or devise and its acceptance. The board shall adopt internal procedures to administer and monitor aids and grants.

(d) The board may establish or coordinate evening, continuing education, extension, and summer programs for teachers and pupils.

(e) The board may identify pupils who have artistic talent, either demonstrated or potential, in dance, literary arts, media arts, music, theater, and visual arts, or in more than one art form.

(f) The board shall educate pupils with artistic talent by providing:

(1) an interdisciplinary academic and arts program for pupils in the 11th and 12th grades. The total number of pupils accepted under this clause and clause (2) shall not exceed 300;

(2) additional instruction to pupils for a 13th grade. Pupils eligible for this instruction are those enrolled in 12th grade who need extra instruction and who apply to the board, or pupils enrolled in the 12th grade who do not meet learner outcomes established by the board. Criteria for admission into the 13th grade shall not be subject to chapter 14;

(3) intensive arts seminars for one or two weeks for pupils in grades 9 to 12;

(4) summer arts institutes for pupils in grades 9 to 12;

(5) artist mentor and extension programs in regional sites; and

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

(6) teacher education programs for indirect curriculum delivery.

(g) The board may determine the location for the Lola and Rudy Perpich Minnesota center for arts education and any additional facilities related to the center, including the authority to lease a temporary facility.

(h) The board must plan for the enrollment of pupils on an equal basis from each congressional district.

(i) The board may establish task forces as needed to advise the board on policies and issues. The task forces expire as provided in section 15.059, subdivision 6.

(j) The board may request the commissioner of children, families, and learning for assistance and services.

(k) The board may enter into contracts with other public and private agencies and institutions for residential and building maintenance services if it determines that these services could be provided more efficiently and less expensively by a contractor than by the board itself. The board may also enter into contracts with public or private agencies and institutions, school districts or combinations of school districts, or service cooperatives to provide supplemental educational instruction and services.

(l) The board may provide or contract for services and programs by and for the center for arts education, including a store, operating in connection with the center; theatrical events; and other programs and services that, in the determination of the board, serve the purposes of the center.

(m) The board may provide for transportation of pupils to and from the center for arts education for all or part of the school year, as the board considers advisable and subject to its rules. Notwithstanding any other law to the contrary, the board may charge a reasonable fee for transportation of pupils. Every driver providing transportation of pupils under this paragraph must possess all qualifications required by the state board of education. The board may contract for furnishing authorized transportation under rules established by the commissioner of children, families, and learning and may purchase and furnish gasoline to a contract carrier for use in the performance of a contract with the board for transportation of pupils to and from the center for arts education. When transportation is provided, scheduling of routes, establishment of the location of bus stops, the manner and method of transportation, the control and discipline of pupils, and any other related matter is within the sole discretion, control, and management of the board.

(n) The board may provide room and board for its pupils. If the board provides room and board, it shall charge a reasonable fee for the room and board. The fee is not subject to chapter 14 and is not a prohibited fee according to sections 120.71 to 120.76.

(o) The board may establish and set fees for services and programs without regard to chapter 14. If the board sets fees not authorized or prohibited by the Minnesota public school fee law, it may do so without complying with the requirements of section 120.75, subdivision 1.

(p) The board may apply for all competitive grants administered by agencies of the state and other government or nongovernment sources.

Sec. 3. APPROPRIATIONS; DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.

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

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 years designated.

Subd. 2. DEPARTMENT. For the department of children, families, and learning:

<u>\$24,360,000</u>	<u>.....</u>	<u>1998</u>
<u>\$23,978,000</u>	<u>.....</u>	<u>1999</u>

- (a) Any balance in the first year does not cancel but is available in the second year.
- (b) \$21,000 each year is from the trunk highway fund.
- (c) \$622,000 in 1998 and \$627,000 in 1999 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 children, families, and learning must certify receipt of the money or documentation for the private matching funds or in-kind contributions. The unencumbered balance from the amount actually appropriated from the contingent amount in 1998 does not cancel but is available in 1999. The amount carried forward must not be used to establish a larger annual base appropriation for later fiscal years.

- (d) \$207,000 in 1998 and \$210,000 in 1999 is for the state board of education.
- (e) \$230,000 in 1998 and \$234,000 in 1999 is for the board of teaching.
- (f) The expenditures of federal grants and aids as shown in the biennial budget document and its supplements are approved and appropriated and shall be spent as indicated.

(g) The department of 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 must include data to indicate the progress of the department in meeting its goals and objectives.

(h) At least \$50,000 is to ensure compliance with state and federal laws prohibiting discrimination because of race, religion, or sex. The department shall use the appropriation to provide state-level leadership on equal education opportunities which promote elimination of discriminatory practices in the areas of race, religion, and sex in public schools and public educational agencies under its general supervision and on activities including, at least, compliance monitoring and voluntary compliance when local school district deficiencies are found.

(i) Notwithstanding Minnesota Statutes, section 15.53, subdivision 2, the commissioner of children, families, and learning may contract with a school district for a period no longer than five consecutive years to work in the development or implementation of the graduation rule. The commissioner may contract for services and expertise as necessary. The contracts are not subject to Minnesota Statutes, sections 16B.06 to 16B.08.

New language is indicated by underline, deletions by strikeout.

(j) In preparing the department budget for fiscal years 2000–2001, the department shall shift all administrative funding from aids appropriations into the appropriation for the department.

(k) Reallocations of excesses under Minnesota Statutes, section 124.14, subdivision 7, from appropriations within this act shall only be made to deficiencies in programs with appropriations contained within this act.

(l) \$850,000 each year is for litigation costs and may only be used for those purposes. These appropriations are one-time only.

(m) Collaborative efforts between the department of children, families, and learning and the office of technology, as specified in Minnesota Statutes, section 237A.015, include:

(1) advising the commissioner of children, families, and learning on new and emerging technologies, potential business partnerships, and technical standards;

(2) assisting the commissioner of children, families, and learning in the sharing of data between state agencies relative to children's programs; and

(3) as requested by the commissioner of children, families, and learning, assisting in collaborative efforts for joint prekindergarten through grade 12 and higher education projects, including the learning network.

The commissioner of children, families, and learning shall have final approval for pre-kindergarten through grade 12 programs and lifelong learning programs, grant awards, and funding decisions.

Sec. 4. APPROPRIATIONS; LOLA AND RUDY PERPICH MINNESOTA CENTER FOR ARTS EDUCATION.

The sums indicated in this section are appropriated from the general fund to the center for arts education for the fiscal years designated:

<u>\$5,541,000</u>	<u>.....</u>	<u>1998</u>
<u>\$6,054,000</u>	<u>.....</u>	<u>1999</u>

Of the fiscal year 1998 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 1999 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 center for arts education in cooperation with the Minnesota arts board. The Minnesota arts board shall participate in the review and allocation process. The center for arts education and the Minnesota arts board shall cooperate to fund these projects.

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

Sec. 5. APPROPRIATIONS; FARIBAULT ACADEMIES.

New language is indicated by underline, deletions by strikeout.

The sums indicated in this section are appropriated from the general fund to the department of children, families, and learning for the Faribault academies for the fiscal years designated:

<u>\$8,910,000</u>	<u>.....</u>	<u>1998</u>
<u>\$8,908,000</u>	<u>.....</u>	<u>1999</u>

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

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. 6. **EFFECTIVE DATE.**

If this act is enacted on or after July 1, 1997, sections 1 to 5 are effective the day following final enactment.

ARTICLE 11

TECHNICAL AND CONFORMING AMENDMENTS

Section 1. Minnesota Statutes 1996, 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 sections 124.32, 124.3201, and 124.3202;
- (4) ~~secondary vocational school-to-work program~~ 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;

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

- (12) assurance of mastery aid according to section 124.311;
- (13) homestead and agricultural credit aid, disparity credit and aid, and changes to credits for prior year adjustments according to section 273.1398, subdivisions 2, 3, 4, and 7;
- (14) attached machinery aid authorized in section 273.138, subdivision 3;
- (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.

(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. 2. Minnesota Statutes 1996, section 124.321, subdivision 1, is amended to read:

Subdivision 1. **LEVY EQUALIZATION REVENUE.** (a) For fiscal years 1996 and later, special education levy equalization revenue for a school district, excluding an intermediate school district, equals the sum of the following amounts:

- (1) the levy percentage factor for that year times the district's special education revenue under section 124.3201; plus
- (2) the levy percentage factor for that year times the district's special education summer program revenue under section 124.3202; plus
- (3) the levy percentage factor for that year times the district's special education excess cost revenue under section 124.323; plus
- (4) the levy percentage factor for that year times the district's secondary vocational education school-to-work program for children with a disability revenue under section 124.574; plus
- (5) the levy percentage factor for that year times the district's limited English proficiency programs revenue under section 124.273.

Sec. 3. Minnesota Statutes 1996, section 124A.225, subdivision 1, is amended to read:

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

Sec. 4. **EFFECTIVE DATE.**

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

If this act is enacted on or after July 1, 1997, sections 1 to 3 are effective the day following final enactment.

ARTICLE 12

SCHOOL BUS SAFETY

Section 1. [121.175] ADVERTISING ON SCHOOL BUSES.

(a) The commissioner, through a competitive process, and with the approval of the school bus safety advisory committee may contract with advertisers regarding advertising on school buses. At a minimum, the contract must prohibit advertising and advertising images that:

(1) solicit the sale of, or promote the use of, alcoholic beverages and tobacco products;

(2) are discriminatory in nature or content;

(3) imply or declare an endorsement of the product or service by the school district;

(4) contain obscene material;

(5) are false, misleading, or deceptive; or

(6) relate to an illegal activity or antisocial behavior.

(b) Advertisement must meet the following conditions:

(1) the advertising attached to the school bus does not interfere with bus identification under section 169.441; and

(2) the bus with attached advertising meets the school bus equipment standards under sections 169.4501 to 169.4504.

(c) All buses operated by school districts may be attached with advertisements under the state contract. All school district contracts shall include a provision for advertisement. Each school district shall be reimbursed by the advertiser for all costs incurred by the district and its contractors for supporting the advertising program, including, but not limited to, retrofitting buses, storing advertising, attaching advertising to the bus, and related maintenance.

(d) The commissioner shall hold harmless and indemnify each district for all liabilities arising from the advertising program. Each district must tender defense of all such claims to the commissioner within five days of receipt.

(e) All revenue from the contract shall be deposited in the general fund.

Sec. 2. Minnesota Statutes 1996, section 123.799, subdivision 1, is amended to read:

New language is indicated by underline, deletions by strikeout.

Subdivision 1. **RESERVED REVENUE USE.** A district shall use the student transportation safety reserved revenue under section 124.225, subdivision 7f, for providing student transportation safety programs to enhance student conduct and safety on the bus or when boarding and exiting the bus. A district's student transportation policy must specify the student transportation safety activities to be carried out under this section. A district's student transportation safety reserved revenue may only be used for the following purposes:

- (1) to provide paid adult bus monitors, including training and salary costs;
- (2) to provide a volunteer bus monitor program, including training costs and the cost of a program coordinator;
- (3) to purchase or lease optional external public address systems or video recording cameras for use on buses; and
- (4) to purchase new or retrofit existing school buses with seatbelts or other occupant restraint systems after consultation with and approval by the commissioner of public safety; and
- ~~(4)~~ (5) other activities or equipment that have been reviewed by the state school bus safety advisory committee and approved by the commissioner of public safety.

Sec. 3. Minnesota Statutes 1996, section 123.7991, subdivision 1, is amended to read:

Subdivision 1. **SCHOOL BUS SAFETY WEEK.** The ~~first~~ third week of school is designated as school bus safety week.

A school board may designate one day of school bus safety week as school bus driver day.

Sec. 4. Minnesota Statutes 1996, 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.

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

(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 understanding of the school bus safety competencies according to this section or provide an explanation for a student's failure to demonstrate the competencies. The principal or other chief administrator of 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. 5. Minnesota Statutes 1996, 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

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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 or cutaway front section vehicle with a left-side driver's door, designed for carrying more than ten persons. This definition includes two classifications: type A-I, with a gross vehicle weight rating (GVWR) over 10,000 pounds; and type A-II, with a GVWR of 10,000 pounds or less.~~

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

(3) A "type C school bus" is a body installed upon a flat back cowl chassis with a gross vehicle weight rating of more than 10,000 pounds, 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. 6. Minnesota Statutes 1996, section 169.435, subdivision 2, is amended to read:

Subd. 2. **SCHOOL BUS SAFETY ADVISORY COMMITTEE.** (a) The commissioner of public safety shall establish the school bus safety advisory committee. The commissioner shall provide the committee with meeting space and clerical support. The commissioner of public safety or the commissioner's designee shall chair the committee. The members of the committee also shall include:

- (1) the commissioner of children, families, and learning or the commissioner's designee;
- (2) the commissioner of human rights or the commissioner's designee;

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- (3) a county or city attorney;
- (4) a representative of the state patrol;
- (5) a school board member;
- (6) a school superintendent;
- (7) two school bus drivers, one representing the metropolitan area and one representing greater Minnesota;
- (8) two school transportation contractors, one representing the metropolitan areas and one representing greater Minnesota;
- (9) two school transportation safety directors, one representing the metropolitan area and one representing greater Minnesota; and
- (10) five public members, including at least four parents of children who ride a school bus, among them a parent of a child with a disability. The public members shall be geographically representative.

The commissioner of public safety, in consultation with the commissioner of children, families, and learning, shall appoint the members listed in clauses (3) to (9). The governor shall appoint the public members in clause (10). Terms, compensation, and removal of committee members shall be according to section 15.059. The committee shall meet quarterly or as required by the chair.

(b) The duties of the committee shall include:

(1) an annual report by January 15 to the governor and the education committees of the legislature, including recommendations for legislative action when needed, on student bus safety education, school bus equipment requirements and inspection, including seat belts and other occupant restraint systems, bus driver licensing, training, and qualifications, bus operation procedures, student behavior and discipline, rules of the road, school bus safety education for the public, or any other aspects of school transportation safety the committee considers appropriate;

(2) a quarterly review of all school transportation accidents, crimes, incidents of serious misconduct, incidents that result in serious personal injury or death, and bus driver dismissals for cause; and

(3) periodic review of school district comprehensive transportation safety policies.

(c) The committee expires June 30, 2001.

Sec. 7. Minnesota Statutes 1996, section 169.443, subdivision 3, is amended to read:

Subd. 3. **WHEN SIGNALS NOT USED.** School bus drivers shall not activate the prewarning flashing amber signals or flashing red signals and shall not use the stop arm signal:

(1) in special school bus loading areas where the bus is entirely off the traveled portion of the roadway and where no other motor vehicle traffic is moving or is likely to be moving within 20 feet of the bus;

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(2) ~~in residence districts or business districts, as defined in section 169.01, of home rule or statutory cities when directed not to do so, in writing, by the local school administrator board;~~

(3) when a school bus is being used on a street or highway for purposes other than the actual transportation of school children to or from school or a school-approved activity, except as provided in subdivision 8;

(4) at railroad grade crossings; and

(5) when loading and unloading people while the bus is completely off the traveled portion of a separated, one-way roadway that has adequate shoulders. The driver shall drive the bus completely off the traveled portion of this roadway before loading or unloading people.

Sec. 8. Minnesota Statutes 1996, section 169.447, subdivision 6, is amended to read:

Subd. 6. **OVERHEAD BOOK RACKS; STORAGE COMPARTMENTS.** Types A, B, C, and D School buses may be equipped with padded, permanent overhead book racks that do not hang over the center aisle of the bus. School buses manufactured after January 1, 1998, may also be equipped with interior overhead storage compartments provided they meet the requirements of the 1995 "National Standards for School Buses and School Bus Operations."

Sec. 9. Minnesota Statutes 1996, section 169.4501, subdivision 1, is amended to read:

Subdivision 1. **NATIONAL STANDARDS ADOPTED.** Except as provided in sections 169.4502 and 169.4503, the construction, design, equipment, and color of types A, B, C, and D school buses used for the transportation of school children shall meet the requirements of the "bus chassis standards" and "bus body standards" in the ~~1990~~ 1995 revised edition of the "National Standards for School Buses and School Bus Operations" adopted by the ~~Eleventh Twelfth~~ National Conference on School Transportation and published by the National Safety Council. Except as provided in section 169.4504, the construction, design, and equipment of types A, B, C, and D school buses used for the transportation of students with disabilities also shall meet the requirements of the "specially equipped school bus standards" in the ~~1990~~ 1995 National Standards for School Buses and School Bus Operations. The "bus chassis standards," "bus body standards," and "specially equipped school bus standards" sections of the ~~1990~~ 1995 revised edition of the "National Standards for School Buses and School Bus Operations" are incorporated by reference in this chapter.

Sec. 10. Minnesota Statutes 1996, section 169.4501, subdivision 2, is amended to read:

Subd. 2. **APPLICABILITY.** (a) The standards adopted in this section and sections 169.4502 and 169.4503, govern the construction, design, equipment, and color of school buses used for the transportation of school children, when owned and operated by a school or privately owned and operated under a contract with a school, and these standards must be made a part of that contract by reference. Each school, its officers and employees, and each person employed under the contract is subject to these standards.

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(b) The standards apply to school buses manufactured after December 31, 1994 ~~1997~~. Buses complying with these standards when manufactured need not comply with standards established later except as specifically provided for by law.

(c) A school bus manufactured on or before December 31, 1994 ~~1997~~, must conform to the Minnesota standards in effect on the date the vehicle was manufactured except as specifically provided for in law.

(d) A new bus body may be remounted on a used chassis provided that the remounted vehicle meets state and federal standards for new buses which are current at the time of the remounting. Permission must be obtained from the commissioner of public safety before the remounting is done. A used bus body may not be remounted on a new or used chassis.

Sec. 11. Minnesota Statutes 1996, section 169.4502, subdivision 2, is amended to read:

Subd. 2. **BRAKES.** ~~The braking system must include an emergency brake. The braking system must meet federal motor vehicle safety standards in effect at the time of manufacture. All buses manufactured with air brakes after January 1, 1995, shall have automatic slack adjusters.~~

Sec. 12. Minnesota Statutes 1996, section 169.4502, subdivision 7, is amended to read:

Subd. 7. **EXHAUST SYSTEM.** The tailpipe must:

(1) ~~extend to but not more than one inch beyond the bumper and be mounted outside of the chassis frame rail; or~~

(2) ~~extend to but not more than one inch~~ two inches beyond the left side of the bus, behind the driver's compartment. ~~A type A bus and a type B bus with a gross vehicle weight rating under 15,000 pounds, shall comply with the manufacturer's standard. No exhaust pipe may exit beneath an emergency exit, or, on a type C or type D bus, under the fuel fill location. No exhaust pipe shall be reduced in size beyond the muffler.~~

Sec. 13. Minnesota Statutes 1996, section 169.4502, subdivision 9, is amended to read:

Subd. 9. **FUEL TANK.** If mounted behind the rear wheels, the fuel tank on a vehicle constructed with a power lift unit shall be between the frame rails. Fuel tanks ~~for a type A bus and for a type B bus with a gross vehicle weight rating under 15,000 pounds may must be manufacturer manufacturer's standard and must conform with federal motor vehicle safety standard number 301, Code of Federal Regulations, title 49, part 571.~~

Sec. 14. Minnesota Statutes 1996, section 169.4502, subdivision 11, is amended to read:

Subd. 11. **TIRES AND RIMS.** The use of multipiece rims or tube-type tires is permitted. Radial and bias ply tires shall not be used on the same axle. Front tire tread depth shall not be less than 4/32 inch in any major tire tread groove. Rear tire tread shall not be less than 2/32 inch. Tires must be measured in three locations around the tire, in two adjoining grooves. No recapped tires shall be used on the front wheels. Recapped tires are permitted on the rear wheels.

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Sec. 15. Minnesota Statutes 1996, section 169.4502, is amended by adding a subdivision to read:

Subd. 13. AIR CLEANER. The air intake system for diesel buses may have an air cleaner restriction indicator installed.

Sec. 16. Minnesota Statutes 1996, section 169.4502, is amended by adding a subdivision to read:

Subd. 14. CLUTCH. A starter interlock may be installed to prevent actuation of the starter if the clutch is not depressed.

Sec. 17. Minnesota Statutes 1996, section 169.4502, is amended by adding a subdivision to read:

Subd. 15. OIL FILTER. An oil filtration system may be used in lieu of an oil filter.

Sec. 18. Minnesota Statutes 1996, section 169.4503, subdivision 1, is amended to read:

Subdivision 1. **RELATION TO NATIONAL STANDARDS.** The bus body standards contained in this section are required in addition to those required by sections 169.450 169.4501 and 169.4502. When a Minnesota standard contained in this section conflicts with a national standard adopted in section 169.450 169.4501, the Minnesota standard contained in this section is controlling.

Sec. 19. Minnesota Statutes 1996, section 169.4503, subdivision 2, is amended to read:

Subd. 2. BACKUP WARNING ALARM. An automatic audible backup alarm may be installed. A spring-loaded button in the driver's compartment that will temporarily disable the backup alarm is allowed for usage in school bus overnight parking lots and repair facilities.

Sec. 20. Minnesota Statutes 1996, section 169.4503, subdivision 10, is amended to read:

Subd. 10. EMERGENCY EQUIPMENT; FIRE EXTINGUISHERS. The fire extinguisher must have at least a 10BC rating. The bus must be equipped with at least one UL-approved pressurized, dry chemical fire extinguisher with a total rating of 2A10BC or greater.

Sec. 21. Minnesota Statutes 1996, section 169.4503, subdivision 13, is amended to read:

Subd. 13. IDENTIFICATION. (a) Each bus shall, in the beltline, identify the school district serviced, or company name, or owner of the bus. Numbers necessary for identification must appear on the sides and rear of the bus. Symbols or letters may be used on the outside of the bus near the entrance door for student identification. A manufacturer's nameplate or logo may be placed on the side of the bus near the entrance door and on the rear.

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(b) Effective December 31, 1994, all buses sold must display lettering "Unlawful to pass when red lights are flashing" on the rear of the bus. The lettering shall be in two-inch black letters on school bus yellow background. This message shall be displayed directly below the upper window of the rear door. On rear engine buses, it shall be centered at approximately the same location. Only signs and lettering approved or required by state law may be displayed.

Sec. 22. Minnesota Statutes 1996, section 169.4503, subdivision 14, is amended to read:

Subd. 14. **INSULATION.** (a) Ceilings and wall shall be insulated to a minimum of one and one-half inch fiberglass and installed so the insulation does not compact or sag. Floor insulation must be nominal 19/32 inches thick plywood, or a material of equal or greater strength and insulation R value that equals or exceeds properties of exterior-type softwood plywood, C-D grade as specified in standard issued by the United States Department of Commerce. Type A and B A-II buses with a gross vehicle weight rating under 15,000 pounds must have a minimum of one-half inch plywood. All exposed edges on plywood shall be sealed. Every school bus shall be constructed so that the noise level taken at the ear of the occupant nearest to the primary vehicle noise source shall not exceed 85 dba when tested according to procedures in the 1990 1995 National Standards for School Buses and School Bus Operations.

(b) The underside of metal floor may be undercoated with polyurethane floor insulation, foamed in place. The floor insulation must be combustion resistant. The authorization in this paragraph does not replace the plywood requirement.

Sec. 23. Minnesota Statutes 1996, section 169.4503, subdivision 17, is amended to read:

Subd. 17. **MIRRORS.** A type B bus with a gross vehicle weight rating less than 15,000 pounds shall have a minimum of six-inch by 16-inch mirror. A type B bus with a gross vehicle weight rating over 15,000 pounds shall have a minimum of a six-inch by 30-inch mirror. After January 1, 1995, all school buses must be equipped with a minimum of two crossover mirrors, mounted to the left and right sides of the bus.

Sec. 24. Minnesota Statutes 1996, section 169.4503, subdivision 19, is amended to read:

Subd. 19. **RUB RAILS.** There shall be one rub rail at the base of the skirt of the bus on all type A, excluding van conversions, B, C, and D buses.

Sec. 25. Minnesota Statutes 1996, section 169.4503, subdivision 23, is amended to read:

Subd. 23. **WINDOWS.** Windshield, entrance, and rear emergency exit doors must be of approved safety glass. Laminated or tempered glass (AS-2 or AS-3) is permitted in all other windows. All glass shall be federally approved and marked as provided in section 169.74. The windshield may be of uniform tint throughout or may have a horizontal gradient band starting slightly above the line of vision and gradually decreasing in light transmission to 20 percent or less at the top of the windshield. The use of tinted glass, as approved by section 169.71, is permitted on side windows and rear windows except for the entrance door, the first window behind the service door, and the window to the left of

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the driver. The window to the left of the driver, the upper service door windows, and the window immediately behind the entrance door must be thermal glass. The window to the left of the driver for type A and B buses with a gross vehicle weight rating under 15,000 pounds need not be thermal glass.

Sec. 26. Minnesota Statutes 1996, section 169.4503, subdivision 24, is amended to read:

Subd. 24. **WIRING.** ~~If not protected by a grommet, wire that passes through holes shall be encased in an abrasive-resistant protective covering.~~ If a master cutoff switch is used, it shall not be wired as to kill power to the electric brake system.

Sec. 27. Minnesota Statutes 1996, section 169.4503, is amended by adding a subdivision to read:

Subd. 25. DRIVER COMPARTMENT. The driver's seat must be a high-back seat.

Sec. 28. Minnesota Statutes 1996, section 169.4504, subdivision 1, is amended to read:

Subdivision 1. **RELATION TO NATIONAL STANDARDS.** The specially equipped school bus standards contained in this section are required in addition to those required by section ~~169.450~~ 169.4501. When a Minnesota standard contained in this section conflicts with a national standard adopted in section ~~169.450~~ 169.4501, the Minnesota standard contained in this section is controlling.

Sec. 29. Minnesota Statutes 1996, section 169.4504, is amended by adding a subdivision to read:

Subd. 6. SECUREMENT AND RESTRAINT SYSTEM. The securement and restraint system must be located and installed so that when an occupied wheelchair or other mobility aid is secured, the installation meets the requirements of the applicable federal motor vehicle safety standard.

Sec. 30. Minnesota Statutes 1996, section 169.452, is amended to read:

169.452 ACCIDENT AND SERIOUS INCIDENT REPORTING.

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

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Sec. 31. Minnesota Statutes 1996, section 171.321, subdivision 3, is amended to read:

Subd. 3. **STUDY OF APPLICANT.** (a) Before issuing or renewing a school bus endorsement, the commissioner shall conduct a criminal and driver's license records check of the applicant. The commissioner may also conduct the check at any time while a person is so licensed. The check shall consist of a criminal records check of the state criminal records repository and a check of the driver's license records system. If the applicant has resided in Minnesota for less than five years, the check shall also include a criminal records check of information from the state law enforcement agencies in the states where the person resided during the five years before moving to Minnesota, and of the national criminal records repository including the criminal justice data communications network. The applicant's failure to cooperate with the commissioner in conducting the records check is reasonable cause to deny an application or cancel a school bus endorsement. The commissioner may not release the results of the records check to any person except the applicant.

(b) The commissioner may issue to an otherwise qualified applicant a temporary school bus endorsement, effective for no more than ~~120~~ 180 days, upon presentation of (1) an affidavit by the applicant that the applicant has not been convicted of a disqualifying offense and (2) a criminal history check from each state of residence for the previous five years. The criminal history check may be conducted and prepared by any public or private source acceptable to the commissioner. The commissioner may reissue the temporary endorsement if the National Criminal Records Repository check is timely submitted but not completed within the 180-day period.

Sec. 32. Minnesota Statutes 1996, section 171.3215, subdivision 4, is amended to read:

Subd. 4. **WAIVER OF PERMANENT CANCELLATION.** The commissioner of public safety or the commissioner's designee, in consultation with the school bus safety advisory committee division of driver and vehicle services, may waive the permanent cancellation requirement of section 171.3215 for a person convicted of a nonfelony violation of chapter 152 or a felony that is not a violent crime under section 609.152.

Sec. 33. **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 years designated.

Subd. 2. **LEARNING READINESS; HEAD START PROGRAMS; ECFE.** For learning readiness programs; Head Start programs; and early childhood family education programs:

\$2,500,000	.....	1998
\$2,500,000	.....	1999

Of this amount, one-third shall be allocated to each program. This appropriation shall be proportionally reduced if the revenue in any year under Minnesota Statutes 1996, section 121.175, is less than the appropriation. The commissioner may also use part of the appropriation to reimburse districts that can demonstrate it incurred excess costs in implementing Minnesota Statutes 1996, section 121.175.

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Sec. 34. REPEALER.

Minnesota Statutes 1996, sections 169.4502, subdivision 6; 169.4503, subdivisions 3, 8, 9, 11, 12, and 22; and 169.454, subdivision 11, are repealed.

Sec. 35. EFFECTIVE DATE.

If this act is enacted on or after July 1, 1997, sections 1 to 34 are effective the day following final enactment.

ARTICLE 13**TAX DEDUCTION AND CREDIT**

Section 1. Minnesota Statutes 1996, section 290.01, subdivision 19b, is amended to read:

Subd. 19b. **SUBTRACTIONS FROM FEDERAL TAXABLE INCOME.** For individuals, estates, and trusts, there shall be subtracted from federal taxable income:

(1) interest income on obligations of any authority, commission, or instrumentality of the United States to the extent includable in taxable income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) if included in federal taxable income, the amount of any overpayment of income tax to Minnesota or to any other state, for any previous taxable year, whether the amount is received as a refund or as a credit to another taxable year's income tax liability;

(3) the amount paid to others, less the credit allowed under section 290.0674, not to exceed \$650 \$1,625 for each dependent in grades kindergarten to 6 and \$1,000 \$2,500 for each dependent in grades 7 to 12, for tuition, textbooks, and transportation of each dependent in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363. For the purposes of this clause, "tuition" includes fees or tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause, "textbooks" includes books and other instructional materials and equipment used in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. Equipment expenses qualifying for deduction includes expenses as defined and limited in section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs. In order to qualify for the subtraction under this clause the taxpayer must elect to itemize deductions under section 63(e) of the Internal Revenue Code;

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(4) to the extent included in federal taxable income, distributions from a qualified governmental pension plan, an individual retirement account, simplified employee pension, or qualified plan covering a self-employed person that represent a return of contributions that were included in Minnesota gross income in the taxable year for which the contributions were made but were deducted or were not included in the computation of federal adjusted gross income. The distribution shall be allocated first to return of contributions until the contributions included in Minnesota gross income have been exhausted. This subtraction applies only to contributions made in a taxable year prior to 1985;

(5) income as provided under section 290.0802;

(6) the amount of unrecovered accelerated cost recovery system deductions allowed under subdivision 19g;

(7) to the extent included in federal adjusted gross income, income realized on disposition of property exempt from tax under section 290.491;

(8) to the extent not deducted in determining federal taxable income, the amount paid for health insurance of self-employed individuals as determined under section 162(l) of the Internal Revenue Code, except that the 25 percent limit does not apply. If the taxpayer deducted insurance payments under section 213 of the Internal Revenue Code of 1986, the subtraction under this clause must be reduced by the lesser of:

(i) the total itemized deductions allowed under section 63(d) of the Internal Revenue Code, less state, local, and foreign income taxes deductible under section 164 of the Internal Revenue Code and the standard deduction under section 63(c) of the Internal Revenue Code; or

(ii) the lesser of (A) the amount of insurance qualifying as "medical care" under section 213(d) of the Internal Revenue Code to the extent not deducted under section 162(1) of the Internal Revenue Code or excluded from income or (B) the total amount deductible for medical care under section 213(a); and

(9) the exemption amount allowed under Laws 1995, chapter 255, article 3, section 2, subdivision 3.

Sec. 2. Minnesota Statutes 1996, section 290.0671, subdivision 1, is amended to read:

Subdivision 1. **CREDIT ALLOWED.** An individual is allowed a credit against the tax imposed by this chapter equal to ~~15 percent~~ a percentage of the credit for which the individual is eligible under section 32 of the Internal Revenue Code. The percentage is 15 for individuals without a qualifying child, and 25 for individuals with at least one qualifying child. For purposes of this section, "qualifying child" has the meaning given in section 32(c)(3) of the Internal Revenue Code.

For a nonresident or part-year resident, the credit determined under section 32 of the Internal Revenue Code must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

For a person who was a resident for the entire tax year and has earned income not subject to tax under this chapter, the credit must be allocated based on the ratio of federal

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adjusted gross income reduced by the earned income not subject to tax under this chapter over federal adjusted gross income.

Sec. 3. [290.0674] MINNESOTA EDUCATION CREDIT.

Subdivision 1. CREDIT ALLOWED. An individual is allowed a credit against the tax imposed by this chapter in an amount equal to the amount paid for education-related expenses for a dependent in kindergarten through grade 12. For purposes of this section, "education-related expenses" means:

(1) fees or tuition for instruction by an instructor under section 120.101, subdivision 7, clause (1), (2), (3), (4), or (5), for instruction outside the regular school day or school year, including tutoring, driver's education taken as part of school curriculum, or summer camps, in grade or age appropriate curricula that supplement curricula and instruction available during the regular school year, that assists a dependent to improve knowledge of core curriculum areas or to expand knowledge and skills under the graduation rule under section 121.11, subdivision 7c, and that do not include the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship;

(2) expenses for textbooks, including books and other instructional materials and equipment used in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs;

(3) a maximum expense of \$200 per family for personal computer hardware, excluding single purpose processors, and educational software that assists a dependent to improve knowledge of core curriculum areas or to expand knowledge and skills under the graduation rule under section 121.11, subdivision 7c, purchased for use in the taxpayer's home and not used in a trade or business regardless of whether the computer is required by the dependent's school; and

(4) the amount paid to others for transportation of a dependent attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363.

Subd. 2. LIMITATIONS. (a) For claimants with income not greater than \$33,500, the maximum credit allowed is \$1,000 per child and \$2,000 per family. No credit is allowed for education-related expenses for claimants with income greater than \$33,500. For purposes of this section "income" has the meaning given in section 290.067, subdivision 2a. In the case of a married claimant, a credit is not allowed unless a joint income tax return is filed.

(b) For a nonresident or part-year resident, the credit determined under subdivision 1 and the maximum credit amount in paragraph (a) must be allocated using the percentage calculated in section 290.06, subdivision 2c, paragraph (e).

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Subd. 3. REDUCTION BY ALTERNATIVE MINIMUM TAX LIABILITY. The amount of the credit allowed must be reduced by the amount of the taxpayer's liability under section 290.091, determined before the credit allowed by this section is subtracted from regular tax liability.

Subd. 4. CREDIT TO BE REFUNDABLE. If the amount of credit that the claimant is eligible to receive under this section exceeds the claimant's tax liability under this chapter, the commissioner shall refund the excess to the claimant.

Subd. 5. APPROPRIATION. An amount sufficient to pay the refunds required by this section is appropriated to the commissioner from the general fund.

Sec. 4. SEVERABILITY CLAUSE.

If a court of competent jurisdiction enjoins the implementing of any provision in this article or finds any provision in this article unconstitutional, the remaining sections in this article and the remaining articles in this act shall remain valid and shall be given full effect.

Sec. 5. EFFECTIVE DATE.

Subdivision 1. CONTINGENCY. This article is effective for tax years beginning after December 31, 1997, if on the basis of the November 1997 forecast of general fund revenues and expenditures, the commissioner of finance determines that there will be a positive unrestricted budgetary general fund balance at the close of the biennium after taking into account the costs of sections 1 to 3 and after meeting the requirements of Minnesota Statutes, section 16A.152, subdivision 2, clause (a).

Subd. 2. SUSPENSION. Minnesota Statutes, section 16A.152, subdivision 2, clauses (b) and (c), are not to be implemented for the forecast of general fund revenues and expenditures in November 1997 until sections 1 to 3 are implemented. However, if the November 1997 forecast does not provide an unrestricted general fund balance adequate to implement sections 1 to 3, the provisions of Minnesota Statutes, section 16A.152, subdivision 2, clauses (b) and (c), are effective.

Presented to the governor June 27, 1997

Signed by the governor June 30, 1997, 1:33 p.m.

CHAPTER 5—S.F.No. 5

An act relating to legislative enactments; providing for the correction of miscellaneous oversights, inconsistencies, ambiguities, unintended results, and technical errors of a noncontroversial nature; amending Minnesota Statutes 1996, sections 621.54, as amended; 69.021, subdivision 10, as amended; 119A.04, subdivision 6, as amended; 119B.05, subdivision 1, as amended; 119B.13, subdivision 6, as added; 124.239, subdivision 5, as amended, and subdivision 5a, as added, and by adding; 124.2601, subdivision 5, as amended; 254B.03, subdivision 1, as amended; 256.045, subdivision 1, as amended; 256.98, subdivision 1, as amended, and by adding a subdivision; 268.121, as

New language is indicated by underline, deletions by strikeout.